



Department
for Environment
Food & Rural Affairs

Darwin Initiative Business Case

Full Business Case (FBC)

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Executive Summary

1. This Full Business Case provides the case to invest an estimated Whole Life Cost up to £96.2 million of ODA International Climate Finance (Nature) in the Darwin Initiative, until March 2030.
2. The Darwin Initiative is the UK's flagship international challenge fund for biodiversity conservation and multidimensional poverty reduction. Established at the Rio Earth Summit in 1992, the Darwin Initiative has awarded more than £230m to over 1,320 projects worldwide. Since around 2010, the Darwin Initiative has focused on countries eligible for Official Development Assistance.
3. By April 2025, Defra expects to have fully invested the funding approved by Ministers through the Darwin Initiative's previous (2021) Business Case. This business case seeks approval for a new phase of funding and sets out how we continue to build on the Darwin Initiative's strong track record and deliver impact.
4. The Darwin Initiative enjoys global recognition and makes major contributions to HMG's international delivery priorities, including the Global Biodiversity Framework and the poverty, biodiversity and climate change goals.
5. Investment through this Business Case will further strengthen the Darwin Initiative, and is expected to:
 - deliver sustained outcomes for biodiversity conservation and multidimensional poverty reduction. Enabling stakeholders in low- and middle-income countries to place an additional 3.2 million hectares of land under improved ecological management and enabling 344,000 people to improve their resilience to natural disasters or climate change.
 - enhance the capability and capacity of national and local partners/ and stakeholders, to help ensure a long-term legacy, and future locally led action, with 51,000 key national and local stakeholders completing structured and relevant training.
 - strengthen, promote and use evidence to inform and scale the action beyond the programme.
 - implement novel or significantly improved approaches.
 - test scalable approaches that have the potential to deliver even greater impact.
6. For indigenous and local communities, women, and other stakeholders, the Darwin Initiative will continue to contribute to multidimensional poverty reduction. Poor women, men and children will benefit from improved or more secure income, secure tenure, gains in wellbeing, improved nutrition or food security and greater resilience to natural disasters and climate change.
7. The Darwin Initiative's unique structure provides a path for successes to scale, enables innovation, values evidence, creates new funding opportunities for larger programmes, and addresses the gap between small projects and landscape-level interventions.
8. The preferred option, as detailed in the Economic Appraisal, is to maintain investment at around £30m per annum. This option offers strong value for money, with a Partial Benefit- Cost Ratio of 85:1; is affordable within current financial forecasts; and allows Defra to scale down funding, if future budgets allocated to the Darwin Initiative are lower than we assumed.
9. Defra has already appointed, through open competition, a Fund Administrator for the Darwin Initiative and its other Biodiversity Challenge Funds. The Fund Administrator contract runs until March 2025, with the option to extend until 2029. This commercial strategy delivers value for money through competition, and by harmonising and sequencing processes across Defra's Biodiversity Challenge Funds.
10. The programme is managed through a strong and adaptive Defra-Fund Administrator partnership, with Monitoring, Evaluation and Learning at its heart. This will enable Defra and its Fund Manager to

continue to refine funding windows to focus support effectively, responding to stronger evidence of what works; capitalise on opportunities; and address any poor performance in a timely manner.

11. A recent Investment Committee review point in 2023 assessed progress since 2021 and agreed the new results framework to guide the fund and assess its performance.
12. The Darwin Initiative will deliver greater impact than the sum of its individual projects by integrating evidence and learning into its operations, adapting its approach in response to project data and evidence, raising the quality of project delivery, and strengthening local action.

1. The Strategic Dimension

1.1. Strategic Context

Biodiversity loss

13. The planet faces unprecedented biodiversity loss and degradation; the scale of loss and rates of extinction are the greatest they have been for several million years and are accelerating. A quarter of species assessed are threatened by our human activity, with an estimated million species facing extinction¹, whilst global populations of fish, birds, mammals, and reptiles have declined by 68% since 1970.²
14. Halting the loss and degradation of biodiversity and associated ecosystems is essential to achieving the 2016 Paris Climate Agreement, indeed it requires a substantial increase in “natural” ecosystem area. Nature-based solutions can also support significant climate mitigation action required by the Paris Agreement.
15. The window of opportunity for the world to tackle the biodiversity crisis is shrinking.

Biodiversity and Sustainable Development

Biodiversity loss is a critical challenge for sustainable development.

16. Halting and reversing the decline in biodiversity is critical for achieving the Sustainable Development Goals. The most vulnerable rely on biodiversity to manage risks (food security, environmental hazards, climate change, and health) and meet their everyday needs. Notably:
 - Over 3 billion people depend on marine and coastal biodiversity; more than 1.6 billion people rely on forests and non-timber products.
 - Loss of crop biodiversity, and subsequent reliance on agrochemicals to compensate for lowered plant resilience and poor soil, exposes biodiversity and people to health-damaging pollutants.
 - Agricultural systems' resilience and capacity to adapt to climate change depends on maintaining diversity in cropping systems, crop varieties, and animal breeds, without which future productivity levels are at risk, impacting the small-scale farmers the hardest.
 - Declines in the diversity of fish species are strongly associated with lower catches, decreased resilience to exploitation, and higher incidence of stock collapse. Over 90% of global marine fish stocks are now fully exploited or overfished.³
 - Biodiversity loss particularly affects women in low and middle-income countries, through higher domestic work burdens, loss of income, declining health and more.⁴
17. Biodiversity loss is escalating the likelihood that dangerous tipping points will be reached, bringing instability and abrupt changes to biodiversity and society, resulting in impacts to wellbeing (e.g. economic activity and unemployment, nutrition, food and water insecurity, health, fragility, and conflict) at the community, national and international levels. These tipping points will have the greatest impact

¹ IPBES (2019) Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

² WWF (2020) Living Planet Report 2020: Bending the curve of biodiversity loss. Almond, R.E.A., Grooten M. and Petersen, T. (Eds). WWF, Gland, Switzerland.

³ FAO (2020a) The State of World Fisheries and Aquaculture 2020

⁴ Booker, Francesca & Allison, Hilary & Nash, Fleur & Green, Annette. (2022). Women, girls and biodiversity loss: an evidence and policy review. International Institute for Environment and Development. 10.13140/RG.2.2.27874.40644.

on lower income countries, with their greater reliance on biodiversity and limited capability to adapt, undoing past development gains and risking prospects⁵.

Drivers of poverty

18. Poverty has many dimensions, including a lack of income, insufficient nutrition, poor health, disease, lack of access to quality schooling and lack of access to basic services such as water, sanitation, and housing.
19. Three key causes of extreme poverty are 1) low return on basic assets, 2) inequality and 3) risk and vulnerability. These are interlinked, and exacerbated by structural drivers such as conflict, fragility, corruption, poor governance, poor infrastructure, climate change and biodiversity loss. Below we summarise these three causes of extreme poverty, and how the Darwin Initiative will address them.
20. Assets can be financial, natural, human, physical, social and political. People living in poverty tend to have minimal assets – and those that they have do not generate sufficient returns to meet their basic needs. Many Darwin Initiative investments will enable poor women and men to gain new and better assets, and to protect one of the most important existing assets – the nature around them, on which they depend.
21. Inequality: people living in poverty are rarely seen as equals. Characteristics including gender, age, ethnicity, race, disability, caste, religion, sexual orientation or geographical location interact to shape how people experience poverty. Inequality can prevent access to assets and minimise return on assets.
22. It can also constrain people in terms of the choices open to them, and their ability to take up opportunities. Poor people lack representation, power and status, which makes it difficult for them to claim their rights and denies them the opportunities and resources to improve their lives.
23. Many Darwin Initiative investments target and seek to empower groups in society who are experiencing marginalisation and inequality. For example, by changing how protected areas are governed in parts of Africa, Asia and Latin America, so that indigenous people and local communities gain greater say in decisions and greater benefit from the sustainable use of natural resources. to claim their rights and denies them the opportunity.
24. Poor people are often exposed to greater risk of physical harm and material losses. Poor women and men also have fewer resources with which to cope, when risks materialise and deepen their poverty.
25. Major risks worsen poverty include conflict, disease, natural disasters, climate change, economic crises, and insecurity. As detailed in Sections 1.2 and 2.4, we expect investments approved via this Business Case to enable 546,947 people to reduce their vulnerability to climate change and/or natural disasters.

Drivers of biodiversity loss

26. Human activity remains the primary cause of biodiversity loss and degradation, accelerating in the past 50 years via established direct drivers⁶:
 - Changes in land and sea use, e.g. agricultural and urban expansion, water extraction.
 - Direct exploitation of organisms, e.g. overexploitation via harvesting, logging, hunting, and fishing
 - Climate change, e.g. extreme weather events, changes in seasonality, ocean acidification
 - Pollution, e.g. marine plastic, waste, industry, agriculture, petrochemicals
 - Invasion of alien species, e.g. global trade spreading species that impact ecosystem functions

⁵ World Bank Group (2021) Virtual Technical Briefing – Wednesday, March 24, 2021 Biodiversity, Forests and Landscapes

⁶ IPBES (2019) Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Bonn, Germany.

27. There is a two-way interaction between climate change and biodiversity loss – climate change is partly driving biodiversity loss, the loss of which is reducing biodiversity’s capability to capture and store carbon, adapt and be resilient.
28. Behind these are indirect drivers: a variety of economic, political, and social factors, including consumption habits, wealth generation, and the spatial decoupling of production from consumption. Incentives often favour economic expansion without due consideration to the multiple values that ecosystems provide⁷. Inequalities often lead to a decoupling of who benefits from the use of ecosystems or exploitation of resources, and who bears the cost from that use or exploitation.
29. Biodiversity loss and degradation tends to be less in areas managed by indigenous and local communities, but these communities face escalating external pressures from resource extraction, commodity production, mining, and transport and energy infrastructure, impacting not only biodiversity but also the livelihoods and wellbeing of these same communities.

Policy responses

30. HMG has set policies and made major international commitments to tackle global biodiversity loss whilst reducing poverty. Further investment in the Darwin initiative will make a significant contribution to HMG’s delivery on these policies and commitments, which include the:
 - Convention on Biological Diversity (CBD) and its Kunming-Montréal Global Biodiversity Framework. Agreed in 2022, the Global Biodiversity Framework sets out an ambitious pathway to reach the global vision of a world living in harmony with nature by 2050. The Framework promotes innovation, coordinated policy action and redirecting investment in agriculture and food systems and land use to identify, develop and scale approaches that can reduce emissions, restore biodiversity and increase productivity. The Darwin Initiative is strongly aligned to this approach – it is designed to test novel approaches to reduce emissions, restore biodiversity and increase productivity, build evidence, and scale action.
 - Convention on International Trade in Endangered Species (CITES).
 - Convention on the Conservation of Migratory Species (CMS)
 - International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA)
 - Nagoya Protocol on Access and Benefit Sharing (ABS)
 - Ramsar Convention on Wetlands. Many Darwin Initiative projects contribute to the conservation or restoration of threatened wetlands.
 - UN Framework Convention on Climate Change (UNFCCC)
 - UK International Climate Finance (ICF) commitments.
31. In addition to the very strong alignment of the Darwin Initiative to the UK’s strategic priorities as set out above, the individual projects are required to demonstrate how they are responding to locally identified needs (demand led) and national level policies including National Biodiversity Strategy and Action Plans (NBSAP), National Adaptation Plans (NAP) and/or Nationally Determined Contributions (NDC) amongst others, this will be assessed in the application process.
32. Domestically and internationally, Defra leads for HMG and owns key policy areas of the Darwin Initiative including biodiversity (e.g. net gain), environment (e.g. environmental land management), and agriculture, food and land use. Through this, Defra has access to world-leading expertise in-house, via our Non-Departmental Public Bodies and Executive Agencies (RBG Kew, Joint Nature Conservation Committee, and CEFAS), and wider stakeholder relationships that can be drawn upon to provide strategic guidance and quality assurance in the awarding of grants.

⁷ Dasgupta, P. (2021), The Economics of Biodiversity: The Dasgupta Review. (London: HM Treasury).

33. The proposed intervention will be compliant with the relevant legislation, Defra ODA guidance and guidance in Managing Public Money, with further details provided in sections 4.1 and 4.2.

1.2. Case for change

Current arrangements

What the Darwin Initiative does

34. Established in 1992, at the United Nations Conference on Environment and Development, Rio de Janeiro, the Darwin Initiative is the UK's flagship international programme to address biodiversity challenges.
35. The Darwin Initiative competitively awards grants that demonstrate likely impact on biodiversity and multidimensional poverty reduction.
36. The Darwin Initiative fills an important niche: a globally recognised UK-branded challenge fund offering the range of grant sizes needed to pilot and scale new innovations and partnerships in biodiversity-focused poverty reduction.
37. To achieve value for money and surface locally relevant proposals from around the world, the Darwin Initiative awards grants using a demand-led competitive challenge fund mechanism. Applicants are assessed by an independent Darwin Expert Committee (DEC), who recommend projects based on technical merit to Defra. Processes are administered by a Fund Administrator. Darwin Initiative Grant competitions target low and middle-income countries, as illustrated in Figure 1, the Darwin Initiative enables the UK to address biodiversity and poverty challenges across a wide range of countries. As a responsive fund, the geographic distribution of the portfolio changes over time and currently under 10% of finance is benefiting upper middle-income countries and nearly half of the finance benefiting the poorest nations (LDCs).

Figure 1 Current Darwin Initiative Country level portfolio by country total grant value.

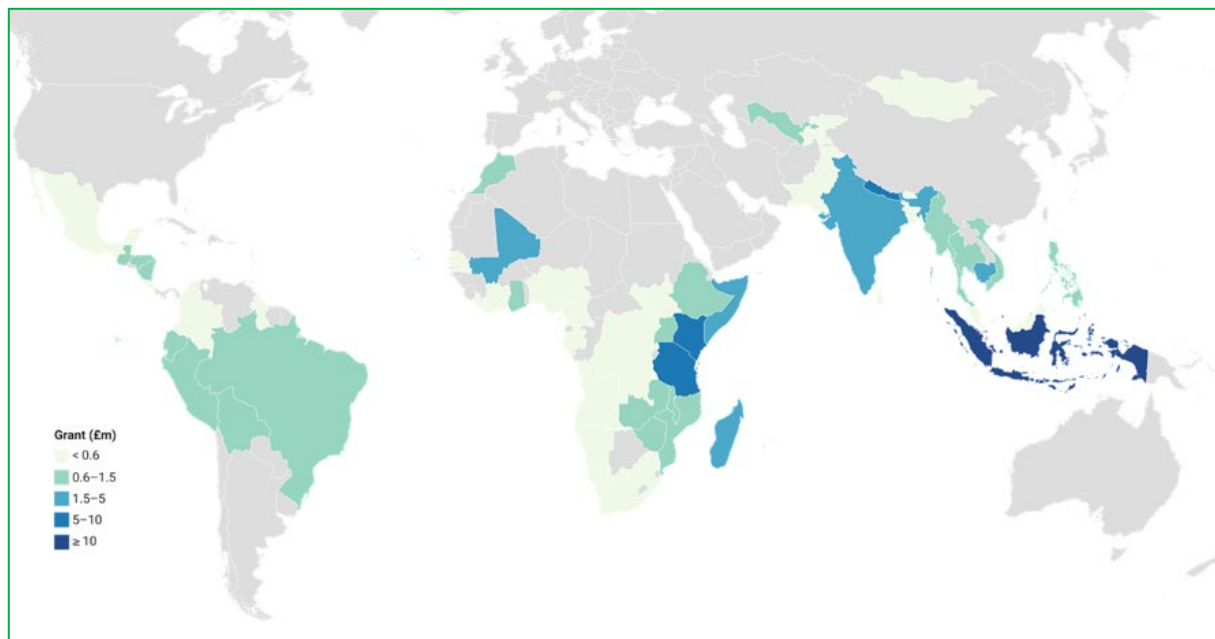


Table 1 Summary of current grant schemes

Grant	Capability & Capacity	Innovation	Main ⁸	Extra
Duration	1-2 years	1-2 years	1-3 years	2-5 years
Application Stages	Single	Single	Two	Single, with interview
Est. Annual No. of Awards	<20	<10	20-30	<5
Type of Project	Focussed on developing the capability and capacity of national and local organisations	Testing of novel approaches that if proven could scale	Providing good evidence and expected to deliver strong results, and demonstrate the potential to scale	Demonstrating a clear scaling pathway, building on good evidence from smaller projects to scaling further
Innovation	n/a	High	Moderate	Moderate
Evidence	Moderate	Potentially limited ⁹	Good	Strong
Scoring Criteria	Technical, Capability & Capacity	Technical, Biodiversity, Poverty Reduction, Innovation	Technical, Biodiversity, Poverty Reduction	Technical, Biodiversity, Poverty Reduction, Scaling
Grant	£50k - £200k	£10k - £200k	£100k - £600k	£600k - £5m

38. A distinct feature of the Darwin Initiative is its ability to pilot new interventions, then provide a pathway to scale the most successful of these through progressively larger grants. To make this possible, the Darwin Initiative operates four funding schemes of different sizes, summarised in Table 1.

Evidence that the Darwin Initiative performs well, and that further funding is likely to deliver value for money

39. From 1993 until 2022, Darwin Initiative projects each set their own indicators; HMG assessed the performance of each project individually. Project reports published on the Darwin Initiative website suggest that most projects achieved good value for money, and many made lasting contributions to biodiversity protection and poverty reduction.¹⁰ To give one example, in Ethiopia, a Darwin Initiative project has enabled 950 Ethiopian coffee farming households (2,500 people) to increase their revenues by 30%, by producing higher value coffee for export. Union Coffee, a London-based roastery, pays farmers a premium for conserving forest and growing high quality coffee under forest canopy, contributing to a pause in deforestation in Yayu Biosphere Reserve since 2001. Union Coffee has continued beyond the project lifetime to purchase coffee from the farmers at premium prices, invest in their training and in their communities.¹¹
40. In 2022, Defra changed its approach to results measurement. Since 2022, projects have begun to measure impact, outcomes and outputs against a common set of standard indicators, enabling Defra to add together results reported by multiple different projects, and compare these results with the same

⁸ From Round 31, Darwin Initiative Main will increase to up to 5 years and up to £800k, with Darwin Initiative Extra starting from £800k instead of the current £600k.

⁹ Limited, or evidence from a different sector, meaning that there is a more substantial risk on not delivering the intended results.

¹⁰ The reports of all Darwin Initiative projects are published on the Darwin Initiative website, <https://www.darwininitiative.org.uk/project/project-map/>

¹¹ Schuit P, Moat J, Gole TW, Challa ZK, Torz J, Macatonia S, Cruz G, Davis AP. 2021. 'The potential for income improvement and biodiversity conservation via specialty coffee in Ethiopia.' *PeerJ* 9:e10621, <https://doi.org/10.7717/peerj.10621>; Davis, Aaron (2017) maintaining biodiversity conservation and climate resilience and Yayu Biosphere Reserve: final report, www.Darwininitiative.org.uk/documents/DAR22006/24521/22-006%20FR%20edited.pdf.

projects' expected achievements. The data that is available, from a subset of early-reporting programmes, indicates that Darwin Initiative is on track to deliver ambitious outcomes and impact. Notably:

41. 14 early-reporting projects have together enabled 395,912ha of habitat to be placed under sustainable management practices, against an expected milestone of 176,228ha for 2022/23.
42. 6 projects should have together enabled 98,148 people to improve their disaster/climate resilience, against an expected 29,166 people for 2022/23. £3,863,858 finance has been mobilised for new activities building on evidence, best practices, and projects, against the expected milestone of £435,513 for 2022/23.
43. The performance of each individual project is assessed annually. Projects score from 1 (outcomes and outputs likely to be completely achieved) to 5 (unlikely to be achieved). In 2022/23, projects scored on average between 1.8 and 2.13, depending on the scheme. This indicates that most projects funded by the Darwin Initiative will achieve or over-achieve all or almost all their expected outputs and outcomes.
44. The Darwin Initiative scored an 'A' in its latest Annual Review, reflecting our assessment that Darwin Initiative-funded projects which have so far reported results are, on average, on track to meet or even slightly exceed their expected outputs, outcomes and impact.
45. A 2022 independent evaluation¹² found that:
 - On average, projects leverage funding equal to 71% of the size of the awarded grant.
 - 98% of projects deliver within budget, 88% complete on time and 66% largely or fully meet their output milestones on time.¹³
 - Stakeholders widely agree that the scheme provides very good value for money.
 - Fund activities align well and deliver on the UK's international biodiversity treaty commitments, particularly the Convention on Biological Diversity.
 - Projects are highly aligned with the needs of the countries they operate in, meeting specific needs and priorities of the country within which they were operating.
 - Projects achieve synergies between biodiversity and livelihood outcomes. Achievements around poverty have improved since the Darwin Initiative became ODA-funded.
 - Projects adapt well to emerging challenges.
46. The independent evaluation also generated qualitative evidence that Darwin Initiative projects deliver significant on-the-ground impact. For example, in Indonesia, with Darwin Initiative funding, researchers with NGO and government partners have reduced peatland fires by identifying and blocking illegal drainage canals, enhancing fire detection, reforming firefighting, and accelerating reforestation. Groundwater has since risen, and during the most recent drought, satellite imagery showed a significant reduction in fire hotspots in the project area with minimal peat forest loss, compared to previous droughts. Fewer and smaller fires enable rural Indonesians to enjoy better respiratory health, peatland carbon to remain in the ground and the population of critically endangered orangutan to rebound in the project area. The Darwin Initiative is now funding the project to scale, and better protect 50,000 ha of peatland forest.¹⁴

¹² Ecorys (2022) *Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund scheme evaluation – final report*. See www.darwininitiative.org.uk/media/5xtneqsz/finalreport_publishable.pdf

¹³ Around the time of the independent evaluation, the Darwin Initiative saw a spike in the number of programmes experiencing (unavoidable) delays, as a result of the COVID-19 pandemic. Source: Ecorys (2022), *op. cit.*, p. viii.

¹⁴ The project in question is 'DAR25001: Preventing Borneo's peatland fires to protect health, livelihoods and biodiversity.' For more information see <https://www.darwininitiative.org.uk/project/DAR23033>.

47. The Darwin initiative has delivered on the value for money case made in its last (2021) Business Case. This is clear from Table 2, which compares value for money statements from the 2021 Darwin Initiative Business Case with what the programme delivered.

Table 2: Value for money performance

Value for money statement in 2021 Business Case	Actual programme performance, as of March 2024
Economy will be achieved through competitive procurement of an implementing agency and through the competitive mechanism of the challenge fund selecting projects that demonstrate economy in sourcing inputs.	The Darwin initiative has secured a Fund Administrator with low overheads through competitive procurement (see Section 4.1.) The Darwin Expert Committee recommends proposals that offer value in sourcing inputs and rejects proposals that appear not to.
Efficiency and Effectiveness will also be delivered through the well-established challenge fund mechanisms and technical advisory review board, helping to select projects that can demonstrate strong delivery of outputs and outcomes.	Efficiency and Effectiveness are delivered through well-established mechanisms. For example, aided by its technical advisory board (the Darwin Expert Committee), the Darwin Initiative funds only projects that demonstrate a strong enough likelihood of achieving ambitious outputs and outcomes, rather than funding as many projects as it has budget for.
The new Darwin Initiative Extra component will help projects with demonstrated potential to achieve strong outputs and outcomes are scaled up, whilst the Innovate component will help project implementers find new ways to deliver strong results.	Darwin Initiative Extra component is functioning as intended, enabling projects with demonstrated potential to achieve strong outputs and outcomes to scale. See Annex A for examples. Darwin Innovation is helping project implementers find new ways to deliver strong results, and only funds projects which meet its criteria for 'innovation'.
The knowledge sharing, and evidence and enhanced capability components will strengthen the overall efficiency and effectiveness of Darwin Initiative and wider biodiversity projects.	Deep dive reports commissioned by the Darwin initiative and its fellow Defra biodiversity challenge funds have informed and improved the programme's choice of indicators, approach to gender and social inclusion, and plans for future evaluation. The Darwin initiative's investment in improving delivery partner capability and capacity through application guidance, workshops and feedback on applications is making a measurable difference to the quality of applications that the Darwin initiative receives. ¹⁵
Equity will be delivered through projects contributing to reducing inequality, including gender inequality, with appropriate monitoring and indicators being established. Through its open and transparent funding mechanisms, the Darwin Initiative will also provide equal opportunities to a range of implementing partners to obtain funding for good quality projects.	Projects contribute to reducing inequality, including gender inequality, as evidenced in the independent evaluation. The Darwin initiative now aggregates key indicators by gender and age group. The number of applications from organisations based in eligible countries progressing to Stage 2 of Darwin

¹⁵ In 2023, Defra commissioned analysis of application scores and project performance data from Darwin Initiative projects funded under Rounds 21-28, and similar projects from the Illegal Wildlife Trade Challenge Fund and Darwin Plus. The study found that applicants passing from Stage 1 to Stage 2 improved their applications substantially, and by more than applicants who had already received high scores in Stage 1. This suggests that feedback and guidance provided during the application stage is effective, and particularly effective for projects that scored lower initially. See NIRAS (2023) *Building & Applying Evidence in the Biodiversity Challenge Funds: Application scores vs project performance*.

