

The IWT Challenge Fund Annual Review

Title: The Illegal Wildlife Trade Challenge Fund		
Programme Value £ (full life): Up to £24m		Review date: October 2023
Programme Code: GB-GOV-7-IWTChallengeFund	Start date: September 2021	End date: 2024

Summary of Programme Performance

Year	2023							
Overall Output Score	A							
Risk Rating	Medium							

DevTracker Link to Business Case:	https://devflow.northeurope.cloudapp.azure.com/files/documents/2021-IWT-CF-Business-Case-Main-20240312120313.pdf
DevTracker Link to results framework:	

A. SUMMARY AND OVERVIEW

Description of programme

The Illegal Wildlife Trade Challenge Fund (IWT Challenge Fund) was established in 2014 as a distinct Fund which helps tackle the illegal wildlife trade (IWT) and, in doing so, contribute to poverty reduction. The Fund helps the UK deliver its IWT Conference Series commitments by supporting projects around the world across the four pillars defined in the conference series: strengthening law enforcement, developing sustainable livelihoods, reducing demand, and ensuring effective legal frameworks. The IWT Challenge Fund has had significant reach since its inception: committing to date over £51m to 157 projects, working with local communities in 60 countries across Africa, Asia and Central and Southern America to protect endangered species and address some of the most pressing IWT issues.

To scale-up and deliver greater impact, a new structure was proposed in the 2021 business case, providing a pathway to scale success, placing a greater value on evidence within the programme and creating new funding opportunities for larger programmes. Thus IWT Challenge Fund grants now differ in size and objective: IWT Challenge Fund Extra (600,000 to £1.5m) for larger projects and for scaling up successful approaches; IWT Challenge Fund Main (£75,000 to £600,000) for mid-sized projects of various kinds; and Evidence (£20,000 to £100,000) to develop the evidence base for IWT interventions, which is currently fragmented. In the period since Business Case approval, three funding rounds have been approved (7-9), committing £23.7 million to 65 projects running up until 2026, working in 52 countries worldwide.

Summary supporting narrative for the overall score in this review

This annual review assesses the second year of programming following the approval of the 2021 Business Case, reviewing the period 1 September 2022 to 31 August 2023. To assess output and outcome scores in this annual review, the annual review team gathered results reported by 49 projects (92% of total grant value for live projects), which now report against IWT Challenge Fund Standard Indicators. The review team compared these early-reporting projects¹ results with the results achieved by previous rounds of projects. This is the first-year results have been available for indicators and so this is the first Annual Review of the IWT Challenge Fund programme.

Robust progress has been made to strengthen the programme:

- The new structure of Funding schemes (Extra, Main, Evidence) is bedding in. In Funding Round 9, stakeholders are demonstrating increased understanding and appetite for the new schemes, as evidenced by more applications scoring highly and greater application numbers across all schemes.

¹Some active projects did not report against our Standard Indicators, as we did not make it obligatory in the first year they were rolled out. ‘Early-reporting projects’ refer to those projects which voluntarily reported against our Standard Indicators.

- The new IWT Challenge Fund Results Framework (Logframe and Standard Indicators) was launched in March 2023 after 18 months of development, with some grantees already reporting against the new Standard Indicators although this is not required until the 2023/24 Annual Reports.
- The new cross-cutting workstreams (e.g. Building and Applying Evidence, Communication) are establishing themselves through additional resourcing, early delivery plans, and new processes.
- At outcome level and output level, impressive progress has been made by existing projects and is projected from new projects, for example on strengthening legal frameworks and law enforcement. Some 11 out of the 12 component indicators for the 4 outcome indicators were met or exceeded (and frequently significantly exceeded). All 17 of the component indicators for the 5 output indicators were also exceeded (see Table 1). The strengths and limits of this methodology are discussed further below.

Table 1: Summary of output scores, all component indicators were met or exceeded.

Output no.	Output title	Impact weighting	Progress	Output score
1	New and enhanced tools/approaches for tackling IWT	20%	The only indicator for this output exceeded target	A
2	IWT legal frameworks are developed and / or improved	20%	All 3 indicators exceeded target	A
3	Training and skills development for key stakeholders and partners	20%	All 3 indicators exceeded target	A
4	Evidence, best practice, campaigns and policies on IWT generated and made available to local people and other key stakeholders	20%	All 10 indicators exceeded target	A
5	Programme management adapts to strengthen the delivery of the IWT Challenge Fund	20%	The programme team does not set milestones for this indicator. However, sufficient high-quality applications were received, and average annual report and final report scores in the range 1.29-3 would indicate that the majority of programmes are on track to achieve their expected outcomes	unscored

Outcome and output level results

Outcome and output level results indicate that the programme has exceeded expectations. However, it is important to note the strengths and limitations of the methodology. To assess output and outcome scores in this annual review, we used two methods. In the first method the annual review team compared results reported by early-reporting projects with earlier forecasts of what these projects were expected to achieve. It is acknowledged that few projects had the counterfactuals needed to confidently assert attribution of results entirely to project interventions. However, we assess this as likely due to validation from expert assessment during project selection, combined with external validation and independent review of self-reported results.

An additional method of assessing progress also supports the ‘A’ rating given here. Our Fund Administrator assesses the progress of all IWT Challenge Fund projects on a 1-5 scale through the Annual Reporting cycle (1 means ‘outcomes likely to be completely achieved’; 5 means ‘outcomes unlikely to be achieved’). Annual performance scores ranged this review year between 1 and 3, indicating that most projects are on track to

achieve all or most of their objectives. The independent external evaluation in 2022² found that “IWTCF projects are ambitious and impactful, and while IWTCF projects were less likely to meet expectations than Darwin Initiative projects, but a high proportion of them (50%) had high impact on the IWT. This could be interpreted that they are ‘ambitious’ and potentially riskier than Darwin Initiative projects, which aligns with the challenge fund nature of the scheme”. Therefore, we believe these methodologies support each other and best reflect the performance of the programme.

In the future, the sample of projects for which it is possible to compare milestones and actual results will grow year-on-year, as the proportion of projects required to use the recently launched Standard Indicators grows as a proportion of the portfolio. To continue to justify an ‘A’ score in future annual reviews, the programme team will need to review and set more comprehensive targets annually, something that will be possible with the increasing number of projects which are able to forecast and report results against the Standard Indicators.

Major lessons and key recommendations for the year ahead

The independent evaluation of the IWT Challenge Fund, completed in 2022, highlighted the positive impacts that the Fund has achieved and can achieve, and the overall value of the Challenge Fund approach. Building on the evaluation, this review continues to find evidence to support this view.

