

# Scoping Report on the use of Value for Money Assessment in the BCFs

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## **Biodiversity Challenge Funds: Building and Applying Evidence**

Department for Environment, Food and Rural Affairs (Defra)

Date: 14 February 2025

# Contents

<b>Authorship and acknowledgements.....</b>	<b>3</b>
<b>Disclaimer .....</b>	<b>3</b>
<b>Executive Summary.....</b>	<b>4</b>
<b>1. Introduction.....</b>	<b>7</b>
1.1 Objectives and report outline.....	7
<b>2. Value for Money and the BCFs.....</b>	<b>7</b>
2.1 Conceptual origins.....	7
2.2 The 4Es framework.....	8
2.3 VfM at different scales.....	9
<b>3. Overview of key data sources .....</b>	<b>11</b>
3.1 Costs .....	11
3.2 Benefits .....	12
3.2.1 Project Results Frameworks .....	12
3.2.2 Fund Results Frameworks .....	12
<b>4. Current and potential VfM assessment in the BCFs .....</b>	<b>12</b>
4.1 Current processes.....	13
4.1.1 VfM of the BCFs as programmes .....	13
4.1.2 VfM of the BCFs as a contract.....	14
4.1.3 VfM and the Grant Management cycle .....	14
4.2 Potential processes.....	15
4.2.1 Basic processes.....	15
4.2.2 Advanced processes.....	16
4.2.2.1 Current data limitations and foundational work required to overcome them.....	19
4.2.2.2 Exploring potential for basic forms of Cost-effectiveness Analysis.....	21
<b>5. Conclusions and recommendations.....</b>	<b>28</b>
<b>Appendix 1 Fund-level VfM frameworks .....</b>	<b>31</b>
<b>Darwin Initiative .....</b>	<b>31</b>
<b>IWT Challenge Fund .....</b>	<b>33</b>
<b>Darwin Plus .....</b>	<b>35</b>
<b>Appendix 2 Example of project expenditure recorded in an Annual Report .....</b>	<b>37</b>
<b>Appendix 3 Examples from the Recommendations Tracker .....</b>	<b>38</b>
<b>Appendix 4 Examples from the NIRAS Fund Manager Report .....</b>	<b>39</b>

<b>Appendix 5 Contract Key Performance Indicators .....</b>	<b>41</b>
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<b>Appendix 6 Example of VfM in project review process .....</b>	<b>43</b>
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## Authorship and acknowledgements

This report was authored by James Kinghorn. The content was enhanced as a result of attendance and discussions held during two training courses entitled *Introduction to VfM* and *VfM and evaluation*, delivered by Stuart Astill in November 2024. Victoria Pinion, Hannah Reid, Kevin Seely and Will Shaw provided comments on various drafts, which contributed to a more coherent and meaningful final product.

## Disclaimer

NIRAS is the fund administrator for the [Biodiversity Challenge Funds](#) and commissioned this work on behalf of the Department for Environment, Food and Rural Affairs (Defra) under Workstream 5 of the Biodiversity Challenge Funds.

NIRAS works with a range of specialists and consultants to carry out studies and reviews on the Biodiversity Challenge Funds. The views expressed in the report are entirely those of the author and do not necessarily represent the views or policies of Defra, NIRAS or the Biodiversity Challenge Funds. Defra and NIRAS, in consultation with wider stakeholders as relevant, are considering all findings and recommendations emerging from this study in how they manage the Biodiversity Challenge Funds.

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## Executive Summary

Despite the complexities of assessing VfM in conservation, UK government reporting processes have already created an institutional environment which is supportive of, and which facilitates the collection of data needed for, VfM assessment of the Biodiversity Challenge Funds (BCFs)<sup>1</sup>.

This report presents some of the processes and tools which are used to assess, report on, and adapt BCFs programming through the use of VfM assessment. Based on this understanding of current VfM processes, we consider options for expanding VfM assessment capabilities in the BCFs, including additional basic and more advanced forms of VfM assessment.

### Objectives

The VfM scoping exercise was designed to identify:

- 1) how VfM is currently being assessed in the BCFs;
- 2) whether there is potential for VfM assessment to be used more extensively in the funds; and
- 3) how the BCFs could report on a more explicit VfM framework at the programme level

### VfM at different scales in the Biodiversity Challenge Funds

VfM can be assessed at four different scales within the BCFs, in accordance with the nested structure of projects within schemes and funds shown in Figure i below. Each scale has its own set of specific considerations, explored further in the report.

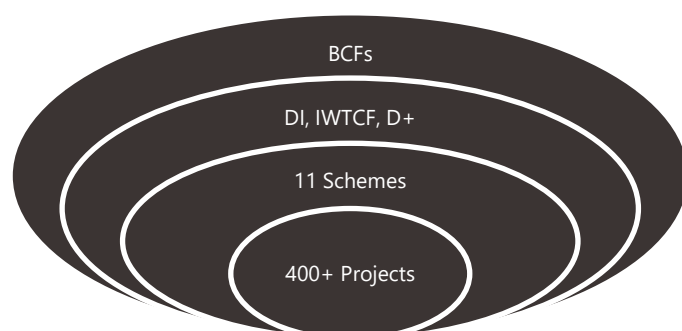


Figure i: Scales at which VfM can be assessed

Note: DI = Darwin Initiative; IWTCTF = Illegal Wildlife Trade Challenge Fund; D+ = Darwin Plus

### How VfM is already embedded in the programme's design and evaluation

As UK Government-funded programmes, the Darwin Initiative, the IWT Challenge Fund, and Darwin Plus are each subject to an Annual Review process, as well as periodic Business Case and Contract Review processes. Through these processes, civil servants and economists appraise the expected VfM of the BCFs as programmes and subsequently evaluate their VfM according to the principles outlined in the Green Book. Defra uses a range of VfM assessment methods including social cost-benefit analysis (CBA) to ensure that funding is being deployed in a cost-efficient and cost-effective manner, and ensuring that the distribution of benefits is appropriate to the mandate set out for Official Development Assistance (ODA) in the International Development Act of 2015.

<sup>1</sup> Biodiversity Challenge Funds (BCFs) is the collective name for three of the UK Government's competitive grants, Darwin Initiative, IWT Challenge Fund and Darwin Plus, aimed at conserving biodiversity and safeguarding the environment for local people. For more information see [www.biodiversitychallengefunds.org.uk](http://www.biodiversitychallengefunds.org.uk)



During the Annual Review process for each fund, results are assessed at the level of output, outcome, and impact. Defra and NIRAS developed a Results Framework for each fund, including a fund-level Theory of Change and logframe. NIRAS is in the process of specifying indicators to track change at the fund-level. These indicators are linked to a project-level standardised reporting system which utilises fund specific Standard Indicators to allow for aggregated reporting at the portfolio level. This integrated project- and programme-level Results Framework equips programme representatives to assess the combined outcomes and outputs delivered by projects and, where favourable or impressive results are reported, to make the case that the funds are delivering good VfM.

### **Potential ways to make VfM more explicit in appraisal and evaluation**

VfM has been a strong focus in the BCFs. There are already a number of VfM-related criteria and considerations built into key decision-making moments for the fund, with multiple layers of adaptive management processes at both the project and portfolio-level. Accordingly, there is no urgent need to enhance VfM processes in fund management, and consideration for implementing the basic processes identified here needs to be balanced against the other priorities competing for the use of the time of those engaged in Fund Management. However, the basic measures proposed should nonetheless be considered by the Fund Management team, and the first option listed in the table, which outlines a few basic areas where VfM could be more explicitly integrated into project appraisal and evaluation, seems to be most feasible in the short-run.

Advanced VfM assessment can assist in answering some of the more challenging questions that arise when managing resources at scale. This kind of VfM assessment can be prioritised depending on what information needs are for key stakeholders such as the members of Expert Groups, and contracted as once-off studies as is done using the “deep dive studies” model used by the BCFs.

As a general rule, cost-effectiveness analysis (CEA) offers a promising pathway for generating credible and robust evidence which can support decision-making in the allocation of funding. These methods can generate information on relative cost-effectiveness, allowing decision makers to understand the kinds of projects which are most likely to deliver cost-effective outcomes, as well as to specify in more concrete terms what their expectations are of projects, through the use of benchmarking.

In line with the Green Book, Defra use CBA to appraise and evaluate the BCFs as part of Business Case development and related processes. CBA requires the expression of benefits in monetary terms. Whilst this is technically challenging and necessarily intricate, there is value in exploring ways to easily enhance reporting so that it is fit-for-purpose to be used in CBA.

### **Current data limitations and foundational work required to overcome them**

All of the formalised, advanced VfM methods mentioned above would require some foundational work, mainly in data manipulation and mapping. This is needed for any VfM analysis to accurately account for a) the variation in the number of outputs or outcomes reported against by each project, b) the co-financing arrangements under which outputs and outcomes were delivered, and c) the level of intensity or depth to which outputs and outcomes are delivered. These three fundamental limitations must be overcome to ensure that accurate data is used in CEA, and that the analysis can be clearly framed.

As enhanced data becomes available, there is more opportunity to conduct rigorous and meaningful VfM assessment in the Biodiversity Challenge Funds. This is a somewhat unique opportunity to produce a highly prized form of evidence amongst conservation practitioners: evidence on how to achieve the greatest impact with scarce resources. It is important that the BCFs maintain best practice in the ongoing use of VfM assessment methods, particularly those which are most appropriately applied using specialist expertise. Where resources for VfM assessment remain limited, simpler methods should be used, ensuring that a high degree of reliability and validity can be maintained.

### Selected recommendations (See Section 5 for the full list)

- The BCFs Management team should consider implementing a **more explicit use of VfM assessment as part of project review processes**, including in the Annual Review Report (ARR), the Final Review Report (FRR), the Mid-term Review (MTR) and related processes (the latter are likely more appropriate given greater resourcing available for the review process). Reviewers would use a simple Red, Amber, Green (RAG) scoring system to assess of the economy, efficiency, effectiveness and equity (4Es) of funded projects. This would require integrating a 4Es RAG rating rubric into the templates used for the ARR, FRR, MTR or related process.
- The BCFs Management team should consider incorporating a **more explicit VfM framework into the process by which applications are assessed** by the Expert Groups (similar to that used by the OCEAN programme)
- **Advanced VfM assessment can assist in answering some of the more difficult questions** that arise when managing resources at scale. This kind of VfM assessment can be prioritised depending on what information needs are for key stakeholders like Expert Group members, and contracted as once-off studies as is done using the “deep dive studies” model used by the BCFs. Should advanced VfM assessment be contracted, care should be taken to 1) ensure that the foundational processes recommended in Section 4.2.2.1 are implemented as part of the process, and 2) ensure that all parties are clear on what the chief evaluation questions are, ensuring that the study is framed so as to deliver meaningful information to aid a specific decision-making process.

## 1. Introduction

Assessing the Value for Money (VfM) of biodiversity conservation presents unique challenges, related to the vast range of approaches and actions that people use in trying to reduce biodiversity loss. As the links between biodiversity and poverty have become progressively clearer, projects have become increasingly multi-faceted, responding to several interlinked and sometimes competing objectives in areas like governance, sustainable management, legal frameworks, behaviour change, rights-based approaches and other forms of socially-oriented conservation. This creates complexities for appraisal and evaluation, particularly for approaches to the measurement of VfM which require some level of unity in intervention types or at least in the formulation of objectives.

Despite the complexities of assessing VfM in conservation, UK government reporting processes have already created an institutional environment which is supportive of, and which facilitates the collection of data needed for, VfM assessment of the Biodiversity Challenge Funds (BCFs)<sup>2</sup>. This report presents some of the processes and tools which are used to assess, report on, and adapt BCFs programming through the use of VfM assessment. Based on this understanding of what current VfM assessment, we consider options for expanding VfM assessment capabilities in the BCFs, including additional basic and more advanced forms of VfM assessment.

### 1.1 Objectives and report outline

The VfM scoping exercise was designed to identify:

- 4) how VfM is currently being assessed in the BCFs;
- 5) whether there is potential for VfM assessment to be used more extensively in the funds; and
- 6) how the BCFs could report on a more explicit VfM framework at the programme level

The following report contains information on each of these objectives as follows. In Section 2 we introduce the concept of Value for Money and the 4Es framework for appraisal and evaluation of VfM. We then provide a broad overview of how VfM is used at various scales in the BCFs. Section 3 outlines the availability of data needed to assess VfM in the BCFs, providing commentary on the structure and format of this data. Section 4 provides a comprehensive account of current and prospective VfM assessment in the BCFs. Concluding remarks and recommendations are provided in Section 5. Finally, a draft programme-level VfM framework is included for each of the three funds in Appendix 1.

## 2. Value for Money and the BCFs

This section presents a description of Value for Money (VfM) as it relates to the Biodiversity Challenge Funds (BCFs). We begin by outlining the conceptual origins of VfM assessment and the 4Es framework, following which we consider how VfM can be conceptualised at different scales within the BCFs, and briefly consider implications for analysis.

