Title: BIODIVERSE LANDSCAPES FUND: Western Congo Basin

Project Purpose:

To meet the triple challenge of addressing poverty, biodiversity loss and climate change, the UK government has assigned £100m in Official Development Assistance (ODA) to the Biodiverse Landscapes Fund (BLF), a seven-year programme which will work across six (five transnational and one single-country) landscapes in Africa, Asia and Latin America to restore key landscapes' ecosystems and support sustainable economic development, protect and conserve ecosystems and tackle climate change in these biodiversity hotspots. The **Western Congo Basin (WCB)** has been identified as one of these hotspots.

The BLF will focus on a forest area in the Western Congo Basin which spans parts of Cameroon, the Republic of Congo (ROC) and Gabon. This landscape is an important habitat for large mammals, flora and fauna, and to a number of indigenous communities. However, biodiversity in the landscape is being threatened by several factors, including deforestation and insufficient management of forest concessions illegal wildlife trafficking and trade, and small-holder palm oil plantations.

This is a landscape-level full business case for the BLF programme in the Western Congo Basin. Since the Outline Business Case, a competitive grant competition has been run to select the 'Lead Delivery Partner' (LDP) to deliver BLF's activities in the landscape. Following the evaluation of applications, the preferred applicant is a consortium led by the Zoological Society of London (ZSL).

The desired outputs of the BLF programme in the Western Congo Basin are:

1) A shift to **more sustainable and inclusive models of forest management** through well-managed timber concessions and diversification of revenue streams (e.g., carbon credits or eco-tourism initiatives).
2) Increased **preservation and improved management of biodiversity**, particularly of endemic species inside and outside of protected areas, and a lesser prevalence of human-wildlife conflict
3) Improved **livelihoods and opportunities and strengthened rights** for local communities and Indigenous people, and women in particular
4) **Improved health** of local communities and Indigenous people, and women in particular
5) **Reduced wildlife trafficking** reinforced by more robust anti-illegal wildlife trade regulations and enforcement on the ground
6) **Decriminalisation of local communities** and the prioritisation of tackling corruption and organised criminal groups
7) Sustainable **inclusive and equitable landscape governance framework(s)** with clear climate and biodiversity targets, enabling strategic decision-making across industry, conservation and community land uses, and supported by robust economic, biodiversity and climate accounting

These will all contribute to achieving the BLF's overarching outcomes, which are:

Outcome 1	PEOPLE	To develop economic opportunities through investment in nature in support of climate adaptation and resilience and poverty reduction.
Outcome 2	NATURE	To slow, halt or reverse biodiversity loss in six globally significant regions for biodiversity
Outcome 3	CLIMATE	To reduce greenhouse gas emissions and safeguard natural carbon sinks

Project Value: Approx £10-17 million (ODA), (including administrative costs).		**Country/Region:** Western Congo Basin
Project code:	**Start Date:** FY2022/23	**End Date**: FY2029/30
Overall risk rating for landscape: Major		

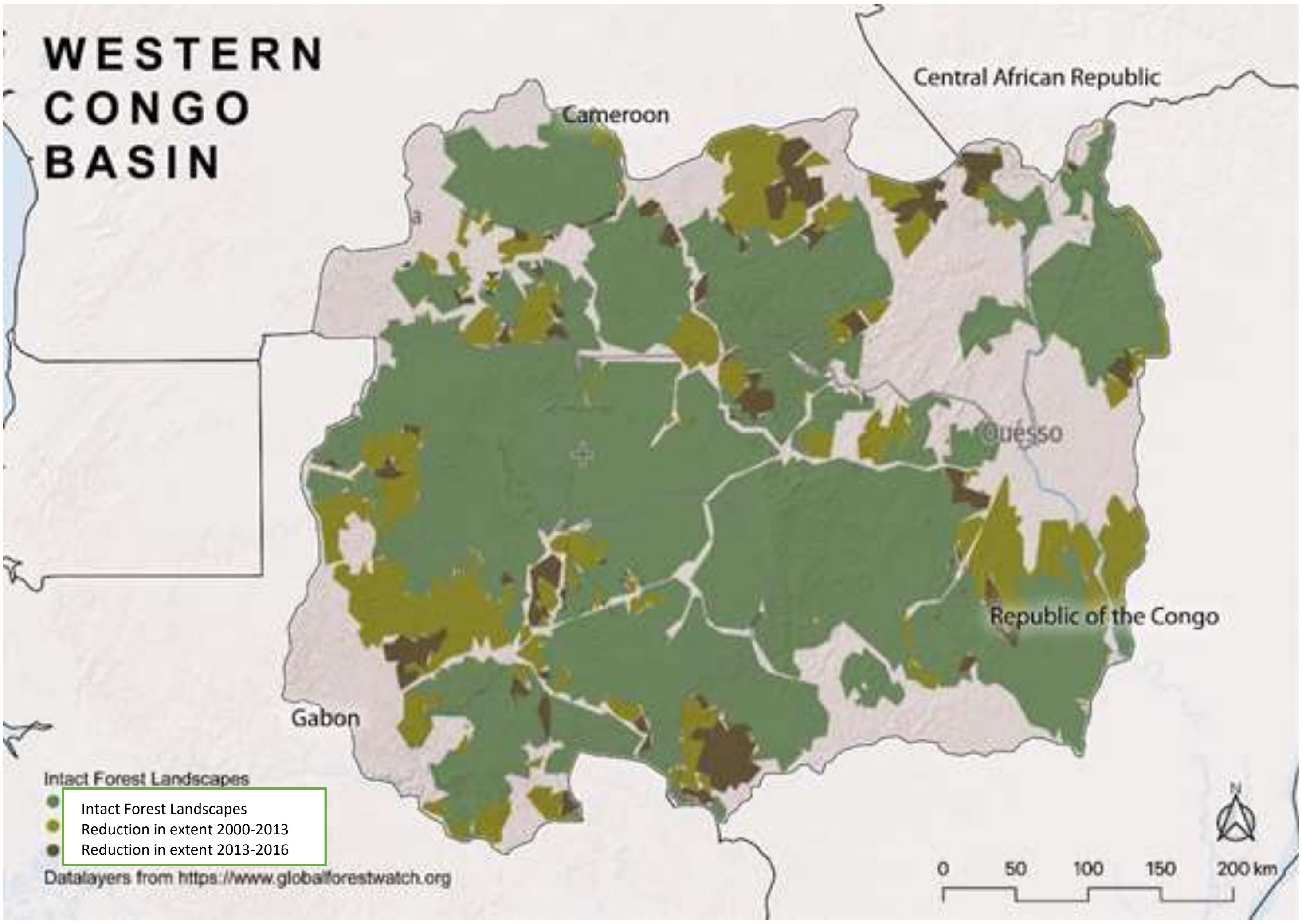
STRATEGIC CASE

1) Landscape context

State of nature and climate

Spanning parts of Cameroon, the Republic of Congo (ROC), and Gabon, the Western Congo Basin landscape covers 178,000 km², or 10% of the whole Congo Basin rainforest. The area is a haven for large mammals: it shelters up to 75% of the global population of forest elephants, 50% of the global population of lowland gorillas, as well as a host of other species, including buffaloes, giant forest hogs, sitatunga, pythons, and chimpanzees[1]. Eleven protected areas extend over 24% of the landscape, containing some of the most pristine natural sites remaining in the Congo Basin.[2]

The Congo Basin forests form the second largest block of rainforest in the world after the Amazon. They are of vital importance for the regulation of climatic systems through carbon sequestration[3], as well as maintaining and regulating rainfall at local and global levels. However, forest size is receding, due to factors explained below, which is reducing the forests' capacity to absorb carbon dioxide and raising concerns about their health[4]. Map 1 shows how forest cover has reduced from 2000 to 2016:



Map 1: Extent of intact forest landscapes[5]

Ecosystems across the Western Congo Basin are threatened by an array of drivers including the conversion of forests to agricultural land, industrial timber harvesting, mining, and the legal and illegal wildlife trade - which is significantly affecting all primates, especially the great apes, elephants, forest buffalo and leopards[6]. High population growth and infrastructure development, such as roadbuilding, are additional drivers, increasing the pressure on natural resources and opening previously remote regions.

Population and demographics

The Western Congo Basin is sparsely populated by people, with close to 1 inhabitant per km². Together with a low road density, this is a major reason why the area is so important for large and medium-sized mammals.[7] The average poverty rate in the landscape is 56% using a headcount ratio based on national poverty lines, broken down into the specific provinces within the landscape. The proportion of the population living below the international extreme poverty line of US$2.15 per day is 52% in ROC [8],25% in Cameroon[9] and 2.5% in Gabon[10]. In Gabon, the percentage of households living on less than US$6.85 per day is 31%, though this may rise due to the long terms impacts of the Covid-19 pandemic on employment and income[11]. Maintaining natural forest cover in the Congo Basin into the future will be challenged by high population growth in the region, which is expected to double by 2030 and increase by an estimated fivefold by 2100[12].

Indigenous Peoples and Local Communities: Indigenous people live in precarious social conditions, and diseases including malaria, intestinal parasitic diseases, skin conditions and HIV/Aids[13] are endemic, but despite these health challenges, indigenous people have extremely limited access to modern primary health care[14] [15].

The political representation of indigenous people in the Western Congo Basin area is extremely limited.

Indigenous people have traditional practices for managing ecosystems that could offer pathways to enhanced biodiversity conservation. For example, the active management of certain resources and areas into 'closed' and 'open' seasons has allowed wildlife and vegetation to recover[16], though the creation of protected areas, logging concessions and roads has disrupted this active management activity in some areas.

The extreme forest-dependent nature of many among the Western Congo Basin landscape's indigenous population means that respecting and enhancing their rights and needs is fundamental to conservation efforts.

Gender: Women are generally underrepresented in civil society, government and politics across the Western Congo Basin landscape. For example, the proportion of seats held by women in national parliaments is 11% in the Congo[17] and 16% in Gabon[18]. The Political Economy and Technical Analysis (PETA) commissioned by Defra also highlighted a lack of information on issues facing women in the landscape.

Indigenous women often face additional barriers to their economic, social and political participation. They have higher rates of child and maternal mortality[19], and are more likely to be victims of violence, including sexual violence.

2) Strategic fit

Why is the UK – and Defra specifically - best placed to deliver a solution(s)?

There is strong UK political commitment to this agenda, following our UNFCCC COP26 Presidency and international leadership at the UN Convention on Biological Diversity COP15 in 2022, which helped secure the Kunming-Montreal Global Biodiversity Framework to halt and reverse biodiversity loss by 2030 and commitment to mobilise additional financing for biodiversity. The UK is stepping up its financial support through our £11.6 billion commitment on international climate finance from 2021-26, including £3 billion for nature.

The UK has a strong track record of effective international programming, including in the Western Congo Basin region, and Defra leads on HMG policy on nature. Defra uses ODA funds to pursue integrated programming that actively pursues multiple gains for people, nature and climate. There is also value in identifying areas for cooperation with governments and other stakeholders in the Western Congo Basin countries, which the UK is well placed to do by leveraging its global network of diplomatic posts.

The BLF will build on other Defra and HMG funding in the region, which will have direct learning and read across for BLF interventions. HMG is active in the Congo Basin largely through centrally managed programmes managed by FCDO and Defra. For example, Defra has directly supported over 40 projects across the three countries through the Biodiversity Challenge Funds – the Darwin Initiative and the Illegal Wildlife Trade Challenge Fund. It is important that the BLF complements these initiatives, incorporates learning from them, and utilises the networks with governments and key stakeholders that they have built.

Given wildlife and timber are being sourced from the Western Congo landscape to consumer markets in East Asia, there will also be direct links between the BLF's work in this landscape and Defra's new Nigeria-Vietnam corridor programme (in design) which we will want to support. The focus on illegal wildlife trade in this landscape could also help to create a pathway for knowledge transfer from the ongoing and substantive work on IWT and the Convention on International Trade in Endangered Species (CITES) by Defra and its arms-length bodies (including Kew, the Joint Nature Conservation Committee (JNCC) and the Animal and Plant Health Agency (APHA)).

Wider HMG strategic fit

BLF activities in the Western Congo Basin will contribute to the wider UK strategic priorities, including:

- The 25 Year Environment Plan's commitments to use resources from nature more sustainably and efficiently, protect international forests, promote sustainable agriculture, mitigating and adapting to climate change and enhancing biosecurity through reducing the illegal wildlife trade.
- The White Paper on International Development (November 2023) and the commitment to spend £3bn of our £11.6bn ICF commitment, between 2021/22 and 2025/26, ensuring a balance between adaptation and mitigation and including at least £3 billion to protect and restore nature.
- The Forests and Climate Leaders' Partnership launched at the UNFCCC COP27, which will meet twice yearly to track commitments on the landmark Forests and Land Use declaration made at COP26, which aims to halt and reverse forest loss by 2030.
- Defra's International Strategy to reset the global relationship with nature and to enhance human, animal and environmental health globally.

BLF activities in the Western Congo Basin landscape will also align with and contribute to the UK's international commitments and its responsibilities:

- The Convention of Biological Diversity (CBD) Kunming-Montreal Global Biodiversity Framework, which sets out strategic goals for 2021-2030, including the "30by30" commitment to protect 30% globally of land and sea by 2030.
- Sustainable Development Goals 15 (Life on Land), 12 (Responsible Consumption and Production) and 13 (Climate Action), as well as the development-focussed SDGs, including 1 (No poverty), 2 (No Hunger) and 10 (Reduced Inequalities).
- The Glasgow Leaders' Declaration on Forests and Land Use, of which the UK is a signatory.
- The Global Forest Finance Pledge, to which the UK has committed £1.5bn of ICF spend, 2021-25.
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

The BLF will advance the UK's strategic priority of **supporting developing countries to meet their international biodiversity, climate and nature commitments**. Countries in this landscape are also well aligned with the UK's international commitments, with both Gabon and ROC being signatories to the Leaders' Pledge for Nature, and Gabon being a member of the 30x30 High Ambition Coalition. BLF interventions are intended to build on this positive momentum.

Finally, all three countries have put forest conservation commitments in their Nationally Determined Contributions (NDC) documents and the BLF's interventions described in the appraisal case will support these.

3) Issues, outcomes and impacts

To inform the development of this strategic case Defra commissioned technical analysis of the landscape. Results from this analysis, combined with in-house research, have produced the following overview of barriers to interventions, priority problems, and potential activities that seek to address these problems, and the ultimate impact and outcomes that we aim to achieve in the landscape.

Challenging operating context

The impact of growing trade with Asia: growing trade with Asia has had a significant impact on the forests, wildlife, and the agribusiness sectors across the Western Congo Basin landscape[20]. The main market for West African timber has shifted from Europe to Asia[21]. This has presented risks as the certification of African timber is not presently valued in Asia as it is in Europe through Forest Stewardship Council (FSC) certification. Many of the rules for FSC certification have protected biodiversity and local people in ways which may not continue unless Asian buyers can be persuaded to see market advantages from trading certificated timber, given that FSC timber is typically more expensive to manage, produce and trade, and unless governments insist on FSC – as Gabon has done since 2018[22].

Additionally, the growing Asian market for high-valued animal products – which constitutes the major driver of the international wildlife trade[23] - threatens the survival of many endemic species.

Limited participation of local communities in conservation and lack of ownership of land and resources: Even though national laws and policies recognise community rights to consultation and participation to varying degrees, specific institutional arrangements to ensure this happens are limited.

Reports from indigenous communities across the Congo Basin[24] suggest that there is steadily increasing competition for forest products between indigenous communities and urban-based networks, further threatening indigenous communities' forest dependent livelihoods. This increasingly intensive exploitation of forest resources by outsiders is escalating threats to forests and wildlife across the region, with profoundly negative consequences for indigenous peoples' access to forest and forest resources. The interests of many indigenous communities are now in conflict with the competing interests of powerful external lobbies. These include logging companies, who acquire authorisations that gives them indirect control over local development in their concession areas and remove certain key tree resources intensively and unsustainably; commercial bushmeat trading networks who use the logging infrastructure to access game; and unregulated safari operators. This makes it increasingly dangerous and difficult for riverine communities to get access to the crucial forest resources upon which their culture and livelihoods depend.

