

Title: Nature Positive Economy Programme		
Programme Value £ (full life): £7.2m		Review date: March 2025
Programme Code: GB-GOV-7-NPE	Start date: February 2023	End date: June 2026 (recent extension by 1 year)

Summary of Programme Performance

Year	Feb 23 – Mar 24	Mar 24 – Mar 25
Overall Output Score	A	A
Risk Rating	Medium	Medium

DevTracker Link to Business Case:	https://devflow.northeurope.cloudapp.azure.com/files/documents/Nature-Positive-Economy-Programme-Annual-Review-2024-20250129050102.pdf
DevTracker Link to results framework:	https://devflow.northeurope.cloudapp.azure.com/files/documents/Nature-Positive-Economy-Programme-Logical-Framework---2024-20240530110532.xlsx

A: SUMMARY AND OVERVIEW

A1. Description of programme

The Nature Positive Economy Programme (NPE) supports low and lower-middle income countries to grow their economies in ways that help to protect and restore their natural capital and drive sustainable economic development. It does this by providing technical assistance and capacity building to governments, finance sector regulators and financial institutions to integrate nature into their economic and financial decision-making, understand and manage nature-related dependencies, impacts, risks and opportunities; and capitalise on growing opportunities to invest in their natural assets. The programme operates across a complex financial and regulatory landscape to achieve two broad aims: to stop funding activities that harm biodiversity and to increase funding towards restoring biodiversity. Interventions are demand- and locally-led in consultation with the beneficiaries, and where opportunities allow are gender-responsive. They directly take action on Targets 14, 15, 18 & 19 of the [Kunming-Montreal Global Biodiversity Framework \(KMGBF\)](#).

The programme continues to be delivered by two delivery partners: [UNDP’s Biodiversity Finance \(Biofin\) Initiative](#) where £3.5 million is provided to developing countries across Africa, Latin America and Eurasia; and [Financial Sector Deepening Africa \(FSD Africa\)](#) where £3.55 million is provided for Africa only. £500,000 was allocated for monitoring, evaluation and learning. This programme builds on both the previous [Biofin](#) and the Taskforce on Nature-related Financial Disclosures (TNFD) African Voice Addendum to the [Taskforce on Nature-related Financial Disclosures programme](#), continuing the work of both delivery partners and bringing them together to share learning and avoid overlaps whilst developing new workstreams to build on previously achieved targets.

When the programme continues past this Annual Review the focus will narrow from KMGBF Targets 14, 15, 18 & 19 to action on Targets 18 & 19 only, including a focus on the mobilisation of investments in nature-based solutions, job creation and local project development - especially in Africa.

A2. Summary supporting narrative for the overall score in this review

The Nature Positive Economy Programme has scored A in this second Annual Review, reflecting that, overall, the outcomes met expectations. This is the same score as last year.

Nine out of twelve of the output indicators have been met or exceeded, which is 75%. Of the remaining three, one underachieved only slightly whereas two significantly underachieved

due to issues explained in the relevant sections below. Overall, the programme is on track to deliver the outputs, the outcomes, and to contribute to the impact detailed in the Business Case.

The programme team is satisfied with the strong relationships with - and between - both delivery partners, and we will continue to maintain these relationships throughout the delivery period and potentially beyond given our shared goals.

Table 1: Progress on the recommendations in the 2024 Annual Review

No.	Description	Owner	Deadline	Actions taken	Resolved?
1	Integrate GESI considerations into the programme, to move the rating from 'GESI Unaware' to at least 'GESI Sensitive', through a GESI Action Plan	Defra/Biofin/ FSD Africa	December 2024	GESI Action Plan was been created and as a result the programme is now assessed as 'GESI Sensitive'	Yes A redraft of the GESI Action Plan will aim for the programme to be at least 'GESI Empowering' by December 2025.
2	Consult with delivery partners on how Defra can support them to achieve efficiencies in monitoring, reporting, delivery and to maximise added value	Defra (in consultation with Biofin/FSD Africa)	April 2024	Consultation took place, and we have revised how we have been monitoring and supporting on delivery such as ensuring that the Defra reporting timeline is in line with Biofin internal reporting timeline	Yes
3	Amend the monitoring framework so reporting is more frequent and detailed. When the delivery partners report progress, they are more specific to the logframe, provide more detail and supporting documentation, and enable Defra to provide added value on workstreams if opportunities arise	Defra (in consultation with Biofin/FSD Africa & FCDO)	April 2024	In consultation with FCDO (as a co-funder to FSD Africa), Biofin & FSD Africa we have updated our quarterly monitoring templates to be more specific on progress against the logframe targets. Biofin have added a member of staff to cover reporting, and so this has improved	Yes. We will continue to refine as the programme continues, and it has been agreed with the programme extension to July 2026 that Biofin only need to report on country progress six-monthly in line with internal reporting requirements
4	Consider further funding of both delivery partners to continue the work, considering a narrower range of countries, and seek connections with other relevant Defra-ODA programmes	Defra (in consultation with FSD Africa)	By the 4 th quarter of 2024	We have created a Business Case to extend the programme to April 2026 with the expectation to then continue after this date	Yes.

A3. Major lessons and recommendations for the year ahead

Table 2: Lessons and recommendations for the year ahead

No	Description	Owner	Deadline
1	Working with the Social Development Unit in Defra, further integrate GESI considerations into programme workstreams with the aim for the programme to be 'GESI Empowering'	Defra/Biofin/ FSD Africa	December 2025
2	As a result of the team moving to the International Nature, Climate and Development (INCD) Division, work with the INCD engagement strategy to ensure delivery partners are working with and sharing information with other INCD delivery partners as relevant to seek added value and avoid overlaps	Defra	Ongoing starting in March 2025
3	As a result of a Programme Support Officer joining the team there is now more capacity. The programme team can therefore better support programme implementation, including with an engagement strategy to support two new workstreams	Defra	April 2025 – stakeholder strategy beings

B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

B1. Summary of the programme’s theory of change including any changes to outcome and impact indicators from the original business case.

The programme manages its impact based on a Theory of Change (ToC).

The programme’s desired impact is that in developing countries nature-related dependencies, impacts, risks & opportunities are mainstreamed and integrated into decision-making; finance flowing towards biodiversity is increased; finance harmful to biodiversity is decreased, and future expenditures to restore degraded or destroyed biodiversity are avoided. This supports a transition to nature-positive economies for sustainable development and poverty reduction in a gender-responsive way, in line with the KMGBF.