### 2.1 Conceptual origins

The term Value for Money (VfM) refers to a range of approaches, methods and tools which are used to appraise or evaluate<sup>3</sup> government- and donor-funded projects, programmes, portfolios or strategies<sup>4</sup>. As a form of

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<sup>2</sup> Biodiversity Challenge Funds (BCFs) is the collective name for three of the UK Government's competitive grants, Darwin Initiative, IWT Challenge Fund and Darwin Plus, aimed at conserving biodiversity and safeguarding the environment for local people. For more information see [www.biodiversitychallengefunds.org.uk](http://www.biodiversitychallengefunds.org.uk)

<sup>3</sup> In accordance with the HM Treasury's Magenta Book, appraisal refers to *ex ante* assessment, while evaluation refers to *ex post* assessment.

<sup>4</sup> These are referred to, individually and collectively, throughout this document as 'interventions', except where it is instructive to consider them separately

evaluation, VfM assessment is unique in its focus on the scarcity of resources available for organisations to invest. VfM assessment is primarily informed by economic concepts. The value of the alternative options which are foregone when resources are committed to a particular intervention is termed *opportunity cost* and is at the heart of VfM assessment. This is intuitive, as Lionel Robbins defined economics in his 1932 book as “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses”.<sup>5</sup> At the same time, thinking on allocation in the face of scarcity has not been confined to the field of economics. Fund Management Processes, Risk Analysis, and various strategic forms of Monitoring, Evaluation and Learning (MEL) are designed to enable optimisation in the operational efficiency of delivery. In light of this, VfM is perhaps best seen as a shared domain of enquiry between management professionals, MEL practitioners, risk assessment specialists and economists<sup>6</sup>.

## 2.2 The 4Es framework

As an overarching conceptual framework, it is instructive to consider the 4Es approach to VfM. The 4Es enable us to use a ‘first-principles’-style approach when applying these otherwise obscure, technical terms. In the same way that a Results Chain can be applied to evaluate either a project, programme or portfolio, so too the 4Es can be applied to consider VfM at any of these levels. At their broadest, the 4Es can be defined as follows.

- **Economy** refers explicitly to inputs. To assess economy, we need to consider the cost of inputs in the form of physical materials, goods or services, and human capital in the form of staff and contractors. Most projects rely on a mixture of paid-for services as well as services provided in-kind. Both are important to consider.
- **Efficiency** measures the rates at which inputs are utilised in processes to deliver outputs, can answer questions around how well an intervention is being implemented, regardless of its intended objectives. An assessment of efficiency can be informed by process evaluation.
- **Effectiveness** pertains to the conversion of outputs into outcomes. This concept concerns the extent to which delivering an intervention results in its intended objectives being met. The focus here is on how well an intervention has been designed. Impact evaluation is needed as an input to the assessment of effectiveness in VfM terms.
- **Equity** can be assessed across the full results chain. This can be done holistically, using the concept of structural equity to assess the coherence of the overall programme in its design and whether this serves to promote equity and respond to systemic challenges in Gender Equality and Social Inclusion. Procedural equity refers to the initial stages of the results chain, where processes can be assessed for the degree to which they appropriately involve marginalised groups in delivering outputs. Finally, outcomes can be assessed for distributional equity, by making explicit the groups of people who are (and who are not) being served by the programme.

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<sup>5</sup> Robbins, L. 1932. An essay on the nature and significance of economic science. London: Macmillan.

<sup>6</sup> FCDO. 2023. FCDO’s Approach to Value for Money – Guidance for external partners. UK Foreign, Commonwealth & Development Office



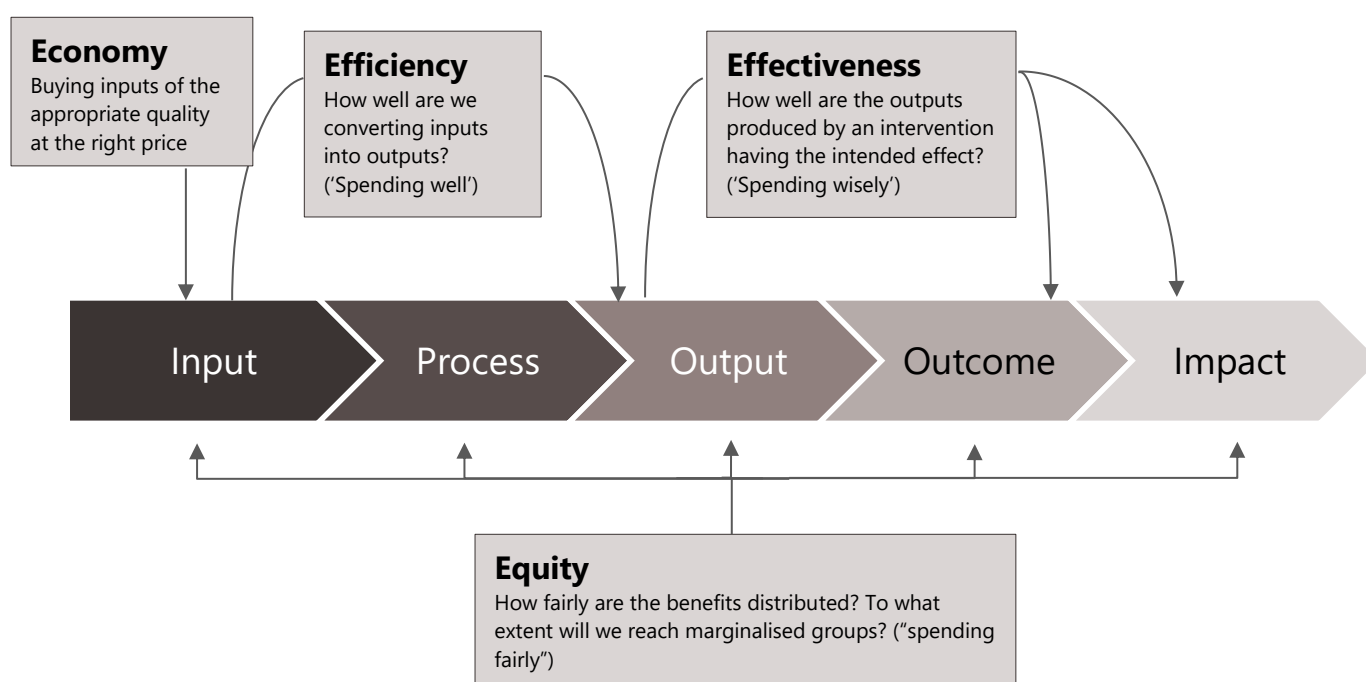


Figure 1: The 4Es approach to the assessment of Value for Money

## 2.3 VfM at different scales

VfM can be assessed at four different scales within the BCFs, in accordance with the nested structure of projects within schemes and funds shown in Figure 2.

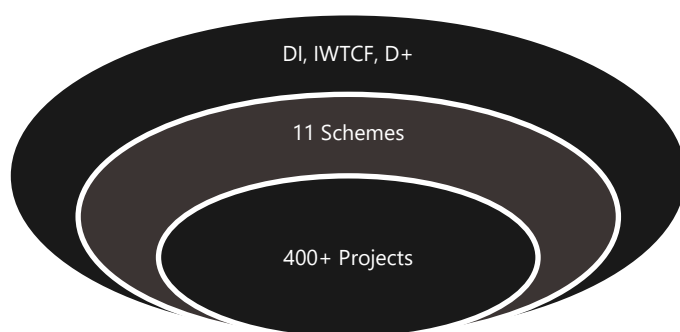


Figure 2: Scales at which VfM can be assessed

Note: DI = Darwin Initiative; IWTCTF = Illegal Wildlife Trade Challenge Fund; D+ = Darwin Plus

**Project-level** Assessing the VfM of an individual project can help with assessing the performance of that project relative to the objectives set out in its logframe and other aspects of its results framework where applicable (within schemes like Darwin Initiative Innovation, the Extra schemes under both Darwin Initiative and IWT Challenge Fund, and Darwin Plus Strategic, projects are required to develop a Theory of Change). However, project-level assessment of VfM is limited, especially if the value of this assessment is viewed as being restricted to the project in question. There are obvious limitations on what can be considered proportionate when scoping VfM assessment at the scale of individual projects. However, to the extent that project-level insights can be generalised or extended to a wider group of stakeholders, the value of the assessment increases. In some cases, projects may offer indispensable testing grounds for comparing the efficiency and effectiveness of

different implementation approaches and modalities. Projects with an experimental design are therefore good candidates for delivering VfM with a high degree of external validity.

Because of their focus on biodiversity, and the wide array of heterogeneous objectives that comes with this, the overarching objectives of the BCFs cannot easily or meaningfully be reduced to a single general metric which can be used to benchmark performance across the portfolios. However, with the implementation of a standardised reporting system, and with ongoing efforts to strengthen the quality of associated data, opportunities for portfolio-level assessment are evolving. Each nested scale of portfolio-level assessment is discussed in turn below.

**Scheme-level** Assessing VfM at the scheme-level is the most straightforward form of portfolio-level VfM. Because each scheme is designed to cater to specific project types, the projects which fall within that scheme are naturally comparable. This situation of like-for-like creates the conditions necessary for the assessment of unit costs and benchmarking, both important in quantitative VfM assessment.

**Fund-level** Grouping projects together at the fund level introduces an additional degree of heterogeneity. In Darwin Initiative, for example, we end up with projects from both the Capability and Capacity Scheme (£100,000–£200,000) all the way through to projects from the Extra Scheme (£1 million–£5 million). At this point it therefore becomes important to classify projects appropriately, so as to ensure that the degree of intervention is recognised for any particular metric and that VfM assessment is comparing like for like by accounting for differences not only in project approaches but also in the likely scope and magnitude of intervention.

**Strategic-level** Assessing VfM at the level of all three BCFs combined is the most challenging scale of all, given the need to consider such a wide array of contexts, approaches and related objectives. Maintaining alignment between the three standardised reporting systems used by each respective fund, and the associated Standard Indicators, facilitates this sort of assessment though, and there are a number of common indicators which can be used to assess VfM at the strategic level, provided that the differences in project types can be adequately accounted for using classification and disaggregation. For some indicators (e.g. training-focused) aggregation is simpler and this provides opportunities for large datasets. The following section will focus on data availability.

### Box 1 Accounting for nuance with classification

Capacity building is common within all three funds and within all schemes (of the 155 Darwin Initiative projects reporting in 2023/24, 92 projects (59%) across all schemes reported against DI-A01 *Number of people from key national and local stakeholders completing structured and relevant training*. This is the most widely reported against indicator and, being an output indicator, a natural contender for use in cost-efficiency analysis.

The intensity and duration of training varies greatly across projects. We can reasonably expect that where more was spent on training, it would likely make a more significant contribution to a person's capacity. There is therefore limited value in assessing projects purely on the per-capita cost to deliver training.

Firstly, this illustrates the importance of recognising nuance and accounting for it in analysis. Using an appropriate classification system, training can be disaggregated to the point that meaningful comparison becomes viable. Along with expenditure classification, this would inform a much stronger cost-efficiency analysis.

Secondly, this reveals the limitations of trying to do advanced VfM analysis in a light-touch way. In some cases a simple Red, Amber, Green (RAG) rating approach can deliver a better VfM assessment than a light-touch cost-efficiency analysis, in a similar amount of time.

### 3. Overview of key data sources

This section provides an overview of the data sources available for such VfM assessment. The structure and format of this data creates limitations for VfM assessment, so it is instructive to outline things prior to the consideration of how to overcome these challenges (provided in Section 4.2). Table 1 lists the data sources required for VfM analysis in the BCFs, provides a description of each, and a note on limitations of the data in their current form. We use the remainder of the section to describe the data in more detailed terms, providing examples.

Table 1: Data sources for VfM in the BCFs

Data source	Description and limitations
<b>Costs</b>	
Project budgets	Classified by standard expenditure classes (see 3.1). Not structured according to project logframes. Critical for accurate VfM but requires either investment in data transformation (cost to BCFs) or restructuring of project budget (increased burden on grantees).
Project expenditure records	Reported in Annual Reports and Final Reports, with notes for each instance where recorded expenditure against a budget line has a +/- 10% variance against the agreed budget. This information is stored in tables within Word documents.
Portfolio-level expenditure tracking	Could be a more easily accessible source of information for portfolio-level assessment of VfM, but with limited options for disaggregated or nuanced analysis.
<b>Benefits</b>	
Project-level Results Frameworks	Logframes and ToCs are a critical resource for VfM at the project level. These provide an account of planned outputs as well as planned outcomes and a clear account of who the beneficiaries are. In Annual Reports and Final Reports, project teams report progress against these planned objectives, allowing for <i>ex post</i> assessment.
Fund-level Results Frameworks	Important for framing and structuring VfM assessment at the portfolio-level. Can facilitate cost-efficiency analysis and cost-effectiveness analysis. Note that there are no scheme-level Results Frameworks. Conducting scheme-level VfM would therefore require some articulation of scheme-level objectives.

#### 3.1 Costs

Data on costs can be sourced from projects budgets and from records on expenditure.

