

## Annual Review – Blue Forests (Blue Ventures) Programme year 3 2019

### Summary Sheet

<b>Title:</b> Blue Forests Programme		
<b>Programme Value:</b> £10.1m		<b>Review Date:</b> January/ February 2020
<b>Programme Code:</b> ICF-P0001-BV	<b>Start Date:</b> Jan 2017	<b>End Date:</b> Dec 2023

### Summary of Programme Performance

year	2017	2018	2019	2020	2021	2022	2023
<b>Score</b>	A	A	A				
<b>Risk Rating</b>	Moderate - Major	Moderate/ Major	Moderate / Major				

This annual review comes at the end of the third year of the Blue Forests Programme, covering the period January 2019 – December 2019. This is the first year of the programme operating to a different reporting timeline, with annual reviews completed in April to mitigate against challenges experienced in years 1 and 2 related to reporting on progress before the full year’s monitoring data has been collected and analysed. This review reflects on the generally good performance and progress of the programme in 2019; the key message being that the majority of portfolio outputs are meeting expectations.

### Summary of Progress

The project is currently operating at 3 sites in Madagascar; in Ambanja bay (Site 1), Velondriake (Site 2) and Mahajamba Bay (Site 3). As per the original business case, the programme is also expanding into two sites in Indonesia, in Sembilang National Park (Site 4) and in the Kubu Raya, West Kalimantan (Site 5). The original business case also set out plans to expand the programme into an additional site in South East Asia. Following significant scoping, Myanmar was highlighted as providing the best value for money for this expansion but due to political sensitivities these plans were unable to progress. As such, Defra officials and Blue Ventures developed a number of options for the reinvestment of the funds earmarked for the additional site. Given the significant resources and time it would take to scope an alternative location, a preferred option was developed to reinvest the money into Site 4 - Sembilang in Indonesia. Although situated within a national park, the site at Sembilang was identified as offering the highest and most immediate biodiversity and carbon savings benefits due to the mangrove restoration potential at the site, with the overall expected impacts of the programme remaining equivalent to what they would have been if the project had also invested in Myanmar. This option was presented to and approved by Ministers in May 2019.

**Blue Forests scored an average of A for this Annual Review**, meeting expectations. The majority of portfolio outputs are meeting expectations. This year’s logframe revisions have not changed the targets for any output in 2019 but will have an impact next year.

### Progress against Delivery Plan

Overall, the programme continues to deliver well against the delivery plan and spending remains on track. The major accomplishment of the project in 2019 was the external validation of Madagascar’s first mangrove

carbon project by the Plan Vivo carbon standard. This is a major milestone for the programme, laying the necessary foundations for many of the impact indicators, and whose legacy will be felt at Site 2 over the 20 year duration of the carbon project.

However, delays experienced in 2018 have continued to impact the performance of the project in 2019. The development of a community-led sea cucumber aquaculture venture at Site 1 continues to be delayed as Blue Ventures navigate the requirements of the local administration to receive the relevant permits. Blue Ventures are optimistic that these permits will be granted in early 2020 and that the delay will have only a marginal impact on their ability to spend in 2020. The 2018 annual review also highlighted delays at Site 3 as programme activities had to halt due to the proposed expansion of the bio-protection zone of a shrimp farm in the area, owned by BV's private sector partner. These delays postponed operations by four months but work at the site recommenced early in 2019. This delay is expected to be recouped by the end of the programme and has had negligible impacts on the value for money of the programme.

Following a challenging legal process, Blue Ventures are now registered as a civil society organisation in Indonesia, allowing for initial work and in-country recruitment to begin. At Site 4, Sembilang National Park, Blue Ventures are finalising a collaboration agreement with the Sembilang National Park Authorities. This process has been significantly delayed due to elections in the country and a change of representation in the Ministry of Environment and Forestry, but is expected to be completed early in 2020. A new site manager for Site 4 has been recruited and will be focused on developing a work stream of activities that can be started in advance of finalisation of the collaboration agreement. A partnership agreement has been signed with the main implementation partner in Kubu Raya and an implementation plan is in place for activities to start in January 2020.

Spending remains on track through year 3, despite slower than expected spending in Indonesia. Underspend in Indonesia is being balanced by higher than anticipated spending at Site 1 and Site 3 in Madagascar.

#### *Action against Previous Year Recommendations*

1. Blue Ventures were recommended to closely monitor the proposed expansion of their private sector partner's shrimp farm bio-security zone at Site 3 and create contingencies in the event that their work at the site was unable to progress. Blue Ventures developed a robust plan for redirecting funds to a new site and to ensure programme targets were still met. This risk was resolved as the partner decided to not expand the bio-security zone.
2. Blue Ventures were recommended to plan for potential risks related to expanding to Indonesia – e.g. delays in securing staff and implementing operations, and to make amendments to logframe targets as their understanding of the sites developed. As detailed in this annual review, Blue Ventures have been effective in managing the expansion of the programme into Indonesia and have responded appropriately to challenges in becoming registered as a charity and signing the collaboration agreement in Sembilang.
3. As suggested by the Blue Forests Programme evaluation plan, produced by external consultancy IMC, Blue Ventures have worked throughout 2019 to update the theory of change to ensure it is in line with the logframe. This is almost complete and a full reflection of these changes will be conducted in the 2020 review.

### *Recommendations for the year ahead*

Recommendations focus on two primary areas of risk to continued effective programme implementation:

- 1) The development and implementation of livelihood activities across programme sites should be closely monitored throughout year 4. There are ongoing delays in developing livelihood activities at Site 1 due to challenges in developing a sea cucumber hatchery; at Site 3 due to the postponement of activities in year 2 due to the proposed expansion of the bio-protection zone of the shrimp farm; and at Site 4 due to a delay in signing the collaboration agreement with the Sembilang National Park Authorities. Over the next year, Blue Ventures should ensure that performance against the delivery plan and specific logframe targets are not significantly impacted by these delays. Likewise, Blue Ventures should seek to continue to communicate their performance towards overcoming these delays, to the Defra ICF team, at quarterly steering group meetings. If Blue Ventures are not able to resolve these issues, they should work with the ICF team to create contingency plans, to ensure that the livelihoods targets can still be met across the lifetime of the project.
- 2) The roll-out of activities to the new sites in Indonesia will need to continue to be closely managed. Specifically, Blue Ventures and the Defra ICF team should continue to monitor performance of the programme against the delivery plan and spend targets to ensure current and future delays in Indonesia do not result in an underspend for 2020 or poor performance against logframe targets. If implementation of the programme in Indonesia is significantly delayed, specifically if the signing of the collaboration agreement at Site 4 is still not completed early in year 4, contingencies should be developed to bring forward activities at developed sites to ensure targets are met.
- 3) Evaluation plan - (see Section G): Defra and Blue Ventures should continue to work to finalise a revised version of the Theory of Change and make any required edits to the logframe in the coming year. A decision will also have to be made on the scope of a Final Evaluation. Defra and Blue Ventures should also consider new ways of communication beneficiary feedback from programme sites to Defra, to ensure proper oversight.

### *Lessons Learnt*

The primary lesson reinforced in year 3 is the need to account for potential legal obstacles, and associated resource implications, when developing work plans. While the unforeseen delays in the collaboration agreement with the Ministry of Environment and Forestry in Indonesia in relation to activities in Sembilang have been carefully navigated through a close relationship with the National Park authorities in Sembilang, they have impacted the speed at which the project has been able to start in Sembilang National Park. Defra should continue to monitor available resources in both Indonesia and Madagascar to facilitate any necessary HMG and wider support to Blue Ventures.