There are four outcomes that support the achievement of the impact:

- 1. **PRIVATE SECTOR DISCLOSURE READINESS:** Financial institutions and corporates have the tools and capacity to disclose nature-related financial risk;
- 2. **INTEGRATING NATURE AT COUNTRY-LEVEL:** Decision-makers have the knowledge, skills and data to design and implement policies and programmes that will help to manage nature-related risks, unlock new nature markets, & rebuild natural capital;
- 3. **ACTION PLANS FOR NATURE:** Governments will develop plans to finance the protection and restoration of nature; these plans will help to mobilise financial flows;
- 4. **EVIDENCE SHARING MECHANISMS ON NATURE:** Better evidence will be available to and used by decision-makers in low & lower-middle income countries to guide their work.

IMPACT: KPI15 indicator assessment

Impact is measured through [International Climate Finance \(ICF\) Key Performance Indicator \(KPI\)15: Extent to which ICF intervention is likely to lead to Transformational Change](#). This is a qualitative proxy indicator, which assesses the extent to which ICF programmes can be deemed likely to deliver transformational change. Transformational change is defined as ‘change which catalyses further changes’, enabling either a shift from one state to another or faster change.

Programme Theory of Change (ToC)

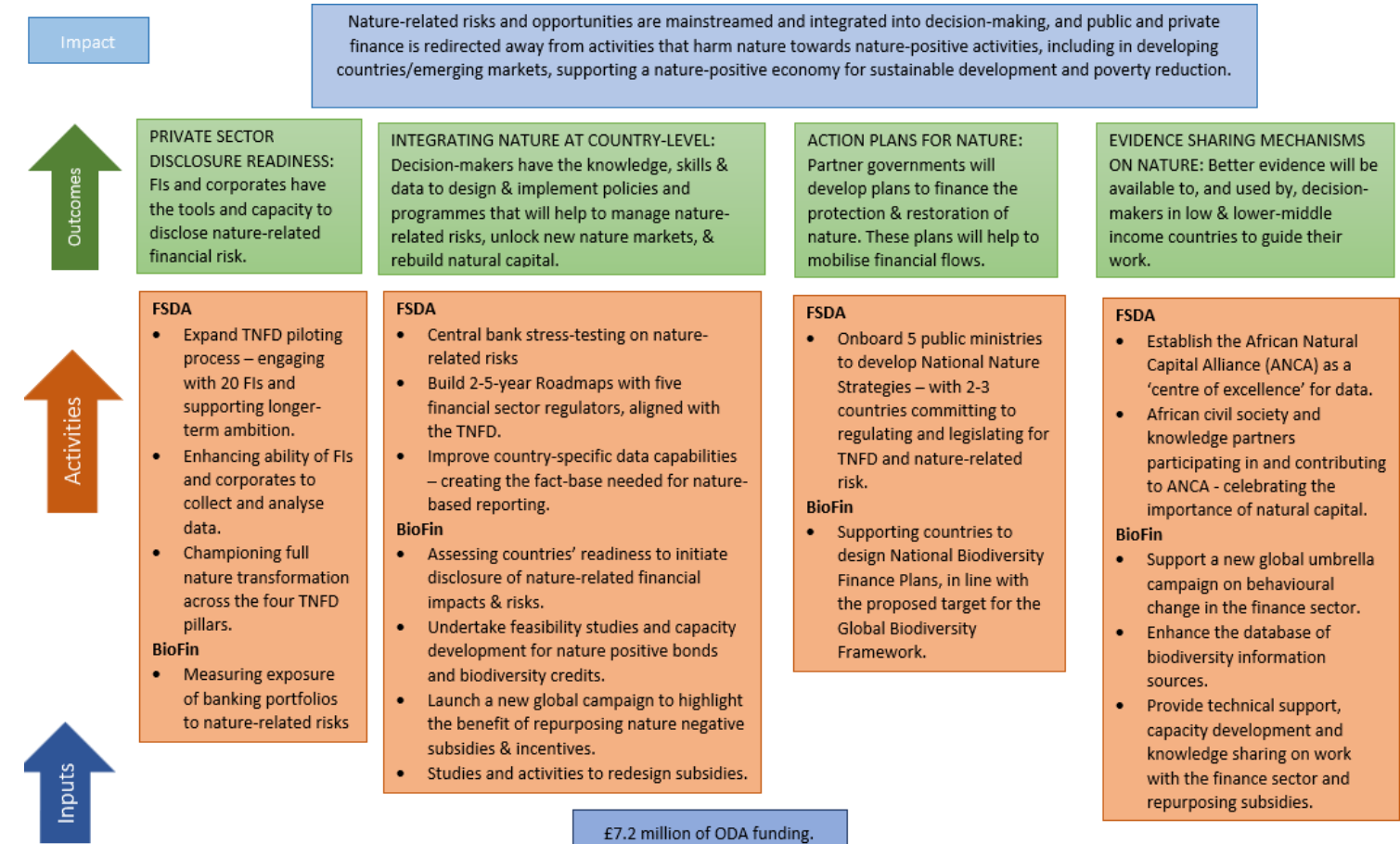


Figure 1: Nature Positive Economy Programme Theory of Change

Theory of Change description

Biodiversity loss undermines productivity and resilience, and constitutes a systemic risk to economic and financial security, wellbeing and food security.

The programme addresses this risk through scaling up investments in nature and repurposing subsidies that harm nature. It funds Biofin and FSD Africa to provide capacity building and technical assistance to governments, private finance institutions, project developers and other stakeholders – in some cases indigenous people and marginalised groups – in developing countries to invest in nature-based solutions. It aims to achieve the proof of concept of large-scale investments by making nature an attractive investment opportunity and cause a shift in global private investment towards biodiversity purposes.

This supports:

- Closing the [Global Biodiversity Finance Gap](#);
- Nature-positive economic growth for sustainable development and poverty reduction;
- Biodiversity's productivity and resilience for sustainable use.

Given the variety of activities of the programme and the complex environment the delivery partners work in across many countries, the programme does not attribute the change taking place at outcome and impact level exclusively to the programme's contributions, but on the activities and outputs that contribute to them.