1. **Strengthen the Fund’s approach to capability and capacity building.** The independent review found IWT Challenge Fund’s capacity-building efforts have the strongest impact. The Fund should invest more in people to build capability and capacity amongst current and prospective delivery partners. Additionally, it should focus on the areas of targeted geographies and skills which have greatest need, for example in results measurement. We will develop a strategy to guide its development and implementation by summer 2024.
2. **Consolidate and accelerate activities to strengthen the delivery and ambition of Workstream 5: Building and Applying Evidence.** Good progress has been made putting in place systems and approaches to manage this workstream. The untapped potential for this area of work to have impact within and beyond the Fund is substantial, and should be capitalised upon with the strengthened capability and capacity that the Fund has secured in the past year. A new workplan will be in place by April 2024 (written by our Fund Administrator, NIRAS, with steering and support from the Defra lead analyst).
3. **Build on recommendations of the Poverty and Gender, Equality and Social Inclusion (GESI) deep dive, including developing guidance to applicants and reviewers and a multiyear GESI Strategy.** The internal review conducted in 2022 found the IWT Challenge Fund to be ‘GESI Sensitive’. A BCF commissioned 2023 deep dive conducted by an independent expert identified recommendations to further strengthen the approach to GESI. Building on this detailed analysis, the IWT Challenge Fund should develop a strategic approach by March 2024 to guide a multiyear work programme to further strengthen its GESI approach. The IWT poverty deep dive should report summer 2024 and will make recommendations on how applicants should consider poverty reduction and sustainable development benefits and address risks within their project life cycle, as well as providing guidance to the IWTAG, Fund Administrators and Defra on how the IWT Challenge Fund can better address poverty reduction and sustainable development (as defined in International Development Act and OECD DAC requirements), including through project selection, project support and monitoring, evaluation and learning (MEL).
4. **Widely consult and review feedback on the Theory of Change and standard indicators and strengthen by July 2024.** In line with the agreed plan, the suite of standard indicators is expected to evolve and develop to enhance their utilisation and capability to efficiently collect relevant data, including improved data disaggregation and development of methodologies to underpin sampling best practices. For example, poverty/sustainable livelihoods-related indicators will be strengthened at outcome and impact level, methodologies will be developed to assess this, and improvements made in securing disaggregated GESI data. This process will be informed by a ‘Review of the BCFs MEL systems: Standard Indicators and reporting’ deep dive (for the three BCFs) due to be completed in February 2024, the IWT poverty deep dive (due in July 2024) and a workshop in July to improve alignment between the Fund Theory of Change and logframe

² The evaluation adopted a theory-based mixed method approach, and was participatory. It had the following objectives: assess the impact of the scheme; identify gaps in logic and draw out key lessons to understand how the scheme can be improved; facilitate clearer communication of the scheme’s key achievements; and make suggestions for establishing effective monitoring and evaluation (M&E) systems. See Ecorys (2022) *Darwin Initiative, Darwin Plus and illegal Wildlife Trade Challenge Fund scheme evaluation. Final report*. Ecorys, London. https://www.darwininitiative.org.uk/media/5xtneqsz/finalreport_publishable.pdf

indicators. This work will be conducted by our Fund Administrator with steering and support from the Defra lead analyst.

- 5. **Develop and create a cloud-based database to securely hold and make accessible project data.** The current system is outdated and inflexible. Plans to address this were interrupted by the contract renewal process and focus on scaling the Funds, but efforts to address the risks of the current system and capitalise on the opportunities of a cloud-based system are to be prioritised, with a new system in place by August 2024.

B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

Summarise the programme’s theory of change, including any changes to outcome and impact indicators from the original business case.

A Theory of Change (ToC) shown in Figure 1, was provided in the 2021 Business Case as well as a logical framework.

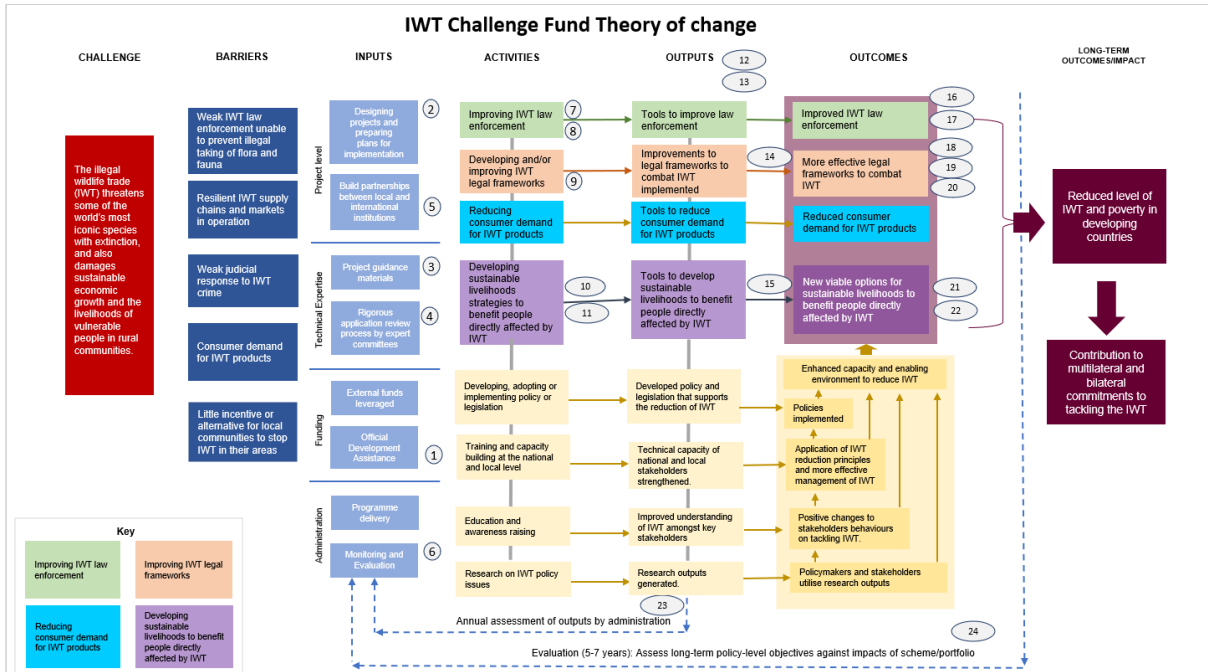


Figure 1: Theory of change from IWT Challenge Fund 2021 Business Case

The ToC describes a pathway from activities and projects supported by the Fund to the delivery of ‘tools’ to improve law enforcement, reduce demand and develop sustainable livelihoods for people affected by IWT as well as improvements to legal frameworks (outputs). In turn this is expected to lead to more effective legal frameworks and law enforcement, reductions in consumer demand and new viable options for sustainable livelihoods (outcomes), contributing to reduced levels of IWT and poverty in developing countries (impacts). External evaluation findings that a high proportion of IWT Challenge Fund projects (50%) had high impact on the IWT, strengthens the basis for this expectation. Integral to the ToC are internal feedback loops to enable and support the ability of the Fund to strengthen its delivery, for example deep dive analysis and annual report reviews feeding back into improved delivery.

Work was undertaken in the first year of the Business Case (21-22) to develop and approve a revised results framework for the IWT Challenge Fund programme (see Annex 1). Revisions were made based on:

- A clear distinction between the levels of logframe: impact (illegal wildlife trade, biodiversity and poverty); outcome (sustained enhancement of capability and capacity of stakeholders, reductions in demand, policies and legal frameworks implemented and enforced, transformational change); outputs (project deliverables including training provided, policies and legal frameworks developed, evidence produced, stakeholder dialogue); activities (high quality, relevant projects supported), inputs (funding, co-funding, expertise, administration). Internal feedback, M&E and learning apply across the programme as noted above.
- Alignment of impact and outcome indicators, where appropriate, with Defra’s IWT programme and overall results framework for ODA, in turn aligned with HMG’s International Development Strategy and with the Global Biodiversity Framework.
- Considerations of poverty reduction, gender, Indigenous People and local communities being appropriately reflected in the results framework.
- The adoption of a set of standard indicators across projects that can be combined and aggregated to report on the headline results framework indicators. Projects select standard indicators appropriate to their context, but results from projects picking the same standard indicators can be collated.

In this review year the steps to achieving outcome and impact detailed in the revised IWT Challenge Fund results framework are still valid. The ToC logic, supporting evidence (from the 2022 external evaluation, roll-out of the BCF Results Framework Methodology and deep-dive studies) and assumptions are holding up against implementation experience. However, we will be holding a series of ToC workshops in July 2024 to test these assumptions and continue our improvements to the ToC and results framework.