The external validation of the mangrove carbon project at Site 2 by the Plan Vivo carbon standard has also highlighted the importance of balancing the needs and requirements of coastal communities, national and regional government authorities against the specifications of the carbon standard. It was only through careful consultation and a feeling of joint ownership that the mangrove carbon project at Site 2 has successfully been validated and this is a lesson that will no doubt apply to other similar carbon projects.

### *Outline and Rationale for Intervention*

The Blue Forests programme aims to design and introduce a model of sustainable development for mangrove habitats. Despite the reliance of hundreds of millions of coastal people on mangroves for their livelihoods and their unique role in supporting endangered biodiversity, carbon sequestration and other ecosystem adaptation and resilience services, mangroves are among the most critically threatened ecosystems in the world. Two key drivers behind this are: lack of property rights and management techniques to enable local people to invest in sustainable, long term use of the fisheries or alternative livelihoods that mangroves can provide; and limited market value for the diverse ecosystem services which mangroves provide.

The Blue Forests programme works 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. The programme will directly benefit coastal communities through building climate change resilience and adaptation capacity and in ensuring the effective long-term management and conservation of threatened marine biodiversity.

The programme is focused on four key areas: blue carbon sequestration and forestry management, fisheries management and improvement, mangrove livelihood diversification, and community health and women's empowerment.

The programme is being delivered and managed by UK founded NGO *Blue Ventures* whose aim is to develop transformative approaches for catalysing and sustaining locally led marine conservation.

### *Overview of expected results*

To note: A review of the programme's expected results has been conducted in year 3, in light of finalising the location of our 5 programme sites and to ensure programme targets are appropriate as we move into the second half of the programme's 7 year lifecycle. In particular, indicators related to avoided deforestation, people reached and carbon emissions avoided have reduced. These reductions are due to assumptions being updated as sites have been selected and operationalised, and, to a lesser extent, the decision to reduce from six sites to five. Further detail is provided in section G and a report has been written summarising these changes and the data behind them (Annex A). In line with ODA guidelines, these changes have been approved by the project's Senior Responsible Officer (SRO).

Planned investment in the programme is £10.1 million over a period of **7 years**. The total impact period aims to be **20 years** under the expectation of leveraging additional funding from the private sector for the remaining time. Over the full term of the programme, the expected results fall into three categories:

- i. **Poverty & Income Benefits** to fishermen in targeted fisheries and the provision of alternative livelihoods such as apiculture and sustainable sea cucumber and mud crab harvesting. This combination of strategies is predicted to be worth £70 million over 20 years and benefit 86,000 people. This is lower than the previous expected figure of 119,649 people.
- ii. **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 c.7.7 MtCO<sub>2</sub>e over 20 years.

The carbon savings expected are lower than the previously expected figure of c.24.4 MtCO<sub>2</sub>e largely due to a reduction in the expected hectares of deforestation avoided and/or forest restored.

- iii. **Halting deforestation, Ecosystem Services, Diversity and Wildlife Benefits** are wide ranging. Value can be harnessed through future eco-tourism and it is expected that the investment will return ecosystem service benefits worth \$524,259 over the 7 year programme. This figure is lower than previously expected (c.\$1m) largely due to expected reduction in the hectares of deforestation avoided and/or forest restored. The project is also expected to save 4413 hectares of mangrove forest from deforestation (over 20 years) and place 181,678 hectares of forest under protection or sustainable management (over 7 years). This is an increase over the previous estimate of 89,100ha.

## B. PERFORMANCE AND CONCLUSIONS

The annual review was developed through data gathering from the logframe, along with interviews and engagement with the project operations lead, M&E lead, and staff on the ground.

### *Programme Management Tool Summary*

This section briefly summarises the output/performance of some of the programme management tools over the last year:

#### i) Logframe Summary

As indicated above, there have been revisions to the programme's expected results. Further detail of changes to the overall targets of the programme is provided in section G and a report has been written, summarising these changes and the data behind them (Annex A).

#### ii) Value for Money Summary

The revisions to the expected results have affected the assessment of this programme's value for money set out in the original Business Case. However, the programme is continuing to deliver very positive value for money, evidenced by the project's Benefit Cost Ratio which is still high at 6.07:1.

Likewise, the project continues to represent value for money through efficient conversion of inputs to outputs. None of the output indicators have been affected by the revisions in 2019, though future output targets have been revised. The project is continuing to meet or exceed almost all of its output targets as revised, aside from Output 3: Implementation of viable new livelihood mechanisms, where the project has experienced some delays.

Blue Ventures operates with well-integrated regional operations and utilises on-the-ground expertise to control costs and ensure positive and lasting results. BV's currency mechanisms enable the programme to mitigate the risks of ongoing fluctuations in Malagasy inflation and the GBP: MGA exchange rate.

Further information on value for money and financial performance can be found in Section D.

#### iii) Risk Summary

This project has maintained a moderate-major risk rating but at a slightly increased level from the last annual review. This increase is in light of difficulties the project is facing in Indonesia, which risks delaying progress

against delivery plans. The risk register now reflects the possible need for further edits to logframe targets, as BV's understanding on the likely success of livelihood interventions become clearer.

### *Impact assessment*

The overall impact aim of the programme is 'mangrove forests and ecosystem services (fisheries etc) protected and restored, preventing carbon emissions and supporting security of livelihoods in coastal communities'. Performance towards this impact is assessed through 5 Impact Indicators and this section reflects on the performance against these indicators through 2019.

<b>Impact Indicator</b>	<b>Milestone</b>	<b>Progress</b>
Impact Indicator 1: Tonnes of CO2 emissions prevented (KPI 6)	149,974	149,974
Impact Indicator 2: Number of forest dependent people (with livelihoods benefits protected or improved (KPI 3)	Improved understanding of livelihoods benefits in Site 1 and Site 2 (29893). Census and baselines in Site 3 established.	29,893
Impact Indicator 3: Extent to which ICF intervention is likely to have a transformational impact (KPI 15): Number of additional Sites adopting models tested and proved within this project (outside of 6 Sites)	57	60. Above initial expected values due to strength of BVs outreach and support for replicating partners
Impact Indicator 4: Total number of hectares where deforestation have been avoided (KPI 8)	251	251
Impact Indicator 5: Ecosystem services (KPI 10): Difference in mangrove forest ecosystem services income (shoreline protection; pollution abatement; protection from sedimentation) provided by standing mangroves compared to without project scenario. (\$/yr)	124,112	124,112

### Key Points

Performance against Impact Indicators 1, 4, 5 is an estimate. Remote sensing analysis will be completed in Y4 of the project to more closely monitor progress towards these indicators.

The 2019 and subsequent targets for indicators 1, 4 and 5 have been revised downwards to account for the clearer understanding of carbon stocks and baseline deforestation scenarios at Sites 3, 4 and 5. While the changes in these assumptions affect all years, the revision of the 2019 milestone is also particularly impacted by a different policy and partnerships context at Site 4 compared to what was originally assumed. This

unanticipated context has resulted in a slower than anticipated start of conservation and restoration activities while the project secures governmental permission to begin activities in the park.

The performance and targets for indicator 1 and 4 are also no longer disaggregated between verified and non-verified figures. This is consistent with other ICF programmes. However, verified figures will still be calculated, as other indicators rely on these figures, for example output Indicator 1.3 relies on the verified tonnes of CO2 emissions prevented.

The programme has performed exceptionally well against Impact Indicator 3, with 60 additional sites now adopting models proven through the Blue Forests programme. The 2019 target for this indicator was revised upwards and then exceeded. This highlights the transformative nature of the programme and the high value for money that the investment poses. Future milestones for this indicator have been revised further upwards, to ensure that the programme continues to strive for even greater impact.