Local governance: It is at the local level where practical problems concerning the management of biodiversity are faced, making local level governance key to effective management. In Cameroon, and to a lesser extent in ROC, there has been a decentralisation push for some years. However, challenges with local capacity for management and oversight remain. Local level government is poorly funded and many staff have limited training. As a result, there is a requirement for skills development at local levels.

Conservation limited to protected areas: All three countries in the Western Congo Basin landscape have expanded the numbers of protected areas in their territories in recent years: Gabon's terrestrial PA coverage grew from to 13% to 22%, and ROC's from 10% to 37%[25]. However, in forest concession areas adjacent to protected areas biodiversity may be equal to, or greater than, that in the protected areas themselves[26], resulting in a significant risk if conservation efforts are limited to protected areas only.

Population movements due to conflict: Crises in both the Western Congo Basin and neighbouring countries have precipitated population movements within the region which impact upon natural resources and wildlife. Refugees from the Central African Republic have entered the forests of northern ROC and south-eastern Cameroon. Conflicts in southwest and northwest Cameroon have led people to move in search of land or work in other parts of the country.

The impact of COVID-19: In all three countries, Covid-19 has had two impacts. Firstly, it accentuated criminal wildlife activities in parks and protected areas because Covid-19 reduced surveillance and control, thus exacerbating the degradation of biodiversity. Secondly, the negative economic impacts of Covid-19 on people's livelihoods have encouraged small-scale poaching to supplement low and precarious incomes.

Overall, the Western Congo Basin presents a challenging operating context, with several risks. These risks will need to be managed carefully throughout the lifetime of the programme by working closely with FCDO posts; BLF delivery partners, who have extensive experience of working across the region; and the BLF Fund Manager, to ensure there is appropriate risk management and safeguarding policies and practices in place. The management case provides a comprehensive breakdown of the risks in the Western Congo Basin landscape and the mitigations, which will be continually reviewed throughout the lifetime of the programme.

Priority Issues

Within this wider context and, informed by technical analysis the following three issues have been agreed with UK Posts and host governments in the Western Congo Basin as constituting the highest current priority for the BLF to focus on across the Western Congo Basin landscape:

Priority Issue 1: Deforestation and insufficient management of timber concessions

Consumer demand in Asia in particular has given rise to greatly increased extraction of natural resources in the Congo Basin. Results from technical analysis identified three underlying causes that are driving this problem:

1. Changing external markets downgrade the value of Forest Stewardship Council (FSC) timber certification
2. Challenges with governance capacity to mitigate problems
3. The end of certification increases poverty for those reliant on forest concessions, which in turn negatively impacts their biodiversity use

Priority Issue 2: The impact of the illegal wildlife trade

The Asian market for high-valued animal products such as elephant ivory and pangolin scales has encouraged poaching, exploitation and trafficking of these goods from Africa. Each year, hundreds of millions of plants and animals are caught or harvested from the wild and then sold as food, medicine, pets, ornamental plants, and tourist curios. A sizeable proportion of this trade is illegal and threatens the survival of many species in Western Congo Basin. Results from technical analysis identified three underlying causes that are driving this problem:

1. An increase in demand for wildlife from this landscape from Asian markets
2. Challenges with capacity for administration locally to mitigate these problems
3. Low recognition of customary territories and their forest resources means limited efforts to protect wildlife locally

Priority Issue 3: The unsustainable expansion of palm oil plantations and other commodities

The increasing appetite for palm oil worldwide has led to widespread deforestation. As agricultural land in Southeast Asia becomes scarcer and regulations are becoming stricter, producers are turning instead to the rainforests of the Congo Basin as one of the next frontiers for palm oil. Results from technical analysis identified three underlying causes driving this problem:

1. Land for palm oil has become scarce in southeast Asia
2. Smallholder palm oil production in Western Congo Basin is expanding in an unsustainable way
3. Challenges with capacity for administration locally to mitigate these problems

Outputs

Based on the priority issues outlined above, Defra developed a set of outputs in consultation with landscape host country governments. These outputs were included in the Specification of Requirements for the Western Congo Basin grant competition:

1. A shift to more sustainable and inclusive models of forest management through well-managed timber concessions and diversification of revenue streams (e.g., carbon credits or eco-tourism initiatives).
2. Reduced wildlife trafficking reinforced by more robust anti-illegal wildlife trade regulations and enforcement on the ground. This would involve working together with Indigenous peoples and local communities to ensure a do-no-harm approach.
3. Improved livelihoods, opportunities, and health outcomes alongside strengthened rights for local communities and Indigenous people, and women in particular.
4. Increased protection and improved management of biodiversity, particularly of endemic species both inside and outside of protected areas, and a lesser prevalence of human-wildlife conflict.

ZSL have included these outputs in their bid, splitting out the third into two discrete outputs and adding two further outputs focused on:

5. Strengthening forest-to-courtroom wildlife trade enforcement; and
6. Sustainable landscape governance frameworks, with clear climate and biodiversity targets, enabling strategic decision-making across industry, conservation and community land uses, and supported by robust economic, biodiversity and climate accounting.

These outputs will also be further refined and agreed with the Fund Manager and Independent Evaluator during the inception phase of the programme.

Key Performance Indicators (KPIs)

A core part of the BLF approach is Monitoring, Evaluation and Learning (MEL) to gather evidence on how well the proposed interventions are working to bring about the desired change. Applicants to the grant competition were required to propose a logical framework (logframe) that set out realistic targets and KPIs to measure progress against the above impact statement, outcomes, and outputs. Please see Annex M for ZSL's proposed logframe. The headline target outcomes for the full programme include:

- 50% of villages inside 6 key Protected Area (PA) peripheral/buffer zones will have improved land or natural resource management rights, representing a minimum of 250,000 people
- At least £3m (20% of BLF funding) of private finance leveraged
- Stable or increasing occupancy of indicator species (including elephants, great apes, large carnivores and forest antelopes)
- Stable or decreasing risk of ecosystem collapse
- At least 20% of PA area (850,000 Ha) and at least 10% of intact connecting forest area will be under improved management, with less than 20% loss of inter-PA habitat connectivity
- No deforestation inside PAs; 50% decline in rate in connecting forests; 30% overall decrease in Western Congo Basin deforestation rate (around 83,000 Ha)
- 850,000ha of forest in PAs & 100,000ha of intact forest outside PAs under improved management

During the initial phase of funding, ZSL will work with the BLF Independent Evaluator and Fund Manager to refine their logframe, including setting baselines and interim milestone targets to measure progress against. Suggested outcome-level indicators were developed by Defra ahead of the grant competition, and these capture, where possible, results relating to the core goals and objectives of major international frameworks such as the UNFCCC and CBD. In addition, **because a minimum 65% of BLF funding is from International Climate Finance** (ICF), several ICF indicators are used, ensuring the BLF can directly feed into this reporting framework.[27] Where possible, these outcome indicators also align with other Defra programmes such as, Darwin Initiative and IWT Challenge Fund, to allow comparison and enable lesson sharing between different Defra programmes.

Delivery partners will be required to collect data against output and outcome indicators, which will then be collated and stored on a dedicated e-platform and quality assured by the Fund Manager. This will feed into a learning cycle process every three months to assess progress and inform adaptive programming decisions. There will be a learning event each year to allow for reflection and learning within each landscape, as well as across the BLF portfolio. The Independent Evaluator will work collaboratively with delivery partners to conduct Developmental Evaluation throughout the programme and help them to understand what is/is not working, as well as producing full evaluations of the programme for Defra at both the mid-point and end of the funding. This information will be synthesised and evaluated in annual reviews on the BLF conducted by the Defra team, which will make recommendations on programme decisions that responds to the evidence. This comprehensive set of MEL activities will produce a significant amount of quality evidence, data and learning, which will be valuable not only for learning within the Western Congo Basin landscape, but across the other BLF landscapes and more widely for Defra and HMG. *Please see the Benefits Realisation Plan for further detail on the BLF approach to MEL, and the Economic Case for analysis of these target results.*

How will BLF funded interventions in Western Congo Basin address the portfolio level barriers?

Several barriers to effective landscape approaches were identified in the BLF portfolio level business case, which delivery partners were required to address as part of their grant applications.

In line with this, delivery partners were required to:

- address trade-offs between environment and development objectives;

- address priority issues in an integrated manner across disciplinary boundaries;
- demonstrate their understanding of the landscape and that they have consulted with a wide range of stakeholders, including involving local organisations directly in consortiums recognising the invaluable local contextual knowledge and awareness, experience, and trusted relationships they can provide;
- propose interventions that clearly address the lack of land and natural resource tenure and use rights identified as a key driver of biodiversity loss;
- demonstrate a clear understanding of the systemic and underlying causes of biodiversity loss in the landscape;
- propose interventions that nurture alternative livelihoods;
- include a plan for long-term sustainability in their applications for funding; and
- demonstrate effective monitoring, evaluation, and learning throughout their proposals.

The Western Congo Basin programme proposed by ZSL aims to address these barriers by working through a consortium of organisations who have extensive experience working across the landscape and in collaboration with indigenous peoples and local communities. ZSL's bid sets out eight core components to tackle the seven desired outputs listed above, focused on landscape governance, inclusive forest management, health, human-wildlife conflict, protected areas, strengthened livelihoods, international wildlife trade, and generating sustainable revenue streams.

As part of their application, delivery partners were required to produce gender strategies which will establish how they will ensure gender-sensitive programming and a clear focus on the needs of and impacts on women and girls. ZSL will also be provided with a Gender Equity and Social Inclusion Self-Assessment Tool, and related training, to reflect on whether their programme is delivering on its commitments to women and indigenous peoples and local communities. Delivery partners were also required to design and implement projects in a participatory and collaborative manner, including the views of marginalised groups, and monitoring progress through indicators disaggregated by actors such gender, ethnicity and disability, and using 'do-no-harm' principles. Defra has also recently undergone an audit to identify areas where its ODA programmes could be strengthened on gender equality and social inclusion (GESI). Specific recommendations for the BLF include developing a portfolio-level GESI strategy to ensure consistency and coherence, as well as bespoke GESI action plans for each landscape. We also intend to refine the programme logframe throughout the inception period to strengthen GESI indicators and embed this in reporting and learning cycles. We will further strengthen these aspects of the programme and keep this under review to ensure best practice is being followed.

It is recognised that while the BLF can make an important contribution to tackling the priority issues outlined in this strategic case, the need outstrips the funding available. It is therefore important to consider other supporting factors in achieving the desired outcomes. For example, working in partnership with the relevant host governments, generating evidence to support learning and effective programming in the region, leveraging additional sources of funding and working with other, potentially larger, international donors.

Delivery model

As outlined in the BLF portfolio-level business case, the proposed delivery model is a bilateral fund working with a consortium of delivery partners in each landscape, managed by a global Fund Manager.

The detailed analysis of options in the portfolio-level Appraisal Case provides further information on how investing in landscape-level interventions via a new bilateral fund will be the most effective way to meet the proposed outcomes. The overview of delivery mechanism options in the portfolio-level Commercial Case provides further information on how working with a consortium of delivery partners via a Fund Manager provides the most effective option for delivery.

ODA funding will be allocated under Section 1 of the International Development Act 2002, and expenditure will be in accordance with this legislation and all ODA requirements. £87.9m is available for the BLF's interventions globally. This has been proportionally distributed across the six landscapes and has considered the Supplementary Activities Fund (see section 8 of the Management Case) and the potential to use additional funding to complement their core strategy. The latter will be allocated at a later stage.

4) Theory of change

As part of the preferred application, ZSL provided the below Theory of Change (also attached as Annex I – Theory of Change Diagram) to demonstrate how their proposed programme can achieve the BLF's outcomes and impact desired. Annex J – Theory of Change Narrative – sets out constraints to be addressed and the underlying assumptions of the Theory of Change.

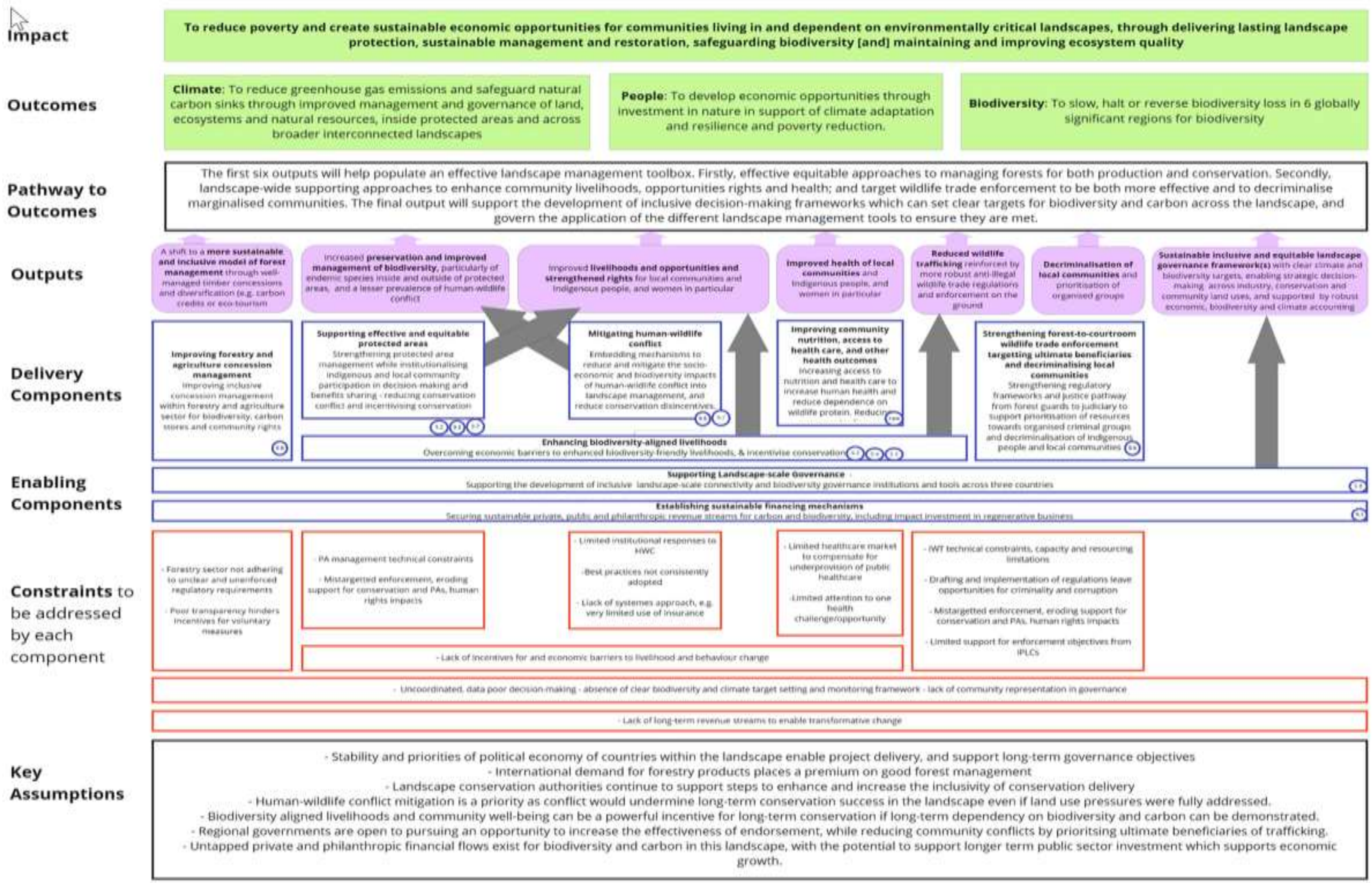


Figure 1: *ZSL WCB Theory of Change*

ECONOMIC CASE

1) Introduction and Economic Rationale for Intervention

Despite ongoing conservation efforts by a range of stakeholders in the Western Congo Basin landscape, the lack of effective coordination of interventions and weak implementation of integrated land use planning (LUP), coupled with conflicting sectoral developments and tenure insecurity, all pose a barrier to the successful achievement of conservation outcomes. Further, the expansion of agro-industry plantations and the development of infrastructure and mining activity threaten critical habitats and endangered species. These also exacerbate human-wildlife conflict which, alongside illegal wildlife trade (IWT), presents a major wildlife threat throughout the Western Congo Basin. Across the Western Congo Basin landscape, poverty, challenges in governance, population movements and limited capacity all contribute to increasing competition and overexploitation that threatens local biodiversity and Indigenous people and local communities' (IPLC) forest-dependent livelihoods. This extensive over-exploitation not only jeopardises social and ecological balances, but also impacts IPLC quality of life, human rights and access to services.

