

International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss

A review

July 2021

The Independent Commission for Aid Impact works to improve the quality of UK development assistance through robust, independent scrutiny. We provide assurance to the UK taxpayer by conducting independent reviews of the effectiveness and value for money of UK aid.

We operate independently of government, reporting to Parliament, and our mandate covers all UK official development assistance.

Overall review scores and what they mean

GREEN

Strong achievement across the board. Stands out as an area of good practice where UK aid is making a significant positive contribution.

AMBER/ RED

Unsatisfactory achievement in most areas, with some positive elements. An area where improvements are required for UK aid to make a positive contribution.

GREEN/ AMBER

Satisfactory achievement in most areas, but partial achievement in others. An area where UK aid is making a positive contribution, but could do more.

RED

Poor achievement across most areas, with urgent remedial action required in some. An area where UK aid is failing to make a positive contribution.



© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3, or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright you will need to obtain permission from the copyright holders concerned.

Readers are encouraged to reproduce material from ICAI reports, as long as they are not being sold commercially, under the terms of the Open Government Licence. ICAI requests due acknowledgement and a copy of the publication. For online use, we ask readers to link to the original resource on the ICAI website.

Any enquiries regarding this publication should be sent to us at enquiries@icai.independent.gov.uk.



The UK has a range of relevant and credible programmes tackling drivers of deforestation and biodiversity loss around the world, but lacks evidence of impact at scale

Global rates of deforestation and biodiversity loss are catastrophic. Between 1990 and 2020, the world lost 178 million hectares of forests. Natural ecosystems have declined by nearly half in extent and condition since 1970. The UK spent £1.2 billion in aid on protecting forests and biodiversity between 2015 and 2020, through the Foreign, Commonwealth and Development Office, the Department for Business, Energy and Industrial Strategy and the Department for Environment, Food and Rural Affairs.

Most of the UK programmes are well targeted towards prevailing drivers of deforestation and biodiversity loss. However, the lack of a clearly prioritised strategy has contributed to a portfolio that is too widely spread, both geographically and thematically. The quality of evidence and contextual analysis is mixed, with strong engagement on illegal logging and the global timber trade counterbalanced by programming on alternative livelihoods that is less well founded. Some programmes are working well with forest communities, including indigenous peoples, but consultation with communities during programme design is inconsistent and more could be done to strengthen the participation of women in local forest governance.

The UK has been an active supporter of global commitments and initiatives, and has positively influenced various multilateral funding bodies and programmes. The three departments are coherent at the policy level but in country often lack shared strategies, coordination arrangements and learning mechanisms. There is a need for a more considered approach to working with the private sector.

Given the major challenges in measuring results from efforts to protect forests and biodiversity, there is limited evidence of impact across the portfolio and the UK has not done enough to fill the measurement gap. Nonetheless, most programmes are delivering well at output level and there are some examples of excellent programming. The Forest Governance, Markets and Climate programme (supported by earlier Department for International Development investments in the forest sector) has been highly effective in influencing tropical timber markets in both producer and consumer countries. In our three case study countries (Colombia, Ghana and Indonesia), UK aid has made positive contributions to knowledge, institutions, governance and policies, although the overall impact on deforestation rates cannot be assessed. The portfolio includes some innovative pilots, but successful results are not always scaled up or replicated, and there is underinvestment in evaluation and learning across the portfolio.

Individual question scores

1. Relevance: How well are UK aid programmes related to halting deforestation and preventing biodiversity loss responding to global, national and community needs and priorities?

GREEN/
AMBER

2. Coherence: How internally and externally coherent are UK aid programmes directed at halting deforestation and preventing biodiversity loss?

GREEN/
AMBER

3. Effectiveness: To what extent has UK aid contributed to halting deforestation and preventing biodiversity loss?

GREEN/
AMBER

Contents

This image shows a single sheet of white paper with ten horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and extend across the width of the page. There is no handwriting or other markings on the paper.

Executive summary

By our calculations, the UK spent £1.2 billion in aid between 2015 and 2020 on protecting forests and biodiversity, through bilateral and multilateral channels. The support has been delivered by several departments – the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Environment, Food and Rural Affairs (Defra) and the Department for International Development, now merged into the Foreign, Commonwealth and Development Office (FCDO) – and supported by various cross-government coordination mechanisms, including a newly established Nature Board.

This review assesses the relevance, coherence and effectiveness of this support. Our methodology included a literature review (published separately), case studies of UK programming in Colombia, Indonesia and Ghana, programme desk reviews and consultations with affected communities in Colombia and Indonesia.

Relevance: How well are UK aid programmes related to halting deforestation and preventing biodiversity loss responding to global, national and community needs and priorities?

Over the review period, the UK has invested in a broad range of intervention types and delivery models. Activities were directed towards tackling prevailing drivers of deforestation and biodiversity loss, at national and international levels. For example, UK aid programmes have sought to reduce the impact of cocoa production on forests in Ghana, strengthen land-use planning and security of tenure in Indonesia, and promote sustainable ranching to reduce illegal forest clearing in Colombia. The portfolio also tackled global challenges through efforts to influence forest-risk commodity markets and promote green financing models. In addition, it has included a range of initiatives at community level, such as community forestry, sustainable smallholder agriculture and community-based enterprises.

However, we find that the UK lacks a clear overall strategy to guide its efforts on deforestation and biodiversity loss. There are elements of such a strategy in documents like the International Climate Fund Strategy (2011), the 25 Year Environment Plan (2018), the Green Finance Strategy (2019) and outputs from the London Conferences on the Illegal Wildlife Trade and related declarations (2014 and 2018). We were also told that a new International Climate Finance strategy (which ICAI has previously noted was required) is being prepared and have seen unfinished working papers. However, these documents do not add up to a clear or consistent set of priority objectives or plan for achieving them. There is also a lack of country strategies for the key countries. This has resulted in a collection of programmes spread widely over geographies, issues, commodities and approaches that, while generally making useful individual contributions, lack the combined impact that might have resulted from a clearer strategic focus. We will return to this issue in our follow-up review next year.

Some of the programmes we reviewed are well grounded in evidence on ‘what works’ and in-depth analysis of the context. For example, the UK’s long-standing work on illegal logging and the timber trade is based on a detailed understanding of the challenge. The Forestry, Land-use and Governance programme in Indonesia has made good use of political economy analysis, while the Forest Governance, Markets and Climate (FGMC) programme in Ghana demonstrates a strong understanding of national and local forest governance contexts. However, interventions on palm oil in Indonesia, cattle ranching in Colombia and cocoa in Ghana are not based on a similar depth of understanding. Some projects lack clear and testable theories of change about how they will contribute to protecting forests and biodiversity, and some make unsubstantiated assumptions about their eventual impact. We also found examples of intervention types that are not supported by evidence. For example, the literature suggests that developing alternative livelihood options for communities living in forest areas is unlikely to reduce deforestation.¹ However, there are several such livelihoods interventions across the portfolio.

We assessed how well programmes reflect the needs and priorities of the communities they affect. Many of the programmes are focused on influencing government policies, markets or global challenges and therefore have limited engagement with communities. For those that do provide direct support to communities, we

¹ *International climate finance: UK aid for halting deforestation and preventing irreversible biodiversity loss*, Literature review, ICAI, 2021. The literature review is available on the ICAI website.

found good-quality engagement with citizens during the implementation process. In both Indonesia and the Congo Basin, UK programmes have helped to build the capacity of community-based organisations and indigenous peoples to assert their rights. However, consultation with affected communities and sub-groups at design stage is not consistent. Furthermore, given that measures to tackle deforestation and biodiversity loss can disrupt local livelihoods, there is a lack of systematic engagement with local communities to monitor unintended consequences. Many of the community-focused programmes include gender analysis and women-focused programming. However, in our citizen engagement, we heard widespread concerns that women, young people and poorer people are excluded from forest governance arrangements, and UK programme documents acknowledge a need to work more with national governments to overcome barriers to their participation.

We have awarded the UK portfolio a **green-amber** rating for its clear focus on the drivers of deforestation and biodiversity loss, while noting that it would benefit from a more strategic, evidence-based and consultative approach.

Coherence: How internally and externally coherent are UK aid programmes directed at halting deforestation and preventing biodiversity loss?

UK efforts to galvanise international action on the drivers of deforestation and biodiversity loss have been effective when structured as a sustained and properly resourced campaign. The UK has played a significant role at a global level in supporting coordinated action, helping to secure a number of global commitments. The UK government has also engaged strongly with multilateral institutions across the portfolio, and has helped improve their systems, capacities and programming.

Within the UK government, policy coherence at central level is good and there is a clear division of labour between BEIS, FCDO and Defra. However, while there are strong examples of ‘joined-up’ working across government within the portfolio, we also found examples of avoidable duplication and fragmentation, most notably around cross-cutting issues such as private sector engagement and sustainable financing. Coordination of programming is held back by a lack of shared strategies, management arrangements and learning mechanisms.

The UK recognises the importance of engaging with the private sector, given the role of global markets in driving deforestation and biodiversity loss. Work in the timber industry under the FGMC programme takes a sophisticated approach, engaging with multiple stakeholders across producer and consumer countries, and building in clear economic incentives for producers. Work in other forest-risk commodities is not as well developed. Across the portfolio, the quality of private sector engagement is variable. The UK has helped reinforce voluntary moves in the private sector towards greener investment and more sustainable supply chains, but the much larger problem of continuing private investment that threatens forests and biodiversity remains unresolved. Given the scale of the challenge, a more concerted effort to bring about change in the private sector is needed.

While we find that coherence and coordination are not yet strong enough across government, the positive engagement by the UK at global level merits a **green-amber** score for coherence.

Effectiveness: To what extent has UK aid contributed to halting deforestation and preventing biodiversity loss?

Measuring results in the protection of forests and biodiversity presents difficult technical and practical challenges. The UK has an indicator for tracking ‘avoided deforestation’ across its climate finance, but only a handful of programmes have been able to report against it, due to capacity and methodological constraints. There are no internationally agreed measures of biodiversity loss, and only one biodiversity-related programme in the UK portfolio has come up with a methodology for assessing biodiversity quality. Some key projects in the portfolio are not well set up for results management, owing to weaknesses in theories of change and results framework. While these challenges are common across development partners working in the sector, this is clearly an area where the UK could be doing better.

As a result, there is insufficient evidence to reach conclusions on the overall effectiveness of the portfolio. In Indonesia, one of our case study countries, deforestation rates have been falling, but there has been no country-level analysis of the UK's contribution, despite sustained investment over a number of years.

However, we found a good range of effective interventions across the portfolio, with most programmes delivering well at output level and some examples of exemplary programming. In particular, the £280 million FGMC programme, building on earlier phases of UK forest sector programmes, has been able to influence and shape demand for timber in major consumer markets (such as Europe and China), while supporting in-country reforms in producer countries. Across the portfolio, the UK's support for national civil society organisations in timber-producing countries has helped increase the voice of marginalised forest communities, including indigenous peoples, and promote biodiversity protection initiatives that also benefit local communities.

In our case study countries, UK aid has made important contributions to strengthening knowledge, institutions, governance and policies. For example, the UK has supported successful interventions to reduce illegal logging and improve regulation of the timber market, while strengthening the rights of indigenous peoples to manage forest land. In Colombia, UK aid has helped to improve forest monitoring and law enforcement, and in Ghana it has built capacity for improved forest governance.

The UK has also piloted a wide range of potentially useful interventions and has been willing to take risks in testing new approaches and initiatives. However, there is no defined approach to scaling up or replicating successful pilots. Furthermore, the emphasis on piloting interventions has not been matched by sufficient investment in evidence collection to support uptake. Overall, there is underinvestment in evaluation and learning at programme, thematic, country and portfolio levels.

We have awarded a **green-amber** score for effectiveness, in recognition of some high-quality programming in very challenging areas, while noting the need for greater effort on results measurement and learning.

Recommendations

Recommendation 1:

UK bilateral ODA support to tackle deforestation and biodiversity loss should have a tighter strategic focus, concentrating resources to increase impact.

Recommendation 2:

All programmes addressing deforestation and biodiversity loss should be monitored and evaluated against common, measurable indicators designed specifically for assessing deforestation and biodiversity impacts.

Recommendation 3:

Independent external evaluations of the bilateral programme should be carried out regularly at programme, country and global levels and then used to shape strategic funding decisions.

Recommendation 4:

UK bilateral programmes should be guided by social impact analysis and should include safeguarding measures, to maximise the benefits for and minimise negative impacts on local communities, women and vulnerable groups.

Recommendation 5:

Gender issues need greater prioritisation in policies and programming to ensure that women benefit from investments in forests and biodiversity.

1. Introduction

- 1.1 The world's tropical forests and biodiversity are declining at an alarming rate.² Many irreplaceable ecosystems have already been lost, and others are close to a tipping point – including globally significant areas such as the Amazon.³ Biodiversity is under threat from overharvesting, climate change, pollution and many other factors, with up to a million animal and plant species at risk of extinction in the coming decades.⁴ The decline of forests and biodiversity poses threats both to the global economy and to the many people in developing countries who depend on nature for their livelihoods.
- 1.2 There have been clear commitments on halting deforestation and preventing irreversible biodiversity loss within global agreements on climate change. So far, however, just 3% of international climate finance⁵ has gone towards protecting forests and other ecosystems.⁶
- 1.3 The UK has been an active participant in international initiatives to protect forests and biodiversity. Following the 2014 New York Declaration on Forests, it entered a joint commitment with Germany and Norway to increase support for REDD+⁷ to at least \$5 billion in the period from 2015 to 2020.⁸ Within the UK's pledge to provide £11.6 billion in climate finance in the five years to 2025,⁹ the prime minister has announced that at least £3 billion will go towards solutions “that protect and restore nature and biodiversity”.¹⁰ In 2021, the UK and Italy plan to co-host the next UN Climate Change Conference (COP26), delayed from 2020 by the COVID-19 pandemic.
- 1.4 This review assesses how effective the UK aid programme has been in halting deforestation and preventing irreversible biodiversity loss. It covers both UK aid programmes, through bilateral and multilateral channels, and related diplomatic efforts to galvanise international action. It looks at the period from 2015 to 2020, during which, by our own calculation, the UK spent £1.2 billion on programmes related to deforestation and biodiversity. For most of the period, the programmes were managed by the former Department for International Development (DFID), the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (Defra). The portfolio was restructured in 2020 following the creation of the Foreign, Commonwealth and Development Office (FCDO)¹¹ and most aid expenditure is now under the authority of the foreign secretary.¹²
- 1.5 The review explores whether the UK's approach to tackling deforestation and biodiversity loss is relevant, given evidence on ‘what works’. It also considers whether the portfolio is managed in a coherent way, and how effective the programmes have been at identifying and scaling up viable solutions. Our review questions are set out in Table 1. In light of the UK's commitment to intensifying its efforts on nature and biodiversity, our objective is to identify lessons that can help to strengthen the approach.

² *Nature Risk Rising: why the Crisis Engulfing Nature Matters for Business and the Economy*, WEF, 2020, [link](#).

³ *The Economics of Biodiversity: The Dasgupta Review*, Partha Dasgupta, HM Treasury, 2021, [link](#).

⁴ *The Economics of Biodiversity: The Dasgupta Review*, Partha Dasgupta, HM Treasury, 2021, [link](#).

⁵ In this report, ‘international climate finance’ refers to international finance flows consistent with climate goals under the Paris Agreement. ‘International Climate Finance (ICF)’ refers to the UK's portfolio of investments designed to support the eradication of international poverty by helping developing countries manage risk and build resilience to the impacts of climate change.

⁶ *International climate finance: UK aid for halting deforestation and preventing irreversible biodiversity loss*, Approach paper, ICAI, 2020, p. 1, [link](#).

⁷ REDD+ is an international mechanism to reduce emissions from deforestation and forest degradation, as well as the sustainable management of forests and the conservation and enhancement of forest carbon stocks in developing countries. See [link](#), and the Warsaw Framework for REDD+ (2013) [link](#) for more information.

⁸ *Joint Statement by Germany, Norway and the United Kingdom of Great Britain and Northern Ireland: Unlocking the Potential of Forests and Land Use*, COP21, Paris, 30 November 2015, p. 1, [link](#).

⁹ *UK aid to double efforts to tackle climate change*, UK government, 23 September 2019, [link](#).

¹⁰ *Prime Minister commits £3bn UK climate finance to supporting nature*, UK government, 11 January 2021, [link](#).

¹¹ The time period covered by this review relates to programme spend by DFID. The term DFID/FCDO is used to indicate the relationship after restructuring and relates to recommendations relevant for the newly merged department.

¹² *Letter to Chair of the International Development Committee*, Rt Hon Dominic Raab MP, 2 December 2020, p. 3, [link](#).