#### *Annual outcome assessment*

The overall outcome 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.”* Progress against this outcome is assessed through 5 indicators that focus on mangrove habitat and ecosystem management, conservation modelling, alternative livelihoods and community health. 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.

Note, while the new baselining method and overall revision of expected results has not had an impact on 2019 milestones, subsequent years and overall expected results have been altered. These changes are detailed further in Section G and Annex A.

<b>Outcome Indicator</b>	<b>2019 Milestone</b>	<b>Progress</b>
<b>Outcome Indicator 1:</b> <i>“Hectares of mangrove forest area protected or under sustainable local management”</i>	8700	Not achieved: Management unit defined in Site 3 with discussions underway with communities about management options.  Achieved: 6229
<b>Outcome Indicator 2:</b> <i>“Number of Sites implicated in Fisheries management including but not limited to Fisheries Improvement Projects (registered or actions plans being implemented)”</i>	2	On Target: Achieved: 2
<b>Outcome Indicator 3:</b> <i>“% of people making agreed model profit from alternative activity”</i>	16.7%  First sales due in October 2018	Above target: 20.2%

<b>Outcome Indicator 4:</b> <i>“Unintended pregnancies averted”</i>	No target set. Value calculated each year for each Site	Expansion to Site 3 for health service provision. Achieved: 1270
<b>Outcome Indicator 5:</b> <i>“Number of new pieces of evidence (per year) for individual conservation models (e.g. crab fishery closure model, Plan Vivo model)”</i>	Expected: 2	Above target: 7  A number of pieces of knowledge/learning outputs developed and shared in 2019, we also hired a new Knowledge development manager at Blue Ventures starting in Jan 2020

### **Key Highlights**

At the end of year 3, there has been significant progress against outcome indicator 3 and 5, both of which are above target. Of particular note for indicator 3, is the 606 people are now involved in alternative livelihood projects at Site 2 (162 sea cucumber farmers, 411 seaweed farmers, and 33 beekeepers), which represents 10% of the total population of the Tahiry Honko area. For outcome 5, the finalisation and approval of the project documentation for the Tahiry Honko Carbon Credit scheme by Plan Vivo represents a major milestone for the programme. With the carbon project now validated, carbon credits will be produced at Site 2 during year 4 and revenue shared with the partner communities as per the agreed benefit sharing plan. This was supported by the publication of a further paper on the participatory approach for designing the mangrove management plan that underpins the Tahiry Honko programme (Rakotomahazo 2019).

Outcome indicator 2 has met the expected target for year 3, with 2 sites conducting fisheries management activities. However, it is worth highlighting that, due to the influence of this programme, the 10 villages within the Tahiry Honko project area which made the decision this year to close the whole octopus fishery, rather than the traditional multiple spatially explicit closures, to avoid unsustainable fishing practices being simply displaced to Sites that remain open.

Performance against outcome indicator 4 was in line with performance in 2018. This is due to a small drop in service provision in Site 2 in 2019. The reasons for this are likely due to a national breakdown in the stocking of family planning medicines in Madagascar which led to reduced access to some forms of contraceptives (notably pills and injections) from November 2018. This was resolved by the end of Q2 2019. However, at the same time an additional change to how medications were sourced in the southwest and setting up community health workers to be able to obtain supplies through the new supply chain led to some problems in stocking. Finally, at this Site one of the community health workers (CHWs) passed away and while other CHWs were able to take on their clients, this may still have contributed to the drop seen in this region.

Only outcome indicator 1 is below target with a total of 6,229 ha of mangrove forest protected or under sustainable management plans. This is less than expected the target of 8,700 ha due to the previous delays experienced at Site 3. These delays are expected to be recovered in year 4.

### *Overall output score and description*

The Blue Forests Annual Review scored an average of A.<sup>1</sup> This is based on quantifiable and readily reportable progress made on the Output indicators in 2019 with further detail provided in Section C.

Note, like at the outcome level, while the new baselining method and overall revision of expected results has not had an impact on 2019 milestones, subsequent years and overall expected results have been altered. Some details of these changes are in the following narrative and a full justification of changes to outputs can be found in Section G and Annex A.

<b>Output number and description</b>	<b>Milestone summary</b>	<b>Impact weighting</b>	<b>Score</b>
1. Sustainable community owned mangrove forestry management plans in place.	The project has met the target for all indicators for this output.	30	A (0.9)
2. Mangrove fisheries management or improvement projects in place	The project has met the target for two indicators (2.1 and 2.3) for this output and slightly over performed on one (2.2).	25	A+ (1)
3. Implementation of viable new livelihood mechanisms	The project has not met the target for two indicators (3.1 and 3.2) for this output and one indicator has met the logframe target (3.3).	25	B (0.5)
4. Increased access to family planning services	The project has met the target for one output (4.1) and has significantly over performed on two indicators (4.2 and 4.3).	10	A+ (0.4)
5. Organisational and financial structures in place to support 20 year project vision	The project has met the target for one indicator (5.3), over performed on two indicators (5.2 and 5.4) and under performed on one indicator (5.1).	10	A (0.3)

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<sup>1</sup> The scale of possible output scores is: C (1), B (2), A (3), A+ (4) and A++ (5), with **C** representing outputs that substantially did not meet expectations and **A++** representing any outputs that significantly exceeded expectations.

## C. DETAILED OUTPUT SCORING

### OUTPUT 1

<b>Output Title</b>	Sustainable community owned mangrove forestry management plans in place		
Output number per LF	1	<b>Output Score</b>	<b>A</b>
Risk:	Moderate	Impact weighting (%):	30
Risk revised since last AR?	n/a	Impact weighting % revised since last AR?	N

Indicator(s)	2019 Milestones	Progress
1.1. Number of Sites with community-led mangrove management plans	3 (by end 2019)	On Target. 3 (Sites 1, 2 and 3)
1.2. Number of Sites with an estimated carbon baseline scenario	3 (by end 2019)	On Target. 3 (Sites 1, 2 and 4)
1.3. Number of carbon credits produced (with a minimum of 50% revenue shared with community)	0 (by end 2019)	On Target. 0

#### Key Points

Performance towards the overall impacts of the programme rests heavily on the introduction of mangrove management plans in communities. As such, the continued growth in the number of sites adopting plans is extremely positive. Likewise, these outputs are key to building and proving the model of sustainable development for mangrove habitats that the programme aims to achieve. As such, the progress at Site 2 – Tahiry Honko, where the Plan Vivo carbon credit project is now validated (detailed below) represents a significant milestone for the project. The development of carbon credits at sites as a source of income for local communities and as an incentive to protect mangroves is a key part of the model. This milestone represents a significant amount of work for Blue Ventures, who have successfully navigated a nascent and complex legislative framework in order to deliver the world’s largest mangrove carbon conservation project. This experience will aid Blue Ventures as they seek to develop carbon credits at other sites.

#### Progress at Site 1, Madagascar:

Mangrove management plans for all 11 management associations have been ratified by the regional forestry authorities (Indicator 1.1). Following the research undertaken in partnership with Macquarie University, Australia in year 2, the carbon baseline scenario has been finalised and drafted for peer-review publication.

#### Progress at Site 2, Madagascar:

Site 2 has a functioning community-led mangrove management plan (indicator 1.1). With the carbon project now validated, carbon credits will be produced at Site 2 during year 4 and revenue shared with the partner communities as per the agreed benefit sharing plan. While this doesn't count towards project impact, the experience and lessons learned will be critical for future years as other Sites start generating carbon credits.

