

OFFICIAL-SENSITIVE

Defra – Request for Information

The issue of this Request for Information (RFI) is not to be construed as a commitment by the Authority to enter a contract as a result of this exercise. The information provided will be non-attributable and is purely for the Authority's information and planning purposes. Any expenditure, work or effort undertaken is the responsibility of the Respondent and is accordingly a matter solely for the commercial judgement of the Respondent.

Request for Information – timeline and process

- Defra is developing plans for a contract to develop the Big Nature Impact Fund's Policy Evaluation Framework and carry out an initial process evaluation by initiating a Request for Information (RFI) on 18th January 2023. Dependent on feedback to the RFI, Defra may then issue an Invitation to Tender.
- Interested parties are encouraged to submit a response directly to the email address listed with this RFI. Interested parties should clarify where information is commercially sensitive. Written submissions should be provided by no later than **16:00 2nd February 2023**. Parties should not expect individual responses to written submissions.
- Clarifications from the RFI will also be published unless interested parties can provide a commercial, in-confidence qualification (these submissions will be evaluated on a case-by-case basis with Defra's decision on what constitutes 'commercially sensitive' as final). Defra cannot commit to answering all questions but will endeavor to do so.
- Thank you in anticipation of your engagement

Context

The Big Nature Impact Fund

Background

The Big Nature Impact Fund (BNIF) is a policy framework designed to create a public-private blended impact investment fund. It aims to increase private sector investment in domestic nature recovery projects – particularly woodland creation, peatland restoration and habitat banks to support Biodiversity Net Gain (BNG) implementation. It will also develop a track record for private investment in nature which others can build upon.

By investing on a repayable basis into a private sector fund, Defra aims to show market actors that HMG is committed to scaling up nature-based investment and demonstrate the potential for achieving a financial return on investment.

BNIF's fund manager was announced as Federated Hermes and Finance Earth in November 2022^[1] with Defra committing £30m seed capital to act in a 'first loss' position. Federated Hermes and Finance Earth will invest blended public-private capital through BNIF, on a repayable basis, into a portfolio of nature projects that can generate revenue from ecosystem services and green enterprises to support the development and delivery of such projects. BNIF will only invest in England but will be part of a UK-wide investment strategy managed jointly managed by Federated Hermes and Finance Earth.

During the investment period of the BNIF vehicle, the fund manager will be sourcing and evaluating potential investments, conducting due diligence, structuring and finalising transactions.

Once the investment period has concluded, the fund will cease originating investments, and will focus on helping investments grow and succeed, exiting its investments at the appropriate time.

DRAFT – SPECIFICATION

Research Requirements

The aim of this contract is to:

- i. design a robust yet proportionate and reasonable evaluation framework in line with HMT [Magenta Book](#) guidance and relevant supplementary guidance to enable us to understand the success of BNIF as a policy intervention; and
- ii. undertake the initial process evaluation to explore the initial set up of the fund and collect and present baseline data to enable us to track progress on tackling market failures, for example around investor confidence.

The contract is made up of the following 2 work packages

Work Package 1: Developing the Evaluation Framework

The evaluation framework will be the blueprint needed to understand the success of BNIF as a policy intervention. It will be critical to understand why and how any detected changes have taken place.

It will use the Theory of Change, amongst other documentation, as the starting point to analyse the effectiveness of BNIF as a policy intervention. As part of this work package, we expect contractors to revisit the Theory of Change to support us in continually testing our assumptions.

The evaluation framework will be the foundation for an ongoing evaluation, enabling a long-term analysis on the effectiveness of this policy intervention. It should establish whether BNIF is positioned to deliver Defra's policy objectives for the fund, then measure progress towards those objectives once operational. It will be used to set out the methodology for future process, impact and value for money evaluations over the period of Defra's investment into the fund, supporting policymakers to make decisions and inform them on whether interventions, emphasis and funding in place are sufficient to achieve our policy goals.