Box 1: How this report relates to the Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Most important for the UK's goal of ending deforestation and biodiversity loss is the following SDG:



SDG 15 Life on Land reflects the importance of forests and biodiverse regions to the planet, and to sustainable development. Forests are a key economic resource, providing food, medicine and fuel for more than a billion people.

Table 1: Our review questions

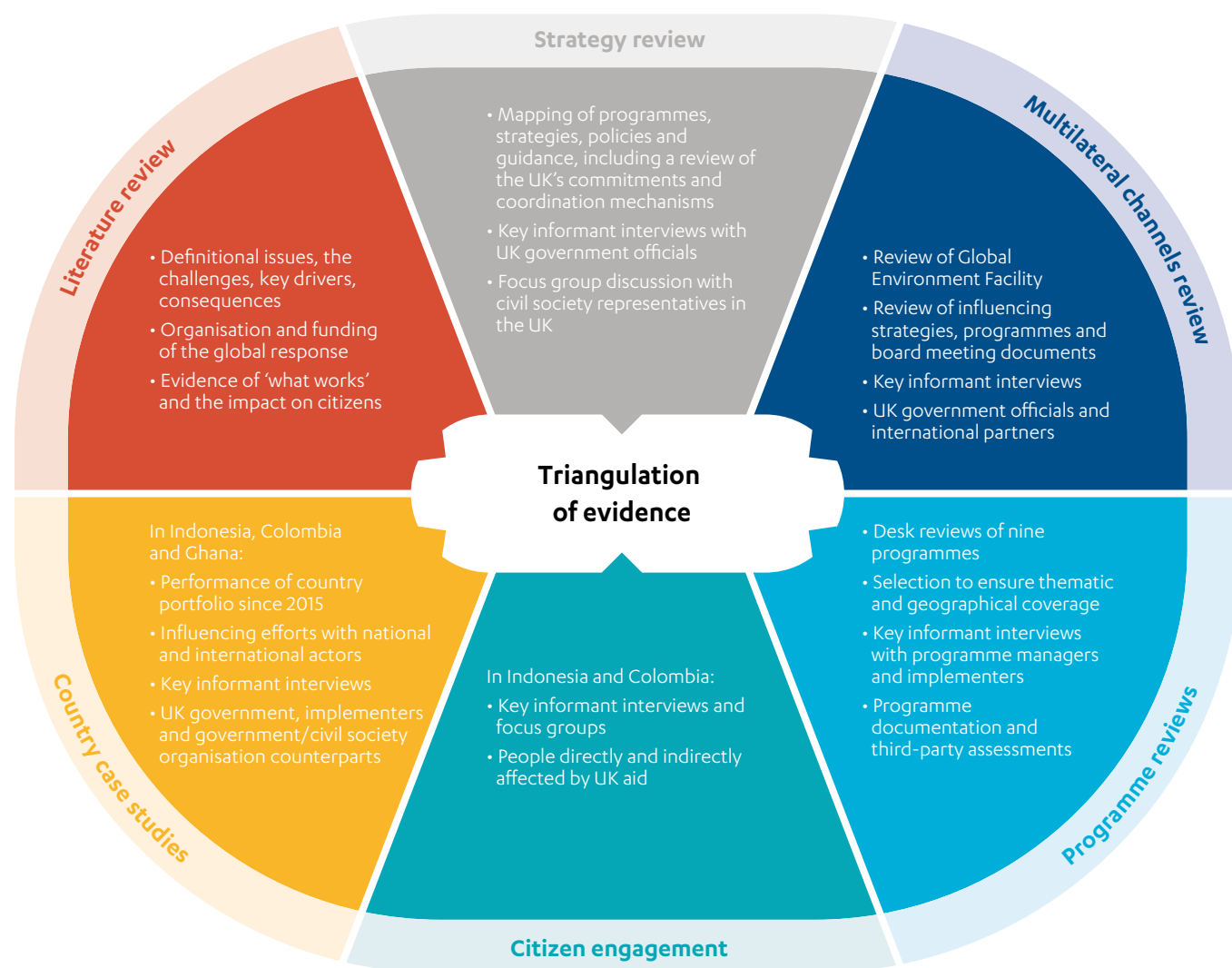
Review criteria and question	Sub-questions
1. Relevance: How well are UK aid programmes related to halting deforestation and preventing biodiversity loss responding to global, national and community needs and priorities?	<ul style="list-style-type: none">• To what extent are UK aid programmes related to halting deforestation and preventing biodiversity loss structured by an informed, credible and evolving strategy?• To what extent are programmes related to deforestation and biodiversity based on solid evidence of 'what works' in protecting sensitive ecosystems and promoting sustainable livelihoods for those that inhabit them?• To what extent does the design and implementation of UK aid programmes respond to the needs and priorities of affected communities – particularly women, poor and marginalised groups, and indigenous peoples?
2. Coherence: How internally and externally coherent are UK aid programmes aimed at halting deforestation and preventing biodiversity loss?	<ul style="list-style-type: none">• How well has the UK worked with and influenced partner countries, multilateral institutions, other donors, and climate finance agencies to scale up and improve action on protecting forests and biodiversity?• How coherent and coordinated are programmes across the UK government and within the three departments, and how well is this coherence managed?• How well has the UK engaged with the private sector (within the UK and overseas) to increase its positive contribution and reduce its negative impacts on forests and biodiversity internationally?
3. Effectiveness: To what extent has UK aid contributed to halting deforestation and preventing biodiversity loss?	<ul style="list-style-type: none">• How effective has UK aid been in helping to create the enabling conditions (governance and policy) to address deforestation and biodiversity loss, and benefit poor people?• How well are UK aid programmes helping to build sustainable, locally led governance structures that protect forests and other sensitive ecosystems?• How well is UK aid generating evidence for, learning from, replicating, and scaling forest and biodiversity programmes that have been effective, and is this having a broader impact?

2. Methodology

2.1 Our methodology for the review included six components:

- **Literature review:** We reviewed literature on the causes and extent of the global deforestation and biodiversity challenge, the nature of the international response and the evidence on ‘what works’ in addressing it.
- **Strategy review:** We reviewed the UK’s policies, commitments and approaches relating to halting deforestation and conserving biodiversity.
- **Multilateral channels review:** We assessed how the UK has participated in and influenced international efforts to halt deforestation and reduce biodiversity loss.
- **Programme reviews:** We reviewed a sample of nine programmes aiming to halt deforestation and prevent irreversible biodiversity loss funded from UK International Climate Finance (see **Annex 1** for details). The sample was selected to provide a mixture of geographic focus, programme types and funding mechanisms, and to cover all three responsible departments (DFID/FCDO, BEIS and Defra). The nine programmes have combined budgets of around £709 million, representing over half the portfolio by value.
- **Country case studies:** We prepared case studies of UK efforts in Colombia, Ghana and Indonesia – three diverse countries with significant rates of deforestation and a concentration of UK programming. The case studies assessed how well UK programmes had contributed to national efforts to protect forests and ecosystems, and how the UK had used its aid programmes to engage with national and international stakeholders. During virtual visits to each country, we undertook key informant interviews and conducted roundtables with UK government representatives, national offices, other donors, implementing partners, experts and civil society organisations.
- **Citizen engagement:** An important component of our methodology was to hear the views of people directly affected by UK aid programmes. We engaged national research partners to undertake consultations with citizens, including forest-dependent people, in three regions of Colombia and Indonesia where the UK has programmes that engage directly with communities. As the citizen engagement was conducted during the COVID-19 pandemic, it was governed by location-specific risk assessments and research protocols, to protect both participants and researchers. Quotes from those consulted are featured throughout the report.

Figure 1: Summary of methodological elements of the review



- 2.2 Altogether, we conducted around 150 interviews covering 295 key stakeholders, including over 100 UK government officials, and reviewed close to 1,500 documents (see **Figure 2**). Through our citizen engagement exercise, we spoke to 291 individuals in Indonesia and Colombia.
- 2.3 Our methodology and approach were independently peer-reviewed. We provide a full description of our methodology and sampling in the approach paper.¹³

Box 2: Limitations to our methodology

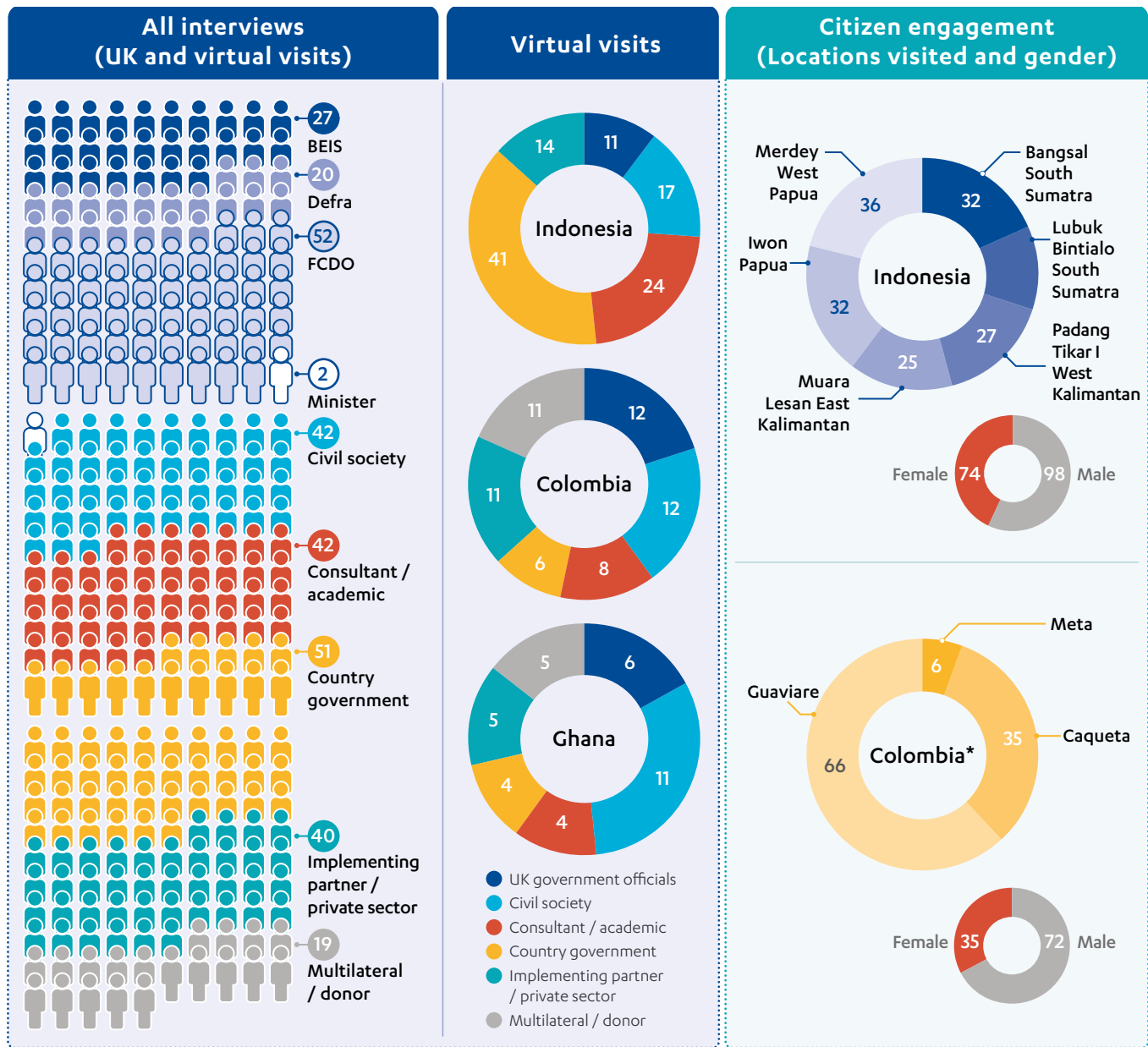
COVID-19: The COVID-19 pandemic placed restrictions on travel. Interviews and country visits were conducted remotely and citizen engagement was undertaken by national partners, with appropriate protocols to safeguard researchers and participants.

Data on impact: The long causal pathways associated with halting deforestation and biodiversity loss, the range of other actors involved in this area and frequent data limitations meant that assessing and attributing impacts at country level was challenging. We depended primarily on programme monitoring data and evaluations. We conducted our own assessment of the credibility of this data, for instance by triangulating results through key informant interviews and citizen feedback. Lack of impact results from more recent projects may also be due to insufficient time elapsed for results to become apparent.

Influencing: While all three departments have invested a significant amount of effort in international influencing, the practical impact of this is difficult to assess.

¹³ International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss, Approach paper, ICAI, 2020, [link](#).

Figure 2: Breakdown of stakeholder interviews, virtual visits and citizen engagement



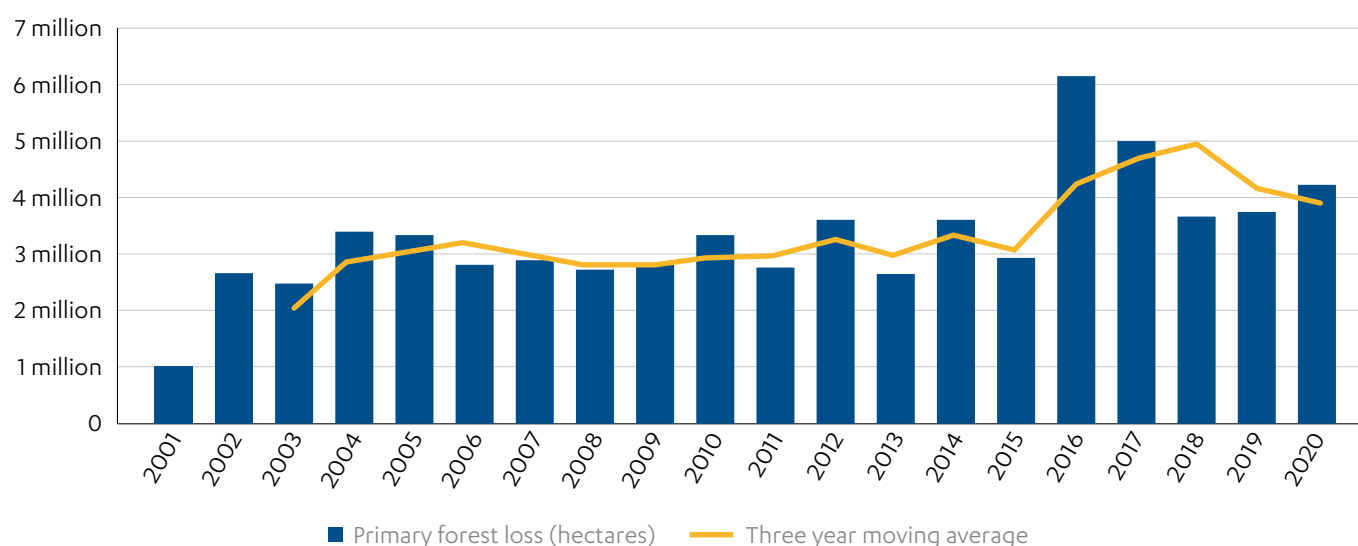
*Although we consulted 119 citizens in total in Colombia, we have only presented demographic information for 107 as not all focus group respondents completed demographic information forms.

3. Background

The world's tropical forests and biodiversity are diminishing at an alarming rate

- 3.1 Human activities have already severely altered 75% of the Earth's land, reducing its productivity by over 23%.¹⁴ The majority of global ecosystems are in decline, including many that are an essential part of sustaining human life. Some are reaching tipping points: there is a growing risk, for example, that the Amazon will shift from rainforest into savannah.¹⁵
- 3.2 The data shows a devastating rate of deforestation: around the world, 178 million hectares were lost between 1990 and 2020, out of a total area of 4.1 billion hectares.¹⁶ Primary forest loss reached a record high in 2016, and in 2019 was once again on the rise. As the World Resources Institute put it, this equates to the loss of a football pitch of rainforest every six seconds (see **Figure 3**).

Figure 3: Global tropical primary forest loss, 2001-2020 (hectares)



Global Forest Watch, Dashboard, WRI, 2021, [link](#)

- 3.3 Biodiversity loss is closely linked to deforestation. Over 80% of the world's terrestrial biodiversity can be found in forests.¹⁷ Tropical forests, in particular, are among the most diverse ecosystems on the planet: covering just 7% of the globe, they support over half of all terrestrial plant and animal species.¹⁸ Biodiversity loss also has a range of other drivers, including changes in land and sea use, loss of pollinators, overharvesting, climate change, invasive alien species, and pollution of air, water and soil.¹⁹ Since 1970, global ecosystems have declined by 47% in size and condition, and 41% of known insect species and 68% of vertebrate species have declined.²⁰ On average, a quarter of all species in assessed animal and plant groups are threatened and around a million face extinction within decades unless action is taken.²¹

¹⁴ Nature's Dangerous Decline 'Unprecedented'; Species Extinction Rates 'Accelerating', Media Release, IPBES, 2019, [link](#).

