

An International Blue Finance Business Case

Department of Environment, Food and Rural Affairs

**FRIENDS OF OCEAN ACTION**

Driving sustainable investment in the ocean

The Blue Planet Fund

COVER SHEET

|  |  |
| --- | --- |
| **PROGRAMME SUMMARY** | Contribution to the World Economic Forum’s Friends of Ocean Action platform, which uses its extensive network of influential companies, organisations and governments to galvanise international support for some of the most pressing challenges facing the ocean. The UK’s investment will initially focus on improving the sustainability of blue food production[[1]](#footnote-2) and helping developing countries recover and diversify their ocean economies following the COVID-19 pandemic, with the potential to diversify to other activities in later years. |
| **COUNTRY / REGION** | Global, with a focus on Namibia and Fiji in Year 1. |
| **PROGRAMME VALUE** | £3,000,000 lifetime (£1,000,000 per year) |
| **START DATE** | September 2021 |
| **END DATE** | March 2024 |
| **OVERALL RISK RATING** | Low |

Contents

[TABLE OF FIGURES 4](#_Toc78205411)

[GLOSSARY 5](#_Toc78205412)

[1. INTERVENTION SUMMARY 6](#_Toc78205413)

[1.1 What support will the UK provide? 6](#_Toc78205414)

[1.2 Summary of programme and its objectives 6](#_Toc78205415)

[1.3 Why is UK support required and why now? 7](#_Toc78205416)

[1.4 What are the main project activities? 7](#_Toc78205417)

[1.4 Strategic alignment 8](#_Toc78205418)

[1.5 What are the expected results? 8](#_Toc78205419)

[2. STRATEGIC CASE 9](#_Toc78205420)

[2.1. need for intervention 9](#_Toc78205421)

[2.1.1 global context 9](#_Toc78205422)

[2.1.2 the ocean: an essential source of food 9](#_Toc78205423)

[2.1.3 a sustainable recovery to covid-19 11](#_Toc78205424)

[2.2. programme introduction 12](#_Toc78205425)

[2.2.1 FOA 2021 aims & activities 16](#_Toc78205426)

[2.3. The UK’s investment 16](#_Toc78205427)

[2.3.1. Why is the uk best placed to deliver? 16](#_Toc78205428)

[2.3.2. What support will the UK provide? 17](#_Toc78205429)

[2.4. How will this programme contribute to Defra and other policy objectives? 17](#_Toc78205430)

[2.5. Impacts, outcomes and activities 18](#_Toc78205431)

[2.5.1. activities and outcomes 18](#_Toc78205432)

[2.5.2. impact 23](#_Toc78205433)

[2.5.3 Cost Breakdown 24](#_Toc78205434)

[2.5.4 Additional activities 24](#_Toc78205435)

[2.5.5. Alignment with Blue Planet Fund 25](#_Toc78205436)

[2.6. gender equality and inclusion 26](#_Toc78205437)

[2.6.1. Gender representation in the bPF 26](#_Toc78205438)

[2.6.2. Gender in FOA 27](#_Toc78205439)

[3. APPRAISAL CASE 27](#_Toc78205440)

[3.1 Appraisal summary 27](#_Toc78205441)

[Option 1: Bilateral/UK Research led 29](#_Toc78205442)

[Option 2: Friends of ocean action 30](#_Toc78205443)

[Option 3: Sustainable Blue Economy Finance Initiative 31](#_Toc78205444)

[3.2 Options assessment summary conclusions 31](#_Toc78205445)

[3.5 Value for Money appraisal 32](#_Toc78205446)

[Option A 33](#_Toc78205447)

[Option B 33](#_Toc78205448)

[Option C 38](#_Toc78205449)

[Future Years Investment 40](#_Toc78205450)

[SUB Option comparison AND Preffered Option 40](#_Toc78205451)

[4. Commercial Case 41](#_Toc78205452)

[4.1. Commercial approach 41](#_Toc78205453)

[4.2. Ensuring Value for Money through procurement 42](#_Toc78205454)

[4.3 Governance and financial management 42](#_Toc78205455)

[4.4 Subsidy Control 43](#_Toc78205456)

[4.5 Commercial risks 43](#_Toc78205457)

[5. Financial Case 43](#_Toc78205458)

[1.1 Nature and value of the expected costs 43](#_Toc78205459)

[5.1.1 Expected project costs 43](#_Toc78205460)

[5.1.2 Friends of ocean action financial Viability 44](#_Toc78205461)

[5.1.3 Other Donors & UK influence 44](#_Toc78205462)

[5.1.4 International climate finance proportion 44](#_Toc78205463)

[5.2 Accounting Officer Tests 45](#_Toc78205464)

[5.3 Schedule of funding 45](#_Toc78205465)

[5.3.1 HMG Front-line delivery costs 47](#_Toc78205466)

[5.3.2 Administrative costs 48](#_Toc78205467)

[5.4 Financial Accounting Considerations for Defra 48](#_Toc78205468)

[5.5 Monitoring, reporting and accounting for expenditure 48](#_Toc78205469)

[5.6 Financial management 48](#_Toc78205470)

[5.7 Financial and fraud risk assessment 49](#_Toc78205471)

[5.8 Provisions for DEFRA to withdraw funding 49](#_Toc78205472)

[6. MANAGEMENT CASE 49](#_Toc78205473)

[6.1 management and governance arrangements 50](#_Toc78205474)

[6.1.1 Beyond financial year 2021/2022 50](#_Toc78205475)

[6.1.2 Roles, responsibilities and accountabilities 50](#_Toc78205476)

[6.1.5 how will progress and results be monitored, measured and evaluated? 51](#_Toc78205477)

[6.2 TRANSPARENCY 52](#_Toc78205478)

[6.3. what are the key risks and how will they be managed? 52](#_Toc78205479)

# TABLE OF FIGURES

[Table 1: FOA potential spend profile 17](#_Toc77859842)

[Table 2: Blue Food Partnership 20](#_Toc77859843)

[Table 3: Addressing seafood loss and waste 21](#_Toc77859844)

[Table 4: Blue Recovery Hubs 23](#_Toc77859845)

[Table 5: How FOA will meet BPF KPIs 25](#_Toc77859846)

[Table 6: Comparison of shortlist options 40](#_Toc77859847)

[Table 7: Commercial risks 43](#_Toc77859848)

[Table 8: FOA potential spend profile 44](#_Toc77859849)

[Table 9: indicative payment schedule for FY21/22 47](#_Toc77859850)

[Table 10: Frontline resource costs 48](#_Toc77859851)

[Table 11: Provision for the return of any uncommitted funds to Defra from the delivery 49](#_Toc77859852)

[Figure 1: FOA pillars and activities diagram 34](#_Toc77859959)

# GLOSSARY

|  |  |  |  |
| --- | --- | --- | --- |
| **ALBs** | Defra’s Arms-Length Bodies | **IUU** | Illegal, Unregulated and unreported (fishing) |
| **BCR** | Benefit Cost Ratio | **JMB** | Joint Management Board (of the Blue Planet Fund) |
| **BPF** | Blue Planet Fund | **KPI** | Key Performance Indicator |
| **CBD** | Convention on Biological Diversity | **MEL** | Monitoring, Evaluation and Learning |
| **CBG** | Consolidated Budget Guidance | **MPA** | Marine Protected Area |
| **CDEL** | Capital Departmental Expenditure Limit | **NPAP** | National Plastic Action Partnership |
| **COP 15** | 15th meeting of the Conference of the Parties to the Convention on Biological Diversity | **OECD** | Organisation for Economic Development |
| **COP 26** | 26th meeting of the Conference of Parties to the UN Framework Convention on Climate Change | **ODA** | Official Development Assistance |
| **Defra** | Department for Environment, Food and Rural Affairs | **R&D** | Research & Development |
| **EDI** | Equality, Diversity and Inclusion | **RDEL** | Resource Departmental Expenditure Limit |
| **FAO** | Food and Agriculture Organisation (of the United Nations) | **RPA** | Risk Potential Assessment |
| **FCDO** | Foreign and Commonwealth Development Office | **SDG** | Sustainable Development Goal |
| **FLD** | Front Line Delivery | **SIDS** | Small Island Developing State |
| **FOA** | Friends of Ocean Action | **SR** | Spending Review |
| **FTE** | Full-time equivalent | **SRO** | Senior Responsible Owner |
| **FY** | Financial Year | **ToC** | Theory of Change |
| **G7** | Group of Seven (intergovernmental organisation) | **UK** | United Kingdom |
| **GGIS** | Government Grant Information System | **UN** | United Nations |
| **GPAP** | Global Plastic Action Partnership | **UNDP** | United Nations Development Programme |
| **GTA** | Global Tuna Alliance | **UNEP** | United Nations Environment Programme |
| **GtZ** | Getting to Zero Coalition | **VfM** | Value for Money |
| **HMT** | Her Majesty’s Treasury | **WEF** | World Economic Forum |
| **HMG** | Her Majesty’s Government | **WRI** | World Resources Institute |
| **ICF** | International Climate Finance | **WTO** | World Trade Organisation |

# 1. INTERVENTION SUMMARY

## What support will the UK provide?

This business case is seeking approval to invest £3 million of Defra Official Development Assistance (ODA) into Friends of Ocean Action (FOA), a platform within the World Economic Forum (WEF). We are seeking to make an investment over 3 years, with £1 million per year starting in Financial Year (FY) 21/22 and ending in FY23/24, subject to strong delivery on programme outputs and outcomes and successful Spending Review (SR) bids. The investment will be made in the form of a direct contribution to the WEF, with whom the UK has experience in granting contracts.

## Summary of programme and its objectives

FOA is a global platform with over 65 members from across governments, civil society and the private sector, amongst others. Hosted by the WEF in collaboration with the World Resources Institute (WRI), FOA works alongside the High Level Panel for a Sustainable Ocean Economy[[2]](#footnote-3), mobilising ocean leaders around the world to take action to achieve Sustainable Development Goal (SDG) 14 (Life Below Water).[[3]](#footnote-4) Through FOA’s extensive network and high ambition, FOA projects are able to secure commitments from governments and companies which translate into concrete action on the ground.

FOA’s stated mission is to harness the knowledge, means and influence of its members to help the international community take the urgent steps needed to conserve and sustainably use our ocean, seas and marine resources for sustainable development. We will use this contribution to deliver on two priority areas for the Blue Planet Fund (BPF)[[4]](#footnote-5) – improving the sustainability of blue food production, and supporting developing countries to build sustainable ocean economies, particularly following the challenges of the COVID-19 pandemic.

During the first year of this project, we will fund three FOA activities which support our objectives: a global public-private **Blue Food Partnership** aiming to galvanise action from governments and large companies on blue food issues such as overfishing, illegal fishing and harmful subsidies; a **pilot project addressing seafood loss and waste**, working with processing factories and private businesses in Namibia; and a partnership with the OECD to establish **Blue Recovery Hubs** in countries impacted by COVID-19 looking to rebuild their ocean economies, starting in Fiji. These activities will help to support coastal communities who are most impacted by reduced fish stocks, illegal fishing, loss of profit from excessive waste and the impacts of COVID-19 on developing ocean economies (see the strategic case for more detail).

## Why is UK support required and why now?

The COVID-19 pandemic has had a significant impact on blue food production and ocean economy sectors more broadly. As countries try to recover from the economic shocks of the pandemic, there is an opportunity to support more sustainable choices, and identify new opportunities that will allow them to grow and diversify their ocean economies. If this doesn’t happen, an unsustainable recovery from COVID-19 will exacerbate the anthropogenic pressures that are already pushing the ocean to its limits.

Furthermore, blue food production is currently unsustainable due to disproportionate amounts of seafood waste and loss, as well as chronic overfishing, rampant illegal, unregulated and unreported (IUU) fishing, and harmful subsidies, amongst other issues. Developing coastal communities are extremely dependent on the ocean as a source of food, and with global hunger on the rise since 2014[[5]](#footnote-6) it is increasingly urgent that we find a way to sustainably manage the main source of protein for millions of people.

Driving forward ambition and supporting the ‘Super Year’ for the ocean and nature, 2021 will be a vital year to raise the profile of these ocean issues. Through our COP26 and G7 Presidencies, the UK will showcase global leadership, using our influence to build momentum and advocate for greater action, championing global collaboration.

## 1.4 What are the main project activities?

The UK will begin by investing into three FOA activities which support our objectives:

* **Blue Food Partnership**: a structured global public-private partnership designed to stimulate innovation and change in policies and business practices related to blue food[[6]](#footnote-7) production and waste, by catalysing collaboration in regions particularly affected by blue food challenges. The Partnership will work with a core group of private sector companies and governments to develop strategies for action on blue food issues such as traceability, climate resilient fisheries and aquaculture, low carbon aquatic food, alternative proteins from the ocean and food waste, using key international events to leverage action.
* **Addressing seafood loss and waste**: beginning with a pilot project in Namibia, this activity will aim to replicate the success of the Global Plastic Action Partnership (GPAP) by bringing together at the national level policymakers, business leaders and civil society to create an aligned approach to measuring and reducing seafood loss and waste. Namibia was chosen as the initial pilot country due to its significant fisheries sector, the fact that peer-reviewed research has already been conducted in the country and so can act as a baseline, and the fact that the majority of the processing plants are Namibian rather than foreign-owned (see Annex B for detailed justification).
* **Blue Recovery Hubs:** a project with the OECD to support countries to develop Blue Recovery Country Strategies following the impacts of COVID-19, while mobilising support from the international community and ocean stakeholders. The project’s first target country will be Fiji, and will include an appraisal of Fiji’s current ocean economy and potential opportunities, development of the country’s Blue Recovery Country Strategy and Roadmap, and stakeholder engagement to present the roadmap to key potential partners and catalyse investment to support implementation.

In March 2022, we will review the progress of these activities[[7]](#footnote-8) and decide whether to expand or reduce the scope of our investment into FOA, for example potentially incorporating other activities on marine protected areas (MPAs). More information on project activities and outcomes can be found in section 2.5 (page 18).

## Strategic alignment

This project supports the Government’s manifesto commitment to establish a £500 million BPF. The contribution to FOA would meet several HMG and departmental objectives such as the SDGs, UK government fisheries policy objectives, the new Official Development Assistance (ODA) strategic framework[[8]](#footnote-9), and our International Climate Finance (ICF) commitment. It will also contribute towards the Prime Minister’s commitment of £3 billion to climate change solutions that protect and restore nature and biodiversity over five years, as part of the £11.6 billion ICF target. The UK is already actively engaged with FOA and is funding GPAP, which was mobilised by FOA together with the Platform for Accelerating the Circulate Economy (PACE). The activities funded through this contribution will also support the achievement of the BPF’s thematic outcomes on seafood, biodiversity and climate change, as well as various underpinning outcomes such as increased finance mobilised for sustainable ocean economies, and improved food security and nutrition amongst the poorest (see section 2.5.5 for more detail on alignment with the BPF theory of change).

## What are the expected results?

The three activities are expected to deliver (over 3 years): up to 15 company commitments to improving seafood value chains; change in waste practices for up to 10 processors, including waste measurement and creation of seafood by-products (FOA will pilot this approach in Namibia to begin with); creation of markets for seafood by-products; and up to four country roadmaps to build sustainable ocean economies, among other outcomes. See Annex C for the targets for each activity.

The overall anticipated impact of the three activities is: improved food security, nutrition and livelihoods from blue food through the expansion and abundance in fish stocks, growth in sustainable aquaculture practices and reduction in seafood loss and waste (the seafood waste and loss project could at a minimum reduce seafood loss and waste by 60 to 260 tonnes per year and could potentially provide 46 to 200 new jobs)[[9]](#footnote-10); contribution to achievement of SDG 12.3[[10]](#footnote-11) to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses; and more policies and regulatory frameworks set in place towards the achievement of SDG14+ and economic recovery in targeted geographies.

An exact quantification of benefits from FOA's actions, and attribution to UK support, is extremely difficult to undertake, given challenges assessing impact across a broad spectrum of activities and expected benefits, and the uncertainty in assessing impact from the types of outputs and outcomes where FOA focusses. Public-private-science partnership working and developing roadmaps has the potential for significant change, as has been demonstrated on the marine plastic waste side by another World Economic Forum programme, the Global Plastic Action Plan (see Annex D), but the scale of change depends on a number of actors beyond FOA and rest upon a number of further actors. Therefore, these results are assessed qualitatively and not quantitatively in the business case (i.e. no Benefit Cost Ratio (BCR) is presented).

# 2. STRATEGIC CASE

## 2.1. need for intervention

### 2.1.1 global context

The ocean is essential to human life. It drives global systems that make the earth habitable for humankind, making it an essential global resource.[[11]](#footnote-12) It regulates the global climate system and acts as a critical carbon sink, absorbing 25-30% of annual CO2 emissions.[[12]](#footnote-13) The ocean’s wildlife, including fisheries, supports the global population’s economic, social, and environmental needs. It is estimated to support the livelihoods of one in every ten people, including some of the poorest and most vulnerable worldwide.[[13]](#footnote-14) The total economic value of ocean services has been valued conservatively at $24 trillion[[14]](#footnote-15), making it a precious resource, the degradation of which is costly for the whole planet. However, the ocean is facing increasing pressure from anthropogenic activities. There are significant negative externalities from these human activities and over-extraction, habitat destruction, biodiversity loss, pollution and climate change all threaten the health of the ocean. These threats disproportionately affect the world’s poorest people. Those living in coastal communities and small island developing states are especially vulnerable as they rely on the ocean for their livelihoods, nutrition, economic growth, protection from extreme events, climate resilience, and more.

