

Title: BIODIVERSE LANDSCAPES FUND: MESOAMERICA LANDSCAPE

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 support sustainable economic development, protect and conserve ecosystems and tackle climate change in these biodiversity hotspots. The **Mesoamerica landscape** in Latin America has been identified as one of these hotspots.

The Mesoamerica landscape is an area of high biodiversity that spans areas of Belize, El Salvador, Guatemala, and Honduras. However, several interlinking factors are contributing to biodiversity loss in Mesoamerica, threatening the livelihoods of people in local communities and further contributing to climate change.

This is a landscape-level full business case for the BLF programme in Mesoamerica. Since the Outline Business Case, a competitive grant competition has been run to select the ‘Lead Delivery Partner’ to deliver the BLF’s activities in the landscape. This selected a consortium led by Wildlife Conservation Society (WCS).

The specific outputs of the BLF programme in Mesoamerica are:

- 1) Supporting and investing in Indigenous peoples and local communities (IPLCs) and organisations, to **ensure IPLCs rights to manage land and natural resources sustainably**.
- 2) Sustain and expand **sustainable livelihoods for rural households** and help them adapt to climate change through increased resilience and profitability of IPLC enterprises, sustainable forest-based incomes, forest restoration, agroforestry, and climate-smart development plans and services.
- 3) Investing in protected area managers and IPLCs to **improve protected areas management** through strengthening conservation areas, establishing community conservation agreements, development of management and/or public use plans.
- 4) Ensuring **stable populations of threatened species** through protection of endangered species in critical sites, combatting wildlife trafficking and One Health.
- 5) Harmonising **agricultural and environmental policies and incentives** through technical studies and outreach on drivers of biodiversity loss, multisector collaboration with civil society and communities, and efforts to improve policies, norms, procedures and legislation.
- 6) Leveraging partnerships to **increase national government investment** and capture REDD+ climate, as well as Payments for Environmental Services (PES) finance.
- 7) **Strengthening data collection and management** for decision making and collective action through increased training and the development of MEL-related workstreams; including working groups, design, report evaluations, and lessons sharing.

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.

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Project Value: Approx £10-17 million (ODA), (including administrative costs).	Country/Region: Mesoamerica	
Project code	Start Date: FY2021/22	End Date: FY2029/30
Overall risk rating for landscape: Major		

STRATEGIC CASE

1) Landscape context

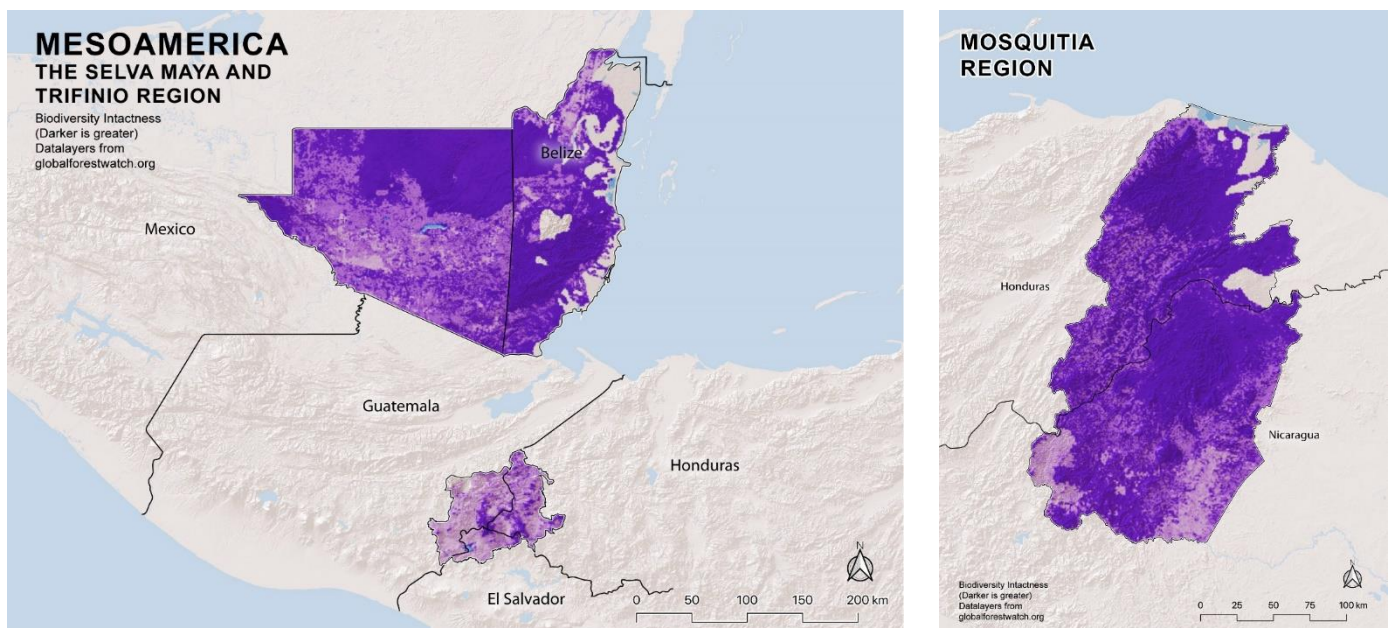
Global context and need for UK intervention

The wider Mesoamerica region¹ is a biodiversity hotspot: while it makes up less than 1% of the Earth’s land surface, it contains 7% of its biodiversity, with a rich variety of endemic fauna and more than 17,000 plant species.² It is, however, at growing risk from extreme floods and droughts caused by climate change. While there is significant potential for carbon sequestration in the region, Mesoamerica has also seen some of the highest deforestation rates in the world in recent decades.

The BLF’s Mesoamerica landscape covers three regions that were selected because of their high biodiversity, which provide significant environmental services and vital forest resources, but are now under threat, and due to socio-economic factors, including high levels of poverty, precarious livelihoods, and marginalisation of indigenous and other local communities from decision making structures. All three regions are UNESCO World Heritage Sites. Finally, all three regions are not well supported by international donors and NGOs. The regions are:

1. The Guatemalan and Belizean regions of the **Selva Maya** Tropical Rainforest, one of the largest tropical forests in the Americas (over 4 million ha), half of which is covered by the Maya Biosphere Reserve in Guatemala.
2. The **Mosquitia** region of Honduras, one of the most pristine areas of lowland rainforest in Central America, including the Río Plátano Biosphere Reserve, the Tawahka Asangni Biosphere and the Patuca National Park.
3. The **Trifinio** Region spanning Guatemala, Honduras and El Salvador, including the Fraternidad Transboundary Biosphere Reserve. The Trifinio is a vital forest ecosystem that is the source of three rivers providing essential water resources for each country.

The four countries in the Mesoamerica landscape have made international commitments to environmental protection and conservation, have put forest conservation in their Nationally Determined Contributions, and have signed the Glasgow Leaders’ Declaration on Forest and Land Use.



Map 1: Biodiversity intactness in the Mesoamerica landscape (note that the landscape does not include the Mexico region of the Selva Maya or the Nicaragua region of the Mosquitia)

State of Nature and Climate

Mesoamerica has one of the richest concentrations of species and ecosystem diversity on Earth, with fauna including jaguars, tapirs, monkeys, quetzals, and scarlet macaws. Its forests provide important watershed and ecosystem services, help mitigate climate change impacts (both in the region and worldwide) and are irreplaceable flyways for migratory birds.

In recent decades, however, Mesoamerica has seen some of the highest deforestation rates in the world: an estimated 80% of the landscape and surrounding areas' original habitat has now been cleared or severely modified. Less than 5% of El Salvador's original forest cover remains.³ Deforestation is driven by a range of factors, including the expansion of infrastructure, agricultural encroachment and livestock production, illegal trafficking of timber and fauna, use of wood fuel for cooking, all enabled by unclear legal frameworks and weak law enforcement. While national governments have declared dozens of new national parks and reserves, many are poorly protected and vulnerable to outside threats.⁴ Areas that have faced outsiders entering forests to exploit resources include the Sierra del Lacandón and Laguna del Tigre national parks in Guatemala.⁵

The wider Mesoamerica region is vulnerable to climate change and periodic floods and drought pose significant risks to food security and economic development. Since 1960, extreme weather phenomena have increased in frequency and regularity, with Guatemala, El Salvador, and Honduras among the 15 most affected countries globally.⁶ The Central American Dry Corridor (CADC), which runs from southern Mexico through Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama, and includes the Trifinio, is known for its irregular rainfall and has become one of the most susceptible regions in the world to climate change and variability.⁷ In 2015, El Niño (the warm phase of a recurring climate pattern across the tropical Pacific – the El Niño-Southern Oscillation (ENSO)⁸) had a cumulative effect due to repeated droughts (considered to be the worst in 30 years), leading to three million people suffering food insecurity and malnutrition.⁹

As an area of significant forest coverage, protection of vital forest ecosystems would make significant contributions to Mesoamerica's potential as a carbon sink, while improving livelihoods opportunities for communities and maintaining natural defences against the impacts of extreme weather events.

People and demographics

Mesoamerica has high levels of poverty, food and nutritional insecurity, illiteracy/poor education, poor housing and a lack of basic services. These factors are compounded by political instability, high rates of migration and precarious employment, which in turn affect natural resource management.

Almost 50% of the region's economic activity comprises agriculture, livestock farming and forestry. Tourism is also emerging as an important industry and has been the fastest growing sector in the past decade, bringing around one million visitors to the region's protected areas annually.

Despite favourable socio-economic changes in recent decades, with some improvement in labour market conditions complemented by social protection policies¹⁰, inequality and rural poverty remain an issue across Central America^{11 12}. The poorest 20% of the population receive only 3% of all income, while the wealthiest 20% receive 60%. Lack of job opportunities is a push factor for people migrating to either to urban centres in the region, or north to the United States.¹³

Indigenous Peoples and Local Communities: Indigenous Peoples and Local Communities (IPLCs) have multiple strategies for engaging with state governments in Mesoamerica. New districts, reserves and other territorial jurisdictions with shared governance structures have proliferated since the 1980s^{14 15} as part of a broader turn toward defining ethnic territories.¹⁶ For instance, the Miskito people of the Mosquitia engaged with state and other actors to gain legal title over their ancestral homelands in the cultural zone of the Río Plátano Biosphere Reserve through the creation of a new tenure category of “territorial councils”. Today, territorial councils have emerged as a principal territorial jurisdiction, jointly sponsored by state and Indigenous communities, for resource conservation and the protection of Indigenous lands in the Mosquitia.¹⁷

In the Guatemalan Selva Maya¹, several community groups and forest concessions are supported by the Association of Forest Communities of Petén (ACOFOP). One of the main achievements of several community forest concessions is having a near-zero deforestation rate for the last 14 years. Moreover, the highest concentration of forest fires in the reserve happen in protected and buffer zones, whereas very few forest fires occur in the concessions. Similarly, very few illegal logging operations occur in the concessions. The success of this model was well recognised across government and non-state actors interviewed as part of analysis commissioned by Defra.

