

Annual Review – Global Programme on Sustainability

Title: Global Programme on Sustainability		
Programme Value £ (full life): \$35,671,898 comprising: UK (Defra) \$26.3m; Germany \$4.4m; Switzerland \$3.3m		Review date: March 2024
Programme Code: GB-GOV-7-GB-GOV-7-ICF-PO014-GPS	Start date: February 2018	End date: December 2025

World Bank Fiscal Year	2020 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26
Overall Output Score	A	A+			
Risk Rating	Moderate	Moderate			

DevTracker Link to Business Case:	https://devtracker.fcdo.gov.uk/projects/GB-GOV-7-GB-GOV-7-ICF-PO014-GPS/documents
DevTracker Link to results framework:	Not yet published

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A. SUMMARY AND OVERVIEW

Description of programme

Natural resources underpin the Sustainable Development Goals, providing essential goods and services upon which livelihoods depend. If managed well, they can provide economic returns and can offer cost-effective solutions to climate change – both adaptation and mitigation. Despite their critical role, natural resources are often overlooked in decision making. The inability to value natural capital can undermine long-term growth and critically, the livelihoods of the poorest people dependent on ecosystems for their livelihoods.

The Global Programme on Sustainability (GPS) is a World Bank umbrella programme on the economics of natural capital, ecosystem services and sustainability. The GPS aims to integrate environmental and other sustainability considerations into public and private decisions by providing policy makers and the financial sector with technical assistance and the necessary metrics and tools to value the services nature provides.

It is structured around three pillars:

- Pillar 1 on *information*: develop a global information base and tools on natural capital and sustainability.
- Pillar 2 on *implementation*: facilitate country-level support to integrate natural capital approaches into decision-making.

- Pillar 3 on *incentives*: promote sustainability in the financial sector.

Defra is the largest funder to GPS, providing £20m in 2020. Germany (BMZ) and Switzerland (SECO) also fund GPS, taking the total programme budget to \$36m. The programme is due to end in December 2025.

Summary progress of performance in the past year (towards outcome and output indicators)

In this second annual review for the GPS, the programme has scored an 'A+'. This covers the period 1 July 2022 – 30 June 2023 (the World Bank fiscal year). The lag between fiscal year and this Annual Review is due to the time taken by the World Bank to collate evidence on programme activities and submit to donors. Their Annual Report was submitted to donors ahead of the Annual GPS Steering Committee meeting in February 2024.

We have used the information provided in the World Bank's GPS Annual Report to detail the progress made against the output indicators, and to score each programme output. All output results contribute to achieving the objectives of the programme, working across the three programme pillars. The milestones and targets have been set by the World Bank as part of the GPS M&E plan revision process and aligning the M&E plan with the Defra logframe. The outputs have scored either an 'A' (outputs met expectations), an 'A+' (outputs moderately exceeded expectation), or an 'A++' (outputs substantially exceeded expectation).

	A++	A+	A
Total Output Scoring	1	3	2

We have scored each of the programme's outputs, which has provided a scoring range between A-A++. Using the weightings for each of the outputs, 39% scored an 'A' (outputs met expectation), 55% scored an 'A+' (outputs moderately exceeded expectation), and 6% scored an 'A++' (outputs substantially exceeded expectation).

Therefore, the overall output scoring for this annual review is an 'A+'.

Whilst the programme is delivering well, there remain areas of programme management that Defra would like to see further developed, including on risk management, monitoring and evaluation, and how poverty alleviation and Gender, Equality and Social Inclusion (GESI) are factored into grant design and monitoring. A lack of dialogue on risk limits Defra's ability to efficiently monitor all elements of the programme. These limitations have formed the basis of the following recommendations.

Major lessons and recommendations for the year ahead

No.	Description	Owner	Deadline
1	<u>Partnerships</u> – As set out in the MTR, we agree with the need to add value to the programme by scaling strategic partnerships. We recommend the World Bank assess the progress made on partnership approaches as previously advocated by the GPS Steering Committee in December 2021 and provide donors with proposals on how they intend to take forward the MTR recommendation.	World Bank	February 2025
2	<u>Sustainability</u> – To ensure the lasting impact of GPS outputs, in line with the MTR, we recommend the World Bank develops a sustainability strategy for each grant scheme in supported countries.	World Bank	December 2024

3	<u>GESI</u> – The World Bank should work with Defra and other programme donors to consider how to incorporate GESI and poverty reduction into programme design, including development of an action plan with key milestones for programme delivery to 2025.	World Bank/ Defra	December 2024
4	<u>Monitoring & Evaluation</u> – Following on from the MTR, the World Bank should carry out a light-touch review of the Monitoring & Evaluation approaches being adopted by the GPS, with a proposal to donors on how to ensure full and effective collation of data to report and assess impact. This should include the ability of GPS to report against UK technical assistance performance indicators. See M&E section of this report for MTR recommended improvements.	World Bank	December 2024
5	<u>Output Reporting</u> – To ensure all progress is reflected in the annual review, for future reports, a narrative on progress should be included even when milestone numbers have not changed, as this can illustrate how progress is still being made.	World Bank	February 2025
6	<u>Risk Management</u> – We recommend that Defra and the World Bank agree an approach to active monitoring and communication of programme risk during 2024, including assurances from the World Bank on the capacity of programme teams to identify risk and deliver mitigations. This should include consideration of the MTR findings.	World Bank/ Defra	December 2024
7	<u>Steering Committee</u> – Building on the MTR recommendation to reduce the delay in sharing the annual report with donors, Steering Committee agenda items and documents should be shared with donors at least three weeks before each GPS meeting, for donors to review and send written questions ahead of the meeting.	World Bank	February 2025
8	<u>Communications</u> – To improve communication with the World Bank, regular calls (at a minimum of quarterly intervals) should be set up to discuss programme progress and programme management, including risks, safeguarding, and finances.	World Bank/ Defra	July 2024

Progress on recommendations from the previous AR

A full list of last year's recommendations and commentary is included in Annex B.

To date, Defra is content to close twelve of the 16 recommendations from last year (those marked green in Annex A). Good progress has been made on increasing the visibility of GPS and further development of the monitoring and evaluation approaches, including establishing the impact of ecosystems training, the Africa Community of Practice, and the Data Portal for Environment, Social and Governance data (ESG Data Portal).

There are four recommendations that remain open and should be addressed as a priority (those marked amber and red in Annex A). They relate to understanding the impact of sustainable finance toolkits developed under Pillar 3, communications, including of risk management, ensuring equity is factored into design and monitored, and high admin costs. These *open* recommendations will be monitored alongside the new recommendations and assessed at quarterly intervals.

B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

Summarise the programme's [theory of change](#), including any changes to outcome and impact indicators from the original business case.

The programme Theory of Change, including revisions, can be found in Annex B of this review. The GPS aims to support sustainable development through the integration of natural capital into political and financial decision making. A broad range of activities are envisaged to achieve this, including: development of data and tools that help build the global economic case for nature and natural capital restoration (Pillar 1); support to countries to build, implement and institutionalise NCA frameworks and apply them to policy and decision making, and sustained regional cooperation and global engagements, outreach, and dissemination (Pillar 2); and improved information and capacity building for financial markets (Pillar 3).

In carrying out these activities, the GPS supports implementation of Goals A, B & D of the Kunming-Montreal Global Biodiversity Framework (KMGBF), specifically:

- Protecting and restoring ecosystems (Goal A) through the identification of cost-effective and locally appropriate restoration options.
- Valuing and sustainably using ecosystems (Goal B) through metrics and indicators on ecosystem functions and services and analysis of costs and benefits of development policies.
- Securing finance to implement the KMGBF (Goal D) through better ESG data and tools for integrating nature and mobilising financial resources.

The programme aims to achieve Transformational Change, a UK International Climate Finance Performance Indicator against which GPS reports. Transformational change for GPS is described as “change which catalyses further changes”, enabling (1) positive changes in the behaviour of economies and markets through widespread incorporation and use of natural capital in policy decision making and financial instruments, (2) improved management of natural resources, and (3) a shift from a nature-depleting to a nature-conserving approach to growth”. Transformational change has been assessed as part of the programme MTR.

Findings from the MTR

In January 2024, the MTR was delivered by DT Global in association with Trinomics. The evaluation used a theory-based evaluation and a combination of qualitative and quantitative methods (a mixed-method approach) to address core evaluation questions. Findings have been reported against the OECD-DAC¹ evaluation criteria: relevance, effectiveness, efficiency, and value for money, impact, sustainability, as well as the UK's International Climate Finance (ICF) KPI-15 on the likelihood of an intervention leading to transformational change (TC).