Despite the ocean’s importance and its increasing vulnerability, investment into protecting the ocean’s resources is chronically underfunded. According to the Organisation for Economic Co-operation and Development (OECD), around 0.8% of global ODA was allocated to support the sustainable ocean economy from 2013-18.[[15]](#footnote-16) The UK is no exception. For the same period, just over 1% of the UK’s ODA spend was dedicated to the ocean sector.[[16]](#footnote-17) A report by the Global Environment Facility estimates that reducing the degradation of coastal and ocean resources would require total finance flows of £1-£2 trillion over the next 10-20 years. [[17]](#footnote-18) In order to preserve the ocean’s economic, social and environmental value, the international community must step up its efforts to fund the protection of the ocean and encourage sustainable use of its resources.

### 2.1.2 the ocean: an essential source of food

One of the ocean’s most important functions is as a source of food and livelihoods. Millions of people rely on the ocean for food, and vulnerable coastal communities are often the most dependent. Ocean fish provides over three billion people with almost 20% of their average intake of animal protein.[[18]](#footnote-19) This number is even higher in developing regions such as Indonesia, Sri Lanka and many small island developing states, which derive 50% or more of their animal protein from aquatic foods.[[19]](#footnote-20) Ocean food is also a unique source of long-chain omega-3 fatty acids, minerals, calcium, iodine and vitamins.[[20]](#footnote-21)

Because of unsustainable fishing practices and other impacts such as climate change, the amount of food that the ocean can provide is diminishing and fish stocks are dwindling. The FAO estimates that a third of global fish stocks are overfished, and nearly two thirds are exploited at maximum capacity.[[21]](#footnote-22) IUU fishing results in billions of dollars of losses and tonnes of catch disappearing every year.[[22]](#footnote-23) It disproportionately impacts developing countries, and coastal communities whose food security depend on fish[[23]](#footnote-24). On top of that, global hunger has recently been increasing, and the world’s population continues to grow. After a prolonged decline, evidence shows that the number of people affected by hunger globally has been on the rise since 2014.[[24]](#footnote-25) In 2019, close to 750 million, or nearly one in ten people in the world, were exposed to severe food insecurity.[[25]](#footnote-26) By 2050, it is projected that the planet will hold almost 10 billion people.[[26]](#footnote-27)

In an optimistic scenario, the ocean could produce six times more food than today, and therefore play an important role in ensuring the sustainable food security of an increasingly populated world.[[27]](#footnote-28) The ocean can provide both more food, and more diverse food, than it currently does. Doing so would help enhance the world’s future security, improve nutrition, human health and well-being, create sustainable economic growth and jobs and prevent the widening of current inequalities.[[28]](#footnote-29) In order for this to happen, blue food[[29]](#footnote-30) production must become both more sustainable and more efficient.

One of the major issues preventing blue food production from realising its full potential is the huge amount of seafood that is lost or wasted. Although the topic of food loss and waste being addressed by numerous initiatives, with a view to achieving SDG 12.3[[30]](#footnote-31), seafood is often left out of the conversation. Seafood is wasted at the harvesting, processing, distribution and consumption stages,[[31]](#footnote-32) due to information and coordination failures. For example, up to 55% of fish parts are lost during processing because they are deemed inedible (while they could in fact be used to create other products).[[32]](#footnote-33) The FAO estimates that 35% of fish and seafood is wasted, including 8% of all fish caught being thrown back into the water (in most cases dead or badly damaged).[[33]](#footnote-34)The significant amount of food waste in the seafood value chain is a huge missed opportunity to boost fish consumption without increasing production and is also contributing to vulnerable communities’ lack of food security. Seafood waste can be turned into animal feed, soil fertiliser components, biogas, a food source for humans and more.[[34]](#footnote-35) Improved use of seafood waste can increase the profitability of the fishing industry, generating income and addressing food insecurity, all while reducing stress on the marine environment.

Seafood waste and loss is not the only issue. Delivering on the ocean’s potential to feed the world sustainably also requires a substantial reform of wild-capture fisheries.[[35]](#footnote-36) Fishing is a classic ‘tragedy of the commons’ issue, requiring strong regulation and enforcement[[36]](#footnote-37), which is in many cases lacking. Chronic overfishing is harming the ocean’s ability to provide for future generations. Fish stocks and social-ecological systems are collapsing in many parts of the world[[37]](#footnote-38) and it is estimated that 13% of global fisheries have now completely collapsed.[[38]](#footnote-39) If overfishing continues, annual yield is projected to fall by over 16% by 2050, threatening global food security.[[39]](#footnote-40) In contrast, if all stocks currently exploited were fished at maximum sustainable yield, production could increase by 20% compared to today’s levels.[[40]](#footnote-41) IUU fishing exacerbates this situation, depleting fisheries resources further and destroying vulnerable habitats, with negative impacts throughout the seafood value chain and on global food security and livelihoods. [[41]](#footnote-42),[[42]](#footnote-43) It is therefore not surprising that IUU fishing is globally recognised as a threat to coastal fishing communities.[[43]](#footnote-44) Finally, harmful fisheries subsidies support the expansion of large-scale industrial fishing sleets and distort the ocean economy. The World Trade Organisation (WTO) missed its own deadline of December 2019 to reach an agreement to “prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing and eliminate subsidies that contribute to [IUU] fishing”. Negotiations have progressed but remain ongoing at the time of writing.

### 2.1.3 a sustainable recovery to covid-19

In addition to the challenges already facing the countries and communities highly dependent on the ocean, the COVID-19 pandemic has had a significant impact on blue food production and ocean economy sectors more broadly. Travel, tourism, maritime transport, fisheries and seafood production were all heavily affected by COVID-19.[[44]](#footnote-45) On fisheries and seafood production, the pandemic hindered demand, fishing capacity and output all at once.[[45]](#footnote-46) On maritime transport, the cancellation of shipping due to COVID-19 is estimated to have caused a loss of revenue of almost $2 billion in the space of a few months.[[46]](#footnote-47)In 2020, tourism suffered the greatest crisis on record, with international tourist arrivals dropping by 74%, with an 84% decrease in arrivals in Asia and the Pacific.[[47]](#footnote-48) What’s more, the crisis affecting ocean-based sectors is disproportionately affecting women and vulnerable groups, such as young and low-skilled workers.[[48]](#footnote-49)

Developing countries and small island developing states are among the worst-affected, as the affected sectors such as tourism and fisheries constitute the backbone of their economies and a critical source of jobs, income and foreign exchange.[[49]](#footnote-50) These countries will need to implement recovery responses to face their immediate needs and stimulate economic activity. Rather than using this as an opportunity to resume “business as usual”, there is an opportunity for countries to recover in a way that supports more sustainable choices, while identifying new opportunities to grow and diversify their ocean economies. For example, this could include growth in areas such as sustainable tourism, biotechnology and waste management, renewable energy, nature-based solutions that improve coastal resilience to climate change, sustainable fisheries, and other innovative ways to integrate ocean conservation with revenue-generating activities.

Enhancing the sustainability of their ocean economies, and diversifying into new areas, would have various benefits for developing countries. The expansion of renewable energy is creating thousands of jobs – offshore wind alone is estimated to create almost 500,000 new jobs by 2030[[50]](#footnote-51). Restored and protected blue assets would be able to deliver ecosystem services for coastal populations, such as storm resilience. Overall, investments into sustainable ocean activities have a high cost-benefit ratio. Although studies and examples differ, the societal benefit-cost ratio has been estimated as high as 3 to 1 for the conservation and restoration of mangroves and 10 to 1 for ocean-based food production.[[51]](#footnote-52) This demonstrates how developing countries will continue to reap rewards in the future through a sustainable recovery. However, these investments will not take place in private markets: positive and negative externalities are not included in the market price. In addition, this is an innovative area, with concrete ideas and proposals in early stages. There is in many cases missing information of how these plans can be enabled and realised – and a lack of effective coordination across highly interconnected sectors. Intervention is required.

Without this work, an unsustainable recovery from COVID-19 will exacerbate the anthropogenic pressures that are already pushing the ocean to its limits. Despite the current slowdown in economic activity, demands on marine resources for food, energy, minerals, leisure and other needs of a growing global population will persist.[[52]](#footnote-53) A reversion to business-as-usual could risk locking-in economic pathways delivering high-emitting, high-polluting and inequitable growth. It is therefore essential that we support countries to recover in a way that provides clean, renewable energy, enhances their resilience to climate and coastal shocks, and achieves shared prosperity and well-being of all people, especially the world’s most vulnerable.

## 2.2. programme introduction

To respond to the wider challenges facing the ocean and those who depend on it, the UK government has committed to establish a £500 million BPF to support developing countries to protect the marine environment and reduce poverty. Financed from the UK ODA Budget, the BPF will help eligible countries reduce poverty, protect and sustainably manage their marine resources and address human-generated threats across four key themes: biodiversity, climate change, marine pollution, and sustainable seafood (see Annex A for more information on the BPF). The BPF will be jointly delivered by Defra and FCDO over at least 5 years (beginning 21/22), comprising a diverse portfolio of investments that work together to achieve its aims and objectives.

In order to address the issues outlined in the strategic case above, which are integral to the BPF’s seafood theme and wider focus on sustainable ocean economies, the BPF will contribute to FOA. Launched at the WEF’s 2018 Annual Meeting, FOA sets out to mobilize action and innovation in line with SDG 14[[53]](#footnote-54) (Life Below Water) on issues such plastic pollution, ocean food systems, illegal fishing, marine protection and management, decarbonizing shipping, liberating ocean data, and ocean finance. FOA is hosted by the WEF, in collaboration with the WRI, and receives support and strategic advice from UC Santa Barbara Benioff Ocean Initiative and Stanford Centre for Ocean Solutions. FOA also works alongside the High Level Panel for a Sustainable Ocean Economy, consisting of 14 sitting heads of state and government who are committed to a healthy ocean. This creates a synergy between the multi-stakeholder collaboration of the Friends and the political impetus of the High Level Panel. Since its inception, FOA has convened a unique collection of ocean leaders from around the world and different disciplines that have broken down siloes and built up networks to allow collaboration and exchange across industries, geographies, governments and fields of expertise to address ocean issues and drive impactful action.

FOA is co-chaired by Peter Thomson, the UN Secretary General’s Special Envoy for the Ocean, and Isabella Lövin, Deputy Prime Minister of Sweden, and has over 65 members across business, civil society, international organisations, science and technology. FOA offers a platform and multi-stakeholder network to accelerate high-impact solutions for a healthy ocean – catalysing investment into worthy initiatives as well as developing projects from inception. Its stated mission is to harness the knowledge, means and influence of its members to help the international community take the urgent steps needed to conserve and sustainably use our ocean, seas and marine resources for sustainable development.

**FOA’s unique strength lies in its convening power**. FOA has extensive networks across governments, civil society, the private sector and international organisations. Through the knowledge, means and influence of FOA’s high-profile core team and committed members, FOA’s projects are able to secure commitments from governments and companies which translate into concrete action on the ground. An example of their success with this approach is GPAP, a platform working to reduce avoidable plastic waste and promote circular economic solutions which was initially mobilised by FOA. Since its launch in 2018, GPAP secured a commitment by Indonesia to reduce 70% of mismanaged waste by 2025 and a commitment by Viet Nam to reduce marine plastic waste by 75% by 2030, amongst others. The Partnership also received over $2 million in funding from various high-profile private companies. The UK has supported GPAP since its launch in 2018 and is seeking to invest a further £12.5 million into the programme through the BPF, starting in April 2021.

**FOA also sets ambitious targets, which then inspire the international community to aim higher on ocean matters.** For example, FOA championed the WEF’s Tuna 2020 Traceability Declaration, which mandates that by 2020 all tuna products should be fully traceable and come from socially and environmentally responsible sources. Through the launch of the Global Tuna Alliance (GTA) (a FOA initiative), FOA secured commitment to the declaration from key international supermarket and retailer brands.

#### Case studies

The case studies below illustrate FOA’s strong track record of securing commitments from a wide range of stakeholders, which translate into concrete action. The first case study looks at the GTA formed in response to the World Economic Forum’s Tuna 2020 Traceability Declaration.  While the GTA has its own independent branding and wider supporting teams, FOA continues to support the alliance.  The second case study is of the Getting to Zero Coalition (GtZ), a partnership between the Global Maritime Forum, the Friends of Ocean action, and the World Economic Forum.  FOA helped to conceive the idea of the GtZ and continue to support with staff time, although the Coalition has developed its own independent branding and wider supporting teams.

Box 2: Case study on Getting to Zero Coalition

GtZ is a powerful alliance of more than **140 companies** within the maritime, energy, infrastructure and finance sectors, supported by key governments and IGOs. The Coalition is committed to getting commercially viable deep sea, zero emission, vessels powered by zero emission fuels into operation **by 2030** – maritime shipping’s moon-shot ambition.

It builds on the Call to Action in Support of Decarbonization launched in October 2018 and signed by more than 70 leaders from across the maritime industry, financial institutions and other stakeholders, as well as on the Poseidon Principles – a global framework for climate-aligned ship financing – launched on 18 June 2019.  GtZ brings together decision-makers from across the shipping value chain with key stakeholders from the energy sector as well as from governments and international non-governmental organisations.

Since its launch in 2019, GtZ has grown to include **more than 150 companies**, **nine** knowledge partners and **14 supporting governments**. GtZ has also been recognized as the main platform for decarbonizing shipping by the Mission Possible Partnership, a coalition aiming to accelerate the decarbonization of seven global industries representing 30% of global emissions. In addition, the members of GtZ have joined HRH The Prince of Wales to explore how his Sustainable Markets Initiative could support the decarbonization of shipping.

Box 1: Case study on the Global Tuna Alliance

The GTA is an independent group of retailers and tuna supply chain companies, who are committed to realising harvest strategies for tuna fisheries, avoidance of IUU products, improved traceability as well as environmental sustainability, and progressing work on human rights in tuna fisheries and to implementing the objectives laid out in World Economic Forum’s Tuna 2020 Traceability Declaration as championed by FOA.

The GTA works collaboratively with member and non-member organizations to find industry-wide solutions to efficiently implement commitments to GTA commitments and the WEF 2020 Traceability Declaration commitments.

The GTA’s interim report from March 2020 showed that:

* Significant progress had been made by Tuna traceability declaration signatories on meeting the traceability commitment, for example: **all fishery, distributor and food service companies** reported that tuna products in their supply chains were **traceable to vessels and trip dates.**
* Several companies had systems in place for meeting the social responsibility commitment ‘on land’, with nearly **two-thirds of companies** believing their tuna supply chains were **‘slave free’**.
* **23 companies** had made a **pledge** to source tuna from fisheries that meet the Tuna traceability declaration environmental sustainability commitment. Out of those, **three companies sourced 100% of their tuna** from fisheries certified by schemes that are benchmarked by the Global Sustainable Seafood Initiative: one fishery, one processor and one distributor.
* Companies had engaged significantly in advocacy of governments for the development of harvest strategies and harvest control rules, through representative organisations like the Global Tuna Alliance and International Seafood Sustainability Foundation.

### 2.2.1 FOA 2021 aims & activities

FOA began a second phase of work (“Phase II”) in February 2021. This phase focuses on five pillars:

1. **Building a resilient ocean:** FOA will play an integral role in raising global awareness on the importance and plight of mangroves, seaweed and other ecosystems along the land-ocean interface, and the critical steps needed to invest in the protection and restoration of these enormously important and unique ecosystems.
2. **Creating a Digital Ocean:** Concerted global action that capitalizes on FOA’s political capital in coordination with the upcoming UN Decade of Ocean Science (2021-2030) can help end the segregation of ocean data and usher in a new era of open and automated data access.
3. **Nourishing Billions:** In order to continue to feed billions from the ocean, FOA will aim to improve food security, nutrition and livelihoods from blue food through the expansion and abundance in fish stocks, growth in sustainable aquaculture practices and reduction in seafood waste, amongst other areas.
4. **Activating Ocean Finance:** FOA has already contributed to the activation of ocean finance, by developing the Ocean Finance Handbook, an important tool for investors and entrepreneurs. FOA’s second phase of work will aim to turn the raised awareness into action, by creating an Ocean Finance handbook app, and delivering a ‘Breakthrough Finance’ platform that provides a centralised resource through which solution-finders may access capital investment.
5. **UpLink Ocean:** FOA will use ‘UpLink Ocean’, a digital crowd-engagement platform, to connect the next generation of ocean changemakers and social entrepreneurs to the networks who have the resources, expertise and experience to enact change and activate solutions at pace and scale.

See Annex E for FOA’s theory of change for their Phase II of work.

Defra selected three specific activities to fund within two of these pillars, following a consultation process with Defra policy, economists and FOA (see section 3.5, option B for more detail on this process). More information on the three activities chosen is presented in section 2.5.

## 2.3. The UK’s investment

### 2.3.1. Why is the uk best placed to deliver?

The UK Government committed to the delivery of the £500 million BPF in December 2019. The fund will support ODA-eligible countries to protect the marine environment and reduce poverty. FOA’s objectives and second phase of work align well with the aims of the BPF, and as such provide an opportunity to achieve the BPF’s objectives.

The UK is already actively engaged in FOA and has proactively engaged with the High-Level Panel. We are currently investing in GPAP, which was initially a FOA initiative and which has successfully delivered during the past three years of our investment. Investing in FOA is an opportunity for the UK to demonstrate our leadership on ocean issues. FOA provides a particularly strong opportunity for this due to its use of high-profile events and influential networks to further its activities and agenda. This will create a platform for the UK at various events in 2021, such as the UN Food Systems Summit and the Convention on Biological Diversity (CBD) COP15.