#### Progress at Site 3, Madagascar:

With the initial management unit defined and a full needs assessment conducted, the project is well placed to work towards management plans and baseline scenarios in year 4.

#### Progress at Site 4, Indonesia:

Using the results of a remote sensing analysis of mangrove forest loss in Sembilang National Park conducted by the project and published carbon stock values, a baseline carbon scenario has been defined for Site 4 which will inform the development of a potential carbon project at Site 4 in future years.

#### Logframe Revision Justification

No changes have been made to the logframe for Output Indicators 1.1 and 1.2. Changes have been made to the Milestones for 1.3 in later years, to reflect the lower number of emission reductions being generated by the project due to lower than predicted baseline deforestation rates at Sites 4 and 5. These changes do not affect the Y3 Milestone for 1.3 (see section G and Annex A).

#### *Issues*

It is assumed that carbon credits will be able to be sold in all countries. This assumption still stands, but legislation varies significantly between countries and individual governments' commitments through the Paris Agreement adds a further layer of complication. For instance, in Madagascar, legislation has been brought in that requires the Government of Madagascar to be signatories on all carbon credit sales. This is not an insurmountable issue, but together these uncertainties and changes in legislation have the potential to result in changes to the logframe as the project progresses, particularly as the project begins to navigate the Indonesian political context.

#### *Recommendations*

Blue Ventures should continue to explore the intricacies and challenges associated with setting up carbon credit schemes in the countries of operation, specifically Indonesia. If the challenges are insurmountable, logframe targets will have to be reviewed.

**OUTPUT 2**

<b>Output Title</b>	Mangrove fisheries improvement projects in place		
Output number per LF	2	<b>Output Score</b>	<b>A</b>
Risk:	Minor	Impact weighting (%):	25
Risk revised since last AR?	n/a	Impact weighting % revised since last AR?	N

<b>Indicator(s)</b>	<b>2019 Milestones</b>	<b>Progress</b>
2.1. Number of fisheries being monitored	7 (by end 2019)	Above Target. 9 (At Site 1, 2, 3 and 5)
2.2. Number of Sites trialling/pilot locally relevant fisheries management (e.g. periodic closures, gear restrictions)	2 (by end 2019)	Above Target. 3 (At Site 1 and 2)
2.3. Number of local fisheries management plans developed (e.g. Agreed harvest rules concerning a fishery or wider management contracts)	2 (by end 2019)	On Target. 2 (At Site 1 and 2)

*Key Points*

The Blue Forests project takes a holistic approach to mangrove conservation and management and encourages communities to recognise the relationship between healthy mangrove habitats and thriving fisheries, which are often integral to local incomes. The success of this intervention has been illustrated this year, with the 10 villages within the Tahiry Honko project area choosing to close the whole octopus fishery, rather than the traditional practice of closing multiple smaller areas, to avoid unsustainable fishing practices being simply displaced. This signifies a significant change in behaviour for communities and highlights the impressive work that Blue Ventures is undertaking, to create lasting change. The hard work of Blue Ventures should also be commended for facilitating the introduction of management plans at Site 3, despite significant delays in previous years. This demonstrates Blue Ventures’ ability to drive forward the programme and ensure that results are achieved.

Progress at Site 1, Madagascar:

Three (fish, crab and sea cucumber) fisheries are being monitored at Site 1, and the partner communities have put in place 5 permanent reserves within their mangrove areas (indicator 2.1). Inside these reserves, all types of fishing are banned, as well as mangrove harvesting (indicator 2.2).

A fisheries management plan for the entire Tsimipaika Bay has been drafted and validated by all 36 communities within the Bay (indicator 2.3) and an action plan for the 4 priority management measures has been ratified by the Federation of associations in the Bay. The Federation has also validated the community Surveillance and Evaluation Committee (CSE).

Progress at Site 2, Madagascar:

Two fisheries (fish and octopus) are being monitored at Site 2 (indicator 2.1). Local management through temporary octopus closures and permanent reserves for fish is being implemented in Site 2 (indicators 2.2 and 2.3). During year 3 the communities decided to extend the temporary octopus closure to the whole marine protected area, rather than just subsets of it.

Progress at Site 3, Madagascar:

A fisheries profile has been completed at Site 3 with community monitoring of fish, crab and shrimp is now underway (indicator 2.1).

Site 4, Indonesia:

A fisheries diagnostic has also been started in earnest at Site 4, Indonesia.

Site 5, Indonesia:

Mud crab monitoring has begun at Site 5 (indicator 2.1)

*Issues*

There are no issues to highlight for this output.

*Recommendations*

There are no recommendations at this stage for Output 2

**OUTPUT 3**

<b>Output Title</b>	Implementation of viable new livelihood mechanisms		
Output number per LF	3	<b>Output Score</b>	<b>B</b>
Risk:	Severe	Impact weighting (%):	25
Risk revised since last AR?	n.a	Impact weighting % revised since last AR?	N

Indicator(s)	2019 Milestones	Progress
3.1. Number of people engaged in alternative livelihoods	982.6 (by end 2019)	Below Target. 691

3.2. Total income generated	\$122,690.4 (by end 2019)	Below Target. \$116,929.61
3.3. Number of new alternative livelihoods developed by Site	2 (by end 2019)	On Target. 2 (At Site 1 and 2)

### *Key Points*

The programme has struggled in year 3, largely due to delays in the start of alternative livelihood activities at Site 3 because of prior private sector partner sensitivities and delays in the finalisation of the collaboration agreement at Site 4. However, the programme has continued to test innovative ideas and where these have had limited success, key learnings have been developed. For example, the limited success of silk worm farming at Site 3 will allow Blue Ventures to reflect on the key considerations that need to be made when identifying possible alternative livelihood options and how to respond when these are not feasible. These lessons will aid the programme as it further develops alternative livelihood activities and begins to trial activities at new sites in Indonesia.

#### Progress at Site 1, Madagascar:

- 80 beekeepers are now up and running in Site 1;
- Initial harvests have generated a total of \$475.61 by 13 farmers, however none of these are yet making the \$15/month profit. Further harvests are starting in Dec 2019 sales which will result in sales in 2020.

#### Progress at Site 2, Madagascar:

\$116,929.61 of revenue has been generated by farmers in total. This is slightly lower than expected due to the last sales of the year being delayed until 2020 due to cyclone activity in the region during the planned harvesting period. The following number of people have partaken in activities at Site 2:

- Sea cucumber aquaculture: 162
- Seaweed Cultivation: 416
- Beekeeping: 33

#### Progress at Site 3, Madagascar:

The feasibility of silk worm farming as a promising alternative livelihood was tested at Site 3, given that a rare silk worm had been found in a previous study. However this venture was not deemed feasible in the short term due to the lack of a national commercial entity through which to market and sell the final products.

The focus for year 4 will be piloting beekeeping.

It is important to note that while it is not an alternative livelihood, the revenue of fishers have been increased through the initiation of fish smoking and the ability to sell fresh fish to a private sector partner at the site, for a good price for those who are willing to only use sustainable fishing gear.

#### Sites 4 and 5, Indonesia:

Needs assessments have begun at each of these new Sites.

### Logframe Revision Justification

This output has not been updated in the recent revision of the logframe. However, this output will be revised in year 4 of the project. Further details of these plans can be found in section G.

### *Issues*

The delays in the development of a sea cucumber hatchery at Site 1 have continued in year 3, but significant progress was made at the end of the year and Blue Ventures are confident that these initial delays can be made up for in subsequent years. The development of any alternative livelihoods at Site 3 (including aquaculture) was paused during year 2 and early year 3 due to the proposed expansion of the bio-protection zone of the nearby shrimp farm, owned by BV's private sector partner. This is an external risk, beyond the control of Blue Ventures, which has delayed the implementation of alternative or improved livelihoods at Site 3. Unexpected delays in the finalisation of the collaboration agreement at Site 4 have also affected the development of alternative livelihoods.