The MTR report captures the impact of GPS from Baseline, as well as key recommendations. We have included the main findings here.

Relevance: The MTR finds that the programme remains relevant to the global challenges relating to the sustainable use of natural resources, its profile raised by agreement of the KMGBF and the COP28 Joint Statement on Climate, Nature, and People. Nature has also risen as a priority for the World Bank with global economic shocks increasing developing-country interest in nature-based finance.

Effectiveness: The programme has made good progress; however, there is a need for additional, strategic partnerships to scale the programme. Involving the relevant country government at all stages has been vital to secure data sharing and commitment to use 'official' data (Nepal, Ethiopia, Türkiye) but this led to delays due to low levels of capacity in some agencies and no tradition of data sharing across sectors (Nepal and Ethiopia). The absence of specific funding for government natural capital work in some countries has led to slower than expected progress. Specific knowledge products and tools also warrant more active, strategic communications.

¹ Organisation for Economic Co-operation and Development's Development Assistance Committee

Efficiency: GPS is said to be generating significant results for relatively modest spend (\$35m) and is therefore considered to be cost-effective. Statements from the World Bank on the impact of GPS in scaling World Bank biodiversity financing – see Impact below – suggests the GPS can leverage significant funding and inform larger development programmes.

Impact: The MTR finds that the GPS is on track to deliver its objectives, although qualitative evidence from case studies is said by the evaluator to be ‘less dramatic’ than quantitative indicators in the logframe. Evidence of impact has been seen in shaping government and financial sector decisions, although attribution is not always possible. The impact of mainstreaming natural capital accounting in World Bank decisions and policy is not currently part of the ToC. However, the view of the Global Director of Environment, Natural Resources, and the Blue Economy (ENB) at the World Bank, that ‘Biodiversity lending in the Bank has doubled in the last year, largely as a result of GPS’ is said by the evaluator to be a powerful statement of GPS impact.

Sustainability: The sustainability of GPS results is hampered by a lack of institutionalised funding for natural capital accounting in many countries, as well as statistical offices with limited capacity. To ensure long-term impact, GPS is advised by the evaluators to develop a sustainability strategy that goes beyond the lifetime of the current programme. Linking GPS support to World Bank sector loans can strengthen capacity but increasing scale through Recipient Executed grants would, according to the evaluators, provide lending with a greater focus on natural capital accounting.

Transformational Change (TC) score: Using the TC methodology developed in the latest M&E Plan, the independent evaluators have scored the programme a 2, “Evidence suggests TC is moderately likely (i.e. 34% to 65%)’ based on the weighted average scores”. The evaluators anticipate a score of 3 (TC is likely) by the final evaluation in 2025.

GESI: The evaluators found good evidence of gender balance across all levels of seniority in the World Bank team. Efforts were found to consider GESI under pillar 2 country support, for instance in GPS-funded trainings, data collection and research, as well as in project design. In some countries, this was said to be context specific, depending on the propensity of governments to identify trainees and participants from marginalised groups and the number of experts working on natural resource issues. Examples of GESI being considered in country projects were given – see Section C of this report; however, there were less evident links between GESI and the work under pillar 1 and pillar 3.

Defra response to the Mid-term Review

Defra welcomes completion of the programme MTR which is broadly positive on the progress being made by GPS and the World Bank. The MTR provides some important reflections and therefore stands to make an important contribution to GPS’s ability to deliver impact. We accept all recommendations of the MTR and use this Annual Report to place emphasis on the following aspects which we deem to be crucial to delivering a successful programme.

Partnerships: Defra recognises the increased global interest in the sustainable use of natural resources and the critical role that GPS can play in delivering the tools and data that will support countries, and financial institutions deliver the stretching targets of the KMGBF. We agree on the need to add value by scaling partnerships, including exploiting synergies between existing donor initiatives, considering this crucial to delivering upon the programme’s potential. The intention for the World Bank to refocus GPS as a “Global Partnership on Sustainability” is welcomed in its intent, for which we recommend the World Bank assess the progress made on partnership approaches, previously advocated by the GPS Steering Committee in December 2021 (*Technical Partnership Option note*, December 2021).

[RECOMMENDATION 1]

Sustainability: MTR findings on sustainability are linked in part to capacity issues at a country level, with modest GPS funding through Bank-Executed Grants a limiting factor on long-term impact. That the evidence of policy influence leading to sustained uptake by beneficiaries is said to be weak is a concern; sustainability is a key factor in delivering transformational change. Defra therefore agrees with the MTR recommendation that GPS develops a sustainability strategy, and we recommend that the World Bank embeds this thinking as a matter of course when designing grant schemes and country-level Theory of Change (ToC) during the remainder of the programme. Where Recipient-

Executed Trust Funds are being explored, sustainability should feature prominently as an outcome in the programme ToC.

[RECOMMENDATION 2]

Poverty, Gender Equality and Social Inclusion (GESI): In 2023, Defra commissioned an internal review of Defra-funded International Climate Finance programmes, specifically the role that Defra-funded programmes play in addressing poverty, inclusion, and gender inequality. The review gave a useful snapshot of the challenges and opportunities programmes face and was the precursor to exchanges with the World Bank during 2023 on how GESI is currently factored into design. Unlike the findings of the MTR, the audit found limited evidence of GESI being considered in delivery of GPS. In being absent from the programme logframe, and absent from the programme ToC, Defra considers GESI to be lacking in prominence within GPS, and only a partial consideration that is secondary to objectives on expanding and embedding natural capital in policy. We also consider poverty reduction to be missing from GPS objectives.

Defra sees a significant opportunity for GPS to play a leading role in highlighting the value of natural capital for poverty reduction and GESI, and conversely the role that addressing poverty and inequality can play in protecting nature. We therefore welcome the World Bank's stated intention to advance GESI in existing Core Implementing Countries and in its co-financing of a report on environment, poverty, and inclusion, which will provide evidence on the interactions between natural capital, poverty, and social inclusion, expected June 2024.

In December 2023, Defra shared with the World Bank draft guidance setting out UK ambitions and standards for UK government-funded programmes on poverty and GESI, advocating that the programme team agrees an action plan for embedding such considerations in programme delivery. We recommend that the World Bank work with the UK Government and donors to consider how to take forward this approach, including developing an action plan with key milestones for programme delivery up to 2025.

[RECOMMENDATION 3]

Monitoring & Evaluation: The monitoring and evaluation approaches adopted by GPS have vastly improved in recent years, including commissioning the robust independent evaluation. However, a lack of data disaggregation has prevented reporting against UK ICF technical assistance performance indicators, something which partners agreed would take place as part of the M&E plan update in 2023. There are also areas identified in the MTR that could be developed further. These include broadening the interview base for the final evaluation, to include more users of GPS products (e.g., Central Banks to report on use of the ESG Data Portal) and to consider how GPS is having an impact on the World Bank's own lending operations, currently missing from the results framework. Based upon these findings, it is recommended that a light-touch review of the M&E approaches being adopted by GPS follows on from the MTR with a further review considered should GPS be extended beyond 2025.

[RECOMMENDATION 4]

Next steps

At the time of writing, Defra is considering the World Bank's response to the MTR, including how it intends to deliver upon the MTR recommendations and a proposed extension of the programme to 2030. Previous workplans for GPS identified a \$6m reserve fund for programme alterations following the MTR. We will support the World Bank to develop a clear workplan for this funding up to 2025 and will attempt to align our considerations of funding with the World Bank's business planning processes.

Progress towards Outcomes

GPS outcomes continue to make good progress, and as discussed in the MTR, progress against the GPS programme ToC at output and outcome levels has been much faster than at the impact level, which is in line with expectations at this stage of the programme. During 2023, several new outcome indicators were added – please see Section E.

Outcome Title		Pillar 1 – Global Information on Sustainability		
No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
1.1	Number of Downloads of Changing Wealth of Nations (CWON) reports*	42,047	30,000	FY23 target exceeded.
1.2	Number of Downloads of CWON data sets (all versions)	10,885	10,000	FY23 target exceeded.
1.3	Number of Downloads of policy and analytical reports	23,553	20,000	FY23 target exceeded.

