

Annual Review – Blue Forests (Blue Ventures) Programme 2017

Summary Sheet

This Summary Sheet captures the headlines on programme performance, agreed actions and learnings over the course of the review period. It should be attached to all subsequent reviews to build a complete picture of actions and learning throughout the life of the programme.

Title: <i>Blue Forests Programme</i>		
Programme Value: £10.1m		Review Date: October 2017
Programme Code: ICF-P0001-BV	Start Date: Jan 2017	End Date: Dec 2023

Summary of Programme Performance

Year	2017					
Programme Score	A					
Risk Rating	Moderate-Major					

Summary of progress since 1 January 2017 (date of project initiation)

Summary of Progress

This annual review comes at the end of the first year of the Blue Ventures (BV) programme which has a planned funding period of seven years. The total programme reach of 20 years intended by Blue Ventures is under the expectation of leveraging additional funding from the private sector for the remainder of this time. The following evaluation reflects the progress of the programme at this point, the key message being that all portfolio outputs are meeting expectations. At this stage progress is limited on the scale of outcomes, however tangible progress is being made in some areas here too. The programme has kept pace against the majority of time frames and milestones laid out in the programme Logframe and Delivery Plan with no major delays across all focal areas.

Highlights across outcome and output indicators include the following:

- i. *Hectares of mangrove forest protected or under sustainable local management (Outcome 1)*
Extrapolation from remote sensing data shows that 5700ha of is now protected or under sustainable local management from of baseline at the start of the programme of 250ha.
- ii. *Sustainable community owned mangrove forestry management plans in place (Output 1)*
Mangrove management plans now exist across the 11 local associations that manage the initial project area. The management plans include conservation, restoration and sustainable use zones, with over 50% under conservation and restoration regimes. The management plans have been validated by the communities and local authorities and are awaiting final approval from the regional forestry government department.
- iii. *Development of, and income generated from, alternative livelihoods (Output 3)*
Since project inception alternative livelihoods have been a focal point and have been created or developed through a range of industries from sea cucumber farming to apiary. As part of the development of bee keeping as an alternative livelihood the programme has brought in external experts to provide essential training and there are now eight bee keepers across three villages with more training planned by the end of 2017. Trials at site one will also start at the end of 2017 and will include the Women’s Association.

Initial progress has also been made on other targets including those longer term indicators with initial milestones set for later in the programme schedule. For example: *Value of ecosystem services generated or protected as a result of ICF support (KPI 10 – Milestone 1 in 2019)*. This will show the difference in ecosystem services income (shoreline protection; pollution abatement; protection from sedimentation) provided by the protected mangrove

habitat compared to a scenario without project influence. The Logframe has also been finalised and completed in the last quarter of 2017.

Progress against delivery plan

Progress is generally in line with the Year 1 delivery plan with no “highly delayed” factors calling for review. The aspects that have experienced “some delays” but are expected to come back in line as the programme develops are outlined below:

- i. **Fisheries Management Activities Delays:** *the contracts to approve the transfer of fishery management with authorities and the proposed management plan for Tsimipaika Bay (Ambanja Bay) are still in draft form.*
- ii. **Project Document Design (PDD) Delay:** *Planned to submit in Q3 to Plan Vivo; although this hasn't happened BV estimate PDD to be internally reviewed by mid-November.*
- iii. **Fisheries Value Chain Delay:** *Analysis report in draft form and new consultant to start work end of November.*
- iv. **Community Fisheries Monitoring Training Delay:** *BV plan to hire new team member to support site leader and start fisheries work.*
- v. **Aquaculture Technical Lead Delay:** *Postponed to Q1 of 2018 due to tight scheduling and to allow new staff to attend strategic training course.*
- vi. **Site Team Recruitment Delays:** *Recruitment finalised for North West manager and induction started, process of recruitment for additional team roles in site 3 started and MoU with private aquaculture partner needs signing.*

Recommendations and Lessons Learned

- i. **Project design:** The project budget was designed using a consistent formula calculated by the cost of the stage of project implementation multiplied by the number of sites at each stage. However a reduced rate should have been used for Year 1 at completely new sites (Site 3 in Madagascar, and the 3 sites in Indonesia/SE Asia). This would account for the new sites having a less than 100% financial and project absorption rate at the start of the contract. Underspend in Indonesia and SE Asia, the new sites to Blue Ventures, account for underspend and reforecasting of budget in Year One.
- ii. **Expansion:** Blue Ventures need to ensure that neither they nor the programme overcommit themselves in terms of delivery especially over the next twelve months as the programme looks to expand into Indonesia and Burma. They will need to factor an initial buffer period to take into account the potential for unforeseen challenges and delays due to the differences in social and political climates.
- iii. **Delivery:** Within some indicators there is a chance of over achieving at sites in Madagascar within the next 12 months. Specifically the income produced from alternative livelihoods (Output 3, Indicator 3.2). The number of people involved in alternative livelihoods (Indicator 3.1) will heavily influence this which at the moment is just under target. This will need careful ongoing monitoring and evaluation over Year 2 of the programme and depending on how it develops, re-baselining at the end of Year 2.

