

Darwin Plus

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Executive Summary

The Darwin Plus programme, also known as The Overseas Territories Environment and Climate Fund, is the UK's flagship international challenge fund for environmental projects in the UK Overseas Territories.

This Business Case is for a £30 million spend over three years (2022-2025) that will be used to increase biodiversity and protect endemic species in the UK Overseas Territories. Four of the UK Overseas Territories are eligible for ODA funding, while the remaining UK Overseas Territories are not. The programme therefore combines ODA and non-ODA funding. Spending between ODA and non-ODA is approximately expected to be a 30/70 split, which reflects the ratio between the number of UK Overseas Territories that are and are not eligible for ODA funding.

This Business case proposes to expand and improve the existing programme. It will consist of a portfolio of local targeted projects delivered by a range of partners including environmental non-governmental organisations, UK Overseas Territory governments, and other organisations based within them and beyond. It will be overseen by a team in Defra with support from a Fund Manager and the Joint Nature Conservation Committee. The SRO is [REDACTED], within Defra's Natural Environment, Trees and Landscapes Division.

The Darwin Plus programme emerged from the Darwin Initiative (established 1992) in 2012. It remains part of the Darwin family of programmes (together with Darwin Initiative and the Illegal Wildlife Trade Challenge Fund) that have the same delivery model and fund manager, while focusing on distinct set of geographies and needs. Historically, its funding was £2.75m per annum. With HMT's consent, it operated without a Business Case. From Round 9 of the programme, Defra Ministers approved for Darwin Plus to have access to additional resources, an approach that HMT and Defra Ministers then reaffirmed for the 2020-21 Spending Review (programme Round 10), making up to £10m per annum available to Darwin Plus. This uplift in funding has meant that more quality projects have been supported. The 2022-25 Spending Review (for programme Rounds 11-13) has again reaffirmed this financial approach. Additionally, Defra Ministers, officials and Darwin Plus stakeholders agree that the structure and activities within the existing programme can be improved and have worked together to develop plans to do so.

This Business Case:

- Makes the case for ongoing investment at higher levels of funding.
- Presents an expanded programme structure, adding (i) a "Local Tier", to be run by the Joint Nature Conservation Committee, and (ii) a "Strategic Tier" for more ambitious projects, alongside the existing "Main Tier" and "Fellowship programme".
- Presents additional activities to improve the programme, including developing a Community of Practice, diversifying the Darwin Plus Advisory Group, Developing KPIs, and refreshing the UK Overseas Territories Biodiversity Strategy.
- Confirms the re-inclusion of the four ODA-eligible UK Overseas Territories within the Darwin Plus programme. For a brief period, these four Overseas Territories had been placed within the Darwin Initiative programme.

1. Strategic Case

1.1. Biodiversity in the UK Overseas Territories

1.1.1. Overview of biodiversity in the UK Overseas Territories

The 14 UK Overseas Territories are: Anguilla; Bermuda; British Antarctic Territory; British Indian Ocean Territory; The British Virgin Islands; The Cayman Islands; The Falkland Islands; Gibraltar; Montserrat; The Pitcairn, Henderson, Ducie & Oeno Islands; Saint Helena, Ascension and Tristan da Cunha; South Georgia and the South Sandwich Islands; Sovereign Base Areas, Akrotiri and Dhekelia (Cyprus); and, The Turks & Caicos Islands.¹ There is significant diversity across the UK Overseas Territories, on matters including: their locations; respective biodiversity make-up, interests, and needs; and their human geography.

The OTs are biodiversity hotspots and collectively contain 94% of the endemic species found in the UK, comprising an area that is seven times the size of the mainland United Kingdom. The OTs grant the UK the fifth largest ocean jurisdiction (6,732,963km²) in the world and the twelfth largest area of coral reef (5,500km²). The OTs also make the UK the only nation in the world to have sovereign land in all seven major oceans and seas: North Atlantic, South Atlantic, Southern, Caribbean, Mediterranean, Indian and Pacific. See Annex A for a map for the UK Overseas Territories. The OTs support every one of Earth's major ecosystems: from rainforests to polar tundra, cactus shrub to mangrove forests. Their landscapes include diverse features from active volcanoes to salt lagoons and collectively the 14 Overseas Territories represent the world's largest coral atoll. This diversity of habitats supports 94% of species which are unique to the UK (1,547 species) and over twenty times the number of species found in the mainland United Kingdom.

Many of the OTs include wilderness areas which represent some of the last remaining large-scale pristine tracts in the world, such as the reefs of Chagos Archipelago (British Indian Ocean Territory) which are described as some of the most pristine and best protected in the Indian Ocean. Many millions of migratory seabirds, marine mammals and sea turtles are drawn to hundreds of key refuge sites across many of the Territories, with the UKOTs being habitat to more penguins than any other nation. The biggest of these breeding colonies also hold regionally or globally important concentrations or assemblances of species, for example Ascension Island holds the second largest green turtle rookery in the Atlantic

RSPB's recent stocktake of nature in the OTs² concluded that over 2000 native species have been found across the 14 OTs, of which 1,547 are endemic to their respective territory due to many of the OTs being small, isolated islands. Many of these endemic species are threatened as determined by the IUCN assessment process; however only 9% have had their global conservation status assessed. Out of those that have been assessed, 77% have been labelled Globally Threatened on the IUCN Red List. It is likely that these figures are under-estimates, as new studies invariably report the occurrence of additional species or populations especially amongst the less well-known taxa, such as invertebrates.

¹ Darwin Plus, 2021. About Us. [online] Available at: [Darwin Plus - About us \(darwininitiative.org.uk\)](https://www.darwininitiative.org.uk/about-us) [Last accessed 03/12/2021].

² Churchyard, T., Eaton, M., Hall, J., Millett, J., Farr, A., Cuthbert, R. and Stringer, C., 2014. The UK's wildlife overseas: a stocktake of nature in our Overseas Territories. RSPB, Sandy, UK. [online] Available at: <https://www.rspb.org.uk/globalassets/downloads/documents/conservation-projects/ukots-stocktake-report.pdf> [Last accessed 09/12/2021].

As an indication of the threats to Overseas Territories biodiversity, there are 39 recorded extinctions in the OTs and two species are extinct in the wild, compared with only a single extinction in the mainland UK. The most recent extinction in the OTs was the St Helena olive *Nesiota Elliptica*, which occurred in 2003 when the last tree in cultivation died.

A significant threat to biodiversity in the Overseas Territories is the presence of non-native species. Over 2,261 non-native species have been recorded in the overseas territories, with 1,139 recorded in Bermuda alone³. The introduction and proliferation of invasive species has often had a direct impact on their native counterparts. The introduction of rats has been documented as having a negative impact across all 14 territories, notably they have had a detrimental impact on the now critically endangered Tristan albatross that breed on Gough Island, part of Tristan da Cunha, whose conservation status has partly been a result of this introduced species.

Biodiversity in the OTs underpins many of the ecosystem goods and services which provide economic and social benefits to local populations. For example, the economy of the Falkland Islands is largely dependent on fisheries, with 63.6% of the territory's GDP deriving from fishing and aquaculture in 2018⁴, and in several OTs tourism is dependent on the natural environment. Biodiversity therefore plays a critical role in helping to achieve sustainable development. This funding forms an essential part of the efforts towards protecting biodiversity within the OTs.

1.1.2. Rationale for UK Government Intervention

Primary responsibility for biodiversity conservation and wider environmental management in the UK Overseas Territories has been devolved to the OT governments⁵, who, with the support of the UK government, are responsible for developing appropriate, applicable and affordable environmental policies, legislation and standards⁶. The UK government remains committed to supporting the OTs in protecting their unique environments through the provision of technical and financial support. This was most recently communicated at the OT Joint Ministerial Council in November 2020.⁷

Many of the OTs have limited economic diversification and are heavily reliant on tourism due to the richness of their biodiversity and natural environment. For example, tourism is the main economic activity in Anguilla, British Virgin Islands and Turks and Caicos Islands⁸. Adverse impacts on these Territories' natural capital are therefore likely to impact their income from tourism, which will have a disproportionate impact on their economy. (Please see section 2.1.1 for further detail.)

³ HM Government, A Green Future: Our 25 Year Plan to Improve the Environment Annex 1: Supplementary evidence report. Available online:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/673492/25-year-environment-plan-annex1.pdf [Last accessed 08/11/2021].

⁴ Ranghetti, D., 2021. *State of the Falkland Islands Economy 2020*. Directorate of Policy and Economic Development Falkland Islands Government. [online] (Last accessed 03/12/2021)

⁵ Loft, Philip / House of Commons Library. The UK Overseas Territories: Climate change and biodiversity <https://researchbriefings.files.parliament.uk/documents/CBP-9290/CBP-9290.pdf> [Last accessed 13/01/2022]

⁶ See: [The Overseas Territories \(publishing.service.gov.uk\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/673492/25-year-environment-plan-annex1.pdf) (Last accessed 10/01/2022)

⁷ UK Government, 2020. *UK-Overseas Territories Joint Ministerial Council 2020: communiqué*. [online] (Last accessed 03/12/2021)

⁸ See: [Gap Analysis of Economic Valuation Studies Completed in the Caribbean UK OTs \(incc.gov.uk\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/673492/25-year-environment-plan-annex1.pdf) [Last accessed 31/12/2021] Tourism accounted for 56% of the Anguilla's GDP in 2010, 30.4% of the British Virgin Islands GDP in 2015 and was the biggest component of GDP in the Turks and Caicos Islands

The use of natural resources is affected by market failures, as the goods and services provided often do not have a price and property rights cannot be secured. There are three principal market failures that this funding will try to tackle:

- 1. Provision of public goods.** As many aspects of the natural environment exhibit the characteristics of a public good: they are non-rivalrous (i.e. the benefit an individual derives from improved air quality does not affect the benefit derived by someone else) and non-excludable (i.e. one cannot prevent someone else from enjoying the benefits of clean air) and there is little incentive for the private sector to fund environmental initiatives
- 2. Externalities.** Activities which impact the environment can generate social costs that exceed private costs and therefore generate negative externalities. This then leads to unsustainable adverse impacts on the environment. Regulation is required to address the misallocation of these resources.
- 3. Asymmetric or incomplete information:** The environment is quite complex and limited information can lead to ineffective decision-making by individuals and businesses, which can impact negatively on the economy and environment

Lack of access to sufficient funding streams was one of the barriers identified in the recent Call for Evidence to tackling environmental challenges in the OTs. Others include:

- a lack of human and technical capacity,
- insufficient data and difficulties accessing previously collected data,
- institutional and bureaucratic structures, and,
- public awareness and education.

Support from the UK government is needed to help reduce the rate of biodiversity loss in the OTs, which will contribute to helping the OTs in implementing the Convention on Biological Diversity⁹ and other Multilateral Environmental Agreements and delivery against the UN Sustainable Development Goals¹⁰, especially SDG14 on life below water and SDG15 on life on land.

Reducing the rate of biodiversity loss also aims to provide direct and indirect support for livelihoods and economic and social development in the OTs, for example through increased and more sustainable tourism, developing sustainable fisheries and increasing resilience to natural disasters as a result of climate change.

1.2. Darwin Plus programme

1.2.1. Introduction and current arrangements

Darwin Plus (also known as the Overseas Territories Environment and Climate Fund) is a competitive UK government grants scheme that provides funding for environmental projects in UK OTs and fellowships for UKOT Nationals to increase their knowledge and ability to meet long-term strategic outcomes for their natural environment. Since 2012, Darwin Plus has contributed over £27m towards 160 projects in the UK Overseas Territories. [REDACTED]

[REDACTED] Additionally, Appendix 1 (in Addendum) details the most recent list of projects approved through the annual application cycle. Further, Annex C (Darwin Plus Main Round 6 Project Outputs), Appendix 2 (Darwin Plus Main

⁹ Convention on Biological Diversity, 1993. [online] Available at: <https://www.cbd.int/> [Last accessed 03/12/2021].

¹⁰ United Nations, 2015. The 17 Goals. [online] Available at: <https://sdgs.un.org/goals> [Last accessed 03/12/2021].

Sample Round Outputs) and Annex D (Darwin Plus Standard Measures) collectively provide a useful account of what the programme has delivered to date.

At present, the programme currently funds:

- Projects up to £300k in size (NB: more can be awarded for exceptional projects) and up to three years in duration.
- Fellowships (c. £10k-30k grants to individuals)

Darwin Plus emerged from the Darwin Initiative programme, which has existed since 1992. Darwin Initiative now focuses on ODA-eligible countries¹¹ (*excluding* ODA-eligible UK Overseas Territories), while Darwin Plus focuses on UK Overseas Territories (*including* those that are ODA-eligible, namely St Helena, Tristan da Cunha, Montserrat, and Pitcairn Islands).¹² Together, the programmes are a cornerstone of the UK's bilateral aid to tackle biodiversity loss. They aim to fund projects that are innovative, scalable, replicable, and support the building of local capabilities and capacity. These two programmes also work together with a third challenge fund, the Illegal Wildlife Trade Challenge Fund (IWTCF), for example on Monitoring and Evaluation, and share a Fund Manager. Looking ahead, we will continue to work alongside colleagues in Darwin Initiative and IWTCF to share best practice and exploit economies of scale.