The FOA members or ‘Friends’ already have strong UK representation. Through this investment, the UK will be represented on FOA’s steering board, which consists of high-profile members from the UN, Sweden and the US. This will provide the UK with an opportunity to significantly steer FOA’s activities, while receiving useful intelligence from FOA’s other members. By joining FOA, the UK can connect with useful members of FOA’s networks, influence the ocean funding landscape and consolidate its reputation as an ocean leader.

### 2.3.2. What support will the UK provide?

It is proposed that the BPF invests £3 million into FOA over three years, beginning with £1 million in year 1 of the BPF (Financial Year 2021/22). Investments in years 2 and 3 of the BPF will be dependent on performance in year one, the identified need for additional investment, and the availability of future funding.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2021/2** | 2022/3 | 2023/4 | 2024/5 | 2025/6 | Total |
| **FOA** | **£1m** | £1m\* | £1m\* | 0 | 0 | £3m |

Table 1: FOA potential spend profile

\*All investments from year 2 (2022/3) onwards would be subject to good performance of FOA in year 1.

As well as financial support, Defra would also attend FOA’s regular steering group meetings to advise on FOA’s overall strategic direction.

## 2.4. How will this programme contribute to Defra and other policy objectives?

Investment in FOA is strategically aligned with Defra’s departmental priorities and the UK’s international commitments, supporting the following strategic priorities:

* **Sustainable Development Goals (SDGs) & Aichi targets**

The UK was at the forefront of negotiating the SDGs and is committed to being at the forefront of delivering them. Investment into FOA directly supports this commitment due to FOA’s focus on achieving SDG 14: Life Below Water, which calls for the ocean, seas and marine resources to be conserved and sustainably used for development. The seafood activities also directly deliver against SDG 12 (responsible consumption and production) and SDG 17 (partnerships for the goals). The UK is also actively engaged with the CBD Aichi targets. This investment supports the achievement of target 6 (all fish and aquatic plants are managed and harvested sustainably and legally) through the Blue Food Partnership, and target 10 (that anthropogenic pressures on vulnerable ecosystems impacted by climate change are minimised) through the Blue Recovery Hubs.

* **ODA strategic framework & nature**

The Blue Recovery Hubs project directly delivers against the first objective of the UK’s new strategic framework for ODA, to support a “cleaner and more resilient growth path in developing countries”. The project will deliver climate-resilient plans and address environmental degradation and biodiversity loss. It will also enable the support of nature-based solutions, therefore contributing to the UK’s commitment to double our ICF and commit £3 billion to climate change solutions that protect and restore nature and biodiversity. The Blue Food partnership and seafood waste projects deliver against the ODA framework’s objective to address biodiversity loss through the aim to rebuild depleted fish stocks.

* **International Climate Finance and nature-based solutions**

The UK recognises the crucial role of nature-based solutions for climate change mitigation and adaptation. In January 2021 the Prime Minister, at the One Planet Summit, announced a £3 billion commitment to climate change solutions that protect and restore nature and biodiversity over the next five years. This supports the UK’s commitment to doubling our ICF to £11.6 billion in the same timeframe. Through the UK’s presidency of COP26, our aim is to highlight the importance of the ocean within the wider climate and biodiversity agendas. FOA’s programme of work directly contributes to this aim, and it is estimated that around 17% of the investment will be attributable to ICF. This is through the Blue Recovery Hubs project, which could result in climate mitigation activities such as restoration of mangrove forests or decarbonising ports and shipping infrastructures.

* **UK Government Marine & Fisheries policy objectives**

The Blue Food Partnership’s list of priorities[[54]](#footnote-55) support a number of Defra’s policy objectives. The UK has demonstrated its commitment to reducing bycatch (accidental catch of marine species by fishermen) and discards through the Fisheries Bill. For example, the Bill mandates that “incidental catches of sensitive species are minimised and, where possible, eliminated”. This aligns closely with the Blue Food Partnership’s objective to “minimise bycatch, discards and waste in seafood supply chains”. The Partnership’s aim to eliminate IUU fishing and strengthen RFMOs also align closely with UK government objectives. Finally, the partnership also prioritises the prohibition of harmful subsidies that promote overfishing. The UK supported the inclusion of target 14.6 in the UN SDGs, to prohibit certain subsidies that contribute to overfishing and overcapacity, and eliminate subsidies that contribute to IUU fishing, and has taken a strong position on this issue in WTO fisheries subsidies negotiations.[[55]](#footnote-56)

## 2.5. Impacts, outcomes and activities

### 2.5.1. activities and outcomes

Defra has selected three specific activities to fund during the first year of the BPF’s contribution to FOA: the creation of a global public-private **Blue Food Partnership**, a pilot project **addressing seafood loss and waste** in Namibia; and a project in partnership with the OECD to establish **Blue Recovery Hubs** in countries impacted by COVID-19 looking to rebuild their ocean economies (section 3.5 of the appraisal case on how these activities were chosen). The tables below provide an overview of each activity. For more details and the workplan for each activity, see Annexes C and F.

|  |  |
| --- | --- |
| **Activity 1** | **Blue Food Partnership** |
| Summary | The Blue Food Partnership is a collaboration between the WEF, which co-leads FOA and the WRI, also co-lead of FOA and Secretariat for the High Level Panel for a Sustainable Ocean Economy. The Partnership will bring together a core group of private sector companies and/or networks and governments to develop strategies for action on blue food issues such as traceability, climate resilient fisheries and aquaculture, low carbon aquatic food, alternative proteins from the ocean and food waste (a full list of the partnership’s priorities can be found in the Ocean Panel’s Transformations report[[56]](#footnote-57)). It will use key international events & moments to leverage action, beginning with the UN Food systems summit and the publication of a Blue Food assessment report by the Stockholm Resilience Centre & EAT foundation (either at the summit or later in 2021). |
| Project aim | Stimulate innovation and change in policies and business practices related to blue food value chains, by catalysing collaboration in regions particularly affected by blue food challenges. The partnership will likely begin by raising private sector ambition and engagement and scaling multi-stakeholder action on two priority topics: feed for aquaculture and seafood loss and waste (formal agreement of these topics is to be confirmed in April-May 2021). |
| Target audience | Private sector across seafood supply chain, civil society, governments. |
| Geography | Global. Africa has provisionally been identified as a priority region given the role of Blue Food in food security, nutrition and livelihoods in a number of African countries.[[57]](#footnote-58)  However, the geographical focus will depend on the companies who join the Partnership (and where they are based) as well as the agreement of the initial areas of focus for the Partnership. |
| Activities & outputs (August 2021 – March 2022) | * Blue Food Partnership launch event (potentially at UN Food Systems Summit or Sustainable Development Impact Summit) * Communications response to UN Food Systems Summit & Growth for Nutrition Summit * Promotion of Blue Food Assessment synthesis report * Production of knowledge products for Partnership that outline objectives and action plan * Establishment of working groups on Partnership’s initial focus areas * Science-public-private sector roundtable on Blue Food at WEF’s annual meeting, Davos * Continuous outreach for new partners |
| Summary of activity outcomes | * Companies make commitments to improve sustainable seafood value chains & implement solutions from UN Food Systems Summit * Partners integrate science-based findings to business strategies and operations * More companies engage on the UpLink Ocean Action platform on specific blue food topics |
| LogframeOutcomes & *indicators* (targets indicated in brackets are for March 2022[[58]](#footnote-59)) | * More sustainable business strategies, operations, and projects that shift sectors leading to the achievement of SDG14+   + *Number of companies that make commitments to improve sustainable seafood value chains (5)*   + *Number of partners who integrate science-based findings to business strategies and operations (2 private sector; 2 civil society)* * Greater collaboration and concerted action among global and agenda-focused platforms towards the achievement of SDG14+ in targeted geographies   + *Number of companies in partnership that make commitments to implement solutions from UN FSS (2 private sector; 2 civil society)*   + *Number of companies engaging on UpLink Ocean Action Groups on specific blue food topics (2 private sector; 2 civil society)* |

Table 2: Blue Food Partnership

|  |  |
| --- | --- |
| **Activity 2** | **Addressing seafood loss and waste** |
| Summary | This project will aim to replicate the success of the GPAP and the Global Ghost Gear initiative, working at the national level to bring together policymakers, business leaders and civil society organisations to create an aligned approach to reducing seafood loss and waste. The initial stages of the project will focus on the processing plant level of the supply chain, aiming to improve the measurement of loss and waste in an efficient way and gain a better understanding of its composition. |
| Project aims | Standardise & increase measurement of seafood waste during processing; manage waste to create social, economic and environmental benefits; reframe the narrative to emphasise opportunities of products from waste. |
| Target audience | Processing plants, policymakers, businesses, CSOs |
| Geography | Initial pilot project in Namibia (see Annex B for detail on why Namibia was chosen as the initial pilot country). Potential to expand to another country in Year 2, FOA is currently scoping Ghana. |
| Activities & outputs (August 2021 – March 2022) | * 3 roundtable workshops with processors and local actors; summary reports from each workshop * Roadmap on how to introduce measurement of waste in processing seafood for processors in order to roll out in different countries * Media outreach on seafood waste at UN Food System Summit and UN Food Loss and Waste Day * Global Agenda article on WEF website highlighting the role of innovative seafood by-products in achieving SDGs * Implementation of by-product measurement and collaboration with by-product markets, including on-site visits and workshops * Presentation of model to private sector parties * Outreach to identify other pilot countries |
| Summary of activity outcomes | * Processing sector change practices and undertake baseline waste measurements * Private sector companies change business strategy & operations   *Longer term:*   * Reduced waste of seafood in processing in pilot country * Increased use of seafood by-products in pilot country |
| LogframeOutcomes & *indicators* (targets indicated in brackets are for March 2022) | * More sustainable business strategies, operations, and projects that shift sectors leading to the achievement of SDG14+   + *Number of pilot projects to shift processing sector practices (1)*   + *Number of private sector companies changing business strategy and operations (3)*   + *Number of processors undertaking baseline waste measurements (2)* * Reduced waste of seafood in processing in pilot country[[59]](#footnote-60)   + *Absolute weight and percentage of seafood waste being thrown away by processors in pilot country*   + *Absolute nutritional value captured by reduced waste of seafood* * Increased use of seafood by-products in pilot country   + *Absolute value and percentage of by-product used across processing sector in pilot country*   + *Absolute nutritional value captured through local by-product use* |

Table 3: Addressing seafood loss and waste

|  |  |
| --- | --- |
| **Activity 3** | **Blue Recovery Hubs** |
| Summary | This project, in partnership with the OECD, will support countries to develop Blue Recovery Country Strategies following the impacts of COVID-19, while mobilising support from the international community and ocean stakeholders. The project will have a three phase approach: 1) appraisal of country’s current ocean economy & potential opportunities, including a COVID-19 impact assessment; 2) development of the country’s Blue Recovery Country Strategy & Roadmap; 3) roundtables & stakeholder engagement to present the roadmap to key potential partners & catalyse investment to support implementation. |
| Project aim | Support countries to accelerate progress towards a sustainable and resilient recovery following the economic shocks of COVID-19, by enhancing the long-term sustainability of their existing ocean economy sectors and generating new, sustainable opportunities that can lead to economic diversification. |
| Target audience | Governments, financial institutions, international organisations, civil society, local communities. |
| Geography | A number of developing countries and partners have already expressed interest in participating in the Blue Recovery Hubs, including Saint Lucia, Fiji and Vietnam. The idea of the Blue Recovery Hubs was first developed by the OECD, Friends of Ocean Action and World Economic Forum as a concrete solution as part of the Sustainable Development Investment Partnership Country Financing Roadmap of St Lucia, and the Prime Minister of St Lucia endorsed the Blue Recovery Hub proposal on 9th December. Finally, Kenya could also be a potential candidate for a Blue Recovery Hub given its strong engagement on the blue economy, including through its co-hosting role of the upcoming U.N. Ocean Conference, and its previous engagement with OECD’s Sustainable Ocean for All Initiative. FOA expressed that the UK would have scope to influence where the Blue Recovery Hubs are set up – the initial countries proposed align with the BPF’s priority geographies. Fiji was highlighted by the UK and selected as the first pilot project country, due to the potential for deliver a strategic shift in the country thanks to other BPF programming including a Blue Bond and the Ocean Country Partnership Programme. |
| Activities & outputs (August 2021 – March 2022) | * Appraisal report of target country’s sustainable ocean economy and future opportunities, involving analysis of:   1. Economic trends in ocean economy   2. Governance and policy tools   3. Financing, with a focus on development finance * Global and National steering committees for the project established * Inter-ministerial working groups and multi-stakeholder consultation * Outreach and communication activities surrounding Sustainable Development Impact Summit 2021 * Outreach and communication activities surrounding World Economic Forum Annual Meeting 2022. |
| Summary of activity outcomes | * Target countries develop roadmaps to rebuild and expand their ocean economies in a sustainable way * Significant financial support is mobilised from the international development community to implement country roadmaps   *Longer term:*   * Job creation in ocean sectors and communities affected by COVID-19 * Strengthened and expanded sustainable ocean economies, with environmental benefits such as climate resilience & biodiversity conservation |
| LogframeOutcomes & *indicators*[[60]](#footnote-61) | * More policies and regulatory frameworks set in place towards the achievement of SDG14+ and economic recovery in targeted geographies.   + *Number of new or strengthened policies, strategies or regulations related to improving or managing the marine environment in 'Blue Recovery Hub' geographies* * Scaled up solutions, investments and data sharing for a healthy ocean   + *Volume of finance directly mobilised for 'Blue Recovery' strategies which match BPF objectives* * More sustainable business strategies, operations, and projects that shift sectors leading to economic recovery and the achievement of SDG14   + *Number of companies and financial institutions engaged in Blue Recovery Hubs roundtable phases.* * Greater collaboration and concerted action among global and agenda-focused platforms towards economic recovery and the achievement SDG14+ in targeted geographies   + *Number of civil society organisations and similar organisations engaged in Blue Recovery Hubs roundtable phase* |

Table 4: Blue Recovery Hubs

### 2.5.2. impact

**Note on attribution:** The UK is far from FOA’s only funding source. Funders of FOA’s first phase of work from 2018 – 2020 included Vulcan and the Canadian Government. For FOA’s second phase of work starting in 2021, the Benioff Ocean Initiative has committed for the first three years. However, for the Blue Food Partnership and Addressing seafood loss and waste activities, solely Defra funds will be used for the project delivery. For the Blue Recovery Hubs activity, the initial pilot project will be solely funded by Defra, however the ambition is for FOA to leverage additional funding as the activities is scaled up to other countries. The co-finance leveraged into FOA and the additional finance required to achieve long term impact means attributing specific impact measures to the UK finance is challenging. However, attribution of output and outcomes, especially for those activities solely funded by the UK may be more possible (see appraisal case and targets in Annex C).

The activities that Defra is supporting through this contribution sit under two of FOA’s five pillars of work: *Nourishing Billions* and *Activating Ocean Finance*. These two pillars aim to have the following impacts:

1. **Nourishing billions:**Improved food security, nutrition and livelihoods from blue food through the expansion and abundance in fish stocks and growth in sustainable aquaculture practices.
2. **Activating ocean finance:** enhanced levels of finance, from across the spectrum, flowing towards sustainable blue economy activities.

Below is a snapshot of the aimed impacts of the three activities that will be funded through this contribution. For a complete list of project outcomes, targets and impacts see Annex C.

* **Blue Food Partnership:**
  + Improved food security, nutrition and livelihoods from blue food through the expansion and abundance in fish stocks, growth in sustainable aquaculture practices and reduction in seafood loss and waste
  + Contribution to achievement of SDG 12.3 to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
  + 20 private sector companies make commitments to improve sustainable seafood value chains by March 2024
  + 13 companies (8 private sector, 5 civil society) integrate science-based findings into their business strategies and operations by March 2024
* **Addressing seafood loss and waste**:
  + Improved food security, nutrition and livelihoods from blue food through reduction in seafood loss and waste
  + Contribution to achievement of SDG 12.3 to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
  + 10 processors have begun undertaking baseline waste measurements by March 2024
  + 15 private sector companies have changed their business strategy and operations to improve seafood waste management by March 2024
* **Blue Recovery Hubs**:
  + More policies and regulatory frameworks set in place towards the achievement of SDG14+ and economic recovery in targeted geographies.
  + Greater number and diversity of jobs created that are directly and indirectly related to sustainable solutions in the ocean economy sector, which contribute to a blue recovery in target countries
  + Greater flows of capital towards a blue recovery in target countries
  + National and local policies informed by policy tools and adapted towards enabling a blue recovery

### 2.5.3 Cost Breakdown

Following discussion with FOA, we have decided on the following cost breakdown across the three activities:

* Blue Food Partnership: £300,000
* Addressing seafood loss and waste: £350,000
* Blue Recovery Hubs: £350,000

As part of the COVID-19 risk mitigation strategy, we have agreed that funding can be re-allocated between the three activities if plans are disrupted due to COVID restrictions. FOA have identified that this is most likely to be necessary for the Blue Food Partnership project, which will to some extent rely on large international events which may be postponed due to COVID.

### 2.5.4 Additional activities

The section above outlines the three activities that will be the focus of our investment of £1 million in FY21/22. Our intention is to fund FOA across three years, investing £1 million per year until March 2024, and we are therefore submitting a multi-year business case in line with government best practice. However, at the time of approval of this business case, we only have funding for FY 2021/2022, as settled as an outcome of the 2020 Spend and ODA Review processes. We will seek funding for FY22/23 and 23/24 at the next SR, however at the time of writing cannot guarantee that our intention to fund this programme beyond FY2021/2022 will be met.