Despite these successes IPLCs face several challenges, including high rates of poverty and often limited access to public services. They are less likely to complete elementary and secondary schooling, get stable and highly qualified jobs, and they earn less on average than others with the same qualifications.

Some IPLC communities have also come under pressure from organised crime, particularly in narcotics. These organisations have used organised crime, corruption, and violence to seize IPLC managed protected areas with impunity.¹⁸ In the Mosquitia, drug trafficking organisations have even forcibly removed IPLCs from some of their protected lands.^{19 20}

Gender: In the Mesoamerica landscape, traditional gender roles mean women and adolescent girls generally assume caring and unpaid domestic roles, whilst men undertake paid work outside of the home.²¹ This puts women at the periphery of decision-making, including over natural resource management. Progress on gender equality across the three areas of Trifinio, Mosquitia, and Selva Maya varies.

Although promotion of gender equality has been integrated into Plan Trifinio’s Trinational Strategy Participatory Master Plan for the Trifinio Region 2021-2051²² for environmental management and sustainable development, women represent only 24% of the economically active population, with mainly agriculture, small trade and domestic roles. The male/female earnings gap is approximately 20%, and women have a lower rate of access to health services.²³

In the Mosquitia, women have historically held land rights through customary practices. In Miskito subsistence livelihoods, cultivated fields remain under ownership of the individuals who cleared them providing they are continually managed, with inheritance of the fields usually passing along female lineages.²⁴ These ancestral land-use customs have come under threat in recent decades as outsiders have purchased land from Miskito owners or occupied them illegally.^{25 26 27} Women in Mosquitia have used these lands for growing and harvesting subsistence agricultural products and caring for animals. This contributes to the risk of further marginalisation of women, from both weakening women’s land rights and the livelihoods opportunities that these lands present.

¹ In the multiple-use zone of the Maya Biosphere Reserve (the reserve is divided into three categories: the core zones (817,260 ha) where any human activity is prohibited, the multiple-use zones (802,675 ha) which are intended for timber and non-timber forest product concessions, and surrounding buffer zones (470,732 ha).

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In the Selva Maya in the Maya Biosphere Reserve, gender inclusion has been mostly led by the Association of Forest Communities of Petén (ACOFOP). During the last decade ACOFOP has promoted gender considerations in all organisational, productive and management areas. This has produced some positive results, with ACOFOP partner organisations including women in decision making positions, on committees and on Boards of Directors. ACOFOP has an active Women's Network with about 500 members. However, the extent of women in key leadership positions within community groups of concessions and the benefits they receive varies significantly.²⁸

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 the UK 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 billions of pounds of additional financing for biodiversity. The UK is stepping up its financial support through our £11.6 billion commitment on international climate finance, including £3 billion for nature.

The UK has a strong track record of effective international programming and Defra leads on HMG policy on nature. Defra uses ODA funds to pursue integrated programming that pursues multiple gains for people, nature and climate. There is also value in identifying areas for cooperation with governments and other stakeholders in Mesoamerican countries, which the UK is well placed to do by leveraging its global network of diplomatic posts. The BLF will also build on other Defra funding in the region, such as the Darwin Initiative, which will have direct learning and read across for BLF interventions.

Wider HMG strategic fit

BLF activities in the Mesoamerica landscape 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 commitment to spend £3bn of our £11.6bn ICF commitment, on 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.

BLF activities in the Mesoamerica 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).

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The BLF will advance the UK's strategic priority of **supporting developing countries to meet their international biodiversity, climate and nature commitments**. At COP26, Belize, El Salvador, Honduras and Guatemala all signed the Glasgow Leaders Declaration on Forests and Land Use with a commitment to halt and reverse forest loss and land degradation by 2030. As part of the Alliance of Small Island States, Belize helped develop the Leaders' Pledge for Nature, which Guatemala and Honduras have also signed. Guatemala is also a member of the 30by30 High Ambition Coalition. This demonstrates strong political commitment across the BLF in the region.

All four countries have emphasised forest conservation in their Nationally Determined Contributions documents, with a particularly strong focus from Belize and Guatemala. The BLF interventions described in the appraisal case will support these countries to meet their NDC commitments.

3) Issues, outcomes and impacts

Challenging operating context

The Mesoamerica landscape presents a challenging operating context, primarily due to the linkages between environmental degradation and poverty, corruption and the prevalence of organised crime and drug trafficking across the region. These factors further result in dangerous operating environments and conflict between environmental activists and drug cartels in some parts of the landscape. These risks will be managed throughout the lifetime of the programme by working closely with 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 Mesoamerica landscape and the mitigations in place, which will be continually reviewed throughout the lifetime of the programme.

Illicit activities causing widespread environmental degradation: The wider Mesoamerica region is a primary transit route for cocaine from Colombia and Ecuador to the United States by land and sea. This drug trafficking causes large-scale environmental degradation through activities linked to money laundering, such as illegal cattle ranching.²⁹ Drug trafficking organisations have considerable links to other environmental crimes including illegal logging, mining, fishing, wildlife trade and poaching.^{30 31}

In Laguna del Tigre National Park in the eastern part of the Maya Biosphere Reserve, there are drug trafficking organisations, corruption, violence and narco-capital through which territories of impunity are created where a variety of illicit markets thrive.³²

In July 2017, conservationists, policy makers, and community leaders from across Central America convened in Guatemala to issue the Petén Declaration that identified illegal cattle ranching as the primary threat to conserving the region's forests and biodiversity, and directly linked illegal cattle ranching with drug trafficking organisations.³³

The Petén Declaration

In 2017, 25 organisations consisting of concerned Indigenous groups, protected areas agencies, and civil society drew up a joint commitment named the Petén Declaration to: "Declare our deep concern about environmental degradation and the accelerated destruction of Mesoamerican forests caused by the encroachment of organized crime, illegal cattle ranching and land seizure in protected areas and Indigenous territories".

The Petén Declaration commits to five concrete actions aimed at recovering the region's forests:

- 1) Supporting local forests and Indigenous communities to obtain land management rights;
- 2) Strengthening the conservation of protected areas;
- 3) Supporting the prosecution of environmental crimes;
- 4) Focusing on illegal livestock as the main driver of deforestation; and
- 5) Protecting environmental champions who risk their lives to protect Central America's large forests.

Challenges with governance and law enforcement: There is a lack of capacity in responsible ministries and agencies. For example, the National Council on Protected Areas of Guatemala is under resourced and underfunded despite being responsible for administering the entire Guatemalan Protected Areas System.

Priority Issues

Within this wider context, the following three issues have been agreed with UK Posts and host governments as constituting the highest current priority for the BLF to focus on across the Mesoamerica landscape:

Priority Issue 1: Expansion of cattle ranching, the agricultural frontier, and unsustainable agriculture & livestock practices which cause deforestation, biodiversity loss, and reduced ecosystem services.

Unsustainable agricultural practices and the uncontrolled expansion of livestock farming – driven in part by drug trafficking organisations as outlined above – are significant threats to the forests of the Selva Maya, Trifinio, and Mosquitia. Illegal cattle ranching alone is responsible for about 90% of deforestation in the Selva Maya and Mosquitia regions, reducing the overall size of the forests in Selva Maya by 25% and the Mosquitia by 30%. This is enabled by a variety of factors, including a lack of capacity and resources for managing and protecting natural resources, and insecure land tenure, access, and usage rights for indigenous communities.

Priority Issue 2: Illegal and unsustainable extraction of wildlife and resources for trade and consumption causes biodiversity loss

Each year, hundreds of millions of plants and animals are caught globally or harvested from the wild and then sold as food, medicine, pets, ornamental plants or tourist curios. Whilst Asia and Africa are the central foci of illegal wildlife trade, Central America is also affected. Lucrative national, regional, and global markets (especially in Asia) for high-value animal products, such as parrots and scarlet macaws, has encouraged poaching, exploitation and trafficking of these animals and goods from Mesoamerica. This is further compounded by limited capacity and resources for protecting natural resources.³⁴ Biodiversity loss is further exacerbated by unsustainable uses of forest resources such as wood for charcoal production, despite the growing availability and affordability of other fuel sources.

Priority Issue 3: Unsustainable administration of forest-management models, forest-based enterprises, and cooperatives throughout the landscape, caused by the inability of community businesses to adequately profit from sustainable forest products and practices.

Community managed forest concessions can deliver effective forest protection alongside important socio-economic benefits to local communities. For example, community concessions in the Maya Biosphere Reserve in the Selva Maya

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have significantly reduced forest fires and deforestation by curbing agricultural expansion and cattle ranching compared to levels experienced in protected areas under public management. In the Mosquitia's Rio Plátano Biosphere Reserve, a comparison of nine community concessions found that seven had less forest loss than the surrounding areas not managed by communities. Over 2006-2011, deforestation rates in four community concessions in the Reserve's buffer zone were 0.01%-0.51% compared with 1.4% across the whole buffer zone.³⁵

However, some community concessions have found it difficult to create competitive business models that generate adequate income streams. This is compounded by organisational and capacity challenges within communities, and weak linkages with the private sector. For example, community-based forest enterprises in the Maya Biosphere Reserve have struggled to add sufficient value to the timber they have harvested, limiting their profitability and the overall viability of livelihoods. This in turn increases the attractiveness of succumbing to illegal activities such as logging, and cattle ranching, thus jeopardising their concession agreements. Wood certification schemes have some potential to improve matters, by strengthening regulation and improving the quality of timber products in the sector; but the sustainable timber market has significant market barriers to overcome, including limited financing and investments for the modernisation of the industry in a way that benefits community concessions.