Organisations eligible for Darwin Plus funding can include: OT governments; non-governmental organisations; research institutions; the private sector; and, other relevant stakeholders. The Fellowship funding stream aims to build capacity within the UK OT through training opportunities, which are open to (i) UK OT nationals or, (ii) for Territories without a resident population, individuals who are either committed to supporting their chosen Territory or can show an existing relationship with that Territory. The Fund Manager (NIRAS-LTS International, commonly known as LTS) is responsible for matters such as: the administration of the grant application and award processes for the schemes for the lifetime of the contract, ensuring good use of public money; provision of support to the Darwin Plus Advisory Group (DPAG); provision of effective management and monitoring and evaluation of all projects; and due diligence. There is significant guidance in place to assist applicants, and arrangements to ensure no conflicts of interest occur during the assessment process. Further details of the current Darwin Plus Assessment Process and Monitoring activities are in Annex E.

1.2.2. Legal Powers for the Darwin Plus Programme

As agreed with Defra Legal, the legal basis for Defra to fund Darwin Plus is Section 153[(1)(s)] of the Environmental Protection Act 1990. This states how the Darwin Initiative for the Survival of Species, from which Darwin Plus came into existence as an explicit offshoot in 2012, may provide “support for the conservation and sustainable use of

¹¹ Darwin Initiative, 2021. About Us. [online] Available at: [Defra, UK Darwin Initiative: The Darwin Initiative - About us](#) [Last accessed 03/12/2021].

¹² To note: there was a brief period when ODA-eligible OTs were placed into the Darwin Initiative programme, which coincided with the recent submission and approval of the Darwin Initiative Business Case. This approval enabled £1.25m per annum to be spent on biodiversity outcomes in the ODA-eligible Overseas Territories. However, respecting local preference, they have since been returned to the Darwin Plus programme. Additionally, the Darwin Plus programme now plans to spend more than £1.25m per annum in ODA-eligible Overseas Territories. The Financial Case provides further detail on the ODA and non-ODA funding streams and costs, as well as the methodologies associated with cross-programme activities.

In addition: Pitcairn is not listed on the DAC ODA eligible country list. However, in 1994, the OECD granted an exception allowing Pitcairn to receive ODA funds from the UK only.

biological resources and habitats and for the furtherance of the aims of the Convention on Biological Diversity”. This gives the Secretary of State the power to give financial assistance to Darwin Plus with HMT’s consent. Section 153(3) allows the Secretary of State to give financial assistance in such form and on such terms as they see fit.

1.2.3. Impact to date

The evaluation of Darwin Plus (together with the wider portfolio including the Darwin Initiative and IWTCF) prepared by Ecorys for Defra in 2021 has provided a valuable account of the work of the programme. Out of all three programmes in the portfolio, the report’s analysis of performance against outcome expectations showed that “Darwin Plus projects have performed best”¹³. The Ecorys report also provides a valuable high level summary of global benefit of the programme. Please see Appendix 3 for further details.

1.2.4. The case for change

While the Darwin Plus programme has therefore been largely successful, there is the opportunity to improve it further. Here, we draw on the following sets of evidence:

1. The findings of a Call for Evidence (CfE) on ‘Safeguarding the Environment in the British Overseas Territories’¹⁴ (2019). This CfE invited ideas how the government can safeguard the biodiversity of the OTs, how outcomes are delivered through existing spend and consider whether the spend was effectively delivering against environmental objectives.
2. The recommendations from the independent evaluation of the programme by Ecorys consultancy report mentioned above (2021).
3. Ongoing stakeholder engagement across Darwin Plus community over the last twelve months, including and ongoing programme of round tables with OT representatives.

The main issues highlighted comprise:

Issue highlighted	Detail
<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p>[REDACTED]</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p>
<p>[REDACTED]</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p>

¹³ See: [Ecorys, 2021. Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund scheme evaluation: Final Report](#). (Last accessed 03/12/2021) Page v.

¹⁴ UK Government, 2020. Safeguarding the environment in British Overseas Territories: call for evidence. [online] Available at: [Safeguarding the environment in British Overseas Territories: call for evidence - GOV.UK \(www.gov.uk\)](#) [Last accessed 03/12/2021].

This Target is:

Specific:	It refers to specific projects, a specific new OT Biodiversity Strategy, and the distinct needs of each Territory.
Measurable	The success rate can be measured by percentage of projects that are measured by a set of clear KPIs and deliver on the biodiversity strategy of a particular Territory or Territories.
Attainable	We consider that, over the course of the three-year cycle, we will have provided the necessary resource and oversight to improve the functioning of the programme in a systematic fashion.
Relevant	This Target emerges from the Case for Change (above), [REDACTED] [REDACTED] [REDACTED]
Time Based	We have three years to deliver upon the target.

We propose to review the target annually and update it as KPIs and knowledge of individual OTs' biodiversity improves and baseline datasets become more comprehensive.

1.2.6. An improved Darwin Plus programme

Recognising the challenges raised in 1.2.4 (Case for Change) and the importance of delivering on the SMART Target, we are proposing to improve the programme through undertaking all of the following actions. In doing so, we will address the issues raised by the Ecorys evaluation and by stakeholders both in the Call for Evidence and through direct engagement.

Maintaining the (2020 onwards) higher level of funding [REDACTED]

For the financial years of 2022-25, HMT have made available "at least £10m per annum on improving the natural environment of the UK overseas territories, in line with commitments made and funded at previous fiscal events." This approach is a continuation of the increased amount of funding that has been made available to the programme in recent years, and recognises how the programme's year-on-year spending has been gradually increasing.

Expanding the existing funding stream structure

From 2022, the Darwin Plus programme will consist of four components, as detailed below:

- (1) Darwin Plus Local Grants (*new: addressing 5, [REDACTED], 7, 8, 12*)
Funding smaller capacity building grants of up to £100k available exclusively to OT governments and OT based organisations. This component will cover a range of activities and will be run by JNCC.
- (2) Darwin Plus Main (*addressing [REDACTED] 11*)
Replicating the existing scheme but increasing the maximum grant size to £1m.
- (3) Darwin Plus Strategic Grants (*new: addressing [REDACTED] 4, 10, 11, 12*)
Introduction of a new stream for larger transformative projects of between £1m and £3m, and encouraging regional collaborative grants
- (4) Darwin Plus Fellowships (*addressing [REDACTED], 10*)
Expansion of existing Fellowship scheme.

This new structure will enable the programme's funding to be spent more effectively. We have already consulted with OT governments on this re-structure, and they are in favour. More details on each of the components is detailed in Annex F.

Developing a Community of Practice (addressing 9, 10, 12)

The programme will increase opportunities to develop a community of practice across the programme, including an "Evidence, Best Practice and Outreach" component. Activities will include Defra staff visits to OTs to increase our presence and visibility in OTs and meet officials to better understand how Darwin Plus can support their environmental priorities; inbound visits to the UK from OTs, opportunities to contribute to an ongoing lessons learned undertaking across the programme, and a formal event bringing participants (OT governments, NGOs, researchers) together in 2024-25. This element will further include visits to live projects to undertake fraud checks, primarily ensuring that the work being proposed in the project application is being completed. We have set these plans out to Defra counter fraud colleagues who are content with this approach.

Diversifying the Darwin Plus Advisory Group (addressing 9)

Following feedback from OTs and the independent evaluator, the programme will improve the diversity of representation in the Darwin Plus Advisory Group, [REDACTED]

Developing Key Performance Indicators (addressing 12)

The programme will, via JNCC's biodiversity strategy work, develop a suite of KPIs across the Overseas Territories that will provide a baseline for future work, and inform project quality requirements.

Refreshing the UKOT Biodiversity Strategy [REDACTED]

The programme will commission a refresh of the UKOT Biodiversity strategy, recognising the unique nature of each of the UKOTs biodiversity and environmental needs.

It is also relevant to note that these activities will address the barriers identified in 1.1.2 (Rationale for UK Government intervention) – please see the table in Appendix 4.

1.3. Alignment with Defra Strategic Objectives

In the context of [Defra group's Outcome Delivery Plan](#), Darwin Plus programme addresses PO1 (Environment) and DO5 (Strengthening the union and international).¹⁵

1.3.1. PO1: Environment

PO1 seeks to improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife. The 25 Year Environment Plan explicitly commits to Darwin Plus¹⁶, and the programme delivers on its ambitions in the following ways:

¹⁵ Defra, 2021. Defra Group Outcome Deliver Delivery Plan (Internal ODP). [online] Available at: <https://intranet.defra.gov.uk/documents/2021/04/defra-group-internal-odp.pdf/> [Last accessed 03/12/2021].

¹⁶ HM Government, 2018. A Green Future: Our 25 Year Plan to Improve the Environment. [online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf p.121. [Last accessed 03/12/2021].

1. Taking action to recover threatened, iconic or economically important species of animals, plants and fungi, and where possible to prevent human-induced extinction or loss of known threatened species in England and the OTs.
2. Protecting 4 million km² of oceans around the OTs, and,
3. Championing and supporting coral reef conservation and biodiversity in OT waters.

1.3.2. DO5: Strengthening the union and international

DO5 seeks to promote a green, fair and resilient UK and global recovery, halt and reverse global declines in biodiversity, mitigate and adapt to climate change, help ensure the UK has an effective border, and contribute to a strengthened and prosperous union.

Its objective of “resetting the global relationship with nature” explicitly references the funding allocation for OTs, which will “strengthen the UK’s global relationship with nature and further protected the UK Overseas Territories from biodiversity loss”.

The Darwin Plus programme aligns with: the Prime Minister’s commitment of at least £3 billion to climate change solutions that protect and restore nature and biodiversity over five years; the Blue Planet Fund that protects the marine environment and reduces poverty, the Blue Belt Programme to support UK Overseas Territories with the protection and sustainable management of their marine environments; HMG’s Integrated Review of Defence, Security and Foreign Policy; the international dimensions of the 25 Year Environment Plan; International Research and Innovation Strategy; UNFCCC COP 26 commitments; HMG’s UK Overseas Territories Biodiversity Strategy¹⁷; Overseas Territories White Paper;¹⁸ and, FCDO’s most recent OT strategy refresh, for which the continuing commitment was confirmed in the communiqué between OT governments at the 2021 Joint Ministerial Council.

The programme’s redesign to enable more ambitious outcomes coincides with the UK’s hosting of the G7 Presidency and HMG’s UNFCCC COP26, whilst the Convention of Biological Diversity (CBD) COP15 develops a post-2020 Global Biodiversity Framework, and exists 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.

Darwin Plus 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.
- To support climate change mitigation and adaptation, in particular nature-based solutions, under the 2015 Paris Agreement within the UNFCCC, and in line with commitments from COP26.

In addition to its focus on the CBD, Darwin Plus projects also contribute to the:

¹⁷ UK Government, 2011. Policy paper overview: United Kingdom Overseas Territories Biodiversity Strategy. [online] Available at: <https://www.gov.uk/government/publications/united-kingdom-overseas-territories-biodiversity-strategy> [Last accessed 03/12/2021]

¹⁸ UK Government, 2012. Policy Paper: The Overseas Territories. [online] Available at: <https://www.gov.uk/government/publications/the-overseas-territories> [Last accessed 03/12/2021]

- Convention on the Conservation of Migratory Species of Wild Animals (CMS);
- Ramsar Convention on Wetlands;
- Cartagena Convention for the Caribbean;
- London Convention on the Protection of Marine Pollution;

1.3.3. Role of Defra

Defra leads for HMG and owns the key policy areas of Darwin Plus including biodiversity and environment. Through this, Defra has access to world-leading expertise in-house, via our Non-Departmental Public Bodies and Executive Agencies (RBG Kew, Joint Nature Conservative 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 DPAG).

1.4. Impact, Outcome, Outputs

1.4.1 Impact

The intended impact of Darwin Plus is:

- The rates of biodiversity loss and degradation in UKOTs are slowed, halted, or reversed

By contributing to this impact, Darwin Plus will support the implementation of the multilateral environment agreements including but not limited to the Convention of Biological Diversity. We will consider a score card approach to impact indicators, with national-level data from NBSAP, SDG and CBD reporting framework, plus a transformative change indicator. Recognising its ODA funding, it will also support the delivery of sustainable livelihoods and provide benefits to local communities.

1.4.2 Outcomes

Darwin Plus will support and influence stakeholders to incorporate biodiversity considerations in improving the fair distribution of benefits, through evidence and best practices, and targeting the outcomes (as stated in the Theory of Change below):

- Local communities and stakeholders have sustained improvement in policy and practice that results in gains for biodiversity
- Future projects (both Darwin and more generally) are able to benefit from the knowledge gathered regarding implementation and policy
- Where possible, projects are scaled at the landscape level/ in another geography (particularly within the same region)/ through policy reform

Indicators at the Outcome level will monitor performance primarily against biodiversity metrics (see Annex H for examples in the draft logframe), reported by the individual projects, and the implementation of policies and plans. Given the varied geographies of and limited capability in the UKOTs, KPI development and baseline establishment is a complex process and remains in progress. JNCC is currently developing marine and terrestrial indicators for some UKOTs, with KPIs for the other UKOTs due to be completed by the end of the Business Cycle. This will also allow indicators to incorporate the recommendations from the Ecorys evaluation.

1.4.3 Outputs

To achieve these outcomes, Darwin Plus will deliver the following outputs at programme level:

- Evidence is produced which can be used to guide future biodiversity management and policies, as well as future Darwin projects – lessons of ‘what works’ and implementation guidance are gathered
- The capacities and capabilities of local stakeholders are improved
- Policies and management techniques that promote sustainability are implemented

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.

1.4.4 What does success look like?

Through a more central and strategic approach to monitoring, evaluating and learning, Darwin Plus will demonstrate the 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 reported by the programme and projects, to strengthen performance assessments and results collection.
- 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 local communities. Some examples of potential indicators being developed and considered by JNCC include:

1. Number of local communities and stakeholders with improved capability (e.g., skills).
2. Number of secondments or placements conducted.
3. Number of new/improved management plans (sustainable use, restoration, invasive species)
4. Number of policies strengthened, developed or formally contributed to at a local or national level on biodiversity-benefit sharing issues by projects.
5. Number of conservation assessments or species stock assessments conducted and published.
6. Proportion of grants awarded to high quality applications received.
7. Leverage achieved by projects at application.
8. Quantifiable contributions to the delivery of sustainable livelihoods and benefits for local communities that also contribute to reducing inequality between persons of different gender.