The economic rationale for the proposed intervention is that by supporting the sustainable and equitable management of critical natural assets in the Western Congo Basin, the UK is supporting investment in assets that provide the foundation for long-term sustainable development and poverty reduction in the region. Such investments would benefit local communities who are directly dependent on ecosystems, whilst also delivering wider global benefits through avoided greenhouse gas (GHG) emissions and biodiversity loss. Tropical forests are an important element of the wealth of the region and by tackling the key drivers of deforestation and degradation – unsustainable logging practices and the expansion of palm oil – the BLF should contribute to new models of development that invest in natural capital and share its benefits more equitably.

Due to market failures and missing markets, alongside governance challenges, forests and biodiversity are under increasing pressure from unsustainable forest management and over-harvesting of wildlife. The key drivers are:

- A lack of value attached to the social and environmental benefits that forests and their ecosystems provide due to **missing markets** for environmental goods and services. This disincentivises their protection and conservation. The conversion of forests to other land uses is largely driven by the failure to treat it as an asset and the lack of tangible financial returns to standing forests compared to the high financial returns to economic development activities, particularly palm oil production.
- A prevalence of **negative externalities** associated with economic development. Logging has significant environmental and social costs that are not captured in the market price of timber. As a result, the balance between manufactured capital and natural capital is heavily skewed to favour manufactured capital. The significant costs associated with converting natural capital (such as pollution and loss of biodiversity) are borne by both local communities and future generations. In other words, timber and other extracted goods are overprovided and overused as the market price does not reflect these external social costs.
- Overharvesting of wildlife and over-use of ecosystem services leading to degradation, due to the **open access** nature of natural resources, high levels of poverty and weak incentives to sustainably manage wildlife and its habitat. Even where rules and regulations exist, lack of enforcement by authorities creates a system of perceived open access which attracts harmful economic interests and increasing competition for forest land.
- Market failures are exacerbated by **poorly implemented land use and access rights** for forest land, and insecurity with regard to access and management of natural resources. The importance of addressing land tenure rights in solving the climate crisis was discussed at length at COP27[1].

[1] COP27 shows importance of land in solving climate crisis | UNCCD

Public sector intervention, such as government investment, can help to address these market failures and optimise social welfare by internalising externalities, preventing real or perceived open access, and incentivising resource dependent stakeholders to protect ecosystems.

2) Appraisal

Appraisal design and options overview

At the Outline Business Case (OBC) stage, analysis was carried out in order to identify priority issues that the BLF should aim to address in the Western Congo Basin landscape. These were:

1. Changed market environment for timber threatens biodiversity and also increases poverty, which further compounds the risks to biodiversity.
2. Illegal wildlife trafficking and trade threatens biodiversity.
3. Palm oil expansion threatens the Western Congo Basin forests as timber exports begin to lose profitability.

Based on this, the OBC set out a shortlist of three options for intervention, with each "do-something" option presenting a hypothetical scenario of what the bids could look like:

1. BAU – do nothing
2. Address the priority issues through a focus on conservation measures
3. Address key issues through a focus on conservation measures and also building a coalition for change – **preferred option**

The preferred option was identified as working through a consortium of delivery partners in the landscape to engage in conservation measures to address the priority issues and the underlying drivers to sustain gains in the long term. Therefore, the second option was discounted. Following OBC approval, an open grant competition was held to seek bids that would deliver this preferred option identified.

An extensive evaluation process was undertaken, with bids evaluated by expert panels looking at a range of criteria; please see the Grant Award Report (Annex M) for details on this process. The application from **ZSL** was assessed as the best programme to meet the desired outputs, align with the wider BLF objectives and provide the best value for money.

This Full Business Case (FBC) builds on the OBC and develops an appraisal of ZSL's bid as the preferred option compared to the BAU option. **The second option is not taken forward here as it was rejected at OBC stage due to the reasons mentioned above and is now obsolete as the grant competition has taken place.**

As such, only the do-nothing and the single preferred option of selecting the ZSL bid are now taken forward for appraisal:

1. BAU – do nothing
2. Progress with the ZSL Western Congo Basin proposal – **preferred option**

Option 1: Do nothing/BAU

Under option 1, Defra would not grant the allocated money through the BLF.

The main benefit would be a cost saving to Defra, allowing money to be spent on other priorities.

However, there would be costs to not progressing with the Western Congo Basin programme, which are set out below. It has not been possible to accurately monetise these costs due to a wide range of interlinked uncertainties; for example, around the scale of pressures and change in the landscape, as well as other possible sources of funding working towards similar aims that may arise in the future. These costs are therefore described qualitatively.

Under a 'do nothing' scenario, it is likely that the Western Congo Basin's environment will continue to degrade, its biodiversity will deplete, and threats to IPLCs will remain. The expected doubling of the Congo Basin population by 2030 and an estimated fivefold population growth by 2100[2] will likely speed up the pace of subsistence demands on natural resource and biodiversity loss, for example through increases in small holder plantations and bushmeat demand. The increasing local and global demand for oil palm is likely to increase pressure on Western Congo Basin governments to grant more concessions, resulting in the conversion of more forests. For instance, the government of Cameroon set a target of nearly doubling palm oil production from 250k tons in 2015 to 450k tons by 2029[3], and aims to further double oil-palm production by 2035. Without improvements in technology or farming practices, increasing demand is largely being met through area expansion[4]. This expansion has large environmental implications - 73% of farms in Cameroon have cleared forest to expand oil palm cultivation. Moreover, the trade in wild and endangered species will continue, driven by strong demand for exotic flora and fauna, largely from Asian markets, and the lack of alternative livelihoods for many local communities acting as an enabler for the IWT. Degraded integrity of the Western Congo Basin, one of the world's major remaining expanses of intact tropical forest, will reduce its ability to act as a carbon sink and to regulate rainfall across the region. These factors will combine at local levels to further entrench the region's already widespread poverty and inequality of opportunity for local, and especially Indigenous, people.

Considering the wider funding context, it is not feasible to estimate precisely what will happen in the Western Congo Basin landscape until 2029, due to a wide range of uncertainties in the scale of pressures and trends, as well as possible actions from other actors that may deliver benefits. There has been – and may continue to be – substantial international funding for conservation projects in the Western Congo Basin landscape. One of the most notable was a 30-year long ECOFAC, EU funding (€250m) of which ZSL was funded as an operator, aiming to support Cameroon's government in managing protected areas, as well as engaging with the private sector and local communities to reduce their unsustainable use of forest resources. Other funding includes USAID's long-term initiative, Central Africa Programme for the Environment, which looks to reduce degradation rates and biodiversity loss, and the ARCUS Foundation's Great Apes and Gibbon Programme ($14m awarded in 2021) which aims to achieve conservation and respect for apes. While it is reasonable to assume that other programming would continue in the Western Congo Basin landscape, and even that ZSL may find alternative sources of finance in the future to undertake some of the work planned under the BLF, this is not certain. Moreover, it is clear that the overall needs in the Western Congo Basin vastly outstrip current available funding.

The BLF will complement projects undertaken by other organisations by taking a transboundary landscape approach across the three countries and by providing continuity of funding until 2029. Activities proposed by ZSL are a mix of expansion of current activities, continuation of activities which have reached the end of their funding window, and inception of entirely new activities. Therefore, the delivery partners have been careful to avoid duplication to ensure collective value of all programmes in the region. For example, the proposed BLF programme will build on the concluded ECOFAC programme to extend the successes to a wider range of stakeholders. In addition, the BLF integrates objectives targeting people, nature and climate, rather than focusing on one of these in isolation of the others. The BLF also provides an opportunity to align with, amplify and learn from other HMG programmes in the region, including the FCDO Forest Governance, Markets and Climate Programme (FGMC) and Defra investments in the Illegal Wildlife Trade Challenge Fund

[2] United Nations, Department of Economic and Social Affairs, Population Division "World Population to 2300"
[3] Hoyle and Levang, 2012 https://www.sciencedirect.com/science/article/pii/S0959378017309676?via%3Dihub#bib0165
[4] FAO, 2016 https://www.sciencedirect.com/science/article/pii/S0959378017309676?via%3Dihub#bib0110

programmes, some of which have been implemented by ZSL including the recent project targeting African grey parrot trafficking.

Finally, if the UK opted not to continue with this investment it might impact on diplomatic relations with the three host governments, Cameroon, the Republic of Congo and Gabon, who have already indicated their support and been extensively engaged. Defra has engaged with all host governments and several visits have been conducted by officials in the landscapes, expressing our intended support for the programme. This generates a significant reputational risk. Most critically, however, not investing would mean we would not meet the landscape level outputs identified above, nor contribute to the significant international commitments and HMG strategies relating to biodiversity, climate and people.

This option is therefore discounted.

Option 2: Progress with ZSL Western Congo Basin proposal

Following the open grant competition and expert evaluation, this option would see ZSL awarded the funding and Defra progressing with the proposed programme for the Western Congo Basin landscape until 2029.

ZSL and its delivery partners have put together a programme with the vision of achieving large-scale and locally equitable landscape protection and recovery that integrates human health and wellbeing with animal and ecosystem health through nature-based solutions to the biodiversity and climate crises. The components will operate across the whole Western Congo Basin landscape, but certain components and downstream partners have specific geographic focus dependent on their strengths.

The programme will work through a mixed consortium of non-profit organisations, NGOs, charities and private companies offering technical expertise and considerable in-country experience, led by ZSL, who will be responsible for the overall delivery of the programme. The consortium brings together global expertise in gender, livelihoods, health, sustainable land management, PA management, IWT and climate. The consortium will also work in close collaboration with Indigenous people and local communities (IPLCs) to ensure activities respond to locally identified needs.

The proposed programme encompasses eight components to achieve its overall aim of reducing poverty and creating sustainable economic opportunities for communities living in and dependent on environmentally critical landscapes. Alongside these 8 components, ZSL have identified three ‘cross cutting’ themes which are ‘woven’ through all eight components. These are protecting IPLC rights, facilitating gender equality and One Health.

***Table 1**: Component details*

Component	Description
Component 1 – Landscape Governance	This component will work to establish and strengthen governance structures, integrated strategies, policies and regulatory frameworks for sustainable forest management, conservation, land-use planning, and natural resource management. It will support the building of institutional, private sector and civil society capacity. Activities will include: 1- Establishing rules and processes to strengthen landscape governance structures and coordinate decision making across sectors, levels and actors. 2- Revising the integrated landscape strategy developed in 2019 by WWF through a participatory process.
Component 2 – Inclusive Forest Management	This component will address the increased threats of deforestation and forest degradation across the landscape. Specifically, it will address three cross-cutting threats: 1) limited transparency in forest and land use management, 2) forest crime and 3) weak application of rights and benefits of IPLCs and women. Activities will include: 1- Establishing responsible agricultural production and zero deforestation practices by commercial concession and smallholder farmers. 2- Developing and strengthening traceability and legality assurance for Community Forests to support access to markets.
Component 3 – Health	This component will support health goals for vulnerable communities, focused on women and girls, whose access to healthcare is particularly challenged. The component will build capacity for health centres and deliver an innovative research theme to mitigate the transmission of zoonotic disease. Activities will include: 1- Increasing knowledge and awareness for key maternal, infant and child health issues e.g., through training sessions to local healthcare providers and promoting uptake of services. 2- Using One Health knowledge to design disease resilient landscapes which separates humans from high-risk contact.
Component 4 – Human-Wildlife Conflict	This component aims to reduce the likelihood and impact of human-wildlife conflict (HWC) through detailed assessment of conflict and the application of best-practice approaches tailored for the context and an advisory service to provide government authorities with access to specialist advice. Activities will include: 1- Identifying (mapping and characterising) HWC ‘hotspots’ by species through analysing reports as well as targeted fieldwork. 2- Assess and pilot the feasibility of landscape-level insurance against HWC through collaboration with IPLCs and insurance companies/brokers.

Component 5 – Protected Area Management	This component will challenge the barriers to successful protected area management, most notably the lack of a long-term sustainability strategy backed by social and political support across the landscape, weak community engagement, enterprise and development, limited ecological integrity. Activities will include: 1- Developing multi-stakeholder platforms and communication mechanisms to allow communities to embrace and shape PA developments in their region. 2- Infrastructure investments guided by infrastructure development plans and fleet management plans.
Component 6 – Strengthened Livelihoods	This component will improve the livelihoods of IPLCs with a specific focus on women while strengthening climate resilience and supporting biodiversity conservation through climate smart agriculture, increased financial inclusion and strengthened community involvement in forest protection. Activities will include: 1- Promoting agricultural and non-timber forest products (NTFPs) as well as gender sensitive and climate resilient value chains through analysis and skill development. 2- Promoting the financial inclusion for IPLCs, particularly women, to pursue livelihood opportunities, e.g., through developing basic business skills, numeracy and literacy.
Component 7 - Illegal Wildlife Trade	This component will reduce wildlife trafficking by enhancing anti-IWT regulations and enforcement across the landscape, working with IPLCs to ensure a do no-harm approach, and with law enforcement and regulatory bodies to ensure that IPLC rights are protected and not undermined by increasingly effective anti-illegal trafficking measures. Activities will include: 1- Community-based interventions to complement formal law enforcement efforts by ensuring local people are incentivised to protect wildlife. 2- Identifying and addressing gaps in legislation and regulations pertaining to IWT through engagement with legal experts.
Component 8 – Sustainable Revenue Streams	This component will contribute to sustainable financing of conservation activities. It will work intensively with 'pioneer projects' and provide technical and financial support to demonstrate proven models adapted from elsewhere. It will focus on three economic sectors: forest-positive commodities, natural carbon projects, and philanthropy. Activities will include: 1- Working with local sustainable agricultural development organisations to develop a new, nature positive supply chain intermediary. 2- Demonstrating the feasibility of and designing IPLC-led aggregated carbon projects.

The flexible and adaptive nature of the programme means that ZSL will test their approaches, scaling up and replicating those that prove successful to increase the programme's overall effectiveness, and conversely stopping those activities that do not work.

Defra have made '**secondary funding'** available for the Western Congo Basin landscape, of which ZSL has bid to scale up these components and reach a greater number of key actors and beneficiaries across the landscape. We will take a decision on this once the programme is operational, based on programme-generated evidence of needs and effectiveness.

To prevent the secondary funding becoming treated as an 'add on', ZSL has integrated it into the component level design and proposes to use this funding to scale seven of the eight components, either in a component's scope to include additional activities or in an activities' geographical reach, volume or duration. This includes:

- Component 1: Supporting the development and enforcement of policy and regulatory frameworks that support sustainable forest management and biodiversity conservation as well as supporting the identification, mapping, legal recognition and sustainable management of Indigenous and Community Conserved Areas (ICCA) and community forests to improve functional connectivity of PAs.
- Component 2: Delivering a support programme for members of the ATIBT (International Tropical Timber Technical Association) and strategic engagement with Chinese companies towards inclusiveness, certification and respect of social and environmental norms and standards as well as organising the Western Congo Basin biodiverse landscape governance and multi-stakeholder forums.
- Component 5: Developing socio-economic opportunities through education, market access and alternative livelihoods as well as undertaking scientifically based ecological management and natural resource development.
- Component 7: Preventing illegal wildlife and timber entering trade through better protection of key source sites as well as supporting the judiciary build and prosecute cases against organised criminal gangs and middlemen.