Future needs

48. The Darwin Initiative is so far only able to fund a fraction of the high-quality project proposals received. This business case seeks further funding and a time extension to March 2030, without which we will miss many high-value opportunities to achieve HMG's biodiversity and poverty reduction objectives through the Darwin Initiative. To illustrate the gap between need and funding, the Darwin Initiative received eligible proposals exceeding £301m in its most recent call for proposals, for £28.8m of grants.
49. Demand for larger, longer grants is where the future need looks greatest. In 2024, 3 grants will be awarded under the Darwin Initiative Extra scheme, out of 50 eligible applications received. Defra will therefore adapt the Darwin Initiative to better serve this need. In response to stakeholder feedback, from Round 31 (projects starting in 2025/26) we will trial a reformulated Darwin Initiative Main grant, with grants operating up to five years and average annual budgets capped to £200k/yr. Offering five-year Darwin Initiative Main grants will deliver better value for money in several ways:
 - *Better measurement*: it often takes five years before large-scale changes in biodiversity and sustainable increases in income for smallholder farmers can be reliably measured.¹⁷
 - *Giving more projects a pathway to scale*: many grant applications that have not yet received Darwin Initiative Extra funding can and should go further in scaling up results than is possible in a three-year timeframe.
 - *Managing risk*: longer timeframes will better enable projects to mitigate delays in delivery.¹⁸
 - *Sustainability*: projects that last longer have more time to strengthen exit strategies to reinforce the sustainability of the project impacts.
50. After a successful trial, starting in 2021, the Darwin Initiative will continue its scheme dedicated to investing in the capability and capacity of local stakeholders. Empowering in-country organisations to conserve their own biodiversity, address climate change and reduce poverty often offers the best value for money, and is likeliest to ensure the long-term legacy and sustainability of HMG's investment.
51. By restructuring, the Initiative can act as a pipeline to scale success, with projects moving up through the Initiative before seeking support from the larger Defra, HMG or global environment funds.
52. Proposals will continue to be assessed on their plans for to deliver sustainable impact and potential to scale.
53. Fresh investment in the Darwin Initiative not only offers value for money – it will also increase the value for money of HMG's past investments in the scheme, by enabling more of the Darwin Initiative's current and future investments to deliver impact at scale. By way of illustration, the following past projects (see Annex A for more) have or could be scaled:

¹⁶ NIRAS (2023) *Applications Review Process – Darwin Initiative Round 29*, Paper for DEC Strategy Meeting. Annex 1. Unpublished.

¹⁷ In the meantime, projects measure outputs and intermediate outcomes, which give us an early indication of an intervention's likely contribution to poverty reduction and biodiversity protection.

¹⁸ The Darwin Initiative's existing processes will prevent projects which no longer offer value for money from spending more money than they would, by running for longer. Defra and the Fund Administrator will continue to monitor the progress of each project, requiring six-monthly progress reports and conducting project-specific mid-term reviews. Grant agreements with project delivery partners include break clauses, enabling any projects that no longer offers value for money to be stopped.

- Blue Ventures' Conserving mangrove forests and alleviating poverty in Madagascar has been scaled to a new International Climate Finance programme in Madagascar and Indonesia seeking to protect 20,000 hectares of mangrove forests, deliver 13.9 million tonnes of carbon dioxide savings and benefit over 100,000 people.
- Royal Botanic Gardens Kew's project on Harnessing agricultural ecosystem biodiversity for bean production and food security in Malawi and Tanzania could be replicated in other African agricultural landscapes, and potentially beyond, to protect pollinator habitats whilst improving yields and income for farmers.
- Fundación Natura Bolivia's project Reciprocal Watershed Agreements: conserving Bolivia's Chaco through improved livelihoods inspired change beyond its original locations when additional local authorities designated new areas with long-term legal protection for biodiversity, whilst maintaining water sources, increasing local food security and enhancing water quality.

54. In several countries (e.g. Indonesia and Nepal), Darwin Initiative projects have the potential to achieve scale through regional capacitation where clusters of projects have been conducted resulting in the enhancements of national capability and capacity.

Investment objectives: impact, outcomes and outputs

55. The intended impact of the Initiative is:

The rates of biodiversity loss and degradation are slowed, halted or reversed, with associated reductions in multidimensional poverty.

56. As detailed in Section 2, by investing in the Darwin Initiative the funds sought via this Business Case, Defra expects to generate the following impact:

- 3.2 million hectares of land under improved ecological management.
- 344,000 people with improved disaster/climate resistance
- 62,000 people reporting improved livelihoods.
- 51,000 people from key national and local stakeholders having completed structured and relevant training.
- 228 new/improved habitat management plans available and endorsed.
- 343 new/improved community management plans available and endorsed.
- 33,000 people with increased participation in local communities/management organisations.

57. The Darwin Initiative will continue to measure its impact using a series of programme-wide key performance indicators (KPI). These indicators, captured in the programme's log frame, are specific, measurable, attributable, relevant and time bound (SMART) objectives. The KPIs also include several of Defra's overall KPIs and HMG's cross-departmental International Climate Finance (ICF) indicators, – allowing the Darwin Initiative to contribute to Defra's overall reporting of impact, and HMG's overall ICF reporting. Key Darwin Initiative impact indicators include:

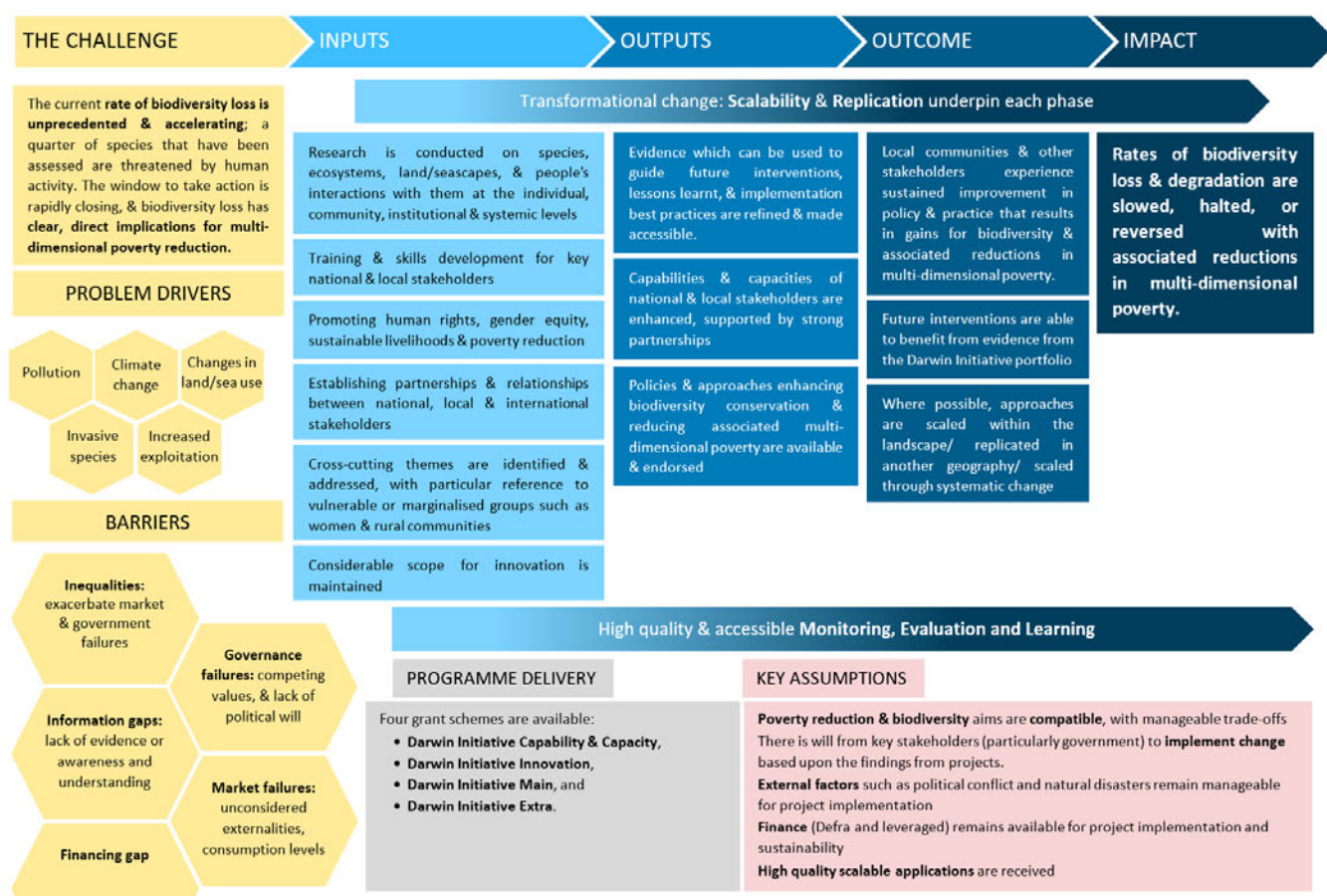
- Ecosystem Loss and Degradation Avoided (ha) (DEFRA / ICF KPI 8)
- Change in multidimensional poverty (Scorecard)
- The extent to which the fund is likely to have a transformational (scalable) impact. (ICF KPI 15)

58. To achieve impact, a key outcome of the Darwin Initiative is:

Local communities and other stakeholders have sustained improvement in policy and practice that results in gains for biodiversity and associated reductions in multidimensional poverty.

59. To monitor these improvements in policy and practice, Darwin Initiative delivery partners will monitor the following outcomes, where wholly or partly attributable to individual projects:
- Area under Ecological Management (ha) (DEFRA / ICF KPI 17))
 - Number of people with improved or protected i) livelihoods (Defra KPI), ii) disaster/climate resilience (ICF KPI 4), iii) water/food security. (Defra KPI 10)
 - Number of policies with biodiversity provisions that have been enacted or amended.
 - Finance mobilised for new activities building on evidence, best practices, and projects.
60. To achieve the outcomes, Darwin Initiative will deliver the following outputs at programme level:
- Output 1:* Capability and capacity of key national and local stakeholders to deliver on biodiversity conservation and associated reductions in multidimensional poverty enhanced.
- Output 2:* Policies and approaches enhancing biodiversity conservation and associated reductions in multidimensional poverty are available and endorsed.
- Output 3:* Evidence is utilised, and Best Practices are developed, refined and made accessible.
- Output 4:* Programme management adapts to strengthen delivery of the challenge fund.
61. In achieving the outputs, co-benefits can be realised, including climate change mitigation and adaptation.
62. The Darwin Initiative will add value beyond the outcomes of the individual projects that form the portfolio, in several ways:
- Investing in the capability and capacity of in-country stakeholders will have positive spillovers. Not only will these stakeholders deliver Darwin Initiative projects better – many will also attract additional funding from other sources and utilise this funding more effectively to protect biodiversity and reduce poverty.
 - Using learning from past and current projects to better design future projects and inform wider donor investments in biodiversity and poverty reduction. We will ensure this by continuing to co-deliver a central workstream '*Building and applying evidence*', for which the fund manager and Defra have set aside staff time and budget to commission research, share findings, aggregate project results to assess fund performance and conduct short evaluations and analysis to strengthen understanding of specific challenges and approaches.
 - Influencing how organisations deliver conservation and international development programming. The Darwin Initiative has already demonstrated its ability to do this; senior conservation leaders cite the Darwin Initiative as a key influence in their organisations paying increasing attention to poverty reduction. The Darwin Initiative will continue to seek positive influence elsewhere too, such as by supporting delivery partners to raise the standards of grant management (Safeguarding, Gender Equality and Social Inclusion, Monitoring, Evaluation and Learning, Finance and Risk.) Here, the Darwin Initiative will have an impact on how those organisations deliver both their Darwin Initiative projects and other projects where the Darwin Initiative is not involved.
63. We do not anticipate any disbenefits as likely to result from further funding to the Darwin Initiative. We have considered potential unintended negative consequences and judge these unlikely; section 5.6 describes key risks and the measures that Defra and its delivery partners will take to mitigate them.
64. [Figure 2](#), the programme theory of change, visualises how Defra investment in the Darwin initiative will deliver the desired outputs, outcomes and impact, and outlines the constraints which the programme seeks to overcome, and key assumptions (dependencies).

Figure 2: Darwin Initiative Theory of Change



Paris Alignment

65. Darwin Initiative is demand led with applicants required to articulate how their proposal aligns with national policy including but not limited to National Biodiversity Strategies and Action Plans (NBSAPs), Nationally Determined Contributions (NDC) and National Adaptation Plans (NAP).
66. With the central objective of slowing, halting, and reversing the rates of biodiversity loss and degradation, the projects are expected to deliver net benefits for biodiversity.
67. The Darwin Initiative aligns with HMG's fossil fuel policy and would not knowingly fund projects which undermine partner countries' own climate plans. Projects are not expected to generate material amount of CO2e emissions. It has completed a Climate and Environment risk assessment and has found it is Low Risk given established policies to manage risk and the alignment of the programme objectives to the Paris Agreement.

Climate Change and Biodiversity

68. Biodiversity, and the investments that the Darwin Initiative will make in conserving biodiversity, will make significant contributions both to climate change mitigation and adaptation. Defra therefore intends to count Darwin Initiative funding towards the UK's International Climate Finance target.
69. Below we explain the main ways in which the Darwin Initiative will contribute to climate change mitigation and adaptation.

Biodiversity and Climate Mitigation

70. Habitat protection: healthy, well-protected ecosystems, such as forests, wetlands and mangroves, act as “carbon sinks” by sequestering and storing carbon dioxide (CO₂) from the atmosphere.

Designation of specific areas prioritizing management for biodiversity remains an effective biodiversity conservation approach, with those managed by Indigenous Peoples and local communities proving effective at safeguarding good ecological condition. These protected areas and other effective area-based conservation measures can also play a significant role in climate change mitigation¹⁹.

71. Habitat restoration and regeneration: restoring habitats and ecosystems to promote biodiversity through actions such as creating wildlife corridors, reforestation or habitat restoration helps to reduce greenhouse gas emissions.
72. Recovery and conservation of wild species: trophic downgrading triggered by the loss of apex predators can lead to ecological consequences on lower trophic levels that can cause negative impacts of climate change.
73. Recovery and conservation of wild species: the presence or absence of animals and the relative species richness, abundance, and diversity can influence ecosystem functioning with potential benefits for climate mitigation.

Biodiversity and Climate Adaptation

74. Diverse ecosystems are more resilient to climate change impacts and support climate adaptation by safeguarding ecosystem functions.

...higher genetic, species and ecosystem diversities help to reduce risk in the face of uncertain changes in climate and keep adaptation options open²⁰.

75. Nature's contribution to people (NCP): ecosystems can enhance community resilience to climate-related hazards.
76. Biodiversity conservation helps maintain essential ecosystem services, such as water purification, soil fertility and pollination, which are vital for human well-being and agriculture, particularly in a changing climate.
77. Biodiversity conservation preserves a wide range of species and their genetic diversity, key to climate adaptation.
78. Economic and social benefits of biodiversity conservation for climate change should be considered when assessing its impact on climate adaptation.

Challenges

79. Different ecosystems sequester different amounts of CO₂. Targeting certain species or ecosystems may therefore sequester less carbon than investments elsewhere. However, carbon sequestration is only one element of the value of ecosystems – section 1.1 outlined the multiple benefits of protecting biodiversity to poor women and men.

¹⁹ Baldwin-Cantello, W., Tickner, D., Wright, M., Clark, M., Cornelius, S., Ellis, K., Francis, A., Ghazoul, J., Gordon, J.E., Matthews, N. and Milner-Gulland, E.J., 2023. The Triple Challenge: synergies, trade-offs and integrated responses for climate, biodiversity, and human wellbeing goals. *Climate Policy*, pp.1-18.

²⁰ Pörtner, et al. 2021. IPBES-IPCC co-sponsored workshop report on biodiversity and climate change; IPBES and IPCC. DOI:10.5281/zenodo.4782538.

80. A review of the 21 action targets for 2030 from the first draft of the post-2020 Global Biodiversity Framework of the CBD (CBD 2021), only one biodiversity measure was identified as having strong scientific evidence of a negative impact on climate change mitigation.²¹ The measure in question was “Combating woody plant encroachment” and is often associated with the protection and conservation of critically important ecosystems such as grasslands so on balance it may be beneficial to climate change adaptation, human wellbeing and biodiversity.

Gender Equality and Social Inclusion (GESI)

81. The Darwin Initiative remains committed to being a GESI Sensitive programme, with an ambition for all projects to confidently meet the expected standard of GESI Sensitive whilst supporting projects with higher ambition to go further.²²
82. All Darwin Initiative grantees will, at a minimum, be expected to ensure projects do no harm to gender, equality and social inclusion, and be required to explain how they have considered GESI in project design. This is important because interventions to conserve biodiversity can affect women and men differently, and other groups in society such as indigenous communities can likewise be affected differently. As no action is neutral, by not giving due consideration to GESI, our actions could unintentionally exacerbate inequalities, reinforce barriers or cause harm to already disadvantaged groups.²³
83. Many Darwin Initiative investments strengthen GESI. For example, many projects seek to achieve greater inclusion of poor and marginalised communities in the management of biodiversity in and around where they live, and to enable poor and marginalised communities to derive greater benefit from this biodiversity.
84. The Darwin Initiative's approach to GESI is informed by the independent evaluation (Ecorys, 2022) and a subsequent 2023 report²⁴ that collected and synthesised evidence and lessons of incorporating GESI across Defra's three Biodiversity Challenge Funds (BCFs).²⁵ With this as the evidence base, a new multi-year strategy is being developed to strengthen the Darwin Initiative's approach to GESI across:
- Core Concepts & Building Awareness (resources/ training)
 - Internal Process & Management
 - Monitoring, Evaluation and Learning
85. The programme's OECD DAC gender marker is ‘Significant’ (marked ‘1’). This means ‘that gender equality is an important and deliberate objective, but not the principal reason for undertaking the

²¹ See Shin, Y.J., Midgley, G.F., Archer, E.R., Arneth, A., Barnes, D.K., Chan, L., Hashimoto, S., Hoegh-Guldberg, O., Insarov, G., Leadley, P. and Levin, L.A., 2022. Actions to halt biodiversity loss generally benefit the climate. *Global change biology*, 28(9), pp.2846-2874.

²² Defra defines GESI Sensitive as understanding the social context that programmes are operating in. A GESI Sensitive approach applies social and gender analysis to demonstrate programming will “do no harm” and not exacerbate inequality. This entails assessing the impact of interventions on women and girls, indigenous people and local communities (IPLCs), people with disabilities, people living in poverty and people that are otherwise marginalised and impacted by biodiversity loss.

²³ Evidence from the Ecosystem Services for Poverty Alleviation (www.espa.ac.uk) programme demonstrates that individuals access resources differently depending on their gender and social background. For example, due to gender differences in roles and responsibilities, women in rural communities are often the main collectors of wild plant food and firewood, with men focusing on timber, wild meat, and control access rights and tenure due to patriarchal structures. As a result, women and men develop knowledge about different species, their uses and their management.

²⁴ Building & Applying Evidence in the Biodiversity Challenge Funds: Gender Equity and Social Inclusion. Defra, Date: 15 June 2023.

²⁵ Darwin Initiative, Illegal Wildlife Trade (IWT) Challenge Fund and Darwin Plus.

project/programme, often explained as gender equality being mainstreamed in the project/programme.’ The Darwin initiative already meets the criteria to be marked as ‘Significant’: gender analysis has been conducted; this gender analysis informs programme design; data and indicators are disaggregated by sex where applicable; the Darwin Initiative is firmly committed to adding at least one gender equality-specific objective and indicator in its logframe; and monitors and reports on the gender equality results it achieves via evaluations.

Localisation

86. The UK has reiterated its commitment to a more locally led approach to development in the International Development Strategy, and in its response to the International Development Committee’s report on Racism in the aid sector.²⁶
87. This value of this principle shapes the Darwin Initiative’s approach in seeking to remove barriers to local organisations from leading projects.
88. Partnerships between organisations aligning their interests around a common vision, combining their complementary resources, experiences and competencies and sharing risk, can maximise impact in terms of scale, quality, sustainability and benefits.
89. All projects now are required to be led by or partner with local/national organisations of the country/ies in which it is based, with the meaningful and early engagement of in-country stakeholders as it is acknowledged that local expertise and knowledge is critical to sustained benefits.
90. To enable a stronger localisation approach, our processes and controls need to be proportionate and support access to opportunities. A consideration behind the two-stage process for Darwin Initiative Main is to provide feedback and guidance to strengthen applications and reduce the application resource burden.
91. Proportionality also needs to be applied in assessing risks and opportunities related to locally led partnerships. For example, local knowledge and expertise in managing risks can be undervalued by assessments made without contextual knowledge.
92. Patience is a key principle that can enable strong partnerships to form and can lead to sustained local benefits, including enhanced capabilities and capacities. The security behind five-year grants can help facilitate the establishment of such partnerships.

Risk

93. From the 2024 Risk Potential Assessment, the overall risk of the programme is assessed as Moderate, and within our risk appetite. For detailed assessment of risk, see section 5.6.

²⁶ HM Government (2022) *The UK government’s strategy for international development*; HM Government (2023), op. cit.; [House of Commons International Development Committee, \(2023\) *Racism in the aid sector: Government response to the Committee’s First Report*](#).

2. The Economic Dimension

2.1. Introduction

94. The Economic Dimension will set out the economic rationale behind the intervention, consider a longlist of options for appraisal, then assess the relative costs and benefits of a shortlist and highlight the preferred option on value for money grounds.
95. The Darwin Initiative and comparable options deliver a wide range of specific outputs and outcomes, many of which are difficult to monetise. As such we have not sought to undertake a full monetised cost-benefit analysis of the options. Instead, we have used a mix of quantitative and qualitative information to assess the relative costs and benefits of the different options.
96. Biodiversity is under pressure globally because of a number of market and governance failures, justifying intervention of some kind:
- **Public goods** – goods whose consumption cannot be limited to certain group of people (non-excludability) and whose consumption by one party does not reduce the ability of another party to consume it (non-rivalrous). These goods are typically under-provided by markets. Biodiverse ecosystems, which can provide a range of ecosystem services including carbon sequestration, crop pollination, health benefits, can be examples of public goods. According to the OECD, global ecosystem services are worth an estimated \$125-140 trillion per year, i.e., more than one and a half times the size of global GDP. Private markets can be expected to under-provide (e.g. through protection or restoration) the ecosystems as public goods.
 - **Externalities** occur when social costs or benefits are not adequately reflected in the market price of a good or service. When markets are left to themselves, this can result in the under- or over-production or consumption of that good or service relative to what would be socially optimal. This can often occur with economic activities such as agriculture, aquaculture, timber and mineral extraction, where the impact on ecosystems and the wider services they provide, both now and in future, are not reflected in market prices.
 - **Information failures.** Lack of information or information asymmetries can lead to markets not delivering socially efficient outcomes. For example, consumers or producers of products or services may lack information on the impact of their provision on ecosystems and biodiversity, information which could have affected their behaviour.
 - **Governance failures.** Governments and stakeholders, at national, regional or local levels, may lack capabilities or capacity to manage ecosystems or biodiversity effectively, resulting in their under-provision or loss. Equity. Biodiversity loss brings disproportionately negative impacts for poorer people, women and indigenous groups given that such groups tend to be more dependent on biodiverse ecosystems for their livelihoods. This is an important justification for interventions to address biodiversity loss.