Project budgets are broken down in a cross-tabulation between the year (columns) and according to the following categories (rows):

- Staff costs
- Consultancy costs
- Overhead costs
- Travel and subsistence
- Operating costs
- Capital equipment
- Other costs

Each year projects report actual expenditure in Section 4 of their Annual Reports. Projects are required to note, for each expenditure type, all instances in which expenditure has varied by +/- 10% against their agreed budget. In the example shown in Appendix 2, flights have turned out to be cheaper than anticipated, and the Project Leader has noted their economy.

## **3.2 Benefits**

Data on benefits can be sourced from Results Frameworks at both the project and fund levels. These are described in turn below.

### **3.2.1 Project Results Frameworks**

Project logframes offer an account of the objectives set, namely outputs and outcomes. BCFs MEL guidance encourages projects to develop logframe indicators that are Specific, Measurable, Achievable, Relevant and Time-bound (i.e. SMART indicators). The indicators are therefore specific and relevant to each project in question, although in many cases they are aggregable with those reported by other projects when simplified (e.g. 300 beehives set up in village X to benefit 10 members of The X Youth Employment Initiative → 30 beehives set up to benefit 10 people → Livelihoods support provided to 10 people).

### **3.2.2 Fund Results Frameworks**

The Fund Results Frameworks (Theory of change, logframes and related system of reporting against output and outcome indicators and tracking assumptions) represent the most valid account of fund objectives, including planned outputs and outcomes. These are used to frame and set the scope for analysis of VfM at the fund level, and reference the indicators which can be assessed in VfM terms (ie. with explicit assessment of marginal unit-costs). In conjunction with reporting against Standard Indicators, these allow us to assess what has been achieved in relation to what has been planned.

If accurate and meaningful insights are needed, standardised reporting data will need to be of high quality (i.e. backed by clear published and rigorously enforced guidance). Furthermore, investment in incentivising strong disaggregation and then spending the time to assess the distribution of output and outcome indicators between disaggregation classes (e.g. gender or economic sector) is necessary for meaningful comparison. If this system of classification in data collection and analysis is not resourced sufficiently there is a high likelihood of false interpretations in analysis, which could risk the perception of credibility in VfM analysis generally and should be avoided. As a general principle, where limited resources are available for VfM analysis, simple approaches should be used (See Section 4.2.1)

Having outlined the availability of data for VfM in the BCFs, this section has provided context for the following where we will consider how VfM assessment is being deployed in the BCFs, and consider where potential exists to do more.

## **4. Current and potential VfM assessment in the BCFs**

As with the programme management systems associated with most UK government programmes, VfM is already a core consideration for both management and leadership teams across the programmes. Section 4.1 below documents these processes, providing examples of how VfM is embedded in specific Grant Administration tools and processes. Section 4.2 then explores some options for expanding the use of VfM assessment in the BCFs.

## 4.1 Current processes

This section documents the current state of use of VfM assessment in the management of the Biodiversity Challenge funds as a consideration for the delivery of the BCFs as UK government-funded programmes, as a contract for service provision, and as a form of selection and scoring in the grant management cycle.

### 4.1.1 VfM of the BCFs as programmes

As UK Government-funded programmes, the Darwin Initiative, the IWT Challenge Fund, and Darwin Plus are each subject to an Annual Review process, as well as periodic Business Case and Contract Review processes. Through these processes, civil servants and economists appraise the expected VfM of the BCFs as programmes and subsequently evaluate their VfM according to the principles outlined in the Green Book<sup>7</sup>. Defra uses a range of VfM assessment methods including social cost-benefit analysis (CBA) to ensure that funding is being deployed in a cost-efficient and cost-effective manner, and ensuring that the distribution of benefits is appropriate to the mandate set out for Official Development Assistance (ODA) in the International Development Act of 2015<sup>8</sup>.

As part of the Annual Review process for each fund, results are assessed at the level of output, outcome, and impact. Defra and NIRAS developed a Results Framework for each fund, including a fund-level Theory of Change and logframe. NIRAS is in the process of specifying indicators to track change at the fund-level. These indicators are linked to a project-level standardised reporting system which utilises fund specific Standard Indicators to allow for aggregated reporting at the portfolio level<sup>9</sup>. This integrated project- and programme-level Results Framework equips programme representatives to assess the combined outcomes and outputs delivered by projects and, where favourable or impressive results are reported, to make the case that the funds are delivering good VfM.

#### Box 2 The recommendations tracker

The recommendations tracker is a central, authoritative record of recommendations made across the BCFs, as well as the decisions and actions taken in response by Fund Management. The tracker is reviewed annually by those responsible for programme leadership. Recommendations are sourced on an ongoing basis from throughout the BCFs, including from Defra, NIRAS, Expert Groups, and Deep Dive study authors. They tend to outline ways in which resources can be secured more economically, processes can be improved, and programme goals can more effectively be achieved. Workstream 5 generates these recommendations on a rolling basis, predominantly through deep dive study reports. Three such examples are shown in Appendix 3.

<sup>7</sup> HM Treasury, 2024. The Green Book: Appraisal and evaluation in central government (Online). Available: [www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020](https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020) [Accessed 29-01-2025]

<sup>8</sup> UK Government, 2015. International Development (Official Development Assistance Target) Act 2015. UK Public General Acts (Online). Available: [www.legislation.gov.uk/ukpga/2015/12/contents](https://www.legislation.gov.uk/ukpga/2015/12/contents) [Accessed 29-01-2025].

<sup>9</sup> Darwin Initiative [www.darwininitiative.org.uk/resources/monitoring-evaluation-and-learning](https://www.darwininitiative.org.uk/resources/monitoring-evaluation-and-learning)  
IWT Challenge Fund [iwt.challengefund.org.uk/resources/monitoring-evaluation-and-learning](https://iwt.challengefund.org.uk/resources/monitoring-evaluation-and-learning)  
Darwin Plus [darwinplus.org.uk/resources/monitoring-evaluation-and-learning](https://darwinplus.org.uk/resources/monitoring-evaluation-and-learning)



### 4.1.2 VfM of the BCFs as a contract

In procuring and managing services, Defra prioritises service providers who can deliver good Value for Money. Defra's procurement and contract review processes are specifically designed to ensure that suppliers are

#### **Box 3 The NIRAS Annual Fund Manager Report**

Considerations for economy, efficiency, effectiveness, and equity are embedded throughout the narrative and constituent parts of the NIRAS Annual Fund Manager Report. The structure of this report considers each Workstream in turn, presents an introduction, recap of key milestones, overview of performance, recommendations and an account of progress against previously agreed recommendations. See Appendix 4 for examples.

reviewed annually against a set of Key Performance Indicators (KPIs). The role of this process in ensuring that VfM is central to decision making is outlined further in Section 4, contributing to the full range of VfM assessment areas.

As Fund Manager across all three funds, NIRAS uses a range of Project Management Dashboards which enable Project Managers to quickly assess key metrics on the cost-efficiency of individual activities as well as assess expenditure rates against predetermined benchmarks for each contract as a whole, adaptively managing projects in response to this information. NIRAS uses the Maconomy software suite to manage financial and staffing resources. Maconomy contains a range of tools to facilitate regular (in some cases weekly) assessment of and rebalancing of internal and external staff resourcing. These processes and

tools, which include a range of specialist services run by the Finance Department, Project Director QA, and specialist reviewers, are integral to the efficiency of services delivered by NIRAS.

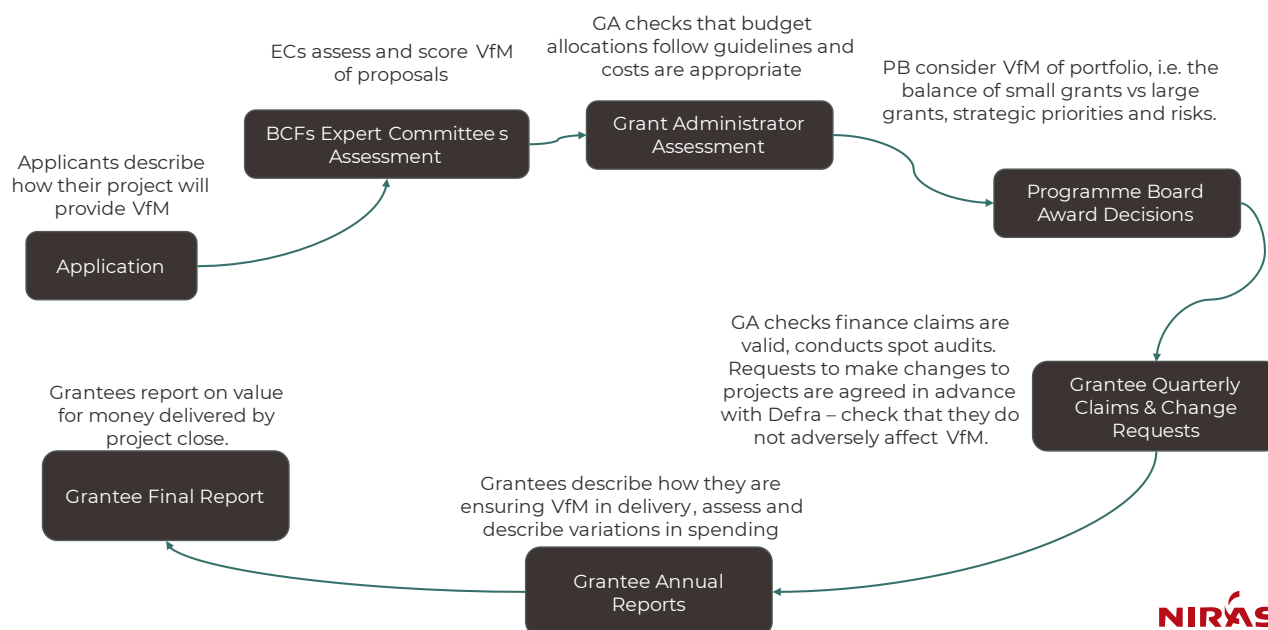
Through the use of various contract management tools, Defra and NIRAS work together to resolve obstacles to the delivery of good VfM. For example, in the most recent Contract meeting held (17 October 2024) concerns were raised by NIRAS over the utility of a having a key performance indicator which focuses on the timely disbursing of funds, given that NIRAS sometimes receives illegitimate requests for disbursement. To the extent that NIRAS does not fulfil these requests, they can lead to a deterioration in scoring against this indicator. NIRAS and Defra are currently discussing a workaround to this challenge, such as using an alternative indicator to assess performance.

### 4.1.3 VfM and the Grant Management cycle

VfM is particularly important to consider at several distinct places in the Grant Management cycle. Figure 3 provides a high-level overview of how VfM is used in the BCFs Grant Management cycle, from the application stage all the way through to the final reporting stage. Section 4 provides more detail on how VfM informs related processes.

#### **Box 4 Fund Manager Contract KPIs**

NIRAS and Defra engage quarterly during Contract Meetings to assess the Value for Money being delivered by NIRAS as the Fund Administrator. One objective of these engagements is to reflect on the performance of Fund Management processes using the eight Contract Key Performance Indicators (KPIs) and sub-indicators outlined in Appendix 5. The KPIs listed are periodically assessed in terms of their ability to generate meaningful insights.



**NIRAS**

Figure 3: VfM in the BCFs project funding cycle<sup>10</sup>

Note: EC= Expert Committee; GA = Grant Administrator (NIRAS); PB = Programme Board

Appendix 6 provides an example of how grantees are requested to self-report against VfM assessment criteria. This reporting is then reviewed by an independent reviewer to validate whether the information reported meets the standards set out for the respective fund and scheme in the Application Guidance and MEL guidance.

## 4.2 Potential processes

The following sub-section explores opportunities to enhance VfM assessment within the BCFs, should there be motivation to do so. We first reflect on potential for improvements in basic processes, after which we consider options for more advanced, specialised VfM assessment which could require specialist expertise to implement.

### 4.2.1 Basic processes

VfM has been a strong focus in the BCFs, as outlined in the prior sub-section on current processes. There are already a number of VfM-related criteria and considerations built into key decision-making moments for the fund, with multiple layers of adaptive management processes at both the project and portfolio-level. Accordingly, there is no urgent need to enhance VfM processes in fund management, and consideration for implementing the basic processes identified here need to be balanced against the other priorities competing for the use of the time of those engaged in Fund Management. However, the basic measures proposed in Table 2 should nonetheless be considered by the Fund Management team, and the first option listed in the table, which outlines a few basic areas where VfM could be more explicitly integrated into project appraisal and evaluation, seems to be most feasible in the short-run.