### *Recommendations*

The performance against future milestones related to alternative livelihoods is contingent on Blue Ventures successfully recouping delays experienced at Site 3 and 4. Blue Ventures should continue to focus their efforts on beginning livelihood activities at Site 3 in 2020, to ensure milestones are met in future years. Likewise, Blue Ventures should seek to utilise their connections in Indonesia and across HMG, to help facilitate the signing of the collaboration agreement at Site 4, allowing livelihood activities to begin.

## **OUTPUT 4**

<b>Output Title</b>	Increased access to family planning services		
Output number per LF	4	<b>Output Score</b>	<b>A+</b>
Risk:	Major	Impact weighting (%)	10
Risk revised since last AR?	n/a	Impact weighting % revised since last AR?	N

<b>Indicator(s)</b>	<b>2019 Milestones</b>	<b>Progress</b>
4.1. Needs assessments completed at each Site	4 (by end 2019)	On Target. 4 (Needs assessments completed at Sites 1, 2 3 and 4)
4.2. Number of villages served by community-based health services	19 (by end 2019)	Above Target. 25 (12 at Site 1, 8 at Site 2 and 5 at Site 3)
4.3. Number of outreach missions completed by reproductive health partner	4 mobile outreach missions per year across 2 Sites plus new Sites. All targets dependent on	Above Target. 10 at Site 1; 3 at Site 2; 3 at Site 3

	resources of partner organizations.	
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*Key Points*

Following lower than expected performance in Year 2 of the programme, significant progress has been made against output indicator 4 in Year 3, with two indicators now above target. In year 2, underperformance was understood to be due to low demand for healthcare services, particularly as Site 1 and a recommendation was made that Blue Ventures should seek to understand why this was the case. Over Year 3, Blue Ventures has been proactive in responding to this recommendation and has deemed that low uptake was primarily due to a lack of awareness of the provisions being made available. In response, healthcare partner Marie Stopes has increased the number of outreach missions and Blue Ventures community health workers have supported awareness raising. This has led to a strong increase in performance against these outputs, ensuring that communities receive the support that they need and opening the opportunity for greater natural resource management (as per the theory of change of the programme).

Progress at Site 1, Madagascar:

Delivery is dependent on perceived need by project partner (Marie Stopes) for outreach missions. Services are now being delivered in twelve villages in the Ambanja region, with four outreach missions completed in year 3.

Progress at Site 2, Madagascar:

Continuation of programming across eight villages in Tahiry Honko. Only three outreach missions were conducted in Site 2 in 2019 due to a cyclone in the region at the time that the final mission of the year was scheduled to take place

Progress at Site 3, Madagascar:

Community health services are now being delivered in five villages in Mahajamba and three outreach missions were completed by Marie Stopes, the reproductive health partner in 2019.

Progress at Site 4, Indonesia:

A health needs assessment has also been started in earnest at Site 4, Indonesia.

*Issues*

There are no issues to report for this output in year 3.

*Recommendations*

In light of the ongoing work to update the Theory of Change and the possible wider scope of focus outside of reproductive health going forward, Blue Ventures should reflect on whether these indicators remain relevant or require updating over year 4.

**OUTPUT 5**

<b>Output Title</b>	Organisational and financial structures in place to support 20-year project vision		
Output number per LF	5	<b>Output Score</b>	<b>A</b>
Risk:	Moderate	Impact weighting (%):	10
Risk revised since last AR?	n/a	Impact weighting % revised since last AR?	N

<b>Indicator(s)</b>	<b>Revised 2019 Milestones</b>	<b>Progress</b>
5.1. <i>Organisational capacity</i> - Number of relevant community structures (organisational, financial, administrative) in place to support local mangrove and fisheries management	3 (by end 2019)	Below Target. 2 (1 at Site 1; 1 at Site 2)
5.2. <i>Monitoring capacity</i> - Number of Sites where community resource monitoring protocol is in place	2 (by end 2019)	Above Target. 3 (Sites 1,2 and 5)
5.3. <i>Enforcement capacity</i> - Number of Sites where a community-led coastal management law enforcement protocol is in place	2 (by end 2019)	On Target. 2 (Sites 1 and 2)
5.4. <i>Conservation agreements</i> - Number of Sites with functioning, transparent community conservation agreements	2 (by end 2019)	Above Target. 3 (1 at Sites 1 and 2 agreements in place at Site 2)

**Key Points**

The programme has performed well against output 5. Of note, is the speed at which Blue Ventures have rolled out activities in Indonesia, at site 5. It has taken only a year for Blue Ventures to begin proceedings to gain permission to work in Kubu Raya, identify and sign agreements with partner organisations and begin site activities. This pace of work highlights the effectiveness of Blue Ventures as an organisation in navigating complex national policy frameworks, facilitating change and delivering results.

**Progress at Site 1, Madagascar:**

One federation was officialised to coordinate the mangrove and fisheries management activities of the 11 associations (indicator 5.1), plus CSE and forest guards officialised to lead monitoring and enforcement of

mangrove regulations (indicators 5.2 and 5.3). One conservation agreement covering mangrove restoration was put in place in year 3.

#### Progress at Site 2, Madagascar:

One management association has been put in place to manage mangrove and marine conservation in the project area (indicator 5.1). CSE in place for monitoring of infractions and basic ecological monitoring (indicator 5.2). Enforcement committee (KMD) and enforcement procedures in place (indicator 5.3). Conservation agreements in place for the carbon and aquaculture community initiatives.

#### Progress at Site 3, Madagascar:

The management unit has been decided and further progress will be made towards organisational capacity in year 4.

#### Progress at Site 5, Indonesia:

Community mud crab monitoring has begun at Site 5 (indicator 5.2).

#### *Issues:*

As discussed above, the project has encountered some challenges with the private partner at Site 3, Madagascar. These challenges have led to small delays in the community listening surveys that form the basis for Site development. Because of this, progress towards organisational capacity at Site 3 has been hampered this year and these delays will likely have a knock-on effect in future years. The logframe has been updated accordingly (see Section G).

#### *Recommendations*

Blue Ventures should continue to monitor the development of organisational capacity at Site 3, in light of the delays experienced in year 2. If the development of such activities continues to lag in year 4, logframe targets may need to be revised.

## D. VALUE FOR MONEY & FINANCIAL PERFORMANCE

#### *Key cost drivers and performance*

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

#### *VfM performance of the programme*

##### **Economy:**

- Overall the purchasing power of ICF funds in-country has remained broadly constant. The original Business Case applied a year-on-year uplift of 5% to annual salaries to reflect inflationary and performance based increases in the Blue Ventures field team. Against this 5% benchmark put into the original Business Case, inflation of 4% has been experienced in year 3 of the program (2019), which reduced the purchasing power of ICF funds transferred to the local currency in December 2018. However, inflation differentials have been offset as a result of depreciation of Malagasy Ariary and Indonesian Rupiah against GBP. To manage

exchange gains and losses on balances held in foreign currencies, funds are held in GBP where possible and only transferred into Malagasy Ariary and Indonesian Rupiah on a needs basis.