If our budget for FY2022/23 and FY2023/24 is approved, then we will have a review point in March 2022 to consider whether to continue investing in the three activities above. We could decide to reduce the scope of our investment to focus more funding on a specific project which has been particularly successful, or we may decide to broaden the scope of our investment to support FOA’s other activities, for example supporting FOA’s work on MPAs. If this is the case, we will submit a business case variation to confirm the change in activities. Building in this adaptive management will ensure that we continue to get maximum value for money (VfM) for our investment, that we are aligning our investment with the aims of the BPF and that the investment remains complementary to other projects in the pipeline.

The appraisal case is based on the activities that we have chosen to fund in year 1. Any new activities funded from year 2 onwards will be subject to a new appraisal, which will be detailed in the business case variation for that financial year.

### 2.5.5. Alignment with Blue Planet Fund

#### Blue Planet Fund Key Performance Indicators

Investing in FOA will support the meeting of three of the BPF Key Performance Indicators (KPIs), as set out in table 5 below.

|  |  |
| --- | --- |
| **BPF KPI** | **How FOA will meet it** |
| **Volume of finance mobilised for purposes which match BPF objectives.** | The Blue Recovery Hubs activity will aim to catalyse support from the international community and ocean stakeholders in the form of capital investment, technical assistance and partnership generation. It will also foster the development and implementation of innovative financing mechanisms and instruments, including blue bonds, climate and ocean debt relief schemes, and international cost-sharing mechanisms for the conservation of ocean assets. |
| **Number of new or strengthened policies, strategies or regulations related to improving or managing the marine environment.** | The Blue Food Partnership and the addressing seafood loss and waste activity both have a direct aim to support and encourage companies to create more sustainable business strategies and operations leading to the achievement of SDG 14 (Life Below Water). For example, the seafood loss and waste project will work directly with processors and private companies to help them create new sustainable business strategies, while the Blue Food Partnership will also secure commitments from companies to implement solutions on blue food from the UN Food Systems Summit. |
| **Amount of waste averted from entering the marine environment and losses avoided in marine-related value chains as a result of BPF intervention.** | The seafood loss and waste activity directly supports the achievement of this KPI. The activity will not only aim to reduce the amount of seafood waste and loss, but also support the development of a standard method of measuring waste, the lack of which is currently a limitation in solving this issue. |

Table 5: How FOA will meet BPF KPIs

#### Year 1 activities & BPF theory of change

Below is an overview of how the Year 1 FOA activities presented in section 2.5 align with the BPF’s theory of change. For a visual mapping of Year 1 activities against the BPF’s theory of change, see Annex G.

**Theme & cross-cutting themes:** The Blue Food Partnership and seafood loss and waste projects directly support the BPF’s seafood thematic outcome. The Blue Recovery Hubs project supports multiple cross-cutting themes such as environmental and nature-based solutions, activating ocean finance and supporting a clean recovery to COVID-19.

**Pathways to impact:** This investment will likely *predominantly* use the following pathways:

* Education, knowledge sharing and driving behaviour change amongst communities and private sector: FOA is experienced in using this pathway to effect change and the seafood projects we are investing in will draw on this strength.
* Establishing enabling environments and pipelines for sustainable ocean economy and resilient infrastructure investments: this will be one of the objectives of the Blue Recovery Hubs.
* Improving seafood value chains and market access: this is both a pathway and objective of the seafood projects.

**Theory of Change outcomes:** This investment will support the following underpinning outcomes:

* The Blue Recovery Hubs will support the development of “Improved policies, plans, regulations and management” of the target countries’ marine resources and ocean economies. This will also lead to “marine ecosystem services being better valued, protected and used”, for example as countries are encouraged to use nature-based solutions as part of their recovery strategies. As set out in the BPF theory of change, this rests upon the assumption that political barriers to change are identified and the programme is able to help overcome them; and that improved evidence, understanding, capacities and capabilities supports decision making, planning and encourages stakeholders to tackle marine environment and poverty issues.
* An important part of the Blue Recovery Hubs project is the aim to mobilise investment from the international community and ocean stakeholders, to support the implementation of the country’s sustainable recovery strategy. This will therefore result in the outcome “Increased finance mobilised towards the sustainable ocean economy”. As set out in the BPF theory of change, this assumes that finance is available and institutions are willing to direct it towards sustainable ocean economies and blue investments if context is right and viable pipeline exists. The programme also directly supports the outcome “more sustainable and inclusive ocean economies”.
* The seafood projects will directly contribute to the underpinning outcome “improved food security and nutrition amongst the poorest”, as well as the overall seafood thematic outcome. This assumes effectiveness of the interventions in reaching the poorest, as well as the assumption that the delivery of pathways is effectively tailored to local contexts.

From Year 2 onwards, any additional activities which are incorporated into the BPF’s investment into FOA (as outlined in section 2.5.4) will be rigorously evaluated against the BPF theory of change, as well as the existing BPF portfolio.

## 2.6. gender equality and inclusion

### 2.6.1. Gender representation in the bPF

The BPF is committed to considering and incorporating the role, equality and inclusion of gender throughout our programming. All programmes funded through the BPF will be required to deliver in line with relevant UK legislation, such as the UK International Development (Gender Equality) Act 2014. Gender has been integrated into the design of the fund through the following:

* **Cross-cutting themes:** gender consideration is one of the cross-cutting themes of the BPF and integrated into the underpinning outcomes that steer the direction of the programmes.
* **BPF equality, diversity and inclusion (EDI) strategy:** sets out the BPF approach to ensuring that we include a mixed portfolio where EDI is mainstreamed throughout, as well as including programmes where EDI is specifically targeted;
* **Investment criteria:** The BPF will only invest in programmes that meet the required criteria. Such criteria include ‘do no harm’, an assessment that a programme or project with create no harm and minimise unintended consequences; ‘country engagement and fit’, an assessment of host country/local interest to ensure that the intervention is appropriate for the country context; and ‘poverty reduction’, which includes inclusion for women and marginalised groups;
* **Monitoring, evaluation and learning (MEL):** The BPF have designed fund-level indicators disaggregated to provide information on gender, such as number of projects or planning and/or governance processes with increased inclusion of local people and knowledge in decision making to improve the marine environment. Mid- and end-of-programme reports will investigate the potential impacts of the intervention on gender through targeted studies.

### 2.6.2. Gender in FOA

Since its inception, FOA has worked to include the voices of women in decision-making and promote the role of women in securing ocean health. This is reflected in the make-up of the FOA community as 3 out of 4 members of the FOA Secretariat are women and FOA have increased the percentage of female Friends from 40% at the end of Phase 1 to 45% at the beginning of Phase II. FOA prioritises ensuring a strong representation of women leaders from different sectors around the world among their cohort.

In Phase I, FOA worked with Laura Liswood, Secretary General of the Council of Women World Leaders, to advance the understanding of gender and ocean issues, and how the two factors connect. This was done through dedicated sessions at the 2020 World Economic Forum Annual Meeting and the 2020 Virtual Ocean Dialogues; [a statement](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.weforum.org%2Ffriends-of-ocean-action%2Fif-you-want-to-save-the-ocean-make-women-part-of-the-solution&data=04%7C01%7CIsabelle.Rogerson%40defra.gov.uk%7C78254cc4e3714195863c08d8e31e0e13%7C770a245002274c6290c74e38537f1102%7C1%7C0%7C637509065616162412%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=KD3jGD%2BOapHw1OEzpMtU%2BQRSGiu01HL%2BNNXkp25ELQg%3D&reserved=0) signed by Friends of Ocean Action, the Council of Women World Leaders, and other leaders – including 16 sitting and former heads of state and government; and [this article](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.weforum.org%2Fagenda%2F2019%2F06%2Fgender-parity-has-a-huge-role-to-play-in-the-fight-to-save-our-oceans&data=04%7C01%7CIsabelle.Rogerson%40defra.gov.uk%7C78254cc4e3714195863c08d8e31e0e13%7C770a245002274c6290c74e38537f1102%7C1%7C0%7C637509065616162412%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=0O5ayrXbp%2FlKamXjcPcFvbrYRVjsITdzho0LXbVPUjk%3D&reserved=0), written by FOA’s co-chairs to underline the need for women in ocean solutions.

For example, in the Nourishing Billions impact pillar, FOA highlight the role of women in sectors like seafood processing – noting that women make up almost 50% of workers in fisheries but are often in poorly paid and precarious positions. FOA also supports the work of GPAP in mainstreaming gender issues across plastic pollution management and highlighting the critical role of women in achieving a global circular economy.

# 3. APPRAISAL CASE

## 3.1 Appraisal summary

#### Appraisal Approach

The appraisal case evaluates the options for investment and where appropriate the expected results of these options. This case considers three options[[61]](#footnote-62) for investment which address the issues laid out in the strategic case as well as meeting the Blue Planet Fund investment criteria. Where it was difficult to evaluate project impacts and effectiveness quantitatively, a qualitative evaluation has taken place. The options are:

* Option 0: Do nothing
* Option 1: UK research-led programme
* Option 2: Friends of Ocean Action
* Option 3: Sustainable Blue Economy Finance Initiative

All options are first assessed against the BPF investment criteria and those that meet the criteria to a sufficient level are assessed against critical success factors. A detailed analysis of the preferred delivery partner and activities is then undertaken, identifying the do minimum, preferred and do maximum options.

The BPF investment criteria are based on the BPF theory of change, and the principles and conditions which are important for a project to deliver the greatest benefits for the world’s poorest, the greatest environmental outcomes and prove VfM. VfM considerations are central to any appraisal and therefore embedded across all investment criteria. (see Annex I for details of the investment criteria, weighting and scoring of each option).

If the options pass the minimum requirements of the BPF investment criteria they are scored relative to each other and against the below critical success factors:

* Readiness for investment and ability to spend in financial year 2021/22
  + *The current spending review settlement requires that the money committed in year one is spent in year one and therefore the delivery option must be capable of spending this level of finance within the year.*
* Mobilises the private sector
  + *Mobilising stakeholders is highlighted in the investment criteria, however to make long-term meaningful change it is vital that the private sector can be mobilised at a size that creates significant momentum to change.*
* Addresses key gaps
  + *The ability of the partner to address key gaps identified above such as the need for a clean recovery from COVID, supporting SIDS and Support governments and companies to take steps to reduce overfishing.*

#### Options Assessment

Option 0: Do Nothing

Global picture

One of the ocean’s most important functions is as a source of food and livelihoods. Because of unsustainable fishing practices and other impacts, the amount of food that the ocean can provide is diminishing and fish stocks are dwindling. Being efficient in marine resources use or doing more with less is therefore crucial. As populations increase, global hunger has begun increasing again. Without action in food supply chains this is likely to continue. The ocean can provide both more food, and more diverse food, than it currently does, and without doing this we are foregoing future food and nutritional security and the opportunities to move to a sustainable growth path and tackle global poverty. In order for this to happen, blue food production must become both more sustainable and more efficient and without directed action this is extremely unlikely to occur.

More than a third of catch weight of seafood exits the supply chain through waste and loss activities, including fish thrown back into the water. This has dramatic impacts on sustainability of the oceans. By not directly tackling waste and loss in seafood supply chains we are potentially over exploiting the ocean by nearly a third. As noted in the strategic case, seafood tends to be missed from the broader food-related waste and loss discussions and without directed (and funded) action this is likely to continue. Seafood waste also offers opportunities to increase terrestrial food production in a more sustainable manner by providing animal feed, soil fertiliser, biogas, as well as others. But without action the opportunities to reduce stresses on the marine environment, address food security and create a more profitable fishing industry will be forgone.

Travel, tourism, maritime transport, fisheries and seafood production were all heavily affected by COVID-19. Evidence from the impact of the financial crisis of 2008 showed that it took most LDCs and SIDS more than five years to recover from the impacts of this crisis. Analysis by Kim (2020)[[62]](#footnote-63) suggested that, in the absence of intervention, it would take a similar time for these countries to recover income levels to those in the pre-COVID period. The author suggests that the actual recovery is likely to be longer due to commodity price shocks and climate change but also countries will be fiscally constrained due to an eroded local tax base.[[63]](#footnote-64) The recovery in SIDS which have economies that are highly reliant on single sectors, such as tourism, have been even more disrupted and likely to take even longer to recover.[[64]](#footnote-65) A business-as-usual approach could risk locking-in pathways delivering high-emitting, high-polluting and inequitable growth as losses are attempted to be recaptured at the expense of longer term prospects.

The OECD suggests that making ocean-based sectors more resilient and sustainable should be a priority of SIDS governments and fostering blue clean growth with a diversified economy.[[65]](#footnote-66) However, this long recovery period described above, and eroded tax base, is likely to have profound impacts on government strategies, which naturally want to pursue the fastest and cheapest, at market prices, recovery. Developing countries need support to recover in a way that protects the environment, enhances their resilience to climate and coastal shocks, and achieves shared prosperity and well-being of all people, especially the world’s most vulnerable.

**Friends of Ocean Action under Business as Usual**

Without additional funding the OECD would likely continue to fund the blue recovery hub project, supporting countries to develop Blue Recovery Country Strategies. However, this will reach a far more limited number of countries and mobilise less support from the international community and ocean stakeholders.

A **do-nothing option is therefore rejected** as it risks locking countries into unsustainable short-term growth pathways which heavily exploit and use the marine environment in inefficient ways, which will also impact the wellbeing of the global community through transboundary and global public good nature of the marine environment.

### Option 1: Bilateral/UK Research led

The UK has specific world-leading research expertise in the marine environment, both within Defra group (including arms-length bodies (ALBs) such as Cefas, the Joint Nature Conservation Committee and the Marine Management Organisation) and within the broader research institutions in the UK. This option would set up a UK institution led programme that targeted the key issues highlighted in the strategic case to leverage change in the way we use our marine resources and how countries build back from the impacts of COVID.

This option benefits from the ability to clearly badge the operations as ‘UK’, thereby supporting the aspirations of the current government to use our assets and investments more efficiently to maintain the UK’s global standing – contributing to the image of a ‘Global Britain’.[[66]](#footnote-67) It also provides support to UK institutions at a time when financial pressures are increasing on research institutions. Many UK institutions have strong international research networks as well as experience working overseas. The expertise of ALBs and the UK research network can provide excellent evidence upon which governments and private organisations can base their actions.

The option however is not without costs or risks; It is likely to be costly (£5m is considered likely) and require significant project management (Defra) resource to run successfully as a lot of organisations will need to be involved to ensure access to the correct expertise. As such the programme bears significant coordination risks. Due to the lack of international private sector networks it might be that the research is produced and remains in papers, reports and journal articles without specific actions by the private sector or governments as they are uninformed as to how to implement change. Perhaps the greatest risk however is the time that this could take to setup. A long lead-in time potentially misses the opportunity to ensure that countries are not locked into an unsustainable blue economy by adopting the business as usual or fast recovery COVID pathway, thereby missing one of the key objectives for this programme.

Assessing this option against the stage one investment criteria, it scores reasonably well: a bespoke programme could be tailored to meet all the investment criteria, but would require significant upfront design work and be costly. In addition, it is unlikely that this method of funding (direct to UK institutions) would mobilise additional finance for the evidence work, even though the evidence work could mobilise action and in-kind funding from private organisations. Mobilising stakeholders is likely to be on a piecemeal basis as separate institutions operate in different areas meaning there are unable to produce a cohesive whole leading to limited action from stakeholders following the lifetime of the project.

**This option was therefore rejected** following consideration against the Blue Planet Fund investment criteria and the strategic criteria / critical success factors.

### Option 2: Friends of ocean action

As described in the Strategic Case, FOA looks to mobilize action and innovation to tackle a range of threats to the marine environment. This option would involve investing up to £3m in FOA.

Considering stage one investment criteria; the Nourishing Billions pillar in FOA is focused on poverty alleviation and initiatives such as the Blue Recovery Hub are designed to support sustainable recovery from COVID, however other pillars are less directly focused on poverty alleviation. There is a strong theory of change and impact logic that the activities of FOA should lead to action which helps protect the ocean.

WEF, which manages FOA, has a track record of managing UK investments and the project will apply the appropriate financial instruments to the problems (grants). They also already have the connections and supporting conditions in proposed pilot countries (see later description of pilot countries) to achieve results in the first year and complete delivery on time. FOA provides a bridge between financial and private sector focused initiatives and research and ideas[[67]](#footnote-68), this places FOA in a unique position to provide at least reasonable additionality. Other organisations such as development banks or NGOs have links into the private sector in some cases, but the focus is weaker than FOAs which works directly with influential leaders in large multinationals. FOA’s stalwart is their ability to mobilise stakeholder action for the marine environment.

FOA scores extremely well against the BPF investment criteria (30 out of 34) therefore it proceeded to a consideration against the strategic criteria.

Given that **FOA are the preferred delivery partner** according to this assessment, sub-options of a ‘do minimum’ and ‘do maximum’ with FOA are considered in the following section.

### Option 3: Sustainable Blue Economy Finance Initiative

The Sustainable Blue Economy Finance Initiative (SBEFI)[[68]](#footnote-69) is a UN Environment Programme (UNEP) hosted initiative which works in partnership with the financial community to enable institutions to “rebuild ocean prosperity, restore biodiversity and regenerate ocean health”. The initiative is a technical assistance initiative which is focussed on galvanising the financial community around the Sustainable Blue Economy Finance Principles[[69]](#footnote-70). The initiative “facilitates collaborative projects to develop methodologies and tools, encourage harmonization, promote advances in good practice, and support leadership to accelerate growth in the quantity and quality of sustainable financial institutions”. Aiming to create an effective network for sharing knowledge and best practice to amplify the collective voice of the finance sector and its contribution to sustainable development. Working in partnership with institutions, scientists, and civil society it provides guidance and frameworks to ensure investments, insurance and loan operations are aligned to SDG 14. The initiative has more than 350 members from the finance community and over 100 institutional partners. The broad membership suggests that the initiative can act across multiple themes and risks to the marine environment through applying the principles and guidelines that they have developed.