Where the programme is on/off track to contribute to the expected outcomes and impact. What action is planned in the year ahead?

Reporting logframe results

Reporting on output and outcome indicators has been made possible by the introduction of Standard Indicators as part of the new reporting framework. The new reporting system using Standard Indicators is currently in its early stages, and reporting has been conducted on a voluntary basis. Only projects that started in April 2023 (Round 9) were required to adopt the new reporting system using Standard Indicators.

Results detailed here and in Section C come from 47 projects (approximately £19m spend). This includes only those that have submitted an annual report (so no projects in their first year of delivery due to the cut off period for the Annual Review) and then only those that reported against the Standard Indicators. The total number of projects in the portfolio is currently 78. The results below have been self-reported by existing projects on a voluntary basis (validated by independent review and desktop screening process).

To note, because projects do not estimate plans/targets each year of operation, targets here are based on aggregated Fund level project plans (speculated during project design phases), with an adjustment made for Fund level expenditure and project duration.

Therefore, there is significant under-reporting on impact, output and outcome indicators, and data disaggregation is at a level too low to draw robust conclusions from. This makes it difficult to score progress. Results presented here should therefore be viewed as an indication of progress. Reporting will become more comprehensive and reliable over the following three years as more projects implement the new reporting framework.

At impact level (see Table 2), some excellent results have been achieved by existing projects, over-shooting targets in several cases, for example on the number of people who received training in sustainable livelihood skills and number of households that have experienced an increase in household income as a result of support. There is also good progress on the improvement in status of threatened species. It has been harder to assess whether the negative impacts on source nations have been reduced (because few projects chose this as an indicator or reported on it), and further work is needed on this.

Table 2: Table indicating progress against Impact.

IMPACT: To provide innovative and scalable solutions that reduce pressure on wildlife from illegal trade and, in doing so, reduce poverty in developing countries	
1: Number of Sustainable Livelihoods developed or protected	<ul style="list-style-type: none"> - Number of people who received training in sustainable livelihood skills: 3,534 people (12 projects reporting) out of a 1,919 target for this period. - Number of people reporting they are applying new capabilities (skills and knowledge) 6 (or more) months after training: 654 people (4 projects reporting), out of a 869 target for this period. - Number of households that have experienced an increase in household income as a result of involvement: 563 households (2 projects reporting) out of a 187 target for this period.
2: Improvement in Status of Threatened Species	<ul style="list-style-type: none"> - Number of globally threatened taxa with improving conservation status resulting from the intervention: 3 (1 project reporting) out of 1 targeted for this period.

3: Negative impacts on source nations reduced (disaggregated by local; regional; nation and by economic, socio-economic, cultural and ecological and by gender).	- Number of people in source nation who have experienced a reduction in negative impacts: 0 (0 projects reporting) out of a target of 0 for this period.
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At the Outcome level (see Table 3), impressive progress has been made on the strengthening of legal frameworks and law enforcement. The number of arrests, wildlife crime cases submitted for prosecution, number of individuals charged for wildlife crime and number of individuals successfully prosecuted all far exceeded estimated targets for this year by a wide margin.

Excellent progress has also been made on reducing consumer demand for IWT products and awareness in wider actors on what works, with all targeted consumers demonstrating the desired behaviour change and one (one more than targeted) markets trading in IWT products closed. Both results were, however, from a single project.

Excellent progress has also been made on enhancing capabilities, capacities and partnership of national, regional and local stakeholders, with 42 out of a planned 7 local/national organisations with improved capability and capacity as a result of the project this year, and 28 out of a targeted 5 government institutions/ departments with enhanced awareness and understanding of biodiversity and associated poverty issues.

Table 3: Table indicating progress against Outcomes.

OUTCOME 1: Innovative solutions to further reduce IWT pressures have a high potential for scaling and wider adoption	
1: Extent to which programme is likely to contribute to Transformational Change	Methodology to be developed – see recommendation in section C below.
OUTCOME 2: Legal frameworks and law enforcement strengthened	
1: % of projects with a change in detections /arrests /prosecutions /convictions of IWT criminals.	<ul style="list-style-type: none"> - Number of arrests (linked to wildlife crime) facilitated by the project: 257 arrests (4 projects reporting) out of 10 targeted for this period. - Value of illegal wildlife products/shipments seized through law enforcement action facilitated by the project: £0 worth of products/shipments (0 projects reporting) out of £0 planned - Number of wildlife crime cases submitted for prosecution: 219 cases (7 projects reporting) out of 3 targeted for this period. - Number of individuals charged for wildlife crime: 119 individuals (4 projects reporting) out of 2 targeted for this period. - Number of individuals successfully prosecuted for wildlife crimes: 88 individuals (4 projects reporting) out of 4 targeted for this period.
2: Number of new and/or reformed laws, policies and agreements that are enacted to address the IWT.	<ul style="list-style-type: none"> - Number of amendments to national laws and regulations in project countries: 3 amendments (2 projects reporting) out of 1 targeted for this period. - Number of policies and frameworks developed or formally contributed to by projects and being implemented by appropriate authorities: 5 (3 projects reporting) out of 3 targeted for this period.
OUTCOME 3: Reduction in consumer demand for IWT products and awareness in wider actors on what works	
1: Number of targeted consumers that have	- Number of consumers that have demonstrated the desired behaviour change: 234 (1 project reporting) out of 35 targeted for this period.

demonstrated the desired behaviour change. ³	
2: Number of markets closed ⁴	- Number of markets trading in IWT products closed: 1 (1 project reporting) out of 0 targeted for this period.
OUTCOME 4: Capabilities, capacities and partnership of national, regional and local stakeholders are enhanced	
1: Number of organisations reporting improved capability and capacity ⁵	- Number of local/national organisations with improved capability and capacity as a result of the project: 42 organisations (10 projects reporting) out of 7 targeted for this period. - Number of government institutions/ departments with enhanced awareness and understanding of biodiversity and associated poverty issues: 28 institutions/departments (2 projects reporting) out of 5 targeted this period.
2: Number of individuals / households reporting a decrease in unsustainable practices as a result of project activities.	- Number reporting a decrease in unsustainable practices ⁶ as a result of project activities: 20 (1 project reporting) out of 59 targeted for this period.

Justify whether the programme should continue, based on its own merits and in the context of the wider portfolio

The IWT Challenge Fund addresses the threat of the trade in illegal wildlife products, the implications of which have far-reaching implications for biodiversity. Some of its key merits include:

- It remains unique in the global funding landscape by providing funding to IWT and poverty issues, therefore maintaining action to address IWT as a driver of biodiversity and insecurity,
- being demand-led, accessible by developing countries and can respond directly to their needs,
- responding to the strategic needs of IWT, being run annually allows accessible funding for emerging ideas and for those to be tested at scale,
- a strong track record of performance, delivering beyond expectations for some outcomes,
- delivering value for money results (as concluded in the 2022 independent evaluation, based on stakeholder perceptions of the BCFs, and project level assessments),
- complementing Defra’s ODA programme, acting as a foundation for larger ecosystem-based programmes such as the Biodiverse Landscape Fund (as shown in the Mesoamerica BLF landscape), and supporting HMG at post with the ‘White Paper on International Development 2023’ which highlighted the need to take action to tackle poverty, climate change and biodiversity loss objectives.

The most recent independent evaluation of the BCFs, which include the IWT Challenge Fund, was published in 2022. Whilst recommending areas to strengthen (see below), it found that the IWT Challenge Fund projects were “ambitious and impactful”, with strong evidence it has contributed to reduced threats to endangered species.