A. Introduction and Context

Outline and Rationale for Intervention

Mangroves play a critical role in supporting endangered biodiversity, carbon sequestration and a range of other ecosystem services such as storm protection, erosion prevention and climate change adaptation and resilience. In addition, hundreds of millions of coastal people rely on mangroves for their day to day livelihoods. Despite their immense value mangroves are among the most critically threatened ecosystems in the world and less than one percent of the remaining mangrove forests are adequately protected. In many tropical coastal developing states mangroves are being quickly deforested – faster than any other forest type on earth – eroding coastlines and coastal livelihoods, as well as the capacity of the poor people on these coastlines to face the impacts of climate change.

Madagascar houses Africa's third largest expanse of mangrove forest with an estimated 2,800km² and with conservative estimates suggesting that each hectare (0.01km²) of mangrove is worth \$1,134 per year in fishing activity alone it is vital these habitats are conserved¹. Pre-existing surveys carried out by project partner Blue Ventures showed that in the Ambaro-Ambanja Bay region of northwest Madagascar 81% of mangrove forest (19,560 hectares) lacked any formal management arrangements. This lack of secure management allows unregulated exploitation without legal consequences, while also decreasing local communities' incentive to invest in the conservation and sustainable management of mangroves.

The causes of these issues are twofold. Firstly, local people lack the property rights or management techniques to enable them to invest in sustainable, long term use of the fisheries or alternative livelihoods that mangroves can provide. Secondly the diverse ecosystem services which mangroves provide are currently valued by the market at zero.

This project is delivered and managed by UK founded NGO *Blue Ventures* whose aim is to develop transformative approaches for catalysing and sustaining locally led marine conservation. They work on the ground in places where the ocean is vital to local cultures and economies, and are committed to protecting marine biodiversity in ways that benefit coastal people. Blue Ventures have worked in Madagascar for over a decade and are ideally placed in terms of expertise, resource and experience to deliver this programmes initial phases and oversee its expansion and development over the term of the project.

Between 2012 and 2017 Blue Ventures have received funding through the Darwin Initiative for two programmes in Madagascar. The first leveraged markets to conserve mangrove biodiversity and alleviate poverty and the second secured livelihoods and conserved marine biodiversity through rights-based fisheries management. They have just received a third award to run until 2020 aimed at securing definitive protection and co-management throughout the Barren Isles archipelago, also in Madagascar. In total Blue Ventures will have received £616,953 through the Darwin Initiative. The ongoing success of these programmes and the expertise they represent is what the larger scale ICF investment is building on.

This Blue Forests programme aims to design and introduce a model of sustainable development for mangrove habitats. The projects objectives can be grouped under four headings: blue carbon sequestration and forestry management, fisheries management and improvement, mangrove livelihood diversification and community health and women's empowerment. Starting in Madagascar the programme aims to expand into as yet unconfirmed sites in Indonesia and Burma and replicate the mangrove management models at these new sites.

Contribution to Defra's Objectives and Priorities

Defra have committed to use their share of climate finance to continue to invest in forestry projects that secure biodiversity benefits, promote more sustainable land use and agriculture practices, and contribute to global food security. The Blue Forests project accomplishes this through its primary aim of reducing mangrove loss. However it will also work with local communities, the private sector and government to establish improved livelihoods and explore green business opportunities based on sustainable mangrove forestry and fisheries management. In

¹ Ronnback, P. The Ecological basis for economic value of seafood production supported by mangrove ecosystems. *Ecological Economics* 29 (1999) pg. 235–252

addition it will directly benefit coastal communities through building climate change resilience and adaptation capacity and conserving threatened marine biodiversity.

More broadly the project also delivers robustly on ICF's cross departmental objectives to:

- i. Help countries, communities and individuals to manage risk and build resilience to the effects of climate change.
- ii. Ensure effective, long term management of natural resources: land, water, forests and air.

Overview of expected results

This project aims to design, introduce and replicate a model of sustainable development for mangrove habitats. The programme is projected to protect around 20,000 hectares of mangrove forests; deliver around 13.9 million tonnes of carbon dioxide savings and benefit over 100,000 people.

Over the full term of the programme the expected results from an investment of £10.1 million fall into three categories:

- i. **Carbon Savings** through conservation and restoration of mangroves that will reduce the rate of deforestation and increase capacity for carbon sequestration to a total of up to 13.9 MtCO₂e.
- ii. **Poverty & Income Benefits** to fishermen in targeted fisheries and the provision of alternative livelihoods such as apiculture and sustainable sea cucumber and shrimp harvesting. This combination of strategies is predicted to be worth £70 million over 20 years.
- iii. **Ecosystem Services, Diversity and Wildlife Benefits** are wide ranging but some value can be harnessed through future eco-tourism. It is expected that the investment could return ecosystem service benefits worth £22 million over 20 years.

B: PERFORMANCE AND CONCLUSIONS

Annual outcome assessment

The overall outcome objective of the programme is “sustainable mangrove forestry and fisheries management activities implemented at six sites where coastal communities are supported by alternative livelihoods and improved access to health care, and therefore models for replication are validated.” Within the Blue Forests project Logframe, indicators have been selected to reflect this and focus on mangrove habitat and ecosystem management, conservation modelling, alternative livelihoods and community health. At this stage the nature of the programme means that at the outcome level some of these indicators are at or close to baseline. Outcome Indicator 4 does not have targets or expected milestones as the data depends on the number of voluntary family planning users and their free choice of contraceptive methods. It is therefore difficult to quantitatively assess the overall progress of the programme against the outcome indicators at this stage, however a narrative on each and an initial assessment if possible is given below:

Outcome Indicator 1: “Hectares of mangrove forest area protected or under sustainable local management”

At the end of year 1, against a baseline of 250ha, 5700ha are now protected. 4600 of which are under draft management plans and 1100 of which are secured under Marine Protected Area control. This is in line with the target for this outcome.