1.4.5 Theory of Change

Working with Ecorys we have developed a Theory of Change that shows activities, outputs, and outcomes, and impact in a systematic fashion. We propose to review the Theory of Change during the three years of the Business Case, to ensure it is delivering as expected,

and that Darwin Plus remains an effective vehicle for delivery on biodiversity in the Overseas Territories. The Theory of Change is included at Annex I.

1.5. Scalability

1.5.1 Overview

The programme welcomes projects that have good scalability potential, i.e. using approaches that can be transformative or replicated elsewhere, rather than tried and tested approaches. The ‘Lessons’ element of the programme should assist in increased replication of successful projects across territories, and the new ‘Strategic Grant’ component will enable initial projects that are particularly useful to be scaled up in a further iteration, both through funding amount and geography. Darwin Plus applications also have a strong record of matched funding, enabling more ambitious projects.¹⁹

1.6. Constraints

1.6.1 ODA / non-ODA funding breakdown

The programme’s allocation comes from two sources of funds (ODA, which can be spent on the ODA-eligible OTs; and non-ODA funds). Each source has a cap. [REDACTED]

1.7 Strategic Risks

We have included an overview of the main high-level/strategic risks that may affect the programme in Appendix 5.

2. Economic Case

2.1 Introduction: Economic Case

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, scope of this business case (programme-level) and the availability of data – Darwin Plus and comparable options deliver a wide range of specific benefits many of which are difficult to monetise. Therefore, we have not sought to undertake a full quantitative cost-benefit analysis. At this stage the planned activities that will be undertaken through Darwin Plus projects cannot be exactly anticipated due to the nature of the programme, and, further, past projects funded through Darwin Plus have many intangible/ qualitative benefits. For example, reversal of biodiversity loss through the eradication of non-native invasive species²⁰, sustainable marine management²¹ and developing data and evidence within OTs²². Instead, we have described the different

¹⁹ As per the Ecorys report, Darwin Plus projects obtain, on average, additional funding equal to 98% of the awarded grant, which is the most of the three related Defra schemes in this regard (Darwin Initiative: 73%; IWTCF: 61%).

²⁰ See: [DPLU060](#) (Last accessed 03/01/2022)

²¹ See: [DPLUS005](#) (Last accessed 03/01/2022)

²² See: [DPLUS108](#) (Last accessed 03/01/2022)

options and assessed their value for money (VfM) using the FCDO's 4Es framework (Economy, Efficiency, Effectiveness and Equity).

2.1.1 Rationale for Intervention

As set out in the strategic case, biodiversity is declining faster than at any time in human history impacting ecosystems' ability to provide the essentials for a healthy and productive human life such as clean air, food security and fresh water²³. The degradation of land through human activities is negatively impacting the well-being of 3.2 billion people and costing more than 10% of global GDP in loss of biodiversity and ecosystem services²⁴. This trend is of particular concern to the UK's Overseas Territories because as small islands, they provide a home to 220,000 people who are reliant on their natural environment, and the benefits that it provides, for their economic welfare and their security²⁵. For example, it is estimated natural capital provides an annual value of EC\$248 million²⁶ to Anguilla who in 2018, had a nominal GDP of EC\$864.82 million²⁷ with natural capital therefore contributing equivalent to approximately 29% of GDP. The value natural capital contributes to tourism is the largest to any of their economic sectors, followed by fisheries²⁸. This reflects the overall importance of the tourism sector to Anguilla, and the dependence of the sector on the natural environment in just one of the many British OTs. The Intergovernmental Panel on Climate Change additionally identifies small islands, primarily in the tropics and subtropics, as being particularly vulnerable to the negative impacts of climate change due to their geographic isolation, small size, limited funds, and human resources that limit the capacity of ecosystems and human communities on small islands to reduce or adapt to a rapidly changing climate²⁹. Threats from global climate change are a critical issue for the UK to consider if it is to meet its responsibilities to biodiversity conservation through international conventions and agreements³⁰ as IPBES recognises climate change as one of the most important drivers of biodiversity loss.³¹ Biodiversity loss is being driven through over-use or excessive demand of nature, and inadequate protection of and investment in supply. Invasive non-native species are second only to habitat loss in causing biodiversity loss globally. Island species such as those in the UKOTs are particularly vulnerable to the former driver due to their previous isolation from diseases, competition and predators as evidenced by the fact that since 1500 AD, 72% of recorded extinctions have occurred on islands³². These factors and many others affecting the UK Overseas Territories are the result of a number of market failures:

23 IPBES, (2019) Global Assessment report summary for policymakers. Secretariat of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, Bonn, Germany. <https://ipbes.net/global-assessment>

24 IPBES (2018): The IPBES assessment report on land degradation and restoration. Secretariat of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, Bonn, Germany. <https://doi.org/10.5281/zenodo.3237392>

25 See: [UKOTNaturalCapitalGuidance.pdf \(jncc.gov.uk\)](#) (Last accessed 08/12/2021)

26 EC\$ is East Caribbean Dollar; £1 is approximately EC\$3.7 on 12/01/2022.

27 See: [Government of Anguilla Debt Portfolio Review 2015 -2019](#) - Appendix 1 (Last accessed 08/12/2021)

28 See: [Anguilla Natural Capital Accounts \(jncc.gov.uk\)](#) (Last accessed 07/12/2021)

29 See: [Implications of climate change for biodiversity in the UK Overseas Territories \(JNCC Report No. 427\)](#) (Last accessed 03/12/2021)

30 Such as the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change

31 See: [UN Report: Nature's Dangerous Decline 'Unprecedented'; Species Extinction Rates 'Accelerating' - United Nations Sustainable Development](#) (Last Accessed 26/01/2022)

32 See: [25-year-environment-plan-annex1.pdf \(publishing.service.gov.uk\)](#) Baillie, J.E.M., Hilton-Taylor, C. & Stuart, S.N. Eds. 2004. 2004 IUCN red list of threatened species: a global species assessment (Last accessed 28/12/2021)

➤ **Public goods**³³. Biodiversity, like the wider environment which it makes up, is considered a global public good and there can be insufficient economic incentives to conserve it and sustainably use biodiversity often due to a failure to enforce rights of resources, many ecosystem services are available to all (non-excludable). Global ecosystem services are worth an estimated \$125-140 trillion per year (more than one and a half times the size of global GDP)³⁴ therefore, protecting and regulating them can help solve this market failure and help avoid the large costs of inaction.

➤ [REDACTED]

➤ **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. [REDACTED]

[REDACTED]

➤ **Inequalities:** The global distribution 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)³⁶. 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, 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 livelihoods³⁷. 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. The costs of these market failures tend to be concentrated in developing countries and the activities that have caused the loss of biodiversity and ecosystem degradation in impacts that affect the global poor disproportionately³⁸. This is especially

33 Definition: Public goods are goods or services that are neither rivalrous (access to a public good by any one group of people has no effect on the quantity available to others) nor excludable (no one can be excluded from access to the good). See: [Final Report - The Economics of Biodiversity: The Dasgupta Review - GOV.UK \(www.gov.uk\)](#) (Last accessed 29/12/2021)

34 See: [Executive-Summary-and-Synthesis-Biodiversity-Finance-and-the-Economic-and-Business-Case-for-Action.pdf \(oecd.org\)](#) (Last accessed 29/12/2021)

36 [PRISMA \(2016\) "Conservation and Community Rights: Lessons from Mesoamerica"](#)

37 See: [jpeb59b1e Planet IPE May 2017.pdf \(ipeglobal.com\)](#) (Last accessed 03/12/2021)

38 Roe, D., et al. (2019) Biodiversity loss is a development issue A rapid review of evidence, IIED.

pronounced in UKOTs given their reliance on the natural environment and natural capital for vital economic sectors such as tourism and fishing.

- **Externalities**³⁹. Often externalities cannot be measured due to the fact environmental resources cannot always be expressed in monetary terms due to a number of market and government failures. Whether this is through a lack of information or there are no incentives for behaving in a certain way. For example, damage to the marine environment in OTs through excessive fishing may not be included in the price of the fish. 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.

To address these market failures, extra evidence on cause-effects of environmental pressures and improved environmental activities need to be in place. Defra has expertise in international biodiversity projects and has an extensive knowledge of international biodiversity conservation. Through our global reach, academic expertise and world leading development and conservation organisations, Defra and FCDO are well placed to design and deliver this programme and reduce key threats to UKOTs' natural environments.

2.2 Longlist Option Appraisal

A longlist of options that meet strategic objectives were developed by Defra's Darwin Plus Policy Team and Analysts:

1. Meet funding commitments to Darwin Plus legacy projects and provide no new and additional funding for future Darwin Plus rounds
2. Increase Darwin Plus spending to £30m and continue Darwin Plus programme with current structure
3. Increase Darwin Plus spending to £30m and with a restructure and expansion of the Darwin Plus programme tiers
4. Increase Funding and change the funding structure to a direct grants programme
5. Additional funding for projects that will maintain or enhance the environment within UKOTs using existing mechanisms:
 - a. Bilateral Mechanism: Darwin Initiative
 - b. Multilateral-financial mechanism: Global Environment Facility (GEF)
 - c. Cross Government Mechanism: Conflict, Stability and Security Fund (CSSF)

These longlisted options were then appraised against the critical success factors (CSFs) in Table 1 to identify which options should be shortlisted for appraisal. If an option failed to meet a CSF it was not shortlisted. A summary of the longlist option appraisal is provided in Table 2 and is detailed below for each option.

Under each option it is assumed that existing funding commitments to legacy projects from previous Darwin Plus rounds will be met, costing approximately £8.354m from 2022/23 to 2024/25. Defra's remaining Darwin Plus funding of up to £21.646m is therefore considered available to fund wider initiatives under each option. A full account of financial resources is

³⁹ Definition: *Externalities occur where the total cost of someone's behaviour in decision making is not accounted for, and so the production or consumption of a good or service imposes costs or benefits on others. This is often the case with biodiversity.*

provided in the Financial Case. Historically, the schemes funding had been £2.75m p.a but in 2020 up to £10m p.a was approved by Minister Goldsmith and made available to Darwin Plus. The options consider the £10m p.a as an increase in funding in order to complete a full appraisal.

Discussions with Defra policy colleagues and analysts identified the following four Critical Success Factors⁴⁰ as important for choosing the preferred option for delivering this Programme.

Table 1: Critical Success Factors (CSF) Description

	Critical Success Factor	Description
1	Strategic Fit	How well the option coheres with strategic drivers in the Strategic Case, including: recognition of local expertise, recognition of appetite for greater ambition, developing a community of practice, need to invest in local capability and capacity. How well the option addresses biodiversity loss and environmental protection in the UK Overseas Territories.
2	Affordability	How well the option can be financed from available funds and aligns with sourcing constraints.
3	Achievability	How well the option can be achieved in relation to the interests, capacity, and capability of the programme's community of practice. How well the option is likely to be delivered given the UK Overseas Territories available skills and ability to respond to requirements.
4	Value for Money	How well the option meets the FCDO's 4Es framework (Economy, Efficiency, Effectiveness and Equity) for the UK Overseas Territories.

Table 2: Summary of longlist option appraisal against each CSFs (Green = Meets CSF, Amber = Partially meets CSF so is less attractive, Red = Fails to meet CSF) and shortlisting decision.

Options	CSF 1	CSF 2	CSF 3	CSF 4	Shortlisted?
Meet funding commitments to Darwin Plus legacy projects and provide no new and additional funding for future Darwin Plus rounds	Red	Green	Green	Amber	
Increase Darwin Plus spending to £30m and continue Darwin Plus with current structure	Amber	Green	Green	Green	✓

⁴⁰ CSFs are the attributes essential for successful delivery of the programme, against which the initial assessment of options for programme delivery are appraised.

Increase Darwin Plus spending to £30m and with a restructure and expansion of the Darwin Plus programme tiers		Green	Green	Green	Green	✓
Increase funding and change the funding structure to a direct grants programme		Red	Green	Yellow	Yellow	
Additional funding for projects that will maintain or enhance the environment within UKOTs using existing mechanisms	A) Darwin Initiative	Red	Green	Green	Green	
	B) GEF	Red	Green	Yellow	Green	
	C) CSSF	Red	Green	Green	Green	

Analysis of the longlist decision-making, including ‘Do Minimum’, is given in **Annex J**.

2.3 Shortlist Option Appraisal

2.3.1 Benefits, costs, and risks: Summary

We have developed a description of costs and benefits of the shortlisted options, to seek to determine VfM of the options. The costs and benefits of options are assessed relative to the baseline of ‘business as usual’. A summary is provided in Annex K. The shortlisted options have been developed in collaboration with Defra policy and analyst colleagues.

2.3.2 Costs and benefits of options

Business as Usual

Costs:

There would be no new and additional funding to Darwin Plus, but Defra would see through the completion of existing Darwin Plus legacy projects costing £8.354m between 2022/23-2024/25. There would also be the significantly lower administration costs of 6.3% or £526k and Monitoring and Evaluation costs of approximately 1% or £84k, leaving around £7.744m being spent on the projects themselves. MEL costs of approximately 1% are in line with similar international biodiversity funds and based on historical MEL costs for this fund.⁴¹

The most recent round of Darwin Plus projects for which final reports are available (Round 6)⁴² were awarded £2.684m of Darwin Plus grant funding and received £1.138m of co-financing⁴³ from other donors for project lifetimes. Scaling the co-funding to the level of UK funding for Darwin Plus legacy projects we could assume that approximately £3.283m of

41 MEL costs of approximately 1% are used for all options and the BAU assessed at the shortlisted stage. For further context the recent Ecorys evaluation (2021) that took place of all 3 Darwin funds: Darwin Plus, Darwin Initiative and IWTCF cost less than £300k, additionally both Darwin Initiative and IWTCF are much larger funds than Darwin Plus.