¹⁵ The Economics of Biodiversity: The Dasgupta Review, Partha Dasgupta, HM Treasury, 2021, p. 73, [link](#).

¹⁶ Global Forest Resources Assessment 2020: Main report, FAO, 2020, p. 132, [link](#); Global Forest Resources Assessment 2020: terms and definitions, FAO, 2020, p. 15, [link](#).

¹⁷ Deforestation and forest degradation, IUCN, 2017, [link](#).

¹⁸ 'Deforestation Threaten Plant Biodiversity and Climate Change', Tamaz Patarkalashvili, *Current Investigations in Agriculture and Current Research*, 6(3), 2019, p. 812, [link](#).

¹⁹ The Economics of Biodiversity: The Dasgupta Review, Partha Dasgupta, HM Treasury, 2021, [link](#).

²⁰ International climate finance: UK aid for halting deforestation and preventing irreversible biodiversity loss, Literature review, ICAI, 2021. The literature review is available on the ICAI website.

²¹ The global assessment report on biodiversity and ecosystem services: Summary for policymakers, IPBES, 2019, p. 12, [link](#).

- 3.4 Deforestation and biodiversity loss have a direct impact on the lives and livelihoods of local communities, including indigenous peoples. A quarter of the world's population,²² and 90% of the world's people living in extreme poverty, depend on forests for some part of their livelihoods.²³ As patterns of land use change and resources become scarcer, poorer communities often lose access to forests and natural resources,²⁴ resulting in greater inequality and marginalisation. Forest and biodiversity protection efforts can conflict with local land tenure claims and forest use practices, particularly affecting indigenous peoples and women's access to forest resources.²⁵ Within local communities, women are often responsible for collecting forest products for household and subsistence needs,²⁶ and the literature suggests that they have an important role to play in strengthening institutions for forest management.²⁷ However, women, young people and poorer people are often excluded from consultation around the design and implementation of initiatives to halt deforestation and prevent biodiversity loss, which are, as a result, less likely to meet their needs and priorities.²⁸

During our consultations with people in Indonesia and Colombia, we heard how forest destruction and declining biodiversity had affected their lives.

“ Magpies, tekukur, punai, merbak, finches and tiung birds used to appear in many residential areas. However, because the forest is getting smaller, bird sightings are less frequent. ”

Local leader, Padang Tikar, Indonesia

“ We, the farmers, are seeing that we need to conserve the forests that we own; if one destroys the forest, all is over. The animals leave, temperatures rise, weather changes. ”

Farmer, member of ASCATRAGUA, Meta, Colombia

-
- 3.5 Our three case study countries – Colombia, Ghana and Indonesia – have all experienced continuous forest loss over the past five years. Indonesia is among the world's top three countries for forest cover. Its annual rates of forest loss, though high, have been brought down in recent years through improved law enforcement and a moratorium on clearing forest for oil palm plantations (see **Figure 4**). Colombia's rate of deforestation increased after the 2016 peace agreement led to changes in land occupation patterns in the Colombian Amazon.²⁹

²² *Forests and poverty reduction*, FAO, 2015, [link](#).

²³ *The state of the world's forests 2020*, FAO and UNEP, 2020, [link](#).

²⁴ *The global assessment report on biodiversity and ecosystem services: Summary for policymakers*, IPBES, 2019, p. 14, [link](#).

²⁵ 'Gender lessons for climate initiatives: A comparative study of REDD+ impacts on subjective wellbeing', Anne M. Larson et al., *World Development*, 108, 2018, [link](#).

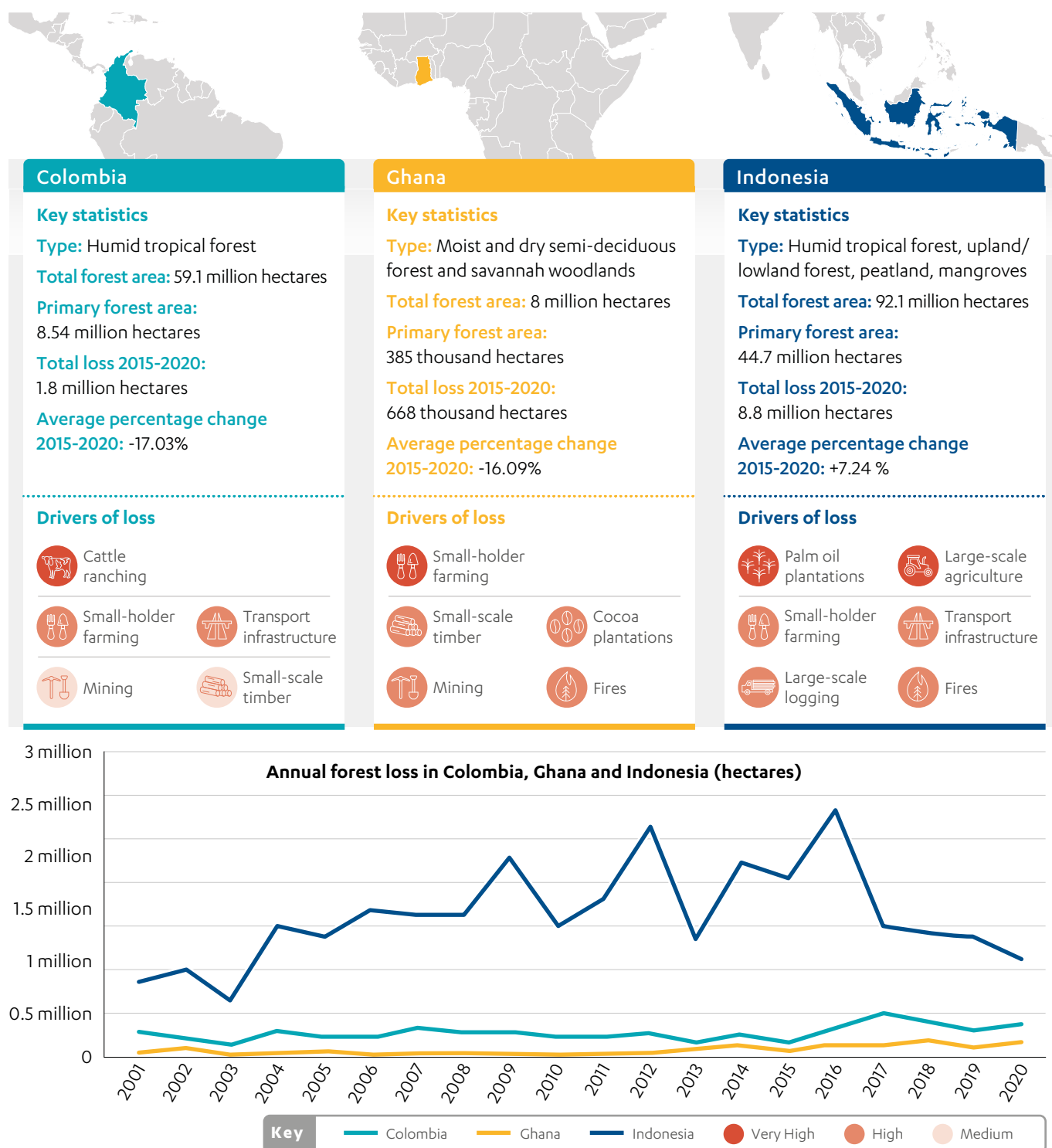
²⁶ *Gender in Forestry and REDD+ in Indonesia*, Shintia Dian Arwida et al., CIFOR, 2016, p. 2, [link](#).

²⁷ 'Gender and forest conservation: The impact of women's participation in community forest governance', Bina Agrawal, *Ecological Economics*, 68(11), 2009, [link](#).

²⁸ 'Factors Affecting Stakeholders' Participation in Collaborative Forest Management: The Case of Krokosua Hills Forest Reserve in Ghana', M.A. Adams et al., *Journal of Energy and Natural Resource Management*, 3(2), 2016, p. 70, [link](#); *Gender in Forestry and REDD+ in Indonesia*, Shintia Dian Arwida et al., CIFOR, 2016, p. 3, [link](#); 'Land tenure and forest rights of rural and indigenous women in Latin America: Empirical evidence', Purabi Bose, *Women's Studies International Forum*, 65, 2017, [link](#).

²⁹ *Global Forest Watch, Dashboard*, WRI, 2021, [link](#); *Estrategia Integral de Control a la Deforestación y Gestión de los Bosques*, Gobierno de Colombia, 2019, p. 55, [link](#).

Figure 4: Annual forest loss and major drivers of forest loss in Colombia, Ghana and Indonesia



Source: *Deforestation Fronts: Drivers and responses in a changing world*, WWF, 2021, [link](#); *Global Forest Watch, Dashboard*, WRI, 2021, [link](#); *Global Forest Resources Assessments*, FAO, 2020, [link](#).

- 3.6 Human activity is behind most direct drivers of deforestation and biodiversity loss, including overexploitation of resources, human-induced fires, invasive plant species, excessive logging, and the expansion of agriculture, infrastructure and urban areas. Agriculture is the main driver of global deforestation and land conversion, almost half of it illegal.³⁰ Other underlying drivers include agricultural subsidies, commodity markets, financial investment, population growth and increasing consumption. Addressing these complex drivers requires equally complex action.

The UK has made a series of global commitments

- 3.7 The UK has been an active participant in a substantial number of international initiatives and agreements on tackling deforestation and biodiversity loss. Examples include:
- the New York Declaration on Forests, which called for a halt to global deforestation by 2030
 - the Amsterdam Declarations on eliminating deforestation from European agricultural imports
 - the Bonn Challenge, which aimed to restore 350 million hectares of degraded land by 2030.
- 3.8 In 2015, the governments of Norway, Germany and the UK committed to increase support for REDD+ to at least \$5 billion in the period from 2015 to 2020. They also committed to partner with the private sector to support deforestation-free supply chains, and to integrate a wide set of interventions relating to capacity building, inclusion and participation of indigenous peoples and local communities, and land tenure.
- 3.9 The UK has been active in international initiatives on biodiversity and combating illegal wildlife trade, and has ratified the 1976 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which is a multilateral treaty to protect endangered plants and animals.
- 3.10 **Box 3** outlines the UK's approach to addressing the drivers of deforestation in the period from 2015 to 2020. In parallel to our review, a new International Nature Strategy was under preparation, focusing on UK support for ambitious global action, although a decision has been taken to not make this public. We were told that an updated UK International Climate Finance (ICF) strategy which included efforts to halt deforestation and prevent biodiversity loss was under development. This new ICF 3.0 strategy is an outstanding issue from previous reviews, and is not yet finalised.

Box 3: How UK aid aims to address deforestation drivers (2015-2020)

Supporting sustainable, climate-resilient growth: Working at national and sub-national levels to strengthen governance, clarify land tenure, implement sustainable land-use planning, raise agricultural productivity, and ensure sustainable use of natural assets (including biodiversity) to support growth.

Driving innovation and creating new partnerships with the private sector: Leveraging and accelerating commitments to remove deforestation from agricultural commodity supply chains.

Supporting negotiations and building an effective international architecture: Incentivising forest nations to develop and implement ambitious REDD+* programmes to realise the potential of forests and land use for global mitigation.

Meeting the development needs of the poorest and most vulnerable, particularly women and girls: Helping some of the most marginalised communities in the world to gain secure rights over the forests upon which they depend, improve their livelihoods and help to build resilience.

Source: ICF forests and land use spending review paper, UK government, 2015.

*REDD+ is an international mechanism to reduce emissions from deforestation and forest degradation in developing countries, see [link](#).

The UK has made a number of funding commitments to respond to the global challenge

- 3.11 The UK committed to providing at least £5.8 billion from the aid budget in climate finance for developing countries between 2016-17 and 2020-21. At the 2019 UN General Assembly, it pledged to double that figure to £11.6 billion for the next five-year period.³¹ The government uses the label “UK International Climate Finance” (ICF) for funding that contributes to this commitment, which includes spending by DFID/FCDO, BEIS and Defra. It supports both mitigation (measures to reduce climate change) and adaptation (helping developing countries deal with the effects of climate change) in roughly equal proportion. Projects that reduce deforestation contribute towards both mitigation and adaptation, and are estimated to comprise around 13% of the ICF portfolio over this period. We calculate that it amounted to almost £1 billion over our review period (see **Figure 6**).³²
- 3.12 In September 2020, the prime minister signed the ‘Leaders’ Pledge for Nature’ at a virtual UN event, committing to put nature and biodiversity on a road to recovery by 2030.³³ In January 2021, the prime minister announced that the UK would commit at least £3 billion (around 25%) from the current ICF phase to solutions “that protect and restore nature and biodiversity”.³⁴ The UK and Italy plan to co-host the next UN Climate Change Conference (COP26) in 2021, delayed from 2020 by the COVID-19 pandemic.
- 3.13 The three departments that contribute to ICF manage their programmes separately, according to their own rules and procedures. A cross-government ICF Strategy Board was established to provide strategic direction and ensure coherence with UK government policy and across departments, while a Management Board monitors expenditure, delivery and risk. The government also recently established a Cabinet Committee on Climate Change and a National Strategy Implementation Group for Climate Change, to lead on its commitments for the coming five-year period.³⁵

³¹ *UK aid to double efforts to tackle climate change*, UK government, 23 September 2019, [link](#).

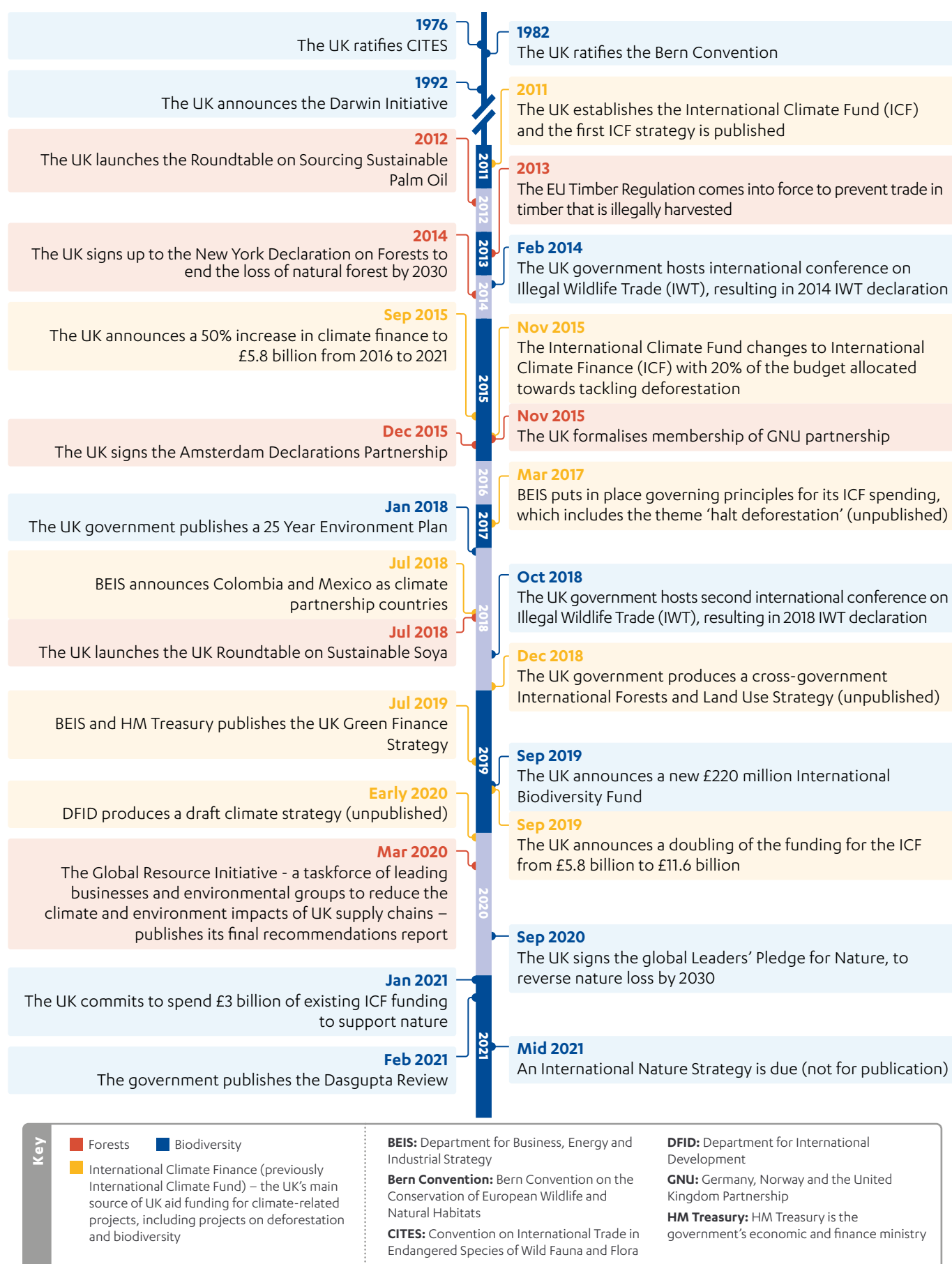
³² In addition to ICF funding towards halting deforestation and biodiversity loss, there is a smaller amount of non-ICF-funded programmes in the portfolio. These are programmes related to the illegal wildlife trade and the Darwin Initiative.