Outcome Indicator 2: “Number of sites implicated in Fisheries management including but not limited to Fisheries Improvement Projects (registered or actions plans being implemented)”

Baseline and target for the end of year 1 for this outcome indicator are both zero so there is currently little to be discussed on this point.

Outcome Indicator 3: “% of people making agreed model profit from alternative activity”

As with Outcome Indicator 2, the baseline at the start of the project and the end of year 1 target are the same. The first major milestone for this indicator is expected to be in 2019.

Outcome Indicator 4: “Unintended pregnancies averted”

As mentioned above there is no annual target for this outcome. The data for this outcome will be collected every two years – first milestone is therefore in 2018.

Outcome Indicator 5: “Number of new pieces of evidence (per year) for individual conservation models (e.g. crab fishery closure model, Plan Vivo model)”

Target for the end of year 1 for this outcome indicator is to have two new pieces of evidence for conservation models. Results from the models have been analysed and we have additional understanding (“new pieces of evidence”) from which to replicate work.

Overall output score and description

Compared to the Outcome indicators, more quantifiable and reportable progress has been made on the Output indicators after year 1. Overall Output score has been determined to be an **A** with the following table showing individual Output scores. The scale of possible output scores are: C, B, A, A+ and A++. With **C** representing outputs that substantially did not meet expectations and **A++** representing any outputs that significantly exceeded expectations.

NUM	OUTPUT DESCRIPTION	MILESTONE SUMMARY	SCORE
1	Sustainable community owned mangrove forestry management plans in place.	Both active project sites now with community-led mangrove management plans and target for one site to achieve carbon baseline levels met	A
2	Mangrove fisheries management or improvement projects in place	Project work has meant that five distinct fisheries are now monitored and a pilot management scheme for one octopus fishery is in place.	A

3	Implementation of viable new livelihood mechanisms	Project has developed three alternative livelihoods with two in progress increasing this and total income generated to or to above target levels	A
4	Increased access to family planning services	Targets for increased access to family planning services achieved through outreach missions, village based community health services and needs assessments.	A
5	Organisational and financial structures in place to support 20 year project vision	Project has strengthened organisational, monitoring and enforcement capacity at sites and regional level with new fisheries management, performance monitoring and enforcement committees.	A

Assumptions

- i. At project inception, Indonesia had a relatively advanced national REDD+ programme and was actively supporting new carbon project initiatives. However the Indonesian government has put a temporary block on the development of some new carbon offset projects. This is anticipated to be a short term issue and if Blue Ventures is affected it has a mitigation strategy for this situation. It will collaborate with existing NGOs and other interested parties on the ground in these regions including leveraging the International Partnership for Blue Carbon, to work through the issues with the Indonesian government.
- ii. Blue Ventures completed a social impact assessment in Velondriake in 2016. The results of this work are currently being analysed to look at evidence for assumptions made within the theory of change. The results will be used to determine further improvements to programme monitoring as well as better understanding of if/how integrated strategies of health, conservation and livelihoods are contributing to the project impact.

Programme Management Tool Summary

The below briefly summarises the output from some of the programme management tools over the last year. Where necessary, and as indicated by later section headings, these points are expanded on within the body of the document or within annexes.

i. Logframe Summary

- a. The Logframe for this programme has been drafted and recently finalised over the course of the last quarter. Output impact weightings, disaggregated indicators and milestones are now in place. (Finalised Logframe attached as *Annex 1*)

ii. Value for Money Summary

- a. The economic case presented in the business case determined the Benefit Cost Ratio (BCR) to be 12.6 over the full 20 year plan of the project. Considering the progress made against output objectives over year 1, and the strong initial VfM case, the programme continues to represent good value for money.

iii. Risk Summary

- a. Overall risk category has not changed – it is a Moderate-Major
- b. The risks highlighted in the initial risk register are still present and relevant. They are described and detailed in Section E.
- c. No new risks have been added for this period but several new issues have been highlighted and evaluated; also in Section E.

C: DETAILED OUTPUT SCORING

Output Title			
SUSTAINABLE COMMUNITY OWNED MANGROVE FORESTRY MANAGEMENT PLANS IN PLACE			
Output number per LF	1	Output Score	A
Risk:	Minor/Moderate/Major/Severe	Impact weighting (%):	30
Risk revised since last AR?	Y/N	Impact weighting % revised since last AR?	N

Indicator(s)	Milestones	Progress
1.1. Number of sites with community-led mangrove management plans	2 (by end 2017)	Site 1 Madagascar - mangrove management plans exist for all 11 management associations. Site 2 Madagascar - mangrove management plan exists and validated by local management association (Velondriake Association) plus local and regional government authorities.
1.2. Number of sites with an estimated carbon baseline scenario	1 (by end 2017)	Site 2 Madagascar - an estimated carbon baseline exists.
1.3. Number of carbon credits produced (with a minimum of 50% revenue shared with community)	0 (by end 2017)	No carbon credits produced. Site 2 Madagascar - baseline and with-project scenarios finalised, and Project Documentation is in draft. The benefit sharing scenario needs to be finalised ready for project validation and credit sales in 2018.