Methodology and Assumptions

Given the inherent difficulty of quantifying and subsequently monetising biodiversity-related benefits and the uncertainty surrounding the inputs to this appraisal, high additionality, leakage, and optimism bias assumptions are used to be conservative, and sensitivity analysis has been deployed throughout.

The net present value and benefit to cost ratio are estimated below using the following assumptions:

***Table 2**: Details of appraisal assumptions*

Appraisal assumption	
Prices	FY 2021/22, GBP prices
Additionality	0.5[5]
Leakage	0.75[6]
Optimism Bias	0.5[7]

[5] Conservative parameters consistent with OBC assumptions.
[6] Conservative parameters consistent with OBC assumptions.
[7] 50% optimism bias was assumed at OBC stage and although we now have improved clarity of the interventions and expected outputs, remaining uncertainties have meant large assumptions have still been made to facilitate monetisation. For this reason, it has been decided that 0.5 will also be used at FBC stage to provide a conservative estimate.

Discount rate	3.5% in line with HMT Greenbook and 10% for foreign benefits
Appraisal period	7 years
Active Programme Period	7 years

Analysis and Results

Detailed analysis has been carried out to appraise option 2 compared to the BAU option 1. The monetised elements and BCR should be treated as partial and as an indicative tool only. The quantified and unquantified elements should be considered with equal weight alongside the numerical analysis.

Summary of Results:

Table 3: *Summary of central scenario results excluding secondary funding, discounted, 2021/2022 prices*

Discounted central scenario	
Total Costs	£11.8m
Ecosystem Services Value	*£18.1m*
Total benefits	£18.1m
Net present value (NPV)	**6.3m**
Benefit cost ratio (BCR)	1.5

Overall, the central scenario, which excludes the cost of the secondary funding, suggests that **the preferred option of funding ZSL's proposed programme would have a NPV of £6.3m and a BCR of 1.5**. In other words, based on this relatively high-level analysis, it is estimated that the benefits will be at least 1.5 times higher than the costs, providing good value for money according to Green Book guidance.

As set out above, during implementation we will decide how best to spend the secondary funding across all landscapes. Assuming that secondary funding is spent on the Western Congo Basin landscape, and that this is split evenly over the 7 years of programme work, this will add to the total cost line (deflated and discounted). The monetised benefits in this appraisal case are based solely on the primary funding bid but are expected to *increase* as the secondary funding is deployed. The table below shows the NPV and BCR with the full secondary funding included in the cost line. This demonstrates that even in a scenario where no additional monetised benefits are captured, the proposal continues to offer good value for money with a BCR of 1.3.

Table 4*: Summary of central scenario results including Secondary Funding, discounted, 2021/22 prices*

Discounted central scenario with Secondary Funding	
Total Costs	£13.9m
Ecosystem Services Value	£18.1m
Total benefits	£18.1m
Net present value (NPV)	**4.1m**
Benefit cost ratio (BCR)	1.3

However, these results only consider the benefit of the ecosystem services and therefore should be considered alongside the reinforcing quantitative and qualitative benefits below to capture the full value for money implications of option 2. Further, due to the assumptions necessary to monetise these benefits, the results from the sensitivity analysis (Table 6) are equally as important to consider as a range around the central scenario. These results suggest **a low scenario BCR of 1.0 and a high scenario BCR of 1.6** taking the secondary funding into account to be conservative, which indicates that alongside the several non-monetised benefits and additional benefits from the secondary funding, this programme has **good value for money potential.**

Costs

From the total BLF budget of £100m, **Defra will provide up to £12.3m** to ZSL in the Western Congo Basin Landscape as primary funding and may provide further in secondary funding. Alongside this, ZSL will **leverage at least a further £2.5m** in additional funding for the programme. This brings the total societal cost of option 2 to £14.8m plus secondary funding. As the benefits analysis includes all activities funded by the total programme budget, the additional leveraged funding is considered as a wider societal cost and included in the BCR calculation. Figures in Table 5 displaying the cost breakdown are undiscounted and nominal, in line with ZSL's budget template. This budget will be allocated based on the delivery partner's proposal, and scrutiny of the budget template formed a key part of the bid evaluation. This is subject to change throughout the inception period and programme lifetime. The indicative budget template suggests that spend on components 3 and 7 will be the largest and spend on component 6 will be the lowest, with roughly similar spend across the other components. Further detail can be found in the Financial Case.

Table 5: Cost breakdown, undiscounted, nominal and inclusive of the secondary funding

Cost category	Option 2 cost, undiscounted (£m)
Programme delivery	£11.9m
Monitoring, evaluation & learning activities	£1.1m
Administration	£1.8m
Total funding	£14.8m
Of which…	
Defra funding	*£15.1m*
Leveraged funding	*£2.5m*

No optimism bias has been applied to the costs as the current cost to Defra is fixed to the funding amount identified above. When deflated and discounted over the 7-year project period using a discount rate of 3.5% in line with HMT Greenbook, the total costs are £13.9m.

Benefits[8]

[8] Please see Benefits Realisation Plan for further information on how we expect these identified benefits to be realised.

The overarching impact of this programme is to reduce poverty and create sustainable economic opportunities for communities through the delivery of lasting landscape protection, sustainable management and restoration, safeguarding biodiversity, and maintaining and improving ecosystem quality. The programme will contribute to this impact by taking an integrated focus on people, nature and climate, recognising that benefitting one at the expense of the others is inherently unsustainable. The eight components are expected to realise several benefits which feed into one or more of the three targeted outcomes (people, nature and climate). The benefits relate to the full budget, inclusive of both the Defra primary funding and the leveraged funding. The benefits set out here are additional, in comparison to the BAU baseline.

The secondary funding would expand and scale up the existing components. Decisions on the secondary funding will be taken based on evidence generated by the project once it is operational. Secondary funding would build on the benefits set out below causing potential underestimation. This **potential underestimation of benefits** is compounded by the 7-year appraisal period not capturing the benefits which are expected to persist past the active programming years. All quantification and benefits outlined below were calculated by ZSL and extracted from their bid. Acknowledging the risks around this we have conducted sensitivities and applied significant adjustments within the cost benefit analysis.

Monetised benefits

Ecosystem services:

The ZSL programme aims to reduce overall deforestation rate in the Western Congo Basin by 30%. This is based on the assumptions that there will be no deforestation inside PAs, a 50% decline in the rate of deforestation in connecting forests and an indicative current deforestation rate of 0.35%. ZSL estimate that this equates to **83,000 hectares** of avoided deforestation over the project lifetime. During the inception phase, ZSL will work to identify and refine these rates and the estimated deforestation avoided.

Although ZSL intends to monitor the greenhouse gas emissions saved by this deforestation avoided, an estimate is not available at this stage. Therefore, for the purpose of this analysis we have used an estimate of the per hectare value of the ecosystem services provided by the standing forest, which does include an estimate of the value of carbon storage. The per hectare value of ecosystem services used is £1,329, based on the average global value per hectare for open tropical forest (EVSO 2020) converted to 2021 GBP. This value is consistent with the Outline Business Case analysis and is used as specific valuations do not exist for the target areas within the Western Congo Basin landscape. Given that this is an indicative figure only and further baseline assessment will need to be carried out during project inception to assess forest cover and carbon sequestration potential and finalise targets, a 25% range above and below the central estimate was conducted as a sensitivity to account for the potential that the true benefit could be above or below this estimate. Further, as a profile has not been provided, we have assumed an equal split of reductions per year of the appraisal period. Based on these assumptions and discounting using a 3.5% discount rate, the **central scenario is valued at £18.1m over the appraisal period**. This links to a key International Climate Finance (ICF) indicator (KPI 8) of deforestation avoided as a result of the intervention.

Quantified benefits

The above result is a partial BCR, as it does not include the benefits to which it has not been possible to assign a monetary value (either due to absence of a method or absence of information in the bid). However, there are other benefits that are quantifiable even though they are not readily monetisable[9]. As throughout, it is crucial to flag the inextricable interlinking of the three outcomes and therefore how a single component/benefit can easily contribute to more than one outcome.

1- In addition to the benefits above, numerous local people are also expected to benefit directly from the programme through improved livelihoods and/or strengthened rights.
    a. ZSL target **50% of the villages inside 6 key Protected Areas peripheral/buffer zones, equating to a minimum of 250,000 people,** will see improved land or natural resource management. This same population will also benefit from improved income or other indirect benefits as a result of local businesses which are linked to sustainable management of natural resources.
    b. Further, **10,000 households are targeted to benefit from improved wellbeing** from the new/improved livelihoods.
    c. There will be **improvements in the governance and equity of 16 protected areas**, with at least 90% (10) are targeted to achieve at least 'good' Site-Level Assessment of Governance and Equity (SAGE) scores.
2- **500,000 hectares of forest inside PAs and 100,00 hectares of intact forest** outside PAs will receive improved sustainable land management practices (ICF KPI 17).
3- Largely driven by the activities under components 1 and 2, ZSL aim to achieve a shift to more sustainable and inclusive models of forest management through well-managed timber concessions and diversification (e.g., carbon credits and ecotourism). Within this ZSL target the following benefits:
    a. At least **90% of the concessions (119)** will effectively manage at least 5% of their area as conservation set asides.
    b. There will be an improvement in the governance and equity of concessions with respect to IPLCs, with at least **20% of concessions (26) achieving at least 'good'** Site-Level Assessment of Governance and Equity (SAGE) scores.
    c. Improved diversification of non-extractive revenue sources in concessions, with at least **15% of concessions (20)** generating at least 5% of their revenue from diversified non-extractive sources such as carbon credits.
4- Largely driven by components 4 and 5, the programme aims to increase the preservation and improve the management of biodiversity, particularly of endemic species, as well as support lesser prevalence of human-wildlife conflict. In achieving this, the following is targeted:
    a. **11 protected areas will see improved management effectiveness** and at least 50% (6) will achieve 'good' (or above) IUCN METT scores.
    b. At least **75% of households across all the 11 protected areas** buffer zones will be covered by the implementation of buffer zone frameworks with provisions for one or more of the following: community roles in decision-making, equitable cost-benefit sharing and buffer zone natural resource management agreements.
    c. A minimum **35% decrease in the rate of human-wildlife conflict** across the buffer zones of at least 6 protected areas and peripheral zones of at least 6 concessions.
5- Under the health component focused on local communities and Indigenous people, in particular women, **7000 households** will benefit from improved access to healthcare and domestic animal veterinary care. There is also a targeted 10% decline in the proportion of households consuming wildlife at least once a year across the buffer zones of at least 6 protected areas. This is driven by the activities in component 3.
6- Finally, the programme will support the strengthening of forest-to-courtroom wildlife trade enforcement, including the decriminalisation of local communities. Within this, the activities under component 7 aim to change the perceived people-park conflict, with the majority of the households surrounding at least 6 PAs perceiving no conflict with PAs and conservation efforts. A **50% shift in resource away from community-level enforcement** and

[9] All quantified figures have been extracted from the targets identified in ZSL's bid.

towards ultimate beneficiaries of IWT (such as traffickers) is targeted. Moreover, the proportion of arrests and seizures of IPLC members will become aligned with international norms and standards.

Unquantified benefits

There are several other benefits from the proposed programme which cannot be monetised nor quantified at this stage either because further baselining needs to be carried out to set quantitative targets, or because they will be qualitatively reported on throughout. However, they are equally as important to consider since they further strengthen the value for money of the programme.

IPLCs and Gender Rights:

1- Local culture has historically stressed the role of women in the household taking on unpaid labour and men typically dominating jobs within traditional councils, law enforcement bodies and political systems. The programme recognises these constraints to women and has designed interventions that will address them through a comprehensive gender equality strategy which spans across all components:
    a. Understanding the gender context through knowledge building activities and baseline assessments using Gender, Equality and Social Inclusion (GESI) Self-Assessment Tool and consortium expertise.
    b. Mainstreaming and integrating gender equality principles throughout all interventions and all stages of programming using various tools such as consultations and participatory mapping.
    c. Ensuring the delivery team fully understand the gender context and good practice regarding addressing gender inequality through a bespoke training programme designed by ZSL.
    d. Measuring programmatic effect in terms of gender equality compared to the baseline by ensuring disaggregation of data.
    e. Learning, reporting and adapting, allowing women to raise concerns and suggest improvements.

2- At all stages and across all components, the consortium is committed to working in partnership with IPLCs to respect their autonomy and the integrity of their rights, recognising that effective conservation will reflect the interests, knowledge and values of the people it affects given their critical role in protecting biodiversity. All work that may involve IPLCs will be carried out with the Free, Prior and Informed Consent (FPIC) of IPLCs which has already been initiated through stakeholder consultations and will continue throughout implementation, prompting adaptions where necessary. This will ensure IPLC participation in the governance, oversight and management of the programme.

Conservation of species:

As an international biodiversity hotspot, the Western Congo Basin region is an important source of genetic variation. The loss of this biodiversity would reduce the productivity of the ecosystems and their services on which so many depend, both locally and globally.

Given the BLF's key outcome of nature (slowing, halting or reversing biodiversity loss), the proposed programme sets a target of **globally threatened target species being kept at the same presence level** from the start of the programme. Further, the **occupancy of indicator species will be stable or increasing**, this includes elephants, great apes, large carnivores and forest antelopes. The overall risk of ecosystem collapse is targeted to be stable or decreasing. All output-focused components are, arguably, instrumental in realising this benefit by contributing towards protecting nature, either directly through improving land management, increasing protected areas effectiveness and targeting IWT and HWC, or indirectly through changing incentives for activities which lead to the harming of nature. Endemic and endangered species are therefore considered as direct beneficiaries.

Contributing towards this, the activities in component 5 target several benefits related to reducing wildlife trafficking which will be reinforced by more robust anti-illegal wildlife trade regulations and enforcement on the ground. These benefits include at least 50% of households perceiving no benefit from or dependency on illegal hunting across the buffer zones of 6 PAs; a 25% decline in effort-weighted arrests and seizes across at least 3 PAs and strengthened anti-illegal wildlife trade regulation and judicial enforcement.

Landscape Governance:
A key benefit of this programme is creating an enabling environment in which change of this nature and scale can be realised. ZSL aim to create a sustainable inclusive and equitable landscape governance framework(s) with clear climate and biodiversity targets, enabling strategic decision-making across industry, conservation and community land uses. Benefits include increasing the status and effectiveness of landscape governance bodies to empower them to play an effective long-term role. Finally, they will develop a robust economic, biodiversity and climate accounting framework to provide evidence that can inform landscape-scale decision-making.

Secondary funding benefits

The Western Congo Basin Landscape is complex and ZSL have designed a programme appropriate to support this. However, the secondary funding would allow for the scaling of activities across the first seven of the eight components as described above. This would generate additional results and benefits and ZSL believe that the incorporation of the secondary funding design within the principal components will allow for the maximisation of programme value. Their bid for this secondary funding has been carefully evaluated as part of the BLF delivery partner competition and a summary and examples of how this funding would be used has been provided above.

This would enable many of the benefits described above to be increased, such as improved livelihoods, further effectiveness of PA management, reductions in illegal economic activities and ultimately additional decreases in GHG emissions. Even though the exact scale of additional benefits is undefined at this point, they will largely be an expansion on those set out in detail above, rather than different in type. As demonstrated in the analysis results, even if no additional monetisable benefits were generated, the programme would still have a good BCR with the full additional secondary funding cost included.