The current IWT Challenge Fund programme, which was designed to scale up and deliver more strategic impact, has made good progress:

- Evidence from the initial roll out of our new results framework suggests the programme is making excellent progress against outcome and output level indicators.
- Stakeholder demand remains strong, with this Fund addressing the gap in the market for applicants hoping to test approaches in tackling IWT and responding to local needs. 153 applications were received this review year, the second highest level of applications received since the start of the IWT Challenge

³ IWT Challenge Fund projects which are working towards demand reduction focus on affecting behaviour change rather than simply increasing awareness.

⁴ These markets can be local, national or international, and relate to self-reported figures within year.

⁵ Relates to improved capability and capacity to address IWT.

⁶ Unsustainable livelihood practices, e.g. selling of bushmeat.

Fund. Opportunities exist to further strengthen application quality with an emphasis on supporting applicants from recipient countries.

- The new Standard Indicators and associated reporting framework integrate Defra’s ODA Key Performance Indicators and also International Climate Finance Indicators. This will facilitate results aggregation and reporting at these two levels (in addition to the Fund and the BCF level).
- Efficiencies are being delivered with all payments being processed by our Fund Administrator instead of through central Defra finance, a significant streamlining step.

There is important further work to continue to strengthen the programme, including enhanced engagement with stakeholders and stronger attention to evidence generation and sharing. But based on the overall findings, it is recommended that the programme should continue with regular and thorough Annual Review points, the next due in September 2024.

C. DETAILED OUTPUT SCORING

Progress against targets is difficult to measure without set annual milestones, however all results are shown compared to estimated annual milestones/targets (which are based on aggregated Fund level project plans, speculated during project design phases with an adjustment made for Fund level expenditure and project duration) to provide the best possible indicator of progress. Progress/results in the tables below is for this year only.

Output Title	New and enhanced tools/approaches for tackling IWT		
Output number:	1	Output Score:	A
Impact weighting (%):	20%	Weighting revised since last AR?	N/A

Traditional approaches to tackling IWT, such as law enforcement, have so far been unable to address the breadth and scale of the challenge in tackling IWT. This output measures the success of projects in learning from and applying new tools and techniques, approaches which can then be replicated and scaled to provide new solutions to the challenge of IWT.

Relevant indicator(s) and associated results this review year		
Indicator(s)	Milestone(s) for this review	Progress
Number of new and enhanced tools/approaches developed for tackling IWT (local people)	1	5 (from 3 projects reporting)* Exceeded
Number of new and enhanced tools/approaches developed for tackling IWT (other actors)	1	5 (from 3 projects reporting)* Exceeded

** These results represent the same data as disaggregation between local people and other actors was not provided by the 3 projects reporting.*

Illustrative examples of projects covered by this review that are aligned to and deliver against this output include:

[IWT079 - Dismantling wildlife trafficking cybercrime networks in Southeast Asia](#); identifying and trialling new tools to tackle online IWT, this year this project has developed two new tracking tools which have been rolled out to project partners across SE Asia.

[IWT105 - Enabling collaborative crime prevention targeting IWT of Vietnam’s unique biodiversity](#); aiming to tackle poverty and IWT in Vietnam’s highest priority conservation site, this project has developed scripts and tools for local law enforcement, including a place-based network investigation method, using data collected during the project to influence patrol areas.

Describe any changes to this output during the past year, and any planned changes as a result of this review.

The data provided here show the results from the first year of operationalising the new results framework, and thus the first year of indicator use. As the new indicators are further adopted, feedback from the operationalisation of the results framework will identify any opportunities to further refine and strengthen the indicator’s ability to monitor performance of the IWT Challenge Fund.

For lessons learned this year and recommendations for the year ahead for outputs 1,2 and 4 see the end of Section C to avoid repetition.

Output Title	IWT legal frameworks are developed and / or improved		
Output number:	2	Output Score:	A
Impact weighting (%):	20%	Weighting revised since last AR?	N/A

Effective investigation, prosecutions and sanctions against the actors involved in IWT cannot take place without a comprehensive legal framework in place.

Overall Indicator(s)	Relevant indicator(s) and associated results this review year		
	Indicator(s)	Milestone(s) for this review	Progress
1: Number of new policies or frameworks	Number of policies and frameworks developed or formally contributed to by projects and being implemented by appropriate authorities	3	5 (from 3 projects reporting) Exceeded
	Number of government institutions/ departments with enhanced awareness and understanding of biodiversity and associated poverty issues ⁷	5	28 institutions/departments (from 2 projects reporting) Exceeded
2: Number of improved policy or frameworks	Number of policies and frameworks developed or formally contributed to by projects and being implemented by appropriate authorities	3	5 (from 3 projects reporting) Exceeded

Illustrative examples of projects covered by this review that are aligned to and deliver against this Output include:

[IWT090 - Enhancing East-African Judicial Systems: Increasing Wildlife Crimes Asset-recovery and Convictions;](#) South Sudan was lacking the legal frameworks needed to participate in the prosecution of transboundary wildlife crime, limiting the flow of evidence between countries. A major output from this project was the development and final validation of Mutual Legal Assistance and Extradition Law for South Sudan, which allows for evidence exchange.

[IWT101 - Disrupting international wildlife trafficking networks in West and Central Africa;](#) aiming to strengthen the response by criminal justice organisations, one of the outputs of this project this year was contributions to a “Rapid Reference Guide for Prosecuting Wildlife Crime in Nigeria” drafted by UNODC which was Nigeria’s first RRG to support law enforcement action.

Describe any changes to this output during the past year, and any planned changes as a result of this review

The data provided here show the results from the first year of operationalising the new results framework, and thus the first year of indicator use. As the new indicators are further adopted, feedback from the operationalisation of the results framework will identify any opportunities to further refine and strengthen the indicator’s ability to monitor performance of the IWT Challenge Fund.

For lessons learned this year and recommendations for the year ahead for outputs 1,2 and 4 see the end of Section C to avoid repetition.

⁷ Disaggregated by government organisation type (local, national, treasury, planning, environmental, agricultural, forestry)

Output Title	Training and skills development for key stakeholders and partners		
Output number:	3	Output Score:	A
Impact weighting (%):	20%	Weighting revised since last AR?	N/A

Human and technical capacity, poor infrastructure, limited collaboration, and a lack of suitable equipment can all hinder efforts to tackle IWT across the supply chain. This output aims to measure the capacity building elements of projects with the IWT Challenge Fund programme, addressing the factors critical to creating a sustained change.

Overall Indicator(s)	Relevant indicator(s) and associated results this review year		
	Indicator(s)	Milestone(s) for this review	Progress
1: Number of organisations completing structured and relevant training	Number of individuals benefitting from training (i.e. broader households of individual directly trained)	308	1,700 (from 3 projects reporting) Exceeded
2: Number of local community / local stakeholder completing structured and relevant training	Number of trainers trained reporting to have delivered further training by the end of the project	3	43 (from 2 projects reporting) Exceeded
	Number of individuals benefitting from training (i.e. broader households of individual directly trained)	308	1,700 people (from 3 projects reporting) Exceeded

Illustrative examples of projects covered by this review that are aligned to and deliver against this output include:

[IWT109 - Preventing the extinction of Bolivia’s Critically Endangered Red-fronted Macaw](#); with a precipitous population of less than 150 breeding pairs, this project aims to prevent poaching and illegal trade in red-fronted macaws in Bolivia. In the first year alone 3 trainers trained by the project have reported delivering training on wildlife monitoring and patrolling to communities living near macaw habitat.

[IWT118 - Empowering local women to reduce Illegal Wildlife Trade in Liberia](#); in the first year of this project 114 females and 21 males have received training through this project, including guidance on wildlife conservation, risk of zoonotic diseases with bushmeat, relevant laws and on creating ecoguard patrols in their local area.