42 See Annex C for further information.

43 Data obtained from LTS International: matched funding from all projects is not captured until the project ends. Several projects end dates and final report release dates have been delayed due to COVID-19. Data captured on matched funding is taken from the indicated matched funding at the application stage from the projects that have yet to release their final reports or have had their end dates delayed due to COVID-19.

co-financing would be provided for the final three years of Darwin Plus legacy projects. We treat this co-financing as a social cost.

Benefits:

The set of projects in the sample from Round 6 of Darwin Plus achieved a range of both qualitative and quantified benefits, including but not limited to (see Annex C for the full set of quantified outcomes from projects):

- 30 British Virgin Island nationals gained technical skills and experience in habitat monitoring and management and at least £10,000 was generated to implement action plans (DPLUS073).
- At least 2 staff from each of the three territories: Falkland Islands, St Helena, Ascension and Tristan da Cunha were trained in implementing PRA [pest risk assessment] procedures (DPLUS74).
- In Montserrat, glass collection points at bars, restaurants and 2 community recycling drop points have been installed resulting in a total weight of 21,944kg glass material being collected, approximately 98,000 bottles in the first 2 quarters of 2020 (DPLUS078).
- 3 training workshops were delivered in Montserrat to increase their skills and knowledge of EIA (Environmental Impact Assessment) reviews. As a result of the workshops, the knowledge and capability of the marine staff increased which will improve the sustainability of marine management on the island (DPLUS079).
- An application to have the Falklands inner shelf waters were confirmed as a global key Biodiversity area (KBA) for sei whale to the committee which was accepted (formal announcement will occur this year) (DPLUS082).

Many of the program's activities have been delayed due to Covid-19 and are therefore still ongoing. Because of this, the outputs outlined in Annex C may understate the outcomes that will be achieved. Benefits included better capability and data knowledge derived from these projects and were generated through lifetime project grants of £2.684m. For simplicity, we assume that under business as usual the types and volume of quantifiable and qualitative benefits set out in Annex C will be delivered from the remaining Darwin Plus legacy projects to a scale of 7.744/2.684 (i.e., 288%). This assumption is based on the funding already committed to spend on Darwin Plus legacy projects from previous Darwin Plus rounds, £7.744m, divided by the £2.684m spent on round 6 of Darwin Plus projects. We expect to see the benefits explored in Annex C to increase in proportion with funding increases whilst accounting for diminishing returns. As no new funding is committed under BAU, the benefits will not be as pronounced as they will be under option 1 and option 2 which both propose a large increase in Darwin Plus funding.

There are also expected benefits in terms of additional finance leveraged. In the sample round of Darwin Plus projects (see Annex C), and for all other Darwin Plus rounds, it was not possible to determine how much additional finance was leveraged from other sources post-project as this isn't a specific ask for Darwin Plus projects at present to include in final reporting as co-financing is. Additional finance leveraged didn't contribute to the round 6 benefits for Darwin Plus but will have led to benefits not captured in the final reports. The

only project to record the value of additional funding leveraged post project lifetime was project DPLUS073⁴⁴, securing \$15,000 in additional finance for biodiversity activities.⁴⁵

There are very likely to be additional benefits not being captured in the above analysis. Firstly, many of the project benefits occur sometime after project completion so will not have been captured in the final reports that are available. For example, after rodent eradication in was completed in South Georgia⁴⁶, the islands bird fauna took time to reclaim land lost to the rodents and time for the ecosystem damage caused by the rodents to reverse on the island. They are examples of benefits that were indicated as long-term strategic outcomes of the project but unable to be confirmed as quantitative or qualitative benefits in the final project report. Secondly, due to the nature of Darwin Plus many of the benefits delivered are both non-monetizable and intangible. The programme supports innovation, collaborative working and builds an evidence base for OTs with the successful projects that are delivered. There are also a range of less tangible benefits which can support the OTs beyond the project's lifetime, including improved knowledge and capability. For example, DPLUS108⁴⁷ has established a system of accounting for the benefits that the environment provides to the 5 UK Caribbean OTs. Although some of the outputs are yet to be met due to the impact of COVID-19, the project's methodologies/approaches used has set established methods for accounting for natural capital now for the remaining OTs. 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 Plus spending to £30m and continue Darwin Plus with current structure

Costs:

The UK would spend an additional £21.646m on Darwin Plus over 3 years relative to business-as-usual. Administration and MEL costs are 7.3% (6.3% administration, 1% MEL). **This represents an additional £1.572m of administration and MEL costs over business as usual over 3 years**, relative to the baseline.

The remaining £27.668m of non-administration funding would be allocated according to the same proportions and priorities as currently (FY 21/22) with the majority of the funding supporting Darwin Plus Main projects. With £7.744m (£8.354m including Darwin Plus legacy projects administration costs) of funding going to Darwin Plus legacy projects as under the baseline, this would represent **additional project costs of £19.314m**. Based on the co-financing received for the sample of Round 6 projects and taking a constant ratio of Darwin Plus grant to co-financing, we could expect **approximately £8.189m of additional co-financing**, relative to the baseline, over 3 years (from £19.314m of additional project grants). This is taken as additional social cost. Moreover, not fully meeting the strategic outcomes and drivers of the programme by not investing in local capability and capacity and meeting the appetite for greater project ambition amongst stakeholders as highlighted by CSF1 in Table 1 (by not introducing new programme tiers that option 2 does) will be costly. [REDACTED]

44 See: [DPLUS073 FR.docx \(darwininitiative.org.uk\)](#) (Last accessed 29/12/2021)

45 To Note: It cannot be said conclusively that this funding would not have been raised for biodiversity projects without Darwin Plus.

46 See: [DPLUS031 - South Georgia Habitat Restoration Project:Final Phase - Professor Anthony Martin](#) (Last accessed 04/01/2022)

47 See: [Darwin Plus - DPLUS108 \(darwininitiative.org.uk\)](#) (Last accessed 08/01/2022)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Benefits:

Additional funding for Darwin Plus projects could be expected to deliver similar benefits to current Darwin Plus projects but at a greater scale in terms of increased numbers of projects funded. We expect to see **similar kinds of project outcomes as in the project sample (and described in detail in Annex C) for this option and for these benefits to increase in proportion to this increase in funding.** Given the total amount of funding to be allocated for projects, we would allow for diminishing returns of between 15-25% and 10% optimism bias. We have unfortunately not been able to monetise benefits from previous projects outcomes due to the difficulty in putting an economic value on the outcomes delivered due to a lack of data and indicators (this is explored further in the table in Annex L). For example, mapping for soil, peatlands, and the extent of erosion for both was completed in the Falkland Islands⁴⁸. This outcome will inform future policy making and provide valuable data which we know will deliver many environmental benefits of which we are unable to attach an economic value as too many assumptions would have to be made and there is no existing data for values for such an outcome.

There is no strong basis for selecting a single rate of diminishing returns and consequentially a range is taken, there is typically a variation in the quality of Darwin Plus main project applications received and reviewed by DPAG (see Annex G for further information) each year which provides some support for likely diminishing returns within this range for the size of the total funding. Without any form of restructure to the program Darwin Plus will likely experience some diminishing returns as a result of the increase in size of the fund to almost three times the size it had been historically under this option. Moreover, the Green Book does not provide generic optimism bias adjustments for benefits in the same way as it does for cost data but does provide examples of adjustments applied in comparable cost-benefit analysis for local partnerships⁴⁹. Based on this our assumption for optimism bias on benefits is 10%.

Not restructuring Darwin Plus, in the short-term, could be the least risky option, particularly as the benefits of introducing new components are difficult to quantitatively estimate. Continuing the scheme with the current structure, that has proven to be successful since the fund began in 2012 with Darwin Plus contributing over £27m towards 160 projects in the UKOTs, would present the least risk in the short-term. This option will ensure the fund meets its high-level strategic aim of addressing biodiversity loss within UKOTs. Scaled up funding will allow this to continue to happen as the current structure has continually funded projects delivering this aim. It doesn't however address the need to invest in local capability and capacity by maintaining the current funding structure.

As with the 'business as usual' baseline, there are likely to be additional benefits not being captured, including outcomes achieved post-project completion and improved knowledge and capability. There are also likely to be benefits in terms of additional finance leveraged.

48 See: DPLUS083 - [Darwin Plus - DPLUS083 \(darwininitiative.org.uk\)](https://www.darwininitiative.org.uk) (Last Accessed 24/01/2022)

49 See:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/300214/cost_benefit_analysis_guidance_for_local_partnerships.pdf [Last Accessed 04/01/2021]

These could all be expected to be realised according to the scale of additional project funding, but also with some diminishing returns and optimism bias applied. [REDACTED]

[REDACTED] aHMG through continuing this fund will also further demonstrate internationally its commitment to tackling climate change and biodiversity loss, following commitments made at COP26 and in the Integrated Review of Security, Defence, Development and Foreign Policy. Further details of the benefits provided by this option are highlighted in **Annex L**.

Option 2: Increase Darwin Plus spending to £30m and with a restructure and expansion of the Darwin Plus programme tiers

Costs:

The UK would spend £30m on Darwin Plus over 3 years. Administration and evaluation costs would be 8.9% (7.9% administration and 1% MEL), greater than under option 1 recognising the additional complexity of the programme under the restructuring. The introduction of the Darwin Plus local tier will result in an additional administration cost of £156k p.a to be paid to JNCC to manage this tier (further information available in sections 3.2 and 4.4). This represents **£2.055m of additional administration and MEL costs** over 3 years relative to the baseline.

The remaining £27.218m of non-administration funding will be structured as set out in the indicative Multiyear budget profile (see Table 3), with £7.744m (£8.354m including Darwin Plus legacy projects administration costs) of funding being used for Darwin Plus legacy projects between 2022/23-2024/25 as under the baseline scenario. As such, **£18.864m of additional programme funding** will be allocated across the new or expanded tiers of the programme Darwin Plus Strategic, Darwin Plus Local, Darwin Plus Main and Darwin Plus Fellowships.

Co-financing could be expected to be based on the ratio of co-financing to Darwin Plus grant from the sample of Darwin Plus Main projects from round 6, applied to the total portion of project grant funding under the new scheme structure (Darwin Plus Strategic, Main, Local and Fellowships). **The additional social cost of co-financing, relative to baseline, could therefore be expected to be approximately £7.996m** (from £18.864m of additional project grants). This is taken as additional social cost.

Benefits:

A range of ways of restructuring Darwin Plus were considered by the expert group, against the needs of scaling up success, driving innovation, building sustainable local capacity and sharing best practice. This was concluded to be the preferred restructuring option to be taken forward, it is an option which addresses the key stakeholder's feedback in the Ecorys evaluation report.

This option will deliver the strategic outcomes for the Darwin Plus programme to a much greater extent than option 1 as it involves significant restructuring of Darwin Plus, with the

introduction of new components and expansion of existing components (see Annex F for further information). Investing in local capability and capacity was a critical factor in determining the strategic fit of options as well as the ability to scale up projects, this option will deliver these strategic outcomes and the benefits that will arise as it will do this through the Darwin Plus local and strategic tiers. There will be increased collaboration and partnership working amongst UKOTs and the flexibility to respond to threats facing them quickly and a local level in addition to enhanced local knowledge and capability building. Also due to the restructure, it is even more difficult to quantitatively estimate the benefits. As a starting point, we could expect that through the project funding components (Local, Main and Strategic), the schemes will continue to generate the kinds of outcomes captured in the recent sample of projects for Round 6 (Annex C) at an appropriate scale.

Diminishing returns could initially be taken towards the lower end of the range for this option (i.e., 5-10%)⁵⁰ given that Darwin Plus Main will be scaled to a lesser extent and Darwin Plus would be split into a set of new tiers with a dispersed financial budget profile across the different tiers (as shown by Table 3) and the increased grants sizes for both Darwin Plus Main and Fellowships. This will allow for bigger, more innovative and collaborative projects across multiple OTs. Therefore, given the additional funding for the 4 Darwin Plus tiers of £18.864m relative to the baseline, we would expect to see similar kinds of project outcomes as in the project sample (Annex C) and for these benefits to increase in proportion to this increase in funding. Benefits have not been monetised for the reasons described in option 1 (this is also explored further in the table provided in Annex L). We also **expect the benefits to be significantly greater under this option than the other options for the following reasons:**

First, the proposed restructure includes the new Darwin Plus Strategic tier which is intended to fund larger scale projects, encouraging greater ambition and collaboration between OTs, that can demonstrate success or potential success. The additional funding allocated to this component can be expected to generate results significantly greater than the average for the Round 6 sample projects as successfully scaled up projects will provide economies of scale and ultimately greater VfM. A Darwin Plus Main project awarded in 2021 (see Appendix 1), DPLUS147, will work collaboratively to manage coral disease across 3 UKOTs and is an example of a project with scaling potential. It is limited by the current project size funding cap in place for Darwin Main projects, as such it only includes 3 of the Caribbean UKOTs. Scaling up this project to include all Caribbean UKOTs would provide beneficial economies of scale, share lessons learnt and knowledge, reduce travel costs and provide overall greater VfM. Stakeholder feedback from OTs and NGOs over the past 12 months and the call for evidence has demonstrated there is a gap for funding larger projects through Darwin Plus that have scaling potential which would counter diminishing returns from simply funding a greater number of Darwin Plus Main projects.