Conclusion

Overall, given the high central BCR of 1.5, which is further strengthened by both the numerous quantitative and qualitative benefits, **we conclude that the 'do-something' option of funding ZSL's proposed programme is the preferred option over the BAU.**

Sensitivity Analysis

Table 6*: Sensitivity Analysis Results including Secondary Funding*

	Low Scenario	Central Scenario	High Scenario
£m			
Total Costs	£13.9m	£13.9m	£13.9m
Ecosystem Services Value	£13.5m	£18.1m	£22.6m
Total benefits	£13.5m	£18.1m	£22.6m
Net Present Value (NPV)	-0.4m	4.1m	8.6m
BCR	1.0	1.3	1.6

Sensitivity analysis establishes a range for the benefits and in turn the NPV and BCR. For ecosystem services value, a sensitivity was run to present a **range of 25% above and below the central scenario**. This resulted in a range of £13.5-22.6m for this benefit.

Following this, the NPV range is -£0.4m - £8.6m and the BCR is 1.0-1.6. This includes the full secondary funding cost in order to provide a conservative estimate. Although under the lower scenario, the NPV turns slightly negative, this is a conservative estimate on several fronts[10]. It is also important to reiterate that this excludes the numerous other benefits discussed in the quantitative and qualitative section above which further re-enforces our belief that this programme will offer good value for money.

Risk Assessment

Throughout our analysis we have encountered evidence and information gaps, mainly stemming from the lack of clarity on specific targets and necessary parameters. We have needed to make assumptions to fill evidence gaps, which could lead to over or underestimates. To account for this, we have resorted to less monetisation and employed sensitivity analysis, optimism bias, additionality and leakage adjustments.

The table below details some of the potential risks in both our analysis and to realising the benefits presented within the appraisal section.

Table 7*: Risk Assessment*

Risk	Impact
Inflation and exchange rate fluctuations	There is a risk that this could lead to losses, partial delivery failure and therefore prevention of full benefit realisation. *Mitigation: Real prices have been used in the value for money analysis to account for inflation and VfM remains high. The BCR remains strong in the low scenario of the sensitivities, which suggests that even where full expected benefits are not realised, for example due to exchange rate fluctuations, VfM remains.* *We will continue to monitor these fluctuations and strive for efficiencies across the programme to maximise benefits from spend.*
Ecosystem Services	The assumed reduction in deforestation is based on the figures provided by ZSL in its bid. *Mitigation: To address the risk that the actual benefit falls above or below the provided estimate of 83,000 Ha*

[10] We have included the secondary funding in the costs without including its benefits which cannot be estimated at this stage; the income increase of 10% is a minimum target for Practical Action and the baseline income assumed is a conservative one based on minimum wage in Ecuador; it only monetises two of the numerous benefits targeted; alongside the sensitivity itself we have included large optimism bias, additionally and leakage adjustments to help counter uncertainty and finally we have not appraised expected benefits past the end of the project (i.e. the appraisal period is set at 7 years) due to uncertainties and to be conservative.

	deforestation avoided, a sensitivity of 25% above and below the central estimate has been conducted.
Quantification	The figures used for quantification and monetisation have been directly extracted from ZSL's bid, rather than our own estimates. This creates a risk of inflated benefits. *Mitigation: The competition bid has gone through an extensive evaluation process from experts, and Defra analysts have interrogated these figures and asked for back-workings where appropriate. Very conservative leakage, additionality and optimism bias assumptions have been used (see Table 2), which vastly reduce the original figures provided for the purpose of appraisal. Conservative sensitivity analysis has also been applied on top of this.* *During the inception period of the programme, ZSL will work with the BLF's Independent Evaluator to further interrogate and agree the methodologies for targets and baselines. This will also be kept under regular review via learning cycles every four months, and the Independent Evaluator will update Value for Money assessments on an annual basis.*
Individual countries' political, economic and cultural factors	Interventions may encounter difficulties in delivering outputs due to conflict/opposition or other contextual factors. This could delay or even prevent benefits from interventions being realised. *Mitigation: The LDP's (ZSL) and other consortium members' experience and deep understanding of the landscape and its political nuances decreases this risk. Partner governments will participate in the Advisory Committee, Technical Board and landscape Steering Committee which will oversee delivery. Defra will work closely with FCDO posts in and across the landscape and have employed a locally-based landscape coordinator. The low scenario sensitivity indicates how VfM may change if lower benefits are realised, for example due to challenging operating environments, the BCR remains good when considering the wider non-monetisable benefits.*
Leveraged Funding	There is a risk that ZSL may not secure the full leveraged funding targeted in their bid. Whilst Defra will not incur a financial cost from this as it is not liable to fill this budget gap, this shortfall may lead to certain activities not happening and full expected benefits not being realised. *Mitigation: Defra will support this leveraged finance workstream by looking for opportunities to join the BLF up with*

	other Defra teams leading on nature finance, including exploring opportunities around biodiversity credits and nature positive agricultural supply chains, and with the FCDO's International Forests Unit. There will be a formal checkpoint mid-way through the programme to check how much additional funding has been secured, and the FM will work with the LDP on how the LDP will secure the outstanding amount. Further, on top of the already conservative central scenario, we have conducted a 25% sensitivity with the BCR only dropping slightly below 1.0 in the low scenario. The leveraged funding represents roughly 15% of the full costs so, assuming a linear relationship between costs and benefits, even where full leveraged funding is not realised the programme still offers good VfM potential, especially when considering the qualitative benefits.

Value for Money Appraisal

Value for money will be considered throughout the life cycle of the programme, with rigorous contracting processes, regular formal assessment through annual reviews, and both landscape and programme level monitoring and evaluation. The information against the "4 Es" below is based on ZSL's bid which provided details on how they will ensure value for money. ZSL has been working in the region for over 15 years, running cost-effective projects. Based on this experience, the project scope will be a realistic and effective achievement of outcomes from the outputs. Its careful design draws on a wider range of experiences, enhancing efficiency.

Economy

ZSL will take proactive steps to reduce the cost of inputs across the consortium to ensure that the maximum amount of BLF funding is directed towards activity delivery. This will be achieved through benchmarking rates across the sector, ensuring the market value for the expertise they provide. ZSL also employs a range of mechanisms to keep project costs carefully controlled. Examples of these mechanisms include use of economy class flights, support to team members in finding cost-effective accommodation, insistence on the use of cost- effective communication tools such as Skype and WhatsApp.

ZSL has proposed administrative costs at around 15% of the total programme budget, with around 11% being strictly indirect overheads (which excludes certain office, equipment and audit costs). Prior to contract signature, Defra will analyse ZSL's project budgets to ensure that all line items are justified and reasonable, and with the aim of finding costs savings and efficiencies. Further assurance on the robustness of ZSL's financial systems and controls will also be provided by a detailed delivery partner review (due diligence) being conducted on ZSL by PWC on Defra's behalf. This will confirm whether ZSL has strong budget management procedures to ensure funds are well managed; that their procurement systems ensure competitive prices for equipment and services bought; and that they have HR policies that ensure hiring of qualified project staff and consultants at appropriate rates that are benchmarked to local markets.

Where procurement of equipment or services is required, ZSL will deliver a competitive tender process in line with their Procurement Policy, soliciting multiple quotations to ensure that they are purchasing on behalf of the BLF at a competitive market rate. Where possible they will seek to procure goods and services in the country, avoiding unnecessary shipping and customs charges. Team costs are kept to a minimum by ensuring that their team is appropriately sized to deliver BLF requirements and minimising the inputs of international personnel and UK-based personnel where local capabilities exist, thereby reducing both daily unit costs and costs associated with platforming international personnel. The consortium will also use their own systems, equipment, and infrastructure in the UK and the Western Congo Basin wherever possible.

Efficiency

In order to maximise the impact of BLF funding across the landscape, opportunities for cross-component work and multi-purpose activities and events must be identified and exploited to the fullest extent, where appropriate. Moreover, the project builds on established relationships with key partners and working in partnership with local government, efficiently translating inputs into outputs, keeping administrative costs low and offering VfM. The capacity of existing institutions will be built where possible, to reduce start-up costs and increase long-term sustainability. Community institutions will be developed, enabling the effective and equitable delivery of activities, reaching beyond the project and further enhancing VfM.

ZSL and their partners do not rely completely on external staff to run their projects. The nominated team comprises multiple inhouse technical experts, thereby offering VfM. Additionally, the project will use successful livelihood strategies that have been trialled locally by partners and ZSL, reducing the cost and risks of testing unproven strategies, and enabling lessons learnt to be transferred to the project, increasing the likelihood of success and therefore VfM. Consortium partners will leverage additional funding to increase and expand the scale and reach of the BLF-funded work. This includes partners' own fundraising as well as support to implementation partners to diversify their own funding, including development of conservation finance projects capable of attracting investment from the major impact investment and philanthropic funds. As noted above, Defra will support this leveraged finance workstream by looking for opportunities to join up the BLF with other HMG teams leading initiatives on nature finance.

Effectiveness

ZSL note that whilst they do not have direct control over the achievement of project outcomes, they recognise that the way in which they deliver the programme will play a crucial part. They will employ a holistic and proactive approach to risk management which enables them to identify and treat risks before they become live issues which might undermine programming, thereby reducing wastage. They have also carefully designed components which support the achievement of outputs, ensuring that causal links are clearly identified and understood by their team. This has formed the basis for component and activity design and will be continuously tested to ensure they are spending money on the right activities in the right places. They will also adopt a proven adaptive programme management approach which will allow them to apply learning to adapt programming approaches, as well as activity design, scheduling and scale, in order to maximise impact and value.

Equity

ZSL are committed to ensuring that the positive results that they deliver through activities are targeted at the poorest and most vulnerable members of society in the Western Congo Basin. To achieve this, they have mainstreamed the protection of IPLC rights and gender equality across all eight components, with every component including activities which either directly or indirectly protect IPLC rights and promote gender equality. They are also committed to monitoring and evaluating the impact they have on both aspects, and to reporting results in this area to the Fund Manager.

COMMERCIAL CASE

1) Commercial Approach

This section describes Defra's approach for the appointment and management of:

- Contractors: entities in receipt of commercial contracts to support the delivery of aid intervention in the Western Congo Basin landscape; and
- Delivery Partners: recipients of UK ODA funding to deliver aid interventions in the Western Congo Basin landscape.

Sections 2 and 3 below respectively set out the activity of the Contractors (Fund Manager and Independent Evaluator) and Delivery Partners (grant recipient).

2) Commercial Contractor Requirements

In October 2021, Defra launched two commercial exercises to appoint two contractors to support the delivery of the Biodiverse Landscapes Fund (BLF) programme:

- Appointment of a Fund Manager was conducted via an open procedure. The Fund Manager is responsible for:
  - Administration of the BLF.
  - Conducting the grant competitions, with Defra oversight, to select a Lead Delivery Partner for the Western Congo Basin landscape.
  - Management of the Lead Delivery Partners, both performance and payment, to ensure Defra's objectives are met.
  - Undertaking monitoring and learning activities.
  - Delivering Supplementary Activities and Secondary Funding to secure and deliver any additional activities or interventions that may be required over the course of the programme.
  - Advising Defra on the progress, success or challenges faced across the landscape and by the Lead Delivery Partner to aid the BLF's adaptative programming model.
  - Working with the Defra-appointed Independent Evaluator to monitor, evaluate and learn from the BLF.

Following this exercise, PricewaterhouseCoopers LLP (PwC) was appointed as the Fund Manager in January 2022 and a resultant contract entered into on 5 April 2022 for an initial period of nine years, with an option for extension by a period or periods of 36-months.

- Appointment of an Independent Evaluator was carried out via FCDO's Global Evaluation Framework Agreement. The Independent Evaluator is responsible for carrying out evaluation activity across the BLF programme. In addition, the Independent Evaluator will propose 'adaptive programming' recommendations, i.e., how the interventions could best be amended / extended / reduced / cut, in light of their performance and evolving circumstances across the landscape.

Following this exercise, Oxford Policy Management Ltd (OPM) was appointed as the Independent Evaluator in May 2022 for an initial period of nine years with an option for extension by a period or periods totalling 36 months.

Pre-Market Engagement

As outlined in section 1 Defra engaged with the market to assess cost and deliverability of the proposed requirements. Defra engaged with potential Fund Manager and Independent Evaluator contractors separately due to the discrete nature of the requirements. Aligning to the planned routes to market, Defra:

- called for open market engagement for the Fund Manager, Provision of a Fund Manager for the Biodiverse Landscapes Fund – Find a Tender (find-tender.service.gov.uk); and engaged with suppliers under the established Global Evaluation Framework Agreement for the Independent Evaluator.

The results of market engagement:

- informed Defra's VfM assessment (as outlined in section 4 below);
- confirmed and refined Defra's specification;
- confirmed that the market is capable of meeting Defra's proposed specification; and
- confirmed a sufficient level of competition and interest from the market:
    - ~10-20 bids were expected for the Fund Manager opportunity; and
    - 4 out of 12 framework suppliers confirmed an interest in tendering for the Independent Evaluator opportunity.

3) Delivery Partners Requirement

Defra sought to appoint a single Lead Delivery Partner for the Western Congo Basin landscape, via a competitive grant procedure, who will in turn manage a consortium of downstream Delivery Partners to deliver the aid interventions. This approach was agreed (as set out in the BLF Programme Business Case, approved by the ODA Board on 4th March 2021, the Investment Committee on 19th March 2021, and the Chief Secretary to the Treasury on 2nd June 2021) in recognition of the range and complexity of interventions required.

A consortium model with a single Lead Delivery Partner follows established practice and creates:

- A single point of contact for management of the intervention; and
- Clear and effective leadership of the consortium.

Following the competitive grant procedure for the Western Congo Basin landscape, the preferred Lead Delivery Partner is ZSL. See Annex M – Grant Award Report for further details.

ZSL will remain as the preferred Lead Delivery Partner until such a time that due diligence is completed. Due to the complexity of ODA programmes, due diligence typically takes 8-12 weeks to complete. PWC are undertaking due diligence on behalf of Defra, and we expect this to be completed by July 2023.

4) Funded Activities

A Political, Economy & Technical Analysis (PETA) was conducted by a specialist contractor, DAI Global UK, to:

- Analyse the underlying political, economic & technical factors in play in each landscape. This described what barriers need to be overcome to achieve success;
- Recommend interventions to achieve the BLF policy objectives. i.e. what actions should be taken to achieve the results described above.

The PETA analysis supported the identification of key issues in the Western Congo Basin landscape, directing the focusing of interventions by the Lead Delivery Partner and its consortium.

5) Ensuring Value for Money Through Procurement

The portfolio level business case sets out in further detail how the chosen approach delivers VfM. As described in the Appraisal case, VfM is being assessed using the established 4 E's model – Economy, Efficiency, Effectiveness and Equity. Economy relates to the degree to which inputs are being purchased in the right quantity and at the right price. For this business case, key drivers of VfM linked to commercial activity have been described below.[28]

VfM: Commercial Contractors

The appointment of commercial Contractors was assessed to be necessary due to a lack of inhouse capability and capacity to deliver an aid intervention this size.

As described in the portfolio level business case, the level of staff recruitment needed to deliver the BLF programme fully inhouse was assessed not to represent VfM. Defra has worked closely with FCDO colleagues in developing the procurement strategy and conducted market engagement to assess the market's view of cost and deliverables.

Both the Fund Manager and Independent Evaluator contracts were competitively tendered. Further, the actual fees have fallen close to or below both the FCDO assessment and the market average. This helps to demonstrate the resultant Contractors fees represent VfM.

VfM: Lead Delivery Partner

The Lead Delivery Partner for the Western Congo Basin landscape, ZSL was selected via an open competition and in line with established HMG policies and procedures for the conduct of grant competition. Defra has not been prescriptive in how the consortium is structured, e.g., use of sub-contracting or creation of a legal entity, to promote the greatest level of competition and innovation.

This model is intended to drive the greatest possible VfM.