2.2. Critical success factors

97. In line with HM Treasury Green Book guidance and based on the needs set out in the strategic dimension, the following Critical Success Factors (CSFs) were identified to assess long-listed options to determine the short-listed options for more detailed appraisal.

Table 3 Critical Success Factors

	Critical Success Factor	Measurement Criteria	Importance
1	Strategic alignment	Addresses biodiversity loss and reduces multidimensional poverty at sufficient global scale. Develops policy and approaches tailored to local contexts. Enhances capability and capacity of local stakeholders. Supports innovation and develops evidence of scalable interventions	High
2	Potential value for money	Delivers high social value (social, economic and environmental) relative to potential costs, benefits and risks.	High
3	Potential affordability	Can be financed from available funds.	High
4	Potential achievability	Is likely to be delivered at required pace given an organisation's ability to respond to the changes required. Meets the skills and capabilities required to deliver to required standards.	High

2.3. Long list appraisal

98. A long-list of options was developed and assessed by a team made up of policy and analyst staff from across Defra's International Biodiversity and Climate directorate, drawing on the options filter categories (scope, solution, delivery, implementation, funding) in HM Treasury's Green Book. Given the need for the interventions to deliver global impact across a range of biodiversity challenges, narrower options were discounted. The following long-list options were identified, covering a mix of bilateral and multilateral options.

0. *Business as usual*. The remaining £5m in funding allocated in the 2021 Business Case would be used to see out projects nearing completion from Round 28, with all other projects being terminated early.

Bilateral options

1. *Extend and continue to fund the Darwin Initiative Challenge Fund* (to fund Rounds 30-33). Sub-options involving changes to the existing structure of funding schemes within the Challenge Fund were also considered. However, evidence and feedback to date, including from recent Annual Reviews, suggests that there is no basis yet for making substantial changes to the funding structure. As such, these alternative sub-options within this option were not pursued further.
2. Provide additional or further funding to another relevant UK bilateral programme, the *Biodiverse Landscapes Fund programme*. The BLF is a £100 million programme set up by the UK government to run between 2022-2030. The Fund aims are to protect and restore biodiversity, reduce poverty, and address climate change across 6 landscapes or critical ecosystems involving 18 countries. The fund works with a range of stakeholders: NGOs, private sector entities, governments, Civil Society Organisations, local communities and academics.

Multilateral options

3. Provide new or further funding to a suitable multi-donor instrument: *Global Environment Facility (Small Grants Programme)*. The Global Environment Facility is an established multilateral donor programme, launched in 1992. The UK is a donor member of the GEF. It works with a set of 18 accredited agencies (predominantly the multilateral development banks and UN agencies as well as NGOs) to develop and implement environmental programmes and projects. The Small Grants Programme is a specific GEF programme that provides financial and technical support (up to \$150,000) to civil society and community-based organisations to develop

and implement innovative local actions that address global environmental issues, while improving livelihoods and reducing poverty.

Global Biodiversity Fund. As funding for the Darwin Initiative reduces, available funding would instead be channelled to the GBF Fund. The GBF Fund was created by the CBD at COP15 in 2022 to support countries to implement the Global Biodiversity Framework. It will provide grant finance for biodiversity projects and programmes in up to 143 ODA eligible countries. The Fund will be managed from within the Global Environment Facility. [The UK has committed £100m to the GBF Fund until 2026/27].

Progreen. This is a World Bank-led multi-donor trust fund established in 2019. It provides grants for environmental and nature projects led by country governments. Projects typically extend over 3-5 years and include capability building, technical support, and evidence and knowledge activities, as well as scaling up of smaller activities. Work is guided by three “cross-cutting themes” – engaging communities and vulnerable groups, nature-based solutions, and maximising finance for development. The UK does not currently contribute to Progreen.

Critical Ecosystem Partnership Fund (CEPF). The CEPF was established in 2000 and is currently funded by several donors. The UK does not currently contribute to the CEPF. The CEPF focuses on empowering civil society to protect biologically rich but threatened ecosystems. The CEPF awards small (average size approximately \$15,000) and large grants (average size approximately US\$150,000), with grants of more than US\$ 500,000 being awarded in exceptional cases. The Fund invests in a given set of biodiversity hotspots at a time, currently covering the tropical Andes, Mediterranean Basin, Central Asia, Madagascar, Wallacea, and Caribbean.

99. For several of the above long-list options based on considerations of scope, solution, delivery and implementation, different sub-options could be identified based on different levels of scale. We have identified three variants of option 1 (extend and continue to fund the Darwin Initiative) on this basis:
- 1a. Continuing the Darwin Initiative at any scale below the current funding level of £30m per year
 - 1b. Continuing the Darwin Initiative at the current scale, approximately £30m per year.
 - 1c. Continuing the Darwin Initiative with scale increasing to a level and at a speed considered to be broadly manageable.
100. Option 3d (Critical Ecosystem Partnership Fund) could realistically be pursued at levels up to the current scale of the Darwin Initiative for the period of this business case. Analysis of different levels of scale for other options above has not been presented as it was not material for the decisions on short-listing.
101. The long-listed options, as well as the ‘business as usual’ option, were assessed against the critical success factors (CSFs) to determine which options should be shortlisted for more detailed appraisal. The longlist options were assessed using the following scoring system to determine whether the option should be carried forward to the shortlist analysis:
- Red: does not achieve CSF at all
 - Amber: partial achievement of the CSF
 - Green: substantial achievement of the CSF
102. Longlisted options needed to score at least an Amber against each CSF to be selected for the shortlist appraisal. A summary of the assessment of options against the CSFs is provided in the table below and a more detailed assessment table is in Annex C.

Table 4 Longlist options assessed against CSFs (Green = Fulfils CSF, Amber = Partially fulfils CSF, Red = Fails to mee CSF) and shortlisting decision

Option		CSF 1	CSF 2	CSF 3	CSF 4	Shortlist
'Do nothing'	Fund only existing Darwin Initiative projects					
	1a. reduced scale					
	1b. current scale					
	1c. Increased budget					
Funding another HMG programme	2. Increase funding to Biodiverse Landscapes Fund					
Funding to a multilateral instrument	3a. Increase funding to Global Environment Facility (Small Grants Facility)					
	3b. Increase funding to Global Biodiversity Framework Fund					
	3c. Progreen					
	3d. Critical Ecosystem Partnership Fund					

103. The analysis behind assessments and decisions of the long-listed options is summarised as follows:

Option 0. Business as usual – no future rounds of DI. Under this option, Defra would use the remaining £5m allocated in the 2021 Business Case to see out projects nearing completion from Round 28, with all other projects being terminated early. After accounting for estimated administrative costs of £1.4m, £3.6m in grant funding would remain for seeing out legacy projects. This option was judged to not meet CSF1 by not addressing biodiversity challenges at sufficient scale. Moreover, this option would likely undermine the UK's reputation and action on biodiversity generally. The option may also lead to adverse responses from projects currently being funded, which may lead to legacy projects underperforming their targets and reducing value for money. However, this option proceeds to shortlist as the baseline option against which to compare other shortlisted options.

Option 1a. Continue Darwin Initiative at a reduced annual budget. This option would be affordable and deliverable, scaling down an existing operation. However, it was judged to not meet the strategic need given the scale of the global poverty and biodiversity challenges. A reduced commitment, having just scaled up the Darwin Initiative, would send negative signals and would likely undermine UK influence and standing on global biodiversity agendas. This option was not shortlisted.

Option 1b. Continue Darwin Initiative at current scale (approximately). The UK would continue to spend approximately £30m per year through the Darwin Initiative. Having already essentially tripled the size of the Darwin Initiative, this option was considered affordable and deliverable and to offer good potential value for money. Although further scale up of Darwin Initiative could be desirable given the scale of the global challenge, the option was considered to meet the strategic need. The option was shortlisted as the 'do minimum' option, and as new option 1.

Option 1c. Extend Darwin Initiative at increased scale. The Darwin Initiative would be scaled up to a level considered to be just about manageable within existing operating structures (albeit with increased capacities to manage the Fund), reaching an annual funding commitment of £50m by 2027/28. This

option would potentially deliver on the strategic need more than other options and was scored 'green' against CSF1. There would be challenges involved in scaling up and hence there was uncertainty over achievability and the value for money that would be delivered. The option was deemed to fail on affordability grounds, given uncertainties on the level and use of future UK ODA; it would only be through the next Spending Review that any increased funding at scale could be secured. This option was not shortlisted.

Option 2. Increase funding for Biodiverse Landscapes Fund (BLF). Under this option Defra would see out funding commitments from Round 30 and before, but not launch new Darwin Initiative funding rounds. Funding saved by not awarding new Darwin Initiative projects after Round 30 would be redirected to the BLF. Whilst the BLF was considered to address significant biodiversity challenges across a number of countries (through its protection of ecosystems), it was judged to not cover the range of biodiversity challenges or fulfil the same niche around innovation and scale-up in ways that would fully meet the strategic need. Furthermore, given its stage of delivery, the BLF was considered to not be in a position at present to absorb the additional funding. The option was not shortlisted.

Option 3a. Provide additional funding to the Global Environment Facility (Small Grants Programme). Although the GEF covers relevant issues, it also covers a wider range of environmental topics including renewable energy, chemicals and waste and the UK would not be able to ring-fence funding for biodiversity purposes. As such the option would not address the strategic need at sufficient scale and may fail to offer value for money against the core objectives. The option was not shortlisted.

Option 3b. Provide additional funding to the Global Biodiversity Framework Fund. This option offers good potential alignment with the strategic needs given the role of the GBFF in supporting action and delivery across the Global Biodiversity Framework. However, as the GBFF was launched in 2023 it is too early to assess whether additional UK funding, above the amounts already committed or being committed, could be directed towards action within a reasonable timeframe and could offer value for money. This option was therefore not shortlisted for this business case. Defra will review GBFF's value for money, strategic fit and ability to invest additional funding as part of any future Business Case for the Darwin Initiative, if sufficient evidence is available to make a meaningful comparison.

Option 3c. Provide funding to Progreen. Although Progreen could be expected to deliver against some of the strategic need, it would likely not focus on biodiversity issues, have sufficient global coverage or build local capability in ways that would meet CSF1. The option was not shortlisted.

Option 3d. Provide funding to the Critical Ecosystem Partnership Fund. This option was considered to offer potential delivery against the strategic needs, including biodiversity focus, wide geographical coverage (subject to ensuring focus on ODA-eligible countries) and the building of local capability. This option was shortlisted as new option 2.

2.4. Short List Appraisal

104. In this section, the costs and benefits of the shortlisted options are assessed to determine their relative value for money. Whilst it has been possible to monetise some of the benefits associated with options, most benefits were not monetisable and hence it has not been possible to produce full cost-benefit ratios. All monetisable costs and benefits have been assessed in constant price, present value terms.
105. To project quantifiable benefits from the Darwin Initiative, a representative 'model round' was constructed using a subset of activities with the most robust reporting in line with the Darwin Initiative results framework from Rounds 27, 28 and 29. Aggregated target data from these Rounds were considered to offer the most reliable projection of future benefits:
 - Projects before Round 27 did not report against a standard indicator framework, making it infeasible to aggregate results.

- The composition of model round projects (Innovation, Main and Extra projects) is broadly in line with the planned structure for the challenge fund moving ahead
- As noted above, actual results from Darwin Initiative projects are typically in line with planned results, and so planned results from approved projects can be taken as providing a reliable indication of future results.

106. The results from the model round were scaled and applied to future years based on the forecast spend in each year, relative to the total costs of the model round. Details of the model round are provided in Annex D. This approach to modelling is consistent with the programme's theory of change in Section 1.2 and rests on the same assumptions about how HMG investment will lead to biodiversity, climate and poverty reduction benefits. In practice, we could expect stronger results than those projected from the model round, particularly for later years, given mechanisms being built in for learning, feedback and continuous improvement over time.
107. For shortlisted option 2 (providing funding to the Critical Ecosystem Partnership Fund), future costs and benefits were estimated based on data provided by CEPF on overall costs and results relating to 16 indicators from across four pillars – biodiversity, civil society, human wellbeing and enabling conditions – since the Fund's inception.
108. For all options, an optimism bias adjustment of 10% was applied to prospective results. As evidence from reporting to date suggests that both Darwin Initiative and CEPF projects typically deliver on their planned results, this moderate optimism bias adjustment was considered reasonable.

Table 5 Summary of cost-benefit analysis of short-listed options

Option	Assumptions	Costs (Nominal)	Benefits (Nominal)	Rank
0. BAU	<ul style="list-style-type: none"> - Fund manager costs of £1m in 2025/26 to manage the termination of projects. - Defra staffing costs of £420k in 2025/26. - Project grant to co-finance ratio the same as delivered across rounds 7, 8 and 9 (35%). - Leveraged finance at 10% of project costs. - Model round is used as basis for future results. - 10% Optimism bias adjustment 	<ul style="list-style-type: none"> - £3.6m in legacy grants in 2025/26 - £1.4m in admin - £1.3m in cofinancing - £360k in leveraged finance Total social cost: £6.6m 	<ul style="list-style-type: none"> Monetised benefits: <ul style="list-style-type: none"> - £445m in ecosystem service provision Quantified benefits: <ul style="list-style-type: none"> - 4% of outcomes from model round, shown in Annex D. Non-quantified benefits: <ul style="list-style-type: none"> - Benefits from leveraged finance (value at least £360k) Disbenefits: <ul style="list-style-type: none"> - Significant reputational risk to HMG from premature closure of the Darwin Initiative. - Increased likelihood of currently funded projects underperforming. 	N/A

Option 1	<ul style="list-style-type: none"> - Fund manager costs at 3.7%, evaluation costs at 1%. - Project grant to co-finance ratio the same as delivered across rounds 7, 8 and 9 (35%). - Leveraged finance at 10% of project costs. - Model round is used as basis for future results. - 10% Optimism bias adjustment 	<ul style="list-style-type: none"> - Additional £91.3m in grants over 3 years - Additional £4.9m in admin costs - Additional £31.9m in cofinancing - Additional £9.1m in leveraged finance Total additional social cost: £137.2m 	<p>Monetised benefits: 1</p> <ul style="list-style-type: none"> - Additional £11.3bn in ecosystem service provision <p>Quantified benefits:</p> <ul style="list-style-type: none"> - 107% of outcomes from model round, shown in Annex D. <p>Non-quantified benefits:</p> <ul style="list-style-type: none"> - Benefits from leveraged finance (value at least £9.1m) - Additional evidence and knowledge sharing. - BAU disbenefits eliminated.
Option 2	<ul style="list-style-type: none"> As above for Darwin Initiative - CEPF operational costs assumed to be around 20% of total costs - Project grant to co-finance ratio the same as delivered by CEPF to date, adjusted for 20% diminishing returns (84%) - CEPF leveraged finance at 28% of grant costs. - Past CEPF results used as basis for future results. - 10% optimism bias adjustment - 20% diminishing returns on CEPF results 	<ul style="list-style-type: none"> - Additional £67.5m in grants over 3 years - Additional £10.7m in admin costs - Additional £42.0m in cofinancing - Additional £13.5m in leveraged finance Total additional social cost: £133.6m 	<p>Monetised benefits: 2</p> <ul style="list-style-type: none"> - Additional £17.0bn in ecosystem service provision <p>Quantified benefits:</p> <ul style="list-style-type: none"> - Additional 40% of outcomes from DI model round, shown in Annex D. - 9% of the CEPF results to date. <p>Non-quantified benefits:</p> <ul style="list-style-type: none"> - Benefits from leveraged finance (value at least £13.5m) - Additional evidence and knowledge sharing with international partners - BAU disbenefits largely eliminated, but some negative impacts from discontinuing funding for Darwin Initiative specifically.

Option 0 - Business As Usual

Social Costs

109. Under this option, no new funding would be allocated to the Darwin Initiative and the remaining £5m allocated in the 2021 Business Case would be used to see out projects nearing completion from Round 28 in 2025/26, with all other projects being terminated early.

- This option would spend the remaining £5m allocated in the 2021 Business Case in 2025/26. Approximately £1.4m would be spent on administration costs, including fund management and Defra staffing costs.²⁷ This would leave the remaining £3.6m to be spent on seeing out projects nearing completion.
- NIRAS data suggests that historic Darwin Initiative projects received around 35% of grant funding in matched co-financing. Assuming this continues to hold in future, approximately £1.3m in cofinancing can be expected for these projects.
- Financed leveraged by project activity is also treated as a social cost. NIRAS data suggests that Darwin Initiative projects typically result in around 10% of grant funding in leveraged finance, resulting in £358,000 mobilised funding under this option.

²⁷ Fund management costs were assumed to be £1m

Social Benefits

110. Given the total project costs of £4.8m, BAU is expected to achieve 4% of the results of the model round.²⁸ The results of this funding are therefore expected to include:
- 127,000 hectares of land under improved ecological management.
 - 13,510 people with improved disaster/climate resistance.
 - 2,450 people reporting improved livelihoods.
 - 1,989 people from key national and local stakeholders having completed structured and relevant training.
 - 9 new/improved habitat management plans available and endorsed.
 - 13 new/improved community management plans available and endorsed.
 - 1,301 people with increased participation in local communities/management organisations.
111. The area of land under improved ecological management was monetised using the shadow value of ecosystem services estimated in de Groot et al. (2020).²⁹ These figures are given in 2020 international \$/ha/year, so were adjusted for inflation using the GDP deflator and converted into GBP. The conservative assumption was made that a hectare of land under improved ecological management would see a 5-percentage point increase in ecosystem health. This adjusted value is then multiplied by the indicative hectares of various biome types under improved management and practices to obtain the value of the additional ecosystem services provided after improved management and practices are implemented. This approach found that the BAU scenario is likely to deliver ecosystem services improvements worth £445m.
112. There would also be significant, unquantifiable dis-benefits under this option, including reputational damage to UK government from withdrawing funding for biodiversity challenges as well as the undermining of existing activities.

Option 1 - Extend Darwin Initiative for Rounds 30-33 at current scale

Costs

113. Under this option, the UK government would continue to provide funding for the Darwin Initiative at the current level (approximately £30m per annum) for Rounds 30-33. The total lifetime public sector costs of these grants were estimated to be £160m. Of this, £150m would be allocated to grant spending relative to BAU, with £10m going to admin costs.³⁰
114. This Business case is applying for funding for 2025/26-2027/28 financial years, amounting to £96.2m in public sector costs in addition to BAU. This represents £91.3m in grant funding and £4.9m in admin

²⁸ £4.8m/£103.7m * 0.9 = 0.04

²⁹ Rudolf de Groot, Luke Brander, Stefanos Solomonides. 2020. Update of global ecosystem service valuation database (ESVD). FSD report No 2020-06 Wageningen, The Netherlands (58 pp). [ESVD Global-Update-FINAL-Report-June-2020.pdf](https://es-partnership.org/ESVD-Global-Update-FINAL-Report-June-2020.pdf) (es-partnership.org) Ecosystem service values (Int \$/hectare/year, 2020 prices) were taken from Table 6. These shadow values were converted into 2024 GBP prices.

The total area of land under improved ecological management of the various options was proportioned among different biomes according to the biomes of historic grant funding. A hectare of land under improved ecological management was assumed to improve ecosystem health by 5 percentage points. These assumptions allowed the aggregate hectare figures to be broken down into additional hectares of ecosystem by biome, which were then multiplied by the appropriate ecosystem services values to provide an estimate of the value of the social benefit of improved ecosystem services.

³⁰ Fund management costs were assumed to be 3.7% of grant costs, as in the contract of the current fund manager. MEL costs were assumed to be 1%, an approximate figure based on past experience. Defra staffing costs were assumed to continue at £420k pa, before winding down to £150k pa over the final years of projects. The Darwin Expert Committee was assumed to cost £200k in every year preceding the start of a new funding round.

costs in addition to BAU. This funding would cover legacy costs of R28-30, as well as the launch of R31-R33. An additional £64m would be required in a subsequent Business Case by 2028/29 to complete all projects awarded in Rounds 30-33.

115. Based on historical evidence, we expect co-financing at a rate of 35% of the UK government funding used for project grants, resulting in approximately £54.6m of co-financing over the lifetime of Rounds 30-33 and legacy projects. Of this total, £33.2m is attributable to the funding requested in this Business Case – an additional £31.9m relative to BAU.
116. Continuing to assume finance for other activities is leveraged at a rate of 10% of total project finance, we expect a lifetime total of £15m in leveraged finance. £9.5m of this is attributable to the funding requested in this Business case, amounting to an £9.1m in addition to BAU.

Benefits

117. Funding for additional rounds of the Darwin Initiative is assumed to deliver benefits proportional to those from the model round with an adjustment of 10% for optimism bias applied. Given total project costs (the sum of grant funding and co-financing) of £123.2m in funding sought in this Business Case, this option is projected to achieve an additional 107% of the results of the model round.³¹ This funding is therefore expected to achieve the following results additional to the BAU baseline:
- 3.2 million hectares of land under improved ecological management.
 - 344,000 people with improved disaster/climate resistance
 - 62,000 people reporting improved livelihoods.
 - 51,000 people from key national and local stakeholders having completed structured and relevant training.
 - 228 new/improved habitat management plans available and endorsed.
 - 343 new/improved community management plans available and endorsed.
 - 33,000 people with increased participation in local communities/management organisations.
118. The area of land under improved ecological management was monetised using the approach described in the benefits section of the BAU scenario. This approach found that option 1 is likely to deliver ecosystem services improvements worth an additional £11.3bn relative to BAU.
119. Additional benefits would include at least £9.1m worth of social benefit associated with the additional leveraged finance, plus benefits from evidence generation and knowledge sharing.
120. The disbenefits associated with BAU would be eliminated under this option.

Option 2 - Critical Ecosystems Partnership Fund

Costs

121. Under this option, the UK government would meet commitments to legacy Darwin Initiative projects from Round 30 and before, amounting to additional lifetime grant costs of £35.3m. This option would commit an additional £60m in grant funding to the CEPF from 2024/25 until 2029/30. In order to maintain annual spending levels and to support a sustainable scale-up of the CEPF, funding was modelled to increase from £5m per year in 2024/25 up to £20m in grant spending in 2027/28. Based on

³¹ £123.2m/£103.7m * 0.9 = 1.07

data from previous CEPF annual financial reports, operational costs³² for the fund were assumed to represent around 20% of total spending – amounting to £15m in lifetime admin costs.

122. In terms of co-financing, the 2022 CEPF Annual Report states that CEPF supported projects have received \$401m in total co-finance for \$282m in grant funding from 2001-2022. As this figure does not differentiate between co-finance and leveraged finance, these were assumed to occur in a 3:1 ratio, in line with the ratios of Darwin Initiative cofinance to leveraged finance. Under these assumptions, CEPF projects received \$300.8m in matched funding (105% of grants) and \$100.3m in leveraged finance (35% of grants).
123. As UK contributions of this scale would significantly increase the size of the CEPF, it was assumed that the co-finance and leveraged finance of UK funding would be 80% of the historic rates. Under these assumptions, a UK contribution of £60m in grants would result in £50.4m in additional co-financing and £16.8m in matched funding for CEPF projects.
124. This Business Case is applying for funding for the 2025/26-2027/28 financial years, amounting to total costs in addition to BAU of £67.5m in grants,³³ £10.7m in administrative costs,³⁴ £42.0m in cofinancing,³⁵ and £13.5m in leveraged finance.³⁶ Option 2 therefore amounts to additional public sector costs of £78.1m, and £133.6m in total social costs.

Benefits

125. As explained above, the historic performance of CEPF projects from 2001-2022 was used to construct a “model” funding round to estimate what may be achieved in various funding scenarios. Funding the CEPF at the proposed scale was assumed to achieve scaled results of the model round at a reduced rate of 80%, i.e. decreasing returns to scale. Given the social costs outlined above, Option 2 is estimated to deliver 9% of the CEPF results to date³⁷ as well as an additional 40% of the Darwin Initiative model round.³⁸ These results are expected to include, in addition to BAU:
- 5.8 million hectares of key biodiversity areas with improved management
 - 377 organisations and partnerships founded or with improved capability and capacity.
 - 23,000 people receiving improved livelihoods as a result of CEPF projects.
 - 48 laws, regulations, and policies with conservation provisions enacted or amended.
126. The area of land under improved ecological management was monetised using the approach described in the benefits section of the BAU scenario. This approach found that option 2 is likely to deliver ecosystem services improvements worth an additional £17bn relative to BAU.
127. The additional benefits would be associated with the additional leveraged finance. There would be some benefits from evidence generation and knowledge sharing, although these are not considered to be as strong as such benefits from comparable Darwin Initiative options.