Key Points

Progress:

- i. At Site 1 in Madagascar, mangrove management plans now exist across the 11 local associations that manage the initial project area. The management plans include conservation, restoration and sustainable use zones, with over 50% under conservation and restoration regimes. The management plans have been validated by the communities and local authorities. Awaiting final approval from the regional forestry government department.
- ii. At Site 2, the management plan has been finalised and validated by the Velondriake Association that governs local management in the protected area plus all relevant local and regional government authorities.
- iii. A carbon baseline developed for Site 2, estimating an average 1,300 tCO₂ annual emission reduction.

Issues:

The benefit sharing plan for Site 2 has been developed by the partner communities but Blue Ventures are still awaiting approval from the national government. This is taking longer than anticipated but a plan is in place to secure approval before end of Q4 2017.

Recommendations

There is a potential partnership/collaboration between Blue Ventures and Ecometrica. This has been suggested by Defra ICF economists to add further weight to carbon verification techniques and compare results found. There is the possibility to fund this remote work through the compass call down facility. Introductions and discussions will begin in the coming months to look at viability of this association.

C: DETAILED OUTPUT SCORING

Output Title	MANGROVE FISHERIES IMPROVEMENT PROJECTS IN PLACE		
Output number per LF	2	Output Score	A
Risk:	Minor/Moderate/Major/Severe	Impact weighting (%):	25
Risk revised since last AR?	Y/N	Impact weighting % revised since last AR?	N

Indicator(s)	Milestones	Progress
2.1. Number of fisheries being monitored	5 (by end 2017)	Site 1 Madagascar - crab, sea cucumber and finfish are monitored. Site 2 Madagascar - octopus and finfish are monitored.
2.2. Number of sites trialling/pilot locally relevant fisheries management (eg. periodic closures, gear restrictions)	1 (by end 2017)	Site 1 Madagascar - fisheries management plans in preparation at village, bay and regional level. Site 2 Madagascar - periodic closures for octopus fisheries management June-August 2017 in 19 villages.
2.3. Number of local fisheries management plans developed (eg. Agreed harvest rules concerning a fishery or wider management contracts)	0 (by end 2017)	Site 1 Madagascar - fisheries management plans in preparation at village, bay and regional level. Site 2 Madagascar - a draft Fisheries Improvement Plan for octopus is in development.

*Key Points**Progress at Site 1:*

- i. 14 community monitors have been trained to record data from 3 fisheries Crab (3), Sea cucumber (3), and finfish (8). This monitoring covers 9 villages and over 200 crab, 350 fish and 120 sea cucumber fishing trips are recorded and catches measured monthly.
- ii. A regional fisheries management plan has been prepared and submitted to the Government (led by Wildlife Conservation Society (WCS), but in partnership with Blue Ventures). There is a fisheries management plan in preparation for the Tsimipaika Bay area. This includes best fishing practices, reserves, and governance. At the village level, fisheries and mangrove management have been integrated into the Dina (local laws). This will form one of the bases for the Tsimipaika Bay management plan too. Although the milestone for the completion of these management plans is not until the end of 2018, the programme has made excellent progress towards these already.

Progress at Site 2:

- i. 13 data collectors are working across the Velondriake Locally Marine Managed Area (LMMA) and are in place to monitor octopus catches in 5 villages. They monitor ~3,500 individual octopus a month in this LMMA alone.
- ii. Programme is currently working with octopus fishery experts to improve monitoring and support broader fishery management in line with the Fisheries Improvement Project guidelines. Contact is being made with CEFAS colleagues to advise and contribute expertise if required on this and other technical areas including Blue Carbon science if requested.
- iii. 10 periodic fisheries closures for octopus were set across 19 villages starting 15th June 2017. These areas were reopened as planned 22nd August.
- iv. Blue Ventures are currently working with a professor at University of Vigo who contributed to the Marine Stewardship Council (MSC) certification of the *Asturias* sp. fishery in Spain, to revise the current fishery

dependent data collection, identify meaningful indicators and utilize a depletion model to develop harvest control rules. These can be assessed monthly to account for the short life cycle of octopus and better inform management decisions at the appropriate timescale.

Issues:

- i. *Octopus Stock Assessment:* There has been a delay in the completion of the regional stock assessment due to an unfortunate death in the family of the consultant conducting the assessment, but Blue Ventures are working hard to discuss the models and management options within the latest draft that is close to completion.
- ii. *Octopus Fishery Management:* There are currently no international best practices for octopus fishery management and the initial consultation was unable to find an appropriate model to fit the data. Blue Ventures with the support and advice from colleagues from CEFAS are currently working on how to develop an effective management model for this fishery. Blue Ventures are hopeful that they will be able to develop a cutting edge, sustainable management model to account for the short lifecycle and reproductive habit of cephalopods.

Recommendations

- i. Additional research may be required as a single stock assessment into octopus fishery might not be the most suitable method due to the short life span and the lack of capacity to repeat the stock assessments regularly. Introductions have been made and discussions opened with CEFAS colleagues.
- ii. Regarding output indicator 2.3., it is suggested that Blue Ventures clarify the capacity or format that the fisheries management plan has to be at/in to fulfil this objective. Currently there is no descriptor to specify whether a management plan has to be at trial, bay, village or regional level to count towards a successfully met objective.