*The total cumulative value for CWON 2018 and 2021 was 184,938 at the end of FY22

Outcome Title		Pillar 2 – Country and Regional Support		
No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
2.1	Number of investment programs and projects co-financed by the World Bank or by other sources that have used data and/or analysis supported by the program on natural capital and ecosystem services in their design, and/or implementation, and/or evaluation	30	27	FY23 target exceeded.
2.2	Number of Policy (a) and engagement (b) documents informed by GPS-supported activities	72	63	FY23 target exceeded.
2.3	Proportion (%) of Core Implementing Countries (CICs) that informed programs or projects or engagement and policy documents	20%	10%	FY23 target exceeded.
2.4	Proportion (%) of Targeted Technical Assistance (TTAs) and Just-in Time (JIT) grants that informed programs or projects or engagement and policy documents with evidence of uptake of results in projects or policy decisions	30%	30%	FY23 target met.
2.5	Number of Countries that have officially nominated Regional Communities of Practice (RCPs) Focal Point	18	15	FY23 target exceeded.

Outcome Title		Pillar 3 – Sustainable Finance		
No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
3.1	Number of annual unique visitors on Sovereign ESG Data Portal	39,500	22,000	FY23 target exceeded.
3.2	Percentage of returning visitors on Sovereign ESG Data Portal	54%	30%	FY23 target exceeded.
3.3	Number of data downloads from the ESG data portal	1866	2400	FY23 target not met.
3.4	Number of countries that have conducted nature-related financial risk assessments for the financial sector drawing on methodologies, analysis and data produced by GPS	4	3	FY23 target exceeded.

Outcome Title		Cross Cutting		
No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
4.1	Proportion (%) of participants in trainings, events and workshops organised or co-organised by GPS reporting that their participation was useful	90%	40%	FY23 target exceeded.
4.2	Proportion of female participants in trainings, events and workshops organised or co-organised by GPS	39%	25%	FY23 target exceeded.

All but two of the outcomes are exceeding the anticipated targets for FY23. One outcome has successfully met the FY23 target, and another has fallen short of its FY23 target. We have asked the World Bank what, if any, steps they are taking to ensure that going forwards outcome 3.3 will be met, and for insights they have on why it did not reach the set target.

C. DETAILED OUTPUT SCORING

Pillar 1

Output Title		Pillar 1 – Measuring and Mainstreaming Sustainability		
Output number:	1	Output Score:	A	
Impact weighting (%):	32%	Weighting revised since last AR?	n/a	

No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
1.1	Number of new global data sets/layers on economic sustainability (including comprehensive wealth)	7	7	FY23 target met.
1.2	Number of improved global data sets/layers on economic sustainability (including comprehensive wealth)	2	1	No changes from FY22, targets remain on track.
1.3	Global data and knowledge platform on natural capital and ecosystem services established and operationalised (Yes, No)	No	No	No changes from FY22, targets remain on track.
1.4	Number of Technical reports on the economics of sustainability	3	3	No changes from FY22, targets remain on track.
1.5	Number of Flagship publications (e.g., CWON and contributions to topical World Bank publications (such as on Natural Capital, Poverty and Inclusion)	4	4	FY23 target met.
1.6	Number of Tools and guidance notes to support the integration of natural capital in decision making	2	2	No changes from FY22, targets remain on track.
1.7	Number of Training sessions on the use of NCA approaches in NBSAPs, NBS, NDCs and in projects	2	2	FY23 target met.

Briefly describe the output's activities and provide supporting narrative for the score.

Pillar 1 aims to measure and mainstream sustainability into policy and investment decisions by improving and publishing global data and analytics on the values of natural capital and ecosystem services. All output targets for this pillar were met for 2023. The following are highlights, listed for each output of the programme logframe.

Output Indicator 1.1, 1.5 and 1.7

Seven published data layers and reports in FY23, including two global data layers on carbon storage.

The Changing Wealth of Nations (CWON) 2024 report is under preparation, with progress to be included in FY24 annual report, following launch. The programme MTR finds the CWON to be relevant for moving forward the sustainability agenda and increasing the uptake of natural capital and ecosystem services into decision making. CWON’s effectiveness could increase further with continued enhancement of methods, better dissemination and support for national replication; CWON would be enhanced if the World Bank scaled-up resources to support countries that wish to develop a CWON-type framework in their own countries.

In Malawi, the Embedding Ecosystems Services into Policy (EESP) training programme built on the recent landscape assessments prepared by the Biodiversity, Ecosystems, and Landscape Assessment (BELA) team for the Country, Climate and Development Report (CCDR) to support the Malawi government in integrating landscape and ecosystem services approaches into their work as they implement their Malawi 2063 National Development Plan. During 2023, the Africa Natural Capital Accounting Community of Practice (NCA CoP) together with the GPS project EESP project carried out a training for Malawi. More than 18 high-level senior government officials and 41 participants from the private sector, academia and NGOs participated in the training from 20-23 June 2023.

A workshop, which brought 46 attendees (18 self-identified as female) was co-delivered with the Africa NCA CoP to support the Malawi government as they set up their steering committee and prepare a roadmap for the development of natural capital accounts. The training content included sessions that demonstrated how ecosystem service assessments can inform Payment for Ecosystem Services (PES) programmes and National Biodiversity Strategies and Action Plans (NBSAPs) in Malawi.

The programme culminated in the development of a draft NCA roadmap and commitments from the National Statistics Office (NSO) of Malawi to lead the development of ecosystem accounts, identify priority applications, and participate in the Africa NCA CoP forum.

Output Indicator 1.2, 1.3, 1.4 and 1.6

It is important to note that whilst we are content that the programme is meeting the targets under this output, there has not been any progress under these indicators in the past 12 months, which is why this output has only been scored an ‘A’. There is a lack of information to explain whether this is due to the fact the target was not ambitious enough for the programme and was therefore achieved in the previous year. Alternatively, whether progress has been made but has not reached the threshold to count as exceeding the target for this year. Moving forward, when targets have been met in the previous year, some narrative on progress would still be useful to ensure we can monitor whether progress continues to be made, as well as a review of the target to ascertain whether the target needs to be increased to reflect the pace of progress. **[RECOMMENDATION 5]**

Pillar 2

Output Title	Pillar 2 – Country support provided (CIC, TTAs)		
Output number:	2.1	Output Score:	A+
Impact weighting (%):	25%	Weighting revised since last AR?	n/a

No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
2.1	Number of CIC grants awarded	17	17	FY23 target met. 5 active CICs, including 1 new CIC in FY23

2.2	Number of TTA grants awarded	38	35	FY23 target exceeded. 6 new TTA grants
2.3	Number of CIC grants completed	13	12	FY23 target exceeded. New indicator
2.4	Number of TTA grants completed	36	26	FY23 target exceeded. New indicator
2.5	Number of public sector entities that have benefited from TA at country level	32	10	FY23 target exceeded. New indicator

Briefly describe the output's activities and provide supporting narrative for the score.

Pillar 2 country support aims to increase the capacity of countries to produce and use natural capital data and analytics in policy and planning. It does this through Bank-executed Core Implementing Country (CIC) grants of US\$1million and smaller Targeted Technical Assistance (TTA) grants ranging from US\$50,000-US\$200,000. The support includes development of natural capital accounts, assisting with the design and implementation of sustainability policies and programmes, and strengthening knowledge sharing in natural capital accounting and its uses in decision making.

All outputs targets for this pillar were met for 2023. The following are highlights, listed for each output of the programme logframe.

Output Indicator 2.1

A fifth CIC was awarded in FY23, in Nigeria. The programme supports the development of Natural Capital Accounts to inform policies, plans, and programmes for low-carbon and climate-resilient development in Nigeria. NCA will inform the Medium-Term National Development Plan, the Energy Transition Plan, and sectoral action plans in agriculture, forestry, energy, and transport, and state-level investment prioritisation in Kaduna and Nasarawa.

Ghana visit

In June 2023, at the invitation of the World Bank, Defra joined FCDO and fellow donors and colleagues working on PROBLUE and PROGREEN at a joint technical meeting in Ghana. The visit to Ghana was the first for Defra to a GPS Core Implementing Country (CIC) and was an excellent opportunity to see first-hand the impact of GPS in developing data/analytics on natural capital and how this is being integrated into Ghana's policy/development planning and World Bank programming.

The visit provided valuable insights into the environmental and developmental issues facing Ghana as well as the steps being taken by government and the World Bank to understand the vital role of nature in addressing the country's development needs. GPS data and natural capital accounting appeared high on the agenda of the Ghanaian Government. It was cited as essential for natural resource management, and we heard about its role in underpinning the integrated approach to coastal management at Keta Lagoon. At the Natural Capital Accounting Forum, the Deputy Minister of Finance acknowledged that natural assets are undervalued in Ghana's economic planning and decision-making. GPS support will continue into 23/24.

Output Indicator 2.2

During FY23, six additional TTA grants were approved (Bangladesh (starting FY24), Bosnia, Mexico, Tunisia, Uganda, and Uzbekistan).