³² The assumption of 20% of grant spending was based on recent CEPF financial reports. Operational costs represented 18% of total costs in the 19/20FY (<https://www.cepf.net/sites/default/files/q4-fy20-detailed-financial-report.pdf>), and 25% of total costs in the 21/22FY (<https://www.cepf.net/sites/default/files/detailed-financial-report-q4-fy21.pdf>) CEPF Operational costs cover the direct and indirect costs of the CEPF Secretariat, management costs, preparation costs, auditing fees, and the CEPF grant management system and website.

³³ £30m in Darwin Initiative grants, £37.5m in CEPF grants.

³⁴ £1.3m in Darwin Initiative admin, £9.4m in CEPF admin.

³⁵ £10.5m in Darwin Initiative cofinance, £31.5m in CEPF cofinance.

³⁶ £3.0m in Darwin Initiative leveraged finance, £10.5m in CEPF leveraged finance.

³⁷ $(£69m/£549m) * 0.8 * 0.9 = 0.09$

³⁸ $£40.4m/£103.7m * 0.9 = 0.4$

128. The disbenefits under BAU would largely be eliminated as the UK would continue to be providing funding at similar levels to address biodiversity challenges but there would be some loss of UK influence and reputation from closing the UK's own bilateral Darwin Initiative.

2.5. Preferred option

129. Overall, it is not possible to produce a single (weighted) composite measure of benefits to compare across options. Table 7 summarises the key elements of the cost-benefit analysis across the shortlisted options and shows multipliers for each option's quantified costs and benefits relative to those under BAU. Key conclusions are:
- Both options appear to offer strong value for money, with monetised benefits from the additional areas under improved ecological management alone substantially exceeding the social costs in each case. Partial Benefit-Cost ratios are 85 and 130 for options 1 and 2, respectively.
 - Option 2 (CEPF) appears to offer stronger benefits in terms of area under improved ecological management compared with other options. However, looking across other quantifiable indicators, Option 1 (the Darwin Initiative) appears to offer stronger results and benefits in terms of poverty reduction and local capacity building (multiples of 26.5 relative to BAU, compared with multiples of between 7.0 and 16.2 relative to BAU for CEPF).
 - Given that poverty reduction is a central aim of the Darwin Initiative, alongside biodiversity conservation, Option 1 is preferred. Option 1 offers a better balance between the poverty reduction, biodiversity and climate change benefits which this investment seeks.
 - Option 1 also offers greater non-quantified benefits. CEPF is a multilateral vehicle that at a country level would have far less UK branding and which HMG would be less able to use to demonstrate the breadth and power the UK partnership on nature (a key theme of the International Development White Paper). In contrast, the Darwin Initiative is internationally recognised as a signifier of the UK's commitment to conservation and poverty reduction in low and middle-income countries. So, Option 1 would do more to maintain and enhance the UK's global influence on biodiversity.

Overall, Option 1 (the Darwin Initiative) is preferred, as it offers the strongest value for money in terms of delivering the breadth of UK objectives for this investment.

The four 'Es' of value for money (VfM) for the preferred option

130. We can assess the preferred option (Option 1) in terms of FCDO's 'four Es' framework:
- **Economy** (relative cost of inputs) is expected to be achieved as a result of the relatively low costs associated with administering the Darwin Initiative and through the competitive mechanism of the Darwin Initiative, with an expert committee informing selection of projects that demonstrate economy in sourcing inputs.
 - **Efficiency** (cost-effectiveness of outputs) and **Effectiveness** (cost-effectiveness of outcomes) can be expected to be delivered through the competitive mechanism for selecting projects, with expert advice built in, and the revised results framework and strengthened arrangements for monitoring and evaluation at both project and overall fund level. The Darwin Initiative already has a strong track record in delivering strong outputs and outcomes from projects.
 - **Equity** will be delivered through projects contributing to reducing poverty and inequality, including gender inequality. Expected poverty and livelihoods impacts is a key expectation and driver for the selection of Darwin Initiative projects. The results framework at the fund level will make provide data disaggregating project beneficiaries by gender and age group. Improved disaggregated

monitoring will allow a clearer understanding of how the Darwin Initiative performs in terms of promoting GESI and where improvements can be made. Furthermore, in terms of the geographical distribution of activity, of projects currently receiving grant funding, 47% of grant spending is allocated to projects based in Least Developed Countries, 45% in Lower Middle-Income Countries and just 8% in Upper Middle-Income Countries.

Table 6 Summary of the key elements of the cost-benefit analysis across the shortlisted options

Option		0. BAU	1. Do Minimum	2. CEPF
Public sector cost (2024 prices, discounted)		£4.7m	£90.8m	£74.6m
Social cost (2024 prices, discounted)		£6.2m	£129.0m (20.7x BAU)	£125.4m (20.1x BAU)
Partial Social benefits (2024 prices, discounted)		£430m	£11,014m (25.6x BAU)	£16,349m (38.0x BAU)
NPSV (partial)		£424m	£10,885m	£16,223m
Significant non-monetary benefits	Households reporting improved livelihoods	2,450	64,891 (26.5x BAU)	25,186 (10.3x BAU)
	Number of national and local stakeholders receiving relevant training	1,989	52,676 (26.5 x BAU)	32,146 (16.2x BAU)
	Organisations with improved capacity and capability	63	1,662 (26.5 x BAU)	439 (7.0x BAU)
Delivers objective		No	Yes	Yes, but less significant focus on capacity building and poverty reduction
Lifespan		1 Year (2025/26)	3 Years (2025/26 - 27/28)	3 Years (2025/26 - 27/28)

2.6. Sustainability Impact Assessment

Table 7 Sustainability Impact Assessment

Questions	Is the question relevant?	Have you considered it?	Specify how your proposal will have a positive, negative, or neutral sustainability impact.	Are there any proposals to mitigate any negative impacts?	Identify any sustainability benefits. How do you intend to promote these?
What is the current environmental impact of your options?	Y	Y	The proposal will have positive global sustainability impacts. It will address global biodiversity loss as a core purpose, also delivering climate mitigation and adaptation benefits.	Negative impacts are not generally expected – projects supported will be selected partly on the basis of the sustainability impacts they are expected to achieve.	The programme will support projects that deliver a range of sustainability benefits – improved ecosystem and biodiversity management, enhanced local capabilities, strengthened evidence and knowledge sharing. Benefits will be realised through results reporting and management, including at overall programme level.
What are the key environmental impacts of your project delivery?	Y	Y	The delivery of projects supported by the programme will typically involve international travel and footprint.	Guidance and procedures will be put in place to ensure that projects are implemented in sustainable ways.	N/A
What is the post project impact?	Y	Y	The programme is expected to achieve strong positive overall sustainability impacts through direct action on global biodiversity and long-term capability building.	As above.	As above.

2.7. Sensitivity analysis

131. We have run sensitivity analysis to test the robustness of the conclusions above on the preferred options to changes in key assumptions. In particular, we have considered an alternative scenario in which the decreased rates of co-finance and returns to scale assumed for option 2 (CEPF) in the central scenario are not present. The table below summarises the results, comparing options 1 (Darwin Initiative at current scale) and 2 (CEPF).
132. This sensitivity analysis shows that under these more favourable assumptions for CEPF, option 2's superior performance on area under improved management becomes stronger still whilst the multiple on numbers of stakeholders receiving training relative to BAU for option 2 reaches a similar multiple for option 1. However, multiples for households reporting improved livelihoods and for the number of

organisations with improved capability and capacity remain substantially lower for option 2 compared with option 1. For achieving a range of relevant outcomes for the costs involved, the Darwin Initiative options remain the preferred options.

Table 8: Sensitivity Analysis

	Central Scenario 20% Decreasing Returns to results on Option 2 20% Reduction in cofinance for Option 2		Stronger CEPF Scenario No DRS on cofinance or results for Option 2	
	Option 1	Option 2	Option 1	Option 2
UK Investment	£90.8m	£74.5m	£90.8m	£74.5m
Social Costs	£129.0m (11.3x BAU)	£125.4m (10.9x BAU)	£129.0m (11.3x BAU)	£134.6m (11.8x BAU)
Monetised Social benefits	£11,014m	£16,348m	£11,014m	£20,345m
Quantified social benefits:				
Households reporting improved livelihoods	64,891 (26.5x BAU)	25,186 (10.3x BAU)	64,891 (26.5x BAU)	35,755 (14.6x BAU)
Key national and local stakeholders completing structured and relevant training	52,676 (26.5x BAU)	32,146 (16.2x BAU)	52,676 (26.5x BAU)	44,480 (22.4x BAU)
Number of organisations with improved capability and capacity	1,662 (26.5x BAU)	439 (7.0x BAU)	1,662 (26.5x BAU)	644 (10.3x BAU)

3. The Commercial Dimension

133. The Economic Dimension provides a high-level justification for the proposed intervention; the following Commercial and Financial Dimension sets out the delivery model, procurement, and financing options.

3.1. Introduction

134. The Darwin Initiative is one Defra's Biodiversity Challenge Funds, along with the Illegal Wildlife Trade Challenge Fund and Darwin Plus.
135. The Illegal Wildlife Trade Challenge Funds and Darwin Plus evolved from the Darwin Initiative, as a result they share delivery models, quality assurance, due diligence amongst other characteristics, and are delivered under the same Fund Administrator contract.
136. The case to procure the current Fund Administrator of the Biodiversity Challenge Funds was made in the Darwin Initiative Business Case, approved by Ministers in 2021.

3.2. Procurement (Commercial) Strategy

137. With the granting of Ministerial approval of the previous Darwin Initiative Business Case in June 2021, a new contract for the provision of the Fund Administrator for the Biodiversity Challenge Funds was determined to be required [REDACTED]
138. An assessment of the procurement options was conducted in 2021, and included Direct award to a Fund Administrator, Use of a framework from FCDO, Use of Crown Commercial Services (CCS) Dynamic Purchasing System (DPS) RM6172 Grant Services or Procure via open market.
139. Procuring via open market was determined to be the only viable route to market.
140. The Procurement Strategy was approved on the 13th Aug 2021 by Defra's Category Delivery (CD) Board, followed by Invitations to Tender (ITT) documents being published on the Defra e-Tendering system on 19 October 2021 to secure a Fund Administrator for the Biodiversity Challenge Funds.
141. In compliance with appropriate legislation, Government policy and Defra group Commercial guidance, a contract was awarded to NIRAS LTS International Ltd. (now called NIRAS Group (UK) Ltd. following a restructuring of the company).
142. [REDACTED]
143. An assessment of the options to procure the Independent Evaluator will be made in 2025, with support from Legal, Commercial and Policy teams.

3.3. Contractual terms

144. The 2022 BCF Fund Administrator Contract is based on Defra's Standard Terms and Conditions, and performance is monitored via an established Performance Management Framework.
145. The Contract is publicly available on Contract Finder (www.contractsfinder.service.gov.uk) as ODA Biodiversity Challenge Funds Administration Manager ecm_64416

3.4. Performance Management Framework

- 146. As part of Defra's continuous drive to improve the performance of all Contractors, a Performance Management Framework will be used to monitor, measure, and control all aspects of the Fund Administrator's performance of contract responsibilities.
- 147. The Performance Management Framework's purpose is to set out the obligations on the Contractor, to outline how the Contractor's performance will be evaluated and to detail the sanctions for performance failure.
- 148. Defra holds Quarterly Contract Meetings with the Fund Administrator to review performance and implementation of the funds.
- 149. The use of a service credit regime accompanied by a proactive approach to correcting failures and addressing their cause improves the relationship between Defra and the Fund Administrator, enabling a trusting partnership to be maintained.
- 150. Each Key Performance Indicator (KPI) includes a subset of indicators that are monitored on a regular basis and form part of the contract performance review.

3.5. Procurement route and timescales

- 151. The current Biodiversity Challenge Fund - Fund Administrator Contract is for 7 years [REDACTED] starting from the 30 March 2022. [REDACTED]
- 152. If desired, the existing contract is sufficient to award the grants under Funding Rounds 31-33. The contract will not be able to administer their lifetime delivery to a potential end date of March 2032.
- 153. [REDACTED]
- 154. Prior to the next Fund Administration Contract procurement exercise, an assessment will need to be made on the future of the Darwin Initiative
- 155. If the decision is taken to curtail the Darwin Initiative or cease to run Funding Rounds, then a new contract would only be needed if the Darwin Initiative activities continue after 29 March 2029.
- 156. If the decision is taken to continue with the Darwin Initiative, even if remodelled, to deliver Funding Round 34 (and beyond), then a new business case will be required to complete legacy projects (i.e. Round 30 and beyond), [REDACTED]

3.6. Commercial Resource

- 157. [REDACTED]
- 158. The need for additional Commercial Resource is anticipated in the assessment of procurement options, and the subsequent procurement method to secure a Fund Administrator Contract in 2029 or before.

3.7. Fraud Risk

- 159. An independent Fraud Risk Assessment for Biodiversity Challenge Funds was commissioned by Defra and covered grant eligibility risks, grant management risks, grant payment risks and other risks.

160. The recommendations arising from the Fraud Risk Assessment have been incorporated into the risk framework, tender documents, subsequent contract where appropriate and feasible and operationalised.
161. Under the Fund Administration Contract, new financial systems have been informed by the FRA recommendations and ambition to further strengthen the ability to assess, mitigate and prevent fraud and error.
162. With the new financial systems stabilised in 2023, a new independent Fraud Risk Assessment will be commissioned and completed in 2024 to comprehensively test the new processes and make recommendations for further improvements.

3.8. Commercial governance and approvals

163. The current Biodiversity Challenge Fund – Fund Administrator Contract is managed by the Head of Biodiversity Challenge Funds.
164. No substantive changes are required to be made to the Fund Administration contract as a result of this new business case.
165. All required Commercial approvals were secured before awarding the Fund Administrator contract in 2021 (see section 3.2).

3.9. Commercial Risk

166. The initial contract period commenced on the 30th March 2022, and will complete on the 29th March 2025. Following this, the option exists to extend the contract annually up to four times to 29th March 2029.
167. With the Fund Administration contract delivering the Biodiversity Challenge Funds, the Darwin Initiative has a dependency on the continued successful delivery of its related funds: IWT Challenge Fund and Darwin Plus. If any of these funds cease or change significantly, then the Fund Administration Contract may require renegotiation.
168. The programme has been assessed to be compliant with the current subsidy control regimes, and controls are in place to prevent it coming within scope.
169. Early termination of the contract would be likely to create a critical gap in the ability to manage the programme, so carries a High Risk. To mitigate this risk and other commercial risks, a number of actions and controls are in place including the:
 - Contract that sets clear delivery expectations and how issues that may impact its implementation will be managed,
 - Full Delivery Partner Review conducted in 2022 by KPMG to assess the capability and capacity of the Fund Administrator, including Governance, Finance, Procurement, Human Resources, Programme Delivery Capacity and Downstream Partner Management.
 - Performance Management Framework to monitor the implementation of the contract, and
 - strong working relationship between the Contract Manager, Defra delivery team and the Fund Administrator.

4. The Financial Dimension

170. The Financial Dimension establishes that the preferred delivery option, identified in the Economic Dimension, is affordable and that the principles of sound financial management of public funds are followed.

4.1. Financial Summary

171. The spending has been profiled over an indicative multiyear timeframe (Table 10) and illustrated in Annex A; this includes the delivery of pre-existing commitments from previous funding rounds. Spend will be contingent upon successful programme reviews and Spending Reviews, with provisions to curtail activities if considered necessary.
172. The Darwin initiative is designed to allow such flexibility, whilst maintaining value for money. Defra can adjust the number of new grants awarded each year. If future ringfenced ODA funding were to fall far short of current planning assumptions, the Darwin Initiative Fund Administrator could also deliver further savings by activating break clauses in grant agreements with existing project delivery partners to ensure HMT limits are not breached.
173. As set out in this business case (including in 4.2), all finance is ODA International Climate Finance (Nature) as it will result in strong outcomes for climate change mitigation and adaptation, biodiversity and poverty reduction.

Table 9: Overall Indicative Financial Summary

Financial Year	Grants	Independent Evaluation ³⁹	Administration Costs	Total Costs
2025/26	£24.96m	£0.20m	£1.50m	£26.66m
2026/27	£31.86m	£0.50m	£1.90m	£34.26m
2027/28	£33.04m	£0.50m	£1.74m	£35.28m
Sub-total	£89.86m	£1.20m	£5.14m	£96.20m
New Business Case required by this point to continue deliver Darwin Initiative.				
2028/29	£25.80m	£0.00m	£1.35m	£27.15m
2029/30	£16.66m	£0.00m	£0.89m	£17.55m
2030/31	£9.37m	£0.25m	£0.55m	£10.17m
2031/32	£3.75m	£0.25m	£0.35m	£4.35m
Total	£145.45m	£1.70m	£8.28m	£155.43m
Proportion	93.6%	1.1%	5.3%	100.0%

Table 10: Indicative Administration Financial Summary

Financial Year	Darwin Expert Committee	NIRAS	Defra Staff	Total
2025/26	£0.17m	£0.98m	£0.35m	£1.50m

³⁹ This is exclusively the Independent Evaluation, and excludes project level monitoring, evaluation and learning [REDACTED] and project and programme-level monitoring, evaluation and learning activities delivered by NIRAS.

2026/27	£0.21m	£1.26m	£0.43m	£1.90m
2027/28		£1.30m	£0.44m	£1.74m
Sub-total	£0.38m	£3.54m	£1.22m	£5.14m
New Business Case required by this point to continue deliver Darwin Initiative.				
2028/29		£0.90m	£0.45m	£1.35m
2029/30		£0.60m	£0.29m	£0.89m
2030/31		£0.40m	£0.15m	£0.55m
2031/32		£0.20m	£0.15m	£0.35m
Total	£0.38m	£5.64m	£2.26m	£8.28m
Proportion	0.2%	3.6%	1.5%	5.3%

174. The indicative profile in Table 10 assumes the Darwin Initiative will continue to be affordable and provide value for money. This will be tested following an independent evaluation and a new business case March 2028 that could, if justified, enable new grants to be awarded and Darwin Initiative maintained at the ambition level set in the 2021 business case of at least approx. £30m/pa.

Contracted Costs

175. Comparable HMG programmes, including FGMC and BRACED amongst others, have been benchmarked to indicate likely costs. Based on this, and consultation with evaluation experts and other internal assessments, the costs are estimated at:
176. Fund Administrator contract: typical range [REDACTED] of programme, depending on its size, level of risk and responsibilities undertaken. Building on experience to date, [REDACTED] secured [REDACTED] contract in 2022 through a competitive tendering process.
177. Monitoring, evaluation and learning expenditure is estimated to be between 5-10% of total programme funds, inclusive of the activities delivered by grantees, fund administrator (Workstream: Building and Applying Evidence) and the Independent Evaluator contract.
178. Defra will manage the Fund Administrator and Independent Evaluator contracts, so will pay these suppliers directly according to the terms of the contracts. Invoices under the NIRAS and Independent [REDACTED]
179. Payments will be made in arrears following satisfactory milestones, KPIs and other measures as stipulated in the contractual agreements; this is expected to be monthly for the Fund Administrator and on the production of key deliverables for the Independent Evaluator.

4.2. Funding sources

Powers to spend and ODA

180. Spending will be under the International Development Act 2002, which provides a power for the Secretary of State to “provide any person or body with development assistance if he is satisfied that the provision of the assistance is likely to contribute to a reduction in poverty”.
181. The programme will adhere to the rules for spending Official Development Assistance (ODA), as it will be provided by an official agency (Defra) for eligible activities benefiting ODA-eligible countries.

182. Funding will be provided to the delivery partners in the form of a grant. It is not a loan programme, nor does it provide any other complex type of finance to recipient countries.

Financial resources & budgets

183. The full costs will be up to £96.2m of ODA International Climate Finance, subject to the outcomes of future Spending Reviews, associated affordability tests and Ministerial views.
184. HMT expect existing Darwin Initiative commitments to be part of Defra's first call on future spending review allocations over launching new Defra programming. If this proves insufficient, Funding Rounds and existing commitments will be curtailed or halted with a robust prioritisation process to protect value for money.
185. In line with standard commercial practice, the Fund Administration contract and the Terms and Conditions provided to grantees include break clauses to enable Defra to curtail the agreement should there be a breach or if funding is no longer available.
186. As a Tier 1 programme (>£75m whole life RDEL cost), and with individual projects operating for up to 5 years, resulting in commitments to run across Spending Review periods, renewed HMT approval will be sought for this programme following Defra Ministerial decision.

Budget classification

187. In reviewing the Consolidated Budget Guidance 2023-24 (CBG) and details of Darwin Initiative grants, the budget category and any accounting implications for the typical grants awarded has been considered in the planning and forecasting for the programme.
188. An assessment process will continue to be conducted prior to award to ensure that the correct classification will be applied to each grant.
189. Under Treasury guidance we are permitted to change budgets from RDEL to CDEL within the financial year. [REDACTED]
190. We do not anticipate that the programme would be funded through HMG's Green Gilt.

Capital, R&D Capital and Resource Delegated Expenditure Limits

191. CBG sets out the distinction whether expenditure scores as capital (CDEL) or resource (RDEL) delegated expenditure limits.
192. Under the CBG, expenditure should be considered against accounting standards IAS 38: Intangibles and IAS 16: Property Plant and Equipment (PPE) and against the ESA10 definition of research and development to confirm whether it should be treated as CDEL for budgeting purposes.
193. Typically, CDEL is where the recipient uses payments to buy fixed assets or inventory; repay debt or acquire long term financial assets.
194. Under ESA10, R&D CDEL is referred to as "creative work undertaken on a systematic basis to increase the stock of knowledge, and/or use of this stock of knowledge for the purpose of discovering or developing new products, including improved versions or qualities of existing products, or discovering or developing new or more efficient processes of production."
195. All Darwin Initiative grants are required to ensure that outputs are open access, and therefore, there is no ability to sell an intangible asset and no reliable measure of probable future economic benefit as there is no recordable method of tracking who has utilised the evidence findings.

196. Awarded grants are assessed as set out in the CBG against ESA10 criteria (novel, creative, uncertain, systematic and transferable and/or reproducible) to help identify and classify grants as R&D Capital where all five criteria are met. Grants meeting these criteria will be treated as capital within ODA budgets.
197. In 2024/25 financial year, a projected 25% of the budget is classified as CDEL. All other finance will be treated as RDEL.

International Climate Finance

198. Defra literature reviews have found good evidence that measures or actions that halt or reverse biodiversity loss, especially when combined with multidimensional poverty reduction, contribute to climate change mitigation or adaptation.
199. The Fund Administrator has developed and begun testing a climate assessment methodology that draws from both the OECD DAC Rio Markers for Climate Handbook and the internal FCDO Programme Operating Framework (ProF) Guide (May 2021)⁴⁰ to determine OECD DAC coding, and International Climate Finance eligibility. Based on this methodology, we anticipate that 95-100% of Darwin Initiative funding will be ICF eligible.
200. Prior to award, this process will assess all individual grants against the OECD DAC Rio Markers, namely:
- Climate Change – Adaptation
 - Climate Change – Mitigation
 - Biodiversity
 - Desertification
201. In each case, a clear record will be maintained, and an assessment provided of whether an individual project can be classified against each marker in terms of it being a principal objective, significant objective, or not targeted. Where the links to climate change are only implicit, project evidence will make the link more explicit to ensure compliance with International Climate Finance classifications.
202. The outcome of the assessment will be shared with Defra Finance and ultimately with OECD via the reporting and transparency processes.
203. Defra commissions pre-award climate assessments of Darwin Initiative projects. Based on recent findings, all future Darwin Initiative projects are expected to be eligible to be classified as development solutions that protect and restore nature and as International Climate Finance (ICF).
204. ICF classification guidance is currently under review. Evidence from Darwin Initiative will be fed into this review, and the Darwin Initiative will maintain alignment with ICF guidance.

