

This The Darwin Initiative Annual Review

Title: The Darwin Initiative		
Programme Value £ (full life): Up to £93.75m		Review date: September 2023
Programme Code: GB-GOV-7-DAR29	Start date: September 2021	End date: March if 2028

Summary of Programme Performance

Year	2022	2023				
Overall Output Score	N/A	A				
Risk Rating	Moderate	Medium				

DevTracker Link to Business Case:	Darwin Initiative Business Case
DevTracker Link to results framework:	Darwin Initiative Logframe

A. SUMMARY AND OVERVIEW

Description of programme

Established in 1992, the Darwin Initiative protects biodiversity and reduces multidimensional poverty in developing and transition countries. It is funded and managed by Defra and administered by a Fund Manager (NIRAS). Since its creation the Darwin Initiative has given rise to the Illegal Wildlife Trade Challenge Fund and the Darwin Plus programme focused on UK Overseas Territories, and strongly influenced new Defra programmes. Collectively, these three funds are referred to as the Biodiversity Challenge Funds (BCFs).

In 2021, Defra initiated several reforms of the Darwin Initiative. Defra has increased its funding, created new pathways to scale successful pilots, invested more to strengthen the capacity of delivery partners and placed greater value on building and applying evidence.

The Darwin Initiative consists of four schemes. Each differs in size and objective: Darwin Initiative Extra funds larger projects and scaling up of successful approaches; Darwin Initiative Main funds mid-sized projects; Innovation tests higher risk or more novel approaches; and Capability & Capacity strengthens organisations that conserve biodiversity whilst reducing poverty.¹

Summary supporting narrative for the overall score in this review.

To assess output and outcome scores in this annual review, the annual review team gathered results reported by 117 projects (with a combined grant value of £43,636,137), which now report against selected Darwin Initiative Standard Indicators. The review team then compared these early-reporting projects’ results with the results achieved by previous rounds of projects.

At outcome level and output level, impressive progress has been made by existing projects and is projected from new projects, for example on biodiverse area under improved management and number of people with improved livelihoods (although there is a lack of GESI disaggregation). Overall, the programme exceeded 13 of its 19 output indicators; met 3; and was behind on just 3. Table 1 summarises output scores, by component.

A different method of assessing progress also supports the ‘A’ rating given here. NIRAS assesses the progress of all ongoing Darwin Initiative projects on a 1-5 scale (1 means ‘outcomes likely to be

¹ All Darwin Initiative grants must now include elements which strengthen capability and capacity of in-country organisations. What makes the Darwin Initiative's Capability and Capacity funding stream unique is that capacity strengthening is its main objective.

completely achieved’; 5 means ‘outcomes unlikely to be achieved’). Annual performance scores range between 1 and 2.13, indicating that most projects are on track to achieve all or almost all of their objectives.

Results on outputs reported by the sample of early-reporting projects are summarised below:

Table 1: Summary of output scores

Output no.	Output title	Impact weighting (%)	Progress	Output score
1	Capability and capacity of key national and local stakeholders to deliver on biodiversity conservation and associated reductions in multi-dimensional poverty enhanced	25%	5 indicators exceeded milestone targets	A
2	Policies and approaches enhancing biodiversity conservation and associated reductions in multi-dimensional poverty are available and endorsed	25%	4 indicators exceeded milestone targets 2 indicators missed milestone targets	A
3	Evidence is utilised, and Best Practices are developed, refined, and made available	25%	2 indicators exceeded milestone targets 2 indicators met milestone targets 1 indicator missed milestone targets	A
4	Programme management adapts to strengthen delivery of the challenge fund	25%	1 indicator exceeded milestone targets for 3 of the 4 schemes 1 indicator exceeded milestone target 1 indicator has no milestone set but looks to be on track to achieve expected outcomes	A

Alongside the progress early-reporting projects have made towards their collective outputs, Defra and NIRAS have made progress in strengthening the overall architecture of the programme. Notably:

- The new structure of funding schemes (Extra, Main, Innovation, Capability & Capacity) is bedding in. In funding Round 29, stakeholders are demonstrating increased understanding and appetite for the new schemes, as evidenced by stronger and greater application numbers.
- The new cross-cutting workstreams (Building and Applying Evidence, Communication) are establishing themselves through additional resourcing, early delivery plans, and new processes.
- The new Darwin Initiative Results Framework (Theory of Change, Logframe and Standard Indicators) was launched in April 2023 after 18 months of development, with some grantees

already reporting against the new Standard Indicators, although reporting is not required until the 2023/24 Annual Reports.²

The sample of projects for which it is possible to compare milestones and actual results will grow year-on-year, as the proportion of projects required to use the recently launched Standard Indicators grows as a proportion of the portfolio. To continue to justify an 'A' score in future annual reviews, the programme team will need to review and set more ambitious milestones annually, as the pool of projects able to forecast and report results against the Standard Indicators grows.