Changes made during the delivery period

Two new workstreams were added to the programme at no further cost: the [ANCA Nature Executive Fellowship programme](#) in June 2024 and the ANCA Data Programme in October 2024. The Fellowship was funded by underspend from FSD Africa, while the ANCA Data Programme was funded by savings from the monitoring, evaluation & learning (MEL) budget. The reallocation was made possible by our decision not to commission a further independent

evaluation during the delivery period, given the two recent evaluations undertaken by UNDP and Biofin, and an upcoming evaluation by FSD Africa. Both additions were in line with the pre-existing programme outcomes and intended impact.

B2. Where the programme is on/off track to contribute to the expected outcomes and impact. What action is planned in the year ahead?

The programme is on track to contribute to the expected outcomes and impact, and in some areas is surpassing targets. The programme team will continue to work with both delivery partners to ensure that as the programme evolves that realistic targets are set based upon best available evidence. Recalculation of targets will be considered where targets have been significantly exceeded.

Progress against indicators 1.3, 3.1 & 4.3 were delayed. And so in agreement with the delivery partners delivery will continue to take place. Further details on this are below:

- Indicator 1.3 – the delivery period is not yet complete on this workstream;
- Indicator 3.1- the sub-delivery partner commissioned to undertake the work on behalf of FSD Africa are continuing with implementation of this workstream within their own budgets;
- Indicator 4.3 – As Biofin is funded via a voluntary contribution to a multi-lateral trust fund, all funding is paid upfront. If workstreams are delayed, contractually Biofin may continue to make progress outside of the delivery period as Defra cannot mandate that work may cease nor recuperate funds that have not yet been spent.

The programme team is also exploring with the delivery partners to receive reporting on the outcomes of the residual impact of workstreams that are no longer being funded.

B3. Justify whether the programme should continue, based on its own merits and in the context of the wider portfolio

Based on the analysis of the output achievements, the Theory of Change and the value for money (VfM) analysis in Section E, the programme is performing well, continues to represent good VfM, and continues to align with Defra’s (ICF) and Official Development Assistance (ODA) priorities, including on mobilising and catalysing both public and private finance for nature. The strong results of Biofin’s Mid-Term Evaluation also give strong confidence in Biofin’s work alongside Biofin’s output results and those of FSD Africa.

The programme is also justified in continuing given the wider context of natural capital continuing to be lost at unprecedented rates globally. Many countries and sectors still lack the necessary depth of knowledge, data and capacity to effectively respond, underscoring the ongoing relevance and urgency of the programme’s objectives.

C. DETAILED OUTPUT SCORING

Output Title	Private Sector Disclosure Readiness: Private sector actors in low and lower-middle countries - including financial institutions, businesses and policy-makers - will have the tools they need to understand and manage nature-related financial risk		
Output number:	1	Output Score:	A
Impact weighting (%):	25%	Weighting revised since last AR?	No

Indicator(s)	Indicator	Delivery Partner	Target	Progress
1.1	Number of financial institutions participating in the TNFD Pilot Programme	FSD Africa	20	20
1.2	Number of organisations indicating taking actions following reports on nature-related risk	Biofin	5	104
1.3	Number of strategic partnerships/collaborations developed because of the ANCA Executive Fellowship Programme	FSD Africa	3	2
1.4	% of executives recording increased knowledge in natural capital and biodiversity finance because of the ANCA Executive Fellowship Programme	FSD Africa	70%	100%

C1. Briefly describe the output’s activities and provide supporting narrative for the score

This output has been broadly met or exceeded. See the lesson learned section in C3 for learnings related to Indicator 1.2.

Indicator 1.1

The TNFD pilot programme gives capacity building and technical assistance to some of the largest and most influential African financial institutions. Through the piloting of using the TNFD Framework, these institutions are supported to identify and publicly disclose their nature-related dependencies, risks, impacts, and opportunities.

21 financial institutions participated in the TNFD pilot programme, exceeding the target of 20. One organisation requested to pull out of the programme as they underwent an organisational restructuring process, but committed to re-engage after April 2025. FSD Africa has committed to continue working with this institution beyond the original agreed delivery period using their own resources.

As a result of the piloting, Rand Merchant Bank in South Africa has started work on a biodiversity bond. The bank is set to become the world’s first commercial bank to arrange biodiversity bonds worth £1.2bn on a programmatic basis, which will channel £150m into biodiversity in Africa. It aims to restore 350,000 hectares for free-roaming wildlife and lion population recovery, and to allocate £6.2m over five years to clear invasive plant species in the Cape Town region, supporting long-term water security and ecosystem restoration. Encouragingly, other financial institutions are exploring similar nature-based investments.

Indicator 1.2

Five countries conducted national readiness studies for nature-related disclosures to evaluate the market and institutional readiness for the adoption of international nature-risk frameworks such as the TNFD. The findings have informed action in several organisations - the breakdown is below. The full studies cannot be disclosed due to confidentiality agreements.

Table 3: countries where studies on nature-related risk took place

China (Shanghai only)	16
Madagascar	13
Nepal	27
Rwanda	20
Kazakhstan	28
Total	104

To support the development of the studies, countries organised consultation workshops with financial sector regulators, government agencies and private finance institutions. In addition, several countries conducted dedicated surveys with real economy stakeholders to understand gaps and opportunities for future engagement.

Kazakhstan Case Study – Biofin

A comprehensive report and action plan on nature-related financial disclosures for Kazakhstan - built on stakeholder input - was completed and is available for internal consultation. The assessment, supported by findings from surveys from eighteen associations, seventy businesses and six auditing firms, highlighted legislative gaps and opportunities, and noted that private companies often hold valuable natural capital data but fail to disclose it.

Key institutions like the Ministry of Ecology, Ministry of Finance, and the National Chamber Atameken (Chamber of Commerce) were identified as having the capacity to support advanced disclosure practices, pointing to the need for a centralised natural capital database.

On 5th December 2024 a consultation workshop in Kazakhstan’s capital Astana gathered over sixty representatives from government and financial regulators to discuss Kazakhstan’s readiness to disclose nature-related financial information.

Kazakhstan’s Agency for Financial Regulation outlined the Environmental, Social & Governance (ESG) Roadmap implementation in financial markets. The readiness assessment findings were presented, and stakeholder feedback was integrated into the final draft.

A policy brief is now in development to summarise these insights and guide next steps for strengthening nature-related financial disclosures across the country.