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 Mesoamerica grant competition and have been adopted by WCS in their successful bid. These outputs will also be further refined and agreed with the Fund Manager and Independent Evaluator during the inception phase of the programme:

1. Investing in Indigenous peoples and local communities (IPLCs) and organisations, to **ensure IPLCs' rights to manage land and natural resources sustainably**.
2. Sustain and expand **sustainable livelihoods for rural households** and help them adapt to climate change through increased resilience and profitability of IPLC enterprises, sustainable forest-based incomes, forest restoration, agroforestry, and climate-smart development plans and services.
3. Investing in protected area managers and IPLCs to **improve protected areas management** through strengthening conservation areas, establishing community conservation agreements, development of management and/or public use plans.
4. Ensuring **stable populations of threatened species** through protection of endangered species in critical sites, combatting wildlife trafficking and One Health.
5. Harmonising **agricultural and environmental policies and incentives** through technical studies and outreach on drivers of biodiversity loss, multisector collaboration with civil society and communities, and efforts to improve policies, norms, procedures and legislation.
6. Leveraging partnerships to **increase national government investment** and capture REDD+ climate, as well as Payments for Environmental Services (PES) finance.
7. **Strengthened data collection and management** for decision making and collective action through increased training and the development of MEL-related workstreams; including working groups, design, report evaluations, and lessons sharing.

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

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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 WCS' proposed logframe. The headline target outcomes for the full programme include:

- 39,540 individuals and 76 settlements with improved land or nature resource management
- 4,516 individuals and 47 settlements with improved incomes or other direct benefits
- Over £4m leveraged by the programme
- 12 threatened target species persisting in focal areas
- Stable and/or increasing abundance/occurrence rates for 10 indicator species in focal areas
- Stable or improving values of selected ecosystem integrity indicators in project focus areas
- 7,300 Ha reduced forest loss
- 1.18MT CO₂e avoided
- 1.5m Ha of land that have received sustainable land management practices

During the initial phase of funding, WCS will work with the BLF Independent Evaluator and Fund Manager to further develop 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 80% of BLF funding is from International Climate Finance (ICF)**, several ICF indicators are used, ensuring the BLF can directly feed into this reporting framework.³⁶ Where possible, these outcome indicators also align with other Defra programmes such as the Darwin Initiative and IWT Challenge Fund to allow comparison and therefore 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 four months to assess progress and inform adaptive programming decisions. There will be an in-depth 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/isn't 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 Mesoamerica 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 the Mesoamerica landscape 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;

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- 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 contribution 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 viable 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 Mesoamerica programme proposed by WCS will address these barriers through a consortium of local organisations in collaboration with indigenous peoples and local communities to ensure activities respond to the priority issues identified above. WCS's bid sets out four core components to tackle the outputs listed above, focusing on supporting prosperous and resilient communities, strengthening protected areas and species protection, enabling policy and financing mechanisms, and a fourth component that focuses on learning and adaptive management.

As part of their application, delivery partners were also 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. WCS 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 gender, ethnicity and disability, and using 'do-no-harm' principles. The BLF will develop a portfolio-level GESI strategy to ensure consistency and coherence, as well as bespoke GESI action plans for each landscape. We intend to 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 via 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.

Key barriers to effective programme delivery for the WCS Mesoamerica programme include the region's susceptibility to extreme climate-induced weather events such as extreme rains and severe droughts, and illegal activities such as cattle ranching and logging that is linked to organised crime. These factors cause social and economic

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vulnerabilities, especially for IPLCs. The consortium delivery model proposed by WCS tries to mitigate these risks by including diverse and locally rooted members from civil society, local and Indigenous communities, government institutions, private sector and research institution.

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, WCS 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 desired outcomes and impact. Annex J – Theory of Change Narrative – sets out constraints to be addressed and the underlying assumptions of the Theory of Change. For further information, see Annex J – Theory of Change Narrative.

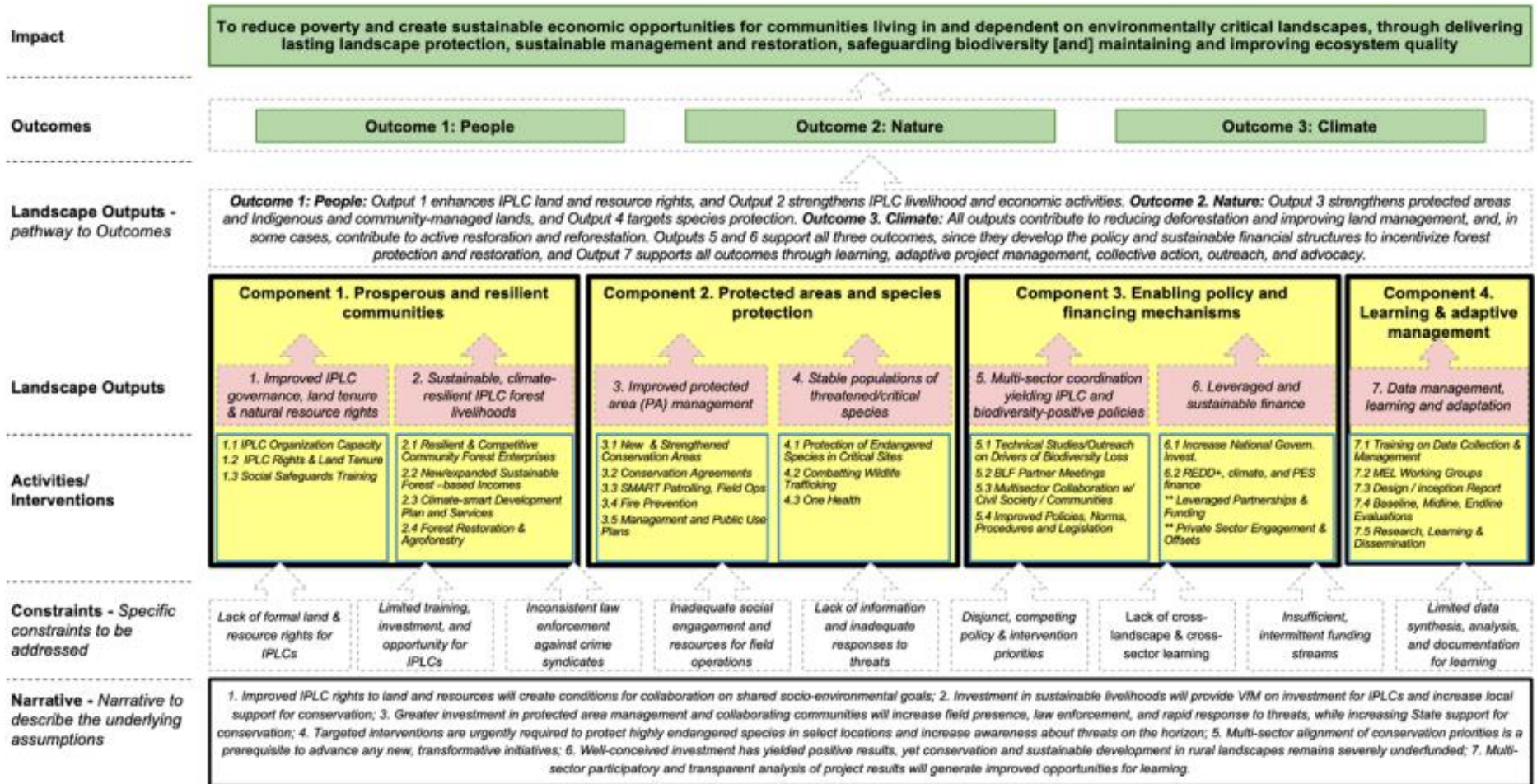


Figure 2: Indicative Theory of Change (“ToC”) diagram showing how the 26 programme activities, delivered through four components, address key constraints and take proactive measures in order to achieve the seven landscape outputs, as well as the portfolio-wide BLF outcomes and impact.

Figure 1: WCS Mesoamerica Theory of Change

ECONOMIC CASE

1) Introduction and Economic Rationale for Intervention

As set out in the Strategic Case, the Maya, Moskitia, and Trifinio forests are Mesoamerica's largest and most biodiverse natural ecosystems. They hold half the region's carbon stocks and provide essential ecosystem services to millions of people. Mesoamerica's Indigenous and local forest communities manage and protect around half of the remaining intact habitat of the region's forests and are dependent on its resources for their cultural identity, food security, and income.

The region is vulnerable to climate change which negatively impacts on forest health, biodiversity and the sustainability of dependent livelihoods. Deforestation exacerbates the region's climate vulnerability. Since 2000, Mesoamerica's two largest forests – the Maya and Moskitia Forests – were reduced by 15.3% and 19.9% respectively, and Trifinio lost 10% of its forest cover². A significant driver of deforestation is illegal land grabbing and cattle ranching within protected areas and Indigenous territories by individuals and organisations, with links to organised crime and drug trafficking.

The economic rationale for the proposed intervention is that by supporting the sustainable and equitable management of critical natural assets in Mesoamerica, 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 IPLCs who are directly dependent on ecosystems, whilst also delivering wider global benefits through avoided greenhouse gas (GHG) emissions and biodiversity loss. Given tropical forests are an important element of the region's wealth, by tackling the key drivers of deforestation and forest degradation and promoting alternative livelihoods, the BLF should contribute to new, more equitable models of development that protect natural capital.

Due to market failures, alongside governance and institutional challenges, forests and biodiversity are under increasing pressure from the expansion of unsustainable ranching and agriculture, over-harvesting of wildlife and low profitability of sustainably managed community concessions. 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 agriculture and ranching is largely driven by the failure to value its natural capital and the lack of tangible financial returns to standing forests in comparison with the financial returns to these alternatives.
- The **low profitability of sustainable community forest concessions** is largely due to the lack of financial rewards for the provision of ecosystem services compared to timber. Again, it is weak or missing markets that prevent payments for ecosystem services being established and scaled up.
- 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, weak and variable enforcement by authorities to support IPLCs in the face of illegal settlers creates a system of perceived open access which attracts inward migration and increases competition for forest land.
- **Information failure** in relation to the illegal wildlife trade. This is largely driven by demand for rare meats and wildlife products in urbanised areas based on the belief that wildlife products bolster health and prestige. Despite international investment in campaigns to alter perceptions on the consumption of wildlife products, there has been little measurable progress.
- Market failures are exacerbated by **poorly implemented land use and access rights** for forest land. The importance of addressing land tenure rights in solving the climate crisis was a key theme at COP27³.

² Figures provided by WCS

³ [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 to natural resources, 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 Mesoamerica. These were:

- Expansion of cattle ranching causes deforestation, biodiversity loss, and reduced ecosystem services in the protected areas.
- Illegal wildlife extraction for trade and consumption cause biodiversity loss in the protected areas.
- Unstable income-generation from community-based enterprises cause unsustainable management of the forest concessions (they have products but lack knowledge and capacity to get these to market).