Progress against the key recommendations from the first annual review:

1. **The new results framework should be finalised and begin implementation by March 2023.** The new theory of change, logframe and suite of standard indicators to enable aggregate level reporting were launched approximately 12 months later than originally planned. Applicants under Round 30 are expected to utilise the indicators and existing projects encouraged to adopt the indicators where feasible and appropriate. Grantees are expected to report on activities in 2023/24 utilising the new results framework.
2. **Strengthen Darwin Initiative communications and outreach by June 2023.** The Fund Manager has invested new resource into communications to revitalise and strengthen the approach. Getting the structures in place to support scaled communications, including rationalisation of the Biodiversity Challenge Fund social media channels, website content management systems, branding, strategy, and stakeholder engagement. Closer links have been developed between Defra and FCDO.
3. **Put in place a detailed, time-specific workplan on 'Building and Applying Evidence' by March 2023.** A rolling time-specific workplan has been developed to guide and deliver the deep dives, with a strong pipeline of proposed topics, terms of reference and a strengthened pool of experts to analyse and evaluate the portfolio and strengthen the fund's impact.
4. **Continue to implement other key recommendations from the independent evaluation,** particularly strengthening the programme's approach to Gender Equality and Social Inclusion with a clear action plan in place for this by June 2023. Following the evaluation, an independent GESI deep dive was commissioned and completed. The recommendations made in the deep dive built on the evaluation and will be transformed into a multiyear strategy. The strategy is due to be drafted by April 2024 and implemented between 2024 and 2028.
5. **The programme board should regularly review programme risks.** The approach to risk has been reviewed following the updated Defra guidance, this includes the regular discussion between Defra and the Fund Manager of live issues and debates on potential new risks to further strengthen the approach. Risks outside the programme's risk appetite are escalated within Defra and where appropriate, would be raised at the Programme Board.
6. **Put in place resource** to support activity on lesson learning, results and evaluation in Biodiversity Challenge Funds, including Darwin Initiative. Defra has hired an analyst focused on the Biodiversity Challenge Funds. She began work in September 2023.

Major lessons and key recommendations for the year ahead

The independent evaluation of the Darwin Initiative, completed in 2022, highlighted the positive impacts that it has achieved and can achieve and the overall value of the challenge fund approach. Building on the evaluation and the first Annual Review, this review continues to find evidence to support this view.

² Projects funded under the Darwin Initiative Round 29 are required to report against the Darwin Initiative Standard Indicators in April 2024. Projects awarded funding in earlier rounds may not be required to report against these indicators, as this was not a condition of their funding when awarded.

1. **Strengthen the fund's approach to capability and capacity building.** Build capability and capacity amongst current and prospective delivery partners from developing and transition countries to implement strong projects with lasting impact. Focus on the areas of greatest need, including results measurement. Develop a capability and capacity strategy to guide the fund's approach to development and implementation by March 2024. This will include webinars/training provision, communication to boost signposting to support available, south-south network building and strengthening, and a deepdive exploring options to support project-level evidence generation and impact assessment.
2. **Consolidate and accelerate activities to strengthen the delivery and ambition of Workstream 5: Building and Applying Evidence.** Good progress has been made putting in place systems and approaches to manage this workstream. The untapped potential for this area of work to have impact within and beyond the fund is substantial and should be capitalised upon with the strengthened capability and capacity that the fund has secured in the past year. A new workplan should be in place by April 2024.
3. **Build on recommendations of the Gender, Equality and Social Inclusion deep dive to develop a multiyear GESI Strategy.** The 2022 independent evaluation found Darwin Initiative to be 'GESI Sensitive'. The 2023 deep dive conducted by an independent expert identified recommendations to further strengthen the approach to GESI. Building on this detailed analysis, the Darwin Initiative should develop a strategic approach by March 2024 to guide a multi-year work programme to further strengthen its GESI approach.
4. **Widely consult and review feedback on the standard indicators and strengthen by March 2024.** In line with the agreed plan, the suite of standard indicators is expected to evolve and develop to enhance their utilisation and capability to efficiently collect relevant data, including dimensions of disaggregation and methodologies to underpin sampling best practices. Importantly, methodologies needed to measure and report on impact and outcome indicators, where these have not yet been confirmed, need developing.
5. **Targets will be reviewed with more ambitious milestones set annually, and ways to understand and increase fund level value for money (VfM) developed.** Targets will increase in ambition as the pool of projects able to forecast and report results against the Standard Indicators grows. .
6. **Develop and create cloud-based database to securely hold and make accessible project data.** The current system is outdated and inflexible. Plans to address this were interrupted by the contract renewal process and focus on scaling the funds, but efforts to address the risks of the current system and capitalise on the opportunities of a cloud-based system are to be prioritised, with the development of a new system underway by March 2024.
7. **Investigate and develop a policy for the role of artificial intelligence in the fund, by June 2024.** Informed by a planned deep dive, develop a position that the fund can adopt with respect to the use of new artificial intelligence and machine learning to improve accessibility to evidence, strengthen governance and mitigate risks for example.
8. **Strengthen capacity within Defra to provide assurance and support to meet ODA obligations including strengthened risk management, safeguarding (human rights, and SEAH) and transparency.** With increasing scale and complexity comes increased risk, including safeguarding related risks, and transparency demands on limited Defra resource.