Indicator 1.3

The [African Natural Capital Alliance \(ANCA\) Executive Fellowship Programme](#) sees 20 senior executives from financial institutions, indigenous peoples and local communities (IPLC) representative organisations, nature-based solutions projects and non-governmental organisations (NGOs) taken through a one-year specialised fellowship programme on nature and biodiversity finance, including setting up and implementing a nature finance project through their organisation. There are twenty-three Fellows in total (the additional three funded by FSD Africa directly) comprising thirteen men and ten women. This workstream was introduced this year due an underspend from FSD Africa, requiring no additional Defra funding.

To date, two strategic partnerships have been secured out of the target of three. Despite not achieving its target, the Fellowship is still running with the next modules to take place at Oxford University in May 2025 and at a nature-based solutions project in Africa in July, and so further strategic partnerships will be sought. It is highly likely that more partnerships will be made as the Fellows further develop their projects.

Indicator 1.4

A survey conducted at the end of the residential training at the [African Leadership University School of Wildlife Conservation](#) in Mauritius revealed strong positive outcomes among participating executives. All respondents reported increased knowledge in different areas of natural capital and biodiversity finance. 88% indicated a better understanding of the key concepts in natural capital management since the start of the fellowship, 75% felt more confident in applying natural capital management principles to their work, 81% found the Fellowship content relevant to their professional needs, and 88% gained new knowledge about nature-based solutions. These results highlight the Fellowship’s effectiveness in enhancing capacity and its relevance for professionals working in natural capital and biodiversity finance.

A report on the Mauritius leg of the Fellowship by FSD Africa and reflections on the learning gained so far and plans for their project by one of the Fellows can be found in Annexes 2 and 3; and the list of proposed projects in Annex 4.

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review

There were no changes to the output during the past year as the outputs and impacts were agreed before the start of the implementation phase.

C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

The result of 104 organisations reporting action on nature-related risk - against a target of five - suggests that the indicator and/or target may not have been appropriately set. The programme team will ensure that future indicators and targets are better tested with the delivery partners, to ensure they are fit for purpose and effectively track progress. However, as this workstream is not being continued due to the programme narrowing its focus, there is no need to revise the existing indicator.

Output Title	Integrating nature at country-level: governmental and regulatory decision-makers in low and lower-middle income countries will have the knowledge, skills and data to design and implement policies and programmes that will help to manage nature-related risks, unlock new nature markets, and rebuild natural capital.		
Output number:	2	Output Score:	A+
Impact weighting (%):	25%	Weighting revised since last AR?	No

No.	Indicator	Delivery Partner	Target	Progress
2.1	Number of central banks completed nature-related risk stress-testing	FSD Africa	4	5
2.2	Number of knowledge products produced for nature alignment or nature positive use that can inform policy (disaggregated to studies, frameworks, reports, articles or other documents)	Biofin & FSD Africa	Biofin: 7 FSD Africa: 4 Total: 11	Biofin: 7 FSD Africa: 8 Total: 15
2.3	TA KPI 1: Number of countries supported by ICF technical assistance	Biofin & FSD Africa	26	Biofin: 19 FSD Africa: 9 = 28 (both Biofin/FSDA worked in 2 of the same countries) Total: 26

C1. Briefly describe the output’s activities and provide supporting narrative for the score

Both delivery partners have performed well in delivering this output by either meeting or exceeding their targets. FSD Africa performed well in exceeding the target for producing several knowledge products for nature alignment or nature positive use to inform government policy. Biofin also proved strong in delivering ICF technical assistance to 19 countries.

Indicator 2.1

Stress testing nature-related risks and exposures within national financial sectors can reveal the potential vulnerability of banking sectors to nature-related risks. This risk is particularly high for African economies, who tend to be more reliant on natural capital. It is essential that central banks are made aware of those risks to allow timely and informed action to mitigate them.

The central banks that took part in this workstream were the Bank of Ghana, Bank of Zambia, Bank Al-Maghrib (Morocco), Bank of Mauritius and the National Bank of Rwanda.

To inform this workstream FSD Africa convened a working group of international central banks and thought leaders, such as the European Central Bank, the Central Bank of Hungary, Banque de France, the TNFD Secretariat, the OECD, the World Bank and Biofin.

Three African central banks engaged in bilateral meetings, capacity building sessions, and working group sessions. Each reported that the bilateral engagements and walkthroughs of the stress-testing results had improved their understanding and awareness of nature-related issues. Following the presentation of the findings, the Bank of Zambia and Bank of Ghana requested support to implement the recommendations of the stress testing report. Unfortunately, due to budget constraints, the programme could not take on these requests.

Indicator 2.2

The number of knowledge products produced for nature alignment or nature positive use that can inform policy can be broken down as follows:

- Studies: 6
- Frameworks: 5
- Other (Books): 4 (1 book, 3 discussion papers)

Examples of knowledge products produced by FSD Africa

1. A whitepaper commissioned by the ANCA was developed with the Development Bank of Southern Africa titled [A Case Study of Nature Data](#) in April 2024.
2. FSD Africa partnered with Nature Finance to conduct an [African Biodiversity Credits Landscaping Study](#), launched at the CBD COP16 in October 2024.
3. In partnership with the Climate Champions Team, the African Climate Foundation and the Initiative for Responsible Mining Assurance (IRMA), FSD Africa published the "[Non-State Actors Leading a 'Just Transition' towards Responsible, Rights-Based & Nature Positive Critical Energy Transition Mineral Production in Africa](#)" study in September 2024.
4. FSD Africa co-authored the [Becoming Nature Positive book](#) published in June 2025 which calls for a nature-positive approach that ensures human development and addresses today's inequality, while conserving, restoring and sustainably benefiting from nature's resources and services.

Examples of knowledge products produced by Biofin

1. The Government of **India** launched the Green Credits Programme (GCP), an innovative market-based mechanism to incentivise voluntary environmental actions through the generation of Green Credits. Biofin has engaged the India Institute of Forest Management (IIFM) to align its study on biodiversity credits to the GCP.

2. In **Thailand**, a study on a tiger ecosystem bond found that the bond would be unfeasible, and a sovereign bond was instead proposed. A pilot is planned to access project-based financing after further review of the study by the government and of Thailand and experts.
3. In collaboration with UK’s Green Finance Institute and the Environmental Policy Innovation Centre, Biofin **Colombia** supported the development of a [case study guide on habitat banks in Colombia](#), which was presented at COP16 in Colombia and compares the Colombian model with the U.S. Mitigation Banking model. The guide identifies areas for improvement and shares lessons from Colombia’s implementation to aid scaling and replication.