TTAs are either TTA mid-sized grants \$175,000–250,000 or TTA Just in Time (JIT) grants of approximately \$70,000. TTA and JITs include smaller early-stage grants but also small, strategic gap filling grants in more mature workstreams.

Output Indicator 2.3

Based on grant tracking data Nepal has reached the 75% spent threshold and will shortly be disbursed and is therefore considered complete.

Output Indicator 2.4

Based on grant tracking data, there were 21 TTA Projects with more than 75% disbursed in FY23 and therefore reaching the 'completed' threshold: Kenya, India, Cambodia, Rwanda, Zambia, Indonesia x2, Mexico, Uganda, Bangladesh, Bolivia, Kazakhstan, Serbia, Ghana, Pakistan, Kyrgyz Republic, Uzbekistan, Lao PDR, Chad, Nigeria, and Ukraine.

Output Indicator 2.5

Based on Training data, 32 Gov agencies from 11 countries benefited from Training/Workshops in FY23.²

Output Title	Pillar 2 – Regional CoP established and operational		
Output number:	2.2	Output Score:	A
Impact weighting (%):	7%	Weighting revised since last AR?	n/a

No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
2.6	Number of Regional Communities of Practice (RCPs) established and operational	1	1	No changes from FY22, targets remain on track.

Briefly describe the output's activities and provide supporting narrative for the score.

Pillar 2 work on outreach includes the Africa Natural Capital Accounting Community of Practice (CoP) and the Global Policy Forum on Natural Capital. The CoP aims to build capacity and momentum to mainstream NCA into policy and statistical production in Africa. The Global Forum brings together policymakers and private sector actors as active or potential users of data on natural capital along with the providers of such data to share knowledge and experiences on using data and evidence to inform decisions that affect natural capital and economic outcomes.

Output Indicator 2.6

GPS continued to support the Africa NCA CoP which is for peer-to-peer learning and the sharing of ideas and experience among African countries. The Africa CoP webinar series offered four webinars during the year, some jointly with the GPS seminar series. These were 'NCA Using SEEA: The Kenyan Story', 'Natural Capital Accounting for Business', 'The Quest for Green GDP', and 'Integrating the Value of Natural Capital into Policy and Investment Decisions for Economic Development'.

The MTR found good evidence of the CoP's role in strengthening the Africa NCA Policy Forum (PF), convened under the auspices of Africa NCA CoP. The CoP strengthened the relevance of the PF to the needs of African governments with online events facilitating greater flows of information on priority topics between African countries and strengthened networks for informal dialogue. PF's organisers were well-informed of the issues and capacity needs for African countries. They applied this knowledge to create an agenda that was well-aligned with relevant priorities of the participants.

Output Title	Pillar 2: Global dissemination and learning on Natural Capital Accounting/Valuation of Ecosystem Services (NCA/VES) undertaken		
Output number:	2.3	Output Score:	A+
Impact weighting (%):	10%	Weighting revised since last AR?	n/a

No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
2.7	Number of Global knowledge events on policy uses of NCA supported by the project	8	7	FY23 target exceeded.

² Bolivia, Cambodia, Ethiopia, Ghana, Lao PDR, Maldives, Mexico, Nepal, Pakistan, Türkiye, Uganda

Briefly describe the output’s activities and provide supporting narrative for the score.

Output Indicator 2.7

During FY23, the sixth instalment of the Global Policy Forum (PF) was delivered in an online format in November 2022. The Forum gathered 528 participants from 76 countries with an emphasis on financing for nature and connecting data producers and analysts with users, primarily the business and investment community and policy makers.

The GPS Seminar Series aims to share the latest knowledge on current country work integrating environmental sustainability considerations into decision making. In FY23 eight seminars were held, these were: ‘Making the Most of the Sovereign ESG Data Portal’, ‘Improving Data and Analytics for Sustainable Forest Management in Nepal’, ‘The Quest for Green GDP’, ‘Forum for the Exchange of Knowledge on the Valuation of Ecosystem Services’, ‘Strengthening the Capacity for Measuring and Valuing Natural Capital in Ghana’, ‘Renewable Energy: Unaccounted Wealth of Nations’, ‘Improving Natural Capital Management in Lao PDR’ and ‘Natural Capital Accounts in Zambia’.

Findings from the MTR case study interviews suggests that opportunities for cross-country knowledge exchange and learning, such as the Global PF, were fruitful in terms of engaging and motivating key government staff and providing a space for evidenced-based learning and rich discussion.

Pillar 3

Output Title	Pillar 3 – Promoting Sustainable Finance		
Output number:	3	Output Score:	A+
Impact weighting (%):	20%	Weighting revised since last AR?	n/a

No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
3.1	ESG Sovereign Data platform established and operational (Yes/No)	Yes	Yes	Relaunched platform. No changes from FY22, targets remain on track.
3.2	Number of reports published online on sustainable finance	26	9	FY23 target exceeded.
3.3	Number of Financial Sector Sustainability Technical Assessment methodology designed and delivered to the WB Board	1	1	No changes from FY22, targets remain on track.
3.4	Number of toolkits and implementation papers for sustainable investment policy and regulation published	2	1	No changes from FY22, targets remain on track.
3.5	Number of contributions to sustainable finance country engagements	5	4	FY23 target exceeded.
3.6	Number of sustainable finance events participated in as speakers	90	30	FY23 target exceeded.
3.7	Number of sustainable finance events organised	10	6	FY23 target exceeded.
3.8	Number of WB contributions to international network agendas (Network for Greening the Financial System / Coalition Finance Ministers/ Sustainable Banking Network)	2	2	FY23 target met.

Briefly describe the output’s activities and provide supporting narrative for the score.

Pillar 3 aims to integrate sustainability considerations into financial markets by increasing access to and use of data and tools that can inform investment decisions and related policy and regulation, as well as by providing research that improves awareness and understanding of sustainability related issues.

All outputs targets for this pillar were met for 2023. The following are highlights, listed for each output of the programme logframe.

Output Indicator 3.1

The Sovereign ESG Data Portal, relaunched in December 2022 with new data and guidance, continues to gain usership from a wide range of financial market participants. The relaunched portal includes the addition of wealth accounting and natural capital data, as well as benchmarking features. It has almost doubled usage during FY23 to around 40,000 visitors, with over half as return users.

The Sovereign ESG Data Portal is a key data source managed by the programme. It provides information on countries' sustainability performance to inform investors' capital allocation and engagement decisions for sovereign bonds and other related investments.

The Environment pillar measures the sustainability of a country's economic performance given its natural resource endowment, management, its risk or resilience to climate change and other natural hazards. The Social pillar quantifies the sustainability of a country's economic performance regarding its efficacy in meeting the basic needs of its population, reducing poverty, managing of social and equity issues, and investing in human capital and productivity. The Governance pillar describes the sustainability of a country's economic performance in the context of its institutional capacity to support long-term stability, growth, and poverty reduction.

The GPS World Bank team had contact with counterparts from financial institutions such as Schroders Asset Management, Barclays Bank and Nat West Bank, as well as asset manager Robeco, all confirming their use of the portal data and tools in their own sovereign ESG research and analysis. Multinational institutions, including the Asian Development Bank and the World Bank's own Treasury teams also make use of the portal.

Output Indicator 3.2

Sustainable finance reports on Amazon Sustainability Linked Bonds (SLB) and Emerging Markets Banking risk assessment were published in FY23.

Output Indicator 3.3 and 3.4

It is important to note that whilst we are happy that the programme is meeting the targets under this output, there has not been any progress under these indicators in the past 12 months. As set out above and detailed in recommendation 5, where targets have previously been met or exceeded, a review of the target and narrative of any continuing progress would be useful to support us to effectively monitor the programme.

Output Indicator 3.5

GPS sovereign sustainability-linked bond research informed Uruguay's Sovereign Sustainability-linked Bond (SSLB) Framework which supported the country's first SLB issuance. It was ground-breaking both in terms of involving a nature related KPI (supporting native forest cover) as well as featuring a 'step-down' and a 'step-up' structure.

The research conducted with Bank Nagara Malaysia continued to garner attention and praise, including high-profile events discussing the findings of the report held in the Malaysia Pavilion at during COP27 and on the sidelines of the Network for Greening the Financial Sector (NGFS) Annual Meetings in Singapore. The approach has subsequently been picked up by other central banks, including in the Philippines and Mexico, and informed their own analyses.

Output Indicator 3.6 and 3.7

In total, the team took part in over 30 events to continue dissemination and broaden the impact of GPS work, including events internal to the World Bank to help embed nature financing across World Bank global and regional teams. This is in addition to events organised by a wide range of external partners, including universities like Columbia and Johns Hopkins, and industry associations such as the China Banking Association and Chartered Financial Analyst (CFA) events.