B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

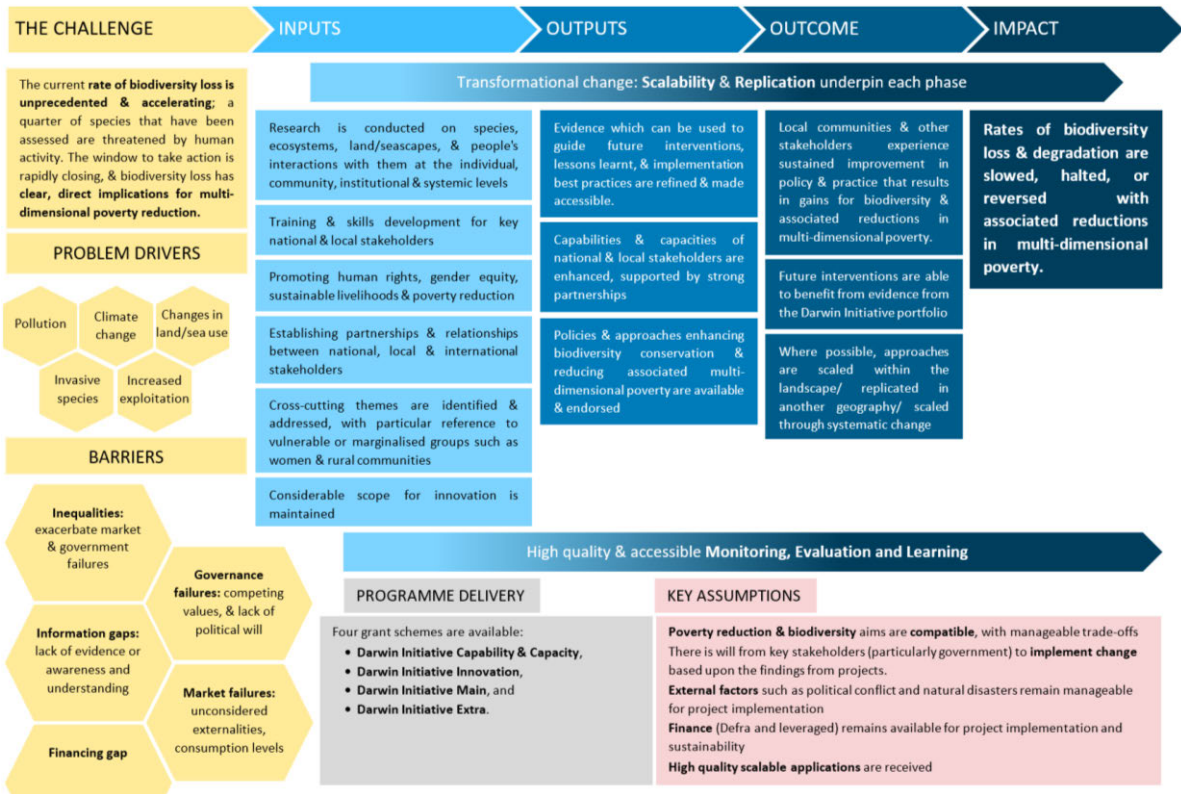


Figure 1 Darwin Initiative Theory of Change

The Darwin Initiative Theory of Change (Figure 1) is above. As described above, the Darwin Initiative invests in various approaches to enhance biodiversity conservation and reduce associated multidimensional poverty; enhances capabilities and capacities of local/national stakeholders to deliver these approaches; and generates evidence to guide future interventions.

These outputs are expected to lead local stakeholders to make sustained improvements in their policy and practice. These policy and practice changes vary widely, and address different dimensions of poverty in different ways. For example, the independent evaluation found evidence of projects improving poor women and men’s power (gaining greater influence over nature-related decisions which affect them), income (from new and better nature-positive revenue streams, such as agroforestry) and health (where better forest fire prevention has contributed to better respiratory health.)³ In different ways, the practice and policy changes Darwin Initiative projects facilitate also slow, halt, and reverse rates of biodiversity loss and degradation. Integral to the Theory of Change are internal feedback loops; Defra, the Fund Manager and delivery partners use data to adapt the fund and individual projects, to strengthen performance.

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

Results reported by the sample of early-reporting projects indicate impressive progress on outcomes:

- 395,912ha of habitat under sustainable management practices, against an expected milestone of 219,707ha for 2022/23 year, for the 14 projects reporting on this indicator.
- 98,148 people with improved disaster/climate resilience, against an expected 36,349 people for 2022/23 year, for the 6 projects reporting on this indicator.

³ Ecorys (2022) Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund scheme evaluation – final report, pp 63-64 and 100. Available at www.darwininitiative.org.uk/media/5xtneqsz/finalreport_publishable.pdf.

- £3,863,858 finance mobilised for new activities building on evidence, best practices, and projects, against the expected milestone of £942,569 for 2022/23 year.⁴

Progress on the finance mobilised indicator is particularly impressive given projects only need to report this at Final Report stage, so there is likely to be huge under-reporting of achievements here.

Less progress has been reported on other outcomes:

- 0 households reporting improved livelihoods, against an expected 6,580 for this period
 - The results of this indicator are highly variable year-to-year, and from our survey of grantees it is clear that they are finding it difficult to report against this in a robust manner. The 6,580 milestone has been significantly influenced by one project (DAREX004) which set a target of 20,000 HHs by the end of project. As the formula for estimating milestones assumes that the target is spread equally across the project period. However, our records show that this project has not yet reported any households with increased income, so the results will be reported in the 2023/24 or 2024/25 period. In the short-run, we are considering changing the wording of this indicator to include improvements to livelihoods as well as wellbeing more generally. We will contract a specialist to develop grantee guidance for this in the coming year. Moving forwards these households will also be defined as indirect (rather than direct) beneficiaries under new guidance on the definition of beneficiaries, and this will therefore change this milestone/target.
- £0 income derived by local communities from new/enhanced Payment for Ecosystem Services, against an expected target of £0 for this period
 - None of our projects reported against this indicator. In some years there may be some that can but overall this may be simply too variable and unpopular an indicator to rely on for consistent results. Moving forward, projects engaged in PES can still report against this indicator in their logframes, but it is not general enough to warrant keeping as a fund-level indicator.
- 0 policies with biodiversity provisions that have been enacted or amended, against an expected 1 for this period
 - These milestones typically tend to be reached at the end of project for each of the projects reporting against them. However, we set our portfolio-level milestones under the simplifying assumption that the planned results will be delivered in a smoothed way over the project lifecycle. For the indicators with small-n results, we end up with results that are a bit more variable than milestones. Also, if there are enough projects reporting against the milestone then it tends to even out, but in this case we are relying on the results of one project, which will probably end up delivering all three of its policy amendments in either 2023/4 or 2024/5. We are currently changing the structure of our Standard Indicators based on feedback received from grantees, which may assist us to improve results against this indicator in future.