Indicator 2.3

The full country list is below. Note that both delivery partners have work taking place in Rwanda and Zambia.

Table 4: FSD Africa countries and workstreams

FSD Africa Countries	TNFD Piloting	National Nature Strategies	Nature Policy Road Mapping	Central Bank Stress-testing	Bioeconomy work
Ghana	X	X	X	X	
Zambia	X		X	X	
Nigeria	X		X		
Kenya	X		X		
Morocco				X	
Rwanda				X	
Mauritius	X			X	
South Africa	X				X
Togo	X				

Table 5: Biofin countries and workstreams

Biofin Countries	Subsidy Reform	Disclosures readiness study	Bio credits study	Biodiversity Finance Plan	Nature Risk Study	Tiger Bonds study
Botswana	X					
Madagascar		X				
Malawi			X			
Tanzania	X			X		
Rwanda		X				
Zambia					X	
China (Shanghai only)		X				
India	X		X			X
Kazakhstan		X				
Kyrgyzstan	X					
Nepal		X		X		
Philippines	X			X		
Thailand			X			X
Argentina	X					
Colombia			X			
Costa Rica				X		
Guatemala				X		
Mexico	X		X		X	
Georgia	X			X		

Deep dive: Madagascar advances preparations for nature-related financial disclosures

Biofin Madagascar organised a workshop in the capital Antananarivo in December 2024 for government and private sector stakeholders to develop an action plan to prepare the country for nature-related financial disclosures. The workshop had two objectives: assess Madagascar’s readiness for nature-related financial disclosures and validate the country’s action plan to advance this initiative.

These efforts are in line with the TNFD Framework. By adopting the Framework, Madagascar aims to promote the sustainable management of biodiversity and ecosystems in financial decision-making processes.

A preparatory study launched in July 2024 identified the need for regulatory reforms in Madagascar’s financial system. These reforms would encourage credit institutions and other stakeholders to disclose nature-related information and adopt sustainable finance practices.

Key outcomes included commitments from representatives of Madagascar's private sector to promote sustainable practices and integrate biodiversity management into their financial activities.

The participants identified four key actions to prepare Madagascar for nature-related financial disclosures:

- Harmonisation and standardisation: introduce a common language for nature-related financial and non-financial information;
- Regulatory framework: create and enforce regulations for disclosing nature-related non-financial information that are aligned with international standards;
- Integration of sustainable practices: embed sustainable biodiversity management practices and processes in the financial services industry;
- Stakeholder engagement and mechanisms: identify and engage appropriate entities for the collection, assessment, certification and verification of environmental and nature-related information, including financial data, from the private sector.



The workshop represented a milestone towards achieving Madagascar’s environmental and financial goals. By fostering collaboration between public and private stakeholders, the country will create the conditions for a more sustainable future through biodiversity conservation and nature-based financial transparency.

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.

There were no changes to the output during the past year as the outputs and impacts were agreed before the start of the implementation phase.

C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

Biofin and FSD Africa have performed well in integrating nature at country level outputs. Targets were either met or exceeded.

Output Title	Action Plans for Nature: partner governments will develop clear and comprehensive plans to finance the protection and restoration of nature		
Output number:	3	Output Score:	B
Impact weighting (%):	25%	Weighting revised since last AR?	No

No.	Indicator	Delivery Partner	Target	Progress
3.1	Number of National Nature Strategies Developed	FSD Africa	4	1
3.2	Number of Biodiversity Finance Solutions implemented working towards achieving finance for biodiversity	Biofin	6	6

C1. Briefly describe the output’s activities and provide supporting narrative for the score

Indicator 3.1

A National Nature Strategy (NNS) provides a framework to help countries meet multiple environmental and climate commitments, including those from the KMGBF, National Biodiversity Strategies and Action Plans (NBSAPs) and Nationally Determined Contributions (NDCs). NNS’s help countries to respond to nature-related risks and opportunities and align their policies with international, regional and market priorities while streamlining implementation and reporting. They also help countries improve climate-related outcomes at the many points where nature interacts with climate.

The [NNS Framework for Ghana](#) was completed in 2023. The Framework for Sierra Leone was launched in October 2024 but is still ongoing. Plans to launch a Framework for Mozambique were delayed following the 2024 post-election violence but should resume soon. However, Ghana is now implementing their framework, the Sierra Leone Framework is in development with the Government committed to implement it, and Nigeria is expected to be on-boarded to develop their Framework within quarter two of 2025. Bringing countries on board has been a slow process due to contextual factors, government capacity limitations and competing priorities, thereby delaying this workstream. As funding has been disbursed, FSD Africa - through the sub-delivery partner - will continue this workstream outside of the pre-agreed delivery period, however still whilst funded by Defra.

Indicator 3.2

A Biodiversity Finance Solution, created by Biofin, is part of a Biodiversity Finance Plan (BFP). A BFP is made up of several Solutions - usually around eight or nine - depending on the individual country context and what data has been produced following a Biodiversity Expenditure Review.

The following six Biodiversity Finance Solutions have been implemented in the following countries:

- Philippines (implementation of sub-national plans)
- Nepal ([integrating biodiversity into community-based forestry](#))
- Tanzania (revision of [protected areas fees in Zanzibar](#))
- Georgia ([platform for investments in forestry](#))
- Guatemala (results-based budgeting; designing a new fund for conservation)
- Costa Rica (increasing investment for bioeconomy and [sustainable indigenous tourism initiatives](#))

Deep dive: Animal Town Gaming App in Philippines

An innovative mobile game is using entertainment as a tool to raise awareness and mobilise finance for biodiversity. "Animal Town" engages players in conservation-themed gameplay while generating financial support for environmental efforts.



Since its launch in March 2024 the game has gained 19,367 users globally and has generated \$367.41 in revenue. While still in its early stages, "Animal Town" represents an innovative approach to integrating conservation messaging into mobile gaming, tapping into the Philippines' vast gaming community which includes over 30 million gamers. Overall gamers spend approximately US\$13 each on apps and PC games via game downloads and in-app purchases, so this represents a significant opportunity.