The Initiative has a credible track record of established or co-created platforms and agreeing principles with investors for the betterment of humanity and the environment. These include the Principles for Responsible Banking, Principles for Sustainable Insurance and Principles for Responsible Investing. The latter of which, established by UNEP Finance Initiative in 2006, is now applied by half the world’s institutional investors with USD 83 trillion assets under management. However, the focus on financial institutions limits the ability for the initiative to leverage change on the ground.

Considering this initiative against the Blue Planet Fund investment criteria shows that whilst poverty alleviation could be a result of this initiative, it is focused on delivering guidelines and tools and therefore has not direct or immediate impact and whilst a line can be drawn via a theory of change the results are significantly divorced from action with a lack of additional enablers As a primarily EU-funded initiative it is questionable how much influence the UK will have .

This option scores least favourably at stage one, does not pass the poverty criteria and therefore was not taken forward to stage 2 or for scoring against the strategic criteria/critical success factors. As a result, it was not considered further and **rejected**.

## 3.2 Options assessment summary conclusions

As described in the options assessment, options were scored against the investment criteria. Option 0, do nothing, failed to reach the minimum required scores on the investment criteria. Likewise, the Sustainable Blue Economy Finance Initiative was rejected at stage 1 due to being weaker on achieving immediate poverty and environmental benefits as it is focused on the development and provision of guides and tools rather than direct action (Table 3).

Table 3: Investment criteria scores summary

|  |  |  |  |
| --- | --- | --- | --- |
|  | Stage 1 weighted score (/30) | Stage 2 weighted score (/21) | **Stage 1 and 2 total score (/51)** |
| **Option 0**: Do nothing | 2 | 0 | **2** |
| **Option 1:** UK research led | 24 | 14 | **38** |
| **Option 2**: Friends of Ocean Action | 25 | 19 | **44** |
| **Option 3**: Sustainable Blue Economy Finance Initiative | 13 | Not taken forward | **n/a** |

Option 3 failed to meet the minimum requirements as applied for this business case and was rejected at stage one. Option 1 was well aligned with both stage one and two investment criteria and as such is assessed against the strategic criteria. Option two scored the highest and was also assessed against the strategic criteria. The strategic criteria as set out above are; Readiness for investment and ability to spend in financial year 2021/22, Mobilises the private sector and Addresses key gaps.

A UK research institution led programme of work would likely require a high level of investment (at least £3 million in year one) to get it off the ground and create momentum. As discussed above this option would also require careful design and coordination from central Defra or a contracted party, meaning that it would not be in a position to spend a significant amount of money in year one. The connections between the research community and the private sector are often weaker than researchers would like, and they often rely on convening platforms to influence the private sector. A well-designed project could be well-aligned to address the key gaps identified in this business case.

An investment into FOA, option 2, scored well against the BPF investment criteria. The organisation is sufficiently far along in scoping and preparing the groundwork for the following years activities to provide us with confidence that it can spend in year one (Readiness for investment). The convening power of FOA is considered one of its unique selling points, especially its links into the private sector, and therefore it strongly meets the mobilisation of the private sector criteria. The pillars, and associated activities, across the FOA work programme allow flexibility to address the key gaps identified in the strategic case of this business case.

Whilst both options could deliver on the objectives in this business case, the likely delivery risks associated with the UK-led research programme are significant. As such, and given the good alignment of FOA, an investment in **FOA is the preferred option**. Below, we consider the options for investing into FOA.

## 3.5 Value for Money appraisal

Reflecting the prioritisation of Option 2, further options for investment into FOA have been considered as part of this appraisal. These sub-options are:

1. to allow FOA to freely allocate funding across all their pillars and provide them with a high level of finance (>£3m),
2. invest in a limited number of pillars and/or specific projects to explore the new relationship (requiring a medium level of financial commitment c.£1m in year one with potential to invest a further £1m per year in the future),
3. invest in a single project or pillar (requiring a low level of financial commitment of c.£300,000 to £400,000 investment in year one)

Friends of Ocean Action targets system-wide change through convening high-level actors and mobilising action to promote sustainable growth trajectories, protecting the marine environment.

An exact quantification of benefits from FOA's actions, and attribution to UK support, is extremely difficult to undertake, given challenges assessing impact across a broad spectrum of activities and expected benefits, and the uncertainty in assessing impact. We therefore qualitatively assess the benefits, costs and risks of options A through C to identify the preferred option.

### Option A

Five pillars of FOA phase II are: Building a resilient ocean, Creating a Digital Ocean, Nourishing Billions, Activating Ocean Finance and UpLink Ocean. To effectively cover all five pillars and provide sufficient flexibility to FOA to fund them we estimate an investment of **approximately £3m** would be required in year one and further funding thereafter.

Not all of FOA’s activities directly align with government ambitions for the BPF or the ODA strategic framework. Under this option, we would provide FOA a high level of funding and free reign to assign it to their activities. The *Resilient Ocean* and *Nourishing Billions* pillars have been assessed by DEFRA policy teams as having a strong alignment to BPF objectives. *Activating ocean finance* also focuses on a number of the cross-cutting issues that the BPF seeks to address, such as a lack of finance directed towards a sustainable ocean economy. The other pillars are considered to be **more weakly aligned**. *Creating a digital ocean* focuses on deploying the latest innovations and technologies for data collection, research, monitoring and enforcement. Whilst this is increasingly important, it would support a more indirect, science-based intervention to improving ocean health and reducing poverty. The impacts on improving livelihoods and alleviating poverty would not be direct or immediate, but would likely come as a holistic, knock-on effect of better data fluency and being able to better highlight information gaps. *UpLink* *Ocean* has potential as a public engagement tool and, perhaps in combination with complementary engagement resources it could encourage a level-playing field in terms of opportunity for designers and innovators across the world but this remains uncertain. However, specifically targeting ODA eligible countries could be difficult. This weak alignment to UK objectives suggests that this option likely offers **lower** **VfM** than other options.

The high level of finance also creates **delivery risks for the UK**. The UK requires delivery partners to spend the finance in the year allocated. Some of the activities and pillars are still in the early stages of development and therefore we are unconvinced that FOA would be able to spend all the allocated finance under this option.

Following the discussion above, this **option was ruled out** because the costs and risks associated with the large financial commitment, delivery and spending in year one and lack of UK control over the money once committed to FOA were considered too significant at this stage of the UK/FOA relationship.

### Option B

Option B involves Defra making a contribution of **£1m in year one and then potential investments of a further £1m in the following two years** depending on performance. The initial investment would focus on the best aligned activities to enable us to build a delivery relationship with FOA and track progress of the initiative before making further investments to ensure VfM, with the assumption that any further investments will be focused on these activities but also dependent upon performance and future opportunities. This is our **preferred option**.

Following consultation with policy leads and an assessment of the five pillars against the BPF’s objectives, three of the five pillars were identified as a priority for the BPF in Year 1: *Nourishing Billions*, *Resilient Ocean*, and *Activating Ocean Finance*. The first two pillars have strong links to the fisheries and aquaculture workstream of the Blue Planet Fund due to the emphasis on food security, traceability of seafood, addressing IUU fishing and building on the Global Tuna Alliance established during Phase 1. The finance pillar activities are also important in supporting a green recovery from COVID. This is a clear demonstration of the unification of several SDGs, including 1, 2, 12 and 14[[70]](#footnote-71).

A list of activities for each of these pillars was then provided by FOA. These were assessed against the BPF investment criteria, and separately by Defra economists and policy leads. As a result of this process, three activities were found to align with gaps in the BPF portfolio. These are:

* **Blue Food Partnership**: a structured global public-private partnership designed to stimulate innovation and change in policies and business practices related to blue food[[71]](#footnote-72) production and waste, by catalysing collaboration in regions particularly affected by blue food challenges. The Partnership will work with a core group of private sector companies and governments to develop strategies for action on blue food issues such as traceability, climate resilient fisheries and aquaculture, low carbon aquatic food, alternative proteins from the ocean and food waste, using key international events to leverage action.
* **Addressing seafood loss and waste**: beginning with a pilot project in Namibia, this project will aim to replicate the success of the Global Plastic Action Partnership (GPAP) by bringing together at the national level policymakers, business leaders and civil society to create an aligned approach to measuring and reducing seafood loss and waste. Namibia was chosen as the initial pilot country due to its significant fisheries sector, the fact that peer-reviewed research has already been conducted in the country and so can act as a baseline, and the fact that the majority of the processing plans are Namibian rather than foreign-owned. (see Annex B for detailed justification).
* **Blue Recovery Hubs:** a project with the OECD to support countries to develop Blue Recovery Country Strategies following the impacts of COVID-19, while mobilising support from the international community and ocean stakeholders. The project’s first target country will be Fiji, and will include an appraisal of Fiji’s current ocean economy & potential opportunities, development of the country’s Blue Recovery Country Strategy & Roadmap, and stakeholder engagement to present the roadmap to key potential partners & catalyse investment to support implementation.

Pillars

Activities

*Key: Pillars shaded in green are those identified as a priority for the BPF in Year 1.*

Figure 1: FOA pillars and activities diagram

These activities directly address the need for investment and challenges identified in the Strategic Case (section 2.1). More detail on each activity including their impact frameworks is provided in section 2.5. FOA’s theory of change (see annex E) demonstrates how these individual projects will create momentum towards change.

Following the first year investment into the three activities above, this option proposes to allocate a further £1 million in BPF years 2 and 3 to FOA activities. The activities funded in years 2-3 could follow from the above activities, for example scaling up the seafood supply chain work in other BPF priority countries, or focus on new opportunities which align with UK and BPF priority themes. Whilst we do not have full sight of all future pipeline activities an adaptive management approach will allow the UK to ensure the best alignment of future activities to promote VfM and BPF priorities.

#### Benefits summary

The UK will be the only funder of two out of the three activities identified: *Blue Food Partnership* and *Addressing seafood waste and loss*. Therefore, all benefits from these projects can be considered directly attributable to the UK. We will contribute, alongside other donors, to the work of the *Blue Recovery Hubs.* It is not possible at this time to separate in detail the specific attribution of the UK from this activity, however the UK investment is likely to play a strong role in achieving these impacts. In the first year of this project, the UK is expected to be one of the major funders, which is anticipated to influence and leverage others.

The benefits from investing in the three activities above can be expected to be:

1. A **reduction in poverty** for populations living in ocean-dependent developing countries, brought about through the *Blue Recovery Hubs* and the resulting **effective COVID-19 recovery strategies** which are sustainable and protect the environment. These strategies are also anticipated to result in an **improvement in the marine environment – and a reduction in Greenhouse Gas emissions** – compared to the baseline.

Specifically, FOA have identified the three countries who are best placed to receive initial support (Saint Lucia, Fiji and Vietnam[[72]](#footnote-73)) in the form of an appraisal report of target country’s sustainable ocean economy and future opportunities, including an analysis of trends in ocean economy, applicable governance and policy tools to enhance the economy and mobilising development finance to support growth. The analysis reports will provide the basis to mobilise additional action and facilitate access to development finance. See Box 3 for the specific outcomes and impact targets.

1. The *Blue Food Partnership* and *Addressing seafood waste and loss* projects are anticipated to lead to **reduced waste and loss in the seafood supply chain**. The main issue post-harvest is the lack of adequate infrastructure in many developing countries to efficiently store and transport fish. Efficient and effective infrastructure is the most important for ensuring that this loss is reduced or avoided.[[73]](#footnote-74) Large-scale capital investment in infrastructure in low- and middle-income countries has often failed though, if they are not connected with international markets and business strategies and governmental polices are well aligned. As such, an important step towards addressing post-harvest loss involves working with fishers and business.
2. As a result, and also through the *Blue Food Partnership* these projects are also expected to lead higher levels of **employment,** higher **incomes** and a more **profitable seafood sector,** with benefits for women and some of the most vulnerable populations working in the supply chain**.** More effective and sustainable supply chains and reduced or repurposed waste and loss in the seafood sector has been shown to increase profitability and employment. For example, in Tanzania and the Democratic Republic of Congo, drying racks massively increased quality and reduced loss. In turn, this has been shown to increase the incomes for fishers as a result of the higher quality produce, and even increase employment.[[74]](#footnote-75)
3. These projects are also anticipated to increase **nutritional and food security** as more people have access to a good source of protein.
4. A more **sustainable seafood sector** is also ultimately anticipated to result in a **protected and enhanced marine environment**. Reductions in waste and loss throughout seafood supply chains means that the demand per capita on the marine environment will be lower. If more edible fish protein reaches the plate, less fish will be required to be removed from the ocean; if all waste and loss was eliminated this would reduce our demand on ocean protein by up to a third.[[75]](#footnote-76) Increasing the long term sustainability of our oceans but also our marine food supply.

Box 4 includes analysis specifically of the benefits associated with seafood waste and loss reductions in Namibia, indicating the seafood waste and loss project could at a minimum reduce seafood loss and waste by 60t to 260t per year potentially provide 46 to 200 new jobs.

Ultimately, these changes are anticipated to come about through the activities, outputs and outcomes described in section 2.5, namely roundtable workshops, roadmaps and media outreach, alongside knowledge products, science-public-private sector working groups and outreach. This is a trialled and tested approach taken by the World Economic Forum, which has proven to be successful in bringing about change in marine pollution through the establishment of the Global Plastic Action Plans, which have enabled the reduction in millions of tonnes of marine plastic pollution, the investment in waste infrastructure of over $10m and the connection of thousands of households to adequate waste collection.

**Box 3: Outcomes of the *Blue Recovery Hubs* projects**

***Outcome statement 1***: Increased opportunities that lead to blue recovery through sustainable solutions in the ocean economy sector and resulting economic diversification

***Impact target 1*:**  20% increase of people employed in blue jobs within the sustainable ocean economy

***Outcome statement 2***: Increased willingness of key financiers in country strategy and road map roundtables willing to invest in blue recovery opportunities

***Impact target 2****:* $540m indirectly mobilized from multilateral development banks and international financial institutions towards blue recovery in the potential pilot country of Fiji alone

***Outcome statement 3*:** Increased commitment among multi-stakeholder platform of partners for each blue recovery hub through the national steering group and roundtable processes

***Impact target 3*:** 400 committed partnerships to deliver on blue recovery in target countries

***Outcome statement 4*:** Blue Recovery Hub policy tools applied by key policy-makers across the four blue recovery hubs to better enable capital flows, the implementation of sustainable ocean solutions, and economic diversification towards a blue recovery

***Impact target 4*:** 10 national and local policies informed by Blue Recovery policy tools and adapted towards enabling a blue recovery

**Box 4: An analysis of reducing waste in seafood value chains: example project funded as part of *‘Addressing seafood waste and loss’***

As an illustrative example, UK investment would directly fund a pilot project in Namibia to reduce seafood loss and waste and convert it into useable and saleable products. Current estimate of seafood being thrown away by processors is 71,176t in 2018; Monkfish and Hake have the highest proportions of waste (65% and 33% respectively) and Hake and Mackerel have the highest absolute waste (apx. 50,000t and 10,000t respectively). This has potentially significant value to the economy and for nutrition, for example if this was sold as fresh whole fish Hake can reach a market value as high as $20/kg[[76]](#footnote-77). Based on prices from the Namibia Fish Consumption Promotion Trust (NFCPT) this waste could equate to $60m[[77]](#footnote-78) per year.

Much of the seafood value adding and waste reduction however would not be selling fish as fresh fish, but additionally processing the products to produce fish-derived products such as meal and oil. Global prices[[78]](#footnote-79) of these products were estimated as US$1900/t and US$1700/t for fish oil and fish meal respectively in 2019.[[79]](#footnote-80)

Based on conversion factors of 22.5% and 5% for meal and oil respectively (Tacon and Metain, 2008)[[80]](#footnote-81), if all of the waste in Namibia was converted to fish meal 16,000t could be produced to an approximate value of $27m. Alternatively, if all waste was converted to oil, total product value would be $7m.

The UK investment in this pilot will be approximately £350,000 in year one, Assuming that the gains are achieved over a 20-year period this project would break even if the project directly contributed to reductions in waste of 60t[[81]](#footnote-82) to 260t[[82]](#footnote-83) per year on a revenue basis (0.08% to 0.36% of total seafood waste in Namibia). It is challenging to assess whether this is a realistic assumption, but since the success of other private-public-science waste partnerships has been significant (see Annex D for GPAP example), we could consider that these small percentage changes could be achieved. This could potentially provide 46 to 200 new jobs at a project cost of just £7,600 and £1,750 per job.[[83]](#footnote-84) It is worth noting that this excludes any valuation of additional impacts such as nutritional or food security value, environmental gains or additional employment[[84]](#footnote-85).

#### Benefits of UK funding

* This investment can fill a gap in the BPF current portfolio on supporting recovery from COVID with sustainable planning and addressing seafood waste and loss.
* Further investments could be focused on where the greatest need and additionality is to support actions and the foundation established in the first year.
* The level of commitment supports three projects that together should work to mobilise joint action and be greater than the individual programme impacts.
* The level of investment means that the UK will have a high amount of influence over the future direction of FOA, including better aligning future partner countries for UK investments with BPF priorities. The main forum for this would be the regular steering group which identifies and assesses future opportunities, which we have already been invited to join. Whilst the UK might have to compromise with other donors in FOA priorities, the range of activities under FOA and work undertaken to clearly identify UK priority countries should minimise conflicting priorities.
* UK however does not become the only donor (or even the lead donor) to the organisation, balancing risk exposure and influence on the fund.