ZSL have proposed administration costs of around 15%, with strict indirect overheads at around 11%. This is broadly in line with expectations and is in line with the administrative costs proposed for the other BLF landscapes. As set out in the Economic Case, prior to contract signature Defra will analyse ZSL's project budgets to ensure that all line items are justified and reasonable. Further assurance on the robustness of ZSL's financial systems and controls will also be provided by a detailed delivery partner review (due diligence) being conducted on ZSL by the Fund Manager on Defra's behalf.

6) Governance & Financial Management

Management of the BLF

This section describes the role and relationship between Defra, the Fund Manager (PwC), the Lead Delivery Partner (ZSL), and the Independent Evaluator (OPM).

Role of Defra

Defra will monitor Fund Manager performance in delivering against key performance indicators over the life of BLF adopting an approval role with regards to:

- Invitation to Apply packs for the delivery partner competition;
- Award reports following the delivery partner competitions;
- Management of risk; and
- Adaptive programming changes

Defra's contract management activity is described below.

Role of the Fund Manager

The role of the Fund Manager is described in 5 parts:

- Delivery Partner Grant Competition;
- Due Diligence;
- Grant Agreement;
- Grant Management & Reporting; and
- Defra's Contract Management of the Fund Manager.

Delivery Partner Grant Competitions: As outlined in section 2, the FM was responsible for the conduct of the grant competition, via their own e-procurement system, to appoint a Lead Delivery Partner for the Western Congo Basin landscape.

The Fund Manager, by virtue of their contract, was required to adhere to the Government Grant Standards and make use of Defra's standard Invitation to Apply documents and model form Grant Agreements. Defra group Commercial and the policy area signed off on the Invitation to Apply pack and Grant Award Report to ensure the grant competition was administered in a broadly comparable manner to a Defra run grant competition.

The competitive grant exercise commenced in August 2022 and after thorough evaluation the decision was made in December to progress with ZSL's proposal as the Lead Delivery Partner, with resultant grant agreements to be signed following the completion of satisfactory due diligence on ZSL.

Due Diligence: Defra is commissioning PWC to carry out a Delivery Partner Review (DPR) on ZSL in line with Defra's due diligence requirements.

ZSL will conduct due diligence on each member of its consortium.

Grant Agreements: As described in section 5.1, following the grant competition, the Fund Manager will sign a grant agreement with ZSL. The grant agreement will be based on Defra's model form grant agreement. This has been modified by Defra's commercial legal specialist and the Fund Manager to reflect that the grant agreement will be signed by the Fund Manager on Defra's behalf.

Grant Management & Reporting: The Fund Manager will manage the grant agreement with the Lead Delivery Partner on behalf of Defra.

The Fund Manager will ensure ZSL complies with all terms and conditions of the grant agreement. The Fund Manager will ensure projects are delivering continuous VfM, in line with Defra's policy objectives. The Fund Manager will take appropriate action from the development of an improvement plan to recommending to Defra the suspension or termination of the grant agreement. The processes by which the Fund Manager recommends actions to Defra is detailed in the Management Case.

The below table describes what reports will be made to Defra by the Fund Manager to facilitate management of the grant.

Table 9: *Reporting Details*

Frequency	Title	Details
Monthly	Risk report	• One report per Landscape project. • Report captures key risks and risk trends. • Any risks that are materialising into issues must be captured in this report. • The risk reports will be discussed at the Authority's Programme Board
Quarterly	Risk Report	• One report per Landscape project. • Report that captures key risks and risk trends. • Any risks that are materialising into issues must be captured in this report.
	Lead Delivery Partner Claims	• One invoice per Landscape. • Invoice must include a breakdown of costs per output and a final amount to pay.
	Monitoring Report	• One report per Landscape project. • Summary of the main results achieved across the project.
Annually	Annual Report	• One report per Landscape project. • Report will be structured in two sections – monitoring section and adaptive programming section. • Monitoring section: similar structure to quarterly reports but covering activities and results over the whole year. Report will provide a KPI assessment of the Landscape. • Adaptive programming section: will include collative recommendations from the Landscape for adaptive programming and the Fund Manager and Independent Evaluator's own recommendations for adaptive programming.

Defra's Contract Management of the Fund Manager: This contract has provisions in place to manage performance. The Fund Manager's contract is managed with a suite of Key Performance Indicators (KPIs) tied to a Service Credit Regime. A Service Credit Regime is a contract management tool to motivate suppliers. A Service Credit is a deduction from the fee payable to a supplier if they miss a KPI. Now that grant competitions have been delivered, the Defra contract manager meets with the Fund Manager to review performance on a quarterly basis.

Due to uncertainty around future years budget, which will be subject to future Spending Reviews, a termination for convenience clause has been drafted to facilitate exit. In the event that future funding for the BLF is withdrawn during an SR, Defra will be able to exit this contract.

A dispute resolution clause is also contained within the contract sets out that Parties shall attempt in good faith to negotiate a settlement to any dispute between them arising out of or in connection with the Contract. If the dispute cannot be resolved through those means, a procedure for mediation is set out in the contract.

Contract management meetings take place on a quarterly basis. Meetings are used to discuss contract KPIs, and should performance not meet the required standards a remedial action plan will be developed. Any issues identified will be escalated to the BLF team leader and, if appropriate, brought to the monthly programme board.

Should Defra terminate the FM contract, the fallback position would be to retender the FM contract or bring the role in-house.

Role of the Independent Evaluator

The Independent Evaluator will deliver with the support of sub-contractors the products described in the following table. All products will be developed at a BLF portfolio level and at the Western Congo Basin landscape level.

Table 10: *Product delivered by the Independent Evaluator.*

Product	Timing	Description
Inception & Baseline Report	Prior to, and during the Delivery Partner inception phase	Evidence and stakeholder mapping, setting the monitoring and evaluation approach for the BLF, develop indicators to assess programme and landscape level progress, support Lead Delivery Partners to conduct baselining.
Mid Term	June 2025	Assess programme progress and make recommendations for adaptive programming changes to the Authority, quality assure data from the Lead Delivery Partners, provide evidence and answer the BLF evaluation questions.
Final	June 2029 (or 6 months after project completion)	Examine programme results against core BLF evaluation questions, Theory of Change and Logframes, present key aggregated learning points of the programme.

Defra's Contract Management of the Independent Evaluator: The Independent Evaluator was appointed through a framework agreement and performance is monitored through a set of contractual KPIs.

Due to uncertainty around the budget in outer years covered by future Spending Reviews, a termination for convenience clause has been drafted to facilitate exit. In the event that future funding for the BLF is cut, Defra will be able to exit this contract.

An SEO manages the Independent Evaluator contract. Contract management meetings take place on a quarterly basis. Meetings are used to discuss contract KPIs, and should performance not meet the required standards a remedial action plan will be developed. Any issues identified will be escalated to the BLF team leader and, if appropriate, brought to the monthly programme board. The Defra contract manager is an existing member of the policy areas staff who has completed Defra's standard contact management training and will be aiming to complete practitioner or expert level in line with DgC and Cabinet Office advice for a contract of this value, duration and complexity. Should Defra terminate the Independent Evaluator contract, the fallback position would be to retender the Independent Evaluator contract.

Relationship between Defra, the Fund Manager & IE

In order to facilitate an effective working relationship, with clear roles and responsibilities, Defra has drafted a Memorandum of Agreement (MoA) is in place between Defra, the Fund Manager and the IE.

The Management Case further sets out the scope of the envisaged roles and responsibilities.

7) Commercial Risks

Risk	Probability	Impact	RAG post-mitigation	Mitigation
Lead Delivery Partner does not spend monies appropriately	Low	High	Green	Payment in arrears, thorough due diligence process to ensure the preferred LDP has necessary systems in place and robust grant management.
Fraud	Medium	High	Green	Accept and monitor. Defra programme team have developed detailed fraud risk assessments per landscape, which have been transferred to the Fund Manager to monitor and manage now the FM contract is in place.
Funding pulled or reduced at SR	Low	High	Green	Defra has drafted a termination for convenience clause to facilitate exit.

FINANCIAL CASE

The Financial case establishes that the preferred option is affordable, is the best use of Defra's ODA funds, and that the principles of sound financial management of public funds are followed.

1) Expected programme costs

The full cost of the BLF will be £100m, with spend from FY2021/22 to FY 2029/30. The first £2m of the total BLF spend was confirmed for FY2021/22 (Year 1) via SR20 and just under £39m was confirmed for FY2022/23 – 2024/25 via SR21. We will secure funding for the remaining programme costs through subsequent Spending Reviews.

Should we not secure the remaining funding for programme costs through subsequent Spending Reviews then our options are:

- Scale down interventions across all BLF landscapes based on assessments of impact and VfM. This carries a reputational risk as the BLF has been announced as a £100m fund and the impact of the fund would be reduced.
- Explore consolidating programming to a smaller set of landscapes. This carries a significant reputational risk as the BLF landscapes have now been announced and relationships are being forged with partner governments in 18 countries.
- Consider extending the total length of the programme beyond seven years in order that we can meet the £100m commitment.

The BLF will be entirely ODA funded, with at least 65% of the total cost classified as ICF over the course of the Spending Review. The ICF element will contribute to the £3bn of ICF funding that the UK has committed to spending on nature (see Annex A for BLF programme level finances). We have not committed to equal funding across landscapes. The BLF is a flexible and adaptive programme and total amounts allocated to each landscape will be determined by Defra on the basis of factors such as need and programme performance, as set out in section 3 of the Strategic Case.

2) Expected project costs

The full cost of the Western Congo Basin landscape will be up to £17.3m to be disbursed from FY2021/22 to FY 2029/30. Spend will not be incurred evenly across this period but will start from a low base in FY2021/22, with subsequent years from programme commencement in August 2023 seeing a steady increase as activities and interventions are embedded across the landscape. For FY2021/22 the only spend for the Western Congo Basin landscape was in-country staffing costs, with the remaining consisting of programme overheads (PETA evaluation costs).
Table 11 sets out an indicative payment schedule for the Western Congo Basin landscape. These amounts will be reassessed and amended over the course of the programme, as delivery gets under way.

Annex L – Landscape Summary provides an overview of what the investment will purchase, and please also see the Economic Case for detail.

3) Contracted costs per Landscape

Table 11: Indicative schedule of Defra spend in the WCB landscape

Programme investment (£)	Year 1 (21/22)	Year 2 (22/23)	Year 3 (23/24)	Year 4 (24/25)	Year 5 (25/26)	Year 6 (26/27)	Year 7 (27/28)	Year 8 (28/29)	Year 9* (29/30)	Total
WCB		352,550	2,479,566	2,706,512	2,571,376	2,036,631	1,957,940	1,599,800	1,594,647	**15,299,022*** **
Defra Management & Overheads										
In-country staff**	17,000	47,000	47,940	48,899	49,877	50,874	51,892	52,930	53,988	**420,400**
Fund Manager		194,783	76,851	78,388	79,956	81,623	83,186	84,850	108,616	**788,253**
Independent Evaluator		102,848	79,121	69,945	147,055	76,775	80,432	80,798	112,334	**749,308**
Travel		11,555	3,000	3,000	6,000	3,000	3,000	3,000	3,000	**35,555**
TOTAL	**17,000**	**708,736**	**2,686,478**	**2,906,744**	**2,854,264**	**2,248,903**	**2,176,450**	**1,821,378**	**1,872,585**	**17,292,538**

*Year 9 costs cover wrap up and evaluation activities.
**Defra's in-country staff costs may rise, should it be decided that additional, or further project-based, support be needed over the course of the programme. This would be funded from that landscape's programme funds.

*** These costs exclude the additional funding to be secured by ZSL as this is not funding provided by Defra.

Secondary funding has not yet been allocated but has been projected from FY2023/24 following the same spend curve as the primary funding bid submitted by ZSL.

ZSL proposed budget breakdown

ZSL provided a projected breakdown of their proposed programme budget at the time of their bid. This is provided in Table 12 to illustrate the likely split between programme delivery, MEL and administration costs. These costs will be reprofiled throughout the programme and at this stage simply provide ZSL's first indication of spend across the major workstreams. This budget is composed of Defra's £12.3m core funding and the £2.6m additional funding leveraged by ZSL. It does not include the secondary funding because that has not been allocated at this stage.

Table 12: ZSL Projected Budget

Programme investment (£)	Year 2	Year 3 Q1	Year 3 Q2	Year 3 Q3	Year 3 Q4	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total
	Jan - Mar 2023	Apr - Jun 2023	Jul - Sept 2023	Oct - Dec 2023	Jan 2024 - Mar 2024	Apr 2024 - Mar 2025	Apr 2025 - Mar 2026	Apr 2026 - Mar 2027	Apr 2027 - Mar 2028	Apr 2028 – Mar 2029	Apr 2029 – Oct 2029	

Programme delivery	£279,140	£447,673	£589,082	£562,684	£442,553	£2,203,826	£2,063,118	£1,549,488	£1,462,834	£1,158,592	£1,139,612	£11,898,603
MEL	£15,762	£39,396	£33,525	£27,975	£38,267	£150,837	£160,937	£157,737	£168,337	£126,437	£140,437	£1,059,647
Administration costs	£45,835	£52,585	£52,585	£52,585	£57,585	£261,174	£261,174	£261,174	£261,174	£261,174	£261,174	£1,828,220
Total	**£340,737**	**£539,654**	**£675,192**	**£643,244**	**£538,405**	**£2,615,838**	**£2,485,229**	**£1,968,399**	**£1,892,345**	**£1,546,203**	**£1,541,223**	**£14,786,470**

Table 13 provides a summary of the total projected management and overhead costs. This includes spending on in-country staff, supporting bodies (the Fund Manager and Independent Evaluator), and Defra staff travel, as well as the "administration costs" projected by ZSL. To note that the latter will be further assessed during contract negotiations between Defra and ZSL, supported by the Fund Manager.

Table 13: Total WCB Management Costs

Programme Admin Cost (£)	**Year 1 (21/22)**	**Year 2 (22/23)**	**Year 3 (23/24)**	**Year 4 (24/25)**	**Year 5 (25/26)**	**Year 6 (26/27)**	**Year 7 (27/28)**	**Year 8 (28/29)**	**Year 9 (29/30)**	**Total**
In-country staff	17,000	47,000	47,940	48,899	49,877	50,874	51,892	52,930	53,988	**420,400**
Fund Manager		194,783	76,851	78,388	79,956	81,623	83,186	84,850	108,616	**788,253**
Independent Evaluator		102,848	79,121	69,945	147,055	76,775	80,432	80,798	112,334	**749,308**
Travel		11,555	3,000	3,000	6,000	3,000	3,000	3,000	3,000	**35,555**
ZSL Administration Costs		45,835	215,340	261,174	261,174	261,174	261,174	261,174	261,174	**1,828,220**
Total	17,000	402,021	422,252	461,406	544,062	473,446	479,684	482,752	539,112	**3,821,736**

4) Staffing Costs

BLF staffing costs cover Defra's core BLF policy and programme team. These costs will be met from Defra's ODA staffing budget (FLD). Further detail can be found in the BLF programme level Business Case (Annex B). There is one locally engaged HEO/C4 BLF Landscape Manager delivering regional coordination implementation of the BLF in the Western Congo Basin landscape The possibility of increasing in-country resource or adjusting the staffing model will be explored if the need arises.

5) Capital and Revenue Requirements

Defra Finance has considered the appropriate accounting treatment for the Fund. Consolidated Budget Guidance (CBG) states the following for the spend to count as Capital (CDEL) expenditure.
Capital grants are unrequited transfer payments, which the recipient must use to either:

- buy capital assets (land, buildings, machinery etc.)
- buy stocks
- repay debt (but not to pay early repayment debt interest premia) or
- acquire long-term financial assets, or financial assets used to generate a long-term return

The BLF programme has been determined as Resource expenditure (RDEL) as the nature of the work to be undertaken does not meet the CBG definition of Capital expenditure. Following the Western Congo Basin landscape grant competition, we can confirm that the funding will be RDEL. The grant will be used for a range of activities that deliver biodiversity conservation, climate change mitigation and adaptation benefits and poverty reduction outcomes.