Bridging the conservation awareness gap

Designed as a casual simulation game, "Animal Town" allows players to take on the role of biodiversity advocates working alongside talking animals to protect and manage their virtual town. Players complete various quests that mirror real-world conservation efforts, such as gathering information, stopping illegal activities, and answering biodiversity trivia.

By integrating verified biodiversity information into its gameplay, the app educates players about the importance of protecting Philippine wildlife while keeping them engaged with interactive content.

A finance solution for conservation

Beyond raising awareness, "Animal Town" serves as a small but growing finance mechanism for conservation initiatives. Profits generated through in-app purchases and advertisements are allocated to public grants that support biodiversity projects under the Department of Environment and Natural Resources – Biodiversity Management Bureau.

The Philippines faces a severe biodiversity financing gap with only \$100 million available annually to fund the Philippine Biodiversity Strategy and Action Plan - far short of the estimated \$530 million needed. While the financial contribution from "Animal Town" is still modest, its potential for growth underscores the role that creative funding solutions can play in addressing this shortfall.

The game is available for download on the [Google Play Store](#) and [Apple App Store](#).

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review

There were no changes to the output during the past year as the outputs and impacts were agreed before the start of the implementation phrase.

C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

Despite indicator 3.1 underperforming, this was mostly due to internal political issues and in one country post-election violence, which are out of the delivery partners' control. The programme team recognises the strategic importance of supporting workstreams in countries with volatile environments and with limited resources. Despite the inherent risks, it considers the potential rewards - namely, the protection and sustainable management of natural resources - worth the investment. It is therefore anticipated and accepted that delays may take place due to factors beyond its control.

Output Title	Evidence Sharing Mechanisms on Nature: better evidence will be available to, and used by, decision-makers in low and lower middle-income countries to guide their work		
Output number:	4	Output Score:	A+
Impact weighting (%):	25%	Weighting revised since last AR?	No

No.	Indicator	Delivery Partner	Target	Progress
4.1	Number of organisations actively involved in and/or contributing to the African Natural Capital Alliance (ANCA)	FSD Africa	60	114
4.2	Number of unique views of the FIRE database originating from developing countries	Biofin	30,000	118,262
4.3	Number of individuals engaged with Biofin in-country teams on environmentally harmful subsidy and finance sector reform	Biofin	2,000	455 (male: 205, female: 250)

C1. Briefly describe the output’s activities and provide supporting narrative for the score

Indicator 4.1

The [African Natural Capital Alliance \(ANCA\)](#) is an African-led, collaborative, multi-stakeholder initiative working to support approaches to policy, regulation and investment that maximise the opportunities for sustainable growth from and for Africa’s natural capital. It was established by FSD Africa with nine founder members in 2022 out of a need to ensure a stronger African voice on the global nature agenda. Membership has grown rapidly and now stands at 114 with a pipeline of potential additional members, demonstrating that demand for membership is high.

40% of ANCA members are financial institutions (private insurers/banks and development banks), 40% are private non-financial institutions and civil society organisations, 10% are local and international public sector entities (regulators, ministries, regional bodies, development banks), 6% are knowledge creators (academia & research, data platforms), 2% are membership bodies, and 2% IPLC representative organisations.

The ANCA has established five working groups - each with its own projects and members - to drive ambition in those areas: Comms & Events, TNFD Adoption, Commercial Opportunities, Nature Data Sources and Regulatory Engagement.

The ANCA have also started a podcast “Talks on Nature,” and have produced seven episodes so far: [Talks on Nature - YouTube](#)

As of March 2025, the member organisations are from the below countries:

Table 6: Origin countries of ANCA organisations

Country	Number	Country	Number	Country	Number
Kenya	37	Zambia	3	Djibouti	1
South Africa	18	Egypt	2	Germany	1
Nigeria	7	Malawi	2	Netherlands	1
Tanzania	5	Multiple	2	Rwanda	1
UK	5	Namibia	2	Sierra Leone	1
Mauritius	4	Senegal	2	Togo	1
Switzerland	4	Australia	1	Uganda	1

US	4	Botswana	1		
Ghana	3	Cameroon	1		
Zimbabwe	3	Canada	1	Total	114

Indicator 4.2

[Biofin’s Finance Resources for Biodiversity \(FIRE\)](#) database is a listing of now over 390 public, private and philanthropic funding opportunities around the world. It is designed to be a one-stop-shop resource where a biodiversity project owner can find a multitude of different funding opportunities matching specific criteria in one place.

There have been 159,513 views of the website between March 2023 and April 2025 of which 118,262 originated from developing countries. This suggests the database is working as intended – serving as a resource for biodiversity projects seeking funding opportunities in developing countries. The programme team is now working with Biofin to see how to measure the actions taken as a result of using the database as Biofin implements a new workstream - the Nature Investment Platform - as an extension of the database.

The developing countries with most views in the past year are shown below.

Table 7: country origin of views of the FIRE Database – top ten

Kenya	1,300
India	1,300
Mexico	1,000
Colombia	930
Indonesia	900
Nigeria	770
Pakistan	720
South Africa	710
Uganda	580
Brazil	480

Indicator 4.3

This indicator has underperformed in the review period. Evidence demonstrates that well-intended subsidies and government support that target socio-economic goals may have unintended negative and costly effects on the environment, including biodiversity. The OECD estimates that the financial support to agricultural production in 54 countries (of around US\$500 billion per year) is considered potentially harmful to the environment. Biofin works to assess these subsidies and, if necessary, to repurpose them to instead work for both people and nature.

Through programme funding work took place in eight countries. In Georgia political upheaval led to substantial changes in government teams; the Biofin country team is now discussing anew the scope of the work with the government. In Kyrgyzstan, the government has not yet been engaged as the Biofin team and other stakeholders continue to work on the development of a methodology to assess the impacts of subsidies on the environment and its effectiveness. In Argentina, the national assessment on subsidies was delayed due to the change of government in early 2024 and continuous changes of national authorities. However, consultants are now hired, and work has begun; the report is expected to be finalised by mid-2025. Finally in India much work has taken place on the assessment of subsidies, however the government has not yet been engaged.

However, work in the Philippines, Tanzania, Botswana and Mexico progressed well. There has been strong engagement from stakeholders, subsidies have been identified that have potential to harm the environment, and recommendations for the governments have been produced to reform them.