The team presented at notably high-profile gatherings for the financial sector, including the annual UN Principles of Responsible Investment (PRI) in-person conference and Organisation for Economic Co-operation and Development (OECD) Green Finance Forum.

Output Indicator 3.8

The Network for Greening the Financial System (NGFS), which is developing standardised nature risk scenarios, is using the *exposure to nature related risks assessment methodology* developed by GPS.

Cross Cutting

Output Title	Cross-cutting results delivered		
Output number:	4	Output Score:	A++
Impact weighting (%):	6%	Weighting revised since last AR?	n/a

No.	Indicator(s)	Milestone(s) for this review	Target FY23	Progress
4.1	Number of beneficiaries that participated in trainings organised or co-organised by GPS	371	250	FY23 target exceeded.
4.2	Number of beneficiaries that participated in workshops and webinars organised or co-organised by GPS	1,748	1,600	FY23 target exceeded.
4.3	Number of beneficiaries that participated in forums organised or co-organised by GPS	1,375	700	FY23 target exceeded.

Briefly describe the output’s activities and provide supporting narrative for the score.

The cross-cutting pillar of GPS aims to ensure effective monitoring and evaluation (M&E) of GPS activities, communication and outreach for knowledge products, and delivery of a seminar series to share the latest knowledge on integrating environment and sustainability into decision making. M&E work includes commissioning of the Programme Evaluation and Impact Assessment (PEIA) which uses a theory-based evaluation and a mixed-method approach to provide evidence of the effectiveness of GPS support and the factors that facilitate or constrain transformational change.

Output Indicator 4.1

Africa CoP members were invited to join several online trainings, including the e-learning course “Compiling climate change indicators: an accounting approach” organised by the United Nations Statistical Institute for Asia and the Pacific (UNSIAP), a three-day online course on “Earth Observation for Ecosystem Accounting” by the Group on Earth Observations (GEO) Earth Observation for Ecosystem Accounting (EO4EA) and United Nations Statistics Division (UNSD), and given permanent access to e-learning materials on the compilation and application of Environmentally Extended Supply-Use Tables (EE-SUTs) in Africa by United Nations Economic Commission for Africa (UNECA).

Several countries also organised various training events and workshops on methods and approaches for measuring, valuing, and mainstreaming natural capital. Despite the diversity of the countries involved, about 40% of the beneficiaries in training and capacity building activities were female.

Output Indicator 4.2

The beneficiaries are those that attended the GPS Seminar Series events, of which 39% were women. We don’t have previous figures to compare this to but will be monitoring future female attendance and outreach compared to this figure.

Output Indicator 4.3

As referenced above, the Sixth Global Policy Forum was held virtually in November 2022, and focused on financing for nature. The Forum gathered 528 participants from 76 countries.

The Second Africa NCA CoP Policy Forum was planned to be held in April-May 2023, and preparations were undertaken together with UNSD and United Nations Environment Programme (UNEP) as partners, including Kenya National Statistical Office (KNBS) that offered to host it in Nairobi. As the 2023 Africa Climate Week would also be held in Nairobi, it was decided to move the Forum to coincide with the Climate week, September 4-7, to make use of possible synergies.

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

During the past year three output indicators were added to output 2.1 (*Number of Core Implementing Countries (CICs) grants completed; Number of Targeted Technical Assistance (TTAs) grants Completed; Number of public sector entities that have benefited from TA at country level*) assisting the measurement of work under pillar 2, specifically the technical assistance work in CIC and TTA countries. We worked with and were consulted by the World Bank throughout these changes and think they have been a positive addition to the outputs.

There are no planned changes to outputs based on this annual review, but the Mid-Term Review has some recommendations on MEL, which we anticipate the World Bank will respond to, and changes may come from this. These recommendations include where indicator targets for 2025 have already been significantly exceeded, GPS should propose revised targets; this may include indicators 2.4, 2.5, 3.2, 3.4, 3.6 and 4.3 which have all already exceeded the 2025 targets. We are still waiting for confirmation from the World Bank on how they plan to address the MTR recommendations on MEL.

D: RISK

Overview of risk management

We consider the programme risk status to remain as *moderate*. The MTR has provided a valuable contribution to Defra's understanding of operational and strategic risks for GPS, in particular the importance and challenge of ensuring the sustainability of results and the need to build strategic partnerships to achieve scale. Most notably:

- **Capacity & Sustainability:** there is a need for greater partnerships to scale more effectively – identified multiple times throughout the MTR – and a need to strengthen capacity and data sharing within and across government ministries. Where Defra had understood mitigating actions to have reduced the risk that capacity of beneficiary countries would limit impact, the MTR indicates that a significant risk remains for GPS with case studies indicating that there is a lack of institutionalised funding for natural capital work in some countries which GPS will not be able to fill. This stands to affect the long-term uptake of GPS outputs and the institutionalisation of natural capital accounting. That the potential partnership with UNSD did not materialise has also had an impact and may continue to do so. The likelihood of this risk materialising may need to increase.
- **Poverty, Gender Equality and Social Inclusion:** There is a risk that in not defining the potential GESI- and poverty-related outcomes for GPS, the programme may not deliver UK international objectives, may fail to realise opportunities to address these global issues, may inadvertently exacerbate inequalities, and in doing so may fail to comply with UK requirements for ODA. The MTR indicates that efforts were found to consider GESI under pillar 2 country support; however, as indicated in recommendation 3, Defra requires programme partners to better define intended contributions and should therefore consider how to take forward an action plan for GESI across all pillars with key milestones for programme delivery up to 2025.

Risk Management

Whilst we can extract an assessment of strategic and operational risk from the MTR, communication between programme partners on risk and risk mitigation remains limited. This year's Steering

Committee did not discuss risk, risk trajectory, nor risk mitigation activities. There is no joint risk register for GPS. Defra's own internal risk register is managed according to ODA risk management guidance and updated annually following receipt of programme reports and upon receipt of the programme's independent evaluations.

Whilst the current Admin Agreement does not make clear UK expectations on how risks are to be managed and communicated, in last year's Defra Annual Review of GPS the World Bank acknowledged a recommendation to report by exception where changes to programme risks were identified during implementation. It is Defra's view that the MTR indicates several challenges that occurred throughout the reporting period that changed the risk trajectory for GPS. That these were not reported suggests that the recommendation on risk communication has not been actioned.

In Defra's response to the World Bank Annual Report, we have requested information on the approaches being applied to manage risks on safeguarding and fiduciary control. The management of these risks is the least evident from existing reports. We have requested an understanding of how the programme team has operationalised World Bank policies, specifically how it has acted upon the World Bank's Global Gender-Based Violence Task Force, including mitigating Sexual Exploitation, Abuse and Harassment (SEAH). We understand a risk assessment tool was made available to World Bank staff in response to the task force recommendations, but we do not have evidence of its application for GPS. We have also requested more transparency on the due diligence carried out on downstream partners, including background checks, communication of standards of behaviour and codes of conduct, training on SEAH, and the existence of reporting/whistleblowing channels for GPS activities. The World Bank's response focused on the Bank's Environmental and Social Framework (ESF) stating that whilst the ESF does not technically apply to BETF projects and the ESF risks for such projects are low, they adopt principles and good practices on risks for technical assistance (TA) projects, including promoting transparency, stakeholder participation, and public information disclosure; supporting environmental and social capacity building; and institutional strengthening for collaborating agencies in client countries. The World Bank state that they manage these risks by following good principles and practices, but it is not made clear to donors what this means and what specific actions are undertaken to do so.

Up to now, for Bank-Executed Trust Funds, FCDO's Central Assurance Assessment (CAA) has been deemed to be sufficient for due diligence, as FCDO's standards on safeguarding against SEAH and fiduciary risk were said to be managed well. However, we now believe that a lack of dialogue on risk means that we do not have sufficient information at this stage to assess with confidence that these risks continue to be managed effectively at a programme level.

We therefore recommend that Defra and the World Bank agree an approach to active monitoring and communication of programme risk during 2024. This risk management approach should include assurances from the World Bank on the programme team's capacity to identify risk and deliver mitigations. This will be extremely important as the World Bank considers transitioning GPS support to Recipient Executed Trust Funds (RETFs) in the remainder of the programme.

[RECOMMENDATION 6]

E: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

Monitoring & Evaluation

In 2023, the Monitoring & Evaluation (M&E) Plan for GPS was reviewed and updated, including the programme Theory of Change (ToC). These updates were informed by the programme's independent evaluator.