Methodologies for assessing the four impact indicators have not yet been developed, so it has not been possible to assess progress on:

- Ecosystem Loss and Degradation Avoided (ha)
- Change in multi-dimensional poverty Scorecard
- Status of Threatened Species
- The extent to which the fund is likely to have a transformational (scalable) impact

⁴ This figure is for mobilised funding, and doesn't include matched funding (which represents £8,222,363 in additional funding and is reported on in the Output 4 figure below).

Methodologies for these indicators will be developed this year, informed by deepdives to support indicator development and implementation, and aligning with a Defra-wide process to develop methodologies for Defra International and International Climate Finance indicators across Defra’s ODA portfolio.

Results on outputs reported by the sample of early-reporting projects are summarised below:

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

The programme should continue. A 2022 independent evaluation of the Darwin Initiative found that Darwin Initiative has made significant contributions to reducing threats to biodiversity loss and has directly contributed to the conservation status of species. The programme’s monitoring data also

suggests it is making good progress against current outcome level indicators and results, although further refinement of the Standard Indicators following feedback from stakeholders is expected.⁵

⁵ During our first year of piloting the Standard Indicators, we explored their use to enhance both aggregated and project-level reporting. However, it has become clear that the indicators needed to measure change at the project level are fundamentally different to those required to report aggregated results, with the latter being much more general and broadly applicable. We have learnt this through engagements with grantees and applicants who have raised concerns about the lack of specificity in the Standard Indicators, and the limits to which they are capable of measuring project-level change in a meaningful way. Furthermore, grantees and applicants have reported that the list of Standard Indicators is somewhat overwhelming and that they would appreciate some more focused guidance on those indicators that are most important to the Darwin Initiative. In response, we are reducing the number of Standard Indicators, with a focus on enhancing the clarity of the language used in the Guidance document and on using the Standard Indicators to collect only the data that we need to report at an aggregated level.

C. DETAILED OUTPUT SCORING

Output Title	Capability and capacity of key national and local stakeholders to deliver on biodiversity conservation and associated reductions in multi-dimensional poverty enhanced.		
Output number:	1	Output Score:	A
Impact weighting (%):	25%	Weighting revised since last AR?	N/A
Indicators	Milestones for this review	Progress	
1.1a. Number of people from key national and local stakeholders completing structured and relevant training	5,305 people ⁶	11,424 people (51 projects reporting)	
1.1b. Number of secondments or placements completed by individuals of key local and national stakeholders.	3 people	16 people (5 projects reporting)	
1.1c. Number of people reporting that they are applying new capabilities (skills and knowledge) 6 (or more) months after training.	390 people	414 people (7 projects reporting).	
1.1d. Number of trainers trained reporting to have delivered further training by the end of the project.	24 people	244 people (6 projects reporting)	
1.2. Number of key local and national organisations with improved capability and capacity as a result of project.	164 organisations	407 organisations (33 projects reporting)	

Over 11,000 national and local stakeholders completed Darwin-funded training in 2022/23. Results from early-reporting projects have surpassed expectations in this area.

Notable achievements in this reporting period include:

- Main project 29-007 is facilitating transformative change in how sustainably Indonesia manages tropical peatlands in Borneo. Tropical peatlands support a rich and unique biodiversity, including globally important populations of threatened species, notably including the largest remaining populations of Critically Endangered Bornean orangutans. These areas are at risk from climate-change driven drought episodes, with the resulting wildfires having knock on impacts not only to

⁶ This milestone is estimated based on the aggregated 'planned' figures from projects, adjusted according to estimations of what might be achieved in a single project year (rather than the full project lifetimes) and in proportion to the funds dispersed for this reporting year. This figure is quite conservative and confidence in it is low given the under-reporting expected at this early stage in the roll-out of the standard indicators and associated reporting framework and the optional nature of reporting. By the same method, 23,315 national and local stakeholders are expected to complete structured and relevant training over the full lifecycle of projects.

biodiversity but to human health. Within its first year, and following a training needs assessment, this project has trained: 369 people in environmental education, 199 people in paludiculture & aquaculture, 87 in patrol and integrated fire management, 51 in habitat restoration and 118 in sustainable forest management.

- C&C project DARCC011 in Madagascar is strengthening the capacity of protected area managers. Within its first year, 193 protected area practitioners received training aimed at improving their ability to manage Madagascar’s fragile and threatened ecosystems. This included 41 managers and directors who received dedicated training on managerial skills which covered topics such as leadership, team development, gender mainstreaming, conflict resolution and negotiation.

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

The previous target was set prior to the availability of results, but it has since been revised here to incorporate the most recent projections so is likely to be more accurate.

Lessons learned this year and recommendations for the year ahead.

Following assessment of the first round of the new and Capability and Capacity grant applications, the guidance was strengthened to better align the quality and focus of the applications to the objectives of the scheme. This has resulted in stronger alignment between the applications received and the objectives of the scheme, and a more defined distinction between this scheme and the Darwin Initiative Main.