#### Costs and Risks

* Costs to industry and private sector. FOA’s activities will encourage the fishing and seafood processing industry to adapt and change, adopting new production methods and approaches. These changes will likely incur transaction and transition costs. It is however reasonable to assume that the net cost would be neutral or a benefit as otherwise industry would be unlikely to make the change. We do not have any direct estimates of the scale of these adaptation costs.
* For these projects to achieve the ultimate aim – sustainable seafood supply chains and a clean recovery to COVID-19 in SIDS – they will need to galvanise action from others far beyond the project implementing partners and direct contacts. These enabling conditions will be crucial to assess at an early stage to ensure that activities can be well targeted. However, even then the end result is largely beyond the project’s control.
* There will be a cost on the host country governments and companies to implement the measures and commitments made. This will necessitate further finance (the mobilisation of which can be supported by FOA via the blue recovery hub project) which can be considered mobilised by the UK investment in FOA.

### Option C

This would narrow the scope of the UK investment to focus on a single activity that best aligned with BPF objectives (e.g. piloting a different approach to seafood supply chains). This would necessitate a reduction in financial commitment to around £300,000 to £400,000 in year one and as such this is considered the ‘**do minimum**’for this business case. We consider the benefits, costs and risks of this approach below.

#### Benefits

We separate the benefits into those to the host countries and secondly the wider learning benefits for the wider Defra ODA portfolio.

* Box 3, above, is an example of what could be delivered with this scale of funding if the funding were to focus on waste and loss in the seafood supply chain. It indicates that for an investment of £350,000, a minimum of 60t to 260t reductions in seafood loss and waste can be expected per year, also potentially providing 46 to 200 new jobs. This would be the sole (illustrative) project funded under this option.
* As described under option B, it can reasonably be expected that using the waste and loss within supply chains for productive purposes will increase **revenues and profitability for seafood industry**, supporting higher levels of **employment** and **incomes,** as well as nutritional and **food security** as more people have access to a good source of protein.
* Improved utilization of seafood catch is likely to lead to long term decreases in capture fisheries compared to the counterfactual[[85]](#footnote-86), with benefits for the **marine environment**.

Wider benefits and opportunities from this option are:

* Opportunity to test the UK/FOA relationship and allow FOA to establish a track record of delivery with UK money.
* Limited delivery risk associated with UK finance as the investment is just 0.2% of BPF budget.
* The UK would have supported a pilot project that could prove effective at demonstrating how change can come and mobilise action (although this is also a risk in this option).

#### Costs and Risks

* Costs to industry and private sector. FOA’s activities will have a direct impact on the fishing and seafood processing industry. These producers and processes will be encouraged to adapt and change, adopting new production methods and approaches – if they do so this will be at their own cost[[86]](#footnote-87). However, the assumption is that they will do so where it is cost effective – i.e. net cost expected to be neutral or a benefit. We do not have any direct estimates of the scale of these adaptation costs. However, conversely, as this change is focused on creating new products for market it is highly likely that these costs will (in the medium term at least) be offset by increases in revenue.
* With a lower number of projects and activities supported, momentum is reduced. Change either takes more time to happen, or the lack of momentum results in no change happening at all.
* UK government commitment is shown to be lower and our influence on FOA future activities and ability to steer these to e.g. our priority regions/countries will be far more limited. It is also unlikely that this level of investment would allow the UK to take a seat on FOA’s advisory panel.
* Countries face longer-term costs to move to a sustainable development pathway as the COVID-19 recovery would not be funded under this work.
* A low amount of finance is relatively expensive in UK administration costs, which are broadly the same as a £1m per year spend.

### Future Years Investment

The options appraisal has identified the three activities in option B as the primary focus and our preferred investment option. The focus of future investments will also be on these activities but will be dependent on performance and/or the identification of better VfM options within the FOA umbrella that may appear in future years but are currently unknown.

In order to judge performance of the **Blue Food Partnership** and **Seafood Waste and Loss** activities, we have identified targets for:

* the number of pilot projects,
* number of businesses changing strategy or operations as a result of FOA work, and
* number of processors undertaking baseline waste and loss measurements.

Should the minimum targets be achieved, we can consider providing funding for these activities in future years, with the expectation that in future years desired targets will be achieved. See Annex C for the summary of targets.

### SUB Option comparison AND Preffered Option

As described above, FOA showed strong alignment with the investment criteria and strategic criteria and therefore was selected as the preferred delivery partner. A shortlist of sub-options were subsequently developed with FOA as the delivery partner, described above and compared in the summary table below.

As described above, we have focused on a qualitative assessment for the appraisal of these specific projects. However, we can be confident that these type of projects are likely to support VfM measured quantitatively: detailed analysis by the **High Level Panel of the evidence for conservation of mangroves, decarbonisation of shipping, ocean food production and offshore renewable energy rollout** all have shown **significant BCRs of between 3:1 and 12:1[[87]](#footnote-88).**

Based on the alignment with the investment criteria, the anticipated benefits for poverty and the marine environment alongside the benefits associated with learning and trialling approaches, with robust mechanisms for assessing performance, the preferred option is option B: an investment of £1m in year one with potential further investments of £1m in years 2 and 3, depending on performance and project pipeline.

Table 6: Comparison of shortlist options

|  |  |  |  |
| --- | --- | --- | --- |
| **Option** | **Benefits** (benefits of projects overall, of which a proportion will be attributed to the UK) | **Costs and Risks** | **Conclusion** |
| Option A: supporting all pillars of FOA | Anticipated reductions in **poverty and improvements in the environment**, as described under option B, plus potential further routes. | £3m in Y1 with continued financial commitment  Delivery risk  Weak alignment to UK priorities | **Ruled out:** costs and risks considered too high |
| Option B: invest in selected priority pillars and projects  (*Blue Food Partnership; Addressing seafood loss and waste*; *Blue Recovery Hubs)* | **Strong alignment with UK priorities:**  Anticipated reductions in **poverty, increase in employment** and **improvements in environment** through sustainable, ‘blue recovery’ strategies.  Anticipated improvements to **employment** and **incomes** in seafood sector; **food security**; longer term improvements to marine environment through more sustainable catch volumes. | £1m In Y1 with potential to invest £1m p.a. in the future, if satisfied with delivery | Clear alignment with UK priorities.  Useful opportunity to respond specifically on the COVID-19 recovery and trial effective strategies.  Specific projects anticipated to represent VfM, based on illustrations and global analysis.  **Preferred option.** |
| Option C: invest in a single project or pillar (do minimum option) | Anticipated improvements to **employment** and **incomes** in seafood sector; **food security**; longer term improvements to marine environment through more sustainable catch volumes. | £0.3-0.4m in Y1  Larger admin proportion of spend. | Specific projects anticipated to represent VfM, based on illustrations and global analysis.  Lost opportunity to respond with COVID-19 recovery strategies.  Lower VfM of UK spend due to admin proportion.  Less preferred |

# 4. Commercial Case

## 4.1. Commercial approach

4.1.1. Background

This business case seeks to recommend a direct contribution is made to the FOA platform hosted by the WEF. FOA was launched in 2018 and now comprises of over 65 members made up of governments, private sector organisations and NGOs.

FOA works in collaboration with the WRI and receives support and strategic advice from UC Santa Barbara Benioff Ocean Initiative and Stanford Centre for Ocean Solutions. FOA also works alongside the High Level Panel for a Sustainable Ocean Economy, consisting of 14 sitting heads of state.

FOA’s first phase of work lasted from its launch in 2018 until the end of 2020. In this first phase, FOA championed 12 action tracks to address some of the most pressing issues facing the ocean.[[88]](#footnote-89) Phase II of FOA’s work started in February 2021. FOA’s second phase of work condensed the 12 tracks into five pillars (see section 2.2.1 for an overview of the five pillars; see Annex E for the theory of change for FOA’s second phase of work). For Phase II, the FOA has already secured an initial investment over 3 years from the Benioff Ocean Institute, this funding will be used as leverage for additional resources. The UK’s initial investment of £1 million in FY21/22 constitutes approximately 40% of FOA’s budget for FY21/22.

4.1.2. Competency of delivery organisation

The WEF has a track record of convening and mobilising effective public-private partnerships and collaboration. FOA has already delivered a total of 8 schemes including GPAP which Defra made a $3 million contribution towards.

A check against the Government Grant Information System (GGIS) has been carried out. GGIS indicates the WEF has received UK grant funding on 7 occasions. No record of poor performance has been entered in GGIS. On this basis, Defra have assessed a track of record of acceptable performance, no risks regarding the WEFs competency to deliver this contribution funding are expected.

The commercial approach to this contribution has therefore focused on due diligence, structuring of the agreement and risk management.

4.1.3. Alternative Options

Alternative options have been considered in the appraisal case. A range of potential organisations have been apprised for funding by the policy directorate. The rationale for discounting other options is described within the appraisal case.

The commercial approach to this requirement focuses on due diligence, structuring of the agreement and risk management. VfM through this programme has been achieved via due diligence and agreement terms. Due diligence and agreement terms are detailed below.

## 4.2. Ensuring Value for Money through procurement

4.2.1. Due Diligence

An assessment of the WEF has been carried out in line with Defra Group Commercial standard policies and procedures. In addition, a due diligence report prepared by DFID (now FCDO) has been shared. DFIDs overall assessment found the WEF to be an acceptable delivery partner. As described within section 4.1.2, the WEF have received grant funding from UK Government previously. No past performance issues have been logged in GGIS. Defra is therefore satisfied the WEF have the ability to successfully deliver the FOA programme.

4.2.2 Agreement Terms

Defra have engaged with the WEF and obtained initial agreement to contract on the basis of Defra’s standard Terms & Conditions (T&Cs). The T&Cs selected are Defra standard contribution letter T&Cs. A special term will be drafted requiring the WEF to notify Defra in the event of sub-contracting.



## 4.3 Governance and financial management

4.3.1 Management of the Fund

FOA’s organigram in Annex H provides an overview of the WEFs management structure. The Steering Group is responsible for setting FOA’s strategic direction. As part of this investment, the UK will be invited to attend the steering group meetings and will therefore have influence over the wider priorities and activities of the FOA.

FOA’s core platform team, including the pillar leads, will be responsible for the day to day running of this project. FOA’s core platform team will work closely with any delivery partners delivering the project on the ground. Defra will take an oversight role.

Defra’s designated BPF Project Lead for FOA is responsible for routine oversight of the project. Overall responsibility is with the BPF’s Senior Responsible Owner (SRO) for Defra – the Director of Marine & Fisheries (Mike Rowe). Various governance boards will provide UK Government oversight of the investment, at different levels (e.g. Defra ODA board, BPF Joint Management Board, BPF Programme Board).

FOA’s progress in this project will be measured and monitored through a mixture of meetings, reports and quantitative assessment against targets. These activities will enable Defra to continuously assess VfM of the investment. Defra will review these monitoring arrangements at the end of the first year of investment.

For a detailed overview of the management and governance arrangements, see section 6.1 (Management case).

## 4.4 Subsidy Control

Advice from Defra’s subsidy control unit has been sought and is embedded below. In summary, the scheme has been cleared by the subsidy control unit with reporting requirements being imposed.



## 4.5 Commercial risks

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Risk | Probability | Impact | RAG | Mitigation |
| Reception does not spend monies appropriately | Low | High | Green | Payment in arrears, robust contribution management, past performance. |
| Cannot fully attribute UK funding to specific outcomes for one of the three activities | Certain | Low | Green | Accept and monitor. The UK will be the only funder for two out of the three activities. For the Blue Recovery Hubs activity, we will contribute alongside other donors, although UK is expected to be a major funder. The WEF will be provide progress report annual to Defra. |

Table 7: Commercial risks

# 5. Financial Case

The following Financial case establishes that the preferred option outlined previously is affordable, is the best use of Defra ODA funds, and that the principles of sound financial management for public funds are followed in line with the Accounting Officer Tests.

## Nature and value of the expected costs

### 5.1.1 Expected project costs

It is envisaged that the BPF invests £3 million into FOA over 3 years. Based on the calculations of expected staff resource in section 5.3.1, Frontline Delivery (FLD) cost for Y1 (FY2021/22) will likely total around £32,500. This will not be paid from the project budget but will be afforded from a separate FLD budget which is already in place, secured through the 2020 Spending Review. It is anticipated that this programme will be 100% RDEL because the programme expenditure is not to buy assets, but for human resource and the convening of people. Research activities are minimal, and whilst there will be an inherent component of research and development (R&D) to be able to inform courses of action, this is not the focus of the programme.

The full proposed contribution schedule is as outlined in the table below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2021/2** | 2022/3 | 2023/4 | 2024/5 | 2025/6 | Total |
| **FOA** | **£1m** | £1m\* | £1m\* | 0 | 0 | £3m |

Table 8: FOA potential spend profile

\*All investments from year 2 (2022/3) onwards would be subject to good performance of FOA in year 1 and securing future funding.

The investment will be made in the form of a direct contribution to WEF. FOA may engage local delivery partners to deliver on some of the activities, such as the pilot project in Namibia. If this is the case, FOA will immediately notify Defra and provide Defra with evidence from the delivery partner on what they have delivered. FOA will remain completely transparent at all times on who is delivering aspects of the projects and ensure that Defra has full sight of the delivery chain involved.

### 5.1.2 Friends of ocean action financial Viability

Phase II of FOA’s work started in February 2021. For this phase of work, they have already secured an initial investment over 3 years from the Benioff Ocean Institute, which will be used as leverage for additional resources. The UK’s initial investment of £1 million in FY21/22 constitutes approximately 40% of FOA’s budget for FY21/22.

FOA will continue to seek investments from other sources throughout the UK’s investment period, and conversations are already ongoing between FOA and other Governments and philanthropic organisations. Once Defra’s investment is spent, further costs will be met through FOA’s other investors. To date at least three workstreams of the FOA have been transformed into their own platforms/initiatives with longer term financing in place and hosted by another institution. One of the main objectives of the Blue Recovery Hubs activity is to mobilise investment from the international community to support the implementation of the target countries’ Blue Recovery Strategy. This will be achieved through extensive stakeholder engagement with the private sector, governments and other organisations, using FOA’s experience and networks.

### 5.1.3 Other Donors & UK influence

The UK will join FOA’s steering group, which is comprised of four representatives from the UN, the US and Sweden (see organigram in Annex H for details). As a regular attendee of the steering group, the UK will be able to directly influence FOA’s ongoing and future activities and strategic direction. The German government has also expressed an interest in funding the Blue Recovery Hubs project, which is in partnership with the OECD.

### 5.1.4 International climate finance proportion

The investment will be classed as ODA. It is estimated that around 17% of the investment will be attributable to ICF. This is based on calculations using Rio Markers, and the planned activities the UK will fund which include improving the ocean’s resilience to climate change. The project will follow ICF regulations and reporting, which are already embedded into the BPF Monitoring, Evaluation, and Learning (MEL) framework.

## 5.2 Accounting Officer Tests

The primary accounting office tests have been considered throughout the development of this business case:

**Regularity:** the programme funds will be managed in accordance with HMT’s Managing Public Money guidance and ODA guidance. Legal powers are in place through the International Development (ODA Target) Act 2015. This project meets the ODA requirement that the activity must promote the economic development and welfare of developing countries as its main objective.

**Propriety:** ODA funding will be allocated under Section 1 of the International Development Act 2002 and expenditure will be in accordance with this legislation and all ODA requirements. The project will not breach any parliamentary control procedures or expectations, Defra Board governance structures will be followed which are guided by the Corporate Governance Code.

**VfM:** the recommended approach has been appraised carefully against alternative options, including doing nothing and alternative funding mechanisms and delivery approaches. As outlined in the appraisal case, an additional exercise was undertaken to determine the most cost-effective way to fund FOA activities and achieve VfM, which resulted in the selection of the three activities chosen. For a full overview of the VfM benefits of the chosen option, see Appraisal case section 3.5 (VfM appraisal), “Option B”.

**Feasibility:** the need for this investment has been explored fully in the strategic case and ensured that it can be realistically implemented and delivered within the proposed timeframe. The delivery partner is a well-established WEF platform, which has a track record of delivering outcomes and we have established robust monitoring processes to provide assurance that the activities will be delivered as intended, according to our agreed timescale.

**Affordability:** this investment is affordable as £1 million has been allocated for the investment for FY2021/22 from Defra’s ODA budget following the SR 2020 budget allocation. Due to this being a manifesto commitment, the future financial years will be bid for in the upcoming SR.

## 5.3 Schedule of funding

Payments will be disbursed in arrears against the agreed milestones. Ahead of each payment, FOA will send Defra a WEF payment request document, which will detail what has been delivered and formally request the funds for the next milestone. The amounts and timescales may be subject to variation depending on the development of the project.

We will ensure accurate forecasting through the monitoring and management procedures set out in section 6, which include monthly informal check-in meetings and bi-monthly formal progress meetings. We will have continuous engagement and an open and transparent relationship with FOA, to ensure that they are reporting accurately to Defra.

### 5.3.1 HMG Front-line delivery costs

Within Government, managing the UK’s contribution, as well as influencing and participating in key decisions, will require the below staff dedication (full time equivalent (FTE)) from Defra. Frontline resources will be covered by the BPF team budget (not the budget for this project), which is already in place for the financial year 21/22. Resourcing beyond this will be subject to the next SR.

|  |  |
| --- | --- |
| **Internal HM Government staff dedication (FTE)** | |
| **Grade** | **DEFRA** |
| G6 (London) | 0.1 x £83,540 |
| G7 (London) | 0.1 x £71,279 |
| G7 analyst | 0.1 x £65,724 |
| SEO (London) | 0.2 x £52,756 |
| **Total** | **£32,605.5** |

Table 10: Frontline resource costs

### 5.3.2 Administrative costs

The WEF has a 7% admin fee for public sector bodies. This is a reduced rate from the 10% charged for private sector partners. FOA can share the overhead fees with its delivery partners with a minimum of 2% retained by the Forum to cover the sub-grant process fees. Management costs are included in the £1 million per year investments.