<sup>10</sup> Adapted from Plowman, N. 2024. Value for Money Technical Brief: Draft Strategy & Approach for the Defra OCEAN programme. November 2024

Table 2: Options for additional basic VfM in the Biodiversity Challenge Funds

Method	Basic description	LoE and expertise	Suitability for the BCFs
VfM RAG of projects as part of routine MEL (ARR; FRR; MR; MTR; CPR <sup>11</sup> )	Reviewers use a simple Red, Amber, Green (RAG) scoring system to make an assessment of the economy, efficiency, effectiveness and equity (4Es) of funded projects. This will require integrating a 4Es rating rubric into the relevant review template.	Low; can be done by any project reviewer with some light additional guidance	High, especially for more intensive reviews and for larger grants.
VfM more explicit during assessment of applications	The OCEAN application assessment process includes use of the 4Es as a scoring criteria used by their Expert Committee. BCFs could potentially update assessment processes to more explicitly include the 4Es.	Low-moderate ; requires low level of time from high level of expertise	Moderate. Would come at expense of other assessment criteria given limited time for Experts to assess each project.
Ranking of intervention types according to perceptions of cost-effectiveness	This exercise would best be accomplished using a Survey of the Expert Groups, in which Experts would be asked to rank interventions according to their perceived cost-effectiveness. The method provides a quick way to utilise expert information to identify a set of intervention types, grant applications or projects which might be considered 'higher risk' from a cost-effectiveness perspective.	Moderate; requires moderate level of time high level of expertise	Moderate. Would probably only make sense to do with sub-sections of the Expert Groups, and their time is limited. But could generate valuable information to inform project appraisal. At the portfolio level, the results of the exercise could be compared with or inform the balance of intervention types funded across the portfolio.

#### 4.2.2 Advanced processes

Advanced VfM assessment can assist in answering some of the more challenging questions that arise when managing resources at scale. This kind of VfM assessment can be prioritised depending on what information needs are for key stakeholders such as the members of Expert Groups, and contracted as once-off studies as is done using the "deep dive studies" model used by the BCFs. Some examples of such questions are included below.

- What is an appropriate area of temperate grassland to expect a project team to be able to restore within the timeframe of a single grant?
- What is the social return on investment to investments in projects that use beekeeping as a form of livelihoods support in Sub-Saharan Africa? How does this compare to investments in tourism development, measures to reduce human-wildlife conflict, and supporting smallholders to transition to agroforestry?
- Who benefits from investments in clean cooking? How can clean cooking projects be designed to ensure equitable distribution of benefits, or a targeted distribution towards a particularly marginalised groups of people?

<sup>11</sup> Annual Report Review; Final Report Review; Monitoring Review; Mid-term Review; Closed Project Review)

- What can we expect a project to spend to deliver training to a person in a rural, difficult-to-access area?
- How many people can we expect a £600,000 project to deliver enhanced livelihoods for? How does this vary across common intervention types?

The VfM methods which are capable of answering questions such as those above are shown in Table 3. The table first shows methods which can be comfortably executed by non-economists, followed by methods which have increased complexity and requirements for technical competence in economic and financial analysis.

As a general rule and as outlined in Table 3, cost-effectiveness analysis and cost-utility analysis offer promising pathways for generating credible and robust evidence which can support decision-making in the allocation of funding. These methods can generate information on relative cost-effectiveness, allowing decision makers to understand the kinds of projects which are most likely to deliver cost-effective outcomes, as well as to specify in more concrete terms what their expectations are of projects, through the use of benchmarking.

Cost-benefit analysis (CBA) has a slightly different, but overlapping use case. CBA requires the expression of benefits in monetary terms. This additional step in the analysis introduces complexity, requiring a careful specification of monetary units and parameters which aid in determining the monetary value that any group of people may place on the benefits delivered by a project.

In line with the Green Book, Defra use CBA to appraise and evaluate the BCFs as part of Business Case development and related processes. CBA requires the expression of benefits in monetary terms. This additional step in the analysis introduces complexity, requiring a careful specification of monetary units and parameters which aid in determining the monetary value that any group of people may place on the benefits delivered by a project. Whilst CBA is technically challenging and necessarily intricate, there is value in exploring ways to easily enhance reporting so that it is fit-for-purpose to be used in CBA. This method can then be used to highlight areas of significant value which in some cases may not be readily apparent to policy makers, for example the more indirect use-values generated through the preservation or restoration of ecosystems and the services.

*Table 3: Options for advanced VfM in the Biodiversity Challenge Funds*

LoE and expertise	Method	Potential to do in Biodiversity Challenge Funds
Lighter touch but still informative, can be done by non-economists	Qualitative assessment of activities or outputs with financial weighting <sup>12</sup>	High but only possible if expenditure is classified. This could allow reviewers or MEL practitioners to identify areas of the portfolio where resources should be focused to enhance VfM.

<sup>12</sup> In this exercise an Analyst would map project expenditure to the specific outputs and outcomes achieved by projects, including outputs indicators, outcome indicators, as well as Standard Indicators reported against (if the exercise were carried out on a larger sample of the portfolio, it may be simplest to use the latter). With these results mapped out, the Analyst would then use them to conduct a qualitative VfM assessment of the outputs and outcomes of the project as stated in its logframe, and rate using a RAG score. This would allow the Analyst to consider, for each output and outcome delivered, what kind of VfM assessment it received relative to the proportion of the project's budget that was taken to deliver it. This approach could be explored with an initial sample of projects to see if it yields meaningful insights into where projects could potentially pay greater attention to marginal net benefits in delivery, and where project budgets could be tweaked to maximise social and biodiversity value in delivery.

LoE and expertise	Method	Potential to do in Biodiversity Challenge Funds
	Basic efficiency resource analysis <sup>13</sup>	High but would require a process to set up and define, as well as ongoing resources to implement at the project or portfolio level
Formalised methods, generally more resource-intensive and require support of economists	Cost-efficiency analysis	Moderate in 2024, Higher in 2025 as the cumulative amount and quality of data on Standard Indicators is expected to increase year-on-year. At Applications stage, this could help to inform appraisal of project efficiency. At a strategic level, could help identify areas of the portfolio which make sense as a focus for efforts to improve projects' abilities to deliver better VfM.
	Cost-effectiveness analysis and Cost-utility analysis	Moderate in 2024, Higher in 2025 with potential to generate an increasingly stronger level of a scarce and prized kind of evidence for those involved in decisions in the allocation of the scarce resources available for conservation.
	Cost-benefit analysis	Moderate at the project level for some projects, moderate at the portfolio level. Some potential to institute standardised reporting of monetised outcomes if BCFs adopt a Standard Indicator to quantify additional value of Ecosystem Services attributable to projects <sup>14</sup> , develops a guidance note to facilitate gathering high quality income-related data from projects, or develops guidance on how projects can otherwise reflect the monetary value of benefits which they have delivered <sup>15</sup> . Estimating the monetary value of benefits is likely too technically burdensome to expect the average project to engage with, but some projects would benefit from monetary quantification of benefits. This could generate useful information for Programme Business Cases and Annual Reviews <sup>16</sup> . Monetised values of ecosystem services can be used on their own with more limited effect or used within the framework of cost-benefit analysis, for example to make a stronger case for investment by showing benefit-cost ratios, as well as to better understand the distribution of project benefits between different actors in a landscape or region.

All of the formalised, advanced VfM methods mentioned above would require some foundational work, mainly in data manipulation and mapping. This foundational work is described below, followed by some exploration of the potential to gather information on cost-effectiveness using the data in their current form.

<sup>13</sup> Cugelman, B. and Otero, E., 2010. Basic efficiency resource: A framework for measuring the relative performance of multi-unit programs. Leitmotiv and AlterSpark.

<sup>14</sup> ICF has a guidance note, but it is potentially too technically demanding to expect grantees to follow. See [ICF KPI 10 Methodology Note](#).

<sup>15</sup> There are several areas within the portfolios which are worth focusing on. For the IWT Challenge Fund, there may be good potential to enhance reporting of monetised outcomes given that many of the project outcomes involve interventions in markets (including, but not limited to, the seizure of commodities with an established market value)

<sup>16</sup> notably where monetised values can be used to make the case for conservation, by demonstrating the often neglected and significant contributions that ecosystems provide to people.



#### 4.2.2.1 Current data limitations and foundational work required to overcome them

##### 4.2.2.1.1 Mapping expenditure to outputs

In their raw form, project budgets can inform an assessment of VfM at the project level. However, to facilitate precise estimates, for example those needed for either cost-efficiency analysis or cost-effectiveness analysis, some manipulation would be required, with the amount of time invested in this task being proportional to the accuracy of the estimates arrived at<sup>17</sup>. Some options for this manipulation are outlined in Table 4. The simplest and lowest cost option is to assume that project expenditure contributes evenly to all outputs and allocate expenditure accordingly. It is not clear that this would be helpful and should be explored further if there is interest. The lowest cost option which could generate estimates which have at least a moderate level of confidence attached to them is expenditure mapping by analysts. The most costly option would be to add a layer of complexity to the budget template by asking project teams to map each budget line across their outputs. This could create a significant level of burden on grantees and the administration team, should only be considered if highly robust VfM assessment is needed.

Table 4: List of methods available to determine the amount spent on individual results

Method for attributing results to expenditure	Resources / Confidence
<b>None.</b> Assess VfM without attempt to match expenditure to results (see preliminary analysis which is possible at this level on the following page)	-
<b>Assume</b> that project expenditure is equally split between project outputs, and that each Standard Indicator corresponds either to a) the full amount spent on its corresponding output, or b) a proportion thereof determined by the total number of Standard Indicators reported against. This could deliver reasonably accurate estimates and it may be worth piloting as a method, alongside a more rigorous approach, to see if the results are significantly different. Until such testing has been done, however, results generated using this method should be used with caution.	Very low
<b>Expenditure mapping by analyst.</b> As a lower cost option, an analyst could map the expenditure categories above to the project outputs. This would be assumptions-based, informed by a reading of the logframe and other project documents. This could probably be done in as little as 10–30 minutes per project. Expenditure categories could also be mapped to the project outcomes (while BCFs projects have only one Outcome statement, this statement is by requirement multifaceted, usually containing at least 2–3 outcomes as reflected in the range of indicators used).	Medium
<b>Expenditure mapping with Project Leader.</b> For a more accurate mapping of expenditure to outputs and outcomes, the mapping exercise could be run over a call with the Project Leader. Alternatively, the format of the budget could be adjusted to reflect the structure of the project. Either way, this would add to the reporting and engagement burden placed on grantees, and should only be considered if robust VfM assessment is needed in the BCFs.	High
<b>Expenditure mapping by Project Leader.</b> Most accurate but highest burden option is to request that projects submit budgets with an estimate of the extent to which each of the budget lines is likely being spent on achieving each of the outputs. As we still have multiple indicators used for each output, we would also need a set of rules to ensure coherence in our application of this mapping, notably where the same quantity of expenditure is being used to account for multiple results. If this is implemented then	High

<sup>17</sup> Glandon, D., Fishman, S., Tulloch, C., Bhula, R., Morgan, G., Hirji, S. and Brown, L., 2023. The State of Cost-Effectiveness Guidance: Ten Best Resources for CEA in Impact Evaluations. *Journal of Development Effectiveness*, 15(1), pp.5-16.

Method for attributing results to expenditure	Resources / Confidence
it should not be applied to grantees with running projects, but as requirement from the start, as the burden will be relatively lower this way	

#### 4.2.2.1.2 Attributing outcomes to the right actors or funding sources

Co-financing arrangements can be significant for BCFs projects. In parallel with the mapping of expenditure to outputs described above, there is a need to clarify the role that co-financing arrangements contributed to outputs and outcomes.

During the expenditure-to-output mapping described in the previous sub-section, the expenditure itself needs to be disaggregated by source. This can be achieved to varying levels of accuracy using either a simple assumptions-based approach (e.g. assuming that all co-finance maps to project outputs in a way that is proportional to the distribution of grant budgeting across outputs), or by more accurately mapping the co-finance using the text provided in Applications, Annual Reports, Final Reports, Project Budgets, and, where needed, by reaching out to Project Leaders to clarify things.

Again, the accuracy of the data available for advanced VfM will be determined by the level of resourcing afforded to this foundational work. Current initiatives to enhance the degree to which attribution is accounted for in reporting<sup>18</sup> could contribute to a much easier process of mapping, especially where the role of co-financing is clarified in reporting and there is no need to follow-up with Project Leaders.

#### 4.2.2.1.3 Better reflecting the intensity of output and outcome indicators

At the project level, Logframe indicators are designed to be specific. Ideally, these should provide information on both the breadth of the project's achievements as well as their magnitude. Using an enhanced livelihoods analogy, the breadth here refers to the number of people with enhanced livelihoods, while the magnitude refers to the extent to which livelihoods have been improved for these people. To the extent that indicators have been thoughtfully selected and reported against, it should be possible to account for these and conduct meaningful VfM assessment at the project level.

At the portfolio-level, reporting against the Standard Indicators is more general. Some of the specificity utilised to understand the depth, magnitude or intensity of results is sacrificed to achieve a more general, aggregable result. To do meaningful and valid VfM, however, some techniques may need to be employed to better account for magnitude. One example identified in Section 4.2.2.2.1 is *Number of people from eligible countries who have received structured and relevant training*. To understand how far each pound of investment has gone towards providing training, we need some measure of the extent of the training. This could be gathered through the introduction of a companion indicator which captures the total number of hours delivered. To avoid this becoming a complicated process whereby variable numbers of hours for different people need to be factored in, one option could be simply to collect the total number of people-hours of training delivered under the project. This could be used along with some assumptions to get a better understanding of VfM at the portfolio-level. This is not a perfect solution given that some projects provide training in multiple sectors or thematic areas, sometimes to varying degrees of intensity, and this detail would be lost in the use of a simplified companion indicator. This would probably be a worthwhile sacrifice for the benefit of keeping things simple.