³³ *PM commits to protect 30% of UK land in boost for biodiversity*, UK government, 28 September 2020, [link](#).

³⁴ *Prime Minister commits £3bn UK climate finance to supporting nature*, UK government, 11 January 2021, [link](#).

³⁵ National Strategy Implementation Groups are cross-government committees that report to the National Security Council on the implementation of priorities for national security. See *National Security Strategy and Strategic Defence and Security Review*, UK government, 2015, [link](#).

Figure 5: Timeline of the UK's significant forest and biodiversity commitments, decisions and events



Source: Information gathered through interviews with UK government officials and publicly available data.

- 3.14 Biodiversity loss was not a major focus for UK aid during most of our review period. Most expenditure in this area falls outside ICF, with the exception of contributions to multipurpose international funds such as the Global Environment Facility (GEF). Various bilateral initiatives have been created to follow up on the UK's international commitments – most notably the Darwin Initiative, a small grants facility announced at the 1992 Earth Summit in Rio de Janeiro that has been operated by Defra since 2001. More recently, there has been greater recognition of the importance of biodiversity, as illustrated by the commissioning of the Dasgupta Review (see **Box 4**) by HM Treasury in 2019. Given this increasing focus on 'nature' in UK government policy, a cross-government Nature Board has also now been established (in addition to the committees mentioned in paragraph 3.13) and various structures put in place to support the UK's preparations for COP26.

Box 4: The Dasgupta Review

Published in February 2021, *The Economics of Biodiversity: The Dasgupta Review* is an independent review commissioned by HM Treasury. The review considers how nature should be accounted for in economic decisions. It argues that nature is our most precious and valuable asset but has been systematically undervalued and, therefore, mismanaged. Three key features of nature – *mobility*, *invisibility* and *silence* – have led to its overconsumption. As a result, the decline in biodiversity is occurring at a faster rate than ever before, endangering the prosperity of both current and future generations. The review finds that the demands placed on nature by economic activity far outweigh nature's capacity to supply the goods and services that humans rely on. It calls this phenomenon 'impact inequality'.

The review presents a number of options for change and calls for urgent transformative action, including:

1. Ensuring that demands on nature do not exceed sustainable supply, and increasing the global supply of natural assets.
2. Adopting improved metrics for economic success that fully account for natural capital.
3. Transforming institutions and systems to make them more sustainable, notably finance and education.

The review concludes by acknowledging that its framework of the economics of biodiversity has been set out in anthropocentric terms. Yet, it says, nature has its own intrinsic, often sacred, value which has been under-recognised. If we were to value nature not only for its use to us but also for its intrinsic value, there would be even greater reasons to protect and promote it.

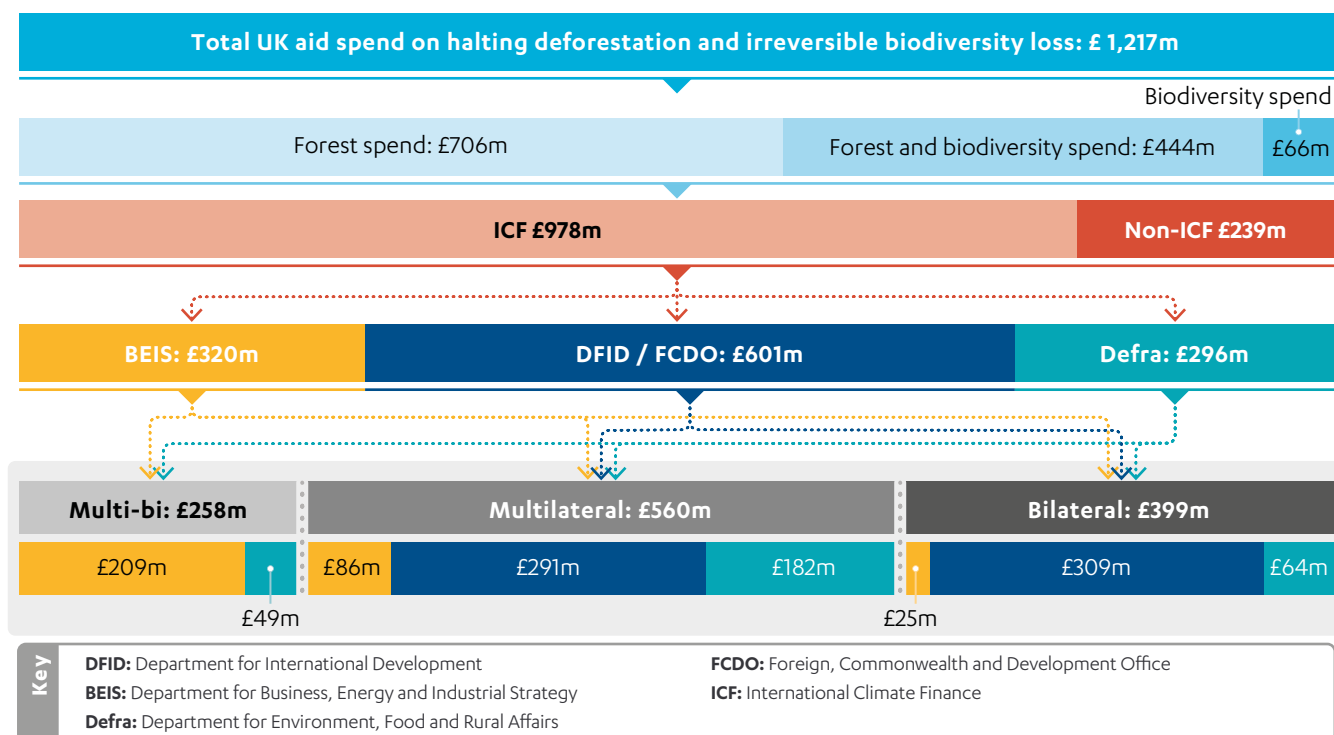
The UK's aid is spent by several departments, through bilateral and multilateral channels

- 3.15 UK aid for halting deforestation and preventing biodiversity loss is provided through a mixture of bilateral and multilateral channels. A substantial part is in the form of contributions to large international climate funds, such as the Green Climate Fund (total UK commitment £720 million between 2015 and 2019, plus another £450 million in 2020 as part of the UK commitment to £1,440 million between 2020 and 2023). These funds work across multiple areas and do not report on the share specifically going towards conserving forests and biodiversity. During our 2015-2020 review period, aid spending on initiatives that incorporate forest- and biodiversity-related activities was almost £1.2 billion. As **Figure 6** shows, we calculate that over £700 million of this supported the conservation of forests, with a further £444 million supporting projects covering forests and biodiversity, and the balance (£66 million) going to biodiversity-only areas.³⁶
- 3.16 Over half of the portfolio spend (59%) is targeted towards addressing deforestation, climate change mitigation and reducing emissions. Efforts that encompass both protecting forests and biodiversity represented 37%. The remaining 4% of the portfolio is dedicated to efforts to protect biodiversity, mainly through bilateral channels.³⁷

³⁶ Total figure derived from data supplied to ICAI by the UK government (September 2020).

³⁷ Percentage split in the portfolio derived from data supplied to ICAI by the UK government (September 2020 and June 2021).

Figure 6: UK aid spent on halting deforestation and preventing biodiversity loss, 2015-2020



Source: Information provided to ICAI by the government during the evidence gathering process.

Note: Not all figures add up due to rounding to whole numbers.

- 3.17 DFID/FCDO programmes were both bilateral and multilateral, including contributions to multilateral climate funds such as GEF and the Green Climate Fund (GCF). There were dedicated forest and land-use experts within DFID's Climate and Environment Department (now transferred to FCDO), working on centrally managed programmes and DFID/FCDO's engagement with the key multilaterals. Management responsibilities for programmes were shared across regional departments and country offices.
- 3.18 BEIS spent around £320 million on reducing deforestation through seven projects, including a contribution to the GCF and six other programmes. Of these, all but three were multi-bi programmes (that is, programmes delivered by a multilateral delivery partner but where BEIS had a role in specifying the purpose of the funding and, in some cases, the recipient). Its programmes were either managed centrally or by staff in UK high commissions and embassies (such as in Colombia and Brazil).
- 3.19 Defra spent around £296 million through 13 projects (five multilateral, three bilateral and five multi-bi). Defra currently has only one representative overseas (in Brazil). The majority of its programming was therefore managed centrally or through implementing partners, including multilateral organisations.
- 3.20 There were a number of jointly funded and managed bilateral and multi-bi programmes, including Investments in Forests and Sustainable Land Use/Partnerships for Forests, the BioCarbon Fund and projects tackling the illegal wildlife trade, representing just over £144 million of the portfolio.

4. Findings

- 4.1 In this section, we present the main findings from our assessment of the relevance, effectiveness and coherence of UK official development assistance (ODA) for halting deforestation and preventing irreversible biodiversity loss. A summary assessment under these three headings is presented in the conclusions section.

UK programmes have successfully targeted the most relevant drivers of deforestation and biodiversity loss

- 4.2 The programmes in our sample are focused on addressing most of the important direct drivers of deforestation and biodiversity loss in each national context. For example, in Ghana, the Forest Carbon Partnership Facility and the Partnerships for Forests programme set out to reduce the impact of cocoa production on deforestation and forest degradation. In Colombia, several programmes are working to develop sustainable ranching models and tighten law enforcement, to reduce illegal forest clearance. In Indonesia, a number of spatial planning and land-use governance programmes sought to address the negative effect of insecure land tenure on the environment. Issues of cattle ranching in Colombia and land rights in Indonesia were both confirmed as relevant and significant drivers of deforestation during our consultations.

We were told by local people in Indonesia and Colombia that UK programmes are addressing key drivers of forest loss.

“ In the past, there were many activities that damaged the environment, such as farmers who planted rice fields by burning. Currently, land use without burning has been introduced so that method is no longer in use. We also developed a Village Regulation on spatial planning. ”

Village Chief, Bangsal Village, Ogan Komering Ilir, South Sumatra, Indonesia

“ Programmes such as Visión Amazonia³⁸ have a positive impact on forest conservation since they generate improved environmental consciousness and offer supplies to community members. For example, the supplies given to the project beneficiaries were used to keep livestock out of the forests and protect water sources. That’s why I keep out of the forest to allow regeneration. ”

Farmer, member of ASOPROCAUCHO, Calamar Municipality, Guaviare, Colombia

-
- 4.3 While the programming is targeted towards drivers of deforestation, this does not necessarily mean that all the interventions are sufficient to make a difference. Some important drivers have not been significantly addressed to date, such as oil palm investment in Indonesia, land grabbing in Colombia³⁹ and illegal mining in Ghana. There are also significant indirect drivers – such as financial investment, agricultural subsidies, rapidly growing consumption and population growth – that are not directly or significantly addressed by UK ODA, although the Global Resource Initiative supported by Partnerships for Forests has undertaken research and policy advocacy highlighting the need for UK action to address these issues. This contributed to the proposed requirement in the UK’s Environment Bill,⁴⁰ currently

³⁸ Visión Amazonia is the name of a programme in Colombia part-funded by the UK through BEIS’s REDD Early Movers programme, in partnership with the German and Norwegian governments.

³⁹ The BEIS-funded Territorios Forestales Sostenibles (TEFOS) programme will address land grabbing through its work on tenure security and environmental crime.

⁴⁰ The Environment Bill, Bill 003 2021-2022, see [link](#).

before Parliament, for greater due diligence from companies in respect of certain imported forest-risk commodities.

- 4.4 The three departments – the Foreign, Commonwealth and Development Office (FCDO), the Department for Business, Skills and Industrial Strategy (BEIS) and the Department for Environment, Food, and Rural Affairs (Defra) – are employing a wide range of approaches. Some are engaging with the private sector, in recognition of the importance of global trade in commodities such as palm oil and soy in driving deforestation. Others use results-based finance, which provides funding to partner countries based on demonstrated success in halting deforestation, to encourage them to reform national laws and policies. There are efforts to promote sustainable (green) finance models through the eco.business Fund project.⁴¹ The Darwin Initiative and Illegal Wildlife Trade Challenge Fund offer small grants for local initiatives on biodiversity and protection of wildlife to support poverty reduction. Other projects support mangrove restoration, forestry, sustainable agriculture and community-based enterprises. As discussed below, the variety of these activities raises questions as to whether the resources are being used in a strategic way.

The UK has played a significant role in promoting global cooperation on the drivers of deforestation and biodiversity loss

- 4.5 The UK is recognised as an active, influential and well-informed participant in international policy processes on forests and biodiversity. We found evidence of positive UK influence in a range of international initiatives, including:
- the New York Declaration on Forests (2014)
 - the EU Forest Law Enforcement, Governance and Trade Action Plan and more recently the EU Timber Regulation (2013)
 - the United Nations General Assembly Leaders' Pledge for Nature (2020)
 - the United Nations Framework Convention on Climate Change (particularly support to REDD+)
 - the Convention on International Trade in Endangered Species
 - the Convention on Biodiversity
 - the London Conference Declarations on the Illegal Wildlife Trade (2014/2018)
 - the Amsterdam Declaration
 - the Tropical Forest Alliance
 - the Global Consumer Goods Forum
 - the Global Resource Initiative.
- 4.6 Its efforts have helped to mobilise finance and encourage international cooperation. In 2015, the UK entered into a joint agreement with Norway and Germany on tropical deforestation, with a joint pledge of \$5 billion. Since 2015, it has entered into a number of partnerships on sustainable commodities and supply chains. It recently chaired the Amsterdam Declaration Partnership, which was instrumental in shaping European action on palm oil and other forest-risk commodities. It has helped to promote international action to combat the illegal wildlife trade, under the 1976 Convention on International Trade in Endangered Species of Wild Fauna and Flora. Across these international processes, the UK has used a variety of influencing channels, from diplomatic engagement to support for non-governmental organisation (NGO) advocacy.

⁴¹ We were told by the UK government that the Land Degradation Neutrality Fund also works to promote green finance models through some of its projects, but this was not one of our sampled programmes.

- 4.7 There has been mixed success in influencing private sector regulation and practice. The UK has focused on two areas: encouraging companies to make voluntary commitments to reducing the impact of their actions, and improving regulation of the commodities they trade. Progress on implementing voluntary commitments for commodities such as cocoa and soya has so far been limited, linked to practical challenges in certifying products as sustainable or deforestation-free, especially from small-scale producers.⁴²
- 4.8 Consequently, the focus has shifted towards regulatory measures, both within the UK and internationally. In 2019, following pressure from the UK, European consumers and civil society organisations, the EU announced a range of initiatives to reduce the environmental footprint of European commodity imports. NGOs funded through the UK's Forest Governance, Markets and Climate (FGMC) programme supported the passage of these reforms through research and advocacy. The UK government has used its support to the Amsterdam Declaration Partnership to encourage European partners to develop strategies for addressing sustainability challenges within the palm oil, cocoa and soya sectors.
- 4.9 One notable success has been the FGMC programme's engagement with China, which is a major importer of tropical timber and other forest-risk commodities. This support contributed to China's adoption of a new forest law in 2019, which introduces some limited due diligence obligations for Chinese companies importing timber products.

The UK has influenced several multilateral funding bodies to improve focus and capability

- 4.10 A significant share of the UK's deforestation and biodiversity portfolio is delivered through multilateral partners, such as the World Bank, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (see **Figure 6**). The UK has used its position as a funder to influence the design of their funding instruments.
- 4.11 For example, an Evaluation and Learning Initiative (E&LI) established under the Climate Investment Funds (CIF) was initially opposed by a number of funders in the belief that planned external evaluations were sufficient. The UK government argued strongly for its inclusion and offered to cover a significant share of the initial E&LI costs. Following a successful first phase, a second phase of the E&LI (starting in 2020) was fully funded from the CIF core budget. Furthermore, the UK has used its position on the board of the World Bank to strengthen the emphasis on biodiversity within the Bank's overall governing principles. Efforts such as these have strengthened UK multilateral aid in this sector, alongside the much larger international finance that flows through these channels.
- 4.12 The UK's engagement with multilateral organisations has also brought about benefits for low-income countries. In 2019, Defra's engagement with the World Bank led to 15 countries being provided with additional funding to counter biodiversity loss. UK influence also contributed to GEF allocating a greater share of its funding to biodiversity and to low-income countries, and introducing rules requiring middle-income countries to contribute relatively more co-finance to projects supported by GEF.