- Blue Ventures' purchase ordering system requires budget managers to view and approve all expenditure before any spending commitments are made. Malagasy finance staff independently assist budget managers in assessing the reasonableness of budget requests. ICF expenditure is reviewed against budgets on a quarterly and monthly basis, and reforecasts of current year expenditure are conducted each quarter. Blue Ventures mitigates its exposure to increases in purchasing costs by bringing forward higher value purchases and involving senior staff in negotiations for contracts and procurement. Use of local staff on project Sites and throughout the BV operation in Madagascar keep staffing costs under control – 78% of staff in Madagascar are national staff.

#### **Efficiency:**

Efficiency, according to DfID's Value for Money guidance relates to: How well is the project converting inputs into outputs.

- In year 3, the project has met the target for 8 output indicators, overachieved on 5 indicators and underperformed on 3 indicators. This largely positive performance, despite significant delays at a number of programme Sites, represents an efficient use of inputs.
- Output 1: Sustainable community owned mangrove forestry management plans in place, is the most crucial to achieving the intended outcome of the programme, with an impact weighting of 30%. The project is achieving the targets with all the indicators which shows an efficient use of inputs.
- The project is underachieving against the targets for Output 3: Implementation of viable new livelihood mechanisms. This is due to delays to the project, outlined in the commercial section. These delays include private sector sensitivities at Site 3 and slow progress in collaboration with park authorities at Site 4.

#### **Effectiveness:**

Effectiveness, according to DfID's Value for Money guidance relates to: How well the outputs of a project are achieving the desired outcome on poverty and climate change reduction.

#### Revisions to Logframe Targets and Baselines

In the past year Blue Ventures have had to change some of the assumptions that underpinned their expected results. This is because of improved knowledge of project Sites and updated scientific data. This means that the impact indicator expectations have decreased in this year and over the project appraisal lifetime:

- Impact 4 (KPI 8) has been reduced significantly, the deforestation avoided was expected to be 858 ha in 2019, but has been reduced to 251 ha. Again this is because of the reduced deforestation baselines in Sites 4 & 5, resulting in reduced CO<sub>2</sub> emissions avoided in Sites 4 & 5.
- Impact 1 (KPI 6) has reduced from an expected value of 794,734 tCO<sub>2</sub>e to an expected value of 149,974 tCO<sub>2</sub>e in 2019. Again this is because of the reduced deforestation baselines in Sites 4 & 5.
- Impact 2 (KPI 3) has reduced from an expected value of 119,649 people benefitted to 86,000 over the course of the 20 year appraisal period. The reduction in the expected lifetime benefit is mainly because of the decision not to expand to a further Site in South East Asia.

- Impact 5 (KPI 10) has reduced from an expected lifetime value of \$1,061,901 in ecosystem services to \$524,259 by the end of the project. This indicator is also heavily linked to the hectares of avoided deforestation and therefore has fallen because of the revised assumptions.
- Impact 3 (KPI 15) on the other hand has seen an increase in the expected value from 16 additional Sites to 57 in 2019. The project has achieved more than expected by having 60 additional Sites adopting models from Blue Ventures. This is because Blue Ventures has invested heavily in this aspect of the project. Although this is not quantifiable, Transformational Change is a key aspect of Value for Money for ICF.

The reduced impacts of the project have led to the Net Present Value of the project falling to £54m when compared to the Net Present Value (NPV) in the Business Case of £141m. Furthermore, the Benefit-Cost Ratio (BCR) has also fallen when compared to the Business Case: now 6.07:1 (originally 12.6:1). However, the project still represents good value for money. Both the NPV and BCR are both still very positive and Defra believe that the programme continues to represent good value for money through its non-quantifiable potential for transformational change too (KPI15 above).

The original business case appraised a number of funding level options, £3.7 million, £5.1 million and £10.1 million. Defra chose to provide the highest level of funding, as this had the highest BCR and NPV. The changes in baseline data which have changed the project's BCR would have affected all original options symmetrically, and as a result we still believe this is the strongest option choice. In terms of the components of the Net Present Benefits, all have fallen in value, except from Fisheries Improvement Plans which have increased from £5m to £15m. This is because of an increase in the size of project Site areas. Important to note that the carbon benefits stayed at roughly the same proportion of the total benefits which means that the project is still fulfilling its commitment to reduce carbon emissions, albeit at a smaller scale than previously anticipated. The fisheries benefits of the project declined the most as a component of total benefits.

The programme is meeting or over-achieving targets for all outcome indicators, however the project is moderately underachieving with 'Hectares of mangrove forest area protected or under sustainable local management'. The project is seen to be achieving good value for money, as explained above.

### **Equity:**

Having developed a better understanding of the gender dynamics of each of the projects through disaggregation of data we are able to see where there may be barriers to engagement in specific projects. Where possible we seek to address these barriers and ensure equity both in terms of access and benefits. However, some of these barriers may be due to existing social structures and cultural norms that are beyond the scope of the project to address specifically.

### *Assessment of whether the programme continues to represent value for money*

Considering the progress made against output and outcome objectives over years the 3 years, and the continued strong value for money case, despite revisions to the project targets, the programme continues to represent good value for money. Spending power remains high for the programme but this will continue to be monitored.

### *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 an annual financial report provided in 31 September, as set out in the project grant agreement. Blue Ventures also provides quarterly financial reports, which are presented in advance and discussed at Steering Committee meetings with DEFRA. BV have also provided additional ad hoc information for specific queries about RDEL and CDEL categorisation. Planned Steering Committee meetings are supported with a weekly ICF Team Skype call and a monthly meeting between the Director of Finance and Director of Conservation 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 is currently being undertaken for FY19.

Date of last narrative financial report	13th November 2019
Date of last audited annual statement	4th April 2019

## E. RISK

### Overall risk rating:

This project has maintained a moderate-major risk rating but at a slightly increased level from the last annual review. Defra regularly reviews programme risks through its governance processes and discusses Blue Ventures' risk register with them at each quarterly steering group.

### Overview of programme risk

Risk description	Likelihood (Rare, Unlikely, Possible, Likely, Almost Certain)	Impact (Insignificant, Minor, Moderate, Major, Severe)	Mitigation	Contingency Plan (if risk does occur)	Risk rating
BV downgrade their expected results and/or a decision is made that DEFRA are unable to claim expected results after the lifetime of the project. This may cause reputational damage for the department and may call into question the VFM.	Almost Certain	Major	Defra to maintain oversight of the performance of the programme against logframe targets and work plans, to ensure continued VFM	If targets are significantly downgraded, the BCR and VfM of the programme will be re-calculated. If the programme no longer proves to provide good VfM, Defra will work with BV to locate ways of improving this or	Severe

				may have to consider withdrawing / withholding funds.	
BV are unable to agree a co-management plan with partners and Indonesian authorities at Site 4, Sembilang. Work is unable to progress and the expected results/ work plan have to be revised.	Possible	Major	Maintain regular communication with BV to monitor timeframes and to assess whether logframe targets need to be revised.	Work with BV to take a new approach to partnering and working in the area or locate new areas for intervention.  If not possible, the BCR and VfM of the programme will be calculated. If the programme no longer proves to provide good VfM, Defra will work with BV to locate ways of improving this or may have to consider withdrawing / withholding funds.	Major
BV are unable to form an agreement with timber concession owners at Indonesia Site 5, impacting livelihoods performance at the Site and resulting in the project missing indicator targets.	Possible	Moderate	Maintain regular communication with BV, to monitor performance and to assess whether logframe targets need to be revised.	Work with BV to seek other opportunities at the Site, which will allow work to continue and reach expected results.	Major
Blue Ventures are unable to effectively manage the project, due to internal or external factors due to insufficient internal systems, leading to delays and slow progress and the project	Rare	Moderate	Quarterly steering meetings with Risk as a standing agenda. BV have now established a project risk and issues register.	Support BV in setting up proper internal project management tools, to effectively manage and mitigate against risks.	Low