Recommendations:

- Review and revise the milestones and targets annually, as the pool of projects able to forecast and report results against the Standard Indicators grows. This includes people-related milestones by gender, and age group and stakeholder group. These targets will likely grow as the project pool grows, and will thus provide a more accurate representation of what the Fund is delivering. Complete first update by March 2024.
- Review stakeholder feedback on the Results Framework and determine whether any changes are required to strengthen its adoption, quality, and utility to support the delivery of the fund.
- Strengthen efforts, including guidance and support mechanisms, to secure annually disaggregated results (especially on gender and Indigenous People and Local Communities - IPLCs) for relevant indicators. Defra staff capacity to strengthen the approach to Gender Equality and Social Inclusion (GESI) has increased, which will support the funds’ efforts in this.
- Invest greater resource into Workstream 6 Capability & Capacity, to compensate for delays and maximise the potential value of the activities to increase local ownership of applications and projects, strengthen the sustainability and legacy of projects, and increase the likelihood that scalable inventions will be adapted and adopted by local organisations.

Output Title	Policies and approaches enhancing biodiversity conservation and associated reductions in multi-dimensional poverty are available and endorsed.		
Output number:	2	Output Score:	A
Impact weighting (%):	25%	Weighting revised since last AR?	N/A
Indicators	Milestones for this review		Progress
2.1a. Number of new/improved habitat management plans available and endorsed	25 plans		22 plans (9 projects reporting)
2.1b. Number of new/improved species management plans available and endorsed	9 plans		6 plans (2 projects reporting)
2.1c. Number of new/improved community management plans available and endorsed	37 plans		56 plans (6 projects reporting)
2.1d. Number of new/improved sustainable livelihoods/poverty reduction management plans available and endorsed	6 plans		9 plans (2 projects reporting)
2.2. Number of people with increased participation in local communities / local management organisations	3,494 people		4,335 people (10 projects reporting)
2.3. Number of Indigenous Peoples and Local Communities (people) with strengthened (recognised/clarified) tenure and/or rights	650 people		4,750 people (3 projects reporting)

Comparing the actual and expected results of projects already reporting under this output, progress is in line with expectations. One indicator stands out. Among Darwin Initiative projects that already report results, the number of Indigenous Peoples and Local Communities with strengthened tenure and/or rights is particularly impressive. 73% of the targeted number of people already benefit from strengthened tenure and/or rights, even though most results of this type emerge in the final years of projects. For indicator 2.1a, plans are typically only finalised in a final project year, so with most

reporting projects still in their 1st or 2nd year, results are impressive despite the apparent missed milestone.

Notable achievements include:

- DAR28021 is working to enhance the resilience of coastal communities living in the Philippines. To date, the project has driven the promulgation of seven village-level natural resource management plans throughout Guinayangan in the province of Quezon. A further eight management plans are currently being drafted, along with an overarching municipal-level plan hosted by the Municipal Fisheries and Aquatic Resources Management Council. The project has facilitated the participation of an additional 889 people in the management of local ecosystems and their resources.
- DAR29011 focuses on securing connectivity linking Nepal’s Parsa National Park to the northern Shivalik hills and eastern Terai Forest, ensuring safe wildlife movement and increasing community wellbeing. In its first year, the project advanced five (of 20 planned) community-level management plans to enable enhanced management and use of resources in community forests adjacent to the National Park. A further three Participatory Wildlife Coexistence Plans have been prepared and endorsed by communities to address human wildlife conflict in critical areas.

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

The output has been refined from “*Biodiversity-Poverty Reduction Policies and Management Plans are available and accessible*” to strengthen its clarity and value. The availability of such policies and plans should inherently mean that they are accessible, and this should be captured in the methodology of any associated indicators.

Lessons learned this year and recommendations for the year ahead.

Opportunities to strengthen relevant activity in this area should focus on the quality rather than number of applications or applicants. Potential applicants would benefit from identification and promotion of exemplar applications and approaches.

Few projects report non-financial contributions to poverty reduction. The Darwin Initiative could strengthen the support in how projects measure and report on these, where applicable.

Recommendations:

- Use an understanding of how the Standard Indicators have been received, and the recent funding rounds to refine logframe milestones, by March 2024. Make this an annual process of reviewing and refining milestones where required, as the portfolio of projects reporting against the Standard Indicators grows.
- Review stakeholder feedback received on the Results Framework and determine whether any changes are required to strengthen its adoption, quality and utility to support the delivery of the Darwin Initiative.
- Strengthen efforts, including guidance and support mechanisms, to secure annually disaggregated results (especially on gender and Indigenous People and Local Communities - IPLCs) for relevant indicators (e.g. 2.2 will disaggregate reporting by gender; age group; and typology of community/management organisations, and 2.3 will disaggregate reporting by gender; age group; typology of tenure/rights; and biome/ecosystem/habitat). Defra staff capacity to strengthen the approach to Gender Equality and Social Inclusion (GESI) has increased, which will support the funds’ efforts in this.
- Consider support to strengthen how project implementers measure non-financial poverty reduction, including health and empowerment outcomes .