C: DETAILED OUTPUT SCORING

Output Title	Implementation of viable new livelihood mechanisms		
Output number per LF	3	Output Score	A
Risk:	Minor/Moderate/Major/Severe	Impact weighting (%):	25
Risk revised since last AR?	Y/N	Impact weighting % revised since last AR?	N

Indicator(s)	Milestones	Progress
1.1. Number of people engaged in alternative livelihoods	336 in total across all sites; Sea cucumber farming developed in Site 1	Site 1 Madagascar - 8 beekeepers; sea cucumber farming in development. Site 2 Madagascar - 78 sea cucumber farmers; 212 seaweed farmers
1.2. Total income generated	\$13,776	Site 1 Madagascar - \$ 250 (beekeepers) Site 2 Madagascar - \$ 23,853 (seaweed).
1.3. Number of new alternative livelihoods developed by site	1 in development at Site 1; 2 in progress at Site 2	Site 1 Madagascar - sea cucumber farming in development. Site 2 Madagascar - sea cucumber and seaweed farming in progress. Beekeeping pilot planned before end 2017.

Key Points

Progress:

- i. *Sea Cucumber*: in Site 2 pens have been rebuilt and social organisation of farming system updated to better reflect needs of community. The pens have been restocked with juveniles throughout Q4 of 2017 following the issues with material and the hatchery (see below). First sales expected mid-2018. The activity is in development at a trial stage in Site 1 and both have made targeted progress against indicator 3.3.
- ii. *Seaweed*: in Site 2, 133,147 kg of dried seaweed has been sold at 600 MGA/kg (equivalent to \$0.146/kg) earning a total of 79,888,020 MGA (\$23,853 equivalent). This has been a huge success and is very much an over achieving milestone. At this stage we have made the decision not to adjust the baseline as the Y2 milestone is significantly higher again but it may need re-evaluating end of Y2.
- iii. *Beekeeping*: in Site 2 there are 8 beekeepers across 3 villages that have provided 149 kg of honey this year. Further trained beekeepers will be operating by end of 2017. Trials in site 1 will also start at the end of 2017 in 3 villages and will involve the Women's Association.

Issues:

- i. Restocking of sea cucumber pens has been delayed due to materials for construction being held in customs for 6 months. Materials have finally been released. Work continued in the meantime to ensure stronger and improved structures for farmer support (e.g. pen sharing amongst clans, contracts, security).
- ii. Private sector sea cucumber hatchery has been unable to provide sea cucumber juveniles to restock the pens as planned in August, as the hatchery production became zero due to a problem within the management and production system. Juveniles from the hatchery are now expected in early 2018, and the first sales will be 9 months after this point (the "grow out period"). Initial steps are also being taken to have more control over production through training into the technology on the techniques required to incorporate the hatchery phase of the industry into the Blue Ventures community-led model.

Recommendations

- i. Total Income Generated (indicator 3.2.) is overachieving on year 1 target despite the aforementioned issues with sea cucumber pen hatcheries and pen construction. This output will need careful monitoring over the next 12 months and potentially re-baselining to demonstrate good programme management.

C: DETAILED OUTPUT SCORING

Output Title	Increased access to family planning services		
Output number per LF	4	Output Score	A
Risk:	Minor/Moderate/Major/Severe	Impact weighting (%):	10
Risk revised since last AR?	Y/N	Impact weighting % revised since last AR?	N

Indicator(s)	Milestones	Progress
4.1. Needs assessments completed at each site	By end 2017: 2 completed; 1 started/underway	Site 1 Madagascar - Needs assessment completed early 2017. Site 2 Madagascar - completed. Site 3 Madagascar - assessment planned for October 2017.
4.2. Number of villages served by community-based health services	By end 2017: 8 at Site 2; Service delivery designed for Site 1.	Site 1 Madagascar - Scoping and partner mapping completed. Delivery design underway. Site 2 Madagascar - 8 villages served.
4.3. Number of outreach missions completed by reproductive health partner	By end 2017: 2 mobile outreach missions per year at Site 2; outreach missions designed with partners and dependent on partner resources at Site 1	Site 1 Madagascar - Ongoing discussions with reproductive health partners in the region Site 2 Madagascar - 2 mobile outreach missions completed

Key Points

Progress at Site 1

- i. Needs assessment completed in February 2017. A health project coordinator was hired for the site in August 2017 and the next steps will include a complete partner mapping with other health organisations working in the area. A trial is also planned for using the Population Health Environment (PHE) story cards in the communities where Blue Ventures work to better understand their perceptions of the links between health and environment and to better understand community health needs and priorities.
- ii. The Safidy coordinator will meet with Mahefa Miraka Community Health Workers (CHWs) to learn about their work and how the project might be able to support them (Mahefa CHWs work in all but 2 Blue Ventures villages). Discussions about electing new CHWs are ongoing for November 2017.
- iii. Opportunities are being explored to support Marie Stopes Ladies to provide long-acting reversible contraceptives (LARCs) in the communities around Ambanja. In addition, staff on the ground will conduct simple health education and outreach around family planning, maternal and child health, and WASH topics.

Progress at Site 2

- i. Community health work continues across the Velondriake LMMA supporting 8 CHWs across 8 villages. With routine monthly meetings (*regroupement*) ensuring further training of community health workers and collection of health data. Blue Ventures health data systems are currently being reviewed and updated. Partners in this region (Marie Stopes) have conducted 2 outreach sessions in the area in 2017.
- ii. Support of youth groups in discussing environment and sexual and reproductive health topics continues.
- iii. Ongoing and follow up training conducted on neonatal resuscitation for Community Health Clinics (CSBs). In addition, CHWs have attended follow-up training on integrated community based management of common childhood illnesses for children under five (*la Prise en Charge Intégrée des Maladies de l'Enfant au niveau Communautaire* – PCIMEC), which will help diversify their skills, improve maternal and child health outcomes, and strengthen our collaboration with government health workers and health centres.