We anticipate the evaluation framework will set out the following timeline for evaluations during the fund's lifespan:

- Initial process evaluation of the set-up of the fund (finalised report within 12 months of fund launch) [also included within this contract]
- Two impact evaluation reports after 5 and 10 years (likely to include some process and VFM considerations)
- Value for money and impact evaluation on the close down of the fund with a report at the winddown of the fund

We are open to exploring different timeframes for the impact and final evaluation to happen but would like the initial process evaluation (work package 2) to have concluded within a year of the 2023 launch of the fund.

Work Package 2: Carry out an initial process evaluation

The [Magenta Book](#) defines process evaluations as assessing whether a policy is being implemented as intended, what is working well and whether it is delivering expected outputs and outcomes.

We expect the contractor to undertake the initial process evaluation (as set out within the evaluation framework) to explore the setup of the fund up to the point of launch in early Q1. We will also want the evaluation to collect and present baseline data to enable us to track progress on the market failures that we are seeking to address, such as those around investor confidence.

We encourage the contractor to consider opportunities to look at impacts or proxies for impacts.

We anticipate the final report one year after fund launch in mid 2024.

Project Team

We anticipate that the contractor should have experience in carrying out successful, complex, evaluations, with knowledge and expertise of impact investment funds which invest capital on a repayable basis, the financial market and nature-based solutions. We would like the contractor to have a track record of working collaboratively with the key stakeholders in the environmental and green finance sector.

RFI – Response to Catherine.Hacker@defra.gov.uk

with Subject heading: **BNIF M&E RFI response**

Confidentiality in respect of the RFI

Respondents shall not undertake any publicity activities in relation to the RFI in any form without the prior written agreement of the Authority, including agreement on the format and content of any publicity.

Each Party shall:

- Treat all Confidential Information it receives as confidential, safeguard it accordingly and not disclose it to any other person without the prior written permission of the other parties; for the avoidance of doubt, this will not prevent respondents from circulating the RFI within its firm for the purposes of preparing a response; and
- Not use or exploit the disclosing Party's Confidential Information in any way except for the purposes anticipated under the Agreement.

Where a Respondent identifies information as confidential and/or commercially sensitive, the Authority will endeavour to maintain the confidentiality of that information, and will, where practicable, consult with the respondent before information relating to that respondent is disclosed pursuant to a request for information under the Freedom of Information Act 2000 (as amended) (FOIA) and/or the Environmental Information Regulations 2004 (as amended) (EIR) to establish whether an exemption from disclosure may apply.

However, even where information is identified as being confidential or commercially sensitive, there may be circumstances in which the Authority may be required to disclose such information in accordance with the FOIA or the EIR. In particular, the Authority is required to form an independent judgment concerning whether the information is exempt from disclosure under the FOIA or the EIR and whether the public interest favours disclosure or not. Accordingly, the Authority cannot guarantee that any information marked "confidential" or "commercially sensitive" will not be disclosed and accepts no liability for any loss or prejudice caused by the disclosure of information.

HOW TO RESPOND:

You are not required to answer every question – any information will be gratefully received.

- Clarification period will be 18th November 2023 – 16:00 1st February 2023.
- Clarification questions must be submitted via Email to Catherine.Hacker@defra.gov.uk

- With subject heading: **BNIF M&E RFI response**

- **Clarification questions will not be accepted after the clarification period**
- **The authority will endeavour to respond to all clarifications raised through the RFI.**
- **Lobbying of Defra officials may lead to exclusion from any future competition**

Questions

1. Do you have the necessary expertise or experience in-house to carry out this contract or would you need to form a consortium?
2. Do you have experience in planning and delivering large-scale, complex evaluations?
3. We are keen to understand how long it would take to carry out this contract: Based of your experience, how many months do you anticipate it would take you to carry out:
 - i) Workplan 1 – the development of an evaluation framework
 - ii) Workplan 2 – the initial process evaluation
4. Looking at the Context and draft Specification above do you have any thoughts or information you feel would be beneficial?
5. We are keen to understand the necessary budget for this contract, what would you estimate the contract value (range) to be for both work packages. Please be assured that the answer to this question will not be shared and only used within the Authority's budgeting decisions.

^[1] [Update on the Big Nature Impact Fund - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/update-on-the-big-nature-impact-fund)