Output Title	Evidence is utilised, and Best Practices are developed, refined, and made available.		
Output number:	3	Output Score:	A
Impact weighting (%):	25%	Weighting revised since last AR?	N/A
Indicators	Milestones for this review	Progress	
3.1. Number of best practice guides and knowledge products developed, published and endorsed	11	32 (7 projects reporting)	
3.2. No. of assessments conducted and published			
<ul style="list-style-type: none"> • Number of new conservation or species stock assessments published • New assessments of habitat conservation action needs published • New assessments of community use of biodiversity resources published 	<p>1</p> <p>1</p> <p>2</p>	<p>14 (2 projects reporting)</p> <p>1 (1 project reporting)</p> <p>0</p>	
3.3. Number of projects contributing data, insights and case studies to national MEA related reporting processes and calls for evidence	1	1 (1 project reporting)	

new conservation Early reporting projects produced a range of new conservation or species stock assessments, best practice guides and knowledge products. More information about these will be available for the next annual review.

In addition, the fund manager, in collaboration with Defra, has finished producing or commissioning eight Deep Dives. These cover process questions (including how the BCFs should go about incentivising more rigorous Impact Evaluation and conducting Legacy Project Evaluations) as well as thematic questions (e.g., on GESI-related risks and opportunities and on the ways in which grantees use and generate evidence). A workplan on ‘Building and Applying Evidence’ has been developed and is operational (Key recommendation 3 from the previous Annual Review).

Defra and the fund manager have used recommendations from these deep dives to improve programme processes. For example, findings from deep dives have been used to improve the Standard Indicators, monitoring and evaluation guidance, and Applicant and Grantee Webinar content. In a positive example of cross-programme coordination, some deep dives have covered all three Defra Biodiversity Challenge Funds, resulting in a consistent set of recommendations and planned process improvements. For example, the deep dive on gender, equity and social inclusion (GESI) has resulted in the development of a framework common to all three funds on strengthening GESI.

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

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

Lessons learned this year and recommendations for the year ahead

Supporting this activity, analysts have been recruited both within Defra and within the fund manager (this was Key Recommendation 6 in the last Annual Review). This has enabled Defra to lead and engage with the fund manager to deliver this area with the right analytical capability.

Recommendations:

- Improve the process for determining targets and milestones for some indicators, to help assess performance where this is feasible and adds value. The process should be robust and repeatable to enable the potential revision of milestones and targets as grants are awarded annually.
- Review stakeholder feedback received on the Results Framework and determine whether any changes (to the framework or associated guidance and support) are required by March 2024 to strengthen its adoption, quality and utility to support the delivery of the Darwin Initiative.
- Strengthen efforts, including guidance and support mechanisms, to secure annually disaggregated results (especially on gender and Indigenous People and Local Communities - IPLCs) for relevant indicators. Defra staff capacity to strengthen the approach to Gender Equality and Social Inclusion (GESI) has increased, which will support the funds' efforts in this.

Output Title	Programme management adapts to strengthen delivery of the challenge fund																																
Output number:	4	Output Score:	A																														
Impact weighting (%):	25%	Weighting revised since last AR?	N/A																														
Indicators	Milestones for this review	Progress																															
4.1. Number of high-quality applications received ⁷	<ul style="list-style-type: none"> Darwin Initiative Main: 30 C&C: 20 Innovation: 15 Extra: 15 	<ul style="list-style-type: none"> Darwin Initiative Main: 42 C&C: 25 Innovation: 21 Extra: 12 																															
4.2. Annual Average Project Annual Report (AR) and Final Report (FR) Scores	The programme team does not set a milestone for this indicator. However average scores in the range 1.00-2.5 would indicate that most programmes are on track to achieve their expected outcomes.	<p>Darwin Initiative C&C</p> <table border="1"> <thead> <tr> <th>Report type</th> <th>Projects reporting</th> <th>Average score</th> </tr> </thead> <tbody> <tr> <td>AR</td> <td>14</td> <td>2.07</td> </tr> <tr> <td>FR</td> <td>3</td> <td>1.00</td> </tr> </tbody> </table> <p>Darwin Initiative Innovation</p> <table border="1"> <thead> <tr> <th>Report type</th> <th>Projects reporting</th> <th>Average score</th> </tr> </thead> <tbody> <tr> <td>AR</td> <td>10</td> <td>1.80</td> </tr> </tbody> </table> <p>Darwin Initiative Main</p> <table border="1"> <thead> <tr> <th>Report type</th> <th>Projects reporting</th> <th>Average score</th> </tr> </thead> <tbody> <tr> <td>AR</td> <td>70</td> <td>2.13</td> </tr> <tr> <td>FR</td> <td>17</td> <td>1.38</td> </tr> </tbody> </table> <p>Darwin Initiative Extra</p> <table border="1"> <thead> <tr> <th>Report type</th> <th>Projects reporting</th> <th>Average score</th> </tr> </thead> <tbody> <tr> <td>AR</td> <td>5</td> <td>2.00</td> </tr> </tbody> </table> <p>[1-5 scale, 1: outcomes likely to be completely achieved, 5: outcomes unlikely to be achieved]</p>		Report type	Projects reporting	Average score	AR	14	2.07	FR	3	1.00	Report type	Projects reporting	Average score	AR	10	1.80	Report type	Projects reporting	Average score	AR	70	2.13	FR	17	1.38	Report type	Projects reporting	Average score	AR	5	2.00
Report type	Projects reporting	Average score																															
AR	14	2.07																															
FR	3	1.00																															
Report type	Projects reporting	Average score																															
AR	10	1.80																															
Report type	Projects reporting	Average score																															
AR	70	2.13																															
FR	17	1.38																															
Report type	Projects reporting	Average score																															
AR	5	2.00																															
4.3. Volume of finance mobilised by the partners to deliver the project	£9,425,692	For projects starting in the 2022-23 period: £12,086,221																															

The number of high-quality applications received in Round 29 exceeded expectations, and reflects positively on Darwin Initiative. Success factors include the longevity of the Darwin Initiative –its calls for proposals are well known and widely publicised amongst conservation and international development actors; and efforts by the feedback which the Darwin Expert Committee and Fund Manager vide to applicants.