Describe any changes to this output during the past year, and any planned changes as a result of this review

The data provided here show the results from the first year of operationalising the new results framework, and thus the first year of indicator use. As the new indicators are further adopted, feedback from the operationalisation of the results framework will identify any opportunities to further refine and strengthen the indicator’s ability to monitor performance of the IWT Challenge Fund.

Lessons learned this year and recommendations for the year ahead

Opportunities to strengthen activities should focus on the quality rather than number of applications or applicants. Potential applicants would benefit from identification and promotion of exemplar applications and approaches. This should be built into the plan on building and applying evidence and in the capability and capacity plan, recommended to be agreed and implemented by April 2024 latest.

Results of successful projects should be promoted beyond the IWT Challenge Fund to maximise their benefits, utilising opportunities for dissemination via international events and engagement with our international HMG colleagues.

Recommendations:

- Ensure strong approach to identifying exemplar applications and projects as part of detailed ‘building and applying evidence plan’.
- Improve accessibility and quality of our guidance and training materials, by conducting needs assessments and reviews of currently available materials.
- Invest greater resource into Workstream 6 Capability & Capacity, to compensate for delays and maximise the potential value of the activities to increase local ownership of applications and projects, strengthen the sustainability and legacy of projects, and increase the likelihood that scalable inventions will be adapted and adopted by local organisations.

Output Title	Evidence, best practice, campaigns and policies on IWT generated and made available to local people and other key stakeholders		
Output number:	4	Output Score:	A
Impact weighting (%):	20%	Weighting revised since last AR?	N/A

This output aims to tackle the gaps in knowledge on wildlife crime, at all scales. At a higher level this output aims to address the lack of common standards for successful interventions which hinder the global response to the design, implementation and monitoring of strategies to combat IWT. On the ground this output aims to contribute to knowledge sharing and best practice amongst those directly involved and impacted by IWT, as well as encompassing products produced in behaviour change campaigns.

Overall Indicator(s)	Relevant indicator(s) and associated results this review year		
	Indicator(s)	Milestone(s) for this review	Progress
1: Number of policies, campaigns, evidence or best practice products produced.	Number of training materials produced for use by host country	1	3,005 (from 2 projects reporting) Exceeded
	Number of new/improved site management plans available and endorsed	1	6 (from 2 projects reporting) Exceeded
	Number of new/improved species management plans available and endorsed	0	4 (from 2 projects reporting) Exceeded
	Number of new/improved community management plans available and endorsed	0	3 (from 1 project reporting) Exceeded
	Number of best practice guides and knowledge products (i.e. product identification etc.) published and endorsed	11	124 (from 5 projects reporting) Exceeded
	Number and type of IWT behaviour change materials produced / Number and type of IWT behaviour change materials distributed	79	269 (from 5 projects reporting) Exceeded
	Number of communication channels carrying campaign message	4	36 (from 5 projects reporting) Exceeded
	Number of papers published in peer reviewed journals	2	7 (from 5 projects reporting) Exceeded
	Number of other publications produced	4	16 (from 3 projects reporting) Exceeded
2: Number of people targeted in demand countries	Number of consumers targeted in demand country(ies)	369	2,500 (from 1 project reporting) Exceeded

Illustrative examples of projects covered by this review that are aligned to and deliver against this output include:

[IWT085: Social marketing to reduce demand for tiger products in Vietnam](#); with demand for tiger products remaining high in Vietnam, this project aimed to introduce a culturally relevant and carefully targeted social marketing campaign to stop tiger product consumption. Through training in legal sustainable and safe traditional medicines, and adopting the training the trainer methods, page views alone of their videos reached 43,000 monthly.

[IWT092: Disrupting the financing of Andean IWT networks through asset recovery](#); training and best practice guidance on finance investigation and asset recovery have been developed and distributed to enforcement

agents across Bolivia and Peru. In this review year this project developed and shared 64 advice and investigative materials for prosecutors, contributing to active criminal proceedings in these countries.

Describe any changes to this output during the past year, and any planned changes as a result of this review

The data provided here show the results from the first year of operationalising the new results framework, and thus the first year of indicator use. As the new indicators are further adopted, feedback from the operationalisation of the results framework will identify any opportunities to further refine and strengthen the indicator’s ability to monitor performance of the IWT Challenge Fund.

For lessons learned this year and recommendations for the year ahead for outputs 1,2 and 4 see the end of Section C to avoid repetition.

Output Title	Programme management adapts to strengthen the delivery of the Challenge Fund		
Output number:	5	Output Score:	unscored
Impact weighting (%):	20%	Weighting revised since last AR?	N/A

The IWT Challenge Fund is designed to respond in an agile manner to lessons learnt. Lessons are collated through structured and unstructured feedback from the IWT Advisory Group, our Fund Administrator, NIRAS, and from applicants, in addition to after action reviews conducted by the delivery team.

Lessons learnt are typically reflected in updated guidance and processes. As part of the BCFs, alongside the Darwin Initiative and Darwin Plus, the combined delivery mechanism with a shared Fund Administrator strongly supports the rapid sharing of lessons learnt between the three Funds that enables each Fund to respond rapidly to mitigate risks and strengthen delivery.

Overall Indicator(s)	Relevant indicator(s) and associated results this review year			
Indicator 1: Number of high-quality applications received	Results from Round 9 Stage 1, number of applications achieving an average score higher than 4 out of 6: Main 18 out of 77; Extra 3 out of 14; Evidence 8 out of 31			
	Results from Round 9 Stage 2, number of applications achieving an average score higher than 4 out of 6: Main 16 out of 27; Extra 3 out of 5; Evidence 9 out of 12			
Indicator 2: Annual Average Project Annual Review and Final Review Scores Scores are on 1-5 scale, 1: outcomes likely to be completely achieved, 5: outcomes unlikely to be achieved.	Scheme	Report type	Projects reporting	Average score
	Main	Annual Report	40	2.05
	Main	Final Report	14	1.29
	Extra	Annual Report	1	3.00
	Evidence	Annual Report	7	2.14

Notes: For Annual Reports, 1 is the highest score achievable. For Final Reports the reporting convention is different. Final Report scores have therefore been converted into comparable terms as follows: A++ = 1; A+ = 1; A = 1; B = 2; C = 3

Describe any changes to this output during the past year, and any planned changes as a result of this review.

The Results Framework has been approved with the agreed set of Standard Indicators to be used for this output, but the wording of the output remains unchanged.

Lessons learned this year and recommendations for the year ahead

A series of Deep Dives has been initiated to develop recommendations to strengthen the delivery of the Fund and its impact. This year, deep dives have looked at, for example, standard indicators and reporting, GESI in the BCFs, improving evaluation of impacts, evidence use and generation. Some of these have been developed to improve programme management, and/or strengthen project delivery through developing evidence-based recommendations for consideration.

Country visits in 2023 by the Defra Secretariat has strengthen mutual understanding between the Fund and country visited. Lessons learned from these visits and the Spring webinars has supported the broader strengthening of the FCDO engagement strategy.

Recommendations:

- Continue to seek opportunities for the Defra Secretariat to visit and build relationships with FCDO in-country where there is a strong value for the Fund.
- Continue to reflect on recommendations that are made through the Deep Dives, to further strengthen the quality of the programme management, applications and the subsequent projects.

Output level lessons learned this year and recommendations for the year ahead

Following the development and early-stage roll-out of Standard Indicators and the associated Results Framework, the logframe and indicators should be re-visited and if necessary refined to ensure they are meaningful and can capture and collate relevant results. Supporting this activity, analysts have been recruited both within Defra and within the Fund Administrator. This has enabled Defra to lead and engage with the fund manager to deliver this area with the right analytical capability.