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<sup>18</sup> As of March 2025, all Extra projects will be required to (and all other projects will be voluntarily allowed to) adjust their reporting to account for attribution in line with the following UK Government International Climate Finance (ICF) guidance: UK Government, 2023. Supplementary Guidance to ICF Results Methodology Notes: Additionality and Attribution (Online). Available: <https://assets.publishing.service.gov.uk/media/63fe18f68fa8f527fc6d9cf4/Supplementary-Guidance-to-ICF-Results-Methodology-Notes-Additionality-and-Attribution.pdf> [Accessed 31 Jan 2025].

#### 4.2.2.2 Exploring potential for basic forms of Cost-effectiveness Analysis

In this section we explore the potential for using data on outcomes in their current form to make some assessment of the relative cost-effectiveness with which outputs and outcomes have been delivered by projects. We explore whether there is a relationship between the total budget allocated to projects and the outputs and outcomes delivered by those projects. This analysis is highly exploratory and the findings are made with the following limitations in mind. These limitations reflect the fact that the foundational work outlined in the previous sub-section has not been done.

- Total project budget is not a good reflection of the resources used to attain the outputs and outcomes assessed. Some projects report against many outputs and outcomes, while others report against a more limited range. Their resourcing of these achievements is likely reflective of this. The present analysis therefore does not account for variation in the number of outputs or outcomes reported against by each project.
- Co-finance has not been factored into the analysis. Co-finance is significant for a sub-set of projects, so this is a significant limitation.
- The analysis does not reflect the intensity of the outputs and outcomes. They are necessarily general in their specification. We therefore have no way of knowing, for example, whether projects which reached a higher number of beneficiaries simply did so by reducing the intensity of their engagement and delivery of benefits.

##### 4.2.2.2.1 Spending and outputs in the BCFs

We have used *Number of people from key national and local stakeholders completing structured and relevant training* as an illustrative case of a potential indicator to use to explore the potential use of cost-efficiency analysis in the BCFs.

#### **Darwin Initiative**

Figure 4 shows the relationship between the targets set by projects and the amount of grant funding received by those projects, with a focus on DI-A01 *Number of people from key national and local stakeholders completing structured and relevant training*. Based on this information, we can infer the following points.

- We have not identified a clear relationship between the amount of grant funding distributed to a project and the number of people trained under that project<sup>19</sup>.
- There is a pronounced cluster of projects which aim to train a total of between 1 and 500 people, suggesting potential to establish a benchmark range, ceiling, floor or target depending on what is needed at a strategic level.
- On average, projects funded under the Darwin Initiative Main scheme trained more people than the other Darwin Initiative schemes did. This scheme is followed by Extra, Innovation and C&C respectively.

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<sup>19</sup> There could be a number of reasons behind this observation. The use of the full project budget on the x-axis does not provide a specific account of the resources used to generate the outcomes. A more accurate mapping of expenditure to outcomes would reveal a clearer correlation between expenditure and outcomes if one was present. There is also the potential that a correlation does not exist, or that with more data collected over time we begin to see a clustering of projects depending on the kinds of training that they are delivering or on some kind of contextual parameters.

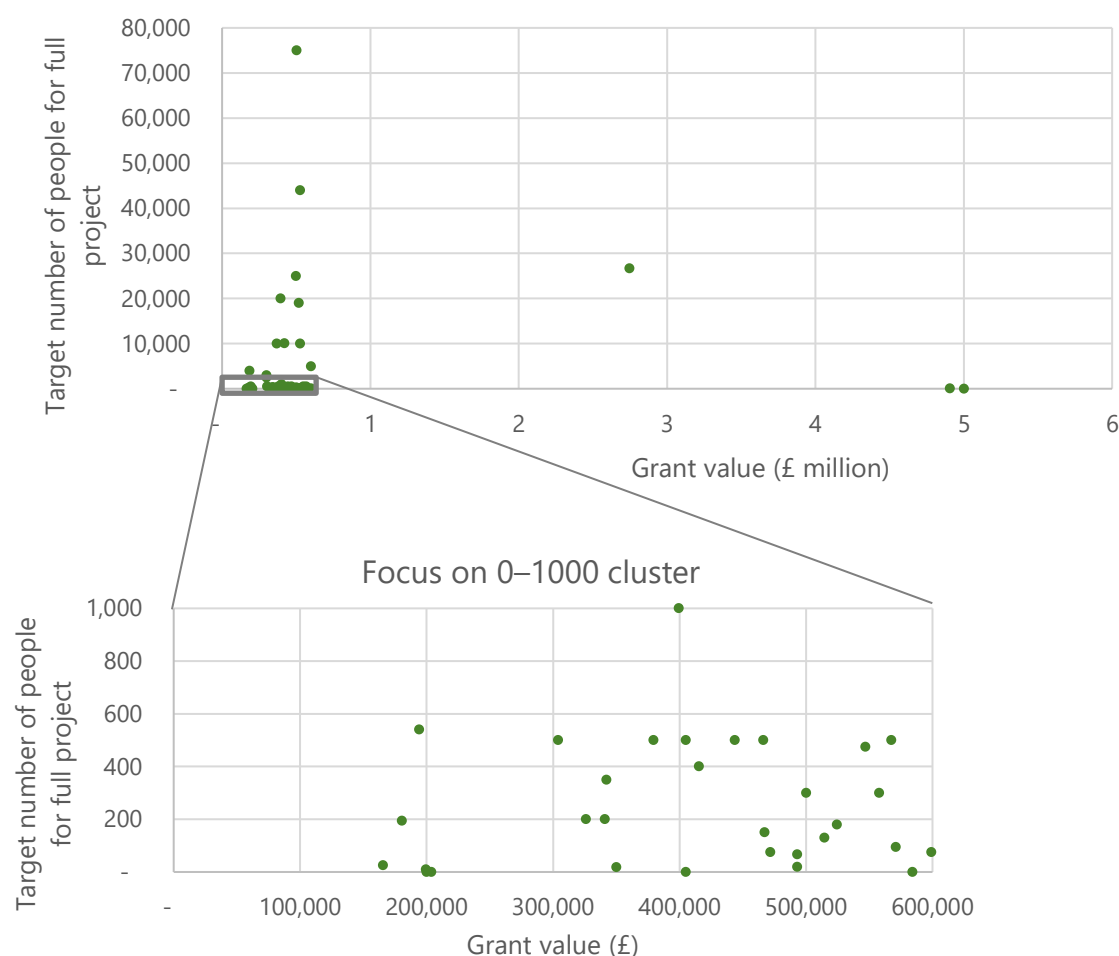


Figure 4: DI-A01 Number of people from key national and local stakeholders completing structured and relevant training

## IWT Challenge Fund

Figure 5 shows the relationship between the targets set by projects and the amount of grant funding received by those projects, with a focus on IWT Challenge Fund Evidence projects. Extra projects did not report having trained people in sustainable livelihood skills (scheme-specific analysis was enabled by development of a 'VfM tool' which is included as an additional Excel sheet in the 2024 Synthesis of results, which includes instructions on how to use the tool to assess cost-efficiency or cost-effectiveness at an exploratory level for any of the Standard Indicators).

- Around 70% of projects trained between 1 and 200 people. This suggests the existence of an informal benchmark. Only three projects trained more than 1,000 people.
- We can't demonstrate that there is a formal relationship between the amount of funding awarded and the number of people trained<sup>20</sup>.
- IWT Challenge Fund Main projects tended to train more people than IWT Challenge Fund Evidence projects. Extra projects did not report having trained people in sustainable livelihood skills (scheme-specific analysis was enabled by development of a 'VfM tool' which is included as an additional Excel sheet in the 2024 Synthesis of results, which includes instructions on how to use the tool to assess cost-efficiency or cost-effectiveness at an exploratory level for any of the Standard Indicators).

<sup>20</sup> As with the Darwin Initiative, a more accurate mapping of expenditure to outcomes may reveal a stronger relationship between resource use and outcomes. However, the number of people receiving training may also be determined by other factors which do not necessarily reflect the amount of funding available or set aside for the relevant activities (eg. they may in some cases be limited by the absolute size of, for example, a community of households or group of producers).

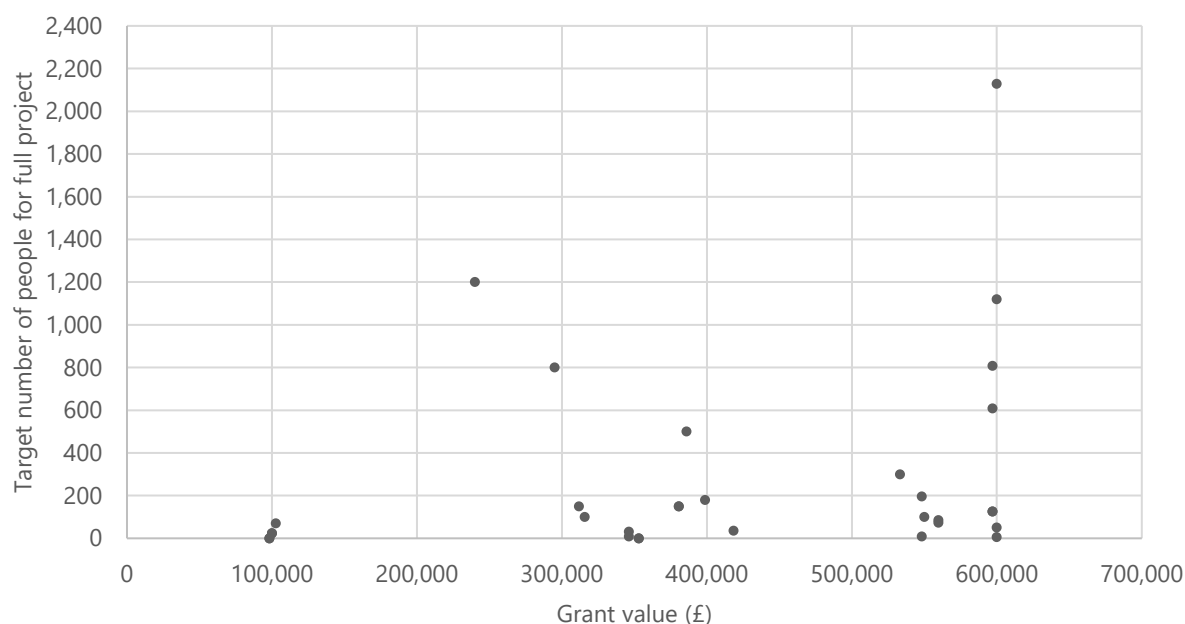


Figure 5: IWTCF-A01 Number of people who received training in sustainable livelihood skills

Figure 6 shows the relationship between the targets set by projects and the amount of grant funding received by those projects, with a focus on IWTCF-A01 *Number of people trained in law enforcement skills*. We can infer the following points.

- Compared with training delivered by IWT Challenge Fund projects on sustainable livelihood skills, law enforcement training tended to target smaller numbers of people, with only one project having trained more than 200 people.
- Around 79% of projects trained between 1 and 100 people (just 1% less than in the livelihoods category). This suggests that despite the lower numbers of people trained on average, the existence of an informal benchmark. Only three projects trained more than 200 people.
- We can't demonstrate that there is a formal relationship between the amount of funding awarded and the number of people trained.
- IWTCF Main projects tended to train more people than IWTCF Evidence projects. Extra projects did not report having trained people in sustainable livelihood skills (scheme-specific analysis was enabled by development of a 'VfM tool' which is included as an additional Excel sheet in the 2024 Synthesis of results, which includes instructions on how to use the tool to assess cost-efficiency or cost-effectiveness at an exploratory level for any of the Standard Indicators).



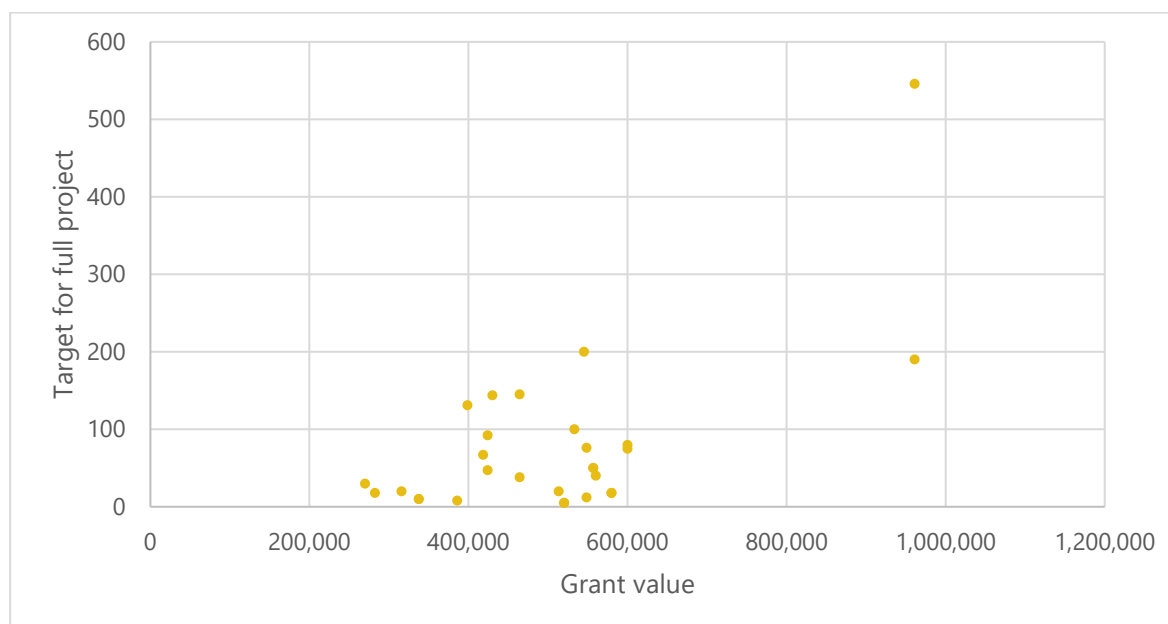


Figure 6: IWTCF-B01 Number of people trained in law enforcement skills.