This process led to changes to the ToC, specifically:

- The development of three pillar-level ToC, used to unpack the links and intended contributions of each pillar to the overall programme ToC.

- Revised descriptions of the outcomes and overall GPS objectives.
- Revised formulation of assumptions, including new assumptions required to achieve Transformational Change.
- Articulation of results pathways between each stage of the ToC.
- Identification of cross-pillar linkages.

Changes to the M&E approach were presented to donors via an updated M&E Plan dated June 2023 and workshop in May 2023. All changes were considered by the Defra programme team to be improvements to GPS M&E and were agreed by all donors in July 2023.

The changes included the identification of indicators that would enable Defra to report against UK technical assistance KPIs. This was in addition to reporting against UK ICF KPI 15 on Transformational Change. At the time of agreeing the M&E Plan it was not apparent that a degree of data disaggregation would be required to report against these KPIs. Current reporting does not provide this level of granularity on data. This has meant that Defra will not be able to report fully into UK ICF KPI reporting for this year. Partners should agree a cost-effective way to address this issue for future reporting years (see recommendation 4).

As part of the M&E update, a ToC for assessing the likelihood of Transformational Change (TC) was developed. This was to support TC assessments by the evaluators at both mid-term and final evaluation. The approach taken is in line with ICF KPI 15 and has led to development of an indicator for GPS on the “Extent to which GPS intervention is likely to contribute to TC”. This will be assessed using proxies with indicators drawn from the World Bank Results Framework, and supporting analysis provided through a qualitative assessment of evidence based on Evaluation Questions (EQs) and case studies developed as part of the independent assessment.

The full GPS ToC (and previous ToC), as well as revised assumptions and outcomes, can be found in Annex B of this report.

As per recommendation 4, the M&E approach should be further reassessed following the MTR and in light of the requirement for further data disaggregation. The MTR found several opportunities to improve M&E, including revising the ToC to capture the impact of mainstreaming NCA in the World Bank policies and programmes, updating targets already met, and capturing data points relating to assessments of impact for the final GPS evaluation (e.g., speaking to Central Banks on the influence of the GPS-supported banking nature-risk assessment methodology).

Communications and Governance

Communications between Defra and the World Bank remain infrequent and have largely focused on Monitoring and Evaluation, including the MTR, and annual Steering Committee (SC) meetings. SC meetings are designed to provide strategic guidance and direction on the implementation of the Trust Fund activities as well as sign off workplans. Defra’s Senior Responsible Officer and Programme Responsible Officer attend SC meetings.

The MTR has two programme management recommendations which directly relate to communication. The first is that the GPS programme team should consider holding annual meetings between CIC implementing teams, donors, and the WB team to provide opportunities for greater information and engagement. Aside from the one visit to Ghana organised by the World Bank in June 2023, country-level engagement is not a feature of the GPS. Improving this type of engagement would provide an opportunity to hear from country teams and understand the work that is being carried out, as well as how it is being used, and received in country. We also support the idea that this would become a standalone meeting and not condensed to a short section in the annual steering committee.

To help implement this, another of the recommendations is that the GPS programme team should share a calendar of key events and reporting dates in advance with implementing country teams to facilitate coordinated reporting and strengthen communications. We recognise the number of requests placed on in-country teams and we don’t want to burden them with requests for information and therefore think that this recommendation strikes the right balance between providing donors with greater information, without increasing the number of requests.

The MTR also recommends that GPS donors should look for opportunities to realise synergies between GPS and their other programmes on biodiversity and nature. The recommendations above would help donors to do this in a coordinated way, streamlining engagement with FCDO in-country officials and reaching out to colleagues to recognise and utilise synergies. The World Bank can facilitate this engagement by sharing existing CIC ToCs.

A further MTR recommendation is that GPS should identify opportunities to reduce the delay in annual reporting to donors and send GPS steering committee agenda items out sooner to allow donors more time to respond. For the most recent steering committee, donors had a week to review documents, which included the MTR of over 150 pages. This limited how much in-depth discussion could happen on these documents and any written comments to the WB on these did not get a response at or before the meeting. This reduces the benefit of the session and should be amended for the future to provide at least three weeks before the meeting for donors to review and send written questions to the WB and them to reply in writing or directly at the meeting.

[RECOMMENDATION 7]

In addition to the implementation of the MTR recommendations discussed above, the best way of improving communication with the WB would be by having a regular meeting with the GPS team, at a minimum of quarterly intervals with a standing agenda on programme updates, upcoming milestones and events, and programme management, including risks, safeguarding, and finances. This is in line with the World Bank’s guidance on trust fund reporting which states that semi-annual reporting is possible. The guidance also advocates for frequent “informal updates” to be provided to donors. This would enhance communication and mean we can resolve any issues more quickly as we will be aware of them in advance, rather than waiting for the annual steering committee and exchanging emails that don’t always get immediate responses.

[RECOMMENDATION 8]

Finance

Defra’s financial contribution to the GPS was made in August 2020, with the sum of \$26,215,523 using ICF funds. These were funds already within the World Bank, transferred to GPS following Defra’s notification of its intention to withdraw funding from the World Bank’s Eco-Systems Conservation and Management Project (ESCOMP) project. Using the monthly GPS finance reports that the World Bank provide, the table below sets out the financial position of the programme to June 2023. There is a \$6m Mid-Term Review reserve, which has been set aside for implementing any changes or recommendations the World Bank proposes to put in place, following the MTR. As previously mentioned, we are still waiting to see the World Bank’s proposal following the MTR, but proposals in advance of the MTR suggested to spread the reserve across the programme’s pillars.

GPS Budget		Amount (\$ USD)
Defra’s Contribution		\$26,215,523
Total programme Budget		\$35,671,898
Budget Committed (to June 2023)		\$23,975,129
Pillar 1		\$5,199,950
Pillar 2		\$10,212,139
Pillar 3		\$3,053,084
Cross Cutting		\$3,505,742
Budget Disbursed (to June 2023)		\$13,482,085
Pillar 1		\$4,093,166
Pillar 2		\$4,328,378
Pillar 3		\$2,674,981
Cross Cutting		\$2,385,519
Committed budget remaining to spend		\$10,493,044
Budget left to allocate		\$11,696,769

Value for Money

Assessment of the programme's Value for Money:

At present there is no evidence that the economic arguments for funding the GPS have changed significantly since Business Case approval with current results indicating that Defra's funding of GPS represents value for money. There has also not been any significant change to the design of the programme which will prevent the programme from delivering value for money in future.

Further work is required to incorporate poverty alleviation and GESI into the programme, with a recommendation for the World Bank to work with the UK Government and donors to consider how to achieve this, including developing an action plan with key milestones for programme delivery up to 2025.

Aside from the equity considerations explained further below, the Value for Money Assessment indicates the GPS is currently delivering good Value for Money.

Economy:

The GPS is a World Bank Programme which aims to integrate environmental and other sustainability considerations into public and private decisions by providing policy makers and the financial sector with the necessary metrics and tools. The World Bank is a trusted delivery partner with significant economies of scale. The uptake of tools and evidence generated using Defra's funding compared to if Defra were to lead bilateral projects working directly with a few countries is likely higher and achieved at lower cost.

Current total GPS spend as of June 2023 is \$13.48m from the \$23.98m total funding that the GPS has committed to spend. The GPS have \$10.49m of funds left to spend, and they are on track to deliver this by the end of the programme in December 2025. There is no evidence of any significant changes in the programme's cost since business case approval.

Efficiency:

100% of Output indicators from the logframe have either met or exceeded their target. As there is \$10.98m of funding yet to be dispersed this indicates efficiency has increased compared to the assessment in the business case.

Effectiveness:

To date, 93% of Outcome indicators in the logframe have been met or exceeded, given 100% of the output indicators have been achieved then this suggests effectiveness is slightly lower than estimated in the business case as more outputs have been produced to achieve fewer outcomes. Despite this, current progress indicates good Value for Money is being delivered.

Equity:

An internal review of the role that the GPS plays in addressing poverty, inclusion, and gender inequality and the independent MTR found limited evidence of GESI being considered in the delivery of GPS (aside from Outcome Indicator 14). We also find that poverty reduction is not an overt objective for GPS with it being absent from the programme logframe and absent from the programme ToC. Defra considers both poverty reduction and GESI to be lacking in prominence within the GPS, with benefits ultimately only a partial consideration, "secondary" to objectives on expanding and embedding natural capital in policy.