6) Accounting Officer Tests

The primary accounting officer tests have been considered throughout the development of this business case with significant input from the Western Congo Basin PETA report:

Affordability: this proposal will only be delivered subject to the agreed availability of budgets. £2m was confirmed via SR20 with a further £38.99m in SR21, leaving £59.01m to be covered by future spending reviews. All contracts include break clauses in case future funding cannot be secured.

Regularity: ODA funding will be allocated under Section 1 of the International Development Act 2002 and expenditure will be in accordance with this legislation and all ODA requirements.

Propriety: the programme funds will be managed in accordance with HMT's Managing Public Money guidance and ODA guidance.

Value for money: The preferred option of selecting and funding the preferred Lead Delivery Partner has been carefully appraised against the alternative BAU option, drawing on insights from the Western Congo Basin PETA report. This demonstrates very good VfM potential. See the Appraisal Case for further details.

Feasibility: the need for the Fund has been outlined fully in the strategic case based on information from the Western Congo Basin PETA report and the preferred application, which also explains the importance of ensuring the sustainability of this fund and how this will be achieved. The investment has been assessed to ensure that it can be realistically implemented and delivered within the proposed timeframe.

7) Impact on income and expenditure account

Grant cash expenditure will be in line with ODA best practice. The requirements associated with payments have been made clear in the grant competition process, and due diligence will be undertaken to ensure implementing partners meet the necessary financial stability requirements.

An indicative payment profile for the Western Congo Basin landscape is shown in the first line of Table 5. Final payment schedules will be agreed between the Lead Delivery Partner and Defra as part of the grant award process. The amounts and times may be subject to the development of the project and costs incurred by delivery partners. First payments will be made in the second quarter of the year of launch. It is likely that delivery partners will require some funds to commence their projects, so the first tranche of payment may be made in advance. Subsequent payments will be made in arrears, on evidence of goods or services having been delivered and targets being met. Payment schedules will be monitored throughout the lifespan of the programme and revised if necessary.

8) Payments

Defra will transfer funds to the Fund Manager for disbursement to ZSL in the form of grant payments, which will in turn be responsible for its onward disbursement to consortium members. Schedules for these transfers will be agreed with the Fund Manager as part of the grant award process. The Fund Manager will disburse funds in arrears and dependent on delivery partners successfully meeting milestones, KPIs, or other measures as stipulated in the contractual agreements. The lead delivery partner will disburse funds onwards in the same manner.

9) Avoiding payment in advance of need

In line with HMT's guide on Managing Public Money, this programme will ensure that Defra is not paying in advance of need. Some delivery partners, particularly smaller organisations with limited capital, will need funding prior to commencing an activity; clearance for which will be agreed prior to any payments. Accountable grants will be put in place to facilitate this where appropriate, whilst mitigating the increased risk. All contracts will contain mechanisms to clawback any misused funds, which will be cleared by Defra's Governance Team.

10) Reporting, Monitoring and Accounting for Funds

The Fund Manager will submit quarterly financial statements and detailed annual financial reports, including risk assessments as mandated in its KPIs. The Fund Manager must advise HMG in advance of any unexpected, or significant, changes in forecasts. Quarterly reports will be disaggregated by sub-grant awarded. This is in line with existing HMG programmes and meets the expectations of Defra Finance. Reports will disaggregate financial data by project and category of spend and align with projects' delivery plans. They will indicate realistic projections of spend for the current financial year broken down by quarter on all major budget category lines.

Defra will hold the Fund Manager accountable for poor performance or failure to deliver against their own KPIs or within each of the Landscapes. It is the Fund Manager's responsibility to manage lead delivery partners and to take mitigating action, if necessary, to drive high quality performance.

11) Transparency

Defra requires all its partners to meet the International Aid Transparency Initiative (IATI) standard 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 information on the organisation, funds, and planned activities. This project will generate significant outputs including log frames, annual reviews, project proposals and technical reports which will be of interest to other countries and stakeholders. All outputs should be published on IATI and be free to users whenever possible.

12) Avoiding Fraud and Corruption

In line with ODA guidance, Defra has a zero-tolerance approach to corruption and fraud and will pursue targeted recovery approaches where necessary, aiming to achieve full recovery. A complete fraud risk assessment has been carried out to evaluate this risk. All organisations will be required to adopt a zero-tolerance approach to fraud and corruption; to act immediately if it is suspected, to cooperate fully with HMG and other authorities to bring perpetrators to account, and to pursue aggressive loss recovery approaches. All agencies must have systems in place to detect and combat fraud. Due diligence will be conducted on the lead delivery partner prior to award of grant, and the Fund Manager will hold responsibility 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. Defra has worked closely with its Fraud and Risks team to identify all fraud risks when compiling the tender packs.

13) Currency Risks

Defra will issue payments to the Fund Manager and Independent Evaluator in Pounds Sterling (GBP), aligning with the value of the award which is also in GBP. The Fund Manager will disburse funds to the delivery partners in GBP, who may convert these payments into local currencies if required. This approach will minimise the risk to Defra of currency fluctuations and eliminate the administrative burden of payments in many local currencies.

14) Provision for Defra to Withdraw Funding

All grant agreements will contain provision for Defra to instruct the Fund Manager to withdraw funding, and break clauses to check progress and pause spend where required. If an issue is identified, the Fund Manager will submit a report and Defra may agree to consult with the delivery partner concerned. If required, Defra may instruct the Fund Manager to send written notice requesting the delivery partner to:

i. Provide specific information as may be maintained by the delivery partner in the course of its regular operations regarding the use of the Contribution;

ii. 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), or the delivery partner, 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 remaining uncommitted balance of the funds to HMG within 30 days.

Should funding be withdrawn from the Western Congo Basin landscape we will initially look to reallocate funding through alternative delivery partners within the landscape in the first instance. Funding will be reallocated within the same financial year. New activities may be procured through the Supplementary Activities Fund, or by varying a consortium's existing grant agreement. For more information about the Supplementary Activities Fund, please see section 7 of the Management Case. Should it not be possible to reallocate funding within the Western Congo Basin landscape we may look to reallocate the funding to another BLF landscape in line with Business Case guidelines.

Table 14: Provision for the return of any uncommitted funds to Defra

Scenario	Timing and reporting trigger (if relevant)
Occurrence of any illegal or corrupt practice	At the time – delivery partners to immediately report to Defra if illegal or corrupt practices are discovered in any circumstance. Annual Reviews (by Defra), Quarterly updates (from the delivery partner)
"Extraordinary circumstances that seriously jeopardise the implementation, operation or purpose of the programme" This is primarily designed to cover instances of force majeure. We assess this may also provide some cover in extreme cases of under-delivery.	Delivery partners to immediately inform Defra of extraordinary circumstances that jeopardize the programme if/ when this happens or if identified as part of Annual and quarterly Delivery Plan reporting, Annual Reviews, independent evaluations at mid-term
"If [name of delivery partner] does not fulfil its commitments according to the cooperation contract"	At the time if/when this happens or if identified as part of Annual and quarterly Delivery Plan reporting, Annual Reviews, independent evaluations at mid-term

15) Provision for Future Funding

The programme has the scope to adapt to changes in political context and other opportunities and risks, such as through the additional secondary funding and the supplementary activities fund. We retain the flexibility to increase the scale or duration of work in the Western Congo Basin landscape, subject to standard approval processes and future Spending Review allocations.

MANAGEMENT CASE

1) Management and Governance Arrangements

Defra manages our ODA programmes in accordance with FCDO guidance. This section sets out the roles and responsibilities of Defra and the delivery partner(s). It also sets out the monitoring and evaluation approach for the Western Congo Basin landscape.

2) Internal Governance

Defra

SRO: The BLF SRO, the Team Leader for International Biodiversity Funds, is responsible for ensuring delivery against the project logframe and KPIs, supported by the BLF programme team and in-country staff member.

BLF Programme Board: The programme board, including the BLF SRO, will meet once a month to receive and discuss updates on progress, risks, opportunities and finances across all landscapes. As a decision-making body it will consider recommendations on the handling of any risks, issues or poor performance that arise during the lifetime of the programme, and either decide on actions to be taken or escalate issues to the ODA Board or Ministers. Each quarter, Deputy Directors will attend, and the Board may be extended to allow for discussion of quarterly reports from the Fund Manager (FM). One of the quarterly Boards each year will act as the learning programme board. The programme board comprises the following permanent members: Deputy Directors (quarterly); the SRO; the Programme Delivery Lead; Evidence, Analyst and Scientific Advice colleagues; Programme Managers; PMO Lead and Secretariat; In-Country Staff; Finance, Commercial and ODA Hub representatives; Fund Manager and Independent Evaluator (quarterly) representatives. Additional members may be invited if specific agenda items require additional input.

ODA board: The role of Defra's ODA board is to provide accountability and assurance for Defra's ODA budget and to provide strategic direction for Defra's ODA spend. The BLF SRO will escalate any risks or issues which exceed risk appetite to the appropriate level (senior officials/ODA Board/Ministers as required) for decision. **[See page 44 of the portfolio level business case for more detail.]**

Investment Committee: Defra's Investment Committee has delegated authority from the Executive Committee to approve all Defra spend over £10m. This business case will therefore be reviewed and approved by the Investment Committee as part of Defra internal governance processes.

Ministerial: The Minister of State for Biosecurity, Marine and Rural Affairs will have oversight of the Fund, will be regularly updated on all major developments, and will take key strategic decisions, including on any significant changes to the programme's financing. Ministerial decision will be sought should financial or reputational risks arise. The Secretary of State will have ultimate oversight.

Cross-Whitehall

ICF Governance: As 65% of BLF funding will be ICF, progress will be captured through HMG's inter-departmental ICF governance structure.

Posts: Heads of Mission (HoMs) have oversight over all ODA spend in their countries. Heads of Mission/their deputies will hold the relationship with host governments on the BLF, representing it in country and conveying views or concerns to Defra. Posts advise on political handling in-country and manage the Western Congo Basin Landscape Coordinator who reports directly to the HoM. The BLF Landscape Coordinator helps oversee and coordinate activity across Western Congo Basin. Monthly engagement meetings ensure clear communication between posts and the UK programme team, sequenced in advance of the programme boards to ensure views are fed in. Programme Boards also have a rotating landscape focus to provide deeper analysis and discussion of each landscape at stages throughout each year.

See Annex C for a diagram of the internal governance structure.

3) Landscape Governance

Lead Delivery Partner

As part of the grant application, prospective delivery partners were encouraged to form a consortium, headed up by one lead delivery partner. The lead delivery partner is responsible for the final design and implementation of the project in Western Congo Basin and will be the recipient of the Grant Agreement in the landscape. For the Western Congo Basin landscape, this is ZSL. ZSL will be expected to:

- Contract third party organisations to deliver the work as needed.
- Comply with the financial and M&E requirements set out below
- Maintain its own risk register and notify Defra of any new risks or updates to existing risks
- Report any suspicions and/or allegations of fraud, terrorism financing, money laundering, bribery, corruption, or sexual exploitation, harassment and abuse, immediately to the Fund Manager and the Western Congo Basin programme manager.
- Carry out any remedial action should the above be reported.

ZSL will work with a consortium of delivery partners to achieve the outputs and outcomes across the Western Congo Basin landscape, bringing together a range of different expertise, local knowledge, and experience. They will deliver strategic oversight of the consortium's activities, including strong financial management. The full roles and responsibilities for the lead delivery partner can be found at Annex D.

Fund Manager

The Fund Manager will coordinate activity across the entire BLF. It is responsible for delivering the administration and financial administration of the BLF, including:

- Manage the lead delivery partner, on both performance and payment, to ensure Defra objectives are met
- Undertake monitoring of the lead delivery partner's projects
- Administrate the BLF's learning cycles, and administrate any actions arising from the learning cycles
- Advise Defra on the progress, success or challenges faced across the Western Congo Basin landscape and by the lead delivery partner to aid the BLF's adaptative programming model
- Work with the Independent Evaluator to ensure lessons learned in Western Congo Basin are transferred across landscapes and implemented rapidly, through fostering an adaptive programming approach
- Prepare forecasting of expenditure and risks into Defra's governance structure through monthly dashboards and quarterly reports
- Procure new delivery partners for Supplementary Activities Fund e.g., to provide technical assistance in the form of working with host governments and local authorities on policy or economic analysis and providing support for the design and implementation of new policy

The Fund Manager meets with the Defra contract manager quarterly and will meet with the relevant Defra landscape programme manager at least quarterly. We assessed compliance with the UK Green Finance Strategy throughout our Evaluation of the Fund Manager, and subsequently with Delivery Partners, to ensure that the tenderer complies with this approach in line with ODA requirements during the mobilisation stage of the process to ensure best practice across the programme in line with HMG standards.

The full role and responsibilities for the FM can be found at Annex E.

Independent Evaluator

The Independent Evaluator will conduct inception reporting, mid-term and final evaluation, as well as providing developmental evidence and learning products to help deliver and adapt the programme in the Western Congo Basin Landscape. Specific to the Western Congo Basin the Independent Evaluator shall provide the following:

- Evaluation of the Western Congo Basin Programme(s) and Project(s);
- Community and stakeholder engagement, participation and capacity building;
- Assessment of impact across the Western Congo Basin landscape;
- Ensuring that the MEL framework aggregates across the landscape and data is used efficiently with external monitoring frameworks; and
- Coherence at a national scale.

The full role and responsibilities for the IndEv can be found at Annex F.

See Annex G for a comparative breakdown of roles and responsibilities for these partners.

4) Communication between partners:

The chain of reporting and communication between partners is critical to the successful governance of the Fund. Defra will pay particular attention to the lines of communication between each member of the delivery chain and will assess each party on their ability to communicate effectively.

Defra will oversee effective and collaborative working between partners, overseeing that Defra's expectations for how the Partners shall work together is clearly communicated and are included in contract KPIs.

Defra will oversee that partners share Information, products and resources in a timely manner. This will enable partners to meet their obligations of the Overarching Contracts. These include but are not limited to:

- The transfer of data to allow for project and programme accountability.
- The connection of knowledge and skills.
- Effective communication for the development and betterment of the programme delivery and wider impacts

5) Resourcing and recruitment

Central programme team

The BLF will be run by a central team of Defra staff in the ODA and International Biodiversity Funds Division, comprising policy/programming and analytical staff.

Landscape coordinator

A member of staff works across all countries in the Western Congo Basin landscape as a Landscape Coordinator. This in-country post was recruited in-country and is funded from the programme. The three Western Congo Basin Posts agreed that this staff member should be based in Cameroon. The Landscape Coordinator is hosted within the British Embassy, Yaounde, with a remit to support implementation of the BLF and regional coordination across Cameroon, the Republic of Congo and Gabon working closely with, and delivering to, the Defra programme team. They engage with the host governments and relevant stakeholders and support the three Ambassadors/ High Commissioners in their engagement with their hosts on the BLF. Their responsibilities include programme delivery and support as well as political, economic, strategic, and contextual analysis which is fed back to the programme team at regular intervals. They will also support the FM and IndEv on the in-landscape stakeholder learning events and adaptive programming recommendations. The potential need for more in-country resource will continue to be monitored and explored if the need arises.

6) Stakeholder considerations

A stakeholder mapping exercise was conducted as part of the PETA, enabling DAI to engage with and seek the views of a variety of stakeholders including national and sub-national government ministries, women's groups and indigenous people, international conservation organizations and experts, academics, and representatives from civil society organizations focused on conservation, natural resource management, and local forestry, all of which has informed the business case.

The programme team engages with FCDO posts up to Head of Mission level, on a monthly basis to ensure alignment of goals and expectations. Their views have been sought throughout the development of the Fund. We are working closely with the governments of each country, including on shared objectives and ways of working to ensure alignment and encourage a mutually supportive approach. Continued support of the host governments will be critical to the success of the BLF. Delivery partners were required to detail their engagement to date with countries hosts in their initial applications, and successful delivery partners will be required to secure a letter of support from host governments.