## Darwin Plus

Figure 7 shows the targets that Darwin Plus projects have set for the corresponding indicator in this fund: *Number of people in eligible countries who have completed structured and relevant training*. We can infer the following.

- Notably and as expected, the targets are generally lower than for Darwin Initiative and IWT Challenge Fund.
- We have not identified a relationship between the amount of funding awarded and the number of people trained.
- Around 70% of projects trained between 0–10 people. This suggests the existence of a 'natural' or informal benchmark. Only one project trained more than 2,000 people, and only four projects trained more than 60 people.

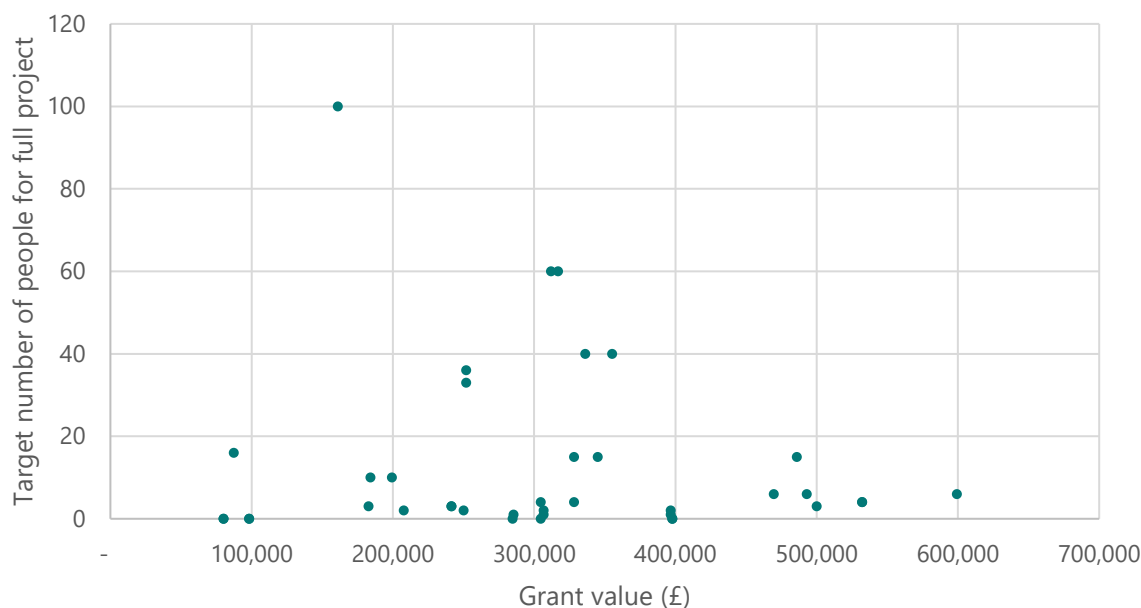


Figure 7: DPLUS-A01 Number of people in eligible countries who have completed structured and relevant training

#### 4.2.2.2.2 Spending and outcomes in the BCFs

When exploring the relationship between spending and outcomes in the BCFs, it was not possible to identify a single indicator which would work for all three funds. Outcome-level reporting is limited in the Standard Indicators, which is understandable given that outcome-level reporting is more challenging and resource intensive. Below we have selected an outcome-level indicator for each respective fund with which to explore VfM at a high level. Indicators were selected based on their popularity and potential for use in benchmarking.

#### **Darwin Initiative**

Figure 8 shows reporting against DI-D11 *Number of people benefitting from improved sustainable agriculture practices and are more resilient to weather shocks and climate trends.*

- The majority of projects (64%) delivered benefits to between 1 and 1,200 people. The remaining 35% of projects delivered benefits mainly to between 1,200 and 3,000 people, with one project being a clear outlier at nearly 12,000 beneficiaries (an unusually high amount especially for a Darwin Initiative Main project).
- Of the three Extra projects considered, two have delivered benefits to a high number of beneficiaries (over 2,000) suggesting potential for a relationship between the amount of funding and the number of people benefiting. However, data on this indicator are still relatively limited as of this year.

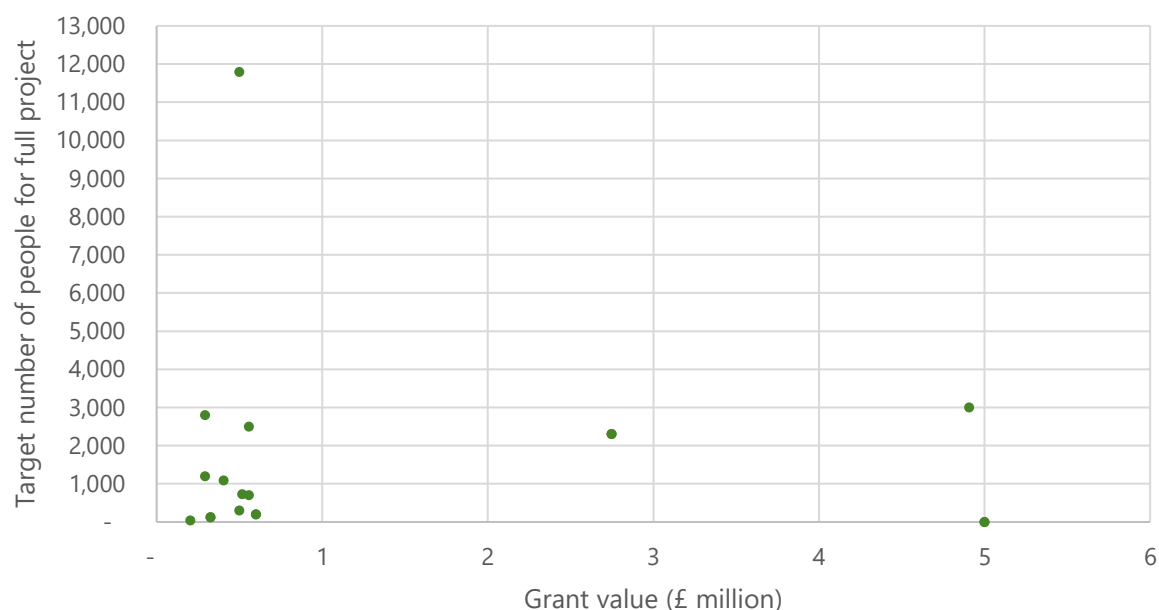


Figure 8: DI-D11 Number of people benefitting from improved sustainable agriculture practices and are more resilient to weather shocks and climate trends

## IWT Challenge Fund

For the IWT Challenge Fund, we have selected IWTCF-C01 *Number of people reported with changed behaviour in IWT post-intervention*. The relationship between grant size and outcomes is shown in Figure 9.

- Most projects (77%) delivered behaviour change to less than 105 people, suggesting a potential natural benchmark for a ceiling value
- There does appear to be somewhat of a relationship between the amount of funding awarded to projects and the number of people who have reportedly changed their behaviour in response to project activities, with all projects having delivered changed behaviour to more than 100 people being projects with more than £400,000 in funding (almost half of the sample)

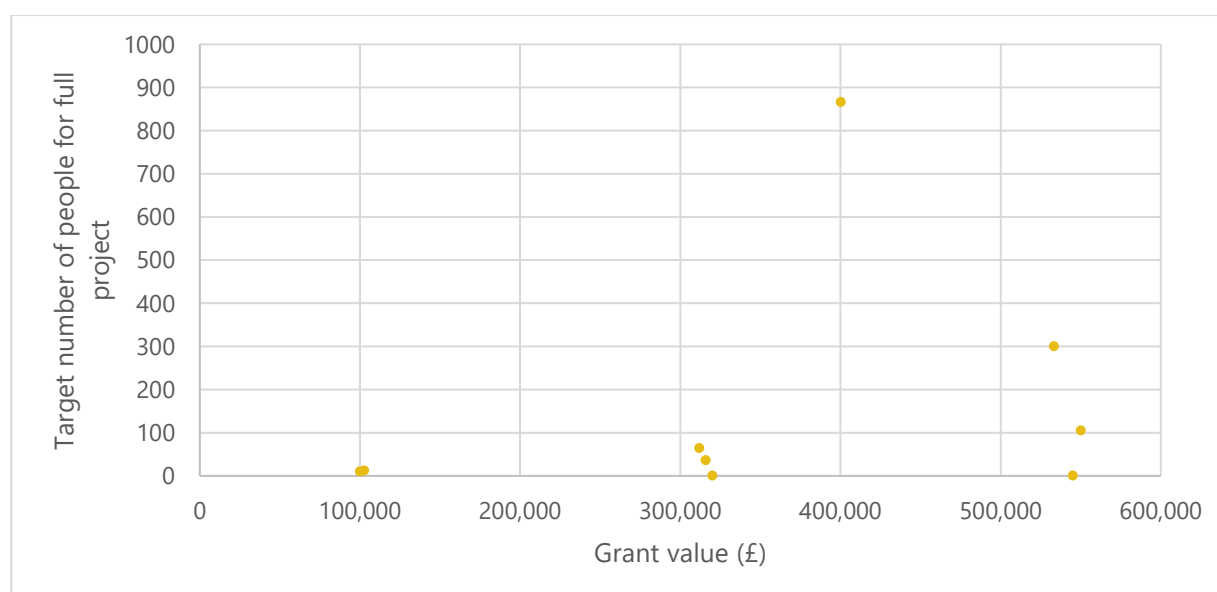


Figure 9: IWTCF-C01 Number of people reported with changed behaviour in IWT post-intervention

## Darwin Plus

Figure 10 shows the relationship between grant amounts and outcomes using DPLUS-A04 *Number of people reporting that they are applying new capabilities (skills and knowledge) 6 (or more) months after training*. The following can be inferred.

- Most projects (77%) reported that between 1 and 5 people were applying new capabilities at least 6 months after training
- Only two projects managed to report a number of people greater than 20 for this indicator. Removing these two outliers we see that there is potentially a clear relationship between the amount of grant funding received and the amount of people demonstrating enhanced capabilities. The sample is still small, however, given only two years of reporting against the Standard Indicators so far.

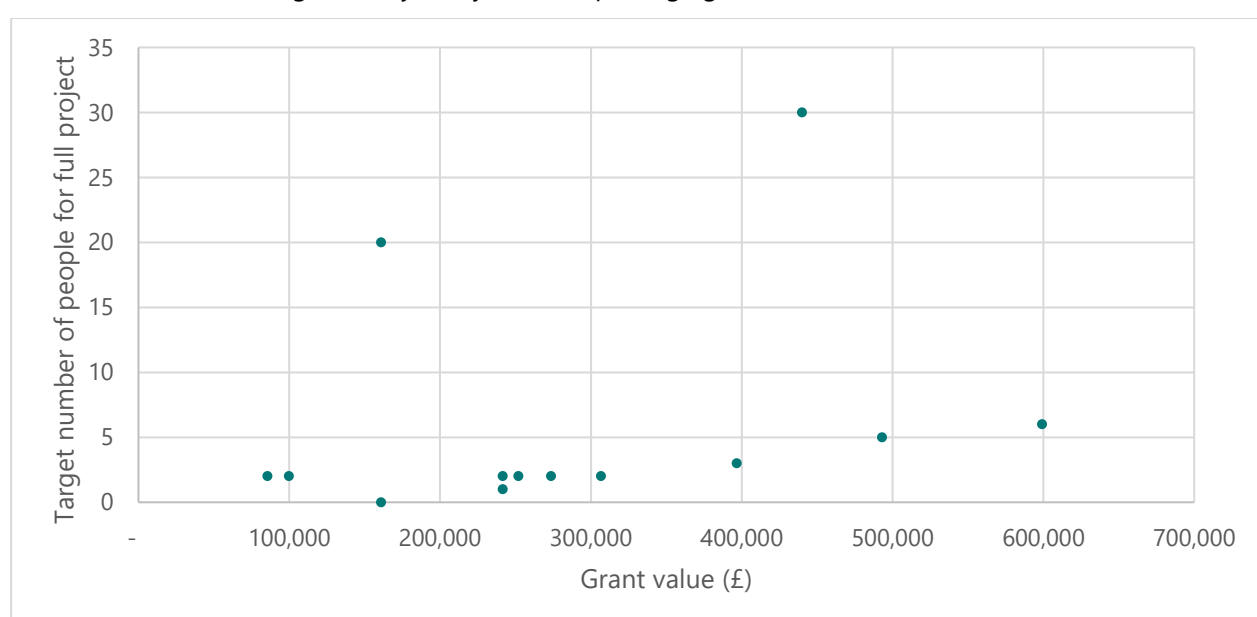


Figure 10: DPLUS-A04 Number of people reporting that they are applying new capabilities (skills and knowledge) 6 (or more) months after training

This exploratory analysis has provided a high-level overview of results reported against indicators with high potential in more advanced forms of VfM. There is some limited potential currently for use of output-focused methods like Cost-efficiency Analysis (C-EA), given that output-level reporting is currently more widespread and reliable, but this requires some foundational work in classification of expenditure and outputs. As disaggregation in data improves year-on-year, this will provide increasing potential for meaningful VfM at the output and outcome levels.