Second, the Darwin Plus Local tier will enable funding for local projects exclusively through OT governments and OT-based organisations which will benefit local economies through direct investment with grants spent in territory, addressing local needs. This addresses both direct stakeholder feedback and the Ecorys evaluation which highlighted the need for building in-territory capability and capacity and addressing local needs. Historically, large NGOs have been awarded Darwin Plus projects owing to the lack in-territory capability and capacity of many of the territories. A local tier fund addressing this would not only develop

⁵⁰ Ranges selected are underpinned by the reasons explained in the shortlist appraisal and previous similar business cases: Darwin Initiative and IWTCF business cases

capacity and capability but also create unquantified benefits to local economies. Local projects investing in nature conservation and restoration, for example, can create close to 40 jobs for every \$1 million invested in nature-based solutions⁵¹. The still relatively small amounts of funding allocated to projects in the local tier can still be expected to amplify and render more sustainable the outcomes and results generated through the direct projects themselves.

Third, as shown by the size of the grants awarded to the Darwin Plus Main projects in 2021 (see Appendix 1) and the total funding committed to just Darwin Plus Main and Fellowships in the latest funding round [REDACTED] it is clear there is a high demand for Darwin Plus funding and no shortage of high-quality projects that will aid the programmes⁵² overall aims of protecting the biodiversity and improving resilience to climate change within the UKOTs. It is assumed the new programmes tiers will result in further high-quality project applications from eligible applicants given the new tiers were designed in response to stakeholder feedback and internal Defra consultations. Based on the assumption of a greater number of overall applications for project funding, higher quality projects will be awarded funding and deliver amplified benefits. The challenge fund bidding process should contribute towards higher VfM projects going forward. The thorough assessment of projects by the DPAG who score project applications using their knowledge and expertise of OTs over 2 stages before providing their recommendations is the mechanism used to ensure this takes place (for further information on this process see Annex F).

This option, as with option 1, can be expected to generate additional non-quantifiable benefits in terms of post-programme outcomes and improved knowledge and capability. This is also likely to be to a greater extent than under option 1 given the additional emphases on building local capability and knowledge, as well as collaborative working amongst OTs in the re-structured Darwin Plus programme (Strategic and Local tiers). Intangible benefits in terms of UK visibility are also likely to be higher given the greater impacts expected to be achieved through the restructuring, showcasing the UK as an international leader in halting biodiversity loss globally which would demonstrate HMG's strong political commitment and leadership. [REDACTED]

[REDACTED] Furthermore, the expansion of funding tiers will provide an increased flexibility to respond to threats facing the UKOTs and the variety of implementing organisations for the different tiers will help create an expert community across Darwin Plus as a whole. A visual representation of the possible benefits arising from this programme from this preferred way forward and the expected social, environmental and economic benefits are explored further in **Annex L**. The expected outputs arising from this option are similarly stated in **Annex J** and are further examples of the benefits that are expected to be delivered under this option.

2.4 Justification for the preferred option

Our recommended option is option 2. This option would build on the success of the current Darwin Plus, utilising considerable expertise and achieving results through strong local ownership. It would scale up successful projects through the new Darwin Plus Strategic tier, encourage greater innovation, strengthen local capability and capacity and do

51 See [Final Report - The Economics of Biodiversity: The Dasgupta Review - GOV.UK \(www.gov.uk\)](#) (Last accessed 06/01/2022)

52 For example, in the last 2 full Darwin Plus financial years (2019/20-2020/21) a combined total of 108 applications were received at stage 1 whilst only 39 projects were approved [REDACTED]

more than what is currently done 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 and fulfil commitments made on foreign policy in HMG's integrated review of Security, Defence, Development and Foreign policy.

Option 1 would deliver a scaling up of the demonstrated success of Darwin Plus with increased UK international visibility, maintain positive partnerships with the UKOTs and continue to generate additional non-quantifiable benefits. By sticking to a historically successful structure, it would prove a safer short-term option as there are no new components introduced. 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 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 2 would build on the success of the current Darwin Plus, utilising existing expertise and through the variety of implementing organisations for the different tiers will help create an expert community across Darwin Plus. It would also scale up successful projects, encourage greater ambition and collaboration between OTs, strengthen local capability and expand upon the existing sharing of best practice. It would bring the UK significant international visibility in addressing the global biodiversity challenge at a time of important UK international leadership and help the territories meet local needs which subsequently support their local economics through the Darwin Plus Local tier.

Given the two options' similarity in focus, it is clear to see the far greater range of benefits expected from option 2 in comparison to option 1 (summarised in Annex K). Although option 2 may have higher administration costs, this is reflective of the additional complexity of the funding tiers which provide option 2 with a better strategic fit by addressing all the key objectives (including, building in-territory capability and greater collaboration/ambition between OTs). Even under the assumption that both options would deliver the same exact scale (or value) of project benefits, option 2 would be preferred based upon these advantages.

Sensitivity analysis

Given the challenges in quantifying the cost-benefit analysis it is difficult to carry out a purely quantitative sensitivity analysis and test the robustness of recommendations to changes in assumptions. However, we consider that the recommendation is robust to any likely variation in key assumptions, as even changing values (e.g. setting diminishing returns to zero) would be unlikely to affect the recommendation.

There is no strong basis for considering variation in the performance (benefits achieved) of the different options. Darwin Plus in its current structure has an established track record of delivering results, whilst a restructured Darwin Plus has yet to demonstrate the results it will be able to achieve. Given the restructured Darwin Plus is an extension of the established and successful Darwin Plus scheme it is expected it will achieve at minimum the current level of benefits achieved. Clearly variations in relative performance across the options would alter the comparison but there would need to be a significant tilt in favour of Darwin Plus in its current form relative to the (restructured) Darwin Plus to overcome the wider advantages of Darwin Plus (restructured).

One assumption is the expected 5-10% diminishing returns to scale for option 2 and the expected 15-25% diminishing returns to scale for option 1. If diminishing returns were

significantly higher in restructuring Darwin Plus (option 2) then this would reduce the expected benefits from the restructure. There is no evidence to suggest this could be likely. Another assumption is an applied optimism bias on benefits of 10% for both options 1 and 2. The Green Book does not provide generic optimism bias adjustments for benefits in the same way as it does for cost data but does provide examples of adjustments applied in comparable cost-benefit analysis for local partnerships. Based on this our assumption for optimism bias on benefits is 10%.

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

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

- **Economy** will be achieved through competitive procurement of a fund manager and through the competitive mechanism of the challenge fund selecting projects that demonstrate economy when being assessed by the Darwin Plus Advisory group (DPAG). As this is a programme business case, the specific inputs are not yet determined. However, Economy is ensured through the optimal allocation of funding in the various funding streams (see Table 3 for a multiyear budget profile breakdown) and the selection of project proposals with appropriate price consideration. DPAG will take price into account when assessing projects, they are well-placed to have expert knowledge of the benchmark costs of inputs (such as staff, depending on the country the project will be based in) and enable Defra to advise ministers on the highest quality projects for funding by considering the technical merit and biodiversity/ environmental impact of the project.
- **Efficiency and Effectiveness** will also be delivered through the well-established challenge fund mechanisms and technical advisory review board (DPAG), helping to select projects that can demonstrate strong delivery of outputs and outcomes. The flexible management across the Darwin Plus programme will help projects with demonstrated potential to achieve strong outputs and outcomes are scaled up. The knowledge sharing, and evidence and enhanced capability components will strengthen the overall efficiency and effectiveness of Darwin Plus and wider biodiversity projects. Outcomes vary significantly in each project and so it is difficult to collate or summarise them, but a list of project outputs and the impact to date of Darwin Plus is included in the Strategic Case (section 1.2.3) and Annex C and Appendix 2 for reference. The various outputs derived from the Darwin Plus scheme are also outlined in Annex D. By restructuring Darwin Plus, we hope to further increase the effectiveness of the fund by providing a scaling pathway for the best Darwin projects to grow their impacts by receiving funding from the Darwin Plus Strategic tier which could not have happened under the existing Darwin Plus structure. The independent Ecorys evaluation of Darwin Plus, when assessing its efficiency and effectiveness, reported widespread agreement amongst strategic stakeholders that the scheme provides very good value for money and evidence that some projects have directly contributed to reduced key threats to

UKOTs' natural environments, including unsustainable management and use of resources, climate change, invasive species, and plastic waste pollution.⁵³

- **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 Plus will also provide equal opportunities to a range of implementing partners to obtain funding for good quality projects. Darwin Plus is already structured to consider equity and reduce inequality as projects are required to report the gender of beneficiaries and applicants are expected to provide indicators disaggregated by sex where possible. The restructure will also reduce inequality amongst the UKOTs as the Darwin Plus Local tier recognises the need to build in-territory capability and support the local economies, as such these grants will be made exclusively available to OT government and OT-based organisations.

3. Commercial Case

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

3.1. Darwin Plus Fund Manager

The *Darwin Initiative* Business Case (approved 2021) included details of the procurement process for the new Fund Manager contract for Darwin Initiative, IWTCF, and Darwin Plus. The previous contract will expire in March 2022. The procurement for the new contract has sought to 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.

The successful appointee for the new contract is LTS, who held the previous contract. Details of this contract that were approved in this Darwin Initiative business case are included in Appendix 6 and a summary of the procurement strategy is in Appendix 7.

The new contract is based on the previous one, with only slight amendments. The roles and responsibilities of the Fund Manager (as well as others) are detailed in Annex M. The Fund Manager issues and signs grants on Defra's behalf. Defra controls the annual review/drafting of the Terms and Conditions, and delegates to the Fund Manager to issue them to the awarded projects.⁵⁴

⁵³ See: Ecorys (2021) Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund Scheme evaluation: Final report (Last accessed 03/12/2021)

⁵⁴ Note: as per the Terms and Conditions of the contract ("A3 – Contractor's Status"), the Fund Manager is an independent contractor, who secures signatures on the model Grant Funding Agreement as required by the Authority. From Terms and Conditions of Fund Manager contract: A3: Contractor's Status

A3.1 *The Contractor shall be an independent contractor and nothing in the Contract shall create a contract of employment, a relationship of agency or partnership or a joint venture between the Parties and accordingly neither Party shall be authorised to act in the name of, or on behalf of, or otherwise bind the other Party save as expressly permitted by the terms of the Contract.*

A3.2 *The Contractor shall not (and shall ensure that any other person engaged in relation to the Contract shall not) say or do anything that might lead any other person to believe that the Contractor is acting as the agent or employee of the Authority.*

3.2 Monitoring and Evaluation

This section of the Commercial Case addresses programme level Monitoring, Evaluation, and Learning.

3.2.1 Independent Programme Evaluation

The Darwin Plus programme recently underwent a comprehensive independent evaluation by Ecorys, as part of a review that covered Darwin Initiative and the Illegal Wildlife Trade Challenge Fund. We are planning for a comparable evaluation process to take place during the life cycle of the business case and propose to set aside £100k (1%) per annum to do so. As per best practice, the programme evaluation will be undertaken by an independent party, and the contract will be put out to tender.

3.2.2 Key Performance Indicators and Development of Individual Biodiversity Strategies

As part of the ongoing wider improvements to the Darwin Plus programme laid out in the Strategic Case, we have appointed the Joint Nature Conservation Committee, in their formal capacity as statutory advisor to the government on international nature conservation,⁵⁵ to undertake the following:

- continue work to develop Key Performance Indicators

- [REDACTED]

For the purposes of transparency, and as agreed with Defra Group Commercial, it is important to note that any potential conflict of interest in relation to JNCC's other potential interests in the programme will be appropriately managed through Darwin Plus programme's existing procedures around potential conflicts of interest. For example, if JNCC wish to apply for a "Darwin Main" grant to pursue a particular project, or an issue of debate relating to JNCC's role arises within a DPAG meeting, they will be asked to leave the room, as happens for all potential conflicts of interest involving DPAG members. In this way, JNCC will not receive any unfair advantage.

The cost for this work to make Darwin Plus Monitoring, Evaluation and Learning more robust is expected to be £150k pa, as noted in the Financial Case.

3.3 Local Tier Contract

3.3.1 Establishment of best approach to deliver the Local Tier

A key focus of this Commercial Case is to consider the best possible commercial management of the new "Local Tier" that was described in the Strategic Case. Working with Defra Group Commercial, have established four stages in this decision making-process. A summary is presented here, with full details in Annex N.

The first stage asks *how* the Local Tier should be delivered:

- Option 1a: Transfer project funding for the Local Tier directly to the 14 Overseas Territory governments, who will deliver it themselves.

⁵⁵ JNCC is an executive Non-Departmental Public Body (NDPB) sponsored jointly by Defra and the Devolved Administrations. It carries out its statutory UK, cross-border and international functions with technical expertise, impartiality and transparency, and at arm's length from its sponsors. (JNCC 2018 Framework Document)

- Option 1b: No new delivery mechanism or resource for the Local Tier. Instead, all Local Tier applications are managed through the existing DPAG evaluation process.
- Option 1c: Dedicate a specific team for delivery of the Local Tier. This team would undertake marketing, scope local issues, facilitate proposals, support applicants, etc.