UK support for NGO advocacy fills a useful niche

- 4.13 Civil society actors have a role in many countries in holding government and the private sector to account, to reduce the drivers of deforestation and biodiversity loss. The UK portfolio includes a range of support to NGOs, to help build their capacity for effective advocacy. The evaluation of the FGMC programme (and subsequent research commissioned by FCDO) found that partnerships between international, national and local NGOs in timber-producing countries have helped to amplify the voice of marginalised forest communities (including indigenous peoples) and have led to improvements in national policies and improved accountability in national governments and the private sector.

⁴² 'Effect of oil palm sustainability certification on deforestation and fire in Indonesia', Kimberly M. Carlson et al., *Proceedings of the National Academy of Sciences*, 115 (1), January 2018, p. 125, [link](#); 'Do eco-labels prevent deforestation? Lessons from non-state market driven governance in the soy, palm oil, and cocoa sectors', Hamish van der Ven et al., *Global Environmental Change*, 52, September 2018, [link](#); 'Deforestation spillovers from oil palm sustainability certification', Robert Heilmayr et al., *Environmental Research Letters*, 15 075002, June 2020, p. 12, [link](#).

The Darwin Initiative and the Illegal Wildlife Trade Challenge Fund both support local civil society organisations, helping to promote initiatives to protect biodiversity that also work for the benefit of local communities.

We received feedback that UK-funded projects had successfully engaged with communities, often through civil society organisations.

“ Confidence in Visión Amazonia [REDD Early Movers] has grown considerably, especially since its second phase which is currently in development. Expectations were fulfilled and many community members that were sceptical in the beginning now want to join and participate. The impact of the project has generated interest and non-beneficiaries are now asking how they can join. ”

Farmer, member of ASCATRAGUA, Vista Hermosa Municipality, Meta, Colombia

“ This NGO provides education on forest issues and goes into villages to assist in mapping customary forests, so that we know our rights to the land. As I come from Masyeta, I have rights to the land there even though I live in Merdey. And if there are other people, for example, a construction project that wants to open a road, or a company that enters it, the company must request access from those who have the rights, otherwise, the company may not enter. The role of Panah Papua [NGO] is very helpful. ”

Man, Merdey Village, Bintuni, Papua, Indonesia

[Panah Papua is an NGO that works with The Asia Foundation on the Supporting a Sustainable Future for Papua's Forests programme]

Box 5: Positive examples of UK support to civil society

In the **Democratic Republic of Congo**, the Improving Livelihoods and Land Use in Congo Basin Forests programme worked through a network of national NGOs in five countries to help forest communities establish effective community forestry processes, including sustainable rural enterprises linked to forest management. The project succeeded in influencing legal reforms across the Congo Basin. With funding from this project, Rainforest Foundation UK (together with local partners) supported the establishment of a National Community Forestry Roundtable, lobbied successfully for a government decree on community forestry and contributed to the development of operational guidelines on community forestry in the Democratic Republic of Congo.

In **Indonesia**, the Forest, Lands and Governance programme aims to improve governance in the forest and lands sector. An accountable grant to the Asia Foundation supported over 50 national NGOs in 13 provinces, which worked on a range of initiatives including community forestry, land tenure, freedom of information requests on questionable land-use decisions, cancelling illegally issued mining permits, improved local and national policies, and provincial moratoria on new mining and palm oil concessions.

UK aid has made positive contributions to knowledge, institutions, governance and policies in the case study countries

- 4.14 UK support has strengthened institutions and policies across a range of countries. Indonesia, Ghana and Liberia have all witnessed significant reductions in illegal logging in recent years, linked to successful government policies often designed and implemented in partnership with national civil society organisations. Furthermore, new laws negotiated and agreed as part of the Voluntary Partnership Agreement process have helped improve health, safety and employment conditions in the domestic timber markets in countries such as Vietnam, Indonesia and Ghana. UK support through the Multi-Stakeholder Forestry programme in Indonesia has been instrumental in strengthening the rights of indigenous peoples and local communities to forest land. The stakeholders we consulted were in agreement that UK support had resulted in meaningful improvements in governance, particularly around transparency and accountability.

Box 6: The Forest Governance, Markets and Climate programme

DFID's £280 million Forest Governance, Markets and Climate (FGMC) programme has been running since 2011 and is one of the most successful in the portfolio. It aims to strengthen sustainable forest management, improve governance and promote domestic and international trade in legally produced timber and other forest-risk commodities. Drawing on learning from three decades of forest sector projects, it aims to adopt a politically smart, evidence-based and locally led approach, working with a wide range of government, civil society and private sector partners. Its investments are significant, relative to the size of the timber sector in the countries where it works, which enables it to achieve meaningful impact.

FGMC works on both the demand and the supply side. It has helped to influence major consumer markets in Europe and China, while supporting in-country reforms in producer countries through Voluntary Partnership Agreements. The programme, and earlier phases of UK support to the forest sector, have been instrumental in shaping European policy on timber, including the EU's Forest Law Enforcement, Governance and Trade Action Plan and the EU Timber Regulation, passed in 2011, requiring European timber operators to demonstrate legality of timber imports. More recently, the programme has supported China in introducing new legislation requiring Chinese timber importers to conduct due diligence of their supply chains.

- 4.15 In Colombia, the REDD Early Movers programme (in partnership with Norway and Germany) and the BioCarbon Fund have both built the capacity of government institutions at national and sub-national levels, and improved coordination between the government bodies involved in land-use decision-making. The REDD Early Movers programme has built technical capacity in forest monitoring, reporting and verification, developed a carbon registry, promoted social and environmental safeguards, established benefit-sharing arrangements and mechanisms, and built the capacity of law enforcement institutions. These processes have taken longer than expected to become fully operational, but the effort has built national ownership and is therefore more likely to lead to sustainable outcomes.

Farmers in Colombia told us that Visión Amazonia (part of the REDD Early Movers programme) had encouraged the adoption of sustainable farming practices.

“ We have taken care of the territory we live in. We, the farmers, established rules among communities, we do not log close to the streams or water sources, we established quotas for hunting and protect the animals that are part of our resources. ”

Farmer, member of ASCATRAGUA, Vista Hermosa Municipality, Meta, Colombia

“ Visión Amazonia has generated changes towards how products are produced, it has focused on community necessities. It recognises the inputs and the impacts of each beneficiary with supplies for their needs and farms. ”

Farmer, member of ASACAMA, Vista Hermosa Municipality, Meta, Colombia

- 4.16 Ghana has made good progress on strengthening forest governance and legal compliance over the past decade. The UK assistance has helped to support these changes, especially through the FGMC programme, building strong relationships with stakeholders at all levels and making good use of the positive incentives created by the Voluntary Partnership Agreement and the EU Timber Regulation (see **Box 6**). Long-term UK support to Ghanaian civil society organisations has helped to promote more participatory policymaking and improvements in transparency and accountability. Support from the Forest Carbon Partnership Facility has helped build capacity within the Ghana Forestry Commission to plan, coordinate, monitor and report on REDD+ actions, making Ghana a leader across the continent in this area. The Partnerships for Forests programme is also helping to promote useful reforms in the cocoa and palm oil sectors. However, while these programmes are making individual contributions, there is insufficient evidence of a coherent strategy or coordinated implementation and learning that actively links them at country level.
- 4.17 In Indonesia, UK support has also improved governance in the forest and land-use sector, including by building the capacity of national NGOs to engage in policy process. The FGMC programme helped to establish an independent forest monitoring network, to improve transparency. The Forest, Lands and Governance programme and the Spatial Planning programme in Papua and West Papua have supported more transparent and accountable decision-making on land use and contributed to improved laws and regulations on spatial planning, social forestry and natural resource management.

In Indonesia, local residents confirmed that there had been improvements in forest governance and management.

“ There are many positive roles of local institutions. During the area mapping, they surveyed the clan boundaries and entered the forest to conduct the survey. ”

Woman, Merdey Village, Bintuni, Papua, Indonesia

“ The project [carried out by SAMPAN] is what the community needs because it reflects the aspirations of the community. ”

Village secretary, Padang Tikar Village, Kubu Raya, West Kalimantan, Indonesia

The level of resources devoted to addressing deforestation and biodiversity loss is dwarfed by the scale of the challenge

- 4.18 Across our three case study countries, stakeholders confirmed that forest loss is continuing apace, driven by mining (both legal and illegal), infrastructure development and expanding agriculture. The rate of forest loss is closely linked to economic growth.⁴³ As the Dasgupta Review concluded, growing human populations and global patterns of consumption are exceeding what nature can provide on a sustainable basis.⁴⁴
- 4.19 The UK portfolio includes initiatives to address the deforestation impacts of agricultural commodities such as palm oil, soya and beef. The Global Resource Initiative, a UK-supported taskforce, has made recommendations on how to ensure that markets in agricultural and forestry products avoid deforestation and environmental degradation overseas, while supporting jobs and livelihoods. These included imposing a due diligence obligation on business and finance to eliminate unsustainable practices from their global supply chains and investment portfolios. Part of this recommendation has been picked up in the UK's Environment Bill, which will require large companies to ensure that the commodities they purchase are not a product of illegal deforestation.⁴⁵
- 4.20 While these are positive interventions, private investment is still flowing into forest-risk sectors at a huge rate: one analysis suggests that new investment into sectors that drive biodiversity loss totalled \$2.6 trillion in 2019.⁴⁶ By comparison, UK aid for biodiversity in 2018-19 was just \$195 million.⁴⁷ The global biodiversity financing gap is estimated at \$711 billion.⁴⁸ While this mismatch in scale is acknowledged by the UK officials that we interviewed, there is little discussion of it in the strategy documents provided to ICAI. Tackling unsustainable investment is therefore an important frontier for future action.⁴⁹
- 4.21 While the UK has actively promoted international agreements on protecting forests and biodiversity, global implementation falls well short of the level of ambition in the agreements. According to *Global Biodiversity Outlook 5*,⁵⁰ none of the Aichi Biodiversity Targets (which articulate the goals of the

⁴³ *International climate finance: UK aid for halting deforestation and preventing irreversible biodiversity loss*, Literature review, ICAI, 2021. The literature review is available on the ICAI website.

⁴⁴ *The Economics of Biodiversity: The Dasgupta Review*, Partha Dasgupta, HM Treasury, 2021, p. 6, [link](#).

⁴⁵ The Environment Bill, Bill 003 2021-2022, see [link](#).

⁴⁶ *Bankrolling Extinction: The banking sector's role in the global biodiversity crisis*, Portfolio Earth, 2020, p. 6, [link](#).

⁴⁷ In 2018-19, UK public sector funding for international biodiversity totalled £154 million (\$195 million); a real-term increase of 72% since the time series began in 2001-02. Funding for international biodiversity has also increased by 52% over the last five years but decreased by 30% in the latest year for which data has been compiled, [link](#).

⁴⁸ *Financing Nature: Closing the Global Biodiversity Financing Gap, Executive Summary*, Paulson Institute, 2020, p. 15, [link](#).

⁴⁹ An unpublished document from a 2018 cross-government meeting on the International Forests and Land Use Strategy discusses how investment in unsustainable agricultural activity outpaces sustainable investment in tropical forest countries by a factor of forty to one.

⁵⁰ *Global Biodiversity Outlook 5*, Secretariat of the Convention on Biological Diversity, Montreal, 2020, [link](#).

Convention on Biological Diversity) will be fully met.⁵¹ The New York Declaration on Forests, which is a voluntary instrument, includes the goal of ending natural forest loss by 2030, but the current rate of progress is not enough to achieve this objective.⁵² It also contained a commitment to eliminating deforestation from agricultural commodities by 2020, which was not achieved. Although the rate of tree cover loss due to commercial agriculture has been declining in recent years, the 2018 levels remain similar to those seen in the decade preceding the New York Declaration.

- 4.22 Our citizen engagement exercises similarly evoked the scale of the challenge when activities relating to deforestation continue to be profitable.

In Colombia, citizens recounted how land-use changes relating to livestock and illegal crops continue to impact on forests.

“ The biggest forest predator is livestock. Ranchers come to Guaviare, buy land and establish extensive livestock practices. Low-price land is the entry point to extensive livestock farming, converting forest to pasture. ”

Man, farmer, Calamar Municipality, Guaviare, Colombia

“ Illegal crops occupy smaller areas and are more profitable than livestock. Much of the resources obtained from illegal crops are invested in livestock. So, there is a direct relationship between those activities and deforestation. ”

Man, farmer, member of ASOES, Cartagena del Chairá Municipality, Caquetá, Colombia

-
- 4.23 The deforestation- and biodiversity-related interventions in the UK portfolio are spread across a wide range of approaches, interventions, value chains and geographies. Despite some positive results, most lack the scale and reach to make a difference at the global level. Many are small-scale pilots with only local impact. Given the scale of the challenge, there is a clear case for focusing the resources on interventions that tackle drivers of deforestation and biodiversity loss at a more systemic level.

UK efforts on commodity-related deforestation are effective when they adopt a systematic approach

- 4.24 Changing land-use patterns is one of the most serious drivers of deforestation and biodiversity loss. Much of it is driven by conversion of land (often illegally) to produce commodities for international markets – notably beef, soy, palm oil and wood products. Other agricultural commodities such as cocoa, rubber and coffee also have significant land-use impacts.
- 4.25 The three country case studies confirmed the scale of the challenge presented by commodity-related deforestation. In Ghana, illegal mining, cocoa, illegal logging and agriculture were all identified as drivers of forest loss. In Colombia, deforestation and biodiversity loss are strongly linked to land grabbing and the growth of illicit markets in the Amazon (narcotics, mining and illegal logging), and extensive, low-productivity cattle ranching. In Indonesia, oil palm expansion has historically been a major cause of forest loss. Indonesia has enjoyed some success in recent years with temporary bans on the conversion of primary forest and peatlands. However, Indonesia’s forests remain under threat from national plans to expand biofuel consumption, continuing encroachment of smallholder farmers into primary forests and unrevoked plantation licences.

⁵¹ The Aichi Biodiversity Targets, Secretariat of the Convention on Biological Diversity, Montreal, 2020, [link](#).

⁵² Goal 1 assessment: Striving to end natural forest loss, New York Declaration on Forests Assessment Report, November 2020, p. 3, [link](#).

- 4.26 The FGMC programme (see **Box 6**) offers a strong example of how to approach commodity-related deforestation. It supports implementation of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. While some aspects of the FLEGT approach – notably timber licensing – have proved difficult to advance, evidence from Ghana and Indonesia indicates that the programme has helped reduce illegal logging and improve forest governance.
- 4.27 Several other programmes are also engaging with commodity-related deforestation. In Ghana, Partnerships for Forests is helping to promote sustainable production within the cocoa and palm oil sectors by supporting the Cocoa and Forests Initiative and the African Oil Palm Initiative. It is also supporting private sector partnerships aimed at delivering on commitments to making commodities deforestation-free, and to protecting forests and improving livelihoods.⁵³
- 4.28 The expansion of agriculture and plantations into forests was a key concern raised by the citizens we consulted in Colombia and in four of six locations in Indonesia.

In Colombia and Indonesia, local residents described the harmful effects of large-scale agriculture.

“ Forests are lost due to large landowners, not smallholders. They buy scores of hectares to implement extensive livestock ranching. They log 100 or 200 hectares, pay a fine and that’s it. ”

Man, farmer, member of ASCATRAGUA, Vista Hermosa Municipality, Meta

“ Since the [oil palm plantation], the condition of the village has changed. Buffalo-grazing places were reduced, and the water was damaged because it became acidic so that there were fewer fish. ”

Young man, Bangsal Village, Ogan Komering Ilir, South Sumatra, Indonesia

-
- 4.29 In the cases of palm oil and cocoa, UK programmes involve both supply- and demand-side measures. However, work on these and other commodities is less comprehensive than for timber, at a smaller scale in relation to the economic value of the sectors involved, and at an earlier stage. It also lacks policy leverage. The experience of the FGMC and predecessor programmes provides a model for work on other commodity supply chains: it was built on deep sectoral expertise and experience, was genuinely multi-stakeholder, and adequately resourced relative to the scale of the commodity market. It involved a package of demand- and supply-side measures, implemented in formal partnership with both producer and consumer countries, and worked to create clear economic incentives for producers to change their practices. Currently, UK efforts on other forest-risk commodities lack such a systematic approach.
- 4.30 This highlights the importance of effective engagement with the private sector. The UK has committed to working with companies to develop sustainable supply chains. Partnerships for Forests provides a good example, working as it does to influence the private sector on agricultural commodities at global, regional and national levels. However, depth of engagement with the private sector across the ICF portfolio is variable. The UK has helped support some voluntary private sector initiatives promoting greener investment and more sustainable commodity supply chains, but these efforts are small relative to the scale of the challenge. To be effective, they would need to be accompanied by measures to address the large-scale business and investment practices that continue to threaten forests and biodiversity.