## 5. Conclusions and recommendations

This report provides a current account of the range of ways that VfM assessment is embedded in the BCFs. We have demonstrated extensive use of VfM assessment along the full grant management cycle, though we have not sought to provide a comprehensive account of VfM and there are undoubtedly more ways that VfM assessment is being utilised in various specialised processes. Drawing on existing VfM assessment, we have developed the fund-level frameworks included in Appendix 1.

Further to exploring the current use of VfM assessment, we have identified areas of potential for improvement and expansion of VfM assessment in the BCFs. These include basic improvements to VfM assessment such as more explicit use of VfM frameworks in project appraisal and evaluation, or using VfM assessment to generate information for the Expert Groups to use in their appraisal of applications. Some of these suggestions may constitute no regrets options for a more explicit use of VfM assessment.

We have also identified opportunities for the use of more advanced VfM assessment types, including Cost-benefit analysis (CBA) and Cost effectiveness analysis (CEA). These methods should be pursued if stakeholders require a more evidence-based approach to appraising or evaluating the cost-efficiency delivered by projects (eg. the per-hectare cost to deliver enhanced management practices, or the per-beneficiary cost to deliver improved livelihoods).

Our exploration into the use of a highly basic form of Cost-effectiveness analysis has generated a few tentative project-level benchmark figures using the results achieved by projects reporting in 2024. These are interesting to consider and can be used to gain a general understanding of reporting at the portfolio level. However, generating unit costs in this way, without undertaking the Basic processes outlined in Section 4.2.1, does not result in an accurate or reliable picture of the cost-effectiveness with which projects are delivering outcomes. This type of analysis fails to account for a) the variation in the number of outputs or outcomes reported against by each project, b) the co-financing arrangements under which outputs and outcomes were delivered, and c) the level of intensity or depth to which outputs and outcomes are delivered. These three fundamental limitations mean that there is little utility in estimating unit costs to achieve outputs or outcomes without undertaking the Basic processes outlined in Section 4.2.1. If there are insufficient resources available to undertake these basic processes, and in doing to enable best practice CEA, then it would be preferable to use a different method. This report contains a range of alternative, lower cost options for assessing the VfM of projects at a glance.

Finally, the scoping exercise outlined in this report has allowed for the specification of fund-level VfM frameworks, which include a balanced range of Economy, Efficiency, Effectiveness and Equity indicators identified during this scoping exercise. Version 1.1 of these frameworks are presented in Appendix 1, with an initial round of validation and adjustment having taken place during the course of this scoping study.

As enhanced data becomes available, there is more opportunity to conduct rigorous and meaningful VfM assessment in the Biodiversity Challenge Funds. This is a somewhat unique opportunity to produce a highly prized form of evidence amongst conservation practitioners: evidence on how to achieve the greatest impact with scarce resources. It is important that the BCFs maintain best practice in the ongoing use of VfM assessment methods, particularly those which are most appropriately applied using specialist expertise. Where resources for VfM assessment remain limited, simpler methods should be used, ensuring that a high degree of reliability and validity can be maintained.

### Recommendations for BCFs Management

- The BCFs Management team should consider implementing a **more explicit use of VfM assessment as part of project review processes**, including in the Annual Review Report (ARR), the Final Review Report (FRR), the Mid-term Review (MTR) and related processes (the latter are likely more appropriate



given greater resourcing available for the review process). Reviewers would use a simple Red, Amber, Green (RAG) scoring system to make an assessment of the economy, efficiency, effectiveness and equity (4Es) of funded projects. This would require integrating a 4Es RAG rating rubric into the templates used for the ARR, FRR, MTR or related process.

- The BCFs Management team should consider incorporating a **more explicit VfM framework into the process by which applications are assessed** by the Expert Groups (similar to that used by the OCEAN programme)
- The BCFs Management teams should consider running an **exercise with the Expert Groups** whereby intervention types are ranked by individuals according to perceptions of cost-effectiveness. In the absence of more easily available information on cost-effectiveness, this could yield evidence on which intervention types may require closer scrutiny in terms of their cost-effectiveness. The aggregated findings would also generate valuable material for discussion. However, we recommend running the exercise in a 'blind' way so that experts do not influence one another's ranking decisions, and then opening up discussions afterwards.
- **Advanced VfM assessment can assist in answering some of the more difficult questions** that arise when managing resources at scale. This kind of VfM assessment can be prioritised depending on what information needs are for key stakeholders such as the members of Expert Groups, and contracted as once-off studies as is done using the "deep dive studies" model used by the BCFs. Should advanced VfM assessment be contracted, care should be taken to 1) ensure that the foundational processes recommended in Section 4.2.2.1 are implemented as part of the process, and 2) ensure that all parties are clear on what the chief evaluation questions are, ensuring that the study is framed so as to deliver meaningful information to aid a specific decision-making process.
- If advanced VfM assessment is carried out, such as CEA, this analysis should include **explicit treatment of co-finance rates, drawing separate conclusions between societal VfM and Defra-specific VfM**. Defra-specific VfM is dependent on the degree to which co-finance is leveraged, given that the benefits of the associated co-finance are delivered under (and, to some degree, as a result of) Defra-funded programmes, but the costs of the co-finance do not accrue to Defra. By contrast, societal VfM is not dependent on the source of the finance or the co-finance, but is merely a reflection of the total benefits delivered and the total cost to deliver them (including the grant funding and the co-finance together).
- Where additional burden on project teams is required to implement a more advanced VfM approach, the approach should be trialled on projects funded under either of the **Darwin Initiative Extra, IWT Challenge Fund Extra or Darwin Plus Strategic Schemes**.
- **Add the following Standard Indicator to all three Standard Indicator menus:** "Total number of person-hours of structured and relevant training delivered". Consider other similar indicators for capturing depth or magnitude of some of the other standard indicators. This can be accomplished using disaggregation, but the current reporting system could easily lead to cases where many different training types need to be disaggregated, with person-hours recorded and reported for each, which would be too burdensome.
- Current efforts to **standardise and ensure high quality, disaggregated reporting** will enhance potential for VfM and should be further encouraged.

- **The Final Report question on VfM should mention all of the 4 Es** to ensure that project teams are more likely to consider them all when reporting. Given space constraints, defining these terms does not seem feasible here, but at the very least all of them should be listed.

## Appendix 1 Fund-level VfM frameworks

### Darwin Initiative

Economy	Economy Indicator 1		2023	2024	Target (2025)	Assumptions
	Overhead costs as % of total programme spend	Planned	14	14	14	<p><b>Indicator 1</b> Overhead costs = Defra staff costs + Expert Group costs + NIRAS Fund Admin but not things that are adding to quality (e.g. WS-5 + C&amp;C + 50% comms)</p> <p><b>Indicator 2</b> is based on assessment of qualitative and quantitative info, requires accompanying word doc with concise narrative referring to Annual Report Section etc where info is stored.</p>
		Achieved				
		Source				
		Financial records				
	Economy Indicator 2		2023	2024	Target (2025)	
		Planned	G	G	G	
		Achieved	G	G		
		Source				
		Personnel Management processes and records				
Efficiency	Efficiency indicator 1		2023	2024	Target (2025)	Assumptions
	Cost per person in eligible countries who have completed structured and relevant training	Planned				<p><b>Indicator 1</b> considers only C&amp;C projects, assumes that full project budgets were spent to deliver training.</p> <p><b>Indicator 2</b> is qualitative, requires accompanying word doc with concise narrative referring to Annual Report Section etc where info is stored.</p> <p><b>Indicator 4</b> taken from all projects submitting a Final Report during the reporting period.</p>
		Achieved				
		Source				
	Efficiency indicator 2		2023	2024	Target (2025)	
		Planned	G	G	G	
		Achieved	G	G		
		Source				
	Effectiveness indicator 3		2023	2024	Target (2025)	
		Planned				
		Achieved				
		Source				
	Value of co-funding leveraged (as % of total Defra spend)					
		Planned				
		Achieved				
		Source				

Effectiveness	Effectiveness indicator 1		2023	2024	Target (2025)	Assumptions
	Ecosystem Loss Avoided	Planned		0		Indicators 1–3 taken from Synthesis
		Achieved		0		
		Source				
	Effectiveness indicator 2		2023	2024	Target (2025)	
	Number of people with Sustainable Livelihoods created or protected	Planned				
		Achieved				
		Source				
	Effectiveness indicator 3		2023	2024	Target (2025)	
	Number of people supported to better adapt to the effects of climate change	Planned				
		Achieved				
		Source				

Equity	Equity indicator 1		2023	2024	Target (2025)	Assumptions
	% of projects that are confirmed by reviewers to be GESI sensitive	Planned				<b>Indicators 1–2</b> All projects submitting an Annual Report or a Final Report  <b>Indicator 3</b> Current Darwin Initiative guidance notes 70% is the target proportion of funding that goes to Low income and Lower-middle income countries, but could increase
		Achieved				
		Source				
	Equity indicator 2		2023	2024	Target (2025)	
	% of projects that are confirmed by reviewers to be GESI empowering	Planned				
		Achieved				
		Source				
	Equity indicator 3		2023	2024	Target (2025)	
	% of project funding that goes to Low income and LMIC	Planned	70			
		Achieved				
		Source				

## IWT Challenge Fund

Economy	Economy Indicator 1		2023	2024	Target (2025)	Assumptions
	Overhead costs as % of total programme spend	Planned	14	14	14	Indicator 1 Overhead costs = Defra staff costs + Expert Group costs + NIRAS Fund Admin but not things that are adding to quality (e.g. WS-5 + C&C + 50% comms)  Indicator 2 is based on assessment of qualitative and quantitative info, requires accompanying word doc with concise narrative referring to Annual Report Section etc where info is stored.
		Achieved				
			Source			
			Financial records			
	Economy Indicator 2		2023	2024	Target (2025)	
	Quality of procurement and personnel resource management processes (RAG)	Planned	G	G	G	
		Achieved	G	G		
			Source			
			Personnel Management processes and records			

Efficiency	Efficiency indicator 1		2023	2024	Target (2025)	Assumptions
	Cost per person in eligible countries who have completed structured and relevant training	Planned				<b>Indicator 1</b> assumes that full project budgets were spent to deliver training.  <b>Indicator 2</b> is qualitative, requires accompanying word doc with concise narrative referring to Annual Report Section etc where info is stored.  <b>Indicator 4</b> taken from all projects submitting a Final Report during the reporting period.
		Achieved				
		Source				
	Efficiency indicator 2		2023	2024	Target (2025)	
	Extent and quality of measures taken in last year to improve efficiency (RAG)	Planned	G	G	G	
		Achieved	G	G		
		Source				
	Effectiveness indicator 3		2023	2024	Target (2025)	
	Value of co-funding leveraged (as % of total Defra spend)	Planned				
		Achieved				
		Source				

Effectiveness	Effectiveness indicator 1		2023	2024	Target (2025)	Assumptions
	IWTCF-B08 Number of people charged for wildlife crime	Planned		0		Indicators 1–3 taken from Synthesis
		Achieved		0		
		Source				
	Effectiveness indicator 2		2023	2024	Target (2025)	
	IWTCF-B15 Number of amendments to national laws and regulations in project countries	Planned				
		Achieved				
		Source				
	Effectiveness indicator 3		2023	2024	Target (2025)	
	IWTCF-C06 Number of consumers that have demonstrated desired behaviour change	Planned				
		Achieved				
		Source				

Equity	Equity indicator 1		2023	2024	Target (2025)	Assumptions
	% of projects that are confirmed by reviewers to be GESI sensitive	Planned				Indicators 1–2 All projects submitting an Annual Report or a Final Report  Indicator 3 Current IWT Challenge Fund guidance notes 70% is the target proportion of funding that goes to Low income and Lower-middle income countries, but could increase
		Achieved				
		Source				
	Equity indicator 2		2023	2024	Target (2025)	
	% of projects that are confirmed by reviewers to be GESI empowering	Planned				
		Achieved				
		Source				
	Equity indicator 3		2023	2024	Target (2025)	
	% of project funding that goes to Low income and LMIC	Planned	70			
		Achieved				
		Source				