being unable to meet expected results.					
Lack of M&E means that outcomes cannot be effectively measured and the project cannot report effectively against the KPIs and establish VFM.	Unlikely	Moderate	Logframe has been developed and agreed. Indicator methodologies are under development. An evaluation plan has been produced by an external consultant, suggesting measures to further improve M&E.	Support BV in developing M&E tools that will give indications on the performance of the project against KPIs.	Moderate
Lack of engagement from Madagascan Govt (ie: to incorporate mangroves into national climate change adaptation and mitigation strategies; to incorporate results of Fisheries Improvement Plans into policy), limits the performance of the project against aims and indicators.	Possible	Moderate	Discuss communications and engagement work with UK Ambassador in Madagascar and BV.	Regular communication with HMG ambassador in country to flag issues.	Major
Delays pose a risk to meeting milestones for future years, resulting in underspends and lower payments made annually in December in line with according to the Grant Agreement.	Possible	Minor	Defra and BV to continually monitor performance of the project, to assess the likelihood of delays and the impact this may have on spending and to reallocate funds, if required, to ensure there is no rolling underspend.	BV to reallocate funds to ensure there is no rolling underspend.	Moderate
Lack of support from within communities for the projects mean Site activities are not able to begin, or are not as	Unlikely	Severe	BV conduct significant scoping of Sites, to ensure communities are	Support BV in assessing the ability to engage local communities and if	Major

effective as anticipated, leading to significantly reduced performance against expected results across indicators.			open to the aims of the project and are likely to engage. BV have ongoing dialogue and consultations with stakeholders and community groups, to ensure the needs of local people are met.	this is not possible, to assess the value of continuing the project.	
Projects fail to create interventions that are sustainable in the long term (over the 20 year period where we have expected results), meaning that targets are missed and the value of the project is diminished.	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.		Major

*Issues for consideration*

- i. As detailed numerous times throughout this annual review, significant revisions have been made to the project’s logframe and expected results. However, the review also indicates that the programme still represents significant value for money to the tax payer and poses limited risk.

- ii. There are still conflicting views within the Indonesian government regarding the development of new carbon offset schemes, particularly within national protected areas, posing a challenge to the development of carbon credit schemes at the Sites and the subsequent alternative livelihood benefits. There has been no significant update on this situation over the last year. Governments across the world continue to debate how carbon offsetting sits within contributions arising from the Paris Agreement. Blue Ventures remain confident they can address this by partnering with NGOs or other delivery partners already on the ground.
- iii. The development of a Sea Cucumber Hatchery at Site 1 has continued to be delayed through year 3. While some progress has been made, including the community being provided with an official lease contract for land which the hatchery will sit on, livelihoods activities are still yet to begin. This has been caused, in part, by the logistical complexities in establishing a hatchery, by the need to engage the commercial partner and supplier of sea cucumber juveniles to BV's established sea cucumber operations at Site 2, and lastly by delays working with the CDA (the national aquaculture development centre of the Madagascar Government). However, Blue Ventures will be working with the CDA to overcome this and believe there is a strong opportunity for this to be resolved quickly.
- iv. The signing of the collaborating agreement at Site 4 between Blue Ventures and the Sembilang National Park Authorities has been delayed throughout year 3, due to elections in the country and a change of representation in the Ministry of Forest and Environment. However Blue Ventures are confident that this will be completed early in 2020 and that any delays in performance will be recouped by the closure of the project.

### *Safeguarding Considerations*

The Blue Forests programme experienced its first safeguarding issue in Year 3 of the project.

We are content with the quick and decisive action that Blue Ventures has taken in light of this issue. Blue Venture's safeguarding policies have proven to be robust and effective in containing safeguarding issues when they arise. Furthermore, we are happy with the extra steps they have taken to mitigate further issues, including providing safeguarding training to all staff members. Blue Ventures have hired an external consultant to review their safeguarding policies, to ensure they are fit for purpose and are in line with the Government's strict standards. The recommendations from this review are now being implemented.

The reporting process for safeguarding concerns changed during implementation of the programme; at the time of the safeguarding incident Blue Ventures was not aware of these changes and so notification of the safeguarding issue to Defra was slower than would be expected under the revised reporting process. Once Defra was made aware, Blue Ventures were effective at providing regular updates on the progress of the issue and there are now clear procedures in place.

## F. COMMERCIAL CONSIDERATIONS

### *Delivery against planned timeframe*

The programme has encountered challenges this year in terms of keeping pace against time frames laid out in the programme logframe and Delivery Plan and has experienced delays as a result. These are primarily across three focal areas:

- The development of new livelihood activities at Site 1, specifically the building of a Sea Cucumber hatchery. Blue Ventures will continue to work with the Malagasy Government and their private partners to overcome this challenge.
- The development of new livelihood activities at Site 3, due to residual delays caused by private sector sensitivities in year 2. This work began in year 3 but is approx. 4 months behind schedule.
- The initiation of activities at Site 4, Sembilang National Park in Indonesia due to the slow progress in signing the collaboration agreement with the park authorities. This was caused by political changes in the country.

Blue Ventures have assured Defra that any delays will be recouped by the closure of the programme and that there will be limited impact on the overall performance of the project.

Furthermore, the project has continued to perform above target on a number of indicators, particularly in the development and introduction of fishery management plans across the programme Sites.

### *Performance of partnership(s)*

#### Defra/Blue Ventures:

The relationship between Defra and Blue Ventures has continued to be productive and positive in the third year of this programme. Blue Ventures have been proactive in data collection and reactive to requests for procedural adherence. They are transparent with risks and issues and willing to contribute to documentation to fulfil HMG obligations even when it is not in line with their normal processes.

#### Blue Ventures/Additional Partners:

- i. *Yayasan Blue Forests* in Indonesia has continued to be productive, moving from scoping to implementation at Sites 4 and 5 in Indonesia.
- ii. *Yayasan Planet Indonesia*, a not-for-profit foundation in Indonesia, has been identified as a key implementation partner at Site 5 and the first year of collaboration has proven highly productive. *Yayasan Planet Indonesia* are also supported by Defra through the Darwin Initiative.
- iii. *Cefas* (an executive agency of DEFRA) are providing technical blue carbon support to Blue Ventures, through the ongoing analysis of blue carbon field data and the development of data entry tools.
- iv. *Nitidae* in France have collaborated with Blue Ventures to investigate potential alternatives to mangrove charcoal production at Site 1 and develop a strategy to implement the optimal solutions.
- v. *Sustainable seafood company UNIMA* are logistically supporting Blue Ventures' operations at Site 3 in Madagascar as they have a vested interest in the health of the marine environment surrounding its commercial area. This partnership has the potential to provide sustainable financing and support for the work beyond the timeframe of the ICF grant.

- vi. *BlueYou*, a global consultancy with headquarters in Switzerland, have supported Blue Ventures' with their octopus fishery improvement project at Site 2, particularly regarding the value chain at Site 1.

#### *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 number 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.