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review

There were no changes to the output during the past year as the outputs and impacts were agreed before the start of the implementation phrase. On indicator 4.3 there have been challenging factors that have limited how many people have been engaged on repurposing subsidies in certain countries as described above. As with all workstreams working in developing countries on nascent workstreams, this was an anticipated and accepted risk, and the programme team remains flexible and accommodating to changing circumstances in countries.

Biofin have also by far exceeded the target of the number of views of the FIRE database originating from developing countries, which demonstrates excellent demand.

C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

With regards to indicator 4.2 overachieving far higher than expected, we will ensure that future targets are more stretching and use best available evidence, whilst still considering that workstreams should be allowed to overachieve against targets. On indicator 4.3, as this is a workstream we will be taking forward for the next year of the programme, we will revise this indicator to ensure that the right thing is being tracked for a one year programme only, as this may be too little time to effectively track progress on the number of people engaged on harmful subsidies.

D: RISK

Overview of risk management

A due diligence assessment and questionnaire on Biofin was conducted by the programme team in January 2023 covering:

- Governance and Internal Control;
- Ability to Deliver;
- Financial Stability;
- Downstream Delivery; and
- Sexual Exploitation & Abuse and Sexual Harassment.

As a result of this review the programme team were assured on the strength of the governance and processes of Biofin, and that they were a highly competent delivery partner to effectively deliver the programme workstreams. A Due Diligence assessment on FSD Africa by FCDO also took place in January 2024 which found the same.

The risk level of the programme and the risk appetite are both medium. This is because the programme team have high confidence in both delivery partners to deliver the activities and outputs, balanced against potential factors that are outside of delivery partners’ control. FSD Africa has strong output delivery and Biofin has achieved a ‘Highly Satisfactory’ rating in a recent independent evaluation. We are considering returning the risk level to low as standard delivery issues such as changing government priorities and potential volatility in-country - which both partners are well used to - may not be considered risks in the same level as safeguarding, team capacity, and delivery partners’ capacity to deliver.

Risks are formally reviewed with delivery partners on a quarterly basis through quarterly reports and quarterly update meetings, and ad hoc as necessary. During Defra programme

six-weekly meetings, major or growing risks are also assessed and discussed within the wider team and with the Deputy Director, and if necessary are raised at the Directorate level through quarterly ODA meetings.

Both delivery partners acknowledge and have endorsed Defra’s approach to safeguarding against sexual exploitation and harassment (SEAH). A RAID (risks, assumptions, issues & dependencies) log is maintained by the programme team and is now reviewed monthly following the onboarding of a Programme Support Officer.

For SEAH risks, these are monitored through the specific SEAH Risk Assessment. There are eight risks within the areas of approach, governance, risk management, code of conduct, recruitment, and complaints & whistleblowing. This is reviewed quarterly in line with the quarterly reporting framework. Through this risk register and the mitigations the programme team is adhering to the six pillars of safeguarding.

Most risks are managed by the delivery partners including the assessment of political and economic risk, stability in countries, stakeholder management and safeguarding and SEAH risk. When incidents are reported, we encourage delivery partners to come up with actions to address them and provide a timeline for when risks will be resolved.

No risks required intervention from the Defra programme team in 2024-25.

Internally there remain risks over the team’s ability to support delivery of the programme against the demands of reporting and internal processes, especially during busy periods. These have been managed by deprioritising support for the delivery of the programme and working internally to ensure that requirements are kept efficient. In future we will proactively respond to any processes that could make reporting and internal processes more streamlined.

E: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

Summarise the performance of partners and Defra, notably on commercial and financial issues

The programme team is satisfied with the work undertaken by the delivery partners, which overall has progressed well despite some outputs underachieving, due to circumstances beyond their control.

Quarterly reports from FSD Africa have been submitted on time and have included a strong level of useful detail. These have been supplemented by weekly update reports by a sub-delivery partner. Quarterly reports from Biofin however have been delayed; in instances sections have been missing; and on one occasion much detail was duplicated from a previous report. We have raised concerns multiple times, and Biofin have now appointed a full-time team member focused on reporting to funders, which has led to improvements. We continue to refine the monitoring process with both delivery partners and we are confident that issues will be resolved.

The programme team attended two site visits in 2024. One was to Georgia to attend [Biofin's Eurasia-Pacific Regional Dialogue](#). This visit enabled the programme SRO to understand Biofin implementation, meet the global team and regional coordinators in person for the first time, collaboratively refine workstreams, and to discuss the future potential of monitoring biodiversity and poverty impacts. Additionally, the team met with country coordinators to hear about in-country implementation for UK-funded countries.

The second visit was to [Tanzania, Zanzibar and Kenya](#) to see work by both delivery partners and to develop and solidify collaboration between them both. The programme team, Biofin and FSD Africa further cemented their joint approach to implementation, benefiting from:

- Gaining insight into the challenges and opportunities for terrestrial and marine protected area financing;
- Visiting a project run by an ANCA member; and
- Convening with Kenyan finance sector regulators to sign Memorandums of Understanding for the Nature Roadmapping workstream.

The programme team and Biofin also facilitated a connection with the Royal Botanical Gardens Kew and Biofin for technical assistance on creating a botanical garden in Zanzibar, part of their Biodiversity Finance Plan.

Beside site visits, the programme team also held calls with programme beneficiaries to enquire about delivery partner effectiveness and if there were any issues to be aware of. These included representatives from:

- A bank in Ghana;
- An insurance company in Kenya;
- A community representative in Nepal;
- Two ANCA Fellows.

All stakeholders spoke positively about the delivery partners and raised no major issues, however the ANCA Fellows offered constructive feedback for the first year of the Fellowship which has been passed on to FSD Africa. The programme team will continue to work with the delivery partners on how they can be a more effective partner to help deliver the programme.

E2. Assess the value for money (VfM) of this output compared to the proposition in the Business Case, based on performance over the past year

A VfM assessment identifies whether the costs of the programme are proportional to the benefits achieved in terms of reaching the programme’s desired outcomes and objectives derived from the Business Case. The assessment uses the FCDO’s recommended structure which consists of the 4Es approach: economy, efficiency, effectiveness and equity; described below.

- **Economy** - Are we buying inputs of the appropriate quality at the right price?;
- **Efficiency** - How well are we converting inputs into outputs? ('Spending well');
- **Effectiveness** - How well are the outputs produced by an intervention having the intended effect? ('Spending wisely');
- **Equity** - How fairly are the benefits distributed? To what extent will we reach marginalised groups? ("spending fairly").