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 key issues identified through a focus on conservation-related measures – **preferred option**
3. Conservation measures plus action to address institutional drivers and tackle drug trafficking

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 identified, without addressing more institutional issues and drug trafficking due to lack of fit with Defra expertise and strategic focus. Therefore, the third option was discounted. Following OBC approval, an open grant competition was held to seek bids that would deliver this preferred option identified.

As set out in the Strategic Case above, applicants were asked to put forward proposals that would achieve the following outputs in the Mesoamerica landscape. These were based on the priority issues above, as well as further engagement with stakeholders and host governments:

- Improved institutional and participatory governance of forests by indigenous groups and local communities, reducing illegal ranching and supporting sustainable agricultural models.
- A shift to an improved model of protected area management that builds capacity, recognises the rights of communities and supports local livelihood development.
- Renewed and stronger coordination between government institutions, local communities and other sectors (e.g., NGOs, academia, and the private sector) to improve collective capacity to protect critical habitats and biodiversity, e.g., through coordinated patrolling efforts between government institutions and local communities around IWT hotspots, and increased knowledge sharing to better inform interventions.
- Improved governance and strengthening of rights, particularly relating to land tenure for vulnerable and marginalised people, which generate better conditions for securing improved forest livelihoods.
- Development of improved data management and monitoring systems which drive informed and targeted interventions to effectively manage biodiverse areas.

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- Increased competitiveness of community-based forest enterprises and cooperatives generating better and continued income from sustainable forest management.

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 K) for details on this process. The application from **Wildlife Conservation Society (WCS)** was judged as the best programme to meet these 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 this selected bid as the preferred option compared to the BAU option. **The third 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 WCS bid are now taken forward for appraisal:

1. BAU – do nothing
2. Progress with the WCS Mesoamerica 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 Mesoamerica 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 land degradation and biodiversity loss detailed above would continue unabated, and poverty levels in the region would remain at similar levels. In terms of deforestation, the Selva Maya would lose forest cover at a rate of approximately 30,000 ha annually⁴ and in Honduras, including the Mosquitia forest, at 34,385 ha per year⁵. Similarly, deforestation in Trifinio region was estimated to be 140,000ha between 1986-2010, a 19% loss of the total forest area over this period. The lucrative illegal trade in high-value exotic species such as parrots and scarlet macaws, is likely to continue. The enduring impact of the COVID-19 pandemic on the economy and local livelihoods will increase the attractiveness of this market, valued anywhere between \$7-23 billion USD globally per annum⁶, particularly for rural communities facing economic pressures in Mosquitia and Chiquibul. Finally, without the proposed intervention to increase the number and improve the viability of community forest concessions, the region will lose out on their proven ability to significantly reduce deforestation rates, and community-led sustainable forest enterprises will continue to face barriers to their competitiveness and be forced out in favour of more damaging models.

Considering the wider funding context, it is not feasible to estimate precisely what will happen in the Mesoamerica landscape up to 2029, due to a wide range of uncertainties in the scale of pressures and trends, as

⁴ Forests of the World. n.d. Honduras. <https://www.forests-of-the-world.org/programme/honduras>

⁵ Global Forest Watch

⁶ Nellemann, C. et al. (2016) The Rise of Environmental Crime: A Growing Threat to Natural Resources, Peace, Development and Security, A UNEP-INTERPOL Rapid Response assessment

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well as possible actions from other actors that may deliver benefits. There has - and may continue to be - substantial international funding for conservation projects in the region. For example, there are two projects supported by Defra's Illegal Wildlife Trade Challenge Fund: "Cross-Border Coordination to Reduce IWT in Guatemala-Mexico Corridor" and "Reducing macaw trafficking in Indigenous territories of the Honduran Moskitia", with WCS as the Lead Delivery Partners. There has and continues to be funding from other donors, including from Germany, the US, and the EU, including the "Protecting the Selva Maya Rainforest" and the EU's 5 Great Forests of Mesoamerica Regional Initiative. While it is reasonable to assume that other programming would continue in the Mesoamerica landscape, and even that WCS may find alternative sources of finance to undertake some of this work in the future, this is not certain. Moreover, it is clear that the overall need in the region vastly outstrips current available funding.

The BLF will complement projects undertaken by other organisations by taking a transboundary approach across the four countries and by providing continuity of funding until 2029, subject to performance. WCS has carefully considered and used current programming to avoid duplication with this proposal. In addition, the BLF integrates objectives targeting people, nature and climate, rather than focusing on one of these at the expense of the others. The BLF also provides an opportunity to align with and amplify other HMG programmes in the region, including Defra investments in the Illegal Wildlife Trade Challenge Fund programmes mentioned above.

Finally, if the UK opted not to continue with this investment, it might impact on relations with the four host governments, Belize, Guatemala, Honduras and El Salvador, 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 WCS's Mesoamerica proposal

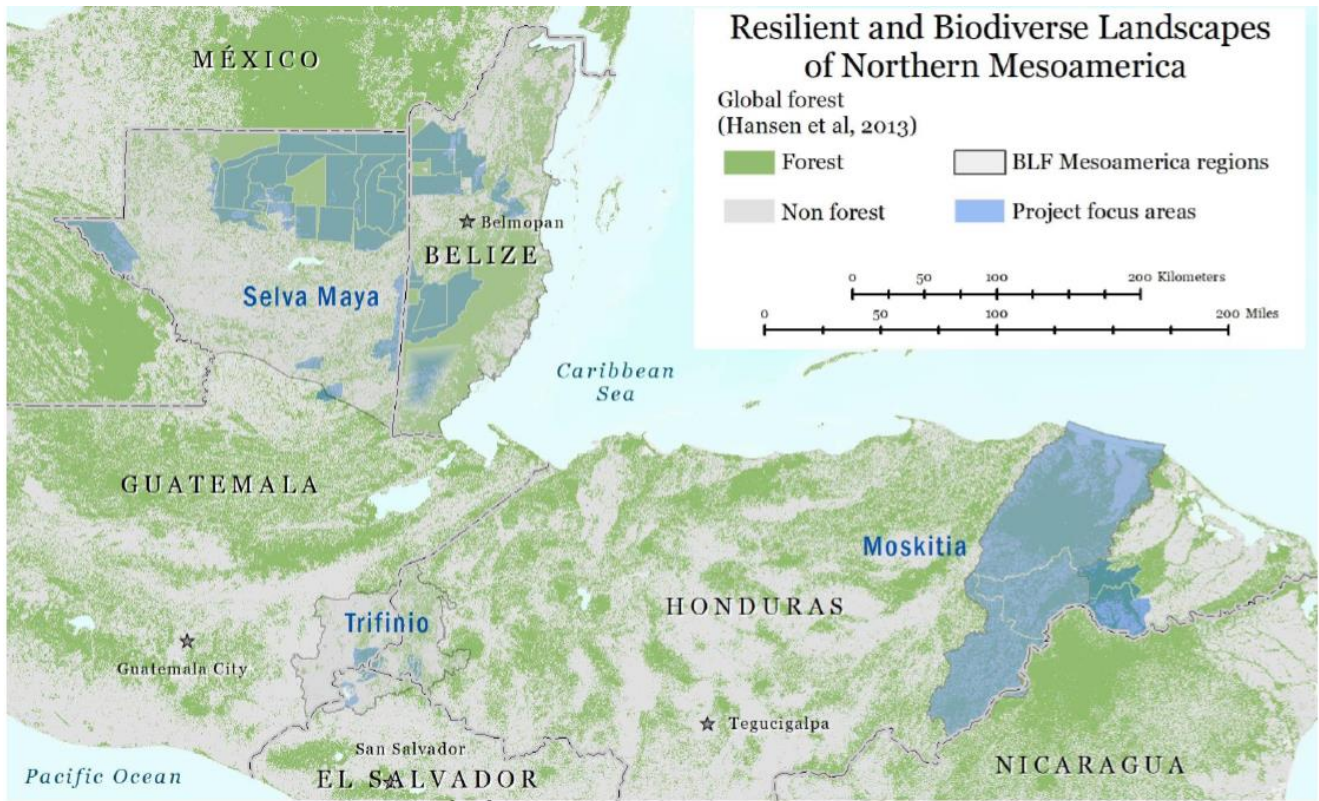
Following the open grant competition and expert evaluation, this option would see WCS awarded the funding and Defra progressing with the proposed programme for the Mesoamerica landscape until 2029.

WCS proposes to work in an area of the landscape covering 85,000km², focusing on the three large transboundary Maya, Moskitia and Trifinio Forests spanning Guatemala, Belize, El Salvador and Honduras.

Table 1 – Area of land covered by the interventions and the key deforestation drivers

	Maya	Moskitia	Trifinio
Forest Size (km²)	41,380	37,210	7,366
Forest loss since 2000	15.3%	19.9%	10%
Primary Driver(s)	Cattle, Sugar, Fire	Cattle, Fire	Coffee, Crops, Fire
BLF Focus	Continued stability; diversify conservation approaches, and recuperate new areas	Stabilisation of habitat loss and strengthening of Indigenous communities	Consolidate Plan Trifinio's coordinating role, pilot projects, and monitoring for adaptive management

Map 2: Map of BLF landscapes, highlighting programme focal areas



The programme will work through a broad multi-sector consortium comprising civil society, non-governmental organisations, private sector and research institutions, led by WCS who will be responsible for the overall delivery of the programme. WCS, and the wider consortium, have extensive experience working in the region and with the host governments. WCS will take advantage of the individual strengths of each organisation, while making sure that actions are implemented within a collectively agreed upon and coherent plan. The consortium will also work closely with IPLCs so that activities respond to locally identified and prioritised needs.

The proposed programme encompasses four components to achieve its overall aim of reducing poverty and creating sustainable economic opportunities for communities living in and dependent on environmentally critical landscapes. Three of these components are focused directly on outputs (each component relating to two outputs) linked to those identified by Defra, and the fourth enables the successful delivery of the others through monitoring, evaluation, learning and programme management.