> Option Advanced: **Option 1c.**

The second stage asks *who* should run the Local Tier:

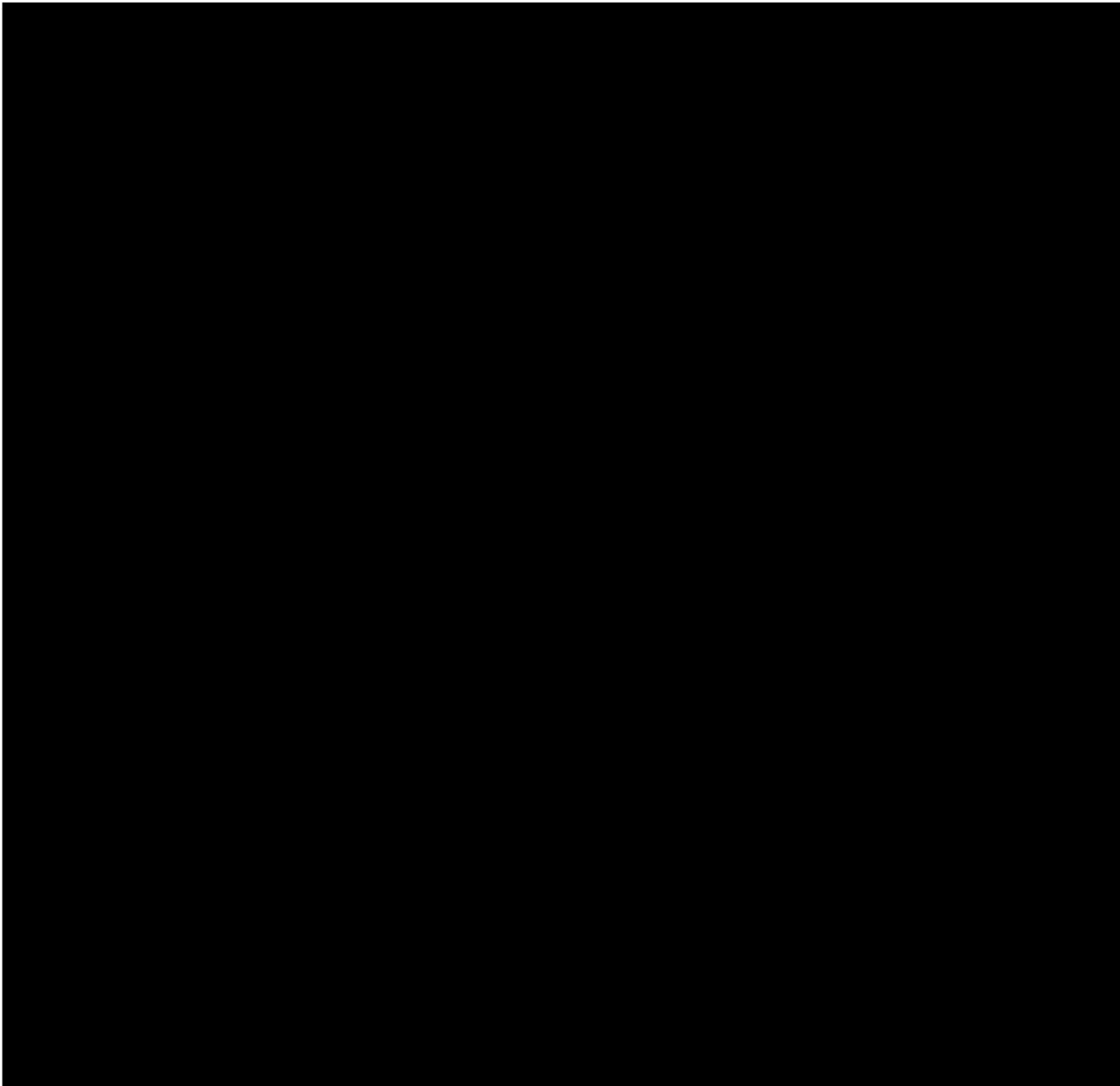
- Option 2a: Run Local Tier “in-house”, using additional resource at Defra.
- Option 2b: Run Local Tier through an external partner.

> Option Advanced: **Option 2b**

The third stage asks whether a direct appointment might be an acceptable approach:

- Option 3a: Direct appointment approach merits exploration.
- Option 3b: Direct appointment approach does not merit exploration.

> Option Advanced: **Option 3a**



[Redacted]

[Redacted]

[Redacted]

3.3.2 Local Tier Contract - Content

We are working with Defra Commercial to ensure Defra’s interests are adequately represented in the contract with our proposed selected partner (JNCC). The Local Tier will: be co-designed with Defra and managed by JNCC, who will work with OT NGOs and governments to understand local needs; will involve JNCC targeting said needs by recommending funding for local projects; and, will involve the Fund Manager to process applications, perform due diligence, organise payments and manage reporting and evaluation. (Please see Annex F for a description of the Local Tier and other programme components.) Defra will work with the Fund Manager and JNCC to draft the content in a way that builds upon and coexists with Defra’s contract with the Fund Manager. In practice, there is little complexity here since the Fund Manager role remains similar across all streams (see Annex M), while the specific role to be played by JNCC in the Local Tier is a variation on the role that the DPAG plays for the other Tiers.

3.3.3 Local Tier Contract – Strategy

We propose the procurement process for the contract will be via a Memorandum of Understanding (MoU) with JNCC and an extension of existing funding arrangements as per our existing ALB agreements. This MoU will cover the MEL work outlined above as well as the delivery of the Local Tier.

A detailed specification outlining roles, responsibilities, governance and co-dependencies with the Fund Manager functions will be drafted and signed off by March 2022. As agreed with Defra Group Commercial, the MoU will include a mutually agreed performance framework with metrics and KPIs, which will be subject to monthly reporting and quarterly reviews. The performance measures are central to the smooth running of the relationship, in view of the non-legal status of the MoU. Defra (through Defra’s Programme Board) will assess the performance of JNCC in delivering the Local Tier, escalating any issues if necessary, as per governance structure (see Annex P, Figure 1). The MoU will function on an annual basis, so that Defra has to consciously decide to extend for subsequent periods. There will be the option to adjust the specification if required.

As is standard with Darwin Plus programme procedures and activities, which involves a relatively small community of actors, the MoU will require that JNCC declares any potential conflict of interest, and follows standard Darwin Plus procedures around removing potential conflicts of interest, so that they do not affect the functioning of the programme.

3.3.4 Local Tier Contract: Due Diligence on Grant Recipients

The Fund Manager will undertake due diligence on potential grant recipients. 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, 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 programme/HMG reputation



3.3.5 Financial management risk

The Fund Manager will be able 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 Local Tier management 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 it remains within our tolerances and appetite. These will be guided by colleagues in both Defra Group Accountability and Governance team, and Government Internal Audit Agency.

3.3.6 Evaluation of key risks

We recognise that, as with any commercial appointment, there are risks associated with the selection of our preferred delivery partner (JNCC). Working with Defra Group Commercial, we have developed a risks and mitigations table, which is available at Annex O.

3.3.7 Management of Contract

Defra will manage the Local Tier contract 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 Local Tier contract through at least:

- Quarterly Contract Meetings with a Project Board, 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.

Regular reporting requirements will include:

- Updates on project expenditure against agreed milestones
- Financial planning for following years of the programme
- An annual report to Defra by the end of April, or later by mutual agreement, providing a detailed report of the previous application round including:
 - Breakdown of applications and list of successful projects
 - Synthesis of lessons identified including recommendations for improvement
 - Review of closed projects, and summary of outcomes and impacts
 - Project portfolio breakdown, including an overview of projects by location, approach, theme
 - Communications (portal, publications, social media and networking)
 - Financial reporting (including project requested changes e.g., to logframes)
 - Workshops and webinars
 - Review of fraud and subsidy control measures
 - Review of whether the “Local Tier” structure is the best vehicle for delivering small-scale projects in the OTs

If an annual review/audit is required, we would appoint an external auditor from CCS frameworks.

3.3.8 Local Tier Manager Contract Costs

The Local Tier budget is tentatively £1.5m p/a, including grant awards and administrative resource for the preferred delivery partner (JNCC). We expect most grants to be £5k to £30k, with grants £50k to £100k by exception and accompanied by a business case.

3.4 Wider Commercial Concerns

All documentation relating to subsidy control and the fraud and risk assessment has been completed to a satisfactory standard and cleared by Defra Group Commercial.

[REDACTED]

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 rules for spending ODA

The legal basis for Defra to fund Darwin Plus is the Environmental Protection Act 1990. Please see *1.2.2 – Legal Powers for the Darwin Plus Programme*.

The programme will adhere to the rules for spending Official Development Assistance (ODA) for the ODA-eligible Overseas Territories, 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 (Appendix 8) 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 and Budgets

The full costs will be at least £10m of ODA and non-ODA spending p/a as confirmed by HMT for the financial years 2022-25. At least £10m p/a was secured for 2022/23 - 2024/25 in the 2021 Spending Review, future funding will be requested via the next Spending Review in 2024. Should it not be secured, further Funding Rounds will be halted.

As a Tier 2 project (between £5m and £100m whole life RDEL cost), approval by Investment Committee/ExCo will be sought for this programme. This Business Case has been approved by the ODA board.

4.4 Contracted Costs

Comparable HMG programmes, including Darwin Initiative, International Climate Fund, Illegal Wildlife Challenge Trade Fund, Farming in Protected Landscapes, amongst others, have been benchmarked to indicate likely costs. Darwin Initiative and Illegal Wildlife challenge trade fund in particular due to the fact the same fund manager is used for the Darwin Plus programme along with the same Independent Evaluator. Based on this, and consultation with evaluation experts and other internal assessments, the costs are estimated at:

Fund Manager contract: typically range from (3-3.5%) of programme funding, depending on its size, level of risk and responsibilities undertaken. Building on experience to date and the new fund manager contract, we estimate this cost to be up to 3.5%.

Independent Evaluator contract: 1% of total programme funds, dependent on its size, level of risk, innovation and extent of new monitoring data required.

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 the satisfactory meeting of milestones 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).

Local Tier Delivery contract: £156k p.a of programme funding; this cost is to support resources costs for our Local Tier delivery partners (JNCC) to administrate projects under the Darwin Plus local tier scheme. Payments for projects will be made directly by the fund manager to successful projects. We anticipate this cost to remain the same throughout this funding round.

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, funding will need to be requested in the Spending Review beyond 2024/25. This could be due to funding shortfalls either in the most recent Spending Review or future Spending Reviews, there will be provisions to curtail activities if considered necessary. As most projects are expected to last between 1-3 years, it will take until 2024/25 to establish a full portfolio of operational projects by building on funding rounds in 2022/23 and 2023/24. A proportion of the funding in 2022/23-2024/25 is funding committed from previous Darwin Plus rounds and reflected in the budget profile below in the Darwin Plus Legacy row.

Table 3: Indicative Multiyear Budget Profile (£)

Darwin Plus Tiers	2022/23	2023/24	2024/25	Total (£)	%
Darwin Plus: Fellowships	50,000	50,000	50,000	150,000	<1
Darwin Plus: Strategic Grants	0	1,400,000	1,400,000	2,800,000	10
Darwin Plus: Local Grants	1,250,000	1,250,000	1,250,000	3,750,000	14
Darwin Plus: Main	2,500,916	3,866,569	5,795,910	12,163,395	45
Darwin Plus Legacy	5,306,217	2,521,439	526,957	8,354,613	31
Total Grant Expenditure (£)	9,107,133	9,088,008	9,022,867	27,218,008	100

Evidence, Best Practice and Outreach	15,000	15,000	70,000	100,000	<1
Local Tier Delivery Cost (JNCC)	169,000	148,000	151,000	468,000	1.5
JNCC indicator and biodiversity work	150,000	150,000	150,000	450,000	1.5
Fund Manager	320,500	319,830	317,550	957,880	3.2
Defra Staff costs	129,811	129,811	129,810.91	389,433	1.3
Total Administration	784,311	762,641	818,361	2,365,313	7.9
Monitoring & Evaluation	100,000	100,000	100,000	300,000	1
Total Grant expenditure	9,107,133	9,088,008	9,022,867	27,218,008	91.1
Accumulative Total (£)	9,991,443	9,950,650	9,941,228	29,883,321	100

The indicative profile assumes a strong, growing, and high-quality pipeline of 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 future financial years demonstrate an argument to continue or to accelerate the spend, we will seek a cost extension to this business case (in 2024/25 under the above scenario) at current funding or higher. Additionally, the next iteration of the business case may take a different view on the best balance of spending across the different streams, depending on the evidence gathered and reviewed during 2022-25.

The programme has been allocated up to £3.25m of ODA funding, funding that is ring fenced, can only be used for ODA-eligible UKOTs and paid for via ODA budgets. Any underspend in the ODA budget cannot be used on non-ODA territories or transferred to the non-ODA budget. Moreover, the programme has been allocated £7.7m of non-ODA funding. This funding is also ringfenced and cannot be used to fund ODA eligible activities. It is paid for via the ALPS division BAU budget.

Due to the split in budgets the administration and monitoring and evaluation costs in Table 3 will be split with 70% of the costs paid for by the ALPS BAU budgets whilst 30% of the costs will be paid for via ODA budgets. The split was determined following engagement with the policy team and given the proportion of ODA to non-ODA territories is roughly a 30%-70% split, therefore, this planning assumption has been made. As detailed elsewhere in the business case, there is a possibility that ODA-eligible UK OTs may graduate from ODA status. If so, the split would be revised according to the proportion of ODA to non-ODA UKOTs. As the ODA budget funds 1 FTE HEO (subject to approval from the ODA hub) then it is possible this line could no longer be charged to ODA. Similarly, if non-ODA territories became ODA eligible during this 3-year period then the split would also be

revised with a higher proportion of administrative and monitoring and evaluation costs being funded via the ODA budget.