## 5.4 Financial Accounting Considerations for Defra

Consolidated Budget Guidance (CBG) states that the spend is to be deemed Capital (CDEL) expenditure if the following description and conditions apply:

Capital grants are unrequited transfer payments, which the recipient must use to either:

* Buy capital assets (land, building, machinery etc.)
* Buy stocks
* Repay debt
* Acquire long-term financial assets, or financial assets used to generate a long-term return

The contribution is resource RDEL because the activities set out in the Strategic case (in section 2.5.2) do not meet the CBG definition of Capital Expenditure.

## 5.5 Monitoring, reporting and accounting for expenditure

Contribution payments will be linked to performance against agreed costs and deliverables set out in the final contribution agreement. The delivery partner therefore bears the risk of poor performance. In order to monitor progress, we will have the following in the first year of FOA’s investment:

* Informal monthly meetings between FOA and Defra
* Bi-monthly formal financial progress meetings, with FOA, Defra, and any other relevant investors
* A half-way-point unaudited financial report, summarising progress & spend to date on all activities (deadline: 30 November 2021)
* A full audited report of all activities & spend at the end of the financial year (deadline 31 March 2022).

This is in addition to Defra attending FOA’s steering group (see management case for more details).

After Year 1 of our investment into FOA, we will review progress and decide whether to continue with funding in Year 2. We will use this opportunity to review monitoring arrangements. More detail is provided in the management case below.

## 5.6 Financial management

There is no expected accrued costs, leftover funds or interest as a result of this investment. The investment will be paid out in British sterling (GBP) and converted into local currency by the delivery partner; therefore, there is no financial risk to Defra due to fluctuating exchange rates.

## 5.7 Financial and fraud risk assessment

In line with ODA guidance, Defra expects all organisations to have a zero-tolerance approach to fraud and corruption; acting immediately if it is found, working with authorities to bring perpetrators to account and pursuing aggressive loss recovery approaches.

As a platform within the WEF, FOA abides by the WEF’s rules and standards on fraud and corruption. The WEF has a clear [anti-corruption](https://weforum.ent.box.com/s/o0kb7exx54cpzob6n281crx9qz961zbm) and [conflict of interest](https://weforum.ent.box.com/s/gd9nwb48aooz76m66b3q91tbtuejboih) policies that commit its employees to conduct business with the “highest levels of integrity” and “comply with all applicable anti-corruption laws and regulations in the countries where [WEF] operates”. The Forum’s [Partnership Against Corruption Initiative](https://www.weforum.org/communities/partnering-against-corruption-initiative) (PACI), launched in 2004, serves as a leading voice on anti-corruption and transparency. The UK also has experience of investing in the WEF and the Forum is a trusted delivery partner. As such, the financial risks related to fraud and corruption for this investment are deemed low.

## 5.8 Provisions for DEFRA to withdraw funding

Defra will ensure that there are several clauses in the contribution agreement to ensure that funding can be withheld. In the event the contribution has not been used for the defined purposes, Defra will send a written notice requesting that the delivery partner:

1. Provide specific information regarding the use of the contribution;
2. Implement appropriate measures to ensure the contribution is used in accordance with the purposes stated in the contribution agreement.

If the measures agreed by Defra and the WEF stated above are not or cannot be carried within 30 days (or any other period agreed), then Defra or the delivery partner may, on one month’s written notice, terminate this contribution agreement. Any remaining balance of the contribution, which was not committed for the purpose of the project prior to the receipt of such notice, shall be returned to Defra within sixty days of the date of the notice. Upon completion of the project or closure of, the delivery partner shall return any remaining uncommitted balance of the contribution to Defra within thirty days, if applicable.

|  |  |
| --- | --- |
| **Scenario** | **Timing and reporting trigger (if relevant)** |
| Occurrence of any illegal or corrupt practice | Annual Reviews (by Defra), Quarterly updates (from the WEF) |
| “Extraordinary circumstances that seriously jeopardise the implementation, operation or purpose of the programme”  This is primarily designed to cover instances of force majeure. We assess this may also provide some cover in extreme cases of under-delivery. | Quarterly updates, Annual Reviews, independent evaluations at mid-term |
| “If [name of delivery partner] does not fulfil its commitments according to the cooperation contract” | At the time if/when this happens or if identified as part of quarterly updates and Annual Reviews |

Table 11: Provision for the return of any uncommitted funds to Defra from the delivery

# 6. MANAGEMENT CASE

## management and governance arrangements

### 6.1.1 Beyond financial year 2021/2022

Our intention is to fund FOA across three years, investing £1 million per year until March 2024, and we are therefore submitting a multi-year business case in line with government best practice. However, at the time of approval of this business case, we only have funding for FY 2021/2022, as settled as an outcome of the 2020 Spend and ODA Review processes. We therefore cannot guarantee that our intention to fund this programme beyond FY2021/2022 will be met.

### 6.1.2 Roles, responsibilities and accountabilities

FOA’s core platform team, including the pillar leads, will be responsible for the day to day running of the project (see Annex H for FOA’s organigram). They will also work closely with any delivery partners delivering the project on the ground. Defra will take an oversight role.

Defra’s designated BPF Project Lead for FOA is responsible for routine oversight of the project. Overall responsibility is with the BPF’s SRO for Defra – the Director of Marine & Fisheries (Mike Rowe). The following governance boards will provide UK Government oversight of the investment, at different levels.

#### Defra ODA Board

The role of the ODA board is to provide accountability and assurance for Defra’s ODA budget and to provide strategic direction for Defra’s ODA spend. The ODA board meets quarterly and consists of Senior Civil servants from FCDO and Defra. Within Defra the ODA Board has a remit to:

* Monitor the strategic direction for ODA spend in Defra
* Monitor the implementation of Defra’s ODA strategy and policy priorities
* Clear Business Cases for ODA spend above £5 million
* Monitor progress against the results set out in business case
* Monitor and advising on significant risks to implementation
* Recommend remedial actions to the SRO if operational or financial performance is off track
* Ensure ODA rules are met
* Ensure consistency with cross-Whitehall ODA rules.

Progress on FOA’s activities will be regularly reported to Defra’s ODA board to provide additional assurance and scrutiny in addition to the BPF joint management and programme boards (see below).

#### BPF Joint Management Board

The Joint Management Board (JMB) provides strategic oversight of the BPF by Defra and FCDO to ensure it delivers its aim of protecting and enhancing marine ecosystems through the conservation and sustainable management of ocean resources, to reduce poverty in developing countries. The JMB also ensures alignment with wider HMG objectives including the Integrated Review, COP26, CBD15, and BBNJ agreement.

The board meets quarterly and its core membership consists of Senior Civil servants from FCDO and Defra. Areas which the JMB covers include, but are not limited to:

* Cross-Whitehall strategy and fund-level investments
* Fund-level risk management and safeguarding
* Monitoring and reporting on strategic delivery, including performance against BPF KPIs
* Communications
* Agreeing strategic documents

The JMB ensures that the BPF is delivered in line with the overarching Theory of Change (ToC), Investment Criteria and delivering against fund-level KPIs. The JMB also routinely monitors delivery progress and risks for all investments, including FOA.

#### BPF Programme Board

The BPF Programme Board is a formal mechanism for the International Blue Finance team to assess progress on BPF investments, ensure all BPF business cases are on track and mitigate any upcoming risks.

The board’s core membership is comprised of the International Blue Finance team and BPF economists. The programme board’s remit includes:

* Monitoring delivery progress of BPF investments and their business cases.
* Managing risks, assumptions, issues and dependencies and escalate risks and issues affecting the timely completion of the business case/project.
* Discussing and plan how to address cross-cutting risks and issues.
* Allocating resources effectively in order to support key activities.

This board complements the existing Marine & Fisheries programme board, and the BPF JMB. It differs from these forums by being focused exclusively on Defra BPF investments.

#### FCDO overseas network

Recognising HMG’s guidance laid out in the ODA Framework and Integrated Review that FCDO should have oversight of ODA programmes delivered by other departments, Defra will work in close conjunction with FCDO posts throughout the lifetime of FOA’s activities. In Year 1, this will be particularly relevant for the Addressing seafood loss and waste activity in Namibia, and the Blue Recovery Hubs activity in Fiji. Posts will have the opportunity to discuss the planned activities with the delivery partner when the funding begins, in order to feed into the country plans and agree how they will be involved going forwards. They will also be consulted when identifying countries for the activities above to expand into after year 1 (subject to FOA’s good performance in year 1).

### 6.1.5 how will progress and results be monitored, measured and evaluated?

All Defra ODA programmes are designed to ensure that monitoring and evaluation activities are consistent with the requirements of the UK International Development Act 2015, while maximizing opportunities for learning and providing accountability. FOA’s progress in this project will be measured and monitored through a mixture of meetings, reports and quantitative assessment against targets, as outlined below. These activities will enable us to continuously assess VfM of the investment. We will review these monitoring arrangements at the end of the first year of investment.

In the first year of Defra’s investment (FY21/22), the following meetings will be used to track progress and monitor results:

* **Informal monthly meetings** between FOA and Defra: this will be a chance to check-in on the project activities and receive any updates, such as the inclusion of new delivery partners. The meetings can also be used to iron out delivery issues, and discuss risk and expenditure, to ensure the project remains on track.
* **Bi-monthly financial progress meetings**, with FOA, Defra, and any other relevant investors: this will be a formal progress meeting where we will review FOA’s spend to-date. This will coincide with Defra’s instalments to FOA which will be every two months from September 2021. FOA will need to report adequate progress towards milestones, and financial propriety, to trigger the release of each contribution instalment.
* Defra will also join **FOA’s steering group**, which will occur monthly. This will be an opportunity to influence FOA’s strategic direction and to discuss ongoing activities at a higher level.

###### *FOA steering group overview*

FOA’s steering group meet monthly or fortnightly, and is comprised of FOA’s Director, the UN Secretary General’s special envoy for the ocean, Sweden’s Ambassador for the ocean, and representatives from Stanford University and the Benioff Ocean Institute (see Annex H). FOA have invited a Defra representative to join the group following our investment, this will likely be the Deputy Director for Marine, and/or the Head of Ocean Plastic Pollution and International Blue Finance. The group is responsible for discussing FOA’s strategic direction, such as new activities under the pillars of work, or substantial updates on existing activities. The group is also used as an informal space to brainstorm ideas and share intelligence on the international ocean scene from members’ wider networks.

In the first year of the investment, we will also require FOA to produce the following reports:

* A half-way-point unaudited financial report, summarising progress & spend to date on all activities (deadline: 30 November 2021)
* A full audited report of all activities & spend at the end of the financial year (deadline 31 March 2022).

In addition to the above, an indicator and outcome framework has been developed with FOA, which sets out Year 1 outcomes and corresponding indicators that will be used to measure progress (see Annex C for minimum targets for assessing progress). This will be used to develop a logframe within the first six months of the project, which will be used to track performance against pre-agreed targets. Overall performance will also be measured yearly through an annual review which is scored and can be used to take remedial action against poor performance.

## 6.2 TRANSPARENCY

Defra requires all its partners to meet the [*International Aid Transparency Initiative (IATI) standard*](https://iatistandard.org/en/) that aims to ensure that organisations publish information to ‘improve the coordination, accountability and effectiveness to maximise their impact on the world's poorest and most vulnerable people’. This includes information on the organisation, funds, and planned activities. This intervention will generate significant outputs including log frames, annual reviews, programme/project proposals and technical reports which will be of interest to other countries and stakeholders. All outputs should be published on IATI, free to users whenever possible. Most agencies are now following this standard.

Defra also uploads relevant programme outputs to the [UK Development Tracker](https://devtracker.fcdo.gov.uk/).

## 6.3. what are the key risks and how will they be managed?

Risks for this investment have been identified in the table below. A full risk register will be used to monitor project delivery, and risks will be managed in accordance with HMG guidance and reported to the BPF Programme Board. The project lead is responsible for updating the risk register, ensuring the mitigating actions are carried out. The SRO has overall responsibility for all the risks identified in the risk register. When appropriate, risks will be escalated to the BPF JMB, the Marine and Fisheries Programme Board and/or the ODA Board.

The overall risk rating for this project is Low. The risk rating matrix used can be viewed in Annex J*.* **Likelihood** is based on a scale of Rare > Unlikely > Possible > Likely > Almost certain; **Impact** is based on the scale of Insignificant > Minor > Moderate > Major > Severe; and the overall level is based on the Red Amber Green (**RAG**) system, which has the scale Minor > Moderate > Major > Severe.There are some general risks associated with successfully managing programme delivery outlined in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Risk description & category** | **Likelihood** | **Impact** | **Owner** | **RAG** | **Comments/Mitigating Actions** |
| **Operational risk (programme delivery):**  COVID-19 causes delays to project, as activities cannot go ahead as planned. The project misses log frame targets, underspends, and is unable to deliver expected results over the lifetime of the project. | Possible | Moderate | SRO |  | FOA has experience of delivering activities during COVID-19 and has put in place contingency plans such as the possibility to host events virtually rather than in person. FOA has identified that the Blue Food Partnership has the greatest potential to be affected by COVID, due to the potential delay of significant international events and the importance of in-person workshops to secure commitments from interested parties. Defra has agreed that, if certain activities for the Partnership cannot go ahead in FY2021/22 due to COVID, resource can be re-directed towards the other two Y1 focus projects to ensure VfM and avoid underspend. |
| **External risk (political):**  Political instability prevents Defra’s project from being delivered effectively (or delays parts of the project, or introduces inefficiencies) | Unlikely | Moderate | SRO |  | All of the countries where UK-funded FOA projects are delivered will be carefully considered, working closely with FCDO advice. Political instability is not currently perceived as a likely risk to operations in identified countries for Y1 activities. |
| **Financial risk:** Corruption either by government, NGOs or third parties contracted by FOA which would result in a misuse of funds. | Unlikely | Moderate | SRO |  | All of the countries where UK-funded FOA projects are delivered will be carefully considered, working closely with FCDO advice on bribery and corruption. This risk is most relevant for the Blue Recovery Hubs project (countries to be confirmed) and the seafood waste pilot project in Namibia. While corruption has been perceived as a problem in Namibia, this has not prevented strong UK-Namibia business relations.[[89]](#footnote-90) Namibia is ranked 53rd out of 180 countries in Transparency International’s corruption perception index and established an Anti-corruption commission in 2003[[90]](#footnote-91). Defra’s close monitoring of the project through established meetings and reports will also enable us to monitor and mitigate this risk if needed. |
| **External risk (environmental):**  Natural disasters, extreme climatic events and hazards slow down or prevent implementation of initiatives and jeopardize the effectiveness of projects. | Unlikely | Moderate | SRO |  | While risk cannot be prevented, resources and activities could be repurposed or redirected if this were to occur. This risk is most relevant for the Blue Recovery Hubs project (countries to be confirmed) and the seafood waste pilot project in Namibia. Namibia can be susceptible to droughts and flooding in particular.[[91]](#footnote-92) This will be taken into account and closely monitored by FOA and Defra throughout the lifetime of the project. |
| **Strategic/Business risk (management):**  Due to a lack of capacity, FOA does not adhere to agreed reporting requirements set out in contribution agreement which results in Defra not being able to assess performance against the deliverables. | Unlikely | Moderate | SRO |  | FOA have provided indicator frameworks for all Y1 activities. The disbursement schedule set out in the contribution agreement will ensure that payments are given subject to satisfactory progress. |
| **Operational risk (delivery):**  Due to the investment start date of August, there is a risk that the compressed timeline for delivery will result in FOA not being able to conduct all activities by the end of the financial year, resulting in a negative impact on Defra’s spending and budget. | Possible | Major | SRO |  | FOA have provided a detailed list of activities (see Annex F) and detailed budgets to Defra to show how they intend to spend the funds within the allocated time. Defra will work closely with FOA and monitor the projects to ensure that any risks are flagged and mitigated well in advance. |
| **Operational risk (delivery):** The Blue Food Partnership could successfully grow its membership and secure buy-in from a variety of actions, but then fail to solicit concrete actions from its members. | Possible | Moderate | SRO |  | FOA have experience of convening this type of partnership and using the momentum to effectuate real-world change. The case studies presented in this business case (e.g. GPAP and the Global Tuna Alliance) show that FOA has a strong track record of performing in this area. |
| **Operational risk (delivery):** The Blue Recovery Hubs activity could fail to secure action from the host country government. This could be a result of not involving the government enough at the start of the process, and/or a lack of government resource to follow through. | Possible | Moderate | SRO |  | This risk has been discussed with FOA and mitigating actions have already been factored into the programme design. Blue Recovery Hubs will be fully owned by the government and will rely on existing government structures. National steering committees will be set up for each country, which will include government representatives from different ministries. The Hubs also aim to mobilise additional funding to help the government implement the final strategy. |