As already highlighted within this Annual Review, Defra sees a significant opportunity for GPS to play a leading role in highlighting the value of natural capital for poverty reduction, gender equality and social inclusion, and conversely the role that addressing poverty and inequality can play in protecting nature. We therefore welcome the World Bank's stated intention to advance GESI in existing CICs and in its co-financing of a report on environment, poverty, and inclusion, which will provide evidence on the interactions between natural capital, poverty, and social inclusion, expected June 2024. See recommendation 3 for advice on how GESI can be further incorporated into the GPS.

ANNEX A: PROGRESS ON 2022 RECOMMENDATIONS

Good progress made – Defra is content to close
Some progress made – Recommendation remains open
No progress made – Recommendation remains open

No.	Description	Owner	Milestone	2023 Progress update
PILLAR 1				
1	As part of the GPS annual report and the GPS quarterly newsletter, donors should be kept informed of the training activities (on the Landscape Approaches and Ecosystem Services Modelling work under Output 2.3) to be carried out in 2023, as a follow-up to the pilot training presented in the GPS Annual Report FY22. Training material should be made public to the extent possible.	World Bank	31/12/2023 (Annual Report)	<p>Good progress made.</p> <p>Pilot training from 2022 has developed into the World Bank's Embedding Ecosystems Services into Policy (EESP) Training Programme, developed in collaboration with PROGREEN. The first training of this programme took place in Malawi in 2023, bringing together senior officials from key agencies of the Government, private sector, academia, and non-government organisations. The work supported the government set up a steering committee and a roadmap for the development of natural capital accounts.</p> <p>It is not clear to what extent this material has been made public outside of Malawi.</p>
PILLAR 2				
2	The programme should continue to promote integrated approaches to country programming within the agreed technical partnerships framework (as defined in the options note discussed during the December 2021 Steering Committee), including where country teams can work alongside other development partners and biodiversity/nature related initiatives.	World Bank	30/06/2023 (Consideration of country missions)	<p>Good progress made.</p> <p>In 2023, GPS donors were invited to join PROBLUE and PROGREEN donors at a joint technical meeting in Ghana. The visit provided a valuable opportunity to see environmental and developmental issues facing Ghana and the role of nature in addressing the country's development needs. Further explanation of synergies between the trust funds would have been useful.</p> <p>The programme mid-term review identified a need for more and deeper partnerships to scale up programme impact. This includes synergies with existing donor initiatives. The World Bank have responded with a proposal to extend GPS to 2030, focusing on a "Global Partnership on</p>

				Sustainability”, which is welcomed in its intent, as well as annual CIC workshops.
3	Assessment on the overall performance and impact of the Africa Community of Practice should be factored into the GPS monitoring and evaluation framework and reflected in its relevant reports and communications. The Africa Community of Practice secretariat should be supported to assess country training needs. Consideration should also be given, to the extent possible, to broadening this to understand current development needs and capacity on nature integration and include donors in inception and the dissemination of results.	World Bank	31/12/2022 (Impact Assessment Inception Report)	<p>Good progress made.</p> <p>The MTR has provided good evidence on delivery of the Community of Practice (CoP), including strengthening the relevance of the Africa Natural Capital Accounting Policy Forum to the needs of African governments, and in supporting participating countries to leverage finance for NCA. The GPS role in the CoP Secretariat was said to be a major contributing factor to the success of the Policy Forum. Organisers were also said to be well-informed of the critical issues and capacity needs for African countries. Strong collaboration with UNSD was also evident.</p> <p>CoP members report that discussions on the future of the CoP were unproductive, with sessions on how to strengthen the CoP falling short of expectation. The World Bank should take steps to address this concern. There is also a need to strengthen the CoP secretariat regionally.</p>
PILLAR 3				
4	On monitoring use of the ESG Data Portal, detailed examples that capture how the portal is being used (beyond just reporting the number of <i>visitors to the ESG Data Portal</i>), and the impact of this on financial market stakeholders, should be provided in the GPS annual report, quarterly newsletter and included in the Program Evaluation and Impact Assessment (PEIA).	World Bank	31/12/2022 (Impact Assessment Inception Report)	<p>Good progress made.</p> <p>The World Bank report provides good evidence on use of the portal’s data and tools in sovereign ESG research and analysis. Financial institutions, multinational institutions, including the Asian Development Bank, and the World Bank’s own Treasury teams, are also said to make use of the portal.</p> <p>The MTR confirms that the ESG Data Portal has use cases for the financial sector but not for governments and academia. The MTR therefore recommends that a communication and dissemination strategy for the Portal be developed.</p> <p>This dissemination should include intensifying collaboration with country offices to promote practical applications (e.g., to develop nature-related financial risks assessments with Central Banks and developing sustainable financial instruments with governments), so it</p>

				eventually leads to target setting of governments and policies which lead to a tilt of investments towards the sustainable use of natural capital and ecosystems.
5	The GPS Annual Report and newsletter should provide additional information on how the toolkits developed under Pillar 3 are utilised and the extent to which they influence decision makers and financial markets.	World Bank	31/12/2023 (Annual Report)	No progress made. The World Bank report no change since FY22 on how countries have been supported with implementation of the toolkits for greening the finance system.
RISK				
6	The 2021 workplan and budget update and the 2021 progress report provide revised planning developed to address the challenges posed by the Covid-19 pandemic as well as mitigations measures. However, it would be helpful to understand, particularly in relation to the uplift in pillar 2 spending, whether there has been an impact on providing technical assistance because of Covid-19, either in wrapping up work or in providing new financial support, and what lessons have been learned from this in terms of the way the programme delivers its work longer-term.	World Bank	30/06/2023 (World Bank – Defra meeting)	Good progress made. Whilst the World Bank have not addressed this question, the MTR provides some evidence to suggest that lessons have been learned. Also, that the changing context and economic shocks has meant that GPS is positioned well to respond to increased interest in nature-based finance.
7	If there is a significant change in the profiles of risks identified in the Workplan, including a change in the probability of occurrence and the impacts, and should a new major risk arise, an updated risk management matrix should be shared with the donors.	World Bank	31/03/2023 (Risk Register update)	No progress made. The World Bank have not provided a risk register, nor a commentary on risk since the December 2022 Workplan. This is despite Defra’s recommendation in the last Annual Review and evidence from the MTR which indicates changes in delivery risk, for example, delays in the proposed partnership with UNSD. That this partnership did not materialise (due to disagreements between legal departments) is said to have hampered progress in Ghana and Türkiye.
MONITORING AND EVALUATION				
8	A risk related to the inability to assess impact of GPS activities should be added to the risk management matrix included in the next <i>GPS</i>	World Bank	31/12/2023	Some progress made, although risk mitigated due to MTR.

	<i>Workplan</i> and monitored, taking into account the insights of the ongoing <i>Program Evaluation and Impact Assessment (PEIA)</i> .		(Annual Report)	As an up-to-date risk register has not been shared with donors, it is not possible to determine whether MEL risks have been incorporated. However, with completion of the MTR, this risk is now deemed to be mitigated although we note that impact in many cases will only materialise after the lifetime of the programme.
9	Whilst impact will be assessed through the formal PEIA, interim descriptions and qualitative assessment of intended impact for each programme activity will support donor monitoring across its portfolio.	World Bank	31/12/2023 (Annual Report)	Good progress made. The World Bank's Annual Report now includes good descriptions of activities and intended impacts, although attribution to GPS remains a challenge. The MTR finds that qualitative evidence on the extent of impact to date is less dramatic than that suggested by quantitative indicators. Nevertheless, the evaluators expect a strong "likelihood score" for transformational change by the final evaluation in 2025.
10	The final version of Defra's Logframe should include weightings agreed for each output and milestones for pillar 3 outputs. Some outcomes could also be considered outputs, and some are duplicated (outcomes 5 & 6 with outputs 5.1 & 5.2, and output 7.1 with 8.5), and this should be checked. Where appropriate, the logframe should also be aligned with the World Bank's Results Framework and reporting.	World Bank / Defra	31/03/2023 (MEL Plan Update)	Good progress made. In 2023, the World Bank supported with updates to the Defra GPS logframe.
COMMUNICATION				