4.3. Resourcing and Headcount.

205.

[REDACTED]

[REDACTED]

[REDACTED]			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<hr/>			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<hr/>			
[REDACTED]		[REDACTED]	[REDACTED]

206. HMT agreed that Defra resourcing should be less than 5% of the programme budget across the portfolio, so these allocations are considered proportionate as they represent 1.4% of the programme budget.

4.4. Financial Management

Government Banking Service Account

207. In 2022, with HMT approval Defra opened a dedicated non-interest-bearing Government Banking Service (GBS) Account, with funds remaining under Defra's control and within the established cash flow management scheme, including monthly reconciliation process.
208. The account was opened for the exclusive purpose of making payments to grantees of the programme and related Biodiversity Challenge Funds (Illegal Wildlife Trade Challenge Fund, and Darwin Plus).
209. [REDACTED]
210. With close Defra oversight, the Fund Administrator will disburse finance to grantees, on the demonstration of need including, but not limited to, grant claim forms, details of previous and anticipated payments to grantees, payments by fund, and any prepayments or accruals.
211. Grants will be awarded and paid out in British Sterling (GBP), converted into other currencies by the delivery partner who will own the associated exchange rate risks as set out in the grant agreements.
212. HMT, Commercial lawyers, Finance Business Partners, Managing Public Money and GIAA have been consulted on developing this approach and risk mitigation.

Payments to Grantees

213. The terms of the grant agreement between the Defra and the Grantee are set out in the Grant Offer Letter, together with the Grant Acceptance Form and the terms and conditions of Grant, describes each partner's responsibilities including fiduciary, safeguarding, compliance, monitoring and reporting.
214. All grant agreements are based on Defra's Model Grant Agreement; the templates are reviewed annually to further strengthen and maintain the agreements.

[REDACTED]

215. On instruction from Defra and in line with agreed governance and safeguards, the Fund Administrator will administer the transfer of the funds to the grant holders.
216. In line with HMT's guide on Managing Public Money, we will ensure that Defra is not paying in advance of need. [REDACTED]
[REDACTED]
The Grant Funding Agreement will include mechanisms to mitigate the associated risk, including the ability to clawback any misused or unspent funds.
217. When authorised to make the payments to the grantees, the Fund Administrator will:
- provide assurance that all money has been paid to the grantee by way of a bank statement.
 - disburse payments to projects only on receipt of validated grant claim forms, which will include required expenditure assurance.
 - ensure that project implementers are aware that they bear the foreign exchange risk, as foreign payments are made at the pre-agreed sterling amount.
 - not pay projects in breach of funding agreements or Defra's instruction.
 - retain all project and payment records for a minimum of five years after termination of each project.
218. Grant payments will be linked to performance against agreed costs and deliverables set out in each final grant agreement; the grant lead partner therefore bears the risk of poor performance and the performance of its partners within the grant.
219. Defra and the Government Internal Audit Agency (GIAA) have full access to grant documents and financial records and shall have the right of access to complete audits at the Fund Administrator's premises if necessary.

Financial risk

220. Defra has a zero-tolerance approach to corruption and will pursue aggressive recovery approaches.
221. In accepting the grant agreement, all lead organisations will be required to adopt a zero-tolerance approach to fraud, bribery and corruption, including but not limited to the Bribery Act; to act immediately if it is suspected, and to cooperate fully with HMG and other authorities to bring perpetrators to account, and to pursue aggressive loss recovery approaches.
222. All partners must have systems in place to detect and combat fraud. The Fund Administrator will hold responsibility for conducting due diligence on lead organisations prior to grant award, and for on-going monitoring and identifying any risks associated with fraud and corruption and must comply with HMG's policies to deliver a zero-tolerance approach.
223. All grant agreements contain provisions for withdrawing funding, clawing back misused funds, and break clauses to check progress and pause spend where required.
224. Recipients of awards will provide the Department with independent assurance that the Grant has been spent in accordance with the terms of the Grant Funding Agreement. The form of assurance the Grantee must provide to satisfy this requirement depends on the value of the Grant.
225. If an issue is identified the Fund Administrator will report this; if required, Defra may instruct the Fund Administrator to send written notice requesting the delivery partner:
226. Provide specific information as may be maintained by the delivery partner in the course of its regular operations regarding the use of the Contribution,

- 227. Implement appropriate measures to ensure the Contribution is used in accordance with the purposes stated in the grant agreement.
- 228. Under the grant agreement, Defra can exercise its rights to clawback and terminate the grant should an event of default occur.
- 229. A Fraud Risk Assessment was conducted in 2021, the recommendations of which have been considered in the design of the new processes developed under the 2022 Fund Administration Contract.
- 230. A new Fraud Risk Assessment will be commissioned in 2024 to test the new processes and make recommendations for further improvements.
- 231. Grantees bear the foreign exchange risk and inflationary risk, as payments are made in the pre-agreed sterling amount and converted during transfer or by project.

4.5. Monitoring, reporting and accounting for expenditure.

Reporting, monitoring and accounting for funds

- 232. Each grant agreement (based on Defra's Model Grant Agreement) sets out financial reporting standards proportionate to the scale of the grant, with annual financial reports supported by certified accounts and audits where requested.
- 233. Grantees will be required to establish and maintain an inventory of all Assets if they have a useful life of more than one year; and are valued in excess of £500 or equivalent; or are a group of lower value items that are mobile and considered attractive with a combined cost in excess of £500 or equivalent.
- 234. The Fund Administrator will submit monthly and annual financial reports, in line with existing HMG programmes and the expectations of Defra Finance, with reports disaggregating data by scheme, grant and category of spend.
- 235. The Fund Administrator will provide projections of spend for the financial year broken down by quarter and major budget category lines, with month-by-month financial forecasts, advising Defra in a timely manner of any unexpected, or significant, changes in forecasts.
- 236. The Fund Administrator will apply Defra's Coding Structure (Cost Centre, Objective and Analysis codes) to strengthen the monitoring of the funds.
- 237. These monthly forecasts of need will form the basis for evidence to support the transfer of cash into the Government Banking Service Account for onward distribution to the grantees.

Transparency

- 238. Defra requires all its partners to meet the International Aid Transparency Initiative (IATI) standard which aims to ensure that organisations publish information to 'improve the coordination, accountability and effectiveness to maximise their impact on the world's poorest and most vulnerable people'.
- 239. This programme will generate significant information which will be of interest to others and will be published on IATI and be free to users whenever possible.
- 240. To increase the accessibility of information, at a minimum the programme-level data and project-level applications and reports will also be made freely available on the programme website.

4.6. Accounting Officer Assessment

- 241. The accounting office tests were considered during the development of this business case:

- **Affordability:** Funding from 2025/26 is subject to the next Spending Review settlement for ODA. This business case assumes Defra's next SR settlement for ODA will be similar to FY24/25; spend will be affordable if this assumption holds true.

[REDACTED]

- **Regularity:** the intervention is regular being compliant with legislation and Managing Public Money.
- **Propriety:** The intervention is proper as it meets the standards in Managing Public Money and accords with the generally understood principles of public life.
- **Value for money:** the intervention is assessed as providing value for money.
- **Feasibility:** the intervention is feasible and deliverable.

4.7. HMT approval

242. In line with other major funds seeking funding beyond SR periods, Defra will seek HMT approval for this funding as this programme is complex and spans beyond the current SR period. The programme has been assessed to not meet the threshold for being classed as part of the Government Major Projects Portfolio (GMPP).

5. The Management Dimension

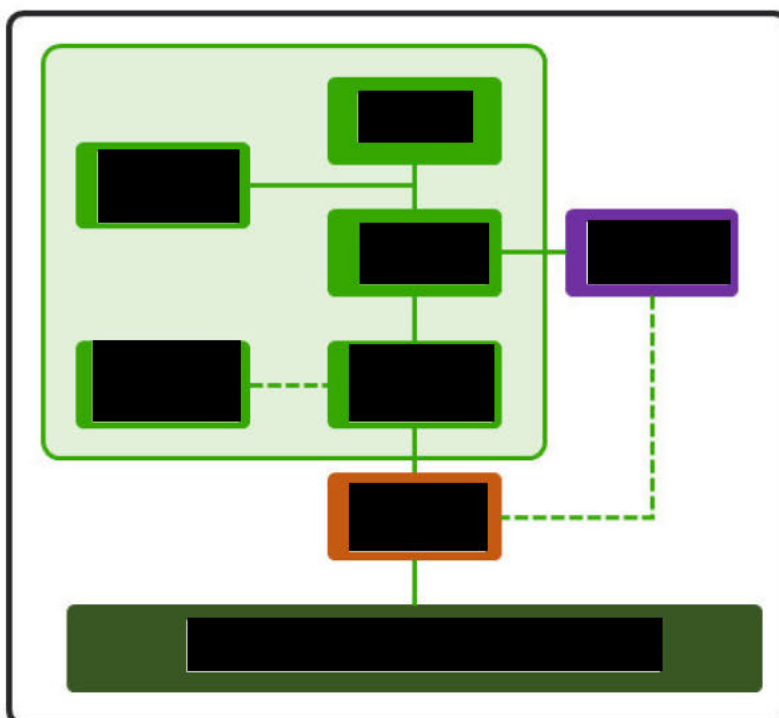
243. The Darwin Initiative is an established challenge fund, operating since 1992, with a track record of delivering projects. Continued investment in the Darwin Initiative fund therefore represents a ready-to-go, UK branded and deliverable method of contributing to enhanced UK commitments on biodiversity and multidimensional poverty reduction.

5.1. Programme management

Programme structure and governance

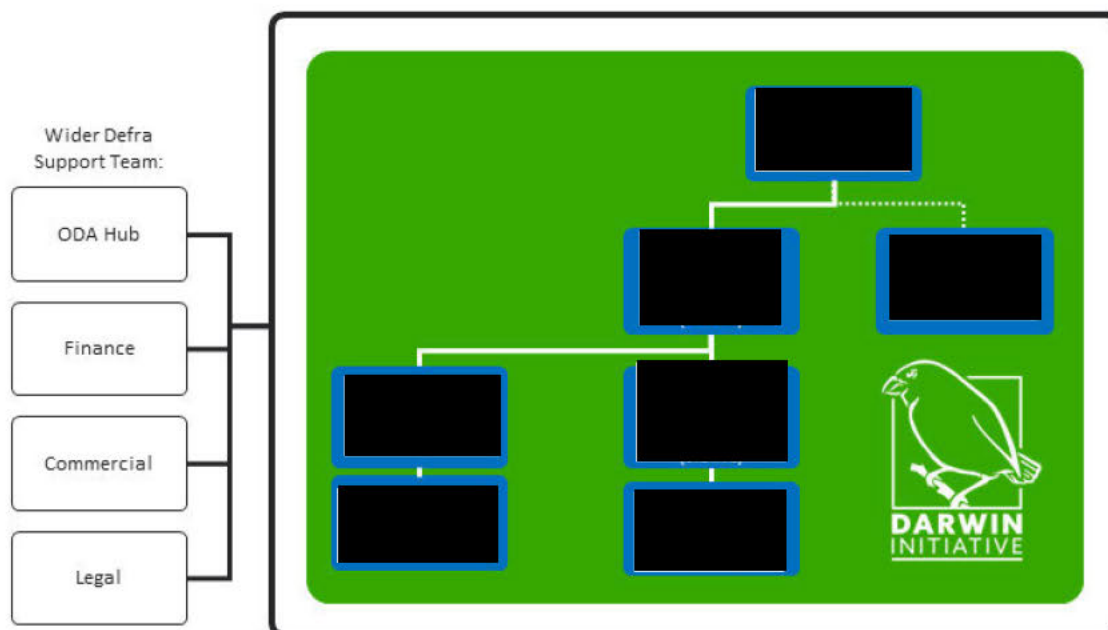
244. The Darwin Initiative uses existing, proven, and established expertise and delivery mechanisms. The Initiative will be managed by a Defra-based secretariat, with support from an outsourced Fund Administrator, and overseen by a Senior Responsible Owner, Programme Board and the Defra ODA Board (Figure 3: Governance Structure) A technical committee provides advice and assesses applications to makes recommendations to Defra.
245. Programme Delivery is managed in line with the ODA operating manual which is aligned to FCDO Programme Operating Framework (ProF).
246. To protect the quality of and trust in the funds, whilst delivering on the Seven Principles of Public Life, it is critical and a collective responsibility that Conflicts of Interest be effectively managed to a high standard at all times by anyone involved with the assessment and award of the grants.
247. Darwin Initiative is one of Defra's three Biodiversity Challenge Funds: Darwin Initiative, Illegal Wildlife Trade Challenge Fund, Darwin Plus. Whilst each has a unique objective, they share the same delivery model and are delivered under the contracted Fund Administrator: NIRAS.

Figure 3: Governance Structure



248. A virtual cross-Defra team delivers the Biodiversity Challenge Funds (BCF) with individual team members contributing to cross-cutting workstreams for example Communications, Building and Applying Evidence and Capability & Capacity, in addition to support resilience and cross learning.
249. On a day-to-day basis, the programme will be led by Defra's Darwin Initiative team (within the BCF Team), with majority of operational tasks being contracted to an external grant administrator. Defra retains the strategic and policy responsibilities, in addition to the management of the Fund Administrator contract and Defra internal processes.

Figure 4 Defra Resourcing Structure



Programme roles and responsibilities

250. **Delivery Partners:** Projects will be delivered by a wide range of respected and diverse organisations, including universities, research institutes and NGOs, responsible for the design and delivery of projects as set out in the grant agreements, including but not limited to fiduciary, legal, reporting safeguarding aspects and project stakeholder management. They will liaise with the Fund Administrator.
251. **Fund Administrator:** The administration of the application process, due diligence on potential delivery partners, supporting the Darwin Expert Committee (DEC), on-going day-to-day liaison and project-level oversight, monitoring and evaluation. The Fund Administrator contract was awarded to NIRAS in 2022 and is managed by Defra's Head of BCF. As required, the Fund administrator will also source specialist expertise to inform programme strategy, complementing Defra's in-house expertise on topics including monitoring, evaluation, poverty, nature finance and social development.
252. **Darwin Expert Committee (DEC):** The independent Darwin Expert Committee (DEC) assesses applications to make robust recommendations to Defra on which are likely to achieve the desired impact. The Committee includes representation from across the biodiversity and multidimensional poverty reduction sectors

253. **FCDO Heads of Mission:** Will be engaged and kept informed of Darwin Initiative activities within their countries, and will advise on strategic, political and security issues including supporting Overseas Security and Justice Assistance (OSJA) Assessments where required.

Defra

254. **Darwin Initiative Lead:** will lead the day-to-day delivery of the programme, working closely with the Fund Administrator to oversee the Funding Round planning and delivery, management of DEC, liaising with FCDO in-country and oversight of the live grants. The Lead will report to the Head of Biodiversity Challenge Funds.
255. **Head of Biodiversity Challenge Funds:** will lead the strategic direction and oversight of the programme and its vision, develop new policies to maintain and raise delivery standards, oversee procurement exercises, manage the contracts with the Fund Administrator and Independent Evaluator, delivering oversight of programme, drive the cross-cutting BCF workstreams, financial and risk management, including safeguarding. The Head will be the Programme Responsible Officer (PRO) for Darwin Initiative, reporting to the Senior Responsible Officer (SRO).
256. **Head of the Darwin Initiative (SRO):** will, with the Head of Biodiversity Challenge Funds and Programme Board, set the programme's strategic direction. Reporting to the Programme Board, the SRO is ultimately accountable for all aspects of governance, meeting objectives, delivering the outcome, and realising the benefits. The SRO will inform the Programme Board, ODA Board and the Minister on any routine or escalated issues as appropriate.
257. **Darwin Initiative Programme Board:** The Board will retain oversight of the delivery of the Initiative, approving annual workplans including the timing and scale of funding rounds, reviewing the recommendations made by the DEC, monitoring the performance and impact through annual reports and evaluation work conducted in part by the Fund Administrator. The Programme Board decides and awards the grants in accordance with the terms or reference.
258. **ODA Board:** The role of an ODA board is to provide accountability and assurance for Defra's ODA budget and to provide strategic direction for Defra's ODA spend. The ODA board meets quarterly and consists of senior civil servants from FCDO and Defra.
259. **Ministerial:** Ministers will be regularly updated on all key developments and will take key strategic decisions. Ministerial decision will be sought if major financial or reputational risks arise.

Fund Administration Contract

260. A contract was award to NIRAS for the provision of the Grant Administrator for the Biodiversity Challenge Funds (BCF): the Darwin Initiative, the Darwin Plus and the Illegal Wildlife Trade (IWT) Challenge Fund. The contract is broadly structured in the workstreams [REDACTED]
[REDACTED]

Figure 5: Biodiversity Challenge Fund – Administration Contract Workstreams.



Programme Plan

261. Darwin Initiative is an established challenge fund that operates on an annual call for proposals (Figure 5). Each scheme within the Darwin Initiative is sequenced to capitalise on efficiency gains, enable robust assessments, avoid pinch points, and consideration of the applicant's needs.
262. As Darwin Initiative is delivered within the Biodiversity Challenge Fund – Fund Administration contract, the annual workplans strongly interact with the workplans of the other funds to prevent pinch points but also to enable cross-learning and efficiency gains.
263. Over the lifetime of the business case, new funding rounds will be delivered, and an independent evaluation will deliver interim findings by 2027 to inform a future business case. In early 2028, if affordability tests are positive a new business case will be put to Ministers for consideration to allow sufficient time to procure a new fund administration contract (see Annex A.b) and prevent a critical delivery gap forming in 2029.
264. [Annex A.e](#) provides an illustrative, simplified annual programme workplan.

Resourcing Plan

265. The Defra team required to oversee the programme is set out in section 4.3 and above.

Programme Performance

266. Defra has established a credible process for measuring the Darwin initiative's results, in line with good measurement practices. Key steps include:

267. During project design, grantees create a project-level logframe, which must include several of the Darwin Initiative's programme-wide Standard Indicators. Grantees forecast expected changes in these indicators.
268. During implementation, grantees collect data from range of sources, including the communities intended to benefit from project activities.⁴²
269. Projects use findings to improve project performance and report results to the Fund Administrator.
270. The Fund Administrator sense-checks and aggregates data from individual projects, to assess overall progress relative to the Darwin Initiative's programme-wide expected outputs, outcomes and impact, as articulated in the fund-level logframe (see Figure 2).
271. The Fund Administrator reviews and quality assures projects' Annual Reports and project completion reports. Assessing performance, including actual results compared with milestones in the project-level logframe, and makes recommendations to strengthen performance.
272. The Fund Administrator will provide an Annual Report, including an updated results within the logframe, drawing on and synthesising evidence from the portfolio, individual project performance and key stakeholders where appropriate.
273. The performance of the Darwin Initiative will be monitored by the Head of the Biodiversity Challenge Funds and assessed via an Annual Review process, drawing on the Fund Administrator's Annual Report including project-level results and performance. The resulting Annual Reviews are quality assured and cleared by the SRO and Deputy Directors before being published on Devtracker (devtracker.fcdo.gov.uk).
274. Established processes will be implemented to address poor performance of the programme if the Annual Review process were to assess the performance to be below expected levels.

5.2. Communications and Stakeholder engagement

275. With Defra oversight, the Fund Administrator is responsible for the delivery of the agreed communication objectives set out in the Communication Strategy. With global reach, a range of communication methods (websites, social media, webinars, videos etc.) and messages are utilised to reach our diverse stakeholders, check understanding and deliver the intended impacts.
276. The agreed communication objectives are:
 - a. High-quality applications are received and funded, from a wide range of stakeholders, in line with the objectives of the BCFs.
 - b. Support for collaboration and scaling success is strengthened by generating, sharing, and promoting learning and best practices.
 - c. There is strong international understanding and visibility of the BCFs and the UK's global role in supporting biodiversity goals.
277. For efficiency gains, communication is considered a cross-cutting BCF Workstream in the Fund Administration Contract and is led by the Darwin Initiative Lead.

5.3. Change management

278. At the project level, an established system of Change Management supports and enables projects to make financial and non-financial changes to agreed delivery plans in response to challenges and

⁴² Many projects will also survey similar communities yet to benefit, to establish counterfactuals.

changing contexts. This process is delivered by the Fund Administrator, with Defra oversight and engagement on significant and financial changes to project plans.

279. In the 2022 Independent Evaluation by Ecorys, Defra accepted a recommendation that it increased its engagement with the fund administrator to build a stronger working relationship, streamline process, and maximise learning.
280. In adopting this recommendation, the capability to learn from delivery, reflect on ODA Hub recommendations and change approaches in a timely manner has been significantly strengthened.
281. For example, the Annual Funding Round Guidance review process provides a regular opportunity to reflect on stakeholder feedback, evidence gathered from the Funding Round and views from Darwin Expert Committee to strengthen the revised guidance.

5.4. Benefits realisation

282. Benefits will be valued through improvement across a range of programme-wide output, outcome and impact indicators. Key outcome and impact indicators include:
 - 3.2 million hectares of land under improved ecological management.
 - 344,000 people with improved disaster/climate resistance
 - 62,000 people reporting improved livelihoods.
 - 51,000 people from key national and local stakeholders having completed structured and relevant training.
 - 228 new/improved habitat management plans available and endorsed.
 - 343 new/improved community management plans available and endorsed.
 - 33,000 people with increased participation in local communities/management organisations.
283. Benefits are expected to be sustainable, disbursed globally, and accrued over a multi-year period.
284. Benefits will not be directly managed by Defra Group; therefore, a Benefits Realisation Plan has not been developed. Assessments of project results will be monitored and reported to Defra by grantees, via the Fund Administrator. Data from individual projects will be aggregated and used to assess overall progress relative to the Darwin Initiative's overall expected outputs, outcomes and impact. See Section 5.1 (Programme Performance) and the Darwin Initiative logframe for more information.
285. Defra can influence the realisation of benefits through its oversight of project selection processes, and scrutiny of individual projects. Assurance of benefits will be achieved through a combination of top-down and bottom-up related actions throughout the delivery chain:
 - A Defra Programme team to manage the programme, alongside the Fund Administrator.
 - The PRO, SRO and Programme Board to provide overall strategic oversight (see Management Dimension).
 - A competitive funding window that will priorities projects with the greatest impact on halting biodiversity loss and reducing poverty.
 - Specific funding eligibility criteria for grantees, with an emphasis on benefits (outcomes, impact and evidence.)
 - A specific focus on in-country delivery of projects, with local delivery partners.
 - The use of a demonstrably successful delivery chain with robust and implemented policies for project development, funding allocation, and monitoring and evaluation.

5.5. Open access policy and data sharing

286. The UK Government is committed to push for greater transparency in the availability and use of data to improve accountability, decision making, and to help deliver sustainable development outcomes to people living in poverty.
287. Projects are likely to generate significant outputs including datasets, best practices, peer-reviewed journal articles and technical reports which will be of value to other countries and stakeholders.
288. All evidence and data produced under the Darwin Initiative will be made freely available and accessible to all, unless there are particular sensitivities involved.
289. Data collection, analysis, management, and storage protocols continue to be regularly reviewed and strengthened to ensure the integrity of evidence and its subsequent use within the project, Darwin Initiative and beyond.

5.6. Risk, Assumption, Issues and Dependency Management

290. From the 2024 Risk Potential Assessment, the overall risk of the programme is assessed as Moderate, and within our risk appetite.
291. Using Defra ODA guidance and FCDO PrOF, we will work with Darwin Expert Committee, the Fund Administrator and Delivery Partners to maintain an effective risk framework.

Risk Appetite

292. Residual risk at the programme level will be managed to within Defra's ODA Risk Appetite: the amount of risk to which the Defra is prepared to accept, tolerate or be exposed to at any point in time.

Table 12: Darwin Initiative Risk Appetite

Risk Type		Risk Appetite	
		Defra ODA	Darwin Initiative
Strategic & Context	objectives undermined by a changing context, a lack of clarity or a weak evidence base	Open	Open
Delivery & Operational	capacity to effectively oversee programme implementation	Cautious	Cautious
Financial & Fiduciary	funds/assets not used for intended purposes or not accounted for.	Cautious	Cautious
Project / Programme	weaknesses in project delivery, or projects not aligned to priorities	Open	Open
Reputational	events damaging Defra's and/or the UK's reputation	Cautious	Cautious
Safeguarding	failure to establish and maintain strong safeguards to prevent harm	Cautious	Cautious

Risk assessment and management process

Project level.