⁵³ For example, the Adum Bansa Sustainable Oil Palm Pilot, Integrated Sustainable Forests Landscape Management and Partnerships for Livelihoods and Landscapes in Western Ghana.

The UK's efforts to halt deforestation and prevent irreversible biodiversity loss lack a coherent, overarching strategy

- 4.31 While the UK has made a number of commitments to address the global challenge of deforestation and biodiversity loss, there is no overarching strategy to guide its efforts. Some general strategies are in place, including the ICF Strategy (2011), the 25 Year Environment Plan (2018), the Green Finance Strategy (2019), and the outputs from the London Conferences on the Illegal Wildlife Trade and related declarations (2014 and 2018). However, these documents do not add up to a sufficiently detailed, clear or consistent set of objectives for addressing deforestation and biodiversity loss, or a coherent and plausible strategic plan for achieving them. Country-level strategies are similarly lacking, and we found no evidence of global programmes being integrated into country business plans. This has resulted in a mix of programmes widely dispersed over geographies, commodities, issues and approaches that, while often making useful individual contributions, lack the combined impact that might have resulted from a clearer strategic focus.
- 4.32 In the period under review, a paper discussing the cross-government international forests and land-use strategy produced in December 2018 is the only document devoted to forests. However, this was a discussion of the work underway at the time, not a forward-looking strategy. Two of the departments – Defra and BEIS – produced relevant departmental strategies. The Defra ICF Strategy 2016-2020 identified protecting biodiverse forests as one of four focus areas, but did not elaborate a strategy to tackle deforestation. The BEIS ICF Governing Principles (2017) document was more strategic. It identified “halting deforestation” as one of three broad thematic areas. Within that, the strategy was to “build on our results-based finance approach to crowd in sustainable investments in forests and land use, and to address key drivers of deforestation by supporting the shift to zero-deforestation supply chains for key commodities”.
- 4.33 The UK's approach to biodiversity, in particular, has lacked an overall strategy. Addressing biodiversity loss has not been an explicit objective of ICF. Within the ICF portfolio, biodiversity has either been seen as a rationale for tackling deforestation or as a cross-cutting issue. The 25 Year Environment Plan (2018) set out policies and actions to protect and improve the global environment. The Defra ICF Strategy 2016-2020 elevated the importance of biodiversity by identifying the “protection of the world's most biodiverse forests” as one of four focus areas. However, the emphasis remained on forests and forest projects, with biodiversity benefits a secondary result.
- 4.34 In our 2019 review of ICF's work on low-carbon development, ICAI recommended that the ICF Strategic Plan, originally set to run from 2011-12 to 2014-15, needed updating.⁵⁴ In our follow-up reviews, the issue remained outstanding.⁵⁵ We had hoped that a strategy for the new phase of ICF, together with a planned International Nature Strategy, would provide the detailed, clear and coherent approach that had been lacking during the review period. We will return to the outstanding issue of the ICF strategy as part of our follow-up review next year, and provide an assessment of it then.

Coordination across government can be good but is not always so

- 4.35 The agreed division of labour between BEIS, DFID/FCDO and Defra is well articulated and understood across government:
- DFID/FCDO have focused on development, livelihoods, support to fragile states, building resilience, strengthening governance and delivering lower-carbon growth, with a geographical focus on Africa and Southeast Asia.
 - BEIS has spearheaded the development of carbon markets and REDD+, with a geographical focus on Latin America.
 - Defra has led on biodiversity and UK-focused regulatory measures.

⁵⁴ *International Climate Finance: UK aid for low-carbon development*, ICAI, February 2019, p. ii, [link](#).

⁵⁵ *ICAI follow-up review of 2018-2019 reports*, ICAI, July 2020, p. 21, [link](#).

- 4.36 Examples of effective coordination and coherence at policy and operational levels can be found within the forests and biodiversity portfolio. For instance, the cross-departmental Climate Change Unit within British Embassy Jakarta oversees a complex portfolio of projects, including both in-country and centrally managed programmes. In Colombia, where the majority of programme staff are employed by BEIS, there is a well-developed ‘One HM Government’ approach, under a common business plan developed jointly by embassy staff and BEIS. The exception to this pattern is Defra-managed projects, which are run by Defra staff in the UK with some direct contact with embassy staff.
- 4.37 Joint implementation of programmes across departments has supported interdepartmental learning and coordination. The Investments in Forests and Sustainable Land Use programme is shared between DFID/FCDO and BEIS, with a common logframe, coordination framework, delivery mechanism, and monitoring, evaluation and learning facility. Joint programming has brought many benefits, including improved external communication and influencing. GEF and the BioCarbon Fund are also joint programmes (Defra/FCDO and Defra/BEIS, respectively).⁵⁶ In the case of the BioCarbon Fund, the two departments have brought valuable perspectives to programme management, reflecting their respective areas of expertise (biodiversity and climate nexus for Defra and private sector engagement for BEIS). Furthermore, useful lessons regarding the development of demand-side measures for timber have been transferred from the FGMC programme to Defra, which is responsible for developing new due diligence regulations under the Environment Bill.
- 4.38 Despite the agreed division of labour between departments, avoidable duplication and fragmentation were evident in some areas of policy and programming. In particular, multiple strands of work on sustainable finance⁵⁷ lack a shared approach or clear coordination. DFID/FCDO has supported sustainable finance through the FGMC programme (through accountable grants to Rainforest Action Network and Global Canopy Programme) and through the Forest Lands and Governance Programme in Indonesia (through a grant to the International Finance Corporation). Defra is working on sustainable finance through the eco.business Fund and the Land Degradation Neutrality Fund, while BEIS has developed a business case for a £150 million project, Mobilising Finance for Forests. DFID/FCDO and BEIS are working together to provide finance for sustainable land-use investments through the Partnerships for Forests programme.
- 4.39 In some areas, the geographical division of labour between departments has led to a lack of coherence at the thematic level. For example, in the area of forest-risk commodity chains, cattle and soya are led by BEIS (given its focus on Latin America), while palm oil and cocoa are led by DFID/FCDO (which leads in Southeast Asia and West Africa). This geographical split leaves no clear lead for sustainable commodities as an issue.
- 4.40 There was no consistent approach to coordinating programming at country level, either across departments or between in-country, centrally managed and multilateral programmes. While collaboration in Indonesia and Colombia on biodiversity and forests was effective, it has evolved in each location in an ad hoc way, and there is no common model or approach. We noted that in Indonesia, although the Climate Change Unit brings together the UK government’s work on biodiversity and forests, other sustainable development programmes were managed by a separate FCDO team, with areas of overlapping interest and programming (for instance on low-carbon development). Coordination between centrally managed programmes and the overseas network was often weak. For example, although Ghana is considered one of FGMC’s flagship countries, we found limited knowledge of the programme within the high commission in Accra and no mechanisms to coordinate across the different strands and levels of UK support.
- 4.41 The 2020 National Audit Office report on ‘Achieving government’s long-term environmental goals’ reached similar conclusions, finding that “Government’s arrangements for joint working between departments on environmental issues are patchy.”⁵⁸

⁵⁶ The UK’s assistance to GEF was jointly managed by Defra and DFID/FCDO for the period under review, but is now solely managed by FCDO.

⁵⁷ Also called ‘financing green’: mobilising and accelerating flows of private finance into clean growth and environmentally positive sectors (See Green Finance Strategy, Transforming Finance for a Greener Future, HM Government, July 2019, [link](#)).

⁵⁸ *Achieving government’s long-term environmental goals*, National Audit Office, HM Government, November 2020, p. 11, [link](#).

The UK has piloted useful technical interventions and has been willing to take risks

- 4.42 Global evidence on ‘what works’ in halting deforestation and preventing biodiversity loss is still emerging.⁵⁹ In various areas where the evidence base is weak, the UK is engaged in useful pilot projects to test new interventions. For example, the Partnerships for Forests programme is engaged in testing and demonstrating the concept of public-private community partnerships. The REDD Early Movers programme in Colombia and Brazil is seeking to demonstrate that results-based payment offers a viable approach.
- 4.43 A number of programmes are piloting alternative and more sustainable livelihood options. In Indonesia, Green Economic Growth is seeking to fund forest-friendly community enterprises that work within the Papuan context. Its objective is to identify and showcase viable economic alternatives to deforestation. Partnerships for Forests in Colombia and Ghana, and some Darwin Initiative projects, are supporting similar projects. While we have some reservations about the value of further piloting of alternative livelihood approaches (see below), there is a good case for pilots that explore ways of making forest protection work for poor and vulnerable groups.
- 4.44 Given the paucity of evidence, it is appropriate that the UK is willing to take on riskier interventions. Defra’s first investment in the eco.business Fund in 2015 was explicitly intended to be new and innovative, offering an opportunity to shape the approach to blended finance impact investing.⁶⁰ The Forestry, Land-use and Governance (FLAG) programme in Indonesia also made small but strategic investments in three risky projects with high potential returns: the Conflict Resolution Unit, Strengthening Palm Oil Sustainability in Indonesia and the Sustainable Finance Project. Of these projects, the Sustainable Finance Project delivered potentially transformative impact through changes to the national laws governing financial institutions, requiring them to incorporate environmental, social and governance safeguards.

Successful pilots have not been scaled up to the extent expected or required

- 4.45 While piloting is necessary and useful, we were not always convinced by the approach taken to pilots. If the purpose of pilots is to test and demonstrate the viability of approaches, they need to be accompanied by a suitable approach to collecting evidence and, if successful, to replicating or scaling up. If there is no such approach, then they risk being just small-scale, unsustainable projects – particularly where the pilots involve external subsidies or intensive technical assistance. This is a particular risk for the Darwin Initiative and Illegal Wildlife Trade Challenge Fund, and for some of the projects supported by Partnerships for Forests in Colombia, all of which support small-scale, site-specific interventions.
- 4.46 Despite promising results in many projects, scaling up of pilots has not taken place as expected in the programmes we reviewed. In some cases this was simply because funding for a second phase never materialised, but in other cases there was insufficient analysis of how pilot experiences could be successfully embedded and institutionalised in wider policy processes or structures. **Box 7** describes three examples of projects falling into this category.

⁵⁹ *International climate finance: UK aid for halting deforestation and preventing irreversible biodiversity loss*, Literature review, ICAI, 2021. The literature review is available on the ICAI website.

⁶⁰ Blended finance is the strategic use of development finance for the mobilisation of additional private finance for sustainable development in developing countries. Blended finance attracts commercial capital towards projects that contribute to sustainable development, while providing financial returns to investors. Impact investing is an [investment strategy](#) that aims to generate specific beneficial social or environmental effects in addition to financial gains.

Box 7: Successful pilots that were not taken to scale

The **Improving Livelihoods and Land Use in Congo Basin Forests** programme stated in its business case that it would demonstrate the effectiveness of community forestry across the Congo Basin and then take this to scale in a second phase. In the first phase, useful progress was made on strengthening communal tenure rights over forestry and building sustainable, community-based forest enterprises. However, the second phase never happened, due to budget constraints and changing priorities, although the Norwegian government did fund Rainforest Foundation UK to continue some activities in the region.

Many of the projects supported by **Forestry, Land-use and Governance** in Indonesia require additional support if they are to be scaled up. However, the programme ended without extension.

According to an external evaluation, and the World Bank's project completion report, the **Silvopastoral Systems** project in Colombia successfully demonstrated a new approach to sustainable ranching, but the opportunity to scale up successes was lost after the UK decided not to support a second phase.

- 4.47 Funding for subsequent phases of pilots can compete with many other objectives of UK aid, particularly in the current context of cuts to the UK aid budget. Equally, piloting cannot be predicated on the prior existence of all the enabling conditions for scaling up. Some successful pilots will prove not to be scalable. The examples provided in **Box 7** suggest that a more critical appraisal of the potential pathways and constraints to scaling up is required.
- 4.48 During our citizen engagement in Colombia, we encountered concerns that the achievements from UK-funded projects would be lost once the funding was discontinued.

Citizens were concerned that, when projects end, the progress may be lost.

“ I hope there is a follow-up for this project. Usually, in this region, when projects are over all the progress that was made is lost. ”

Young woman, currently student of environmental engineering, El Retorno Municipality, Guaviare, Colombia

“ Technical assistance was given for some months, but the project ended, so technicians stopped visits. There was nothing during 2020, no continuity. That was a terrible mistake, many became disoriented and thought they were abandoned. They thought that since project members were not coming back, they could go back to logging. ”

Woman, farmers' leader, member of ASCATRAGUA, Vista Hermosa Municipality, Meta, Colombia

The portfolio lacks a strategy to make the most of learning

- 4.49 We also found a lack of investment in learning, to ascertain the results of pilots in a rigorous way. Across the portfolio insufficient attention has been given to the generation, synthesis and dissemination of learning, and to establishing robust external evaluation.
- 4.50 Structured learning processes were lacking in the three countries we visited. In Ghana, lessons were generated within programmes, but there was less evidence of sharing learning across the portfolio. In Colombia, findings and results are shared through informal channels, but there is no process to ensure this happens systematically. In Indonesia, the Climate Change Unit in the embassy conducts quarterly strategic reviews of their programmes, and one programme produced learning briefs on completion

(although these were not published). Learning elsewhere takes place in an ad hoc way, including through occasional learning events. There is no dedicated website of UK-supported projects, focused on knowledge products and lessons.

- 4.51 Learning gaps were also identified in some programmes. The monitoring, evaluation and learning unit in the Improving Livelihoods and Land Use in Congo Basin Forests programme was removed due to budget cuts. As a result, there was limited emphasis on collecting and disseminating lessons, although some of the programme partners did this on a sub-project level. Collection, synthesising and sharing of lessons from the Darwin Initiative and Illegal Wildlife Trade Challenge Fund is very limited. There is no public annual report and information on the website is thin and outdated. Lessons from the implementation of REDD Early Movers in Colombia are shared informally, but there is no system for synthesising lessons.
- 4.52 We found a few positive exceptions. There is evidence that GEF has produced and shared knowledge. Following an independent evaluation, learning and communications have become a priority in the BioCarbon Fund Initiative for Sustainable Forest Landscapes. Partnerships for Forests has a separate evaluation contract, which supports evidence-based learning and adaptive management. The FLAG programme in Indonesia similarly benefited from real-time knowledge management support from an Evaluation Management Unit, helping the Climate Change Unit and its partners with annual learning events and learning briefs. Learning capacity in the FGMC programme has recently been strengthened by a policy evaluation and learning team.
- 4.53 A cross-government monitoring, evaluation and learning programme to collect and communicate results and learning from ICF as a whole was jointly funded by DFID, BEIS and Defra. Apart from three thematic evaluations carried out under this contract,⁶¹ there has been no external assessment across UK-supported programmes regarding the effectiveness of different approaches to reducing deforestation and preventing biodiversity loss. Although a number of informal processes exist across government for sharing and learning (such as an informal network on forests and plans for a cross-government learning exercise on impact funds) no other examples of systematic cross-departmental learning were identified.

There is not enough systematic evaluation of UK-funded projects and programmes

- 4.54 The portfolio would benefit from greater reflection on what is working and what needs to improve. In our three case study countries, there had been no assessment of the overall impact of the portfolio of bilateral, centrally funded and multilateral programmes supported by the UK. Nor has there been any portfolio-wide assessment of the effectiveness, costs and benefits of different intervention types.
- 4.55 The portfolio lacks a consistent approach to measuring results and generates limited information on 'what works'. Across 11 major programmes where we had information, three had not been subject to independent assessment or evaluation; results indicators were inadequate in three cases and did not cover all project activities, and monitoring practice had been inadequate in two cases. Only three of the programmes had been subject to full independent evaluation.
- 4.56 Evaluation and learning are, in general, stronger in multilateral programmes where the UK is engaged than in UK bilateral programmes. Examples include the BioCarbon Fund, the Forest Carbon Partnership Facility, GEF and REDD Early Movers. The same applies to the Silvopastoral Systems programme which, although largely BEIS-funded, was managed by the World Bank and co-funded by GEF.
- 4.57 Investment in bilateral programme evaluations is inconsistent. In Colombia, we identified three programmes that had been subject to independent external evaluations. Partnerships for Forests has benefited from an independent learning and evaluation team, which has provided insights and lessons to partners in country. In Ghana, Partnerships for Forests is the only programme with a systematic evaluation system producing country-level reports. FGMC used an independent monitoring team from 2013 to 2017 which delivered a series of thematic and country studies in addition to a programme-wide mid-term review. A new policy evaluation and learning team (provided through a different

⁶¹ PE1: Integration of International Climate Finance in DFID (2018); PE2: Mobilising private finance through demonstration effects (2020); PE3: Support for policy change (2020).

supplier) was established in late 2019 to report on outcome and impact areas. In Indonesia, the use of systematic evaluation varies across programmes and only one – FLAG – has undergone an independent external evaluation.