Progress at Site 3

- i. A needs assessment is currently being completed alongside other programming assessment undertaken in September and October 2017.

Issues

No issues to report at present.

Recommendations

No recommendations specific to this output at this time.

C: DETAILED OUTPUT SCORING

Output Title	Organisational and financial structures in place to support 20 year project vision		
Output number per LF	5	Output Score	A
Risk:	Minor/Moderate/Major/Severe	Impact weighting (%):	10
Risk revised since last AR?	Y/N	Impact weighting % revised since last AR?	N

Indicator(s)	Milestones	Progress
5.1. <i>Organisational capacity</i> - Number of relevant community structures (organisational, financial, administrative) in place to support local mangrove and fisheries management	2 (by end of 2017)	Site 1 Madagascar - 1 Federation officialised to coordinate the mangrove and fisheries management activities of the 11 associations. Site 2 Madagascar - 1 management association in place to manage mangrove and marine conservation in the project area.
5.2. <i>Monitoring capacity</i> - Number of sites where community resource monitoring protocol is in place	1 (by end of 2017)	Site 2 Madagascar - Protocol and key indicators to be monitored have been defined. Recruitment ongoing and training starting by end of Q4 2017.
5.3. <i>Enforcement capacity</i> - Number of sites where a community-led coastal management law enforcement protocol is in place	1 (by end of 2017)	Site 2 Madagascar - Enforcement committee and enforcement procedure in place.
5.4. <i>Conservation agreements</i> - Number of sites with functioning, transparent community conservation agreements	0 (by end of 2017)	No agreements in place yet, although a pilot, based around mangrove reforestation, is being designed at Site 1.

Key Points

Progress Site 1

- i. A Federation has been formed of the 11 management associations at Site 1 to encourage marine management coordination and knowledge sharing
- ii. Conservation agreements are being trialled at Site 1, where communities receive money for local schools and education in return for fulfilling pre-defined mangrove restoration targets. The contracts have been designed in collaboration with the management associations to ensure that they are robust and culturally appropriate.

Progress Site 2

An enforcement committee, with standardised operating procedures, in place is trained at operating at Site 2. Recruitment is in progress for community monitors to lead the monitoring of the project area. Responsibilities and key indicators for these monitors have been clearly defined summarised.

Issues:

Enforcement is challenging in cultures where family ties are strong and extensive. BV is working to mitigate this by ensuring that monitoring and enforcement in each village/area is done by people from a different village/area.

Recommendations

No recommendations specific to this output at this time.

Key cost drivers and performance

At this stage in the project, there have been only minor changes in the key costs drivers between submitted and approved business case and the financial reporting produced for internal project oversight and Steering Committee review.

In the original Business Case a year-on-year uplift of 5% was applied to annual salaries to reflect inflationary and performance based increases in the Blue Ventures field team. Inflation of 7% has been experienced in Madagascar for Year One of the project, which reduced the purchasing power of ICF funds transferred to the local currency in December 2016. Economists are expecting that the Malagasy inflation rate could rise to 8% or 9% over the next 12 months, while UK inflation is currently around 3% year on year. By contrast, the Malagasy Ariary/GBP exchange rate, which we would expect to compensate for this difference, shows fluctuations but no signs of a consistent rise. As a consequence there is a risk of further reduction in purchasing power of our aid funds which will be monitored. For Indonesia-based staff, the staff have been recruited within the past 6 months so any impact of local inflation will be recognised further into the project but remain under regular review.

Blue Ventures has sought to mitigate its exposure to increases in purchasing costs by bringing forward higher value purchases and involving more senior staff in negotiations for contracts and procurement.

VfM performance

The economic case presented in the business case determined the Benefit Cost Ratio (BCR) to be 12.6 over the full 20 year plan of the project. The total discounted project cost over 20 years is £12.2m (including the foregone income of mangrove deforestation for the communities of £2.3m). However, the total discounted benefit is expected to reach £153m, mainly contributed by the fisheries income (£59m, 39%) and the carbon savings (£59m, 38%). Other benefits include ecosystem service benefits of £22m (15%).

These figures from the business case present fisheries harvest as the largest benefit due to the conservative approach taken to valuing carbon emissions in the appraisal. Initially the programme intended to report carbon emissions for which Blue Ventures were seeking to obtain Verified Carbon Standard accredited emissions reduction certificates. However after discussion both certified and uncertified carbon will now be reported and disaggregated from a total in the Logframe. This less conservative approach is expected to give a better indication of the overall benefit (total and that attributed to carbon savings) whilst still allowing data for verified carbon to be taken into account separately.

Assessment of whether the programme continues to represent value for money

Considering the progress made against output objectives over year 1, and the strong initial VfM case, the programme continues to represent good value for money. Movements in exchange rates and inflation over the past year have eroded the purchasing power of UK ICF funds in Madagascar and could continue to do so in the coming year, something which will be monitored going forward and against which mitigating actions are already being taken.

Quality of financial management

Blue Ventures has implemented a rigorous approach to financial management to report on ICF restricted funds with unique project codes allocated to each site, as well as project management. Narrative and financial reporting requirements have been adhered to, with quarterly financial reports presented in advance and discussed at Steering Committee meetings for discussion with DEFRA, in addition to ad hoc requests for specific queries about RDEL and CDEL categorisation. Planned Steering Committee meetings are supported with a weekly ICF Team Skype call and a monthly between the Director of Finance and Director of Conservations to discuss project progress and spend against budget.