- **Recommendation:** Review stakeholder feedback received on the Results Framework and determine whether any changes (to the framework or associated guidance and support) are required by July 2024 to strengthen its adoption, quality and utility to support the delivery of the IWT Challenge Fund.
- **Recommendation:** Improve the process for determining targets and milestones for some indicators, to help assess performance where this is feasible and adds value. The process should be robust and repeatable to enable the potential revision of milestones and targets as grants are awarded annually.
- **Recommendation:** - Strengthen efforts, including guidance and support mechanisms, to secure annually disaggregated results (especially on gender and Indigenous People and Local Communities - IPLCs) for relevant indicators. Defra staff capacity to strengthen the approach to Gender Equality and Social Inclusion (GESI) has increased, which will support the funds’ efforts in this.
- **Recommendation:** Develop methodologies for indicators where they are missing (outcome 1, indicator 1).
- **Recommendation:** Continue to strengthen the ‘Building and Applying Evidence’ workplan (workstream 5. This workstream supports the generation, collation and sharing of evidence and best practice, based on robust analysis and evaluation of the portfolio and projects, to inform programme governance and wider decision making by stakeholders.

Assess the VfM of the outputs compared to the proposition in the Business Case, based on performance over the past year.

The Business Case set out value for money of the proposed IWT Challenge Fund programme based on:

- Delivery of similar outputs and outcomes to recent IWT Challenge Fund projects but at greater overall scale (reflecting revised programme structure).
- Post-project finance leveraged at rate greater than 1:1 to UK government Funding provided.

- Administration and evaluation costs expected to be around 6% of total budget.

Economy:

- The new Fund Administrator contract was awarded through a competitive open tendering process resulting in an implied grant administration fee of [REDACTED], lower than originally expected.

Efficiency and Effectiveness:

- The assessment of proposals is robust with each application reviewed by a panel of senior experts, identifying those that can demonstrate strong delivery of outputs and outcomes and value for money. Opportunities to further strengthen this include the adoption of the new Results Framework and a detailed plan for building and applying evidence.
- The IWT Challenge Fund Extra projects have the potential to deliver strong outputs and outcomes at scale. The quality and impact of future IWT Challenge Fund Extra projects can be expected to improve further, and this will be important for achieving the overall value for money expected for the programme.

Equity:

- IWT Challenge Fund projects are partly selected on the extent to which they support multidimensional poverty reduction, but there is scope to further strengthen alignment of this with the rest of the Funds objectives. Following a deep dive on Gender, Equality and Social Inclusion (including Indigenous people and local communities) in the BCFs, and responding to the recent internal review of GESI mainstreaming, the Fund is developing a multiyear GESI strategy to action the recommendations. Disaggregation of relevant outcomes and outputs will be an important part of this, as well as mainstreaming GESI through applicant guidance and glossaries. A deep dive on IWT and poverty reduction is being scoped to take place in 2024.
- Fair and equitable access to finance, for good quality projects, is an operating principle of the Fund, with transparent Funding mechanisms in place.

Set out above are observations of value for money as it is not yet possible to comprehensively assess actual performance against the value for money expected at this stage. Further data and analysis are needed, as well as improved reporting on post-project finance (to be included in the new results and reporting framework). Under the Workstream 'Building and Applying Evidence', a deep dive has been commissioned to explore the potential for a process of regular, systematic assessment of Value for Money in BCF-Funded projects. This is expected to complete by August 2024, with recommendations.

D: RISK

Overview of risk management

High level programme risks are detailed in Table 4 as identified in the 2021 Business Case (available [here](#)), updated to align with new Defra guidance on Risk Types and Scales. The established approach to risk management remains strong; reviews of programme-level risks and issues are conducted in monthly Risk Review meetings with our Fund Administrator, with our risk register updated as often as is required for live issues. Risks and issues identified or reported to us this year have been investigated with appropriate action taken where required, including targeting projects for independent reviews or spot audits.

The overall risk of the programme was assessed as **Moderate** and is recommended to remain Moderate (or **Medium**) under the new categorisation.

Table 4: High level Programme Risks as in the 2021 Business Case, with 2023 Risk Types and Scales in brackets.

Risk Type	Indicative High-Level Risks	Impact	Probability	Gross Risk	Mitigation	Net Residual Risk Cat.
Contextual <i>(Strategy and Context)</i>	Risk of projects operating in politically volatile and economically unstable contexts or experiencing unexpected or unforeseen events including natural disasters (force majeure) which could affect accessibility.	Moderate <i>(Medium)</i>	Likely <i>(High)</i>	Major <i>(High)</i>	Ongoing engagement and analysis to monitor likelihood of risk occurring. Security assessments conducted for each project will inform decisions and project risk frameworks. Severe risk will be escalated.	Minor <i>(Low)</i>
Delivery <i>(Delivery and Operational)</i>	Risk of working in challenging environments, implementing a broad portfolio of often novel activities. Risk of Covid-19 impacting forecasting/ future delivery of activities or the capacity of delivery partners to maintain plans. Projects are not sustainable restricting long-term impact of the IWT Challenge Fund and effectiveness	Major <i>(High)</i>	Likely <i>(High)</i>	Severe <i>(Very high)</i>	Fund Administrator will set out clear forecasts and financial risks to Defra, including all financial reporting and monitoring requirements. Clear guidance on change requests and quarterly payment processes will support adaptive delivery. To date, these processes and flexible budgeting management have ensured spending commitments have stayed on track been sufficient to mitigate the impact of Covid-19. Programme team can manage budget flexibly with other IWT programmes. Delivery partners will need to demonstrate experience of successfully working in such environments. FCDO post are engaged and OSJA assessment conducted. Where contextual or delivery changes have occurred delivery partners required to resubmit risk register for approval. Delivery partners will be required to report on measures to ensure the sustainability of interventions. Emphasis on	Minor <i>(Low)</i>

Risk Type	Indicative High-Level Risks	Impact	Probability	Gross Risk	Mitigation	Net Residual Risk Cat.
					innovation and local solutions will support impact beyond project time frame. Scaling pathways will be identified. Change requests to reassess risks, shared with FCDO.	
Safeguarding	Risk of programme or partner staff doing harm or not reporting incidences of sexual exploitation, abuse, harassment or bullying.	Severe <i>(Very high)</i>	Possible <i>(Medium)</i>	Major <i>(High)</i>	Maintain, through the Fund Administrator, close oversight and due diligence of activities across portfolio, and require all delivery partners to have a safeguarding policy in place including systems to enable reporting and support whistle-blowers. Safeguarding to be reported on in Annual Reviews, Mid Term Reviews and Final Project Reviews.	Minor <i>(Low)</i>
Operational <i>(Delivery and Operational)</i>	IWT Challenge Fund is not Funded in future Spending Reviews, meaning Funding is not available for multi-year projects. Risk of established projects being difficult to stop quickly.	Moderate <i>(Medium)</i>	Possible <i>(Medium)</i>	Major <i>(High)</i>	Strong governance with clear Terms of References, comprehensive documentation of processes, manage vacancy rate. We will ensure the effectiveness, impact, and alignment with UK Gov priorities of the IWT Challenge Fund in order demonstrate its value and contribution in future spending reviews. Closely monitor quarterly reports to inform whether to stop projects/challenge Funding. Include provisions in grant agreements to dictate process by which Funding can be withdrawn. Prioritisation strategy agreed. Residual reputational risk.	Minor <i>(Low)</i>
Fiduciary <i>(Financial and Fiduciary)</i>	Risk of a project's Funds being misappropriated for non-programme usage. Risk of poor financial management	Major <i>(High)</i>	Possible <i>(Medium)</i>	Major <i>(High)</i>	Fiduciary risks will be mitigated by the employment of a Fund Administrator to manage and mitigate risk associated with the delivery partners, including through enhanced due diligence, spot checks, reporting frameworks, audits and checks conducted prior to grant instalments being transferred. Disbursement practices enable close monitoring and the ability to halt expenditure, reducing the potential for misuse of Funds.	Minor <i>(Low)</i>
Reputational	Risk of investing HMG Funding in poor quality projects/implementers Risk of interventions going wrong/causing harm, or delivery partners acting in a way that causes reputational harm to HMG	Major <i>(High)</i>	Possible <i>(Medium)</i>	Major <i>(High)</i>	Delivery Partners competitively selected against rigorous technical and financial criteria with independent assessment will help ensures projects meet delivery, quality and strategic objectives. Reporting frameworks, due diligence and spot check conducted by the Fund Administrator.	Minor <i>(Low)</i>