Like any challenge fund, the Darwin Initiative also receives applications of lower or mixed quality. For example, the Darwin Initiative Main call for proposals received 91 such applications. The Fund Manager (NIRAS) monitors trends in lower scoring applications. Analysing trends amongst 27 unsuccessful applications, NIRAS has identified five common reasons for project proposals falling short: logframe weaknesses; project design issues; applications being poorly written; failure to demonstrate clear biodiversity impacts; and failure to articulate clear poverty benefits.

⁷ Number of applications achieving an average score higher than 4 at Stage 2/Single Stage of Round 29.

Informed by this analysis, NIRAS supports applicants to raise the quality of their applications. For example, Darwin Initiative application guidance makes clear the need to address both biodiversity and poverty, and NIRAS conducts a series of well-received workshops early in the application process, including a workshop on logframes, and learning from common mistakes.

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

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

Lessons learned this year and recommendations for the year ahead.

Round 29 is the second round of the new schemes (Extra, Innovation, Capability & Capacity), and stakeholders are gaining familiarity with them.

Clarity of the role of FCDO in-country is improving. A series of webinars in March 2023 for FCDO in-country were delivered and received positive feedback. The capacity and interest of FCDO in-country to engage with the fund is expected to remain highly variable between posts and over time. The challenge for the fund is to provide the right level of engagement efficiently for both the fund and the FCDO. By strengthening and consistently presenting the role of FCDO in-country, the fund hopes that efficiency gains will be made under Round 30 and beyond.

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

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

Recommendations:

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

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

The Business Case set out value for money of the proposed Darwin Initiative programme based on:

- Delivery of similar outputs and outcomes to recent Darwin Initiative projects but at greater overall scale (reflecting revised programme structure).
- Post-project finance leveraged at rate greater than 1:1 to UK government funding provided.
- Administration and evaluation costs expected to be around 6% of total budget.

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

This review nonetheless makes several observations, which indicate good value for money.

Economy:

- The new fund manager contract was awarded through a competitive open tendering process resulting in an implied grant administration fee of █%, lower than originally expected.

Efficiency and Effectiveness:

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

Equity:

- Darwin Initiative projects are partly selected on the extent to which they support multidimensional poverty reduction, but there is scope to further strengthen alignment of this with the biodiversity objective.
- In early 2023, Defra commissioned a review of the extent to which its ODA programme considered and advance gender equality and social inclusion. Within the past year, the Darwin Initiative have made progress in implementing the recommendations of this study. Notably:
 - Applicant guidance and capacity building activities have been updated, encouraging applicants and projects to focus on meaningful participation and engagement of women and marginalised groups, with a stronger focus on social inclusion. Disaggregation of relevant impact, outcomes and outputs (namely impact indicator 2, outcome indicator 2, and output indicators 1.1, 2.2, and 2.3) will be an important part of understanding the Darwin Initiative’s performance in terms of GESI.
 - Applicants are being advised to disaggregate more data on outcomes and impact indicators by age and gender. NIRAS is updating its programme-wide spreadsheets to capture this disaggregated data.
 - Defra and the fund manager planning further actions. Following a deep dive on Gender, Equality and Social Inclusion (including Indigenous people and local communities) in the Biodiversity Challenge Fund, the fund is developing a multiyear GESI strategy to action the

recommendations. The GESI Strategy and five-year Action Plan will set out how to ensure that all projects the Biodiversity Challenge Funds fund are sensitive to GESI by 2028.

- Fair and equitable access to finance, for good quality projects, is an operating principle with transparent funding mechanisms.

D: RISK

No major risks materialised during the review period. One major risk from the previous annual review period was closed off – COVID-19 travel restrictions eased, and no longer caused significant disruption to project delivery.

The established approach to risk management remains strong with regular quarterly meetings held to review programme-level risks; where issues materialise, these are managed and monitored appropriately.

The risk framework has been updated to align with new Defra guidance with reformulated Risk Types and Scales; the conversion to the new risk guidance has not resulted in substantive changes to the actual risk assessments or mitigations.

The overall risk of the programme is assessed as **Medium**.

Table 2. High-level Programme Risks

Risk Type	Indicative High-Level Risks	Impact	Probability ⁸	Gross Risk	Mitigation	Residual Risk
Strategic & Context	Operating in politically volatile and economically unstable contexts or experiencing unexpected or unforeseen events	Medium	High	High	<i>Reduce:</i> Security assessments conducted to inform decisions and project risk frameworks. Ongoing engagement and analysis to monitor risk, with Fund Manager and Defra support.	Medium
	Some projects fail to make significant contributions to poverty reduction, or fall short on gender, equity and social inclusion (GESI)	Medium	Medium	Medium	<i>Reduce:</i> Applicants required to detail how their project would contribute to poverty reduction and GESI. Defra ensures sufficient poverty reduction and GESI expertise on Darwin Expert Committee. Expert Committee assesses each application for its contribution to poverty reduction and GESI. Applicants encouraged to conduct GESI analysis early in project cycle, measure progress towards project-level GESI objectives, monitor GESI-related risks, and report progress and risks to Defra via project logframe. Forthcoming GESI Strategy ensures that these measures are mainstreamed into programme processes.	Low
Delivery & Operational	Capacity to effectively oversee a portfolio of often novel activities and deliver on programme objectives.	Medium	Medium	Medium	<i>Share:</i> Develop resource capacity, supported by strong planning and oversight with regular review points, after-action-reviews, to identify pinch point and resources constraints. Further strengthened with clear Terms of Reference, comprehensive documentation of processes, manage vacancy rate and reduced complexity of funds.	Low