Blue Ventures has a financial year end of 30th June and income from the DEFRA ICF project will be separately presented in a Note to the accounts. The DEFRA project has not been subject to individual audit but the statutory auditors, HW Fisher, select a sample of contracts, income and expenditure to test which will be undertaken in September 2017.

Date of last narrative financial report	25th July 2017
Date of last audited annual statement	17th January 2017

E: RISK

Overall risk rating:

The programme risk maintains a **Moderate-Major** rating at the end of its first year

Overview of programme risk

Following table summarises the current outstanding programme risks with any mitigating actions

Risk description	Likelihood	Impact	Prevention Plan	Contingency Plan (if risk does occur)	Risk Rating
Lack of effective management of the project	Unlikely	Moderate	Quarterly steering meetings with Risk as a standing agenda. BV have now established a project risk and issues register.	Regular communication with BV	
Lack of M&E means that outcomes cannot be effectively measures and the project cannot report effectively against the KPIs.	Unlikely	Moderate	Logframe has been developed and agreed. Indicator methodologies are under development. Plans to develop an overarching evaluation plan.	Regular communication with BV	
Lack of engagement from Madagascar Government (i.e.: to incorporate mangroves into national climate change adaptation and mitigation strategies; to incorporate results of Fisheries Improvement Plans into policy)	Possible	Moderate	Discuss communications and engagement work with UK Ambassador in Madagascar and Al Harris at BV		
Lack of engagement from Indonesian Government	Possible	Moderate	Defra has facilitated BV intro with UK Embassy in Jakarta; meeting went well.		
Delays in meeting milestones for future years, resulting in lower payments made annually in December according to Grant Agreement	Possible	Moderate	Update to be given at Quarterly steering meetings. Agreed at July 2017 steering group that " As Yr2 gets underway, if an underspend is projected, the group agreed to set a cut of off July 2018 for deciding the best way forward to limit a rolling underspend".		
Lack of reporting against ICF KPIs	Likely	Moderate	Mitigated to large degree in BV's case as they are a high capacity organisation and are innovating their own ways to report against the KPIs. Defra to try to capitalise in learning from this by for example setting up collaboration with Ecometrica to compare hectare reporting methods.		
Lack of support from within communities for the projects.	Unlikely	Major	The project will need to obtain the support of affected communities and the local political leadership. The project has already begun dialogue and consultations with stakeholders and these will continue.		

Projects fail to create interventions that are sustainable in the long term	Unlikely	Major	Project designed so that all sites start with Stage 1 (the pilot/scoping stage) to assess most suitable interventions. Sites and/or activities do not progress if likelihood or feasibility not deemed sufficient for long-term. The project is also designed with the permanence of the benefits in mind; The four parallel work streams are designed to drive sustainable changes by addressing the needs of the communities and beneficiaries.		
Risk associated with unexpected fluctuations in exchange rate - specifically the impact that EU Exit may have	Possible	Moderate	Finances will be drawn down strategically and in small amounts to mitigate for fluctuations in exchange rate. Regular contact will be kept between BV accountants and Defra colleagues. Advice will be sought from HMG Treasury when necessary.	Regular communication with BV	

New issues for consideration

There are several issues that may need adding to the living risk register over the period of year 2. These will be closely monitored by the programme management team, Blue Ventures and Defra economists in order to ensure they remain within acceptable thresholds. Mitigation or contingency strategies will be drawn up if these issues do develop into risks.

- i. Relative Malagasy/ GBP Inflation rate higher than expected and not compensated by exchange rate movements. Budgeted 5% and it could be 9% within 12 months, while UK inflation is expected to remain at around 3%
- ii. Indonesian government blocking new carbon offset schemes. BV have said they are confident they can get around this by partnering with NGOs or other delivery partners on the ground already.
- iii. A combination of issues across multiple indicators all relating to sea cucumber aquaculture could affect the production levels of this alternative livelihood and the income generated from it. There are ongoing issues with pen materials that could combine with hatchery unreliability and a knowledge gap in aquaculture techniques to complete sea cucumber life cycle.

F: COMMERCIAL CONSIDERATIONS

Delivery against planned timeframe

As outlined in the discussion of the output results above, there has been good progress made against most of the focal areas of the project at the end of Year 1. All milestones at the output level are on track with the time frame expressed in the Logframe. Progress in the creation of fishery management plans is slightly ahead of schedule with a baseline of zero planned for 2018 targets and two in the preparation stage already (one at each of the original Malagasy sites). However as aforementioned this is mitigatable if Blue Ventures can clarify what their expectations are for these in terms of the form they need to be in for target accomplishment. The numbers of people employed in alternative livelihoods are slightly below the levels in the planned timeframe due to issues mentioned previously (availability of materials for pens and product from hatchery) however fluctuations are minimal and to be expected with the nature of the industries. After discussion with Blue Ventures they expect this reduction to be resolved throughout 2018 through improved hatchery and pen construction techniques.

Performance of partnership(s)

Defra/Blue Ventures:

The relationship between Defra and Blue Ventures has been productive and positive in the first year of this programme. Blue Ventures have been proactive in data collection and procedural adherence and willing to generate documentation to fulfil HMG obligations even when it is not in line with their normal processes.