### **G. MONITORING & EVALUATION**

#### *Evidence and evaluation*

##### Logframe

Over the course of Year 3, the logframe has been adjusted to reflect changes in expected results due to assumptions in the original business case being updated as sites are selected and operationalised, and - to a lesser extent - the decision to reduce from six sites to five. A report has been written by Blue Ventures, summarising these changes and the data behind them (Annex A). As described in detail in the annexed report, it is the impact and outcome indicators linked to avoided deforestation and people reached that have been most significantly adjusted. Whilst the area of mangroves under protection/sustainable management is over double the size initially predicted, the hectares of deforestation avoided by the project is lower than initially estimated, due to lower than assumed baseline deforestation rates at Sites 4 and 5. These lower baseline deforestation rates cause a corresponding decrease in carbon dioxide emissions avoided by the project. Also, when the initial logframe was developed, it was assumed that both Indonesian sites would have large areas of viable mangrove restoration in the form of abandoned aquaculture ponds. While Site 4 presents significant restoration potential, the activities planned at Site 5 will be focused on preventing large scale degradation rather than on restoration. This in turn has negatively affected the carbon dioxide impact of the project. Lastly, due to the decision not to expand the programme to a 6<sup>th</sup> site and due to lower than average population densities at Site 4, the total number of people reached by the project has decreased compared to initial estimates, but a more significant drop was mitigated by the large population at Site 5.

In addition to these forest indicators, the ambition has been increased for the long term fisheries monitoring target (Output 2.1), and the organisational capacity indicators have been updated to reflect the change from six to five Sites (Output 4.1 and 5.1-5.4).

A table detailing the indicators that have been revised and their new programme lifetime targets are detailed below:

Impact Indicators

<u>Indicator</u>	<u>Original Programme Lifetime Target (Year 7/ Year 20)</u>	<u>Revised Programme Lifetime Target (Year 7/ Year 20)</u>
Impact Indicator 1: Tonnes of CO2 emissions prevented (KPI 6)	Total: 24,420,335; of which is verified: 13,934,696 ( <b>Year 20</b> )	Total: 7,768,115 ( <b>Year 20</b> )
Impact Indicator 2: Number of forest dependent people with livelihoods benefits protected or improved (KPI 3)	119,649 ( <b>Year 20</b> )	86,000 ( <b>Year 20</b> )
Impact Indicator 3: Extent to which ICF intervention is likely to have a transformational impact (KPI 15): Number of additional Sites adopting models tested and proved within this project (outside of 6 Sites)	29 ( <b>Year 7</b> )	99 ( <b>Year 7</b> )
Impact Indicator 4: Total number of hectares where deforestation have been avoided (KPI 8) [Note: we have removed degradation from this KPI as it is not possible to measure simply]	3,492; Verified: 508 ( <b>Year 7</b> )	1194 ( <b>Year 7</b> ) 4413 ( <b>Year 20</b> )
Impact Indicator 5: Ecosystem services (KPI 10): Difference in mangrove forest ecosystem services income (shoreline protection; pollution abatement; protection from sedimentation) provided by standing mangroves compared to without project scenario. (\$/yr)	1,061,901 (\$/yr) ( <b>Year 7</b> )	524,259 (\$/yr) ( <b>Year 7</b> )

Outcome Indicators

<b>Indicator</b>	<b>Original Programme Lifetime Target (Year 7)</b>	<b>Revised Programme Lifetime Target (Year 7)</b>
Outcome Indicator 1: Ha of mangrove forest area protected or under sustainable local management	89,100	181,678

#### Output Indicators

<b>Indicator</b>	<b>Original Programme Lifetime Target (Year 7)</b>	<b>Revised Programme Lifetime Target (Year 7)</b>
Output Indicator 1.3: Number of carbon credits produced (with a minimum of 50% revenue shared with community)	13,934,696	5,726,859
Output Indicator 2.1 Number of fisheries being monitored	9	11
Output Indicator 4.1: Needs assessments completed at each Site  (Decreased to reflect change in number of Sites)	6	5
Output Indicator 5.1 – 5:4:  (All decreased from 6 to 5 to reflect change in number of Sites)	6	5

The indicators linked to livelihoods (Outcome Indicator 3; Output Indicators 3.1 and 3.2) also need to be adjusted now that the baseline and project conditions at Sites 3, 4 and 5 are better known. This will be undertaken by Blue Ventures and Defra collaboratively over the first two quarters of 2020, with finalised figures to be submitted to Defra before the end of June 2020.

#### KPIs

The methodology for KPI 10 (impact indicator 5) – ‘the value of ecosystem services generated or protected as a result of ICF support’ was finalised by Defra economists in 2018. However, this methodology is yet to be agreed by the other ICF spending departments and as such, a confirmed figure for this indicator cannot be reported in this annual review. The methodology is expected to be agreed by departments in the coming year.

At the Impact level, this programme also reports on the following indicator: ‘number of forest dependent people with livelihood protected or improved’. This indicator was formerly a Key Performance Indicator (KPI 3) but was downgraded in 2019. The project will, however, continue to report on the indicator at the Impact level, using the pre-agreed official methodology.

Further ICF KPIs reported on in the Blue Forests programme are:

- KPI 6 (impact indicator 1): Net Change in Greenhouse Gas Emissions (tCO<sub>2</sub>e) – tonnes of GHG emissions reduced or avoided
- KPI 8 (impact indicator 4): Number of hectares where deforestation and degradation have been avoided through ICF support.
- KPI 15 (impact indicator 3): Extent to which ICF intervention is likely to have a transformational impact.

### *Programme Design Questions*

As suggested in the review of the Blue Forests Programme conducted in 2018, to support the development of an evaluation plan, Blue Ventures have revised the Blue Forests Programme theory of change throughout 2019. This is to ensure that the theory of change reflects the development and refining of the assumptions underpinning the programme interventions and to ensure that the theory of change and logframe are properly aligned. While the revised theory of change is yet to be finalised, Blue Ventures and Defra expect this work to be completed in year 4 and for any required changes to the logframe to be made ahead of the 2020 annual review.

Defra and Blue Ventures have also begun discussions in year 3 on whether a mid-term review is required and the scope of a final evaluation. Blue Ventures and Defra will have to agree on the course of action for these activities, including the associated costs and responsibilities in year 4.

### *Disaggregation of Data (gender, age etc.)*

All data is now disaggregated by gender where there are direct beneficiaries at output level.

### *Monitoring progress throughout the review period*

#### Ongoing monitoring

Continual improvements are being made to the monitoring systems being used by Blue Ventures field teams. Year. As highlighted in the 2018 annual review, health monitoring has moved onto a monthly mobile based monitoring system, to reflect requirements set out by the Malagasy Ministry of Health. This is currently undergoing review, to make reporting improvements.

Monitoring tools for tracking progress of outputs and outcomes as well as social and ecological impacts are also being continually strengthened, despite already strong M+E procedures.

Notable progress has been made in the following areas:

- **Fisheries** Data continues to be collected using a basic pen and paper system. Processes for double entry and checking to ensure accuracy of transcription of all fisheries data and centralised data management systems have enabled more effective and efficient turnaround of data back to the field team. Blue Ventures are also exploring further development of mobile monitoring within our fisheries monitoring in the coming year in partnership.
- **Alternative livelihoods** Further improvements have been made to simplify the monitoring of sea cucumber farming including the addition of harvest monitoring. This is now being replicated in additional villages in the SW. An initial pilot was conducted to assess the wider social impacts of sea

cucumber farming and this is now being developed into an evaluation of the impacts of sea cucumber farming in Site 2, which will also inform baseline assessments being conducted in Site 1 in early 2020.

- **Health service monitoring** All Sites have migrated onto monthly mobile monitoring systems with good success. BV are now reviewing the forms in line with ministry requirements as well as updating reporting tools. BV aim to use online data visualisation to support punctual reporting to both national and regional health ministries and to community health workers which will help to inform them of changes and improve their programming decisions at a Site level.
- **Needs assessment** A full needs assessment was carried out in Site 3 in Madagascar, the results of which are being used by the Site team to inform prioritisation of programming at the Site and informing the annual workplan for 2020.