There have been some changes to risks in the period since the Business Case was approved. It is recommended that the framework is reviewed regularly by the IWT Challenge Fund Programme Board and that more specific descriptions of risks and their programme impacts are included where appropriate.

Strategy and Contextual

Projects within the programme often operate in fragile, conflict-affected states with high contextual risks related to political instability. These risks are considered to have increased as a result of increased global geopolitical instability. Increased engagement with FCDO posts on shortlisted projects has strengthened understanding of contextual risks and the ability to mitigate them; irrespective of this it is recommended to increase this risk impact to major, the gross risk category to severe and residual risk to moderate.

Recommendation: Increase residual risk from low to Medium.

Delivery & Operational

The impacts of COVID continued to result in some issues arising during 2021/22, however COVID related risks have continued to reduce in both their impact and probability this year, so this indicative risk can be removed in future reviews. Under this new risk guidance an emerging risk for Delivery and Operational is the capacity to effectively oversee a portfolio of often novel activities and deliver on programme objectives. The ability to develop the capacity to effectively oversee programme implementation remains challenging within Defra, while the Fund Administrator continues to strengthen its resource capacity. Key gaps remain with Defra to ensure effective oversight or reduce resilience risk related to Defra's oversight.

Recommendation: Increase residual risk to Medium.

Safeguarding

The BCF and our Fund Administrator team continues to strengthen the approach to safeguarding across the programme. Rounds approved since the approval of the business case 2021 have had Overseas Security and Justice Assessments conducted with FCDO posts to ensure that appropriate mitigations are in place for projects identified as having potential human rights risks associated with overseas security and justice. However, given the purpose of the IWT Challenge Fund programme in addressing criminal activity, including through legal enforcement, there are particular safeguarding risks associated with this programme.

The Fund Administrator should ensure that examples of safeguarding best practice and lessons learned are showcased across the portfolio, and that strong safeguarding measures are highlighted and shared. to provide guidance to applicants to help meet and understand the requirements of the Funds.

Recommendation: Increase residual risk to Medium.

Fiduciary

Given the mitigation steps in place for this category of risk it is not recommended to adjust the ratings for this Risk. To note: This year, one case of alleged financial fraud was reported and investigated via an independent audit, with the finding that the allegations were not upheld.

Project/programme

This is a new category under the 2023 guidance, with an indicative risk under this category being weaknesses in project delivery, or projects not aligned to priorities. Mitigation steps already in place include ensuring that Delivery Partners are competitively selected against rigorous technical and financial criteria, by independent assessors to help ensure lead partners are capable of delivering quality and strategic objectives. Reporting frameworks, due diligence and spot checks are conducted by the Fund Administrator.

Recommendation: Add this risk category to our future review tables, with a likelihood of impact, probability and gross risk of High, and the residual risk as Medium.

Reputational

This year, two issues have arisen with projects that present a reputational risk to HMG. Both cases have been investigated and appropriate steps taken. Given the mitigation steps in place it is not recommended to adjust the ratings for this Risk.

Lessons learned this year and recommendations for the year ahead.

Recommendation: To avoid delays in processing and awarding grants, recommendations for the year ahead include a more comprehensive risk-based review of applications at Stage 1, requesting full risk assessments earlier, as well asking applicants to respond to specific queries in their Stage 2 application.

Recommendation: Additional safeguarding checks undertaken this year should become normal practice in the next review year with additional expertise and resource available from the Fund Administrator to review safeguarding procedures and policies.

Recommendation: This year the BCF responded to a number of emerging ad hoc risks and issues, requesting grantees respond on each and update their risk assessments accordingly. This included in response to coups d'état, or changes to laws that could cause additional risk to our project partners such as in the case of the Ugandan law on homosexuality. It is recommended that this proactive approach to major issue management continues.

Recommendation: This year all Overseas Security and Justice Assessments undertaken with in-country HMG partners have been integrated into the general BCF risk register. A recommendation for the year ahead is to further operationalise annual reviews of these risks and consider ways in which projects can report against these risks as part of their annual reporting process.

E: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

Overall delivery and financial management

The expected number of grants have been awarded to projects under Funding Rounds 8 and 9, and in line with the revised programme structure:

Scheme	Round 8		Round 9	
	Total No. of grants	Lifetime Value	Total No. of grants	Lifetime Value
Evidence	8	£787,128	10	£937,039
Main	13	£5,440,011	9	£4,898,194
Extra	1	£999,250	2	£1,988,389
Total	22	£7,226,389	21	£7,823,622

Funding Round 10 has also been launched and has attracted great interest from stakeholders.

At the same time, good progress has been made in mobilising the new programme structure. New systems to deliver the Building and Applying Evidence component and refreshed systems to support communications are in place.

The recommendations Defra accepted from the 2022 independent evaluation have been mainstreamed into systems and processes. These include better reporting and monitoring, increased engagement with our Fund Administrator, mainstreaming Gender, Equality and Social Inclusion and widening representation and involvement of the IWT Advisory Group.

The IWT Challenge Fund has adopted an agile approach to its management, guided by continuous lesson learning, engagement with stakeholders and central role of evidence generation and application. For example, Defra staff visited Tanzania to build a network of IWT Challenge Fund projects in the country – introducing the different projects to each other, and enabling learnings from each other about risks, drivers and trends in IWT in the country, challenges and how they manage them. The visit was also a great opportunity for Defra to engage directly with project implementers in the country, whose feedback on application cycle and project management challenges has informed the BCFs' communications, capability and capacity workstreams.

The IWT Challenge Fund continues to align with and contribute to the UK's international climate and nature commitments and responsibilities, including the Convention on Biological Diversity and the Paris Agreement.

Commercial

The IWT Challenge Fund is delivered by a small Defra BCF team and an external Fund Administrator. In the 2022 Independent Evaluation by Ecorys, Defra accepted a recommendation that it increased its engagement with the Fund Administrator to build a stronger working relationship, streamline process, align strategic direction and maximise learning. Defra has since adopted this recommendation, with Defra staff and the Fund Administrator both reporting close and effective collaboration.

Following the competitive process, a multiyear contract (based on standard Defra Terms and Conditions) was awarded on the 30th March 2022 to NIRAS, and is available at www.contractsfinder.service.gov.uk. As such, this annual review covers the first year of the new contract.

The Performance Management Framework (PMF), below, is used to monitor, measure, and control the Fund Administrator's performance of contract responsibilities.⁸ The PMF will be periodically reviewed, particularly when new capabilities are generated to monitor KPIs, or new workstreams are agreed with Defra.

The current PMF KPIs are summarised below along with a narrative to assess their status:

⁸ Close and effective collaboration between Defra and the Fund manager makes it harder to assess the performance of Defra and Fund Manager separately. Some KPIs are partly within Defra's control.