7) Monitoring, Evaluation and Learning

Please refer to the BLF Portfolio level Business Case (Annex B) which sets out the Monitoring, Evaluation and Learning (MEL) Framework, approach and scope, as well as the Benefits Realisation Plan.

Monitoring

As set out in section 3 of the Strategic Case, the impact and outcomes within the Western Congo Basin ToC and logframe, have been aligned with the portfolio level ToC and logframe so that where relevant, the data can be aggregated at a programme level to allow the Fund to be monitored against its objectives based on a set of programme-level KPIs. ZSL has submitted a ToC and logframe for Western Congo Basin as part of the project bid. These will be further refined during the inception stage working closely with the FM and IE. The Fund Manager shall be responsible for compiling and representing progress from the lead delivery partners to Defra through the following:

- Annual Reviews based upon progress against the logframes and milestones
- Progress reports based on key milestones and project performance and governance
- Learning Cycles which allow for adaptive changes to made in relation to opportunities and challenges in implementation and allow for wider learning across the programme and other landscapes

In line with a gender-sensitive programming approach, the logframe submitted as part of project bids includes gender-sensitive baselines and indicators, to be further refined with support from the Fund Manager and Independent Evaluator during the inception stage. Indicators and data sets, where applicable, should be disaggregated by gender (along with other relevant marginalised groups). It is the responsibility of the SRO to ensure that the impact of ODA funding in this landscape on gender equality receives ongoing consideration and is monitored carefully throughout the project cycle. We will also consider the recommendations from Defra's recent gender equity and social inclusion (GESI) audit during this refinement to ensure that logframes are in line with best practice.

Evaluation

The Independent Evaluator will be responsible for collecting and reporting evaluative evidence. Refer to Annex F for the IE scope. Defra has set up an evaluation steering group to ensure the evaluation products meet their intended goals and may (where appropriate) include sector experts for specific interventions.

Benefits Realisation

There is a detailed plan for monitoring, evaluation, and learning (MEL) throughout the lifetime of the BLF, which will be jointly delivered by the Independent Evaluator and Fund Manager team, with oversight from the Defra BLF Evidence Team, and input from the Lead Delivery Partner. Data will be collected against the log-frame indicators (see Annex K) across the lifetime of the programme and stored on a specifically developed e-platform. Progress against the desired outputs and outcomes will be reviewed quarterly, with more detailed review and learning events annually. ZSL have suggested indicative targets for the lifetime of the programme, which are provided in the strategic case. Although it is not possible at this point to forecast exactly when the projected benefits will accrue, further work will be undertaken during the programme's inception period to agree workplans and indicator methodologies, undertake baselining, and set milestone targets in collaboration with the Independent Evaluator and Fund Manager. There will also be thorough mid-point and end-point evaluations, undertaken by the BLF Independent Evaluator to review the Western Congo Basin programme as a whole, alongside the other BLF landscapes, and including updating the Value for Money assessment.

The table below sets out methods for monitoring and assessing the benefits:

Method	Description
Progress Reports	The landscape logframe will identify and map out key milestones and progress and the Lead Delivery Partner~~s~~ will be held accountable for progress on these by the FM. The landscape level logframe shall also be used to realise the project(s) benefits through the outputs and outcomes defined. Within this will be a set of KPIs that will be used to ensure the programme is on track and used to assess the rate of return for investment. These KPIs at the landscape level logframe will feed up into the programme level KPIs which are: • Number of people / villages with improved land or natural resource management rights • Number of people or villages with improved incomes or other direct benefits as a consequence of local businesses that are linked to sustainable management of natural resources • Volume of finance (public or private) leveraged by the programme intervention for improved biodiversity and ecosystem management or local development

	• Change in ecosystem integrity, accounting for habitat loss, degradation and fragmentation • Change in protected area management effectiveness • Abundance or rates of occurrence of globally threatened species / key populations and / or indicator species • Change in deforestation rates • ICF KPI 6: GHG emissions reduced or avoided as a result of intervention or ICF KPI 8: Deforestation avoided • ICF KPI 17: Hectares of land to receive sustainable land management practices
FM Quality Assurance	VfM will be maximised by the FM by regularly quality assuring the LDP progress reports. This shall include projected spend and financials, which shall be approved by the FM.
Evaluation Reports	It will be the responsibility of the Independent Evaluators to track programme level progress, and investigate the costs and benefits of the intervention and assess whether it is the best use of resources that delivers most value to beneficiaries within the evaluation reports, optimising and maximising the impact of each pound spent against these three objectives: • Poverty reduction • Slowing, halting, or reversing biodiversity loss • Reducing greenhouse gas emissions
Annual Reviews	An ODA requirement which requires Defra to assess progress against the Landscape level Business case, performance expectations and recommendations.

8) Adaptive Management and Learning Cycles

Quarterly (for the FM and Lead Delivery Partners) and annual learning cycles (for the IE, FM, Lead Delivery Partners and in-country staff) will allow for adaptive management and continual learning. Evidence and data from multiple sources will contribute to informed adaptive programme decisions as indicated in Annex H. Evidence and data should include a specific focus on gender to ensure that adaptive programming decisions are meeting the requirement of projects which consider the needs of, and benefit, women and girls at least equally to men and boys. Where appropriate, specific strategies should be developed to target gender and other key equity issues. Please also refer to page 48 of the Portfolio Level Business Case (at Annex B) for more information on adaptive management.

Flexible Grants

If the adaptive management approach indicates an activity that can enhance or build upon the existing scope of a project within the landscape consortium, there is the ability to vary the grant through an unplanned variation. All proposed variations will be approved by the Defra SRO with the terms of GGM standards.

Supplementary Activities Fund

Supplementary Activities are additional activities which may span the range of interventions, objectives and duration covered by the BLF and will be determined by emerging or newly identified needs and priorities, including in response to the adaptive programming approach, to provide technical assistance, to leverage private finance or at the programme level. As such, they cannot be determined at project inception and will cover a proportion of the total grant funding allocation in each landscape, each financial year. As part of the annual Learning Programme Board, the Fund Manager may make recommendations for supplementary activities in any given landscape, or BLF-wide activities. Alternatively, Defra may identify, through other means, supplementary activities. The Fund Manager will propose the Supplementary Activities delivery mechanism, which Defra will approve. When needed, the Fund Manager will procure new partners through the Supplementary Activities Fund.

9) Work Plan

All Defra ICF projects require a work plan/delivery plan which sets out the proposed approach and timeline for managing the project and breaks down activities and outputs, which are clearly cross referenced to payment mechanisms and governance/quality assurance mechanisms, to ensure effective delivery on time and within budget. An indicative work plan has been provided as part of the grant application process and this will be finalised in the first month of the project starting and updated periodically to reflect any changes to the project.

The BLF's Programme Management Office function also maintains keeps a detailed work plan and programme tracker to ensure progress is made to the correct timeframes throughout the design and implementation of the BLF programme. The workplan tracks each stage of development including the procurement exercises, timelines for which have been developed with input from Defra Group Commercial, whilst the programme tracker logs any risks or issues which may prevent work progressing to time.

10) What are the key risks to the programme?

Risks will be reviewed through project reporting requirements. The Fund Manager will own and maintain a risk register that details the key risks for the Western Congo Basin to ensure that risk is effectively monitored, managed and does not exceed the risk appetite set out in this Management Case, in which case they will escalate risks and issues to the SRO. The Fund Manager must also provide a summary of key risks for each landscape and at the portfolio level, on a monthly basis, in advance of each Programme Board meeting.

Outside of the BLF programme board, the Fund Manager and core BLF team will meet quarterly to review the risk register in full to ensure the listed risks are accurate and reflect current issues taking place in the Western Congo Basin landscape. Any key updates taken from these meetings will be reflected into the BLF's team landscape-level risk register, which will allow landscape coordinators to relay these to colleagues in country and at Post to ensure all parties are kept up to date with the risk picture. We will also rely on the expertise and experience of landscape coordinators to inform any changes to the key risks, should they arise.

It may be necessary for the Fund to withdraw, amend or suspend funding where the risks exceed those set out. They will also work with in-country staff and the Western Congo Basin programme manager who will support the risk management and identification process. The SRO has overall responsibility for all the risks identified in the risk register.

The overall risk rating for this landscape is Major. Some of the specific risks associated with successfully managing delivery in the Western Congo Basin are outlined in the table below.

Likelihood is based on a scale of: Very unlikely > Unlikely > Possible > Likely > Certain;
Impact is based on the scale of Insignificant > Minor > Moderate > Major > Severe; and the overall level is based on the Red Amber Green (**RAG**) system

Risk description	Likelihood	Impact	RAG	Comments/Mitigating Actions	Resid. RAG
COVID 19 causes Delivery Partners to pause work in order to protect staff health which causes delays to project, as programme activities are not able to go ahead, meaning the programme misses log frame targets, underspends, and is unable to deliver expected results over the lifetime of the programme.	Possible	Minor	Min	Grant applicants have been asked to consider and factor in COVID19 in their project proposals to ensure that outcomes and impacts are realistic and achievable. They have been asked to clarify how COVID19 has been considered in assessing value for VfM, and the impacts on any specific benefits or project costs. For example, they have been asked to provide detail on how COVID19 is likely to impact on alternative livelihoods options, activities and vulnerable groups and where mitigating actions will be taken to ensure that benefits can still be delivered. They have also been asked to provide a risk register detailing the risks and mitigating actions. Now that the delivery partner has been chosen, the programme team will work with them to monitor spend and continually review progress against log frame milestones to ensure that VfM and impacts are achieved.	Insignificant
Regional/ Political instability and governance challenges affect delivery (e.g., delays the project, or introduces inefficiencies)	Possible	Moderate	Maj	The current political climate is broadly stable. Pre-existing geopolitical issues have the potential to escalate. As part of the procurement process, grant applicants were required to demonstrate they have a management contract/agreements in order to mitigate these risks. ZSL, UK posts and the BLF landscape coordinator will also monitor this risk carefully. As also noted under the safeguarding risk below, we will review if our in-country staffing, including by the delivery partners, is sufficient to manage this and other major risks.	Mod
Corruption, resulting in a misuse of funds.	Possible	Major	Sev	The Fund Manager and Lead Delivery Partners have demonstrated that they have procedures in place for reporting and dealing with instances of fraud within their own organisations and with third parties. They will need to agree to alert Defra to any concerns they have over the misuse of funds. In the event of fraud being suspected, the project, or activities within it, may be suspended pending investigation. Defra will have the right to terminate the agreement should serious corruption or fraud be identified. An internal Fraud Risk Assessment was also undertaken to identify and map out mitigations for potential fraud-related risks, should they occur. The disbursement schedule set out in the grant agreement will ensure that payment in advance	Mod

				of need is prevented, thereby reducing the amount of funds that could be misused. A due diligence assessment will also be carried out on ZSL to ensure satisfactory fraud and risk systems and standards are in place ahead of grant award, and to ensure ZSL undertakes satisfactory due diligence on their downstream delivery partners. This due diligence process considers the management structures, policies and procedures of the successful bidder to facilitate effective, efficient and appropriate delivery of the activities and objectives of the programme.	
Lack of support from the authorities/regional authorities' results in delays to delivery.	Possible	Major	Maj	We are engaging with relevant Ministries within the Western Congo Basin landscape to foster shared commitment to achieving the goals of the BLF. ZSL will also need support from governments to work across the landscape. Continued engagement with the governments, regional authorities, HMG and Defra ministers to build and foster a constructive working relationship.	Mod
Selected delivery partner does not adhere to agreed reporting requirements set out in grant agreement which results in Defra not being to assess performance against the deliverables.	Unlikely	Moderate	Mod	Applicants provided an indicative delivery plan, Theory of Change and log frame (which sets out indicators and milestones) as part of their applications. Applications were evaluated by independent experts and will be finalised with the selected delivery partner in the first 6 months once the grant has been awarded. The disbursement schedule, set out in the grant agreement, will ensure that payments are given subject to satisfactory progress.	Minor
Due to the Fund Manager administering the grant competition on Defra's behalf, there is a risk we will not have oversight of the process.	Rare	Major	Mod	Defra has maintained a close working relationship with the Fund Manager; this has helped to ensure all Grant Competition documents were signed off with DgC oversight, and that the evaluation process was also owned by Defra (also with oversight and advice from DgC). We will continue to maintain this way of working with the remaining landscapes also undergoing the LDP Grant Competition.	Minor
Payments susceptible to currency fluctuations meaning, in the event of adverse currency movement, reduced potential for project fulfilment and less VFM.	Possible	Moderate	Mod	Defra will issue grant payments in Pound Sterling (GDP) to the Fund Manager who in turn will disburse funds to the Delivery Partner. They will then convert the amounts into the local currency and carry the risk. Defra will track the movement in exchange rate and adjust the timing of payments to avoid liquidity risk, if necessary. However, it should be noted that perfect matching may not be possible.	Minor

Safeguarding risks including increased unrest creates a threat to staff safety or staff 'doing harm'	Possible	Major	Sev	Maintain, through the Fund Manager and Defra's landscape coordinator, close oversight of activities across landscapes to monitor this risk carefully. We will also review if our in-country staffing, including by the delivery partners, is sufficient to manage this and other major risks for the Western Congo Basin landscape. A safety and security plan will be developed by the Fund Manager and delivery partners. Respect for human rights and do-no-harm has also been considered carefully during bid evaluation. Systems will be established to enable reporting of any concerns and to support whistle-blowers. The risk of exclusion has been managed by project proposal evaluation criteria giving preference to interventions that are intended to have positive impacts on marginalised groups. This will need to be monitored carefully during implementation.	Maj
Risk of an economic shock in the Western Congo countries increasing poverty levels and therefore increasing incentives for people to destroy natural resources	Possible	Major	Maj	Regularly seek economic and policy advice through liaison with Post and FCDO to identify problems early, with appropriate adaptations made to correct issues.	Mod
Risk that due to capacity constraints, one or more countries in the landscape struggle to engage properly with and make best use of donor funding being directed toward them, including from the BLF, affecting deliverability and overall sustainability of the programme and partnerships.	Possible	Major	Maj	Improve in country coordination with other current/prospective donors and wider stakeholders to ensure coherence and complementarity of ODA funding and to monitor this risk. This should make sure that programmes do not 'compete' and that engagement with government and other stakeholders is streamlined as far as possible (exercising principles of good donorship). Raise and monitor this risk with partner governments and delivery partners though our development partnerships, including at the strategic steering committee meetings. Use the BLF to identify where there are capacity constraints in partner governments and seek solutions.	Mod

[1] https://www.wwf-congobasin.org/where_we_work/priority_places/tridom/#:~:text=Biodiversity%20Hotspot,the%20whole%20Congo%20Basin%20rainforest.
[2] TRIDOM: Tri-National Dja-Odzala-Minkébé | WWF (wwf-congobasin.org)
[3] The Central African region includes Angola, Cameroon, Chad, Republic of Congo, Democratic Republic of Congo, Central African Repulic, Gabon, Equatorial Guinea, Sao Tome and Principe. Estimates from 2020 pulished at https://www.worldometers.info/world-population/middle-africa-population/
[4] Wannes Hubau et al Asynchronous carbon sink saturation in African and Amazonian tropical forests (March, 2020) https://doi.org/10.1038/s41586-020-2035-0
[5] UNEP-WCMC and Natural History Museum. "Biodiversity Intactness." Accessed from Global Forest Watch on 29/06/2021. www.globalforestwatch.org
[6] https://wwf.panda.org/discover/knowledge_hub/where_we_work/congo_basin_forests/problems/
[7] TRIDOM: Tri-National Dja-Odzala-Minkébé | WWF (wwf-congobasin.org)
[8] mpo-cog.pdf (worldbank.org)
[9] mpo-cmr.pdf (worldbank.org)
[10] mpo-gab.pdf (worldbank.org)
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