Blue Ventures/Additional Partners:

- i. *NGO/Yayasan Blue Forests* in Indonesia, with whom Blue Ventures are partnering to scope the feasibility of seven sites in Indonesia as potential implementation sites. So far this partnership has been very productive, with a work plan and budget developed, as well as an extensive scoping tool. Fieldwork and data collection started in August 2017.
- ii. *UK-based NGO 73Ltd*, with whom Blue Ventures are partnering with to scope the feasibility of Tanimbar in Indonesia as a potential implementation site. This partnership is still in the early development stages, but a plan is in place for fieldwork and data collection in November 2017.
- iii. *Sustainable seafood company UNIMA* are financially and logistically supporting Blue Ventures' operations at the new site (site 3) in Madagascar. This is an exciting and critical partnership for Blue Ventures, in that it will provide sustainable financing and support for the work beyond the timeframe of the ICF grant. It is a unique partnership with a sustainable seafood company that has a vested interest in the health of the marine environment surrounding its commercial area. UNIMA have already supported one mission to the site, in March 2017, and a MoU is currently being drafted, with additional missions planned through September and October 2017.
- iv. *Macquarie University in Australia* are supporting Blue Ventures' ground breaking blue carbon science work. In 2017 this is focused on the carbon sequestration potential of mangrove restoration and the ability of mangroves to regenerate naturally following deforestation for charcoal production at Site 1. An experienced researcher has completed a field mission to Site 1 in order to refine reforestation carbon monitoring protocols in line with the VCS standards.

Asset monitoring and control

The purchase of new project assets follows the Blue Ventures Procurement policy, a Purchase Request, quotations and delivery details before a unique asset numbers is assigned. The asset register for equipment in Madagascar is maintained by the Operations Manager, who is responsible for adding new assets, and to capture information such as asset value, donor project code, location and the name of staff responsible for the asset.

Tangible fixed assets with a purchase value of over £750 are accounted for at cost less depreciation and coded to the unique project code on the Blue Ventures accounting system, which can then be used to generate an asset report by project for verification or spot checks undertaken by the in-country team or as part of an internal control support visit.

Blue Ventures also has a policy in place for the reporting of lost or stolen equipment and has adequate insurance that a claim could be made against in the event of loss, damage or theft to mitigate the risk to donors

Evidence and evaluation

Logframe

During year one, Blue Ventures and Defra have produced and agreed on a Logframe for monitoring outputs, outcomes and impacts. Output impact weightings and disaggregated indicators and milestones are now in place. (Finalised Logframe attached as *Annex 1*).

Theory of Change

- i. At present the Theory of Change and assumptions remain unchanged, and no modifications are required at this stage.
- ii. New evidence is currently being analysed to assess the way in which Blue Ventures' integrated conservation programming impacts communities. A social impact assessment was conducted at Site 2 in 2016 using a mixed methods approach. This data is currently being analysed. Key questions are those that look at understanding the assumptions that underpin each of the programme theories, and will in turn look to understand the value of integrated programming.
- iii. In the next 6-9 months Blue Ventures also expect to have further evidence on the biological and social impact of the sea cucumber farming model and the temporary crab fisheries closures.

Programme Design Questions

At this stage there is no evidence to suggest that any changes need to be or should have been made to the programme design or rationale.

Disaggregation of Data (Sex, Age etc.)

- i. All data (where possible) are disaggregated by sex. Age categories are also used where possible as age/dob is not something that is known to people within many communities

Monitoring progress throughout the review period

The various reporting methods used by Blue Ventures over the first year of the programme reflect their multi-faceted approach to monitoring progress. These took place not only during the process of producing the annual review but also through continual feedback and communication with Defra. Monthly calls or meetings and quarterly steering committees have taken place to either provide updates or share information on the progress of the project.

Blue Ventures have monitored progress in country and internally using the following methods:

- i. There has been no formal feedback from stakeholders during this period, although all activities are designed and implemented in a highly consultative way.
- ii. Feedback from stakeholders around Site 2 was gathered last year during an extensive social survey. Information was collected on changes made through programming as well as issues and barriers to participation. This data is being analysed and dissemination to support programming decisions will be occurring by mid-2018

Blue Ventures is currently making key improvements to its monitoring and evaluation systems and processes. An online mission reporting tool is under development, which will support keeping improved records of activities occurring at each site. An online database is also under development which alongside further improvements in data visualisation (using data studio and tableau) will ensure that any routine monitoring (e.g. fisheries monitoring, ecological monitoring etc.) that is required for decision making or outcome evaluation is accessible to both programme field staff and communities.

Blue Ventures are also in discussion with Defra about collaborating with consultants Ecometrica in the deployment of a forest mapping tool to measure KPI 8 (in the context of this programme considered to be hectares of mangrove loss avoided). They have also agreed for an external evaluator to work with them to develop an overarching M&E plan for the project.

- iii. In order to support improvements to M&E systems and processes within Madagascar a Monitoring, Evaluation and Learning (MEL) officer has been appointed for Madagascar to start in October 2017.

- iv. Field visits by Leah Glass to sites 1, 2 and 3 in Madagascar and an initial visit to Indonesia took place.
- v. Carbon monitoring continues at Site 1. Following a site visit by a carbon expert from Macquarie University, a protocol has also been developed to better monitor changes in mangrove carbon stocks following mangrove restoration and the associated fieldwork is ongoing.