- 4.58 Effective evaluation was completely lacking from some programmes. The Darwin Initiative has not been evaluated at programme level since it was established in 1992, although a joint evaluation with the Illegal Wildlife Trade Challenge Fund has now been commissioned. The eco.business Fund has also had no external evaluation to date. Its results framework and reports contain no useful data on outcomes. We were informed that a learning exercise on impact funds is planned. While welcome, this is no substitute for systematic evaluation of individual programmes. Given the experimental nature of many of the programmes, a lack of consistent, external evaluation reduces opportunities for learning and external scrutiny.

A lack of adequate results metrics makes it difficult to assess the UK's contribution

- 4.59 There is insufficient evidence to conclude whether the UK has influenced global trends on deforestation or biodiversity loss. Despite recent spikes in deforestation rates in some countries (most notably Brazil), the overall global trend has been positive, with a decrease in the global rate of deforestation over the period under review. The reasons for this are unclear, but may be linked to increased global attention to deforestation coupled with policy reforms in some countries and the growing number of externally funded initiatives.
- 4.60 While there are indications that UK programmes may have contributed to recent reductions in deforestation in the three case study countries, this has not been analysed. Deforestation rates in Indonesia have fallen since 2016, driven by multiple factors such as lower commodity prices, domestic policy reforms (including moratoria on forest clearance and peatland exploitation) and donor-funded initiatives. In both Ghana and Colombia, deforestation rates show no clear trendline, with increases in 2020 relative to previous years.
- 4.61 Reporting at portfolio level is weak. ICF maintains a menu of key performance indicators (KPIs) that programmes can incorporate into their results frameworks, to support aggregation of results across the portfolio. There is a KPI on avoided deforestation, but methodological challenges and capacity constraints mean that most deforestation programmes are unable to report against it.
- 4.62 The story is the same on biodiversity. Internationally, there are no agreed methods for measuring biodiversity conservation results, and the UK has not succeeded in devising a viable method. None of the ICF KPIs refer specifically to biodiversity. KPI 10, which measures the value of ecosystem services, includes elements of biodiversity, but to date only two projects have attempted to report against this indicator. Other than the eco.business Fund and Darwin Initiative projects, we did not identify any examples of projects that had even attempted to measure biodiversity results.⁶² The eco.business Fund tracks biodiversity within the farms and plantations that it supports.⁶³ While this is better than other projects, it does not measure what difference the programme has made.
- 4.63 Given the increasing profile of biodiversity within the UK aid programme, the lack of meaningful results data is increasingly problematic. A few initiatives, such as Science-Based Targets for Nature, are exploring ways of filling the measurement gap,⁶⁴ and may provide useful lessons and inspiration for the forests and biodiversity portfolio. Community- or citizen-based models for assessing biodiversity changes may also provide useful monitoring evidence (see quotes below).

⁶² UK government sources told us that all Darwin Initiative projects attempt to measure biodiversity results, based on a “very broad” interpretation.

⁶³ It monitors an average measure of standard mean species abundance by land-use category in the types of farms and forestry plantations supported by the Fund, relative to the biodiversity present in pristine ecosystems.

⁶⁴ *Science-Based Targets for Nature – Initial Guidance for Business*, Science Based Targets Network, September 2020 p. 5, [link](#).

Community members in Colombia and Indonesia were able to offer direct observations of forest and biodiversity changes.

“ I have not seen red tail squirrels in many years. Nevertheless, since conservation began, I have seen other animals that were long gone such as wild hogs, anteaters, and jaguars. ”

Woman, El Retorno Municipality, Guaviare, Colombia

“ I have seen changes in the forest, such as changes in trees and animals. Where I live, there are birds, pigs, lau lau, tree kangaroos, cassowaries, tree cusps, small animals, snakes, birds of paradise, white parrots - they all are still there. In the past there were many but now their numbers are declining, because many people have hunted them for food. ”

Elderly man, Merdey Village, Bintuni, Papua, Indonesia

Some project business cases claim a contribution to reducing deforestation and biodiversity loss without a clear basis

- 4.64 Many projects do not articulate clearly how their interventions could reduce deforestation or biodiversity loss. Theories of change, while present in many cases, and in all cases for BEIS programmes, are generally not detailed enough to articulate testable causal chains and the assumptions that underlie them.
- 4.65 For example, we found that the 2015 business case for the eco.business Fund was superficial. The 2018 business case was an improvement and included a detailed economic appraisal, and recognised that the Fund was also intended to test and learn from new approaches. However, the design cited a reversal of biodiversity loss as one of its objectives without identifying how this would be achieved. The additional 2018 investment of £12.6 million in the Fund was not informed by an independent evaluation of the first phase or a field appraisal of its results. In Indonesia, the FLAG programme developed a retrospective theory of change based on existing, funded projects, rather than as a tool to guide project selection and design. Its annual reviews and final evaluation questioned the degree to which projects had clearly articulated (and demonstrated) the links between outputs, outcomes and deforestation impacts. In some cases (such as support to addressing agrarian conflict), climate impacts were either assumed, unknown or unlikely. In other cases, longer-term support would have been needed for the interventions to achieve their intended results (for example, the work on sustainable finance).
- 4.66 We also found examples of intervention types that the available evidence suggests are unlikely to be effective. For example, alternative or improved livelihood interventions, even if successful in their immediate livelihood goals, are unlikely to contribute to reducing deforestation.⁶⁵ These types of interventions feature in the Partnerships for Forests in Colombia and Ghana, Green Economic Growth in Papua, and in Darwin Initiative and Illegal Wildlife Trade Challenge Fund projects. The literature offers little evidence to suggest that livelihood interventions deter individuals from pursuing additional earnings from unsustainable forest-based activities, such as illegal logging or selling bush meat. An unpublished value for money analysis of the Darwin Initiative raised questions about the viability and effectiveness of some alternative livelihood enterprises established across the portfolio. In Colombia, the Silvopastoral Systems project had been able to deliver positive economic and environmental results for the farms and areas it supported, but its wider impacts were uncertain, given the small percentage of

⁶⁵ *International climate finance: UK aid for halting deforestation and preventing irreversible biodiversity loss*, Literature review, ICAI, 2021. The literature review is available on the ICAI website.

cattle ranching covered (0.26%) and the continued encroachment of cattle ranches into forested zones in non-project areas. Clearer and more explicit analysis and validation of assumptions linking project interventions to reduced deforestation and/or biodiversity loss could increase both effectiveness and efficiency across the forests and biodiversity portfolio.

Many projects were not sufficiently grounded in evidence of ‘what works’

- 4.67 Most projects are not based on thorough analysis of ‘what works’: out of 12 programmes where we had information, there was poor analysis of the evidence base in seven business cases, some analysis in one, and strong analysis in four. Work on non-timber commodity supply chains has lacked the depth of knowledge and analysis that characterised earlier UK work on illegal logging. Efforts on palm oil in Indonesia, cattle in Colombia and cocoa in Ghana are not based on a similar breadth and depth of sectoral understanding and expertise. The recent business case for the Biodiverse Landscapes Fund mentions a lack of evidence on effective approaches without reviewing the considerable body of evidence that already exists on landscape approaches.
- 4.68 Some of the country programmes have been based on good local understanding and networks. The FLAG programme in Indonesia used political economy analysis as a tool to review and inform annual programme learning events, held with the participation of programme partners and the UK Climate Change Unit. The FGMC programme in Ghana has demonstrated an excellent understanding of national and local forest governance contexts and produced a well-informed country strategy document. In Colombia, strong partnerships with national and local governments ensure that programmes are based on local realities and needs. Studies and assessments have been undertaken to understand the local context and opportunities, such as a recent in-depth report on the drivers of deforestation (2020). However, in none of the three countries was there any evidence of an up-to-date country analysis, drawing on in-country as well as international, bilateral and multilateral experience that UK staff used to inform a systematic country strategy cycle.
- 4.69 People in Indonesia and Colombia told us of cases where projects often had limited success as they were designed or implemented in a way that did not understand local conditions, or properly take into account local knowledge when determining ‘what works’.

A number of individuals in Indonesia and Colombia expressed concerns that projects lacked understanding of the contexts and needed to be informed by local knowledge.

“ Success or failure depends on how you see it. It works if you see it from the land certificate perspective. But it hasn't [succeeded] if you see it from the need of coaching, education, and human resource development.”

Leader of farmer group, Lubuk Bintialo Village, Musi Banyuasin, South Sumatra, Indonesia

“ Actually, some of the equipment provided was not suitable. The community asked for a processing machine, but [the specification of] the machine was not suitable.”

Woman, Padang Tikar, Indonesia

“ The project gave us the seedlings to reforest at the beginning of the summer season. As agreed, we sowed those seedlings, although we knew that would not work. We knew it was not the best time to sow, but we had to do it.”

Man, farmer, member of ASOPROCAUCHO, San José del Guaviare Municipality, Guaviare, Colombia

“ Local project implementers are subject to decisions in Bogotá or in project central zones, leaving aside the long experience and needs known by the local community members and local implementers.”

Project professional, ASOES, Cartagena del Chairá Municipality, Caquetá, Colombia

Programmes do not consistently understand and engage with the people that they affect

- 4.70 Not all of the programmes work directly with local communities. Many are rightly focused instead on influencing government policies, markets or international issues. Among those with explicit objectives around benefiting communities, we found good engagement with communities and their representative organisations during programme implementation. For example, the Improving Livelihoods and Land Use in Congo Basin Forests programme and the FLAG programme (Indonesia) were both able to build the capacity and voice of local, community-based organisations and deliver visible livelihood benefits. Both projects engaged effectively with indigenous peoples living in forest areas, in order to strengthen their rights over natural forest areas, delivering both livelihoods and forest conservation outcomes.
- 4.71 However, consultation with affected people at the design stage has not been consistently good. As a consequence, some programmes pay insufficient attention to their potential impact on communities and their livelihoods. GEF has good policies on stakeholder engagement and safeguarding against inadvertent social or environmental harm, and it engages well centrally with indigenous peoples' organisations. However, there is limited evidence of effective engagement with affected people in its programmes. Applicants for Darwin Initiative and Illegal Wildlife Trade Challenge Fund projects are required to identify who will benefit and how, and how risks to poor communities and vulnerable groups will be mitigated. While they are not required to show evidence of their engagement with local communities during the design of their interventions, this is factored into project scoring and selection. Both funds could do more to monitor and evaluate the risks to people during project implementation.

Some people we spoke to said that their needs were not being fully addressed and that opportunities to engage with projects were limited.

“ Other needs of the municipality apart from the environmental component are not covered by this project. Projects should contribute to fulfil basic needs (i.e. water, jobs, telephone signal and internet availability) for beneficiaries to work in better conditions. ”

Man, PROCACAO, San Vicente del Caguán Municipality, Caquetá Department, Colombia

“ From the project implemented by Sigap, there are communication activities about protected forests and village / forest mapping but we don't know much about the project. ”

Woman, Muara Lesan Village, Berau, East Kalimantan, Indonesia

4.72 There is an inherent risk that measures to tackle deforestation and biodiversity loss may disrupt local livelihoods. Monitoring and feedback mechanisms covering affected communities are therefore required, to identify and mitigate potential harms. These were generally lacking in the programmes reviewed, but positive examples were identified. One notable exception is REDD+ projects (such as REDD Early Movers, the Forest Carbon Partnership Facility and the BioCarbon Fund) which have established or are in the process of establishing grievance mechanisms and safeguard monitoring systems, with a view to mitigating any negative social or economic impacts. The independent monitoring systems built into the Voluntary Partnership Agreement as part of the Forest Law Enforcement, Governance and Trade Action Plan are another good example.

A lack of communication, or single engagements without follow-up, can lead to a loss of trust in aid programmes.

“ We were invited and asked what we want, but there was no follow-up. It was just a one-time gathering. ”

Woman, Lubuk Bintialo Village, Musi Banyuasin, South Sumatra, Indonesia

“ Long waiting times in project assistance and contact demotivates landholders and may lead to change the trust in government projects and a return to deforestation. ”

Man, member of COMICAUCHEROS, San Vicente del Caguán Municipality, Caquetá Department, Colombia

4.73 In two locations in Indonesia we heard that project benefits had been distributed unevenly across the community. In Colombia, we were told that large landowners were able to circumvent logging laws, to the detriment of smaller landowners, and in one case that illegal armed forces were controlling engagement on a project.

In Indonesia and Colombia, community members raised concerns as to how project benefits were distributed.

“ I asked the farmers’ group leader, [but] he didn’t give out the seeds. He said the seeds are only distributed for members of Gapoktan. I [already] enrolled, but I’m not officially registered yet.”

Man, farmer, Lubuk Bintialo, Indonesia

“ There are many families that have small patches of forests on their properties who are willing to protect their forests, but who were not considered for a chance to participate. They have initiative and should receive some help as well; this will encourage more people to participate.”

Older woman, Guaviare, Colombia

Programmes are not consistently considering or including women

- 4.74 Not all programmes addressing deforestation and biodiversity loss directly engage with women. However, some do, and all may have indirect and differentiated impacts on men and women. The review found an apparent contradiction between the generally positive efforts made by UK-supported programmes on gender and the actual experience of women encountered. The citizen engagement exercises in Indonesia and Colombia reported limited opportunities for women to express their views, limited involvement of women in programme design, and programming that tended to favour men. By contrast, many programmes report positive progress with gender analysis, mainstreaming and women-focused programming. Independent evaluation of the BioCarbon Fund reported careful attention to gender. Following the mid-term review, the FGMC programme has sought to increase the inclusion of women and to improve the evidence base showing benefits for women. Over half of the enterprises supported by one component of the Improving Livelihoods and Land Use in Congo Basin Forests programme were owned by women. An evaluation of gender mainstreaming in GEF in 2018 found a modest improvement compared with an earlier evaluation in 2013.⁶⁶
- 4.75 This positive evidence notwithstanding, there is also an acknowledgement in a number of programmes that more needs to be done. For example, despite the clear priority given to gender equality in the application guidance for the Darwin Initiative, it is acknowledged that Darwin Initiative projects can struggle to engage effectively with women. The 2020 annual review for the FGMC programme stated: “it remains challenging to persuade governments and business to treat gender as an equal priority to other issues perceived as carrying higher reputational risks”. This helps explain why broadly positive evaluations of the efforts made by programmes to improve gender equality coexist with the continued reality of the limited participation and benefits reported during the citizen engagement and in the literature review.
- 4.76 In the majority of locations where we conducted citizen engagement exercises, we were told that women had been excluded from both the processes and the benefits. Youth were also said to be at a disadvantage. Out of six locations in Indonesia where we conducted consultations, five reported limited opportunities for women and young people to engage in interventions, at both planning and delivery stages. In two out of three departments in Colombia, women and youth were also found to be disadvantaged in their ability to participate in, and benefit from, projects.

⁶⁶ Global Environment Facility Independent Evaluation Office (GEF IEO), Evaluation of Gender Mainstreaming in the GEF, Evaluation Report No. 118, Washington, DC: GEF IEO, 2018.

A number of individuals reported that women and young people had been marginalised and were less able to take part in project activities and consultations.

“ Involvement in mapping activities is not for women. These activities are mostly carried out by men. ”

Young woman, Merdey Village, Bintuni, Papua, Indonesia

“ When there was a meeting for the Green Economy programme, women took part but we were silent because we were not given the opportunity to talk. If there was a chance, we could have had a moment to talk. ”

Woman, Iwon Village, Jayapura, Papua, Indonesia

“ Women and youth are at a disadvantage to access the programmes and projects such as Visión Amazonia. Usually, they are always in the farms, these are places that are rarely visited by project representatives. ”

Man, farmer, member of ASOPROCAUCHO, Colombia

“ Programmes such Visión Amazonia are focused on men. Other projects should be implemented for the development of women’s and youth’s capacities and skills. The youth have great ideas but there are no resources and support for their development. ”

Woman, member of community local council, El Retorno Municipality, Guaviare, Colombia

“ There are no activities for women. I hope that there will be home-based income-generating activities for women – for example, women selling seeds and food. But someone else must assist us. ”

Young female farmer, Lubuk Bintialo Village, Musi Banyuasin, South Sumatra, Indonesia

“ Here, women are not given the opportunity to speak, only adult males are. ”

Woman, Merdey Village, Bintuni, Papua, Indonesia

4.77 During our citizen engagement, we were also told that, in cases where women and youth had been involved, this had been well received, and that participants would welcome greater effort to empower women and young people.

We heard from several people that when projects had engaged with women and young people, this had led to positive outcomes.

“ I am an indirect beneficiary and I have been invited to participate. So, I have attended the project meetings and I have received technical assistance. I have been invited and involved in the project’s activities.”

Woman, member of Asociación de caucheros de San Vicente del Caguán, Caquetá, Colombia

“ The activities have developed awareness and increased training of producers, their sons and daughters, and allowed the participation of women.”