⁸ Likelihood: Very High (>80%), High (>50%<80%), Medium (>20%<50%), Low (>5%<20%), Very Low (<5%)

Risk Type	Indicative High-Level Risks	Impact	Probability ⁸	Gross Risk	Mitigation	Residual Risk
	Delays in implementation of Results Framework make it harder to tell a compelling story about the Darwin Initiative’s overall results and value for money	Medium	High	High	Compare results from early reporting projects with what these projects’ expected results, as an early indication of overall programme performance. Monitor fund-wide progress in achieving outputs, via project annual reports, as another early indicator of overall progress. Complement this with qualitative evidence, including case studies from selected projects.	Medium
Safeguarding	Risk of programme or partner staff doing harm (including but not limited to Human Rights, OSJA, Safeguarding SEAH), failing to investigate, or not reporting such incidences.	Very High	Medium	High	<i>Reduce:</i> Maintain, via the Fund Manager, delivery partner guidance and support along with close oversight and due diligence of activities across portfolio, requiring a robust safeguarding policy in place including systems to enable reporting and support whistle-blowers	Medium
Project / Programme	Weaknesses in project delivery, or projects not aligned to priorities.	High	High	High	<i>Reduce:</i> Delivery Partners competitively selected against rigorous technical and financial criteria with independent assessment will help ensure lead partners are capable of delivering quality and strategic objectives. Reporting frameworks, due diligence and spot check conducted by the Fund Manager.	Medium
Financial & Fiduciary	Risk of poor financial management resulting in funds being misappropriated for non-programme usage or not accounted for.	High	Medium	High	<i>Reduce:</i> Fund Manager will manage and mitigate these risks associated with the delivery partners, through guidance, training, enhanced due diligence, spot checks, reporting frameworks, audits and checks conducted prior to grant instalments being transferred. Disbursement practices enable close monitoring and the ability to halt expenditure, reducing the potential for misuse of funds.	Low
Reputational	Risk of interventions going wrong/causing harm, or delivery partners acting in a way that causes reputational harm to HMG	High	Medium	High	<i>Reduce:</i> Maintain, via the Fund Manager, close oversight and due diligence of portfolio, providing training and advice to delivery partners, requiring a robust safeguarding policy in place including systems to enable reporting and support whistle-blowers.	Low

The understanding of risks continues to develop and strengthen with regular risk management and lesson learning. This has resulted in some minor changes to risks in the period but adjustments to the risk ratings are not recommended beyond the Delivery & Operational Risk.

Delivery & Operational

With extra funding, new funding windows and additional compliance functions, the workload involved in administering the Darwin Initiative has grown. To respond, the Fund Manager continues to strengthen its staffing, including the recent addition of a communications expert. Within Defra,

recruiting enough staff to optimally oversee programme implementation remains challenging. Planned and recent recruitment should help to ensure effective oversight and bolster resilience over the long-term. At the time of writing, gaps remain.

Recommendation: Increase residual risk for Delivery and Operational to medium.

No further changes are recommended.

E: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

Overall delivery and financial management

The expected number of grants have been awarded to projects under funding Rounds 28 and 29, and in line with the revised programme structure:

Scheme	Round 28		Round 29	
	Total No. of grants	Lifetime Value	Total No. of grants	Lifetime Value
Capability & Capacity	16	£2,573,750	22	£3,928,811
Innovation	10	£1,776,994	10	£1,877,480
Main	31	£11,489,872	28	£14,027,938
Extra	5	£15,578,357	4	£13,351,145
Total	62	£31,418,974	64	£33,185,374

Funding Round 30 has also been launched and has attracted great interest from stakeholders.

At the same time, good progress has been made in mobilising the new programme structure. New systems to deliver the Building and Applying Evidence component and refreshed systems to support communications are in place. Membership of the Darwin Expert Committee has been strengthened, with increased representation of experts from recipient countries, with an ambition to continue to strengthen representation.

The recommendations Defra accepted from the 2022 independent evaluation have been mainstreamed into systems and processes. These include better reporting, enhancing poverty and livelihoods focus and implementation, furthering the approach to Gender, Equality and Social Inclusion and widening representation on the Darwin Expert Committee.

The Darwin Initiative has adopted an agile approach to its management, guided by continuous lesson learning, engagement with stakeholders and central role of evidence generation and application. For example, Defra staff visited Kenya to build a network of Darwin Initiative projects in the country – introducing the 19 different projects to each other, and enabling learn from each other about risks, challenges, how they manage them. The visit was also a great opportunity for Defra to engage directly with project implementers in the country, whose feedback on application cycle and project management challenges has informed the Biodiversity Challenge Funds' communications, capability and capacity workstreams.

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

Commercial

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

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

The Performance Management Framework (PMF), below, is used to monitor, measure, and control the Fund Manager’s performance of contract responsibilities.⁹ The PMF will be periodically reviewed, particularly when new capabilities are generated to monitor KPIs, or new workstreams are agreed with Defra.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

⁹ Close and effective collaboration between Defra and the fund manager makes it harder to assess the performance of Defra and Fund Manager separately. Some KPIs are partly within Defra’s control.

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

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

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

Recommendations:

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

Date of last narrative financial report	27 September 2023	Date of last audited annual statement	13 January 2023
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