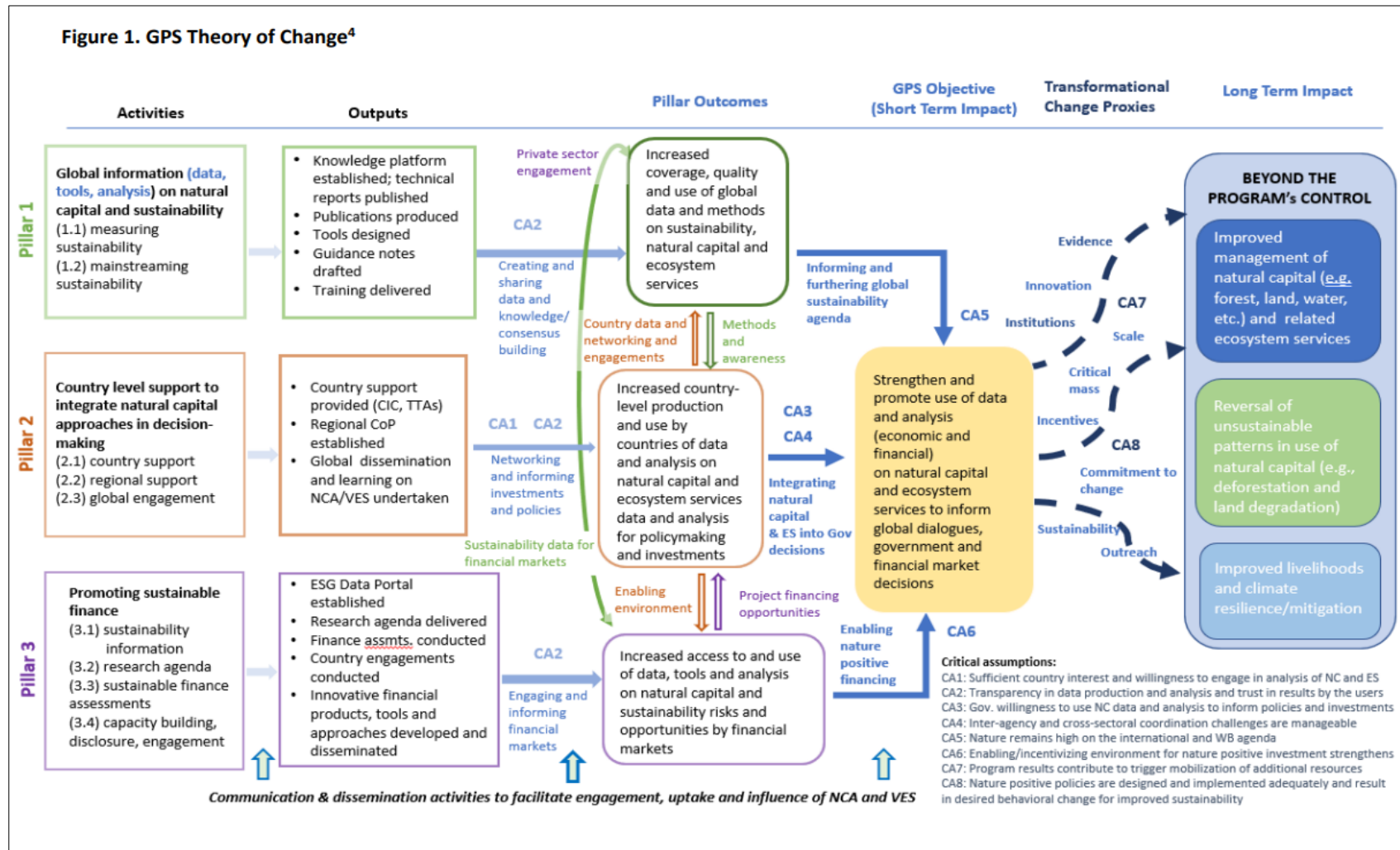
11	Donors should be given detailed descriptions and presentations of grant aims. This is to facilitate greater donor engagement on linking proposals with existing government international projects, engagement with in-country government officials, and support departmental objectives and country prioritisation activities as well as political engagements.	World Bank	31/03/2023 (CIC Proposals)	<p>Good progress made.</p> <p>Defra-arranged presentations to FCDO Embassy and High Commission staff on new CIC proposals from the World Bank were well received. Country level engagement between Defra and the World Bank has been limited, despite stated intentions by the Bank in the Technical Partnerships paper presented at the December 2021 Steering Committee.</p> <p>The MTR identifies a need for additional, strategic partnerships to scale impact, and donors are recommended to identify synergies with other biodiversity and nature programmes. The World Bank have responded with a proposal to extend GPS to 2030, focusing on a “Global Partnership on Sustainability”, which is welcomed in its intent, as well as annual CIC workshops.</p> <p>The World Bank and donors should work together in the remaining two years of GPS to build on the back of the MTR and consider the means for greater partnership working.</p>
12	The arrangements for technical partnership should be continued and improved. In particular, to strengthen coordination at country level the information in the table of in country activities should be published on the GPS website and made accessible in a user-friendly way. For reporting purposes, the description of country level pillar 2 activities in the main text of the annual report should be complemented by a table to be annexed to the report summarising the key information for each grant. As agreed in the context of the option note on technical partnerships, the Bank should continue as part of the Steering Committee meeting to seek donors’ views on knowledge products to be included in the workplan, including consulting on inception notes.	World Bank	As required	<p>Good progress made.</p> <p>As per recommendation 11, partnership working was an area requiring greater attention, in particular, engagement at country-level.</p> <p>The GPS website includes country-level information for Core Implementing Countries which enhances visibility of this work.</p> <p>The programme mid-term review identified a need for more and deeper partnerships to scale up programme impact. This includes synergies with existing donor initiatives. The World Bank have responded with a proposal to extend GPS to 2030, focusing on a “Global Partnership on Sustainability”, which is welcomed in its intent, as well as annual CIC workshops.</p>
13	To further support dissemination of the programme’s knowledge products, the World Bank should continue implementing the <i>Communications and Visibility Plan</i> , with a view to maximising	World Bank / Defra	31/12/2022 (Communication Plan)	<p>Good progress made.</p> <p>The World Bank have developed a visibly impressive website to promote GPS activities with links to outputs and events, including the</p>

	opportunities for outreach and dissemination through donor networks. It is recommended that a short briefing note to be published on the GPS website is prepared presenting a clear narrative, in line with the programme <i>Theory of Change</i> , that draws together the wide range of GPS activities.			<p>Africa Community of Practice. A meta-database has been developed, including attention metrics for publications.</p> <p>The MTR recommends improved dissemination to broaden the use cases for GPS outputs – such as the Changing Wealth of Nations report and the ESG Data Portal – and better coordination between World Bank HQ team, country beneficiaries, and country offices, including sharing “boiler plate text” on GPS and a calendar of events.</p>
VALUE FOR MONEY				
14	<p>Equity – It is recommended that GPS provide information, where feasible, on how its analytical and technical assistance activities are contributing to improving equity, including through a better understanding of the interactions between natural capital (including resource degradation), poverty and sustainability.</p> <p>The methodology for KPI TA indicator 2 asks for data on individuals to be disaggregated into different groups one of which is gender/sex and disability, therefore allowing the GPS to collect data on marginalised groups which can be used in future VfM assessments to assess equity. This information should be captured as part of the MEL framework.</p>	World Bank	31/03/2023 (MEL Plan Update and Annual Report)	<p>Some progress made.</p> <p>In being absent from the programme logframe, and absent from the programme ToC, Defra considers both poverty reduction and GESI to be lacking in prominence within GPS, with both only a partial consideration, secondary to objectives on expanding and embedding natural capital in policy.</p> <p>However, we welcome the World Bank’s stated intention to advance GESI in existing Core Implementing Countries and in its co-financing of a report on environment, poverty, and inclusion, which will provide evidence on the interactions between natural capital, poverty, and social inclusion, expected June 2024.</p>
FINANCIAL PERFORMANCE				
15	The Bank should update the donors on options for scaling up the programme scope and ambition, including identifying additional donors and how additional donor resources would be used if they became available.	World Bank	31/12/2023 (Annual Report)	<p>Good progress made.</p> <p>Defra was made aware at a meeting in Ghana (at which only GIZ was the only other non-Bank attendee – BMZ and SECO were not present) of the World Bank’s intention to extend the programme to 2030, requiring additional funding.</p> <p>This was raised formally in early 2024 at the Steering Committee. Further consultation on the timeline and dependencies is required to ensure alignment with Defra’s Spending Review processes.</p>

16	With Programme Management and Quality Assurance costs currently above the 10% envisaged by Defra (now at 12.7%), the World Bank should monitor and provide projections for future PMQ costs to donors with a detailed justification for increased spending.	World Bank	31/12/3023 (Annual Report)	No progress made. Projections from the last workplan do not specify how much would be spent on PMQ, but the latest World Bank Annual Report suggests this is as high as 20%. This has been raised with the World Bank, and we await their response.
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ANNEX B: REVISED GPS TOC, 2023

Figure 1. GPS Theory of Change⁴



Original ToC, 2021, for reference