## Darwin Plus

Economy	Economy Indicator 1		2023	2024	Target (2025)	Assumptions
	Overhead costs as % of total programme spend	Planned	14	14	14	<p><b>Indicator 1</b> Overhead costs = Defra staff costs + Expert Group costs + NIRAS Fund Admin but not things that are adding to quality (e.g. WS-5 + C&amp;C + 50% comms)</p> <p><b>Indicator 2</b> is based on assessment of qualitative and quantitative info, requires accompanying word doc with concise narrative referring to Annual Report Section etc where info is stored.</p>
		Achieved				
		Source				
		Financial records				
	Economy Indicator 2		2023	2024	Target (2025)	
	Quality of procurement and personnel resource management processes (RAG)	Planned	G	G	G	
		Achieved	G	G		
		Source				
		Personnel Management processes and records				

Efficiency	Efficiency indicator 1		2023	2024	Target (2025)	Assumptions
	Cost per person in eligible countries who have completed structured and relevant training	Planned				<p><b>Indicator 1</b> assumes that full project budgets were spent to deliver training.</p> <p><b>Indicator 2</b> is qualitative, requires accompanying word doc with concise narrative referring to Annual Report Section etc where info is stored.</p> <p><b>Indicator 4</b> taken from all projects submitting a Final Report during the reporting period.</p>
		Achieved				
		Source				
	Efficiency indicator 2		2023	2024	Target (2025)	
	Extent and quality of measures taken in last year to improve efficiency (RAG)	Planned	G	G	G	
		Achieved	G	G		
		Source				
	Effectiveness indicator 3		2023	2024	Target (2025)	
	Value of co-funding leveraged (as % of total Defra spend)	Planned				
		Achieved				
		Source				

Effectiveness	Effectiveness indicator 1		2023	2024	Target (2025)	Assumptions
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	DPLUS-A03 Number of local or national organisations with enhanced capability and capacity	Planned		0		Indicators 1–3 taken from Synthesis
		Achieved		0		
		Source				
	Effectiveness indicator 2		2023	2024	Target (2025)	
	DPLUS-D01 Area of land or sea under ecological management	Planned				
		Achieved				
		Source				
	Effectiveness indicator 3		2023	2024	Target (2025)	
	DPLUS-D05a Number of people supported to better adapt to the effects of climate change	Planned				
		Achieved				
		Source				

Equity	Equity indicator 1		2023	2024	Target (2025)	Assumptions	
	% of projects that are confirmed by reviewers to be GESI sensitive	Planned				Indicators 1–2 All projects submitting an Annual Report or a Final Report  Indicator 3 The suitability and ease with which this indicator can be measured is to be determined. This can be assessed during a pilot round of reporting results from the 2024/25 period	
		Achieved					
		Source					
	Equity indicator 2		2023	2024	Target (2025)		
	% of projects that are confirmed by reviewers to be GESI empowering	Planned					
		Achieved					
		Source					
	Equity indicator 3		2023	2024	Target (2025)		
	% of project funding that goes directly to UKOT-based organisations / partners	Planned	70				
		Achieved					
		Source					

Appendix 2 Example of project expenditure recorded in an Annual Report

Project spend (indicative) since last Annual Report	2023/24 Grant (£)	2023/24 Total Darwin Costs (£)	Variance %	Comments (please explain significant variances)
Staff costs (see below)	34100	36871.72	8%	
Consultancy costs	50366	51060.77	1%	
Overhead Costs	23170	23696.83	4%	
Travel and subsistence	22821	17688.71	-22%	Travel costs were less than expected due to flights being more economical than anticipated.As s

## Appendix 3 Examples from the Recommendations Tracker

Fund/Area	Workstream <sup>21</sup>	Short Name	Recommendation	Source
Darwin Plus	W6_Capability_and_Capacity_Building	Targeted capacity building webinars to support application processes	In addressing capacity to engage, one measure could include the delivery of targeted capacity building webinars to support application processes. Key actions to support collaboration could include facilitating opportunities to bring researchers, partners and broader stakeholder groups together. Potential partners need opportunities to build trust and understand one another's priorities. Explore cultivating spaces to exchange and learn both in person and through access to online collaboration spaces	WS5 DD23-03 Fellowships
BCF All Funds	W7_Communications	Broaden and strengthen prospective applicant pools	Explore strategies to broaden and strengthen prospective applicant pools, include organisations with a greater GESI focus (such as local community organisations) and smaller conservation actors (see detailed recs in GESI report pg. 54)	WS5 DD23-04 GESI
BCF All Funds	W6_Capability_and_Capacity_Building	Provide additional report reviewer training sessions	Provide additional report reviewer training sessions or learning events to support a more consistent approach to reviews and shared understanding of how to manage challenges.	WS5 DD23-02 MEL reporting systems

<sup>21</sup> This relates to the workstream to which the recommendation most directly relates, but often recommendations apply to, and responses actioned through, multiple workstreams

## Appendix 4 Examples from the NIRAS Fund Manager Report

This appendix presents excerpts from the accounts of progress against previously agreed recommendations as stated in the most recent NIRAS Annual Fund Manager Report submitted to Defra in October 2024 and covering 2023/24 Financial Year. These excerpts have been classified according to the 4Es to illustrate considerations of each concept in turn.

### Economy

Table 5 shows two of the recommendations that were reflected on in the most recent NIRAS Annual Fund Manager Report. Both of these recommendations are focused on ensuring that spending happens as planned, which is important for ensuring that resources can be secured and funded in an economical way. Spending on time also has implications for efficiency and effectiveness, both of which are discussed further in the following sections using other examples taken from the NIRAS Annual Fund Manager Report.

Table 5: Excerpt from NIRAS Annual Fund Manager Report 2023/24 showing progress against agreed recommendations on Workstream 4: Financial Management

Recommendation from last Fund Manager Report	Progress
Capture more detailed information on project forecasting and potential underspend at the half year reporting stage	This was actioned for October 2023 and continues to be captured
We propose modelling of forecasting approach to ensure money not sitting in bank account too long (assume not all projects will submit valid claim in month 1 of a quarter). (N.B. this recommendation has already been discussed and rejected by Defra but recording here for completeness)	N/A

### Efficiency

Table 6 shows the first two accounts of progress against agreed recommendations that were reflected on for Workstream 2: Expert Groups. From the wording it is clear that both these recommendations were focused on enhancing efficiency in the use of expert resources.

Table 6: Excerpt from NIRAS Annual Fund Manager Report 2023/24 showing progress against agreed recommendations on Workstream 2: Expert Groups

Recommendation from last Fund Manager Report	Progress
To maximise efficiencies, we ask that, where possible, Experts invoice us once per year at the end of the application Round/once their inputs are complete within the Financial Year.	This is now happening, the only exception being that the separate Darwin Plus working group on Fellowships invoiced their time separately/out of sequence with the other invoicing stage.
We propose managing a combined recruitment round across Expert Groups where recruitment is required across more than one group, to improve efficiencies.	This was the approach taken for Expert Group Recruitment in 2023.

### Effectiveness

The latest Fund Manager Report contained a limited number of recommendations that were focused on effectiveness explicitly, although arguably several could technically lead to a more effective services being delivered. **Error! Reference source not found.** shows an example of a recommendation from Workstream 1

which, if actioned successfully, would allow applicants a longer lead time to develop their proposals. This would arguably allow applicants more time to develop a stronger proposal, especially given that collaboratively developed proposals, which tend to be stronger, also tend to take longer to develop.

Table 7: Excerpt from NIRAS Annual Fund Manager Report 2023/24 showing progress against agreed recommendations on Workstream 1: Applications

Recommendation from last Fund Manager Report	Progress
There is an ambition for us to communicate application funding timings more than one Round in advance to assist with applicant planning. This has been successfully achieved in the case of Darwin Plus Local Rounds 2 and 3 but has yet to be realised for the other funding Rounds. With us now working towards all grants starting on 1st April each year, we should seek to communicate forward looking dates to applicants as far ahead as possible (but noting there now seem to be delays for IWTCF results in 2023/24).	This has not been possible and will likely not be possible for some time. Significant delays in awarding projects for a number of IWT Challenge Fund rounds in sequence impacts the reputation and trust in the fund – under Round 10, there were various delays to the notification of results requiring repeated communications with applicants and more complex award stage of managing changes to project budgets and designs. 1 <sup>st</sup> April start date will not be possible for some years for IWT Challenge Fund given significant delays as a result of general election impacting the launch of the fund in 2024/25.

Equity

Equity has been an increasingly important focus in the BCFs, reflecting trends in the conservation and development sectors more widely. All three funds include equity-focused outcomes in their logframes. As an example of this more explicit focus, **Error! Reference source not found.** records the result of a recommendation made in the 2021/22 Fund Manager Report to undertake recruitment of a safeguarding focal point for the funds, as well as a comment that this recommendation has since been actioned.

Table 8: Excerpt from NIRAS Annual Fund Manager Report 2023/24 showing progress against agreed recommendations on Workstream 8: General Contract Management

Recommendation from last Fund Manager Report	Progress
In 2023/24 NIRAS is undertaking recruitment of a Safeguarding focal point.	Recruitment completed in November 2023.



## Appendix 5 Contract Key Performance Indicators

Key Performance Indicator and sub-indicator	Relevant dimensions of the 4Es			
	Economy	Efficiency	Effectiveness	Equity
KPI 1: Financial Management is delivered to a high standard [This should focus on Workstream 4]				
1a: Proportion of funds disbursed to grant holders within agreed timeframe.	✓			
1b: Financial forecasts are submitted on time in a format which meets Defra's needs.	✓	✓	✓	
1c: Anti-fraud measures maintain the level of fraud within the agreed threshold of <1% / Fraud and significant whistleblowing issues are identified and reported.	✓			✓
1d: Financial information submitted to Defra is error free.	✓	✓	✓	
KPI 2: The funds are agile, responding to risks and opportunities to strengthen performance [This should focus on Workstream 8]				
2a: Programme Management tools (registers and trackers) support agile and responsive management of the funds.		✓	✓	
2b: Requests from Defra are acknowledged, and actioned.		✓	✓	
2c: New Very High risks, fraud and safeguarding issues are identified, documented, and reported to Defra.		✓	✓	✓
2d: Annual Reviews (fund level) are completed and actively used to strengthen performance		✓	✓	✓
KPI 3: Clear guidance and feedback enables the key stakeholders to put forward strong applications [This should focus on Workstream 1]				
3a: In-country organisations enabled to lead and submit high quality grant applications		✓	✓	✓
3b: Unsuccessful lead partners reapply with stronger applications.		✓	✓	✓
KPI 4: Independent expertise is efficiently targeted to identify the most transformational proposals [This should focus on Workstream 2]				
4a: Assessment Pack supports efficient and robust assessments		✓	✓	✓
4b: Sift Briefing Pack supports informed discussions and robust recommendations of the expert groups.		✓	✓	✓
KPI 5: Performance of projects is strengthened by adapting and responding to actions and recommendations arising from project reviews and feedback. [This should focus on Workstream 3]				
5a: Annual Project Reports Reviews are completed on time and actively used to strengthen performance		✓	✓	✓
5b: Mid-term Reviews are completed on time and actively used to strengthen performance		✓	✓	✓
KPI 6: Capability and capacity of national and local stakeholders enhanced. [This should focus on Workstream 6]				

Key Performance Indicator and sub-indicator	Relevant dimensions of the 4Es			
	Economy	Efficiency	Effectiveness	Equity
6a: High quality resources (templates, guides) are produced and made available.		✓	✓	✓
6b: High quality training courses are delivered to targeted stakeholders		✓	✓	✓
KPI 7: Evidence is utilised, and Best Practices are made available. [This should focus on Workstream 5]				
7a: An active portfolio of deep dives is maintained.		✓	✓	✓
KPI 8: International Awareness and Understanding of the funds is strengthened [This should focus on Workstream 7]				
8a: Effective communication plan developed and delivered to improve understanding and visibility of the Funds.	✓	✓	✓	✓
8b: Communication products attract a broad readership in support of the objectives.	✓	✓	✓	✓
8c: Websites perform strongly in terms of accessibility, platforms, security and search engine optimisation.	✓	✓	✓	✓
N.B. Accessibility is considered to include Web Content Accessibility Guidelines and accessibility issues related to bandwidth and technological challenges faced by some users.				

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## Appendix 6 Example of VfM in project review process

As an example of how VfM assessment is embedded in the project review process, the following excerpt is taken from the Final Report template:

Provide comment on the value for money provided by this project. Annex B of the [Finance Guidance](#) helps explain what we mean by value for money.

- Was the project good value for money?
- What evidence can you provide to support this?
- Value for money doesn't mean we are looking for the cheapest things, but focuses on the economy, efficiency and effectiveness with which desired outputs were achieved.

Here grantees are provided with a link to the Finance Guidance, which includes a description of VfM using the FCDO 4Es framework. This provides a narrative account to be assessed by the reviewer who conducts the Final Report Review and is requested to comment on the project's delivery of VfM.