293. At the application and assessment stage, projects will present a risk assessment under each of the above categories; DEC will review these against our risk appetite, flagging concerns with Defra. The Darwin Initiative SRO also reviews higher risk project proposals and where appropriate, escalates to the Programme Board for a decision, and potentially onto Ministers.

294. Once projects are operating, delivery partners will regularly monitor risks to inform and manage delivery, and will carry out at least annual review of risk, including these in their annual report.
295. All projects must immediately notify the Fund Administrator if it becomes aware of any actual or suspected breaches of the principles outlined in the Code of Conduct for Recipients of Government General Grants, any Personal Data Breach and any allegation credible enough to warrant an investigation of Safeguarding.
296. Where active projects face unforeseen challenges, for example from a natural disaster or new zoonotic diseases, where the impact or delay would threaten the delivery of the project outcome, then additional support could potentially be considered under the Darwin Initiative Innovation & Rapid Response scheme.

Programme level.

297. The Biodiversity Challenge Fund Risk Framework jointly manages the risks of the 3 component funds, including Darwin Initiative.
298. Information drawn from project risk frameworks, risk notifications from projects, along with risks identified by the programme team informs the programme level risk framework.
299. The BCF Risk Framework is updated as needed and reviewed at least every quarter to assign risks, develop mitigating actions, update investigations of live issues and agree escalation processes through the established Defra Governance Structures (see 5.1).
300. The Risk Framework currently consists of a Risk Register with 20 open risks, a Risk Issue Register, OSJA Register, and Deliver Chain Mapping covering 168 Lead Organisations responsible for £122m live BCF grants.
301. Operating through a challenge fund approach will help reduce many of the risks by spreading low to high risks between multiple delivery partners, with established track records and processes, across multiple geographies.
302. Building on lessons learnt since its establishment, in addition to FCDO PrOF guidance, the BCF uses tried and tested approaches to managing risk with in-built processes to further refine the approach to risk.

Managing risks of fraud and corruption.

303. Defra ODA has a cautious appetite for fiduciary risk, this will be managed to within this appetite by:
 - due diligence conducted prior to award.
 - monitoring of payments being made to grantees and conducting spot audits.
 - managing fiduciary risks via the Risk Framework.
 - requiring the Fund Administrator to provide its annual audit.
 - requiring the Fund Administrator to carry out at least annually, risk-based spot audits on projects to provide assurance.
304. All cases of fraud or theft (whether proven or suspected) relating to the Funded Activities must be notified to the Fund Administrator as soon as they are identified.
305. All projects will provide Defra with independent assurance that the Grant has been spent in accordance with the terms of the Grant Funding Agreement. The form of assurance the Grantee must provide to satisfy this requirement depends on the value of the Grant. In most cases, this will be at least an independently certified Statement of Grant Usage to confirm that provided funds were spent on a basis consistent with project objectives.

306. Fund Administrator conducts desk-based spot audits on 5% of the live projects per annum, summarising its findings and recommendations in the Spot Audit Report.
307. Fund Administrator conducts desk-based audits on all projects at completion, including a risk and quality assurance assessment of whether the report is ready for publication.
308. Fund Administrator flags any instances of incorrect project claims, or projects not complying with the terms and conditions to Defra within 24 hours of becoming aware or has reasonable grounds for believing that there might be a problem.
309. Fund Administrator maintains a current counter fraud policy or strategy, in line with Defra's approach including whistle blower capabilities, and support delivery partners to manage and respond to risks.

High Level Risk Register.

Table 13: Darwin Initiative High Level Risks

Risk Type & Description		Impact	Likelihood	Gross Risk	Mitigation	Residual Risk
Strategic & Context: objectives which are undermined by a changing context, a lack of clarity or a weak evidence base	Project delivery partners operating in fragile states harmed, or projects unable to continue operations due to political or economic instability.				<i>Reduce:</i> Security assessments conducted to inform decisions and project risk frameworks. Ongoing engagement and analysis to monitor of risk, with fund administrator and Defra support.	
Delivery & Operational: capacity to effectively oversee programme implementation	Defra and Fund administrator slow to spot rapidly escalating risks from projects in challenging environments, and projects implementing a portfolio of often novel activities.				<i>Share:</i> Strong governance with clear ToR, comprehensive documentation of processes, manage vacancy rate and reduced complexity of funds. Closely monitor quarterly reports to inform whether to stop projects/challenge funding. Include provisions in grant agreements to dictate process by which funding can be withdrawn.	
Financial & Fiduciary: funds/assets not used for intended purposes or not accounted for.	Project's funds misappropriated for non-programme usage. Risk of poor financial management Exchange rate/inflation fluctuations impact overall project delivery				<i>Reduce:</i> Fund administrator will manage and mitigate risk associated with the delivery partners, through enhanced due diligence, spot checks, reporting frameworks, audits and checks conducted prior to grant instalments being transferred. Disbursement practices enable close monitoring and the ability to halt expenditure, reducing the potential for misuse of funds.	
Project / Programme: weaknesses in project delivery, or projects not aligned to priorities	HMG invests in poor quality projects/implementer. Lack of strong applications.				<i>Reduce:</i> Delivery Partners competitively selected against rigorous technical and financial criteria with independent assessment. SRO conducts additional checks on alignment to Defra priorities. Due diligence, monitoring of project reports and spot checks conducted by the Fund Manager.	

Reputational: events damaging Defra's and/or the UK's reputation	Interventions go wrong/cause harm, or delivery partners act in a way that causes reputational harm to HMG		<i>Reduce:</i> Delivery Partners competitively selected against rigorous technical and financial criteria with independent assessment will help ensure projects meet delivery, quality and strategic objectives. Reporting frameworks, due diligence and spot check conducted by the Fund Administrator.
Safeguarding: failure to establish and maintain strong safeguards to prevent harm	Programme or partner staff do harm (including but not limited to Human Rights, SEAH); failing to investigate appropriately, or not reporting such incidences.		<i>Reduce:</i> Maintain, via the fund administrator, close oversight and due diligence of activities across portfolio, providing training and advice to delivery partners, requiring a robust safeguarding policy in place by inclusion in the Grant Terms & Conditions, including systems to enable reporting and support whistle-blowers.

Dependency

310. With the Fund Administration contract delivering the Biodiversity Challenge Funds, the Darwin Initiative has a dependency on the continued successful delivery of its related funds: IWT Challenge Fund and Darwin Plus. If any of these funds cease or change significantly, then the Fund Administration Contract may require renegotiation.
311. This risk is partly mitigated by the establishment in 2021 of the cross-Directorate virtual Biodiversity Challenge Fund team to support the alignment of funds, resilience and shared-learning.

5.7. Grantee Due Diligence

312. Drawing on Defra's best practice, the due diligence conducted by the Darwin Expert Committee and Fund Administrator on prospective Lead Organisations is based on the principles of: Responsibility and Accountability, Context-specific, Evidence-based, Proportionate and balanced, and Transparency.
313. Evidence is tested during the assessments of proposals, structured around the following pillars:
- **Governance and Control:** Assessment of responsibility, accountability, and structures in the organisation
 - **Partner Deliverability:** Assessment of capability and capacity to deliver,
 - **Financial Stability:** Analysis of accounts, financial rigour, and viability,
 - **Downstream Partners:** Assessment of due diligence processes, contract management/monitoring, and processes for monitoring and dealing with fraud, bribery and corruption,
 - **Partnership Behaviour:** Assessment of capacity to promote environmentally and socially responsible behaviours, including gender equality and social inclusion, and safeguarding of vulnerable people.
314. In addition to the application, a range of evidence assessed can include: two sets of audited or independently examined accounts covering the last three financial years, Risk Framework, Annual Reports, References and Support Letters, Counter Fraud, Bribery and Corruption, Safeguarding Policy and other associated policies (whistle blowing policy, Code of Conduct, Ethics, Equality, Diversity and Inclusion), and CVs and Job Descriptions.
315. Where assessed as required, UK Overseas Security and Justice Assistance (OSJA) assessment are conducted on specific grants by Defra in partnership with FCDO to ensure they meet our human rights obligations and our values.

316. Where Lead Organisations have been awarded grants under the Biodiversity Challenge Funds, past performance is considered in the assessments.

5.8. Contract management

317. The Head of Biodiversity Challenge Funds is the Contract Manager for the Fund Administration, supported by Defra Finance, Commercial and Legal.
318. The performance of the contractor is monitored via the agreed Performance Management Framework (see 3.4), through quarterly contract meetings and an annual report mechanism.

5.9. Assurance and Approvals

319. Assurance and approvals will be conducted in line with the Integrated Assurance and Approvals Plan that accompanies this Business Case.
320. All proposals to the Darwin Initiative are technically assessed against the published criteria by The Darwin Expert Committee, and by the Fund Administrator against a range of assurance criteria (Value for Money, finance, safeguarding, GESI, MEL, Risk etc.).
321. Under the Governance structure set out under the Programme Management section above, the Darwin Initiative Programme Board will review these assessments and the recommendations being made by the Darwin Expert Committee to award grants.

5.10. Safeguarding

322. Defra believes that everyone regardless of age, gender identity, disability, sexual orientation, ethnic origin or other protected characteristic has the right to be protected from all forms of harm, abuse, neglect and exploitation.
323. This belief is shared by the fund administrator who have invested in a new Safeguarding Manager position to strengthen the fund's safeguarding capability and capacity.
324. Defra has zero tolerance for inaction to tackling abuse and/or exploitation of any person (staff, implementing partners, the public and beneficiaries) by staff or associated personnel involved in the Darwin Initiative.
325. Safeguarding is an iterative process; Defra and partners must be prepared to discuss and strengthen their respective safeguarding capability and capacity to prevent, listen, respond and learn.
326. Defra and Lead Organisations must have appropriate and proportionate safeguarding policies and procedures in place, tailored to the project and reflecting GESI factors and power relationships, to protect staff, implementing partners, the public and beneficiaries from harm.
327. Prior to award, the fund administrator will assess all applications (with support from Defra) in terms of the safeguarding risks, and the capability and capacity of the lead organisation to manage and mitigate these risks to within Defra's appetite. Where it is assessed required, an Overseas Security and Justice Assessments will be conducted to assess and mitigate risks prior to award.
328. Guidance and resource will continue to be provided to support organisations further strengthen their capability and capacity to successfully assess and mitigate safeguarding risks during implementation.

5.11. Evaluation plan and Lessons Learned

329. The Monitoring, Evaluation and Learning (MEL) strategy for the programme is set out below:

- Monitoring of the programme against its outcomes related to effective protected area management.
 - Evaluation of performance to assess the impact of the programme.
 - Generation of evidence and learning to the ongoing management of the programme and other HMG programmes.
330. The monitoring and evaluation of all Defra ODA projects is consistent with the requirements of the UK International Development Act 2015. The Programme Manager (Head of Biodiversity Challenge Funds) will be responsible for ensuring that the project meets Defra's monitoring and reporting requirements.
- In line with the Programme Operating Framework (PrOF) and Defra's ODA operating manual, it is expected that, in collaboration with delivery partners and Fund Administrator, the Programme Manager will produce:
 - Work/delivery plans: All Defra projects require a work plan/delivery plan which sets out the proposed approach and timeline for managing the project and breaks down activities and outputs, which are clearly cross referenced to payment mechanisms and governance/quality assurance mechanisms, to ensure effective delivery on time and within budget.
 - Monitor programme performance, identify where we are, quantify the results regularly to determine whether we are on track to deliver our intended outcomes and impact.
 - Carry out Annual Report Reviews, which are based on an assessment of Annual Reports and reported progress against the logframe, to assess performance and make recommendations to strengthen performance.
 - Carry out Final Report Reviews, like the Annual Report Reviews, which occur at project completion and are based on an assessment against the logframe to compare planned and achieved results.
 - Support Mid Term Reviews and evaluation, as evaluators can use logframes to identify lessons learnt to inform future project design to strengthen the likelihood of success.
331. The strengthening, promotion, and use of evidence (including best practices) to inform and scale action is at the core of the Darwin Initiative.

Project level MEL

332. The Darwin Initiative embeds monitoring, evaluation and learning into the design and delivery of individual grants, and at the whole-of-programme level, through its core operations. Notably:
- As part of the application process, the Darwin Initiative requires applicants to explain the evidence base behind their proposed project, drawing where appropriate on evaluative evidence.
 - As part of project design, all projects develop and articulate their pathway to change, identifying the need or problem that they aim to address and what steps they need to take to deliver their intended impact.
333. During project implementation, project teams measure results and track actual performance against plans, and the Fund Administrator organises Mid Term Reviews to identify lessons to inform future project design to strengthen the likelihood of success. These mid-term reviews are also an opportunity to gather feedback from stakeholders in the countries where we invest and use this feedback to improve project implementation. From 2023/24, all Darwin Initiative projects are required to utilise at least five Core Indicators from the new Standard Indicators Guidance in addition to other indicators selected by the project to meet their needs.
334. Darwin Initiative Extra projects are required to commission an independent final evaluation.
335. All projects are expected to proactively share and promote lessons learnt and best practices to other projects within the Biodiversity Challenge Funds and beyond.

Indicators and reporting

- 336. In developing the Standard Indicators, alignment with existing indicators including the Kunming-Montreal Global Biodiversity Framework and others was an objective to reduce the reporting burden on projects and strengthen their ability to contribute national reporting mechanisms where possible.
- 337. The Darwin Initiative Standard Indicators include some that will be used across the BCF – this means we will be able to aggregate the data from across diverse projects and communicate our combined results to key decision makers to build the case for continued support and encourage the actions of others. The menu also provides guidance on which methodology, units and disaggregation measures. From Darwin Initiative Round 30, it is mandatory to include a minimum of five Core Indicators in the project logframe. In addition to these five indicators, we encourage projects to use as many other indicators from the menu as is appropriate and feasible.
- 338. Poverty reduction is a long-term objective with deep structural roots; it can be challenging to track and measure poverty reduction. Poverty reduction is built into the Darwin Initiative Theory of Change and logframe through indicators on livelihood measures and a scorecard to monitoring reduction of negative impacts on local communities which can hinder poverty reduction.
- 339. Key Performance Indicators (KPIs) will provide a high-level indication of success against the programme outcomes and are related to the Theory of Change (Figure 2) and log frame (Annex B).
- 340. To improve efficiency and harmonise reporting, Darwin Initiative uses one standard template for technical reporting and one template for financial reporting from all their grantees. There will be a menu of KPI metrics landscapes, but the KPI is the same with all reports aggregated in one KPI matrix.
- 341. Although the Darwin Initiative Annual Review is expected to be a collaborative effort between the delivery partner and Defra, Defra is responsible for the final scoring, recommendations, and publishing of this document. Logframe indicators and milestones will be updated annually to reflect programme performance, changes to programme design and/or feedback on current indicators. Best practice is that log frames should be updated and agreed in the annual review.

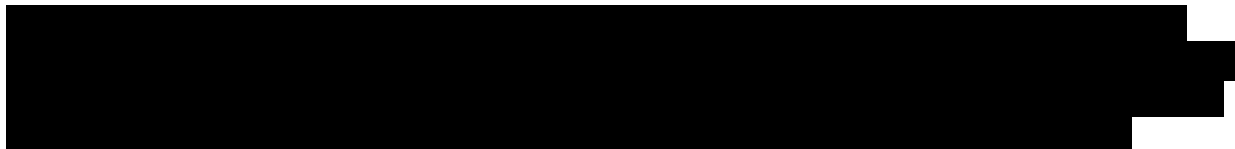
Evaluation

- 342. In addition to project-level monitoring, evaluation, and learning, in 2022 a new central workstream entitled Building and Applying Evidence was formed to strengthen Defra's capability to commission *ad hoc* evaluations and deep dives with defined objectives to strengthen programme performance and evidence derived from multiple projects within the portfolio.
- 343. Building on the 2022 Independent Evaluation conducted by Ecorys, a new Independent Evaluation will be commissioned to assess the performance and impact of the Darwin Initiative. Defra will design this Independent Evaluation with a mid-point evaluation milestone by 2026 to inform ongoing implementation, a future Business Case in 2027 and a future Fund Administrator contract. The evaluation is expected to conclude in 2028, by which time we expect the evaluators to have enough data to reach clear judgements about impact.
- 344. A break clause will also be inserted for 2026 should it become necessary to stop the evaluation.
- 345. An Indicative Evaluation Plan is included in [Annex E](#).

5.12. Contingency plans

- 346. The annual award of grants is based on up-to-date understanding of the available finance secured in HMT Spending Review processes, and existing commitments to grants awarded in previous years.

347.



348. The Terms and Conditions of Grants, based on Defra's Model Grant Agreement, include provisions to terminate the grant early should insufficient finance be available to allow them to continue.

5.13. Equality Impact Assessment

349. As noted in 1.2, evidence from the *Ecosystem Services for Poverty Alleviation* programme (www.espa.ac.uk) and elsewhere demonstrates that individuals access resources differently depending on their gender and social background. As a result, different people develop knowledge about different species, their uses and their management and awareness of these differences will lead to better project design and delivery as it helps understand how benefits are distributed amongst the population.
350. As set out in paragraph 82, the Darwin Initiative is committed to become fully 'GESI Sensitive' – ensuring that all its investments, at a minimum, do no harm to gender equality and social inclusion.
351. In 2023, an independent review of the approach to gender equality and social inclusion of the Biodiversity Challenge Funds identified a range of opportunities for mainstreaming gender equality and inclusivity throughout the programme and project life cycles to strengthen impact.
352. With this analysis, a new multi-year GESI strategy is being developed to support all stakeholders (applicants, projects, experts, external reviewers and Defra/Fund Administration team) give due regard to reducing inequality between persons of different gender and inform action on all levels to strengthen the approach to GESI across:
- Core Concepts & Building Awareness (resources/ training)
 - Internal Process & Management
 - Monitoring, Evaluation and Learning
353. All applicants must consider Gender Equality and Social Inclusion (GESI) including demonstrating an understanding of the diversity within their stakeholders, and how their project will contribute to advance equality of opportunity between persons of different gender and social characteristics, and foster good relations. This includes applicants explaining their understanding of how individuals, especially those with protected characteristics, may be excluded from equal participation within the context of their project, and how they seek to address this. The applicants' responses are assessed as part of the funding decision process.
354. Once awarded, all projects are required by the Terms and Conditions, to consider how to prevent discrimination, harassment, victimisation and promote wider equality of opportunity between those who have a protected characteristic and those who do not, for example, disability, sexual orientation, race, religion, or belief. The Results Framework requires project indicators to be capable of being disaggregated by dimensions of GESI, where appropriate.
355. The BCF GESI Strategy and the commitment for Darwin Initiative to be GESI Sensitive is primarily an opportunity to strengthen the inclusivity, sustainability, and impact of the programme.
356. Adopting this approach will also ensure compliance with the relevant legislation, including International Development Act 2002, and Public Sector Equality Duty (PSED) as a statutory requirement under Section 149 of the Equality Act 2010.

357. The Darwin Initiative approach aligns to UK's ambition for a more inclusive and locally led approach to development, that is designed and delivered by local people and organisations, especially typically marginalised groups, including women and girls, indigenous people and local communities.

5.14. Data Protection

358. The fund administrator contract includes Defra's requirements to enable secure and appropriate processing of data, including the requirement to comply with the fund administrator's obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data.
359. Under the contract, Defra is the Controller, and the fund administrator is the Processor.
360. The fund administrator applies suitable General Data Protection Regulation (GDPR) measures to ensure that all data is held securely.
361. To provide stakeholders with information on how we handle Data Protection, a Privacy Notice is published on the Darwin Initiative website (www.darwininitiative.org.uk/privacy-policy).

Annexes

- Annex A. Darwin Initiative Structure and Plan
- Annex B. Darwin Initiative Results Framework
- Annex C. Appraisal of Long list options
- Annex D. Darwin Initiative model round
- Annex E. Indicative Evaluation Plan

Annex A. Darwin Initiative Structure and Plan

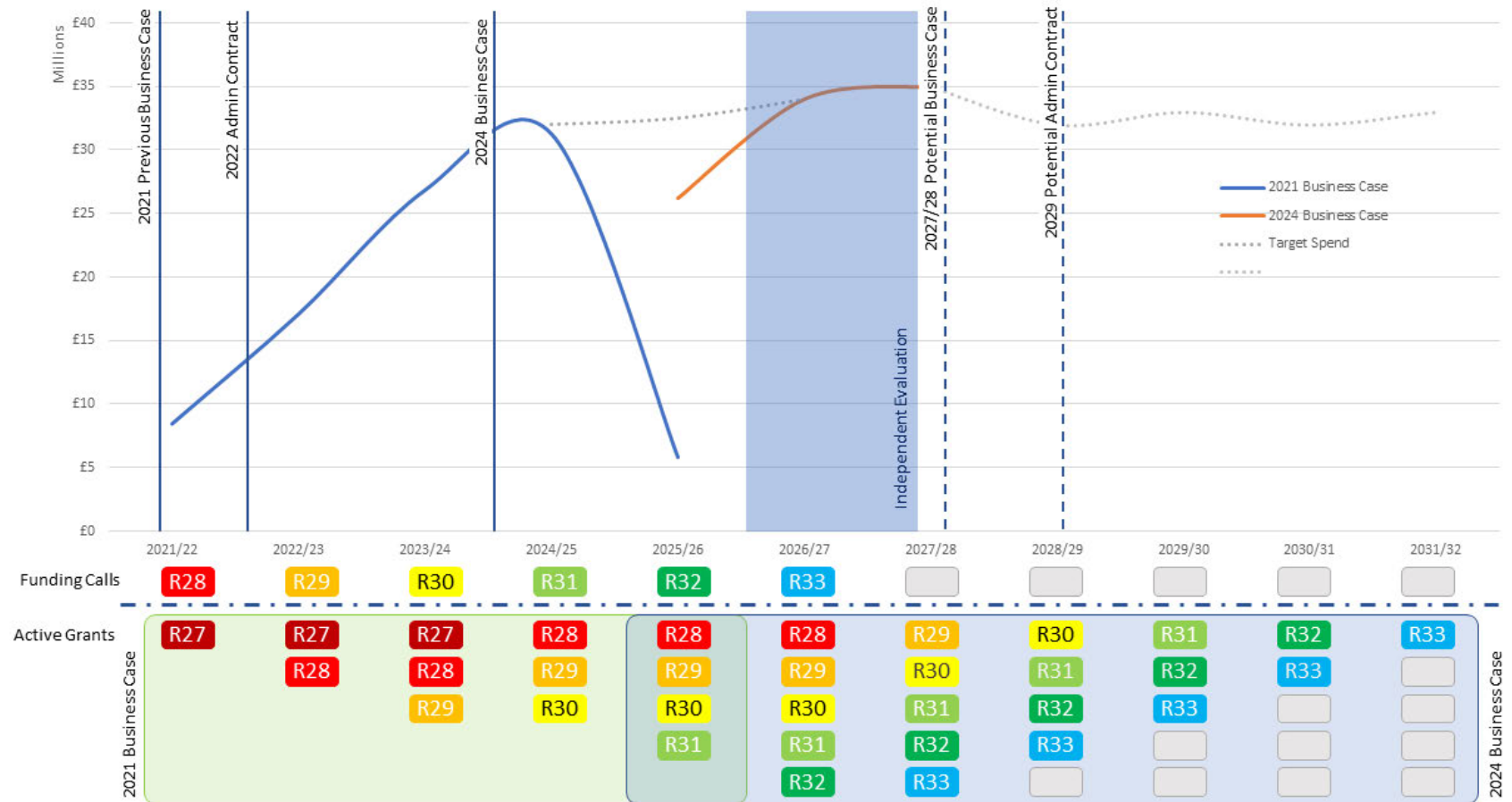
a. Darwin Initiative: Challenge Fund Principles

The general principles of a challenge fund to deliver impact and VfM, through the following characteristics:

- a. **Competitive process:** at their core challenge funds is open and accessible to all who are willing to compete, with only the best projects supported by evidence are funded.
- b. **Innovation:** applicants are invited to submit potentially transformational and novel approaches that target clear outcomes and real-world impacts for biodiversity and the communities that live alongside it.
- c. **Leverage:** co-financing promotes co-ownership and commitment, and ensures public funds go further.
- d. **Partnerships:** bring together partners in an inclusive framework of cooperation for mutual benefit.
- e. **Inclusive and equitable:** demand led ideas that provide local solutions to problems, stimulating inclusivity and equity.