Woman, member of ASOHECA, Cartagena del Chairá Municipality, Caquetá, Colombia

“ In this village, I was the first to be interested in replanting cocoa trees. But when I told the men, they actually underestimated me because I only live alone, and no one helped. But I had seen the new types of cocoa farm products, and that is what made me excited. Finally, all the villagers have now planted cocoa trees.”

Woman, pioneer of cocoa cultivation, Iwon, Indonesia

5. Conclusions and recommendations

Conclusions

Relevance

- 5.1 The UK aid programmes we reviewed are, in general, well directed to tackling the prevailing drivers of deforestation and biodiversity loss and highly relevant to the global challenges facing our planet. Over the review period, the UK has supported a range of delivery models and approaches to addressing deforestation and biodiversity loss. However, this diversity of activities has come about through piecemeal decision-making on individual programmes, rather than as a strategic choice. Given that the aid resources spent by the UK are dwarfed by the scale of the challenge, a more strategic approach to prioritising resources is needed if real impact is to be achieved.
- 5.2 Use of evidence and contextual analysis across the programme is mixed. There are strong examples where the UK has built up a deep knowledge over many years to inform its approach, and other examples where programmes are based on untested assumptions or run contrary to the evidence on 'what works'.
- 5.3 There are some good examples of programmes working with local communities, but they are not systematically engaged in programme design, and the risks of unintended consequences on forest-dwelling communities are not sufficiently monitored. While there have been strong examples of gender-sensitive support in initiatives such as the Forest Governance, Markets and Climate (FGMC) programme, there is an acknowledged need to do more to overcome the barriers faced by women and the poorest more broadly in participating in forest governance.
- 5.4 Overall, we have awarded a **green-amber** rating for relevance, while noting the need for a more strategic and evidence-based approach.

Coherence

- 5.5 UK efforts to galvanise international action on the drivers of deforestation and biodiversity loss have been effective when structured as a sustained and properly resourced campaign. The UK has played a significant role at the global level in supporting coordinated action on the major drivers of deforestation and biodiversity loss, including advocacy with other governments. It has engaged strongly with multilateral institutions across the portfolio. There are signs of UK influence resulting in improved technical approaches and programme designs.
- 5.6 Policy coherence at central level has been good overall. A broad division of labour has been agreed between BEIS, DFID/FCDO and Defra. However, while there are examples of 'joined-up' working across government, we also found examples of avoidable duplication and fragmentation in some areas, notably cross-cutting issues such as private sector partnerships and sustainable financing. There was no consistent approach to coordinating programming at country level, either across departments or between in-country, centrally managed and multilateral programmes.
- 5.7 While there is scope to improve coordination across the UK government, the findings on positive engagement at the global level merit a **green-amber** score for coherence.

Effectiveness

- 5.8 There are substantial challenges involved in measuring the impact of efforts to prevent deforestation and biodiversity loss, which are common to development partners. The UK has not done enough to tackle the measurement gap, and there is not enough evidence to draw conclusions on the overall impact of the portfolio.
- 5.9 At the country level, the UK has made progress on putting in place enabling conditions for effective action, including strengthening national policies and institutional capacity and promoting civil society advocacy, but the overall contribution to deforestation rates cannot be assessed.

- 5.10 We found examples of strong programming – most notably the FGMC programme, which has been able to influence timber markets in both producer and consumer countries. The UK has piloted a wide range of potentially useful interventions and has been willing to take risks in testing new approaches and initiatives. However, successful pilots have not been scaled up or replicated during the review period to achieve meaningful impact. Furthermore, the emphasis on piloting has not been matched by a sufficient investment in systematic learning and evaluation at programme, thematic, country or portfolio level.
- 5.11 Given the genuine difficulties in measuring impact on deforestation and biodiversity loss, we have awarded a **green-amber** score for effectiveness on the basis of some strong programme outcomes. However, greater investment in results measurement and learning is needed.
- 5.12 This results in an overall **green-amber** rating for the UK's efforts to tackle deforestation and biodiversity loss. We find that the work done over the review period has laid some solid foundations for building an effective portfolio in the coming years. However, some substantial improvements will be required if the portfolio is to meet the government's policy objectives. We offer a number of recommendations for where improvements could be made.

Recommendations

Recommendation 1: UK bilateral ODA support to tackle deforestation and biodiversity loss should have a tighter strategic focus, concentrating resources to increase impact.

Problem statements:

- The scale of the challenge confronting global deforestation and biodiversity loss, and the scale of the drivers, dwarfs the level of support provided by official development assistance (ODA) in this area.
- Experience from the Forest Governance, Markets and Climate programme's work with the timber sector suggests that unless coherent investments are made that are commensurate with the scale of the challenge, they are unlikely to deliver system-wide impacts.
- UK bilateral ODA investments and influencing initiatives are currently spread across a wide range of geographies, approaches, commodities and issues, which means that impacts in addressing deforestation drivers, land-use change or forest loss are limited.
- Avoidable duplication and fragmentation was evident in some policy and programming areas. Coordination across programmes and departments was inconsistent at country level.

Recommendation 2: All programmes addressing deforestation and biodiversity loss should be monitored and evaluated against common, measurable indicators designed specifically for assessing deforestation and biodiversity impacts.

Problem statements:

- International Climate Finance (ICF) has key performance indicators for avoided deforestation and reduced greenhouse gas emissions, but measurement is methodologically challenging and to date only a limited number of projects are reporting against them.
- There are no common biodiversity indicators used to measure progress by the UK government against this goal either within or outside ICF.
- Without applying achievable and measurable indicators for biodiversity and deforestation, it is impossible to monitor and assess portfolio-wide progress and contribution.

Recommendation 3: Independent external evaluations of the bilateral programme should be carried out regularly at programme, country and global levels and then used to shape strategic funding decisions.

Problem statements:

- Independent external evaluation is not systematically applied across UK bilateral ODA to the same degree demanded by the UK government in the multilateral programming that it supports.

- Systematic development and communication of knowledge products and learning from different forest and biodiversity programmes is the exception rather than the norm across the portfolio.
- No portfolio-wide impact evaluation of ODA for halting deforestation and preventing irreversible biodiversity loss has been undertaken since the beginning of ICF with a view to identifying the most effective and efficient approaches, and those that could usefully be taken to scale.
- Learning and evaluation at the ICF level tends to be informal and ad hoc rather than systematic and institutionalised across government.

Recommendation 4: UK bilateral programmes should be guided by social impact analysis and should include safeguarding measures, to maximise the benefits for and minimise negative impacts on local communities, women and vulnerable groups.

Problem statements:

- Consultation with affected communities and citizens at the design stage is not consistently good, and sufficient attention is not always paid to the impact on the livelihoods of those affected.
- Systematic disaggregated social analysis focusing on poor and marginalised groups – including women, indigenous peoples, and those who may be negatively affected – is not universally applied across programme design and implementation.
- Projects in the forests and biodiversity portfolio, while seeking ‘win-wins’ for people and forests, have generated unanticipated negative social impacts on poor and marginalised households, such as forest-dependent communities. These communities are often remote and under-represented in national policy processes and lack voice.

Recommendation 5: Gender issues need greater prioritisation in policies and programming to ensure that women benefit from investments in forests and biodiversity.

Problem statements:

- The impact of programming on women is not sufficiently prioritised in policy and strategy statements.
- Despite positive attention to gender issues in a number of programmes, and some improvements noted, citizen engagement in all three case study countries reported limited participation by, and benefits for, women.
- Globally, women have been systematically excluded from participating in both the processes of, and the sharing of benefits from, natural resource management, as the literature review shows.

















Annex 1: Programme sample

Department	Programme name	Type	Timing	Spend 2015-2020
Defra/FCDO	Global Environment Facility (GEF)	Multilateral	2018-2028	£282,500,000
Provides funding to developing countries to address global environmental challenges, including climate change, biodiversity loss, land degradation, marine degradation and chemicals pollution. Works with a set of 18 accredited agencies, including multilateral development banks, UN agencies and environmental NGOs.				
Defra	eco.business Fund	Multilateral	2015-2031	£32,800,000
Seeks to improve lending that contributes to biodiversity conservation, sustainable use of natural resources, climate change mitigation and adaption to its impacts. Involves private sector investments and other support such as technical assistance across South America.				
BEIS	REDD Early Movers (REM)	Multi-bi	2015-2022	£73,400,000
A results-based programme making payments that reward reduced deforestation. The primary aim is to reward greenhouse gas emission reductions from avoided deforestation. It also aims to support livelihood improvements for local people.				
BEIS/Defra	BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL)	Multi-bi	2013-2030	£50,000,000
Aims to reduce greenhouse gas emissions from the land-use sector through sustainable landscape management, while improving the livelihoods of forest communities. ISFL combines upfront technical assistance with results-based finance which rewards countries which implement landscape-level approaches that reduce emissions from the forest and land-use sector. ISFL works with five countries: Colombia, Indonesia, Ethiopia, Mexico and Zambia.				
FCDO	Forest Governance, Markets and Climate programme (FGMC)	Bilateral	2011-2023	£165,100,000
Supports reform of the global timber market to tackle illegal logging, promote legal timber trade, and support community engagement in the management of, and benefit from, forest resources. Promotes policies, incentives and business standards that secure rights and rule of law, while protecting livelihoods, promoting growth and curbing deforestation. Through FGMC, the UK provides bilateral support to five VPA countries: Indonesia, Ghana, Guyana, Liberia and the Republic of Congo.				
FCDO	Forestry, Lands and Governance programme (FLAG)	Bilateral	2016-2020	£32,100,000
Six projects (and a small grant facility, the Rapid Response Facility), which are working across 17 provinces of Indonesia, supporting innovative and adaptive approaches to address governance issues around forests, land- use and natural resource conflict. The projects work primarily with national and international NGOs through accountable grants.				
FCDO	CoNGOs – Improving Livelihoods and Land Use in Congo Basin Forests	Bilateral	2015-2020	£13,400,000
Aims to improve the livelihoods of forest-dependent communities and reduce deforestation in the Congo Basin by providing support to forest zoning, independent forest monitoring, civil society advocacy and the strengthening of legal frameworks for community forestry, as well as direct investments in community forest enterprises.				

Department	Programme name	Type	Timing	Spend 2015-2020
Defra	Darwin Initiative (DI)	Bilateral	2014-2021	£42,200,000
Offers grant funding to projects since 1992 with the aim of protecting and enhancing biodiversity and contributing to sustainable development in developing countries. It does this by funding projects that help developing countries to meet their obligations under at least one relevant international environment convention/agreement and that tackle key threats to biodiversity.				
Defra/FCDO	Illegal Wildlife Trade Challenge Fund (IWT)	Bilateral	2015-2020	£17,300,000
Provides grant funding to projects with the aim of tackling the illegal wildlife trade and contributing to sustainable development in developing countries. Projects address one or more of the following themes: developing sustainable livelihoods to benefit people directly affected by IWT; strengthening law enforcement; ensuring effective legal frameworks.				

Annex 2: All UK aid programmes for halting deforestation and preventing irreversible biodiversity loss























Key	 Forests	 Biodiversity
-----	---	--

Dept	Programme	Type	ICF			Total 2015-2020 ⁶⁷
DFID/ FCDO	Tackling Illegal Wildlife Trade Programme	Bilateral	No			£585,000
DFID/ FCDO	Multi-Stakeholder Forestry Programme – Nepal	Bilateral	ICF			£1,287,379
DFID/ FCDO	Forest Governance, Markets and Climate	Bilateral	ICF			£165,068,315
DFID/ FCDO	Green Climate Fund	Multilateral	ICF			£100,800,000 ⁶⁸
DFID/ FCDO	Investments in Forests and Sustainable Land Use	Bilateral	ICF			£55,392,455
DFID/ FCDO	International Forestry Knowledge (KnowFor)	Bilateral	ICF			£20,211,249
DFID/ FCDO	Global Environment Facility (6th/7th Replenishments)	Multilateral	ICF and non-ICF			£190,500,000 ⁶⁹
DFID/ FCDO	Forestry, Land-use and Governance in Indonesia	Bilateral	ICF			£32,086,879
DFID/ FCDO	CoNGOs – Improving Livelihoods and Land Use in Congo Basin Forests	Bilateral	ICF			£13,414,349
DFID/ FCDO	Green Economic Growth for Papua	Bilateral	ICF			£5,811,124
DFID/ FCDO	Monitoring, Evaluation and Learning from the International Climate Fund	Bilateral	ICF			-
DFID/ FCDO	Spatial Planning in Papua and West Papua	Bilateral	ICF			£2,540,000
DFID/ FCDO	Supporting a Sustainable Future for Papua's Forests	Bilateral	ICF			£5,410,129

⁶⁷ This total only includes the first quarter of 2020 spend as it runs to the end of the 2019-20 financial year.

⁶⁸ The Green Climate Fund's board papers have attributed 16% to forestry and land use. Results are from the end of 2020 and therefore 16% of the UK contribution to the GCF has been included within the scope of this review. A further 6% of GCF funding has been attributed to ecosystems and ecosystem services but the exact value in scope of this review is not readily available and has therefore not been included.











⁶⁹ Much of the Global Environment Facility's programming covers forestry and biodiversity, but the exact value in scope of this review is not readily available. For these purposes, 100% of GEF funding has been included, noting that there will be some GEF projects out of scope.

Dept	Programme	Type	ICF			Total 2015-2020 ⁶⁷
DFID/ FCDO	Strengthening Palm Oil Sustainability in Indonesia	Bilateral	ICF			£2,343,839
DFID/ FCDO	Comprehensive Programme on Spatial Planning and Low-Carbon Development in Papua	Bilateral	ICF			£4,040,484
DFID/ FCDO	Renewable Energy from Forests in the Miombo (REFORM)	Bilateral	ICF			£110,801
DFID/ FCDO	Improving governance of Land Use, Land-Use Change and Forestry in Indonesia	Bilateral	ICF			£1,081,040
BEIS	REDD Early Movers	Multi-bi	ICF			£73,400,000
BEIS	Forest Carbon Partnership Facility	Multi-bi	ICF			£85,000,000
BEIS	BioCarbon Fund Initiative for Sustainable Forest Landscapes	Multi-bi	ICF			£50,000,000 ⁷⁰
BEIS	Territorios Forestales Sostenibles (TEFOS) [Formerly known as ForTREES]	Bilateral	ICF			£10,000,000
BEIS	Silvopastoral Systems (SPS) Programme	Multi-bi	ICF			£258,478
BEIS	Partnerships for Forests (P4F)	Bilateral	ICF			£15,130,000
BEIS	Green Climate Fund	Multilateral	ICF			£86,400,000 ⁷¹
Defra	IWT Direct Grants	Multi-bi	No			£6,470,640
Defra	IWT Challenge Fund	Bilateral	No			£16,703,311
Defra	Darwin Initiative	Bilateral	No			£42,234,890
Defra	Multilateral Environment Agreements	Multilateral	No			£28,034,283
Defra	eco-business Fund	Multilateral	ICF			£32,819,178
Defra	BioCarbon Fund Initiative for Sustainable Forest Landscapes	Multi-bi	ICF			£0 ⁷²

⁷⁰ Joint BEIS/Defra-funded programme – the total here is only the BEIS component.

⁷¹ The Green Climate Fund's board papers have attributed 16% to forestry and land use. Results are from the end of 2020 and therefore 16% of the UK contribution to the GCF has been included within the scope of this review. A further 6% of GCF funding has been attributed to ecosystems and ecosystem services but the exact value in scope of this review is not readily available and has therefore not been included.

⁷² Joint Defra/BEIS-funded programme – no Defra spend during 2015-2020.

Dept	Programme	Type	ICF			Total 2015-2020 ⁶⁷
Defra	Ecosystem Conservation and Management Project in Sri Lanka – Additional Financing	Multi-bi	ICF			-
Defra	Low-Carbon Agriculture for Avoided Deforestation and Poverty Reduction – Phase 2	Multi-bi	ICF			£30,000,000
Defra	Blue Forests	Bilateral	ICF			£5,179,511
Defra	Global Environment Facility (6th/7th Replenishments)	Multilateral	ICF			£92,000,000 ⁷³
Defra	UK Blue Carbon Fund	Multi-bi	ICF			£12,750,000
Defra	Land Degradation Neutrality Fund	Multilateral	ICF			£10,000,000
Defra	Global Programme for Sustainability	Multilateral	ICF			£19,500,000

⁷³ Much of the Global Environment Facility's programming covers forestry and biodiversity, but the exact value in scope of this review is not readily available. For these purposes, 100% of GEF funding has been included, noting that there will be some GEF projects out of scope.



This document can be downloaded from www.icaei.independent.gov.uk.

For information about this report or general enquiries about ICAI and its work please contact:

Independent Commission for Aid Impact
Gwydyr House
Whitehall
London SW1A 2AU

enquiries@icaei.independent.gov.uk