Methodology for project level ODA/non-ODA split:

To determine whether Darwin projects will be funded from the ODA or non-ODA budget we will complete an assessment of the project at the point of funding at the application stage. The applicant will list the OT(s) where the project will take place. In the case of collaborative projects taking place across multiple OTs, the applicant will inform us in the application how much they expect to spend on each territory. This, alongside using expert judgement around which territory will benefit to a greater extent from said project and determining a split accordingly corresponding to the OECD DAC classification, will inform us the proportion of funding that would be required to be paid out via the ODA and non-ODA budgets.

4.6 Project Funding

The Fund Manager issues and signs grants on Defra's behalf. Defra controls the annual review/drafting of the Terms and Conditions, and delegates to the Fund Manager to issue them to the awarded projects. 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, manage awarding grants, monitoring them, reviewing claims and make payments based on claims showing sufficient evidence of the grant being delivered.

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 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.

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.

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.

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.

Transparency - Defra requires all its partners to meet the International Aid Transparency Initiative (IATI) standard⁵⁶ 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.

Grant Agreement - 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, and describes each partner's responsibilities including fiduciary, safeguarding, compliance, monitoring and reporting.

4.7 Defra Resource Levels

Managing the expanded Darwin Plus Programme, will require the allocation of Defra resources (see Section 5.2 and Annex P for further detail). There will be no increase in Defra resource level throughout the programme.

The ODA Hub will fund 1 FTE HEO via the ODA budget (subject to final approval from the ODA hub), if ODA eligible OTs graduate from ODA status during the programme, then it is possible this could no longer be charged to the ODA budget.

56 See: <https://iatistandard.org/en/about/iati-standard/> (Last accessed 06/12/2021)

4.8 Budget classification

In reviewing Consolidated Budget Guidance 2021-22 (CBG) and details of past and current Darwin Plus 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.

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. A typical Darwin grant would not be deemed to meet the CDEL definition. However, it may be possible that some grants will be spent on research and development. CBG states that if a grant meets the ESA10 criteria the spend should be treated as CDEL.

Under Treasury guidance we are permitted to change budgets from RDEL to CDEL within the financial year but cannot convert CDEL to RDEL. We, therefore, as the classification of budgets as CDEL are likely to be minimal and difficult to estimate, proceeded with requesting an RDEL budget, with any CDEL classification being processed in year at the earliest opportunity. We will move to reduce the likelihood of this need to change RDEL to CDEL through more accurate projections ahead of future spending review processes.

Budget classification – ESA10

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

This is done to ascertain if the capital expenditure does create an asset to be added to Defra's balance sheet. A requirement of all Darwin Plus funding is that outputs are open access. All project research outputs for Darwin Plus projects are recorded via half yearly, yearly and final reports which are published online free of charge on the Darwin Plus webpage⁵⁷. There is no ability to sell the intangible research and development 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 under accounting standards, nor depreciated in Defra's accounts but would be treated as capital under ESA10 and expensed in year.

4.9 Monitoring, reporting and accounting for expenditure

ODA budgets will need to be tracked and report on both the financial and calendar years. ODA budgets have to be reported on Calendar Years, as agreed internationally with the OECD and other donors, but Defra/HMG accounts work on the UK financial year – hence the need for both financial and calendar years. Non-ODA budgets will need to be tracked and report on financial years.

57 See: [Darwin Plus - Homepage \(darwininitiative.org.uk\)](http://darwininitiative.org.uk) (Last accessed 07/12/2021)

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.

It is possible that ODA eligible countries may graduate from ODA eligibility during the 3-year funding period, as the ODA budget is ring fenced for ODA eligible OTs and the non-ODA budget has an allocation of up to £7.7m, any change in ODA eligibility would cause potential financial and budgetary risk. To assess this risk to the programme and budget profiling we have consulted with the ODA hub who have confirmed none of the current ODA eligible UKOTs are likely to graduate to non-ODA status during this period.

All agencies must have systems in place to detect and combat fraud. The Fund Manager will hold responsibility of 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.

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.

The Fund Manager is responsible for matters such as: the administration of the grant application and award processes for the schemes for the lifetime of the contract, ensuring good use of public money; provision of support to the DPAG; provision of effective management and monitoring and evaluation of all projects; and due diligence.

Additionally, the fund manager will be required to:

1. Provide an annual audit.
2. 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.
3. Conduct desk-based audits on all projects at completion, including a risk and quality assurance assessment of whether the report is ready for publication.
4. 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.

5. Management Case

5.1. Introduction

Darwin Plus (also known as the Overseas Territories Environment and Climate Fund) is an established challenge fund, operating since 2012, with a track record of delivering projects in the UK Overseas Territories (UKOTs). An improved and expanded Darwin Plus challenge fund therefore represents a ready-to-go, UK branded and deliverable method of contributing to enhanced UK commitments on biodiversity and the natural environment.

5.2. Defra Resourcing

The Defra team required to oversee the programme over its life would include: 0.2x Grade 7, 0.3x SEO and 1.0x HEO. (See Annex P for a table with further details on costs).

The Grade 7 will have oversight over programme delivery; the SEO will be responsible for managing risks and issues, engaging others and lead on the development of the programme; the HEO will lead on the financial management and the delivery of the grant schemes by liaising with the Fund Manager and supporting the Darwin Plus Advisory Group. These posts are factored into Defra's resourcing with minor SCS and wider support as required (Annex P, Figure 2).

5.3. Governance

Darwin Plus will continue to use existing, proven and established expertise and governance and delivery mechanisms, which can be scaled. Darwin Plus will be managed by a Defra-based secretariat, with support from an outsourced Fund Manager, and overseen by a Defra Programme Board (Annex P, Figure 1).

5.3.1. *External partners*

Delivery Partners: Projects will be delivered by a wide range of respected and diverse UK and UKOT organisations, including OT governments, universities, research institutes and NGOs⁵⁸, 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. Projects will liaise with the Fund Manager.

⁵⁸ Full list at <https://dplus.darwininitiative.org.uk/project/institution/> (Last accessed 10/12/2021)

Fund Manager: The administration of the application process, due diligence on potential delivery partners, supporting DPAG, on-going day-to-day liaison, project-level monitoring and evaluation, and release of project funds. The Fund Manager will lead on engaging with potential applicants and delivery partners with active grants. The Fund Manager contract is currently being procured (see Commercial Case), meaning we can build on successes while improving parts of the relationship which have worked less well. It formally reports to the Head of Darwin Initiative, but regularly liaises with the Darwin Plus team.

Darwin Plus Advisory Group (DPAG): The independent Darwin Plus Advisory Group (DPAG) reviews applications to make robust recommendations to Defra on which Darwin Plus Main and Darwin Plus Strategic projects are likely to achieve the desired impact. DPAG includes experts in biodiversity and those with knowledge of the Overseas Territories⁵⁹, and is currently chaired by [REDACTED]. DPAG's operations are supported by the Fund Manager, but the Darwin Plus Defra team retains secretariat responsibilities.

Joint Nature Conservation Committee (JNCC): JNCC will manage the Darwin Plus Local scheme, working with in-territory partners to design the programme and application, determine local environmental and conservation needs and recommend funding awards to Defra. Darwin Plus Local's administration will be supported by the Fund Manager, including due diligence and dispensing funds. To note: as per Commercial Case, Defra Group Commercial have confirmed that conflict of interests will be managed (through a formalised 'firewall' between JNCC teams) ensuring other activities JNCC will undertake in the programme, e.g. bidding for a specific project through Darwin Plus "Main" programme.

5.3.2. Defra

Head of Darwin Plus: The Head (Grade 7) will oversee the day-to-day delivery of Darwin Plus, including overseeing procurement exercises and delivering oversight of programme, financial and risk management, including safeguarding. The Head will report to the SRO.

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

Darwin Plus Programme Board: The Board will meet at least twice a year, including before the launch of the latest funding round in late summer and before grant awards in early spring. If deemed necessary, the SRO may call an extra-ordinary in-year Programme Board, in case of major development or risk to the programme. The Board will retain oversight of the delivery of Darwin Plus, approving annual workplans including the timing and scale of funding rounds, reviewing the recommendations made by DPAG 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 Plus SRO, the Head of Biodiversity in the Overseas Territories, the division's Lead Analyst, the Chair of DPAG, and Senior Strategic Policy Advisor to the Minister.

⁵⁹ 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

Until recently, the Darwin Plus Programme Board has run in the above manner on an as-needed basis. With the scaling up of Darwin Plus, we will formalise the creation of the Programme Board in February 2022. We will also explore representation from other relevant government departments to both support coherence in HMG biodiversity programming, and to ensure sufficient governance (for example, if Investment Committee considers this to add value, IC could review funding confirmation documents pre-Programme Board). The annual plan for funding rounds will be published together with projects supported.

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.

An overview of roles and responsibilities for Darwin Plus tiers is set out at Annex M.

5.4. Delivery Plan for 2022/23

In developing the Darwin Plus programme from its current format, a number of changes will be required to the current approach. The 2022/23 Delivery Plan is also set out in fuller detail in Annex Q.

Darwin Plus Main: Successful projects in Funding Round 10 (current round of existing programme) will be selected in February 2022, and are due to begin in April 2022. Round 11 is scheduled to be launched in late summer 2022, and sequenced to support successful projects to begin implementation in April 2023. This will continue as a 2-stage process as feedback provided after the Stage 1 is viewed by DPAG to significantly strengthen the quality of applications.

Darwin Plus Strategic: Prospective applicants will be launched alongside Darwin Plus Main Round 11 in summer 2022. Given the size of the grants and collaboration required, we do not expect to fund any Darwin Plus Strategic grants in 2022/23. Instead, DPAG will give feedback on prospective applications, and encouraged to apply again with our potential first grant awarded in 2023/24.

Darwin Plus Local: JNCC has agreed to lead on Darwin Plus Local, and will begin in April 2022 by refreshing the UK Overseas Territories Biodiversity Strategy – which is currently seven years out of date – in order to understand the OTs’ local needs and inform subsequent Darwin Plus Local funding awards. In Q1 and Q2 of 2022/23 JNCC will also design the streamlined, one-stage application and evaluation processes, with a view to launch the first Darwin Plus Local applications by Q3.

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. To support the responsiveness of Darwin Plus, a mid-year start will also be supported under Darwin Plus Local. Details on the *Critical Path to Day One Readiness* are also included in Annex Q.

5.5. Stakeholder Analysis

As per the Strategic Case, the programme team has conducted an extensive stakeholder analysis, including through (1) the recent formal ‘Call for Evidence’; (2) the Ecorys report of

the current programme that included interviews with a range of stakeholders; and (3) ongoing engagement with UK OTs, project partners, beneficiaries, and the Fund Manager.

The improved programme reflects input from this stakeholder engagement. In particular:

- The programme's uplift in funding will be formalised for a longer-term period.
- The programme's new "Local Tier" will reflect local interests more effectively.
- The programme's new "Strategic Tier" will enable more ambitious/collaborative projects.
- The programme will undertake further new activities to understand local interests more effectively and enable better two-way engagement with the Defra policy process.

Since January 2021, we have held quarterly roundtables with the UK OTs, which enabled us to discuss and incorporate feedback into the herein proposed changes to the Darwin Plus programme. This feedback loop is continuous: such as returning ODA-eligible UK OTs into the Darwin Plus programme rather than the Darwin Initiative programme.⁶⁰

We have not included here a list of ambitions from OT governments. This is because OT governments have varying environmental needs and priorities, and limited capacity to engage to communicate these ambitions to HMG on an ad-hoc basis. As such, we are refreshing the OT Biodiversity Strategy to understand these needs (see 1.2), and these will be incorporated into future Darwin Plus funding priorities and business planning.

Further to our engagement with OT governments, we regularly engage with NGOs based in, or with extensive knowledge of, the OTs, including Falklands Conservation, the RSPB, and the South Atlantic Environmental Research Institute. We will continue to work collaboratively with stakeholders during the Business Case cycle, and apply improvements where possible. For example, we are acting to increase the diversity of the Darwin Plus Advisory Group (DPAG), as raised in the Ecorys report. Accordingly, we plan to recruit new members to DPAG from early 2022. We are also devising plans for a large-scale lessons learned event in 2024-25 that brings together all relevant programme parties, supported by the Evidence, Best Practice and Outreach line of the budget.

We continue to engage Ministers with programme changes, and particularly when financial or reputational risks arise.

5.6. Geographies

Darwin Plus is a challenge fund seeking proposals that have the potential to be transformational at the local, landscape and/or regional scale, applied in new geographies or lead to systematic change in the UK Overseas Territories. The UK Overseas Territories are: Anguilla; Bermuda; British Antarctic Territory; British Indian Ocean Territory; The British Virgin Islands; The Cayman Islands; The Falkland Islands; Gibraltar; Montserrat; The Pitcairn, Henderson, Ducie & Oeno Islands; Saint Helena, Ascension and Tristan da Cunha; South Georgia and the South Sandwich Islands; Sovereign Base Areas, Akrotiri and Dhekelia (on Cyprus); and, The Turks & Caicos Islands.⁶¹ Of this list, St Helena,

⁶⁰ For a short period, ODA-eligible UKOTs were brought under the Darwin Initiative programme, which delivers environmental and poverty-reduction objectives in ODA countries across the world. ODA-eligible UKOTs were brought back under the Darwin Plus programme by their request.

⁶¹ Darwin Plus, 2021. About Us. [online] Available at: [Darwin Plus - About us \(darwininitiative.org.uk\)](https://darwininitiative.org.uk) [Last accessed 03/12/2021].

Tristan da Cunha, Montserrat, and Pitcairn Islands are eligible for UK ODA funding.⁶² For a map of the UK OTs, please see Annex A.