Table 2 – Component details

Component	Description
	Output 1

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<p>Component 1 – Prosperous and resilient communities</p> <p>These 7 activities will support IPLCs in clarifying land and resource rights, enhancing forest-based income streams and implementing climate-adapted rural development based services.</p>	<p>This output will invest in IPLC organisations and communities to clarify and secure recognition of their rights to manage land and resources.</p> <p>Activities will include:</p> <ol style="list-style-type: none"> 1- Strengthening IPLC organisations and enterprises through increased capacity as well as improving internal governance, guidelines and administrative procedures 2- Improving and advancing IPLC rights and land tenure, assisting around 74 rural communities 3- Training on social safeguards to ensure rural communities are aware of their legal rights to land <p>Output 2</p> <p>This will see investment and technical support to help sustain or expand sustainable, climate resilient IPLC forest livelihoods and help them adapt to climate change.</p> <p>Activities will include:</p> <ol style="list-style-type: none"> 1- Increasing the resilience, competitiveness and profitability of local enterprises through technical support and investment 2- New and/or expanded sustainable forest-based incomes, including community-based forest restoration 3- Producing participatory climate-smart rural development plans and basic services, helping communities adapt to climate change 4- Forest restoration and agroforestry programmes to increase sources of income, food security and forested areas
<p>Component 2 – Protected areas and species protection</p> <p>Eight activities will ensure well-governed conservation areas. This will include planning documents, forest patrolling and targeted protection for endangered and critical species.</p>	<p>Output 3</p> <p>This output will see WCS and partners invest in Protected Area (PA) managers and IPLCs to improve management of conservation areas.</p> <p>Activities will include:</p> <ol style="list-style-type: none"> 1- New and/or strengthened conservation areas across the three sub-landscapes, including state, private and IPLC managed 2- The development of community conservation agreements between IPLCs, Civil Society Organisations (CSO) and government 3- Using SMART to strengthen forest patrolling and field operations 4- Fire prevention and management, leveraging support to train personal in protected areas (PAs) 5- Development of management and public use plans <p>Output 4</p> <p>This will see the consortium take additional targeted actions to stabilise populations of threatened/flagship species.</p> <p>Activities will include:</p> <ol style="list-style-type: none"> 1- Protection of endangered species in selected critical sites 2- Combatting wildlife trafficking through tracking convictions, monitoring and training

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	<p>3- Training on One Health and the risk of global pandemics</p>
<p>Component 3 – Enabling policy and financing mechanisms</p> <p>Through six activities, WCS will gain consensus between relevant stakeholders to achieve enabling institutional and policy reforms and financing, addressing incompatible or opposing policies, incentivising forest protection and strengthening IPLC rights.</p>	<p>Output 5</p> <p>This will see multi-sectoral coordination to harmonise policies, programmes and incentives between sectors, with an emphasis on agricultural and environmental policies.</p> <p>Activities will include:</p> <ol style="list-style-type: none"> 1- Technical studies on drivers and trends of biodiversity loss 2- BLF partner meetings to build ‘internal’ consensus and prioritise topics for collective government engagement 3- Multisector engagement and collaboration with CSO and communities 4- Engaging with governments to help improve policies, norms, procedures and legislation <p>Output 6</p> <p>This output will increase sustainable finance via increased national government investment, as well as leveraging partnerships and public and private sector finance.</p> <p>Activities will include:</p> <ol style="list-style-type: none"> 1- Increase national government investment through technical studies and outreach showing the need for further investment 2- The delivery of REDD+, climate finance and Payments for Environmental Services (PES)
<p>Component 4 – Learning and adaptive management</p>	<p>Output 7</p> <p>The monitoring, evaluation, and learning (MEL) framework is at the core of the programme and this output will guarantee that it serves as an interactive learning tool, guiding decisions making and adaptive management. Indicators listed in the logframe (see Annex M) will be used to monitor the progress and evaluate impact.</p> <p>Activities will include (in close collaboration with the BLF Fund Manager and Independent Evaluator):</p> <ol style="list-style-type: none"> 1- Training on data collection and management related to the outcome and output indicators 2- The development and institutionalisation of MEL working groups (thematic and geographic) 3- Design and Inception Report 4- Baseline, midpoint and endpoint evaluations 5- Research, learning and dissemination

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The flexible and adaptive nature of the programme means that WCS 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 has made ‘secondary funding’ available for the Mesoamerica landscape, which WCS has bid for 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 need and effectiveness. If awarded, WCS proposes to begin implementing this additional funding post-mid-point evaluation, which would allow for MEL from earlier programming years to inform the new activities.

This secondary funding would allow the expansion of scope, scale and sustainability of the activities from the primary funding phase. It would sustain key project functions, expand successful initiatives and pilots, take advantage of opportunities and adapt to changing conditions, invest in cross-landscape learning and sustain initiatives and interventions.

The interventions funded by the secondary spend will be informed by mid-point evaluations, but potential activities that the secondary funding could permit include:

- 1- Expand alternative livelihoods interventions to additional IPLCs, an example being honey production in the Indigenous territories of Moskitia, Southern Petén, or in Belize.
- 2- Expand the most promising pilot projects that benefit women, youth, and Indigenous households as well as the most successful forest restoration and/or agroforestry initiatives.
- 3- Invest in community-based and/or cooperatively managed infrastructure that expands incomes to IPLC enterprises. An example could be wood and/or Non-Timber Forest Product (NTFP) processing machinery in coordination with forest community organisations such as ACOFOP and FORESCOM.
- 4- Sustain key investments to strengthen field patrols and law enforcement in areas under considerable threat, and where MEL inputs and consultations indicate that further support is warranted.
- 5- Fund new protection initiatives for highly threatened species, including nesting sites or other critical habitat “hotspots” of endangered species, as well as newly detected foci of illegal wildlife trade.
- 6- Support additional assessments related to ICF funding for governments and BLF landscapes, with a particular focus on resolving acute bottlenecks identified while promoting sustainable finance options or providing incubation support for promising financial mechanisms.

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 3 – Details of appraisal assumptions

Appraisal assumption	
Prices	FY 2021/22 ⁷ , GBP prices
Additionality	0.5 ⁸
Leakage	0.75 ⁹

⁷ Consistent across all BLF landscape level business cases

⁸ Conservative parameters consistent with OBC assumptions

⁹ Conservative parameters consistent with OBC assumptions

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Optimism Bias	0.5 ¹⁰
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 4 – Summary of the central scenario results excluding secondary funding, discounted, 2021/22 prices

Discounted central scenario	
Total Costs	£13.4m
GHGe Reduction	£43.5m
Additional income generated	£0.47m
Total benefits	£44.0m
Net present value (NPV)	30.5m
Benefit cost ratio (BCR)	3.3

Overall, the central scenario, which excludes the cost of the secondary funding, suggests that **the preferred option of funding WCS's proposed programme would have a NPV of £30.5m and a BCR of 3.3**. In other words, based on this relatively high-level analysis, it is estimated that the benefits will be at least 3.3 times higher than the costs, providing very good value for money according to Green Book guidance.

As explained above, during the programme's implementation period there is a structured assessment process to decide how to spend the secondary funding across all landscapes. Assuming that secondary funding is spent on the Mesoamerica landscape and that this is split evenly over the four final years of programme work as proposed by WCS, 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 2.8.

Table 5 – Summary of the central scenario results including Secondary Funding, discounted, 2021/22 prices

Discounted central scenario with Secondary Funding	
Total Costs	£15.6m

¹⁰ 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.

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<i>GHGe Reduction</i>	£43.5m
<i>Additional income generated</i>	£0.47m
Total benefits	£44.0m
Net present value (NPV)	28.4m
Benefit cost ratio (BCR)	2.8

However, these results only consider two benefits 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 8) are equally as important to consider as a range around the central scenario. These results suggest **a low scenario BCR of 2.1 and a high scenario BCR of 3.5**, taking the secondary funding into account to be conservative, which indicates that this programme has **very good value for money potential**.

Costs

From the total BLF budget of £100m, **Defra will provide up to £12.3m** to WCS in the Mesoamerica Landscape as primary funding and may provide further secondary funding (which will only begin to be spent from year 4). Alongside this, WCS will **leverage £4.1m in additional funding** over the duration of the programme, which is around 5% above the value Defra requested that applicants try to raise. This brings the total societal cost of option 2 to £16.4m 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 6 displaying the cost breakdown are undiscounted and nominal, in line with WCS'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 outputs 1,2 and 3 will have relatively more budget directed towards them. Further detail can be found in the Financial Case.

Table 6 – Cost breakdown, undiscounted, nominal and inclusive of the secondary funding

Cost category	Option 2 cost, undiscounted (£m)
Programme delivery	£13.5m
Monitoring, evaluation & learning activities	£0.5m
Administration	£2.4m
Total funding	£16.4m
<i>Of which...</i>	
<i>Defra funding</i>	<i>£15.3m</i>
<i>Leveraged funding</i>	<i>£4.1m</i>

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 £13.4m.

Benefits¹¹

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 four 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 WCS and extracted from their bid.

Monetised benefits

GHG emissions reduction:

The Mesoamerica landscape holds huge stores of carbon, with the 3 focal landscapes totalling 85,000km² of forest land¹², acting as a carbon sink and providing significant climate change mitigation. Many of the interventions outlined above would contribute towards the safeguarding of these carbon stores, and by extension reducing GHG emissions, as they would change the practices and incentives away from deforestation and unsustainable land management. Output 3, in particular, will directly protect forested land.

Overall, the programme aims to reduce deforestation rates, with a resulting **total reduction of 7,278 ha of forest loss** across the three targeted areas. This is in relation to the average forest loss within the intervention area of 30,329 ha per year between 2012-2021¹³ and an indicative profile of reduction of 2% in Yr2, 3% in Yr3, 4% in Yr4 and 5% annually in years 5-7 which is anticipated by WCS under the assumption that it will increase by year. This corresponds to an estimated **reduction in GHG emissions of 1.18mt CO2e** over the project lifetime, which has been calculated using the projected reduction in forest loss and estimates of the CO2 that it captures¹⁴. A specific baseline and corresponding target for each management unit targeted in the intervention will be established during the inception period. Given that this is an indicative figure only and further baseline assessment will need to be carried out during project inception, we have taken a 25% range above and below as a sensitivity. Further, we have assumed the same profile provided by WCS on deforestation reduction for GHG emission reduction. Using the BEIS carbon values¹⁵, deflated to FY 21/22 prices and discounted using a 3.5% discount rate as per Green Book guidance for carbon prices, **the central scenario is valued at £43.5m** over the appraisal period. This links to

¹¹ Please see Benefits Realisation Plan for further information on how we expect these identified benefits to be realised.

¹² Figure provided by WCS

¹³ Global Forest Change dataset, Hansen et al.

¹⁴ CO2 estimated using the Harmonized global maps of above and belowground biomass carbon density (Spawn, Sullivan, Lark and Gibbs, 2020)

¹⁵ [Valuation of greenhouse gas emissions: for policy appraisal and evaluation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation)

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a key International Climate Finance (ICF) indicator (KPI 6) of GHG emissions reduced or avoided as a result of the intervention.