1. Blue food as defined in this context is food from the ocean produced through fisheries, aquaculture, mariculture, and seaweed farming. [↑](#footnote-ref-2)
2. The High Level Panel for a Sustainable Ocean Economy is an initiative of 14 sitting heads of state and government who are committed to a healthy ocean. More information at <https://oceanpanel.org/about> . [↑](#footnote-ref-3)
3. SDG 14 Life Below Water: Conserve and sustainably use the oceans, seas and marine resources. <https://www.un.org/sustainabledevelopment/oceans/> [↑](#footnote-ref-4)
4. See Annex A for background on the Blue Planet Fund. [↑](#footnote-ref-5)
5. FAO, IFAD, UNICEF, WFP and WHO. 2020. *In Brief to The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets*. Rome, FAO [↑](#footnote-ref-6)
6. Blue food as defined in this context is food from the ocean produced through fisheries, aquaculture, mariculture, and seaweed farming. [↑](#footnote-ref-7)
7. See Management case and Annex C for minimum targets [↑](#footnote-ref-8)
8. For more information on the new ODA framework see: <https://www.gov.uk/government/speeches/official-development-assistance-foreign-secretarys-statement-november-2020> [↑](#footnote-ref-9)
9. See Box 4 (p36) for the analysis underpinning these figures. [↑](#footnote-ref-10)
10. *SDG 12.3: “By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses”* <https://sdgs.un.org/goals/goal12> [↑](#footnote-ref-11)
11. (United Nations: Sustainable Development Goal 14: Life Below Water, n.d.) [↑](#footnote-ref-12)
12. HLP (2019). The ocean as a solution for climate change: 5 opportunities for action. [www.oceanpanel.org/climate](http://www.oceanpanel.org/climate) [↑](#footnote-ref-13)
13. UNDP (2017): http://www.undp.org/content/undp/en/home/presscenter/pressreleases/2017/06/04/a-healthy-ocean-critical-to-fighting-poverty-and-achieving-the-sdgs-undp-at-the-first-ever-ocean-conference-0.html [↑](#footnote-ref-14)
14. WWF/Boston Consulting Group (2015) http://d2ouvy59p0dg6k.cloudfront.net/downloads/revivingoceaneconomy\_summary\_high\_res.pdf [↑](#footnote-ref-15)
15. OECD (2020) Sustainable Ocean for All: Harnessing the Benefits of Sustainable Ocean Economies for Developing Countries, https://www.oecd-ilibrary.org/development/sustainable-ocean-for-all\_bede6513-en [↑](#footnote-ref-16)
16. OECD (2020) [↑](#footnote-ref-17)
17. Global Environment Facility (2012): [Catalysing Ocean Finance](https://www.thegef.org/sites/default/files/publications/Catalysing_Ocean_Finance_Vol_I_Final_Oct1_1.pdf) [↑](#footnote-ref-18)
18. FAO, ed. 2018. *The State of World Fisheries and Aquaculture 2018*. [↑](#footnote-ref-19)
19. FAO, ed. 2018. *The State of World Fisheries and Aquaculture 2018*. [↑](#footnote-ref-20)
20. UN Economic and Social Council. n.d. *2013/21. Fundamental Principles of Official Statistics*. https://unstats.un.org/unsd/dnss/gp/FP-Rev2013-E.pdf. [↑](#footnote-ref-21)
21. FAO, ed. 2018. *The State of World Fisheries and Aquaculture 2018*. [↑](#footnote-ref-22)
22. Widjaja et al. 2020. Illegal, Unreported and Unregulated Fishing and Associated Drivers.” [↑](#footnote-ref-23)
23. Lestrai et al (2019) *The main consequences of continued illegal, unreported, and unregulated (IUU) fishing within Indonesian waters for maritime security actors and coastal communities* Research Society and Development [↑](#footnote-ref-24)
24. FAO, IFAD, UNICEF, WFP and WHO. 2020. *In Brief to The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets*. Rome, FAO [↑](#footnote-ref-25)
25. ​FAO, IFAD, UNICEF, WFP and WHO. 2020.  [↑](#footnote-ref-26)
26. The World Population Prospects: The 2017 Revision, published by the UN Department of Economic and Social Affairs. [↑](#footnote-ref-27)
27. Costello et al. 2019. “The Future of Food from the Sea.” [↑](#footnote-ref-28)
28. <https://www.oceanpanel.org/ocean-action/files/transformations-sustainable-ocean-economy-eng.pdf> [↑](#footnote-ref-29)
29. Blue food is defined in this context as food from the ocean produced through fisheries, aquaculture, mariculture, and seaweed farming. [↑](#footnote-ref-30)
30. *SDG 12.3: “By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses”* <https://sdgs.un.org/goals/goal12> [↑](#footnote-ref-31)
31. Love, D.C., Fry, J.P., Milli, M.C. and Neff, R.A., 2015. Wasted seafood in the United States: Quantifying loss from production to consumption and moving toward solutions. *Global Environmental Change*, *35*, pp.116-124. [↑](#footnote-ref-32)
32. FAO. 2019. The State of Food and Agriculture 2019. Moving forward on food loss and waste reduction. Rome. [↑](#footnote-ref-33)
33. FAO. 2017. “FAO Regional Office for Europe and Central Asia: Losses in Fisheries and Aquaculture Tackled at Global Fishery Forum.” 14 September. http://www.fao.org/europe/news/detailnews/en/c/1037271/. [↑](#footnote-ref-34)
34. Erasmus, et al. 2021. [↑](#footnote-ref-35)
35. Stuchtey, M., A. Vincent, A. Merkl, M. Bucher et al. 2020. “Ocean Solutions That Benefit People, Nature and the Economy.” Washington, DC: World Resources Institute. www.oceanpanel.org/ocean-solutions. [↑](#footnote-ref-36)
36. Plus the underpinning monitoring and science [↑](#footnote-ref-37)
37. J. Yleyinen et al (2018), *When is a fish stock collapsed?* PREPRINT:https://www.researchgate.net/publication/325349308\_When\_is\_a\_fish\_stock\_collapsed [↑](#footnote-ref-38)
38. http://www.unesco.org/new/en/natural-sciences/ioc-oceans/focus-areas/rio-20-ocean/blueprint-for-the-future-we-want/marine-biodiversity/facts-and-figures-on-marine-biodiversity/ [↑](#footnote-ref-39)
39. Costello et al. 2019. “The Future of Food from the Sea.” [↑](#footnote-ref-40)
40. Costello et al. 2019. “The Future of Food from the Sea.” [↑](#footnote-ref-41)
41. M. Isaacs, E. Witbooi (2019), *Fisheries crime, humans rights and small-scale fisheries in South Africa: A case of bigger fish to fry,* Marine Policy **105**, 158:168, <https://www.sciencedirect.com/science/article/pii/S0308597X18309503> [↑](#footnote-ref-42)
42. T. Long et al (2020), *Approaches to combatting illegal, unreported and unregulated fishing,* Nature Food **1,** 389:391, https://www.nature.com/articles/s43016-020-0121-y [↑](#footnote-ref-43)
43. W. Suebpala et al (2015), *Challenges in minimizing illegal, unreported and unregulated (IUU) fishing of small-scale fisheries sector in Thailand,* http://ices.dk/sites/pub/ASCExtendedAbstracts/Shared%20Documents/F%20-%20Small-scale%20fisheries%20under%20data-limited%20scenarios/F3415.pdf [↑](#footnote-ref-44)
44. UNCTAD. 2020. “The COVID-19 Pandemic and the Blue Economy: New Challenges and Prospects for Recovery and Resilience.” https://unctad.org/en/PublicationsLibrary/ditctedinf2020d2\_en.pdf. [↑](#footnote-ref-45)
45. UNCTAD. 2020. “The COVID-19 Pandemic and the Blue Economy: New Challenges and Prospects for Recovery and Resilience.” https://unctad.org/en/PublicationsLibrary/ditctedinf2020d2\_en.pdf. [↑](#footnote-ref-46)
46. “Sea Intelligence: COVID-19 Impact Pushes Carriers’ Revenue Loss to USD 1.9 Bln.” 2020. Offshore Energy (blog), 3 March. https://www.offshore-energy.biz/sea-intelligence-covid-19-impactpushes-carriers-revenue-loss-to-usd-1-9-bln/. [↑](#footnote-ref-47)
47. UNWTO World Tourism Barometer and Statistical Annex, January 2021 [↑](#footnote-ref-48)
48. Northrop, E., M. Konar, N. Frost and E. Hollaway. 2020. “A Sustainable and Equitable Blue Recovery to the COVID-19 Crisis.” Washington, DC: World Resources Institute. [↑](#footnote-ref-49)
49. OECD, forthcoming. [↑](#footnote-ref-50)
50. OECD. 2016. *The Ocean Economy in 2030*. [↑](#footnote-ref-51)
51. Stuchtey, M., A. Vincent, A. Merkl, M. Bucher et al. 2020. “Ocean Solutions That Benefit People, Nature and the Economy.” Washington, DC: World Resources Institute. www.oceanpanel.org/ocean-solutions. [↑](#footnote-ref-52)
52. OECD (2020), *Sustainable Ocean for All: Harnessing the Benefits of Sustainable Ocean Economies for Developing Countries.* [↑](#footnote-ref-53)
53. SDG 14 Life Below Water: Conserve and sustainably use the oceans, seas and marine resources. <https://www.un.org/sustainabledevelopment/oceans/> [↑](#footnote-ref-54)
54. The Blue Food Partnership’s priorities align with those listed by the High Level Panel’s paper on Transformations for a Sustainable Ocean Economy: <https://www.oceanpanel.org/ocean-action/files/transformations-sustainable-ocean-economy-eng.pdf> pages 6-7 [↑](#footnote-ref-55)
55. <https://www.gov.uk/government/speeches/uk-statement-on-fisheries-subsidies-negotiations> [↑](#footnote-ref-56)
56. Pages 6-7 <https://www.oceanpanel.org/ocean-action/files/transformations-sustainable-ocean-economy-eng.pdf> [↑](#footnote-ref-57)
57. Approximately 27.4% of the population in Africa was classified as severely food insecure in 2016, which is almost four times as high as any other region. Alarmingly, food insecurity is on the rise, specifically in sub-Saharan Africa. From 2014 to 2016, food insecurity increased by about 3% (FAO, 2017) ([https://www.worldhunger.org/africa-hunger-poverty-facts-2018/](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.worldhunger.org%2Fafrica-hunger-poverty-facts-2018%2F&data=04%7C01%7CIsabelle.Rogerson%40defra.gov.uk%7C48a521faf5f3438f715308d90035101e%7C770a245002274c6290c74e38537f1102%7C1%7C0%7C637541051069266832%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=Kbq3buB9EjZo4KGvq1kA0E24pH7OmZL%2FZZvRT6jW6iE%3D&reserved=0)).  Africa also has the highest prevalence of undernourishment, estimated in 2016 to be 20% of the population (<https://www.worldhunger.org/africa-hunger-poverty-facts-2018/>). The fisheries and aquaculture sectors contribute essential protein and micronutrients to national diets - up to two-thirds of all animal protein in coastal West African States comes from fish and seafood ([FAO](https://eur03.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.fao.org%2F3%2Fca9229en%2Fca9229en.pdf&data=04%7C01%7CIsabelle.Rogerson%40defra.gov.uk%7C48a521faf5f3438f715308d90035101e%7C770a245002274c6290c74e38537f1102%7C1%7C0%7C637541051069276834%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=wBmKPqkI5D4O0FzuSgfPrX5xhzUWjaKWXNhHnhDqgR4%3D&reserved=0)). Aside from Asia, Africa has the highest number of workers in the capture fisheries and aquaculture sectors (9 percent) ([FAO](https://eur03.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.fao.org%2F3%2Fca9229en%2Fca9229en.pdf&data=04%7C01%7CIsabelle.Rogerson%40defra.gov.uk%7C48a521faf5f3438f715308d90035101e%7C770a245002274c6290c74e38537f1102%7C1%7C0%7C637541051069276834%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=wBmKPqkI5D4O0FzuSgfPrX5xhzUWjaKWXNhHnhDqgR4%3D&reserved=0)). In addition, climate change poses a significant threat to fisheries in the region - a projection of the response of West African fisheries to climate change suggested 21 percent lower landings value, 50 percent fewer jobs, and losses to the West African economy exceeding 300 million U.S. dollars by 2050 (Lam, Cheung, Swartz, and Sumaila 2012). ([Duke University](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fnicholasinstitute.duke.edu%2Fsites%2Fdefault%2Ffiles%2Fpublications%2Fcontribution_of_fisheries_to_food_and_nutrition_security_0.pdf&data=04%7C01%7CIsabelle.Rogerson%40defra.gov.uk%7C48a521faf5f3438f715308d90035101e%7C770a245002274c6290c74e38537f1102%7C1%7C0%7C637541051069286823%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=m0dchizTyL7nnYldSi36VdnaboRXSVXEhxrezc225Fk%3D&reserved=0)) [↑](#footnote-ref-58)
58. As part of the logframe development for this investment, we will have “desired targets” and “minimum targets” for all indicators for March 2022, March 2023 and March 2024. [↑](#footnote-ref-59)
59. There are data gaps at a country level – part of what the FOA project will address – and so the figures for these indicators will need to be worked out from the baseline figures and local data which will be collected in the May-July research phase. [↑](#footnote-ref-60)
60. Outcomes and targets are subject to agreement with partner delivery organisations (OECD) which is why targets have not yet been provided.

    As described above, these indicators describe the anticipated outcomes of Friends of Ocean Action overall, of which the UK is one investor. These outcomes can only be partially attributed to the UK’s investment. [↑](#footnote-ref-61)
61. Plus a ‘do nothing’ option [↑](#footnote-ref-62)
62. <https://www.un.org/en/desa/how-long-will-it-take-ldcs-and-sids-recover-impacts-covid-19> [↑](#footnote-ref-63)
63. <https://www.oecd.org/dev/LDC5-Background-note-Financing.pdf> [↑](#footnote-ref-64)
64. <https://www.oecd.org/coronavirus/policy-responses/covid-19-pandemic-towards-a-blue-recovery-in-small-island-developing-states-241271b7/> [↑](#footnote-ref-65)
65. <https://www.oecd.org/coronavirus/policy-responses/covid-19-pandemic-towards-a-blue-recovery-in-small-island-developing-states-241271b7/> [↑](#footnote-ref-66)
66. <https://www.gov.uk/government/collections/global-britain-delivering-on-our-international-ambition> [↑](#footnote-ref-67)
67. For example, this can be seen from their membership which includes founders and leaders from major multinational companies as well as research focused organisations such as Stanford Centre for Ocean Solutions. [↑](#footnote-ref-68)
68. [Sustainable Blue Finance – United Nations Environment – Finance Initiative (unepfi.org)](https://www.unepfi.org/blue-finance/) [↑](#footnote-ref-69)
69. <https://www.unepfi.org/blue-finance/the-principles/> [↑](#footnote-ref-70)
70. SDG1 No poverty; SDG 2 Zero hunger; SDG 12 Responsible consumption and production; SDG 14 life below water [↑](#footnote-ref-71)
71. Blue food as defined in this context is food from the ocean produced through fisheries, aquaculture, mariculture, and seaweed farming. [↑](#footnote-ref-72)
72. [↑](#footnote-ref-73)
73. http://www.fao.org/flw-in-fish-value-chains/solutions/services-infrastructure/en/ [↑](#footnote-ref-74)
74. https://doi.org/10.1016/j.gfs.2020.100434 [↑](#footnote-ref-75)
75. https://iopscience.iop.org/article/10.1088/1755-1315/414/1/012016 [↑](#footnote-ref-76)
76. <https://www.selinawamucii.com/insights/prices/namibia/hake-fish/#:~:text=2020%20Namibia%20hake%20fish%20wholesale,2.83%20and%20%24%204.69%20per%20kg>. [↑](#footnote-ref-77)
77. Based on the average prices from the Namibia Fish Consumption Promotion Trust (NFCPT) of N$18.70/kg of Hake and N$7.60 for mackerel (the lowest fish prices in Namibia and therefore a conservative estimate) multiplied by the total waste of c.70,000t and exchange rate into USD. [↑](#footnote-ref-78)
78. We could not identify Namibia specific prices. [↑](#footnote-ref-79)
79. <https://www.oecd-ilibrary.org/sites/4dd9b3d0-en/index.html?itemId=/content/component/4dd9b3d0-en> [↑](#footnote-ref-80)
80. <https://www.sciencedirect.com/science/article/pii/S004484860800567X?via%3Dihub> [↑](#footnote-ref-81)
81. Calculation = £350,000 x 1.34 (USD ExR) = $469,000. 1t of fish meal requires 4.4t of raw product (based on conversion ratio of 22%). $1700/4,4t = $380/t of raw product to produce fish meal. $469,000/$380 = 1,234t. /20 year appraisal period [↑](#footnote-ref-82)
82. Calculation = £350,000 x 1.34 (USD ExR) = $469,000. 1t of fish oil requires 21t of raw product (based on conversion ratio of <5%). $1900/21t = $90/t of raw product to produce fish oil. $469,000/$90 = 5,211t. /20 year appraisal period [↑](#footnote-ref-83)
83. £350,000 UK investment /46 jobs = £7,600 and UK investment divided 200 jobs = £1,750 [↑](#footnote-ref-84)
84. It is estimated that 1t of fish meal production provides approximately 0.77 person years of employment –

    <http://www.fao.org/3/i1140e/i1140e09.pdf> [↑](#footnote-ref-85)
85. Seafood catch might increase in the future but without this, and other, projects the increase in catches required to feed the global population would be higher still. [↑](#footnote-ref-86)
86. [↑](#footnote-ref-87)
87. Note that these are using the 3.5% discount rate of HMT Green Book not the ODA standard of 10%. If 10% was applied to all benefits BCRs would be roughly halved. [↑](#footnote-ref-88)
88. For more detail, see the impact report for FOA’s phase I: <http://www3.weforum.org/docs/FOA_Impact_Report_2021.pdf> [↑](#footnote-ref-89)
89. <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/301482/Doing_Business_in_Namibia_2014.pdf> [↑](#footnote-ref-90)
90. <https://www.gov.uk/government/publications/overseas-business-risk-namibia/overseas-business-risk-namibia> [↑](#footnote-ref-91)
91. UNDRR and CIMA (2019). *Namibia Disaster Risk Profile*. [↑](#footnote-ref-92)