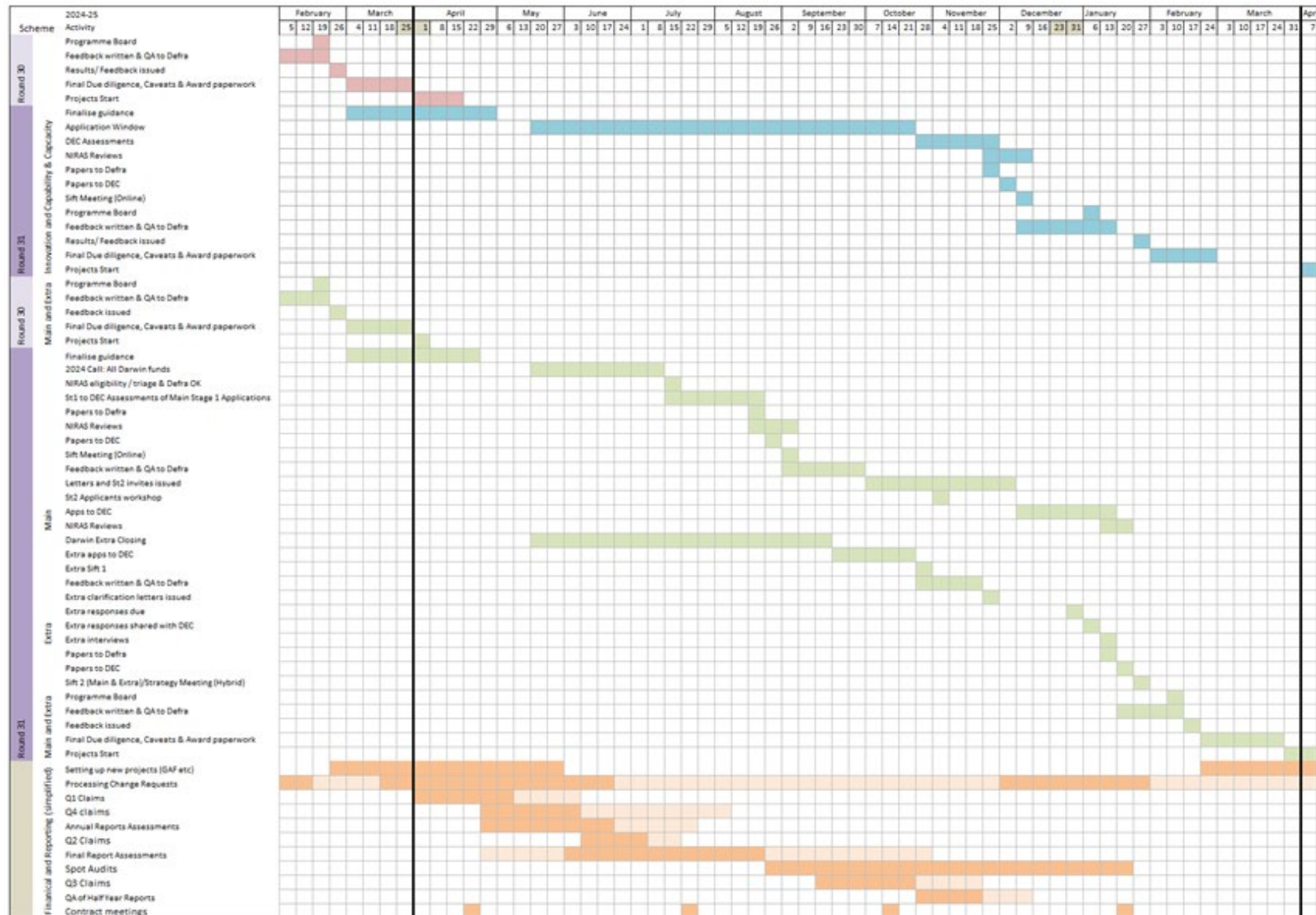
b. Multiyear Programme Plan

Figure 6 Multiyear Programme Plan



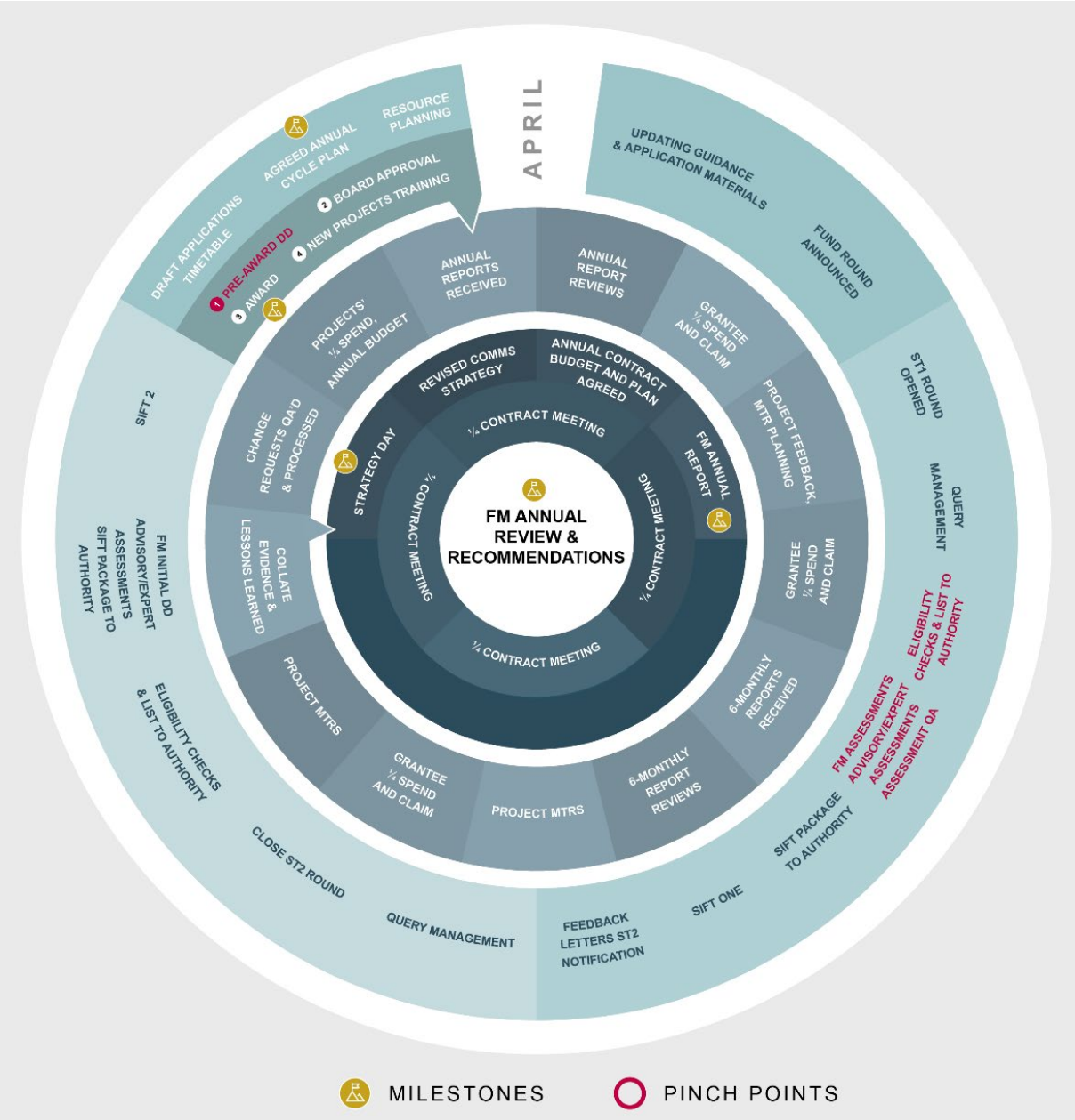
c. Indicative 2024/25 Programme Plan

Figure 7 B. 6. Indicative 2024/25 Programme Plan



d. Illustrative Annual Workplan

Figure 98: Illustrative, simplified Annual Workplan



e. Darwin Initiative Extra Grants

1 Developing a Global Biodiversity Standard certification for tree-planting and restoration

01/04/2022 - 31/03/2027	£2,693,374	Brazil, India, Kenya, Madagascar, Peru, Uganda
Botanic Gardens Conservation International		

Millions of hectares have been pledged by governments, corporates and NGOs for tree-planting and restoration, mainly to sequester carbon. These efforts primarily plant exotic monocultures, which damage native biodiversity and ecosystem services and frequently fail. Through this project, we will develop a site-based Global Biodiversity Standard certification, which will provide assurances to investors, build local capacity to assess impacts on biodiversity, and mentor practitioners on planting the right trees in the right places for better biodiversity, carbon and livelihood outcomes.

2 Ensuring the socio-ecological viability of High Atlas cultural landscapes

01/04/2022 - 31/03/2027	£949,269	Morocco
Global Diversity Foundation		

Taking advantage of recent changes in national law and policy and growth in digital marketing opportunities during the COVID pandemic, we empower cooperatives to raise annual revenues of 5000 rural households through regenerative agropastoral activities over a 30,000 km2 area of central Morocco. We support 200 rural cooperatives – mostly women-led – to pioneer a movement to improve livelihoods by innovative production and marketing of local cosmetic, craft and culinary goods while they conserve High Atlas biodiversity and cultural landscapes.

3 Climate resilience, food and livelihood security for agro-pastoralists in Somalia

01/04/2022 - 31/03/2027	£2,276,561	Somalia
Development Fund of Norway		

Agro-pastoralists in Somalia continue to be negatively impacted by limited agrobiodiversity of plant genetic resources as well as degradation of farmlands and grazing areas. Building on documented achievements and lessons learned from our ongoing Darwin Initiative project, this proposal aims to scale up investments in existing and new Community Seed Banks to enhance agriculture production and food security and to strengthening commercial market viability. To ensure scalability and sustainability, DF will also support seed policy operationalization and National Seed Bank development.

4 Partnering for a biodiverse, prosperous and resilient Tarangire Ecosystem landscape

01/04/2022 - 31/03/2026	£4,659,153	Tanzania
The Nature Conservancy		

The Nature Conservancy and partners aim to save one of the largest wildlife migrations by keeping habitat and movement corridors open, and improving the lives of pastoralist and hunter-gatherer communities that rely on these lands. We will: (1) improve habitat by removing damaging invasive species, revegetation of native plants, and improving use of and planning; (2) create sustainable revenue flows for conservation and communities; and (3) improve the capacity of communities and government to carry out conservation after the project ends.

5 Ridge to Reef Conservation in West Papua, Indonesia

01/04/2022 - 31/03/2027	£5,000,000	Indonesia
Fauna & Flora		

This project will result in effective collaborative protected area management, expanding conservation function through 'other effective area-based conservation measures' in West Papua's most diverse land and seascapes, reducing emissions from avoiding deforestation by protecting key terrestrial and marine ecosystems through local community participation, and leveraging long-term biodiversity investment to close financial gaps for conservation and sustainable use of natural resources. Local threats to biodiversity will be reduced through the improvement of community tenure over natural resources and alternative livelihood opportunities.

6 Increasing ecological and socio-economic resilience of Upper-Ewaso Ng'iro North Ecosystem

01/04/2023 - 31/03/2028	£4,010,817	Kenya
Fauna & Flora		

The Upper-Ewaso Ng'iro North Ecosystem supports 1.2 million people, critical habitats, and globally important wildlife. Unsustainable use and climate change have caused natural resource and water scarcity, leading to competition and conflict. This project provides a nature-based solution to these diverse challenges. Building capacity for sustainable natural resource management, facilitating adoption of nature-based solutions to deliver economic benefits, and restoring habitat, will increase water security, build resilience to climate change, and increase peaceful co-existence for people and wildlife.

7 Scaling rights-based approaches for conservation and poverty reduction in Indonesia

01/07/2023 - 31/03/2028	£1,686,800	Indonesia
Yayasan Planet Indonesia		

In Indonesia, rural poverty coupled with environmental degradation results in negative socio-economic impacts for the most vulnerable communities. Evidence shows that when Indigenous peoples and local communities manage their own resources, social conditions improve, deforestation is reduced, and biodiversity thrives. We work with village partners to secure land rights and manage forest areas sustainably and adaptively. By establishing new governance practices that are entirely community-led, we aim to create the enabling conditions to effectively engage locally-led conservation solutions.

8 Championing change: Living in harmony with wildlife in lowland Nepal

01/04/2023 - 31/03/2028	£4,906,934	Nepal
Zoological Society of London		

Globally significant and recovering wildlife populations are being forced to disperse outside protected areas (PAs) through increasingly fragmented habitats, increasing human-wildlife conflict with significant impacts for both people and wildlife. This project aims to scale-up proven approaches to address these challenges in lowland Nepal, through 'Human-Wildlife Coexistence (HWCx) champions' to support up-scaling of HWCx; investments to mitigate HWC and effects of linear infrastructure (e.g. roads, irrigation canals) and habitat fragmentation alongside livelihood investments to support communities to coexist with wildlife.

9 Local Governance of Forest Resources in Mali

01/10/2023 - 30/09/2028	£2,746,594	Mali
Tree Aid		

The project will improve biodiversity and the income of 2,550 households living around the Mio, Sanekuy and Safienso forests in the Segou region of Mali. This will be achieved by strengthening decentralised forest governance at the regional and national level, expanding the successful approach used by Tree Aid at the local level in previous and ongoing projects. As a result, 26,700ha of forest will be under sustainable management. 10,000ha of forest, agricultural and pastoral land will benefit from restoration activities.

Annex B. Darwin Initiative Results Framework

a. An introduction

A key objective of the Darwin Initiative is to generate, share and apply evidence gained and refine best practices, based on robust analysis of the portfolio and projects, to inform:

- the extent to which high-quality applications are received and funded, and
- collaboration and scaling success by generating, sharing and promoting evidence, learnings and best practices.

This will aid Defra to effectively spend public money by targeting activities to where Darwin Initiative can add value through the provision of data, analysis and evidence.

Whilst this key objective is mainstreamed through the 8 workstreams of the programme and how the funds monitor, learn and respond to evidence in an agile, systematic and strategic manner, it is fundamental to Workstream 5: Building and Applying Evidence.

Advised by a sub-group of the Biodiversity Challenge Funds Expert Groups (including Darwin Initiative Expert Committee), Workstream 5 will build on the Independent Evaluation conducted by Ecorys (2022), in particular *Monitoring and evaluation: Insights and recommendations Report*, and include:

- Results Framework – to standardise indicators to support project and programmes capabilities to report and aggregate results.
- Project level reporting to strengthen the assessment and track the performance of projects over time, whilst also enabling the synthesis of key lessons learnt and success factors.
- Identification of early indicators of success knowledge, and refined best practices through targeted evaluations of projects, literature reviews, and expert input.
- Feedback loops to strengthen the development, assessment, selection and delivery of projects, and wider communications.
- Evidence (for example successes, knowledge and best practices etc.) produced or identified will be disseminated through Workstream 7: Communications via publications, workshops, social media and websites, including internal feedback mechanisms to applicants, projects, expert groups and Defra.

b. Darwin Initiative Logframe:

By aggregating project level data, milestones and targets will be developed where appropriate once the indicators are finalised. Impact indicators may be monitored rather than targeted. Methodologies and guidance for all indicators will be developed.

IMPACT	Rates of biodiversity loss and degradation are slowed, halted or reversed, with associated reductions in multi-dimensional poverty.
Indicator 1:	Ecosystem Loss and Degradation Avoided (ha) (DEFRA / ICF KPI 8) Units: Hectares. Disaggregated: Biome/Ecosystem/Habitat; type of degradation e.g. deforestation avoid; type of pressure removed. Notes: ICF KPI 8 Deforestation avoided (hectares) – currently being updated to cover ecosystems.
Indicator 2:	Change in multi-dimensional poverty Scorecard (to be developed)

	<p>Unit: People/Households (disaggregated by gender and age group)</p> <p>Notes: Methodology to be developed to track change at people/household level, and gender impact</p>
Indicator 3:	<p>Status of Threatened Species (DEFRA KPI 1)</p> <p>Unit: tbc</p> <p>Disaggregated: Taxa, Biome/Ecosystem/Habitat, Threats reduced</p> <p>Notes: Methodology to be developed to track impacts at a species level – Poss. linked to STAR or Green Species Status (GSS), or other tools.</p>
Indicator 4:	<p>The extent to which the fund is likely to have a transformational (scalable) impact. (ICF KPI 15)</p> <p>Methodology to be developed in line with the ICF KPI 15: Extent to which ICF intervention is likely to lead to Transformational Change, focussing on the level and type of evidence that Darwin Initiative is producing scalable approaches (i.e., Output indicator 2.1 & 3.1), these are being taken up (i.e., Outcome indicator 1), and they are having an impact (i.e., Impact indicators 1, 2 & 3).</p>
OUTCOME	<p>Local communities and other stakeholders have sustained improvement in policy and practice that results in gains for biodiversity and associated reductions in multi-dimensional poverty.</p>
Indicator 1:	<p>Area under Ecological Management (ha) (DEFRA / ICF KPI 17)</p> <p>Units: Hectares.</p> <p>Disaggregated by protected/non-protected areas, & Biome/Ecosystem/Habitat</p> <p>Notes: Could be based on ICF KPI 17 Methodology Note “Hectares of land that have received sustainable land management practices”, KPI potentially being reformulated to area under ecological management (which needs to be clearly defined).</p> <p>This could also act a source of evidence that scalable approaches (Output indicator 2.1) are being taken up and implemented.</p>
Indicator 2:	<p>Number of people with improved or protected i) livelihoods (Defra KPI), ii) disaster/climate resilience (ICF KPI 4), iii) water security; iv) food security.</p> <p>Unit: People (disaggregated by gender and age group); Income, disaster/climate resilience, water and food security, health</p> <p>Notes: Methodologies to be developed, aspects likely to be based on the ICF KPI 4 Number of people whose resilience has been improved as a result of ICF - Methodology Note, and will quantify results that could strengthen people’s adaptive, anticipatory or absorptive capacity, so income security, food/water security would be of interest. Using this as a proxy for improvements in people’s wellbeing, methodology would focus on biodiversity-resilience links.</p>
Indicator 3:	<p>Number of policies with biodiversity provisions that have been enacted or amended</p> <p>Unit: Number</p> <p>Disaggregated by local/national policy; Typology of biodiversity provisions.</p> <p>Standard Indicator: DI-D03</p> <p>Notes: For example, where projects have contributed evidence, during consultation phases, to amend or develop policy.</p>
Indicator 4:	<p>Finance mobilised for new activities building on evidence, best practices and projects</p>

Unit: GBP (£)

Disaggregation: public/private source of finance. Based on ICF KPI 11 &12 methodology.

Standard Indicator: DI-D14

Notes: Finance mobilised for new activities beyond the agreed scope of the project at the time of funding.

OUTPUT 1	Capability and capacity of key national and local stakeholders to deliver on biodiversity conservation and associated reductions in multi-dimensional poverty enhanced.
Indicator 1.1a:	Number of people from key national and local stakeholders completing structured and relevant training.
Indicator 1.1b:	Number of secondments or placements completed by individuals of key local and national stakeholders.
Indicator 1.1c:	Number of people reporting that they are applying new capabilities (skills and knowledge) 6 (or more) months after training.
Indicator 1.1d:	Number of trainers trained reporting to have delivered further training by the end of the project.
	Unit: People (disaggregated by gender and age group) Disaggregation: Gender; Age Group; Stakeholder group: Indigenous Peoples, Local Communities, Nationals, public sector, civil society, private sector Training typology (biodiversity, sustainable development, finance, programme management, safeguarding, gender, etc.) Proportion of trained people employed by their host organisation at the end of the project.
Indicator 1.2:	Number of key local and national organisations with improved capability and capacity as a result of project
	Unit: Organisation Disaggregation: Organisation Typology
OUTPUT 2	Policies and approaches enhancing biodiversity conservation and associated reductions in multi-dimensional poverty are available and endorsed.
Indicator 2.1a:	Number of new/improved habitat management plans available and endorsed
Indicator 2.1b:	Number of new/improved species management plans available and endorsed
Indicator 2.1c:	Number of new/improved community management plans available and endorsed
Indicator 2.1d:	Number of new/improved sustainable livelihoods/ poverty reduction management plans available and endorsed
	Unit: Number of plans Disaggregated by species, Biome/Ecosystem/Habitat; languages (local/other); Plan Typology (e.g. sustainable use, restoration, invasive species control)
Indicator 2.2	Number of people with increased participation in local communities / local management organisations
	Unit: People

	Disaggregation: Gender; Age Group, Typology of community/management organisations
Indicator 2.3	Number of Indigenous Peoples and Local Communities (people) with strengthened (recognised/clarified) tenure and/or rights
	Unit: People Disaggregation: Gender; Age Group; Typology of tenure/rights (Extraction/Harvesting, Access/Use, Water, total ownership); Biome/ecosystem/habitat
OUTPUT 3	Evidence is utilised, and Best Practices are developed, refined and made accessible.
Indicator 3.1	Number of best practice guides and knowledge products developed, published and endorsed.
	Unit: Number Disaggregation: knowledge/practice area, product typology,
Indicator 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
	Unit: Number Disaggregation: Taxa (Flora/Fauna/Fungi), RDL Category (global/regional), Assessment method and rating, Biome/Ecosystem/Habitat,
Indicator 3.3	Number of projects contributing data, insights and case studies to national MEA related reporting processes and calls for evidence.
	Unit: Number Disaggregation: MEA, Information typology (data, insights, case studies), country
OUTPUT 4	Programme management adapts to strengthen the delivery of the challenge fund.
Indicator 4.1	Number of high-quality applications received
	Unit: Number Disaggregation: funding round, scheme (C&C, Innovation, Main, Extra)
Indicator 4.2	Annual Average Project Annual Report and Final Report Scores
	Unit: Annual average Disaggregation: funding round, scheme (C&C, Innovation, Main, Extra)
Indicator 4.3	Volume of finance provided by the partners to deliver the project.
	Unit: GBP (£) Disaggregation: public/private source of finance. Based on ICF KPI 11 &12 methodology.

c. Darwin Initiative Standard Indicators

When selecting indicators for your project indicators, please consider if the Darwin Initiative Standard Indicators listed here might be relevant and useful.

The Standard Indicators are designed to help projects monitor performance using a consistent methodology, units and disaggregation measures, enabling the Darwin Initiative to develop fund-level milestones and targets, report results across diverse projects and build the case for continued support.

All indicators under Darwin Initiative should be reported in line with the standard reporting timeframe of UK financial years (April-March).

Important: projects are not restricted to only the Standard Indicators, these provide a “menu” from which indicators that are relevant to your project can be selected, supplemented with additional indicators from other sources or developed by the project to meet your specific monitoring and reporting needs.

Please note that logframes are developed from the project’s own Theory of Change, therefore an Output indicator for one project might be more appropriate as an Outcome indicator for another project.

All projects must annually report against at least five Darwin Initiative Core Indicators in total from Groups A to D, ensuring that this includes as a minimum biodiversity, poverty reduction and capability and capacity related indicators. The use of additional Standard Indicators, where feasible and appropriate, is strongly encouraged and welcomed. The Darwin Initiative Core Indicators form the Darwin Initiative logframe, with all Standard Indicators supporting wider analysis and understanding.

The Darwin Initiative Standard Indicators are grouped:

Group A: Capability and capacity of national and local stakeholders to deliver on biodiversity conservation and associated reductions in multi-dimensional poverty enhanced.

Group B: Policies and approaches enhancing biodiversity conservation and associated reductions in multi-dimensional poverty are available and endorsed.

Group C: Evidence is utilised, and Best Practices are developed, refined and made accessible.

Group D: Local communities and stakeholders have sustained improvement in policy and practice that results in gains for biodiversity and associated reductions in multi-dimensional poverty.

Group E: Rates of biodiversity loss and degradation are slowed, halted, or reversed with associated reductions in multi-dimensional poverty.

There are four **Obligatory Standard Indicators** (below) which all projects must report against even if it is zero; they can be integrated into the logframe or reported on separately.