Income:

Another key benefit is the additional income generated through the component 1 activities. Through a combination of improved land-tenure, and sustainable natural resource management and business practices, it is anticipated that **4,516 individuals will benefit from improved income from sustainable sources**. These individuals will span 47 settlements, with at least 50% of these beneficiaries being female. We do not have an exact indication of the monetary value of these income increases, but WCS has targeted a minimum 10% income increase annually. This appears reasonable given analysis commissioned by Defra which highlighted that many projects, even with small grants, can result in income increases of more than 50% per year. The analysis also gave indications of average income within the landscape:

Table 7: Landscape Countries Income Estimates¹⁶

Country	GDP per capita 2016-2020 (average year in constant 2010 USD)	Estimated rural community income per capita (USD)
Honduras	2,152	1,076
Guatemala	3,268	1,634
Belize	4,101	2,051
El Salvador	3,437	1,719

These estimates have been used to monetise the income benefits over the 7-year programme. Assuming the beneficiaries live within rural communities and that there is an even split between countries (as country split of beneficiaries is not provided), we have taken an average across the four countries. This gives an estimated income increase of US\$221 in 2022 prices¹⁷ or £188 when this is converted to GDP. Due to the absence of robust income estimates, a large sensitivity of 50% above and below the central estimate has been conducted. Also, rather than assuming that all individuals benefit from increased income in year 1, we have assumed a cumulative increasing profile across the 7 years of the project, with 1/7 of the people starting to receive an uplift in year one, rising to the full amount by year 7. Benefits are also deflated to FY 21/22 prices, and discounted using a 10% discount rate, as per the guidance for foreign benefits. **This gives monetised benefits of £0.47m in the central scenario.**

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 which are quantifiable even though they are not readily monetisable¹⁸. As throughout, it is crucial to flag the inextricable interlinking of the three outcomes and therefore how a single component/benefit can easily contribute towards more than one outcome.

¹⁶ PETA Report

¹⁷ [Inflation Calculator | Find US Dollar's Value from 1913-2022 \(usinflationcalculator.com\)](https://www.usinflationcalculator.com/)

¹⁸ All quantified figures have been extracted from the targets identified in WCS' bid.

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- 1- In addition to the income benefits to local peoples identified above, additional local people, local businesses (and their staff), and local leaders will also benefit directly from the programme, specifically through component 1:
 - a. Overall, largely driven by the activities within component 1, it is anticipated that **39,540 individuals in 76 settlements** will see improved land or natural resource management rights. This could come in many forms such as signed contracts/MoUs between community organisations/representatives and governments that detail newly acquired or renewed rights, as well as government agency approved natural resource management permits or plans.
 - b. **42 community businesses or cooperatives** will experience improved governance following improvements such as new procedures and administrative personal training. **264 community leaders** will also be trained in social safeguards and improved awareness of their rights and mechanisms to defend those rights through the activities proposed in output 1.
 - c. In addition to the 4,516 people identified and included in the monetised analysis above who will experience a more sustainable income source, **27 community businesses** will further benefit from increased income and/or resilience to climate change, with the goal of at least one of the following: a 15% income increase by the end of year 4; establishment of a climate change adaptation strategy; and at least one improvement made to adapt to climate change.
 - d. **14 communities** will have new climate-smart investments (either plans produced, investments formally pledged or actually implemented).
- 2- **1,503,141 ha will receive sustainable land management practices** which will see the improved treatment of land and natural resources. This is treated as a cumulative indicator and will comply with at least one of the 10 indicators of sustainable land management (SLM) practices including reforestation, agroforestry and soil and vegetation management. There is an aim within this to increase the hectares with increased forest cover due to agroforestry or forest restoration activities to 150,503 ha.
- 3- Through output 3, **5 protected areas** will be formally recognised and established to protect biodiversity or strengthened through infrastructure, equipment, training etc. Additionally, **annually 31,228km will be patrolled to tackle illegal activity** and there will be a **5% decrease in the number of active fires** detected by Visible Infrared Imaging Radiometer Suite (VIIRS) across all management units by year 5.
- 4- Output 3 will also aim to develop **29 conservation agreements signed with local communities**. These could be in the form of bilateral (community-NGO) and trilateral (Government-NGO-Community), as well as individual agreements with farmers or households for agroforestry or restoration interventions.
- 5- **150 people will be trained** and able to demonstrate increased awareness about the origins of pandemics and One Health approaches through output 4.
- 6- Through component 3, WCS and partners aim to create an environment in which the benefits and transformational change above can be realised. This relates to policy, norms and regulation changes, as well as establishment of meaningful financial mechanisms. Several ambitious targets are outlined to achieve this:
 - a. **14 technical studies and 14 public events** will be held describing trends in drivers of biodiversity loss, as well as **12 BLF partner meetings each year** and **25 events annually to promote multisector collaboration with government partners**. Overall, **12 policy advances** are targeted, in the form of new policies, norms, procedures and/or formal legislation, benefiting and advancing the conditions to permit biodiversity conservation and sustainable development.
 - b. To secure leveraged and sustainable finance, WCS aims to produce **12 technical studies** that demonstrate the need for increased national investment in the environment and a further **13 to advance REDD+ and/or PES**. All of these will be shared with relevant national governments. Resulting from this, the programme targets a **15% annual increase in annual national budgets** of relevant environment authorities by the end of the programme and **£6.4m in REDD+, climate finance or PES investments** obtained for BLF landscapes.

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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:

Although these benefits are currently unquantified, monitoring will incorporate gender disaggregated approaches where possible, so we expect to be able to report progress on this throughout the course of the programme.

- 1- Despite poor representation in economic and political processes, women hold significant traditional knowledge and play important roles in sustainable natural resource use. Recognising this, the programme will promote gender equality as a key to local development with a strong emphasis on women and their rights. Key aspects of WCS' gender equality strategy include:
 - a. Fostering full and effective female participation in decision-making processes, ensuring their active involvement in consultation, as well as in workshops and trainings.
 - b. Greater female inclusion and empowerment through consultation and capacity-building initiatives. Activities will include workshops and trainings targeting women and youth, including education programmes to diversify access to sustainable livelihoods.
 - c. Targeting women for investments, such that at least 50% of the beneficiaries of investments in sustainable livelihoods are female. This means that of the minimum 10% income increase aimed for, at least 50% will be women.
 - d. Deliver trainings on social safeguards to vulnerable communities, including a gender focus, to ensure awareness of rights and sources of recourse should the need arise.
- 2- IPLCs will be programme partners and are a core part of WCS's consortium. Initial consultation with IPLCs has been carried out, with a commitment to further engagement to develop concrete workplans, which has allowed for their full and equitable involvement from the outset. Throughout the programme IPLCs will be supported to secure, exercise and benefit from rights to land and natural resources - full details can be found in the component 1 description. Around 55% of the programme resource is directly dedicated to supporting local partners, generating benefits such as improved income and wellbeing. The area of action will benefit more than 28,000 Indigenous/local community members within forest areas, specifically in 15 IPLC managed territories. Likewise, it will benefit 69 community groups with improved land tenure, and natural resources access.

Conservation of species:

Mesoamerica is an international biodiversity hotspot; covering only 0.5 percent of the world's land surface, the region is home to 7% of its biological diversity, including rare and endangered species like the jaguar, Baird's tapir, Central American river turtle, and great green macaw. This makes it 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.

Given the BLF's key outcome of nature (slowing, halting or reversing biodiversity loss), the proposed programme sets a target of **12 globally threatened target species being conserved following improved protection** and **10 globally threatened indicator species experiencing stable/increased abundance/occurrence** in focal areas. These species include the central American river turtle, the Baird's tapir, Great green macaw and the Highland guan. A further related benefit is the **stabilisation or improvement of ecosystem integrity** in focal areas. This includes addressing habitat loss, degradation through fire, illegal wildlife trade (IWT) and fragmentation and will be measured using selected indicators such as the average value of forest landscape integrity index and average density of active fires. To help combat IWT, WCS targets the training of 424 people in Counter Wildlife Trafficking (CWT) tactics and the establishment of 5 CWT strategies which will be approved by authorities. They also aim to

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reduce the registered IWT events seen per year across all the BLF focal areas, aiming for this to fall from the baseline of 111 to 85/year.

Output 3 focuses specifically on strengthening protected areas and Output 4 on species protection. However, all outputs are, arguably, instrumental in realising this benefit by contributing towards protecting nature, either directly through community conservation in Outputs 1 and 2, policy change through Output 5, sustainable financing mechanisms through Output 6, and indirectly through the indicators and outreach products in Output 7. Endemic and endangered species are therefore considered direct beneficiaries.

Ecosystem services:

Looking beyond the direct boundaries of the programme, the landscape provides considerable **ecosystem services to a significant portion of the locals in the area**. They are heavily dependent on the forested landscape for access to clean water and food. As all the output-focused components contribute towards protecting these ecosystem services, such as through improved policies and more effective protected areas, these citizens are indirect beneficiaries of the programme. The actual monetary value of the ecosystem services which are conserved through the programme is not possible to calculate, but this is expected to be substantial and would significantly reinforce the value for money.

Secondary funding benefits

WCS's primary proposal is designed to support three critically important areas within this landscape. However, given the size of the landscape and complexity of issues detailed above, WCS have also provided a proposal on how they would use additional funding. This would allow successful activities to be scaled-up or scope expanded, sustainability to be ensured and therefore reaching more beneficiaries and having a greater impact on both wellbeing and conservation.

This would enable many of the benefits described above to be increased, such as increased sustainability of livelihood interventions, consolidation or extension of land and natural resource rights, further improving finance mechanisms and sustaining of deforestation reductions leading to 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 strong BCR with the full additional secondary funding cost included.

Conclusion

Overall, given the central BCR of 2.8, which is further strengthened by both the numerous quantitative and qualitative benefits, **we conclude that the 'do-something' option of funding WCS's proposed programme is the preferred option over the BAU.**

Sensitivities

Table 8 – Sensitivity Analysis Results including Secondary Funding

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	Low Scenario	Central Scenario	High Scenario
<i>£m</i>			
Total Costs	£15.6m	£15.6m	£15.6m
GHGe Reduction	£32.6m	£43.5m	£54.4m
Additional income generated	£0.23m	£0.47m	£0.70m
Total benefits	£32.9m	£44.0m	£55.1m
Net Present Value (NPV)	17.3m	28.4m	39.5m
BCR	2.1	2.8	3.5

Sensitivity analysis establishes a range for the benefits and in turn the NPV and BCR. For the additional income gains, **a range of 50% above and below the central scenario** of per person income increases of 10% above the average annual income across the four countries (£188) is applied. This gave a range of £0.23m-0.7m. For GHG emissions reductions, a sensitivity was run to present **a range of 25% above and below the central scenario** of a 1.18mt reduction. This resulted in a range of £32.6m-£54.4m for this benefit.