Economy

As set out in the Business Case, the desired impact of the programme is to support low and lower-middle income countries to grow their economies in ways that help to protect and restore their natural capital and so drive sustainable economic development. Against this aim, the programme has mobilised or catalysed £13,898,003 of both public and private finance for biodiversity purposes against an approximate input of £224,000 for the four finance solutions that have generated this finance over this year.

The economic impact of the remaining financial outputs is currently unquantifiable, as other Biodiversity Finance Solutions are not generating finance yet; and reports and frameworks recently published and other initiatives set up are yet to demonstrate impact.

Biofin’s General Management Support costs for this year are £82,148, a reduction on last year of £128,356. This spend is set at 8% of the cost of Biofin’s workstreams, and so the decrease in line with the reduction of costs of the workstreams. The 1% UN Levy is £11,089 compared to £17,328 for last year (again reflecting the reduction in spend on workstreams). For FSD Africa, administration and operating costs are absorbed into the costs of the workstreams at approximately 3% of programme costs.

Efficiency

Reporting against output indicators demonstrates solid conversion of inputs into outputs, with 75% meeting or exceeding their targets, in particular indicators 1.2, 1.4, 2.2, 4.1 and 4.2 strongly exceeding their targets.

Furthermore, though not monitored through the logframe, the UK contribution towards Biofin’s Biodiversity Finance Solutions has mobilised or catalysed £13,898,003 of finance, made up of £11,365,822 of public and £2,532,181 of private finance. Against an overall input of £7.2m over the two years of the programme this represents strong efficiency, and against an approximate input of £224,000 for the four finance solutions that have generated this finance over one year; even more so.

The programme has supported technical assistance and capacity building to 455 individuals on repurposing environmentally-harmful subsidies (250 women and 205 men) and has provided technical assistance and capacity building to 171 organisations across 25 countries.

Overall through all funders in 2024, Biofin’s Biodiversity Finance Solutions have mobilised, catalysed or aligned over USD \$1.6 billion in 22 countries for biodiversity purposes, and have supported 33,882 people through networking and training to finance biodiversity (of which 13,133 are women).

Effectiveness

Table 8: Summary of programme performance against 2023 indicator targets

	Output Indicators	%
Number of indicators met or exceeded	9	75%
Number of indicators not delivered	3	25%

As set out in the table above, 75% of output indicators have been met or exceeded their 2024 milestones, indicating that the programme continues to make good progress across its outputs.

The outputs with the largest increase are the number of organisations taking actions following reports on nature-related risk, which increased from 0 to 104, as well as the number of unique views of the FIRE database originating from developing countries, which increased from >18,000 to 118,262; a 907% increase.

Other strong performing outputs are the number of knowledge products produced for nature alignment that can inform policy with an increase of 400%; and the number of organisations actively involved in and/or contributing to the African Natural Capital Alliance with an increase of 185%.

Overall, this shows good progress and suggests the programme is on track to exceed its aims by the end of the programme.

Equity

Following engagement with the Defra ODA Social Development Unit and in response to the recommendations in the last Annual Review, a GESI Action Plan was created and implemented. Delivery partners now report progress on integrating GESI considerations into UK-funded workstreams and broader activities through their quarterly reports, and this is also discussed during the quarterly meetings. The Defra programme team has further strengthened its understanding of delivery partner actions and, where feasible, gender disaggregation was added to one output on the logframe in Q1 2024. As part of Biofin's wider work, we have requested the introduction of new or revised indicators to include gender disaggregation as part of their management response to their Mid-Term Evaluation. In relation to the extension to our funding, both delivery partners integrate GESI considerations into all new workstreams where possible.

Biofin has now appointed a Gender Equality and Safeguards Specialist in their global team, with the aim of strengthening GESI integration at both global and national levels. The role includes providing targeted guidance and developing resources to support country teams in embedding gender considerations into Biodiversity Finance Solutions. Efforts are already underway to develop six Finance Solutions with gender and biodiversity co-benefits.

Biofin's Global Conference in May 2025 featured a dedicated session on gender and climate co-benefits, showcasing examples from successful countries and best practices for integrating gender into biodiversity finance strategies.

Regarding programme monitoring through the logframe, the nature of the programme has so far limited the inclusion of a direct GESI-related indicator. However, with the revision of the programme workstreams we will work with both delivery partners to include an indicator focused on the number of women, IPLC representatives and disabled people who receive technical assistance and capacity building through the programme.

Assessment of the programme's value for money

The programme continues to demonstrate strong progress, delivering tangible, positive outcomes across the workstreams. Increased engagement with financial institutions and regulators reflects growing momentum in integrating nature into financial decision-making. While political events have delayed progress in some areas, particularly in country-level implementation of subsidy reforms and national strategies, the programme has shown adaptability in how it responds. Notably, there is clear evidence of learning and responsiveness to previous feedback, particularly in relation to GESI. A more deliberate focus on inclusive engagement and stakeholder representation across activities is now evident. However, it should be noted that quantitative value-for-money remains unassessed. The programme team will explore options for assessing this either quantitatively or qualitatively for the next Annual Review.

Monitoring, Evaluation & Learning

As independent evaluations took place and are planned to take place through the delivery partners, in consultation with the Defra ODA Monitoring, Evaluation & Learning (MEL) Lead it was decided that a further evaluation was not necessary, and that the £500,000 budget allocated for this could be deployed to other workstreams.

£150,000 was used to commission the [Organisation for Economic Co-operation and Development \(OECD\)](#) for learning through the [OECD DAC \(Development Assistance Committee\)](#) report [Biodiversity and Development Finance 2015-2022 | OECD](#), of which data was used to update the [Biodiversity Finance Trends Dashboard](#), a key UK government deliverable for COP16, which was relaunched at the [Biodiversity Finance Trends Dashboard 2024 event](#) where Ministers including the Defra Secretary of State spoke.

The remaining £350,000 MEL budget was used to fund the first year of FSD Africa's ANCA Data Programme, which aims to provide robust data to help financial institutions manage

nature risks and direct investments to nature-positive projects in Africa. The ANCA Data Programme is one of the pilot-tests of the [TNFD's Nature Data Public Facility](#), an open access platform to enhance access to nature-related data, connect existing data sources with market participants, and provide data for corporate reporting, risk assessment and strategic planning.