- Proportion of women on the Project Boards.
- Proportion of project partners that are led by women, or their senior leadership team consists of at least 50% women.
- Finance mobilised by the partners to deliver the project.
- Finance mobilised for new activities building on evidence, best practices and projects.

Annex C. Appraisal of Long list options

Option	CSF1 - Strategic Fit	CSF2 - VfM	CSF3 - Affordability	CSF4 - Achievability	Notes and decision
0. Do not fund any more Darwin Initiative projects	Halting funding risks not addressing biodiversity loss, local capacity building or poverty alleviation, neglects policy sharing, undermines commitments. - Discontinues a programme with a history of mobilising funding for innovative solutions to address biodiversity loss and gathering data on successful approaches. Would undermine UK efforts to be seen as a leader on international policy on nature and finance, involving a potential large reputational risk to HMG.	A do-nothing option would free up resources to be spent elsewhere, for example through bilateral programming or multilateral mechanisms. No more future rounds likely to lead to adverse behavioural response from current grantees, worsening results and reducing VfM	By nature, the lowest cost option of all available	Would continue funding legacy projects, but highly achievable to shut down the scheme to future applications.	Shortlist as "do nothing" option against which to compare
1. Continue Darwin Initiative with reduced budget	Would partially address strategic aim to address international biodiversity loss and multidimensional poverty but would represent a step back when compared to the current level of funding. A reduction would hamper biodiversity efforts, doesn't align with challenge scale or local issues. Would develop policy and approaches tailored to local context, however at a reduced scale compared to current funding level. Reduced funding would lead to fewer projects receiving grants. Given that innovation is an inherently uncertain process, fewer projects receiving funding would likely reduce the innovative potential of the Darwin Initiative. Despite the quality of evidence collected on	Reduced Darwin Initiative would still be expected to deliver reasonable social value (environmental and poverty reduction). The following considerations may reduce VfM: - Reduced funding may lead to a lower number of quality applications for future rounds of Darwin Initiative, as applicants perceive their chances of success to be lower. - Less funding for scaling up approaches that have proven to be effective.	Lower cost than current level of funding allocated to the Darwin Initiative	Proven 30-year track record, established projects and contracts. Reduced budget would likely reduce ability to deliver annual funding rounds.	Does not deliver on strategic need in terms of scale of response – goes in opposite direction. VfM would be lowered by not being able to fund Darwin Initiative Extra projects (or any new projects for a while). Reject.

	funded projects remaining constant, funding fewer projects would result in less evidence of successful approaches being developed.	- Projects currently receiving funding may perceive their likelihood of receiving future rounds of funding to be lower, which may reduce their incentive to perform at or above their target level. Reduced spending on the Darwin Initiative would lead to a lower standard of results than the programme currently achieves. This may be deemed inadequate given the current scale of the biodiversity financing gap.			
2. Darwin Initiative with current level of funding	<p>Would address strategic aim to address international biodiversity loss and multidimensional poverty, but may not provide funding at the scale required to address the threat of biodiversity loss or the desired level of support for poverty alleviation.</p> <p>Selects projects to fund on the basis of their ability to address biodiversity loss and promote sustainable development.</p> <p>Strong 30-year track record of building capacity at the local levels.</p> <p>Competitive nature of grant allocation promotes innovative approaches and rigorous data collection allows to build evidence base of successful interventions.</p>	Proven 30-year record of delivering high VfM through supporting and gathering data on innovative approaches to be rolled out at scale.	Continuing the Darwin Initiative at the current level of funding aligns with current funding constraints	Proven 30-year track record, established projects and contracts.	<p>Maintains annual spend from 24/25 and can be delivered, meeting objectives, though the scale of need higher. This becomes the 'do minimum' way of meeting CSFs.</p> <p>Shortlist – as 'do minimum.'</p>

3. Increase Darwin Initiative funding	<p>Would address strategic aim to address international biodiversity loss and multidimensional poverty at a greater scale than at present, reducing the biodiversity funding gap.</p> <p>Selects projects to fund on the basis of their ability to address biodiversity loss and promote sustainable development.</p> <p>Strong 30-year track record of building capacity at the local levels.</p> <p>Competitive nature of grant allocation promotes innovative approaches and rigorous data collection allows to build evidence base of successful interventions.</p> <p>More support for scaling up approaches</p>	<p>Higher levels of funding would lead to an increased quality of results than achieved at present, however there is a degree of uncertainty over returns to scale.</p> <ul style="list-style-type: none"> - In the short run, it may lead to lower-quality projects receiving grant funding. <p>However, in the longer run, a larger pot of available funding may lead to an increased number of high-quality projects.</p> <ul style="list-style-type: none"> - Increased funding may be dispersed through more support for scaling up approaches proven to be successful, which may lead to increasing returns to scale in the long run. - Increased admin costs 	<p>Increased funding to the Darwin Initiative would lead to decreased funding for other Defra ODA projects.</p> <p>Only through the next Spending Review that any increased funding at scale could be secured.</p>	<p>Darwin Initiative receives many more applications that meet the minimum requirements than can receive funding. This suggests that there are already many optional additional grantees with the required capacity to deliver to required standards.</p> <p>Defra does not currently have the capacity to achieve a rapid scaling up of the Darwin Initiative, so a phased scale up over several years would be required.</p>	<p>This would deliver strategic need at closer to the scale required but doubts around the achievability and VfM at higher scale.</p> <p>Furthermore, this option was deemed to be unaffordable.</p> <p>Reject</p>
4. Increase funding to Biodiverse Landscapes Fund	<p>The BLF's geographical focus areas have been identified using biodiversity, climate change and poverty reduction criteria. Aligned with supporting sustainable livelihoods and economic development linked to biodiversity and ecosystems, but does not have the flexible, global nature of Darwin Initiative.</p> <p>The Fund Manager will procure a consortium of local delivery partners to implement interventions to deliver the outcomes, suggesting that policy will be tailored to local contexts.</p>	<p>Uncertainty over VfM at this early stage of the BLF's implementation.</p>	<p>Reallocating funding to BLF at or below the current level received by Darwin Initiative aligns with current funding constraints</p>	<p>Doubts as to whether BLF would be able to absorb the levels of funding currently committed to Darwin Initiative at this stage.</p> <p>Many BLF contracts have already been finalized, a significant scale-up would require retendering.</p>	<p>Delivers on strategic need to some extent but more focused on landscapes than wider biodiversity issues. Significant concerns over deliverability given stage of BLF implementation.</p> <p>Reject</p>

	<p>Focus on capacity building, particularly through improved governance (improved law enforcement, strengthening land and natural resource rights) and reforming laws, policies and regulations to enhance biodiversity protection or sustainable use.</p> <p>BLF seeks to deliver landscape scale change over sustained periods its projects will be relatively large in size and cost and therefore less suited to supporting innovative and potentially riskier interventions</p>				
<p>5. Increase funding to Global Biodiversity Framework Fund.</p>	<p>The GBF presents ambitious aims to address biodiversity loss but is less focused livelihood development and multidimensional poverty reduction, partially delivering on strategic need.</p> <p>The activities to be funded by the GBF Fund are demand-led, with projects determined through a bottom-up approach to deliver on national biodiversity priorities. This is likely to lead to approaches tailored to local needs. Grants will tend to be larger and probably less focused on innovation.</p> <p>Geographic scope limited to a set of designated biodiversity hotspots, less flexible to fund projects in across all ODA-eligible countries</p> <p>Small marginal political benefit from additional funding beyond that proposed in the recent business case</p>	<p>Recent business case estimated high VfM, however estimates are subject to high uncertainty</p>	<p>Reallocating funding to GBF at or below the current level received by Darwin Initiative aligns with current funding constraints</p>	<p>Will sit within the GEF, which has consistently improved its performance over time, responding to UK priorities on strengthening its policies, strategies and operational processes, for instance on maintaining and reporting on gender equality and social inclusion (GESI) and safeguarding policies, or monitoring of gender impacts at a project level</p> <p>Doubts around capacity to absorb the additional funding beyond UK proposal of £100m at present</p>	<p>Would deliver on some of strategic need, although potentially less accessible to local organisations, responsive or effective in generating new evidence. BC indicates high expected VfM but high uncertainties here. Doubts around capacity to absorb the additional funding beyond UK proposal of £100m. Reject</p>

6. GEF	<p>The GEF funds a wide range of programmes to address the world's most pressing environmental issues, of primary interest here is the GEF's Small Grants Programme (SGP). The SGP is a GEF programme that provides financial and technical support to civil society and community-based organisations to develop and implement innovative local actions that address global environmental issues, while improving livelihoods and reducing poverty.</p> <p>The GEF's governance model however means that funding would not be guaranteed to address biodiversity loss. Donor funding is pooled across its programmes which also cover a range of wider issues, including renewable energy, chemicals and waste. The UK would not be able to ring fence any of its contribution to address biodiversity loss, and programme funding would be dependent on negotiations with other members.</p> <p>An investment in the GEF-9 replenishment would fund projects starting in 2026, very slow given the urgent nature of biodiversity loss</p> <p>Being a multilateral fund, the UK would have less influence over programming decisions through funding GEF than under unilateral activity.</p>	Good history of mobilising funds with strong VfM, however broader remit than addressing biodiversity loss and addressing poverty means specific VfM aligned with strategic need is reduced	Reallocating funding to GEF at or below the current level received by Darwin Initiative aligns with current funding constraints	Good history of mobilising funds, would likely have the capacity to take on an additional £30m per year	<p>Would reach smaller scale organisations, but not fully focused on biodiversity and would not be expected to achieve required scale of impact (and hence VfM).</p> <p>Reject</p>
7. Additional funding to multi-	<p>Strong focus on livelihood development and biodiversity loss, partially fulfils strategic need. However, relatively narrow geographic focus on only 26 countries.</p> <p>Strong focus on building capacity, with specific</p>	It is too early to assess the value for money of investment in the GBFF. Defra plans to further review this when preparing a subsequent	Reallocating funding to Progreen at or below the current level received by Darwin	Doubts over ability to absorb levels of funding currently committed to Darwin Initiative on an annual basis	Delivers on strategic need to some extent but focused on landscape

donor trust funds – Progreen.	grants given to countries to build capacity and capability Supports large scale projects delivered mainly through government agencies, less likely to support local innovative approaches. Being a multilateral fund, the UK would have less influence over programming decisions through funding Progreen than under unilateral activity.	business case for the Darwin Initiative, in 2028, if sufficient evidence of GBFF value for money has emerged at that point to make a meaningful comparison.	Initiative aligns with current funding constraints		protection/restoration. Scope to absorb and deliver with additional funding unclear - reject
8. Critical ecosystem partnership fund	Aims to address the growing threat of biodiversity loss by empowering civil society to protect the world's biodiversity hotspots. However, the geographic scope limited to a set of designated biodiversity hotspots, less flexible than Darwin Initiative's ability to fund projects in across all ODA-eligible countries More focused on addressing biodiversity loss (50% of total funding between 2001-2022) than on poverty alleviation (8% of total funding between 2001-2022). Strong focus on input from local nongovernmental, private sector and academic organizations to deliver programmes tailored to local needs and contexts. Delivery model focused on civil society should develop local capacity and capability. Have two scales of grants available: small grants (typically \$20,000 or less but may be up to \$50,000), and large grants (\$150,000 on average, but grants over \$5000,000 are available in exceptional cases). These small grants are likely to fund small-scale innovative approaches but may limit ability to scale	Uncertain VfM at this stage of analysis.	Reallocating funding to CEPF at or below the current level received by Darwin Initiative aligns with current funding constraints	Have mobilised \$282m in grants since establishment in 2000. Currently award around \$13m in grant funding per year. Unlikely to be able to absorb the level of funding currently allocated to the Darwin Initiative without significant restructuring.	Partially delivers on strategic needs – small scale grants, focused on biodiversity hotspots. Shortlist.

successful projects.

Robust data collection and reporting mechanisms in place for MEL on grantees.

Being a multilateral fund, the UK would have less influence over programming decisions through funding CEPF than under unilateral activity.

Annex D. Darwin Initiative model round

The Economic Case seeks to estimate quantifiable benefits from the planned investment in the Darwin Initiative. One challenge in estimating these benefits is that, at the time of writing, we cannot know exactly which projects will be attracting funding from future Darwin Initiative calls for proposals. In light of this uncertainty, Defra decided that the most accurate way of quantifying future benefits was to use data from recent projects on their costs and benefits.

Specifically, Defra decided to model the benefits of projects funded under a hypothetical future funding round using data from past funding rounds (Rounds 27, 28 and 29 of the Darwin Initiative.) Specifically, we used data on costs and expected benefits from a subset of projects that report more robustly against key Darwin Initiative outcome and impact indicators. The table below aggregates expected results (benefits) of projects that feature in this model round.

	Indicator code	Number of reporting Projects	Model round target
Outcome: Local communities and other stakeholders have sustained improvement in policy and practice that results in gains for biodiversity and associated reductions in multi-dimensional poverty.			
Indicator 1: Hectares of habitat under sustainable management practices.	DI-D01	25	3,033,813
Indicator 2: Number of people with improved or protected i) livelihoods (Defra KPI), ii) disaster/climate resilience (ICF KPI 4), iii) water/food security.			
Number of people whose disaster/climate resilience has been improved.	DI-D02	7	322,173
Number of households reporting improved livelihoods.	DI-D16	9	58,416
Income derived by local communities from new/enhanced Payment for Ecosystem Services.	DI-D17	-	-
Indicator 3: Number of policies with biodiversity provisions that have been enacted or amended.	DI-D03	4	11
Indicator 4: Finance mobilised for new activities building on evidence, best practices and projects.	DI-D14	-	-
Output 1: Capability and capacity of key national and local stakeholders to deliver on biodiversity conservation and associated reductions in multi-dimensional poverty enhanced.			
Indicator 1.1: Number of people from key local and national stakeholders receiving training/new skills.			
Number of people from key national and local stakeholders completing structured and relevant training	DI-A01	52	47,420
Number of secondments or placements completed by individuals of key local and national stakeholders	DI-A02	5	27

Number of people reporting that they are applying new capabilities (skills and knowledge) 6 (or more) months after training.	DI-A04	15	6,354
Number of trainers trained reporting to have delivered further training by the end of the project.	DI-A05	9	218
Indicator 1.2: Number of key local and national organisations with improved capability and capacity as a result of project.	DI-A03	37	1,496
Output 2: Policies and approaches enhancing biodiversity conservation and associated reductions in multi-dimensional poverty are available and endorsed.			
Indicator 2.1: Number of new/improved biodiversity (species/habitat) or community management plans available and endorsed.			
Number of new/improved habitat management plans available and endorsed	DI-B01	19	213
Number of new/improved species management plans available and endorsed	DI-B02	7	76
Number of new/improved community management plans available and endorsed	DI-B03	11	321
Number of new/improved sustainable livelihoods/ poverty reduction management plans available and endorsed	DI-B04	6	70
Indicator 2.2: Number of people with increased participation in local communities / local management organisations	DI-B05	12	31,019
Indicator 2.3: Number of Indigenous Peoples and Local Communities (people) with strengthened (recognised/clarified) tenure and/or rights	DI-B06	5	6,866
Output 3: Evidence is utilised, and Best Practices are developed, refined and made accessible.			
Indicator 3.1: Number of best practice guides and knowledge products developed, published and endorsed.	DI-C01	20	121
Indicator 3.2: No. of assessments conducted and published.			
Number of new conservation or species stock assessments published	DI-C02	3	34
New assessments of habitat conservation action needs published	DI-C03	3	13
New assessments of community use of biodiversity resources published	DI-C04	5	20
Indicator 3.3: Number of projects contributing data, insights and case studies to national MEA related reporting processes and calls for evidence.	DI-C05	3	7

Annex E. Indicative Evaluation Plan

Introduction

The Darwin Initiative is a flagship UK government international grants scheme that provides support for biodiversity conservation and multidimensional poverty reduction.

The programme forms part of Defra's Biodiversity Challenge Funds (BCF) alongside the Illegal Wildlife Trade Challenge Fund and Darwin Plus.

The BCF analyst will procure an independent evaluation through an evaluation service provider. We will commission the evaluation of the three BCFs together to enable cross cutting lessons to be identified at strategic and process level. There will be specific questions relating to the Darwin Initiative within the broader programme level evaluation.

Purpose

The overall aim of the evaluation is to assess the relevance, performance (effectiveness and impact), value for money and sustainability of the BCF. The evaluation will go beyond the monitoring of outputs (which will be led by the Fund Administrator and PMO) to identify the mechanisms through which change takes place; and assess the likelihood of long-term benefits being sustained.

The evaluation will have two main purposes:

- (a) *Learning*: The Darwin Initiative is designed to be a transformational programme, and share lessons learnt on what works to tackle biodiversity loss and poverty. This will be used to drive improvements to the Darwin Initiative, broader UK government biodiversity and development programming, as well as strengthen the wider conservation/poverty evidence base. It will be a learning tool for use during programme implementation, as well as generate evidence that is applicable to future planning or other programmes.
- (b) *Accountability*: Darwin Initiative is a significant investment of public funds (more than £230m since its 1992 establishment). From 2024, Spending Review bids submitted to HM Treasury will need to demonstrate evaluation evidence to make the case for future funding.

Use, users and other audiences

The evaluation findings will be used to adjust how the programme is delivered, and to account for public funds. The primary audiences will be Defra senior managers, Darwin Initiative leadership and delivery teams.

It will be used to improve current and future Darwin Initiative (and BCF) interventions by providing the evidence for Defra and the fund manager to make better decisions and fund more effective activities. The 2026 midpoint evaluation milestone will help ensure lessons learned are fed into ongoing Darwin Initiative planning and implementation.

Secondary audiences may include:

- (a) Other HMG programme decision-makers working to protect biodiversity, reduce poverty and address climate change in low and middle-income countries.
- (b) Other donors and international bodies (European Commission, Global Environment Facility, US government, World Bank, Convention on Biological Diversity bodies). This knowledge will be useful for grantees, other governments, NGOs and donors planning conservation/poverty interventions. It will also be useful for businesses, for example those managing or directly reliant on natural resources. It will be useful for academics and those in the conservation or development fields researching effective ways to tackle biodiversity loss and poverty. It will be useful for FCDO Posts to broaden their knowledge about the effectiveness of Defra ODA spend in their countries.
- (c) Accountability bodies (e.g. ODA Board, HM Treasury, parliamentary committees, Independent Commission for Aid Impact).

The evaluation will be published and made freely available when complete. The BCF communications strategy details the various channels that could be used for dissemination.

Evaluation type and design

Type of evaluation: impact evaluation, and economic evaluation (value for money). Process evaluation is less important, as many of the process-oriented recommendations from the 2022 Ecorys BCF evaluation have been actioned.

Many of evaluation questions and much of the effort will be targeted towards those theory of change assumptions where there are evidence gaps. Potential key questions for Darwin Initiative evaluation:

Impact

- Have planned impacts (detailed in the Theory of Change) been achieved? – *“Rates of biodiversity loss and degradation are slowed, halted or reversed, with associated reductions in multi-dimensional poverty”*
- Do logframe outputs (e.g. capacity building, new/improved policies and evidence) lead to better outcomes?
- What is the legacy of Darwin Initiative projects? Are project impacts and outcomes sustained over time?
- What contribution has the Darwin Initiative made to tackling climate change (mitigation and adaptation)?
- Does the Darwin Initiative respond to local challenges, and do local engagement and capacity building efforts and new partnerships effectively reduce threats to biodiversity and bring benefits to communities?

Value for money

- How does value for money compare with other conservation/poverty programmes?

Learning

- Are the assumptions (listed below) in the Darwin Initiative Theory of Change valid?
 - Poverty reduction and biodiversity aims are compatible with manageable trade-offs.
- There is will from key stakeholders (particularly government) to implement change based upon findings from projects.
- External factors such as political conflict and natural disasters remain manageable for project implementation.
- Finance (Defra and leveraged) remains available for project implementation and sustainability.
- High quality scalable applications are received.
- Have recommendations in the 2022 Ecorys BCF evaluation been addressed? For example:
 - Have we improved advertising of the scheme and encouraged applications from in-country NGOs?
 - Have we improved cohesion of funds between each other at strategic level?
 - Have we addressed sustainability (e.g. by increasing project length and funding available, by scaling or replicating successful projects)?
 - Have we promoted the mainstreaming of Gender, Equity, and Social Inclusion (GESI) principles and practice across Darwin Initiative planning and implementation?
- Have BCF weaknesses identified in the 2022 Ecorys evaluation been addressed? For example on:
 - Work to enhance or provide alternative livelihoods and contribute to multi-dimensional poverty alleviation.
 - Ensuring coherence and coordination at multiple levels: coherence of the scheme within countries (e.g. linking with other national/regional projects); across the three Funds; in terms of

funding at national and international levels; and, insufficient feedback loops in the current monitoring and evaluation system.

- Improving project exit strategies to improve the impact of projects beyond their lifespan.
- Fully integrating Gender, Equity and Social Inclusion (GESI) issues across project design, and considering project-level GESI expertise and trade-offs.
- Have key lessons on project level processes from the Ecorys 2022 evaluation been addressed? For example:
 - Do projects have strong logframes and sufficient knowledge and experience of local context, and are they designed to be participatory and build upon and work with other projects?
 - When working with partners, do projects clearly identify management structures; have regular and tailored methods of communication? When working with other stakeholders do projects ensure ownership and buy-in of local stakeholders and allocate sufficient time and resource for managing the relationship?
 - Do projects clearly plan their influencing strategy to influence changes in policy?
- What are the key evidence gaps in the context of conservation and poverty, and how can the Darwin Initiative help address these?

Method

- Theory-based methods such as contribution analysis, or process tracing.
- Mixed methods approaches to support triangulation and thus confidence in findings. Participatory methods (especially with grantees and where possible beneficiaries) will help ground-truth reported findings.
- Interviews and focus groups, surveys, cohort study, case studies.
- Level 2 in terms of NESTA standards of evidence predominantly expected. If control group identification is possible, NESTA level 3 may be possible in some areas.
- Analysis of data from Monitoring, Evaluation and Learning.⁴³ Sources include results measured and reported by delivery partners, collated via the Darwin Initiative logframe; mid-term and end-of-project reviews; Workstream 5 evidence deep dives; legacy evaluations; and project-specific evaluations. Care will be taken in the evaluation design to ensure that any new data collected complements, rather than duplicates, project-specific monitoring and evaluation.⁴⁴
- Timing:
 - Mid-point evaluation milestone by 2026 to feed lessons into ongoing BCF implementation, to inform future/new BC in 2027, and to inform new contract in 2028. A break clause will also be inserted for 2026 should it become necessary to stop the evaluation.
 - Evaluation end point 2028 to learn more about impact once projects have ended.

Commissioning: and governance

- External commissioning proposed to ensure independence. This could use the new external MEL international services provider contract.

⁴³ Including processes and literature planned / budgeted for by the Fund Administrator (but often externally contracted to secure sufficient expertise and ensure independence) under Workstream 5 on 'Building and Applying Evidence for BCFs'.

⁴⁴ Early in 2025, Defra will determine which of the intended evaluation questions will be answered fully or partially by data collected by Darwin initiative delivery partners. Defra will then assess whether data collection suffices to enable those evaluation questions to be answered, and consider additional measures to ensure that the right data is available at the right time to answer the evaluation questions.

- A Defra-led steering group⁴⁵ will guide evaluation commissioning and provide high-level steering to evaluation management. This will also include external expertise (potentially from biodiversity/poverty fields) to ensure independent scrutiny. The Lead BCF Analyst will manage the commissioning process, contract management and regular communication with the selected provider.
- Engagement with the evaluation from stakeholders is vital to ensure the purpose is clear, it is tailored to the needs of audiences, and to support a learning culture across the programme. We will actively involve key stakeholders, including Defra senior managers, the Darwin Initiative Programme Board, delivery teams, grantees, beneficiaries, and external experts, at various stages of the evaluation process.

Budget

A rule of thumb for a programme evaluation is 3% of the overall programme budget, however this varies considerably from one programme to another, and given significant existing MEL work is already planned and budgeted for, 1% of contract value is recommended.

⁴⁵ With representation from the Darwin Initiative Programme Board, Darwin Expert Committee, the Fund Manager and Defra Biodiversity Challenge Funds team.