Following this, the NPV range is £17.3-39.5m and the BCR is 2.1-3.5. This includes the full secondary funding cost in order to provide a conservative estimate. Even under the lower scenario, the NPV remains positive and the BCR still suggests benefits could be double the costs. It is important to reiterate that this excludes the numerous benefits discussed in the quantitative and qualitative section above.

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 9 – 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. <i>Mitigation: Real prices have been used in the value for money analysis to account for inflation and VfM remains high.</i>
Quantification	The figures used for quantification and monetisation have been directly extracted from WCS's bid, rather than our own estimates. This creates a risk of inflated benefits.

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	<p><i>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 sensitivity analysis has also been applied to this appraisal. During the inception period of the programme, WCS will work with the 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.</i></p>
Income gains assumptions	<p>The income gains assumptions are based on the high-level estimates from analysis commissioned by Defra in 2021 and indications of magnitude by WCS.</p> <p><i>Mitigation: To account for the risk the necessary assumptions pose, a large sensitivity of 50% above and below the central scenario has been conducted.</i></p>
GHG emissions reductions	<p>The assumed reduction in GHG emissions is based on the indicative figure provided by WCS in its bid.</p> <p><i>Mitigation: To address the risk that the actual benefit falls above or below this figure, a sensitivity of 25% above and below the central estimate has been conducted.</i></p>
Individual countries' political, economic and cultural factors	<p>Interventions may encounter difficulties in delivering outputs due to poor enforcement of policies, conflict/opposition or other contextual factors. This could delay or even prevent benefits from interventions being realised.</p> <p><i>Mitigation: WCS's 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 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 than expected, for example due to challenging operating environments.</i></p>

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 assessing the proposal against the "4 Es" below is based on the WCS bid which provided details on how they will ensure value for money.

Economy

The consortium will consider cost savings and alternatives at each decision point throughout, including staffing and purchasing. The consortium has lower operating costs compared to alternatives and is committed to delivering greater leveraged funds, increasing impact for the same cost to Defra. WCS and its partners follow strict procurement practices to ensure competitive bidding for products and services. Each programme partner has strong administrative procedures to ensure value for money, including procurement procedures and competitive tendering, clear policies on travel costs, and guidance for staff compensation in line with comparable local jobs. The procedures manuals of each organisation are regularly updated to reflect current best practice and to ensure ongoing value for money. The programme also includes capacity building for local organisations to adopt and implement necessary policies and procedures.

WCS will charge the minimum overhead cost required to maintain operations for a complex programme with a number of partners. The total administration costs make up 14.52% of total programme budget of which 11.57% are strictly indirect overheads (the rest being costs that can be directly attributable to the project). These funds will cover current local financial and administrative support teams and add capacity to properly manage the implementation of all the field activities and contracts with the BLF Consortium's fifteen partners. This includes WCS's standard indirect cost rate (20.25%), covering costs at headquarter such as payroll, risk management and IT, which will *only* be applied to funds implemented directly by WCS. Other indirect costs incurred in the management of subawards with consortium partners will be absorbed by WCS. This will be discussed and assessed further during contract negotiations between Defra and WCS, supported by the Fund Manager. Prior to contract signature, Defra will analyse WCS's project budgets to ensure that all line items are justified and reasonable.

Efficiency

By reducing costs, prioritising technical and material assistance, steering livelihood investments directly into rural communities and leveraging additional funding, WCS can maximise impact for a total of around £279 per direct beneficiary, or £49 per indirect beneficiary.

Programme partners are experienced managers with extensive experience in their respective areas and large networks across the landscape, building on previous work to identify challenges and propose ambitious but achievable work plans which meet local needs and maximise impact. The proposed priority activities have been identified through significant and broad stakeholder engagement. Beyond this formal commitment, WCS expect this programme will create a multiplier effect, attracting at least an additional £4.1m throughout the programme on top of the commitment expressed in the budget. Importantly, WCS will also work towards funds being matched by significant commitments from governmental institutions, expanding the positive impact on forests and local livelihoods

Effectiveness

The programme logic and planned activities are based on clear conceptual models and a deep understanding of the conservation values and targets of each sub landscape and how to reduce threats to these whilst also benefiting local communities. The ToC is based upon decades of experience and includes reasonable assumptions to ensure outputs will achieve the overall BLF impact. WCS consortium partners have well-demonstrated capacity of working together to achieve transformational impact. They also have significant experience working effectively with IPLCs, with IPLC organisations being included directly as delivery partners. The roles and responsibilities of the members are clear, bringing the right mix of skills for leadership and management to achieve the programme

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objectives. Specific site-based workplans developed at the programme design stage set out clear, quantified activities and expected results for each partner, building on lessons learned including past failures.

The consortium will work across multiple scales to build resilience in ecosystems, communities, and biodiversity. By working simultaneously with communities and civil society at the grassroots level, as well as with the private sector, agencies and government, the consortium will achieve impact at scale. The programme includes a significant learning component to ensure successes can be replicated by programme partners, other conservation organisations and community groups. Overall programme impact will be monitored rigorously through robust monitoring and evaluation, including logframe indicators adapted to measure the key benefits from the programme such as GHG emissions and numbers of beneficiaries. This will support adaptive management while capturing data to demonstrate value for money.

Equity

The programme focuses on improving the rights and wellbeing of the most vulnerable and marginalised populations, in particular IPLCs, women, and young people. The benefits section further details the approach to engage, work with, and benefit IPLCs, including supporting the rights to land and natural resources, as well as promoting forest-based local livelihoods projects with various Indigenous communities. WCS will seek to integrate a gender-focused approach throughout the programme, including within investments proposed for sustainable livelihoods. The programme also includes an innovative intervention focused on establishing sustainable enterprises with forest-dependent youth in the Maya Biosphere Reserve's community forest concessions, with an emphasis on young women.

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 Mesoamerica landscape; and
- Delivery Partners: recipients of UK ODA funding to deliver aid interventions in the Mesoamerica 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 Mesoamerica 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

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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 Mesoamerica 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 Defra ODA Board on 4th March 2021, the Investment Committee on 19th March 2021, and the Chief Secretary to the Treasury on 2nd June 2021).

A consortium model with a single Lead Delivery Partner for the Mesoamerica landscape 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 Mesoamerica landscape, the preferred Lead Delivery Partner is Wildlife Conservation Society (WCS). See Annex K – Grant Award Report for further details.

KPMG completed due diligence on behalf of Defra, concluding that the findings were satisfactory. KPMG's recommendations from the DPR have been received and accepted by the LDP.

4) Funded Activities

An analysis 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.

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The analysis supported the identification of key issues in the Mesoamerica 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 the purpose of this business case key drivers of VfM linked to commercial activity have been described below.³⁷

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 Mesoamerica landscape, WCS 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.

WCS have proposed a cost recovery rate of 14.52% of total Programme budget. As set out in the Economic case they will charge the minimum overhead cost required to maintain operations, and funds will be passed through to partners with no application of indirect cost charge from WCS. Prior to contract signature, Defra will analyse WCS'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 WCS's financial systems and controls was provided by a detailed due diligence review by KPMG 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 (WCS), and the Independent Evaluator (OPM).

Role of Defra

Defra will monitor Fund Manager performance in delivering against key performance indicators over the life of the 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 Mesoamerica 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 July 2022 and after thorough evaluation the decision was made in December to progress with WCS's proposal as the Lead Delivery Partner, with resultant grant agreements to be signed following the completion of satisfactory due diligence on WCS.

Due Diligence: Defra commissioned KPMG to carry out a Delivery Partner Review (DPR) on the successful Lead Delivery Partner, WCS, in line with Defra's due diligence requirements via an existing joint contract between Defra, BEIS and FCDO and PwC.

WCS 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 WCS. 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.

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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 WCS 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 11: Reporting Details

Frequency	Title	Details
Monthly	Risk report	<ul style="list-style-type: none"> One report per Landscape. 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	<ul style="list-style-type: none"> One report per Landscape. 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	<ul style="list-style-type: none"> One invoice per Landscape. Invoice must include a breakdown of costs per output and a final amount to pay.
	Monitoring Report	<ul style="list-style-type: none"> One report per Landscape. Summary of the main results achieved across the project.
Annually	Annual Report	<ul style="list-style-type: none"> One report per Landscape. 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.

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

Table 12: Products 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 contract 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,

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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 & Independent Evaluator

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	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. In the case of any fiduciary risks taking place, the FM will need to escalate these to Defra using the appropriate channels; this is in addition to the regular monitoring and reporting the FM is expected to do.
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 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 80% 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 Mesoamerica landscape will be up to £17.2m, 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 April 2023 seeing a steady increase as activities and interventions are embedded across the landscape. For FY2021/22 the only spend for the Mesoamerica landscape was in-country staffing costs, with the remaining costs consisting of programme overheads.

Table 13 sets out an indicative payment schedule for the Mesoamerica landscape, although these amounts will be reassessed and amended over the course of the programme as delivery gets under way.

Annex L – Programme 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 13: Indicative schedule for Mesoamerica landscape

Programme investment (£)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9*	Total
	(21/22)	(22/23)	(23/24)	(24/25)	(25/26)	(26/27)	(27/28)	(28/29)	(29/30)	
Mesoamerica		0	3,519,000	3,366,000	3,213,000	2,448,000	1,224,000	1,071,000	459,000	15,300,000***
Defra Management & Overheads										
In-country staff**	21,000	35,000	35,700	36,414	37,142	37,885	38,643	39,416	40,204	321402
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		8,555	3,000	3,000	6,000	3,000	3,000	6,000	3,000	35,555
TOTAL	21,000	341,186	3,713,672	3,553,747	3,483,153	2,647,283	1,429,261	1,282,064	723,154	17,194,520

*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.

*** Please note that these costs exclude the additional funding to be secured by WCS 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 WCS.

WCS proposed budget breakdown

WCS provided a projected breakdown of their proposed programme budget at the time of their bid. This is provided in Table 13 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 WCS’ first indication of spend across the major workstreams. This budget is composed of Defra’s £12.3m core funding and the additional funding leveraged by WCS. It does not include the £3m of secondary funding because that has not been allocated at this stage.