5.7. Portfolio and Project Management

5.7.1. Adaptive Management

Adaptive management approach will be adopted to support robust evidence-based delivery. This will be strengthened and facilitated through the new 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. This will be facilitated by MEL from the Fund Manager, twice yearly Strategy Days with DPAG and with support from our M&E lead.

A Programme Review at the end of the Business Case cycle will assess progress, and determine if Darwin Plus remains the most suitable vehicle for funding environmental projects in the UKOTs. This review will also inform a decision on exact budget allocations for future years.

Where performance is assessed to be slow or at risk during the Annual Reviews, 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 or under-representation 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.

In the event that an ODA-eligible country graduates and becomes non-ODA, or a non-ODA territory falls into ODA eligibility, we will re-assess the programme portfolio including working with partners (such as FCDO, JNCC and the Defra ODA Hub) to ensure the smooth continuation of any projects affected and that in future we are focusing the support in the right way. These issues will be raised in the subsequent Programme Board, including calling an extra-ordinary Board if deemed necessary. In relation to the current Business Case cycle, we have consulted with the ODA hub who have confirmed none of the current ODA eligible UKOTs are likely to graduate to non-ODA status before 2025.

Decisions under this adaptive style of management, will be made at the appropriate level to the scale of the decision according the governance structure (see Figure 1), with the Minister taking the key strategic decisions.

5.7.2 Best practices and delivery assurance

Design and delivery follow HMG guidance, Defra's internal quality assurance and approvals processes, 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

⁶² UK Government, 2021. Overseas Territories: objectives 2020 to 2021. [online] Available at: [Overseas Territories: objectives 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/overseas-territories-objectives-2020-to-2021) [Last accessed 03/12/2021].

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 10% of live projects. Each project is bound to Terms and Conditions which allow for Termination for Convenience – including clawback provisions – should Defra deem a project to be unable to remedy issues in sufficient time. Any such action would be discussed and approved by the Programme Board, including by calling an extra-ordinary Board if deemed necessary.

The Fund Manager and DPAG review delivery partners' safeguarding policy, ensuring that UK Safeguarding Strategy, including investigation and whistleblowing procedures, is met.

5.7.3 Transparency

Transparency allows HMG to demonstrate what we are doing to address biodiversity loss and environmental degradation. All successful applications and delivery partner reports are made available via the Darwin Plus website⁶³.

Defra also participates in cross-government transparency learning days, including regular technical discussions with other departments and external open data experts.

5.7.4 How will you work with other government departments or agencies?

Defra works closely with JNCC and the FCDO, to share lessons identified and learned, and to ensure that Defra has the most up-to-date guidance on best practice in delivering environmental projects. JNCC will be leading the Darwin Plus Local scheme, given their in-territory expertise and knowledge of local needs (see section 5.4 on Delivery Plan).

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, including promotion of Darwin Plus to local potential applicants.

5.8 Compliance and Safeguarding

5.8.1 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 by the Fund Manager 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. The Due Diligence will ensure the delivery partner will have appropriate and proportionate safeguarding policies and procedures in place for the programme including a safeguarding policy in place to protect not only direct and indirect beneficiaries but also employees and associated personnel of any organisation or delivery partner that is allocated any ODA funds. This should clearly set out policies that tackle sexual exploitation, abuse and harassment and have clear behaviour expectations of all staff and associated personnel that apply in all countries in which work is being delivered. The delivery partner

⁶³ See: [Darwin Plus - Project Search \(darwininitiative.org.uk\)](https://darwininitiative.org.uk) (Last accessed 03/12/2021)

must provide safeguarding assurances that themselves, and any third parties consulted on their behalf, have the appropriate policies and processes in place. This will be reviewed and monitored by the Fund Manager and the SRO will be aware and satisfied and regularly review the safeguarding risk. Safeguarding policies to be adhered to by all staff contracted and any associated personnel whilst engaged with work or visits related to the project.

Safeguarding risks will be monitored as part of the programme and assurances sought that the risks will be appropriately avoided, minimised or mitigated. The programme team will work with the Fund Manager / partners / wider beneficiaries to fully assess safeguarding risk to determine appropriate mitigation where necessary and will ensure the delivery partners are clear on reporting mechanisms and process in line with ODA safeguarding reporting. Where Safeguarding issues are realised, they will be escalated to the Fund Manager and Defra. Safeguarding advice will be sought from UKOT governments and in-country UK missions where appropriate.

5.8.2 IASC Core Principles Relating to Sexual Exploitation and Abuse

Defra and the Fund Manager have a zero tolerance for inaction to tackling sexual exploitation, abuse and sexual harassment (“SEAH”). All projects must adhere the UN’s Inter-Agency Standing Committee (IASC) Six Core Principles Relating to Sexual Exploitation and Abuse. This means the projects and their partners commit to taking all reasonable and adequate steps to prevent SEAH of any person linked to the delivery of the project by both its employees and any Project Partner and respond appropriately when reports of SEAH arise. The project lead will apply the IASC Six Core Principles relating to Sexual Exploitation and Abuse and will adhere to the IASC Minimum Operating Standards on Protection from sexual Exploitation and Abuse (PSEA) and/or the Core Humanitarian Standard on Quality and Accountability.

5.8.3 Tackling inequality, particularly gender inequality

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] This programme will be fully compliant with the IDA (Gender Equality) Act 2014, and furthermore implementation of its activities is expected to generate net benefits for women and children. For example, the recently DPLUS055 project in the Turks and Caicos Islands delivered benefits for women in terms of employment opportunities (50% of an 18-size team) and contributing to how women are starting to be seen in lead fieldwork and technical roles, which locally have generally been viewed as male roles.⁶⁵

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.⁶⁶ To shape and inform biodiversity and poverty reduction actions, it is vital to understand gender-differentiated biodiversity practices,

⁶⁵ See: DPLUS055 – Saving the Iguana Islands of Turks and Caicos - [Darwin Plus - DPLUS055 \(darwininitiative.org.uk\)](http://Darwin Plus - DPLUS055 (darwininitiative.org.uk)) (Last accessed 16/02/2022)

⁶⁶ Schreckenberg, K. Mace, G. and Poudyal, M. (eds.): *Ecosystem Services and Poverty Alleviation: Trade-offs and Governance*. Routledge, London, (2018).

gendered knowledge acquisition and usage, as well as gender and wider inequalities in control over resources. For example, a Darwin Plus project in St Helena focused on recycling on the island enabled the provision of work experience to young adults with disabilities and helped them to live more independent lives.⁶⁷

All Darwin Plus projects must consider how they will contribute to reducing inequality between genders, as well as how they impact those with disabilities and other protected characteristics; their likelihood of contributing will be scored in assessing proposals, monitored and reported on during delivery. Darwin Plus will also work with FCDO missions in territories who are well placed to provide political economy analysis, including in relation to dynamics of inclusion and exclusion in matters such as gender and disability, which can inform the workings of the programme, such as briefing meetings of the DPAG.

Darwin Plus will monitor and report on diversity within its own governance structures, and applicants to the schemes, responding to imbalances where possible. For example, as per 5.5, we are acting to increase the diversity of the DPAG, as raised in the Ecorys report.

5.9 Benefits realisation

5.9.1 Benefits realisation strategy and framework

The benefits realisation strategy will be further iterated following development of programme KPIs, and will formally set out arrangements for the identification of potential benefits, their planning, modelling and tracking. It will include lessons learnt from previous rounds, to ensure experience is considered and duplication avoided. The provisional allocation of these framework arrangements are attributed to each principal programme partners in Annex R. The SRO will ensure delivery arrangements to benefits realisation remain on track. Progress updates given to the Programme Board on their meeting.

5.9.2 Benefits realisation register

Benefits are managed at project-level, and overseen by the evaluations by the Fund Manager. Programme-level benefits will continue to be monitored in the Fund Manager's Annual Review, and reviewed at all Programme Boards. The programme-level benefits will become further streamlined following the implementation of recommendations from the Ecorys evaluation, and the development of programme KPIs, described below. An example of a benefits realisation model is set out in Annex S.

5.10 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.

5.10.1 Key performance indicators and other indicators

Key performance indicators (KPIs) and other indicators will be selected or developed to

⁶⁷ See DPLUS050 – [Darwin Plus - DPLUS050 \(darwininitiative.org.uk\)](https://darwininitiative.org.uk) (Last accessed 16/02/2022)

provide metrics to assess performance and success towards the outcomes and outputs developed from the Theory of Change (ToC).

Given the varied geographies of and limited capability in the UKOTs, KPI development and baseline establishment is a complex process and remains in progress. JNCC is currently developing marine and terrestrial indicators for some UKOTs, with KPIs for the other UKOTs due to be completed by the end of the Business Cycle. This will also allow indicators to incorporate the recommendations from the Ecorys evaluation. For illustrative purposes the Darwin Plus Theory of Change is given at Annex I.

Where possible, indicators will be based upon accepted or adapted methodologies to consistently capture results across the portfolio, and to ensure benefit types are better defined; some with the capability to contribute to results collection beyond Darwin Plus, e.g. HMG Nature Strategy, International Climate Finance, Sustainable Development Goals, the CBD or other Multilateral Environment Agreements where relevant. The methodologies must be proportionate to the value of the metric and balanced with the capability and capacity of the projects. However, existing practice requires projects to work against key indicators. For example, supported projects must report annually against objectives listed in their application logframes. These are compiled at the programme level, with the Fund Manager synthesising project scores and summarising common lessons in its Annual Report Review.

5.10.2 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:

- The Fund Manager conducts in-year monitoring of projects to identify potential issues that may threaten the project
- 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.
- 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.
- The Fund Manager also conducts Mid-Term Reviews and Monitoring Visits to a sample of projects, including spot audits to 10% of live projects.

5.10.3 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.

JNCC has been working to create country-level KPIs for each of the UKOTs. By 2022/23

date, it will have created 4. By the end of the business cycle, it will have country-level KPIs for each of the UKOTs. Measurements against these country-level KPIs will be used to inform the selection of projects, and to assess the performance of the Darwin Plus programme as a whole.

Ecorys, an independent expert contractor, was procured in 2020 to support the development of the framework to assess performance against outputs. In addition to the work being conducted by Ecorys, we plan to conduct an Independent Evaluation of the new three-tiered structure before the end of the Business Case cycle.

5.10.4 Darwin Plus Learning

How the Darwin Plus programme 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 DPAG 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 Evidence, Best Practice and Outreach.

Lessons identified and learned will inform the:

- delivery of active projects, through updated programme delivery guidance
- targeting and guidance of funding rounds,
- work of DPAG 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 challenges of biodiversity loss and climate change.

A Programme Review at the end of the Business Case cycle will assess how learnings have been incorporated, particularly as it continues to determine if Darwin Plus remains the most suitable vehicle for funding environmental projects in the UKOTs. This review will also inform a decision on exact budget allocations for future years.

5.10.5 Improving MEL

Following the Independent Evaluation by Ecorys, the policy team will work with the other Biodiversity Challenge Funds and relevant analysts to implement its recommendations. However, some work to implement their recommendations has already begun. For example, the online 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 fund), Networking events, and regular sharing of project impacts, challenges and successes.

5.11 Risk Management

The overall risk of the programme is assessed as **Moderate**, and within our risk appetite. Overseen by the Darwin Plus Programme Board, we will work with DPAG, the Fund Manager and Delivery Partners to develop and maintain an effective risk framework.

5.11.1 Risk Appetite

Given some OTs are ODA-eligible, Darwin Plus's Residual risk at the programme level will be managed to within Defra's ODA Risk Appetite (please see Annex O): the amount of risk to which the Defra is prepared to accept, tolerate or be exposed to at any point in time.

5.12 Risk Assessment and Management Process

The Fund Manager will continue to adhere to the Risk Framework and maintain a risk register, in line with the HMG Orange Book. This risk register will be discussed formally at the Quarterly Contract Meeting. However, any risks requiring urgent attention will be discussed in fortnightly calls with the Defra policy team, and escalated if necessary, as described below.

5.12.1 Project Level

At the application and assessment stage, projects will present a risk assessment under each of the above categories; DPAG will review these against our risk appetite, flagging concerns with Defra. Once projects are operating, delivery partners regularly monitor risks to inform and manage delivery and will keep the Fund Manager updated. will report the, 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 Plus Local scheme. Any such challenges would be monitored by the Fund Manager's risk register, flagged during the policy team's fortnightly calls, and escalated to an extra-ordinary Programme Board if deemed necessary by the SRO. Otherwise, minor project risks which have been mitigated or avoided will be synthesised in the Fund Manager's annual report, and will be discussed in the summer Programme Board in case further mitigations can be made at programme level.

5.12.2 Programme Level

Information drawn from project risk frameworks will inform the programme level risk framework, to be reviewed every six months at the Darwin Plus Programme Board, assigning risks, developing mitigating actions and agreeing escalation processes. In-year, all risks will be monitored by the Fund Manager's risk register, flagged during the policy team's fortnightly calls, and escalated to an extra-ordinary Programme Board if deemed necessary by the SRO.

Operating through a challenge fund 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, Darwin Plus has tried and tested approaches to managing risk with in-built processes to further refine the approach to risk.

5.12.3 Managing risks of fraud and corruption

HMG has a low appetite for fiduciary risk, the existing programme has an established process for managing the risk of fraud and corruption. [REDACTED]

These processes will continue manage the risk by:

- a) monitoring of payments being made to grantees and conducting spot audits on 10% of live projects.
- 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) Defra Policy team, which has counter fraud training, to use professional judgement as per processes established through fraud and risk assessment, to decide whether an issue should be referred to Defra's Counter Fraud function.
- g) 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.
- h) 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.

The Risk Identification and Mitigation Framework is at Annex O.