KPI 1: Financial Management is delivered to a high standard. (Met Expectation)

- The new financial systems are established and operate smoothly. Financial management is delivered well, with project claims processed efficiently. Change Request processing has been strengthened and new Funding schemes are implemented with the increased levels of Funding. Plans include new forecasting processes and a substantial review of the project level financial guidance and processes.

KPI 2: The Funds are agile, responding to risks and opportunities to strengthen performance. (Met Expectation)

- The new Funding structure was rapidly implemented in Round 28 with some challenges, partly due to a compressed timeline. Lesson learning has been reflected in Round 29, resulting in improved guidance and processes. There is scope for continued lesson learning and feedback as well as effective use of the results framework to ensure Fund agility and performance.

KPI 3: Clear guidance and feedback enables the key stakeholders to put forward strong applications. (Met Expectations)

- Guidance is annually reviewed by our Fund Administrator and Defra to strengthen application quality, reflecting on feedback and lessons learnt from previous Funding rounds and active delivery of projects. In-country organisations are putting forward strong applications, and applicants are reapplying with strong applications. Further work is required to strengthen the adoption and value of the indicators.

KPI 4: Independent expertise is efficiently targeted to identify the most transformational proposals. (Met Expectations)

- New experts have been recruited to maintain the capability and capacity of the expert group to assess proposals. Experts are matched to assess applications based on their skills and knowledge, whilst managing any conflicts of interests and availability constraints. The expert committee has been functioning effectively in providing advice on projects according to criteria established. In 2024, plans include new hiring to fill skills gaps around nature finance, market systems/private sector development and legislative reform.

KPI 5: Performance of projects is strengthened by adapting and responding to actions and recommendations arising from project reviews and feedback. (Met Expectations)

- Project Annual Reports and Mid-Term Reviews are utilised to provide projects with recommendations to strengthen delivery, with lessons learned also being fed in to overarching guidance documents where appropriate. The BCF approach to reporting will be independently reviewed in 2023-24 to strengthen the value and efficiency of reporting.

KPI 6: Capability and capacity of national and local stakeholders enhanced. (Met Expectations)

- The workstream Capability and Capacity is early in its delivery, with planning delays attributable to both Defra and NIRAS. NIRAS continues to develop and deliver high quality webinars, particularly related to the application cycle and grant start-up, with positive assessments by participants.

KPI 7: Evidence is utilised, and Best Practices are made available. (Met Expectations)

- After initial delays, strong progress is being made if with the workstream Building and Applying Evidence. New processes and systems have been developed, enabling a strong pipeline of prioritised deep dives.

KPI 8: International Awareness and Understanding of the Funds is strengthened. (Met Expectations)

- Workstream 7: A Communications Strategy has been developed, with activities being delivered to further strengthen website performance and new products being focussed upon. Communications specific indicators to be further refined by April 2024.

Recommendations:

- Continue to strengthen the ‘Building and Applying Evidence’ workplan, which covers the three BCFs, to support the generation, collation and sharing of evidence and best practice, based on robust analysis and evaluation⁹ of the portfolio and projects, to inform programme governance and wider decision making by stakeholders. The workstream has two main approaches: 1) synthesis of standardised project level data, which allows for data to be aggregated and summarised, and 2) deep dive synthesis studies focusing on discrete learning questions.
- Strengthen IWT Challenge Fund Communications to raise awareness and understanding through guidance and targeted communication activities and help drive the continuous improvement in the quality of applications and their alignment to the objectives of the Fund. The generation of new content and understanding of its impact with stakeholders will form the focus of communication activities.
- As roll-out of the Standard Indicators strengthens the opportunities for data collation and learning from deep dives and results across all BCF projects, sharing this emerging learning will increase in importance, as will testing Theory of Change assumptions and hypotheses. Defra and NIRAS are investing more staff time in lesson learning, results, and evaluation, which is supporting this process.
- Further support and strengthen the capability of grantees to manage financial information to underpin successful project delivery and Fund-level management systems.

Date of last narrative financial report	27 September 2023	Date of last audited annual statement	13 January 2023
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⁹ An independent external evaluation will be commissioned, with a mid-point evaluation milestone by 2026 to facilitate feeding lessons into ongoing BCF implementation. IWT Challenge Fund specific evaluation questions will relate to impact, value for money and learning opportunities. This evaluation will help address key evidence gaps, and as such test the following three IWT Challenge Fund Theory of Change assumptions: (a) Poverty reduction and IWT aims are compatible, with manageable trade-offs. (b) There is will from key stakeholders (particularly government) to implement change based upon the findings from projects. (c) External factors such as political conflict and natural disasters remain manageable for project implementation. This external evaluation will draw on and complement existing and ongoing Monitoring, Evaluation and Learning (MEL) processes conducted by the Fund Administrator: results collated annually through results frameworks; mid-term and end-of-project reviews; workstream 5 evidence deep dives; legacy evaluations; and, closed project evaluations. 1% of the overall programme budget is recommended for this.

Annex A: Consolidated recommendation list

1. Strengthen the Fund's approach to capability and capacity building.
 - a. Further support and strengthen the capability of grantees to manage financial information to underpin successful project delivery and Fund-level management systems.
2. Consolidate and accelerate activities to strengthen the delivery and ambition of Workstream 5: Building and Applying Evidence.
 - a. Continue to reflect on recommendations that are made through the Deep Dives, to further strengthen the quality of the programme management, applications and the subsequent projects.
 - b. Improve the process for determining targets and milestones for some indicators, to help assess performance where this is feasible and adds value. The process should be robust and repeatable to enable the potential revision of milestones and targets as grants are awarded annually.
 - c. Develop methodologies for indicators where they are missing (outcome 1, indicator 1).
 - d. Widely consult and review feedback on the Theory of Change and standard indicators and strengthen by July 2024.
 - e. Ensure strong approach to identifying exemplar applications and projects as part of detailed 'building and applying evidence plan'.
 - f. As roll-out of the Standard Indicators strengthens the opportunities for data collation and learning from deep dives and results across all BCF projects, sharing this emerging learning will increase in importance, as will testing Theory of Change assumptions and hypotheses. Defra and NIRAS are investing more staff time in lesson learning, results, and evaluation, which is supporting this process.
3. Build on recommendations of the Poverty and Gender, Equality and Social Inclusion (GESI) deep dive, including developing guidance to applicants and reviewers and a multiyear GESI Strategy.
4. Develop and create cloud-based database to securely hold and make accessible project data
5. Improve accessibility and quality of our guidance and training materials, by conducting needs assessments and reviews of currently available materials.
6. Continue to seek opportunities for the Defra Secretariat to visit and build relationships with FCDO in-country where there is a strong value for the Fund.
7. Strengthen efforts, including guidance and support mechanisms, to secure annually disaggregated results (especially on gender and Indigenous People and Local Communities - IPLCs) for relevant indicators. Defra staff capacity to strengthen the approach to Gender Equality and Social Inclusion (GESI) has increased, which will support the funds' efforts in this.
8. Include a more comprehensive risk-based review of applications at Stage 1, requesting full risk assessments earlier, as well asking applicants to respond to specific queries in their Stage 2 application.
9. Additional safeguarding checks undertaken this year should become normal practice in the next review year.
10. Continue proactive approach to major issue management.
11. Further operationalise annual reviews of these risks and consider ways in which projects can report against these risks as part of their annual reporting process.
12. Strengthen IWT Challenge Fund Communications to raise awareness and understanding through guidance and targeted communication activities and help drive the continuous improvement in the quality of applications and their alignment to the objectives of the Fund.