Table 14: WCS 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
	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 2029 - Oct 2029
Programme delivery	0	143,823	1,120,206	806,900	1,060,628	3,037,935	2,799,425	2,146,515	1,106,489	1,246,632
MEL	0	1,702	42,098	28,111	38,851	111,404	121,075	98,172	35,198	45,084
Administrati on costs	0	41,377	150,817	139,562	192,613	516,379	462,399	391,798	217,700	264,596

Table 15 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 core “administration costs” projected by WCS. To note that the latter will be further assessed during contract negotiations between Defra and WCS, supported by the Fund Manager.

Table 15: Total Mesoamerica Management Costs

Programme Admin Cost (£)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total
	(21/22)	(22/23)	(23/24)	(24/25)	(25/26)	(26/27)	(27/28)	(28/29)	(29/30)	
In-country staff	21,000	35,000	35,700	36,414	37,142	37,885	38,643	39,416	40,204	321,402
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		8,555	3,000	3,000	6,000	3,000	3,000	6,000	3,000	35,555
WCS Administration Costs		0	524,369	516,379	462,399	391,798	217,700	184,071	80,525	2,377,241
Total		341,186	719,041	704,126	732,552	591,081	422,961	395,135	344,679	4,250,761

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 details are in the BLF portfolio level Business Case (Annex B). There is one locally engaged HEO/C4 BLF Landscape Manager delivering regional coordination implementation of the BLF in the Mesoamerica 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 Mesoamerica 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:

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. 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 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 was undertaken to ensure implementing partners meet the necessary financial stability requirements.

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An indicative payment profile for the Mesoamerica landscape is shown in the first line of Table 13. Final payment schedules will be agreed between the lead delivery partner and Defra as part of the grant award process. First payments will be made in the fourth 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 WCS 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.

The Fund Manager must aim to disburse at least 80% of grant funding to the lead delivery partner by the end of Quarter 3 (15th December) in line with ODA cash spend targets. Progress will be assessed against this target on a quarterly basis and the Fund Manager will raise any concerns that this target may not be met at the earliest possibility.

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.

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 inaction on 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 was conducted on the lead delivery partner prior to award of grant, and the Fund Manager holds 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

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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 a delivery partner in the Mesoamerica landscape we will initially look to reallocate funding through an alternative delivery partner within the Mesoamerica landscape in the first instance. 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 8 of the Management Case. Should it not be possible to reallocate funding within the Mesoamerica landscape we may look to reallocate the funding to another BLF landscape in line with Business Case guidelines.

Table 17: Provision for the return of any uncommitted funds to Defra

Scenario	Timing and reporting trigger (if relevant)
Occurrence of any illegal or corrupt practice	Immediately at the time if/when this happens or if identified as part of 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, such as natural disasters or wars. We assess this may also provide some cover in extreme cases of under-delivery or withdrawal of partner government cooperation with the programme.	At the time – delivery partners to immediately inform Defra of extraordinary circumstances that jeopardize the programme 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 Mesoamerica 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 Mesoamerica 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 Defra 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 80% 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

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views or concerns to Defra. Posts advise on political handling in-country and manage the Mesoamerica Landscape Coordinator who reports directly to the HoM. The BLF Landscape Coordinator helps oversee and coordinate activity across Mesoamerica. 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.

Please 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 Mesoamerica and will be the recipient of the Grant Agreement in the landscape. For the Mesoamerica landscape, this is WCS. WCS 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 Mesoamerica programme manager.
- Carry out any remedial action should the above be reported.

WCS will work with a consortium of delivery partners to achieve the outputs and outcomes across the Mesoamerica 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 Mesoamerica 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 Mesoamerica 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

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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 Fund Manager 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 Mesoamerica Landscape. Specific to Mesoamerica the Independent Evaluator shall provide the following:

- Evaluation of Mesoamerica Programme(s) and Project(s);
- Community and stakeholder engagement, participation and capacity building;
- Assessment of impact across the Mesoamerica 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 IE 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 Mesoamerica landscape as a Landscape Coordinator. They are a member of the Climate and Nature team at the British Embassy, Guatemala City, with a remit to support implementation of the BLF and regional coordination across the four countries working closely with, and delivering to, the Defra programme team. They engage with the host governments and relevant stakeholders and support the four 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 IE 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 programme design analysis, 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 have sought written support from the governments of each country, and have signed Memoranda of Understanding (MOU) between Defra and Belize, El Salvador, and Honduras, which set out 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 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 Mesoamerica 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. WCS has submitted a ToC and logframe for Mesoamerica 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

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- Learning Cycles which allow for adaptive changes to be 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.

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. The Independent Evaluator will be responsible for undertaking thorough mid- and end-term evaluations of the BLF.

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 M) across the lifetime of the programme and stored on a specifically developed e-platform. Progress against the desired outputs and outcomes will be reviewed every four months, with more detailed review and learning events annually. WCS 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 Mesoamerica programme as a whole, alongside the other BLF landscapes, and including updating the Value for Money assessment.

This data in itself will be a key benefit of the programme, ensuring the approach is evidence driven and providing the basis for learning both within the BLF and wider. There is a strong emphasis on adaptive management and making use of this quantitative and qualitative data to better understand what is or isn't working and to adapt the programme accordingly. Please see the appraisal case and Benefits Realisation Plan for a more detailed explanation of this.

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 Partners 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

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	<p>the rate of return for investment. These KPIs at the landscape level logframe will feed up into the programme level KPIs which are:</p> <ul style="list-style-type: none"> • 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 Lead Delivery Partner progress reports. This shall include projected spend and financials, which shall be approved by the FM.
Evaluation Reports	<p>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:</p> <ul style="list-style-type: none"> • Poverty reduction • Slowing, halting, or reversing biodiversity loss • Reducing greenhouse gas emissions
Annual Reviews	Defra will assess progress annually 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

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 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 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 Mesoamerica 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 Mesoamerica 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

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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 Mesoamerica 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 Mesoamerica 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.	Likely	Major	Mod	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 taken into account 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.	Minor
Regional/ Political instability prevents delivery (or delays parts of the project, or introduces inefficiencies)	Possible	Moderate	Maj	The current political climate is stable. Pre-existing geopolitical issues have the potential to escalate, and soNGOs need to demonstrate they have a PA management contract/agreement in order to help mitigate this risk. Careful monitoring will be required by all parties. We will work closely with the selected delivery partner, the HMG ambassadors in country and the landscape coordinator to monitor risks.	Mod
Corruption by partners or stakeholders in the landscape resulting in a misuse of funds. All three countries in the Northern triangle suffer from high levels of corruption with El	Possible	Major	Sev	The Fund Manager and Lead Delivery Partners have demonstrated that they have procedures in place for dealing with fraud within their own organisation and with third parties. They are required to alert Defra to any concerns they have over the misuse of funds. In the event of fraud being detected, the project may be suspended pending investigation, and Defra will have the right to terminate the agreement funds should corruption or fraud be identified. An internal Fraud Risk Assessment was also undertaken to identify and map out mitigations for potential	Mod

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Salvador ranked 104, Guatemala ranked 149, Honduras ranked 157 out of 180 by Transparency International in 2020				fraud-related risks, should they occur. The disbursement schedule set out in the grant agreement will ensure that payment in advance of need is prevented, thereby reducing in the amount of funds that could be misused. A due diligence assessment was conducted on WCS to ensure fraud and risk standards are met, and to ensure WCS undertakes satisfactory due diligence on their downstream delivery partners. This due diligence process considered 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.	Unlikely	Major	Maj	We are engaging with relevant Ministries within the Mesoamerican landscape to foster shared commitment to achieving the goals of the BLF. The delivery partner will also need support from governments to work across the landscape. Diplomatic and advocacy work with the government, regional authorities, HMG and Defra ministers will continue in order 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 able 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 Defra commercial oversight, and that the evaluation process was also owned by Defra (also with oversight and advice from Defra commercial teams). 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 (GBP) 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

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<p>Safeguarding risks including Increased unrest creates a threat to staff safety or staff 'doing harm'</p>	<p>Possible</p>	<p>Major</p>	<p>Maj</p>	<p>Maintain, through the Fund Manager, close oversight and due diligence of activities across landscapes. Safety and security plan developed by FM and DPs. Respect for human rights and do-no-harm have been considered during evaluation. Systems established to enable reporting and support whistle-blowers. Risk of exclusion managed by project proposal evaluation criteria giving preference to interventions with positive impacts on marginalized groups.</p>	<p>Mod</p>
<p>Risk of an economic shock in the Mesoamerican countries increasing poverty levels and therefore increasing incentives for people to destroy natural resources</p>	<p>Possible</p>	<p>Major</p>	<p>Maj</p>	<p>Regularly seek economic and policy advice through liaison with Post and FCDO to identify problems early, with appropriate adaptations made to correct issues</p>	<p>Mod</p>
<p>Due to drug traffickers and organised crime groups, there may be risks to safety, effective delivery and safeguarding</p>	<p>Possible</p>	<p>Major</p>	<p>Maj</p>	<p>Maintain, through the Fund Manager, close oversight and due diligence of activities across landscapes. Safety and security plan developed by FM and DPs. Respect for human rights and do-no-harm have been considered during evaluation. WCS has robust Human Rights and Safeguarding policies in place to prioritise the rights of Indigenous groups.</p>	<p>Mod</p>
<p>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.</p>	<p>Possible</p>	<p>Major</p>	<p>Maj</p>	<p>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 through 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.</p>	<p>Mod</p>

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- ¹ Mesoamerica refers to a region of Latin America comprising northern Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Belize, and central to southern Mexico. The BLF Mesoamerica landscape covers a smaller part of the wider region – parts of Belize, El Salvador, Guatemala, and Honduras. Throughout this business case, “Mesoamerica” refers to the BLF landscape, whereas “wider Mesoamerica region” refers to the region.
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- ³ Critical Ecosystem Partnership Fund. n.d. Mesoamerica – Threats. <https://www.cepf.net/our-work/biodiversity-hotspots/mesoamerica/threats>
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- ⁶ [Chronology of the Dry Corridor: The impetus for resilience in Central America | Agronoticias: Agriculture News from Latin America and the Caribbean | Food and Agriculture Organization of the United Nations \(fao.org\)](#)
- ⁷ [Chronology of the Dry Corridor: The impetus for resilience in Central America | Agronoticias: Agriculture News from Latin America and the Caribbean | Food and Agriculture Organization of the United Nations \(fao.org\)](#)
- ⁸ [El Niño & La Niña \(El Niño-Southern Oscillation\) | NOAA Climate.gov](#)
- ⁹ [Chronology of the Dry Corridor: The impetus for resilience in Central America | Agronoticias: Agriculture News from Latin America and the Caribbean | Food and Agriculture Organization of the United Nations \(fao.org\)](#)
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