

**GLOBAL OCEAN ACCOUNTS PARTNERSHIP
Years 2-4**

A Blue Planet Fund Business Case

Department of Environment, Food and Rural Affairs

Investing in the creation and use of ocean accounts

# COVER SHEET

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| **PROGRAMME SUMMARY** | The Global Ocean Accounts Partnership (GOAP) supports ODA-eligible countries to develop ocean natural capital accounting to inform decision-making on the sustainable and equitable use of marine resources. Simply put, without data on the state and trends of natural assets within the marine environment, it is impossible to know how best to account for their conservation and use and to therefore, manage the ocean sustainably. The project will: * mainstream global ocean accounting by supporting up to 12 countries to standardise, strengthen and expand how ocean assets are accounted for in their Exclusive Economic Zone (EEZ)
* Develop and publish a range of knowledge products for different stakeholder groups e.g finance professionals, regional bodies, and the ocean accounting expert community to enable them to assess and value marine resources, and use ocean accounts for conservation, sustainable livelihoods, and leveraging finance
* Support ocean data to be open and globally accessible so it can be used freely by policy and decision makers

This will lead to the * Strengthening of governance on marine spatial planning, and marine management decisions on aquaculture
 |
| **COUNTRY / REGION** | GOAP delivers ocean accounts pilots in Blue Planet Fund priority ODA-eligible countries and produces knowledge products that are openly available globally to encourage the take-up of ocean accounting. In year one, pilots were delivered in South Africa, Mozambique, Kenya, Indonesia, Vietnam and Fiji. Going forward we are considering delivering in countries where the BPF is already delivering under the Ocean Country Partnership Programme, such as Belize, Maldives, and Sri Lanka.  |
| **PROGRAMME VALUE** | *£6million* |
| **START DATE** | *April 2022* |
| **END DATE** | *March 2025* |
| **OVERALL RISK RATING** | *Minor* |

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# GLOSSARY

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| BPF: Blue Planet Fund |  |
| CDEL: Capital Department Expenditure Limit |  |
| Cefas: Centre for Environment, Fisheries and Aquaculture Science |  |
| Defra: Department of Environment, Food, and Rural Affairs |  |
| DfID: Department for International Development |  |
| EEZ: Exclusive Economic Zone |  |
| FCDO: Foreign, Commonwealth, and Development Office |  |
| FTE: Full-time Equivalent |  |
| GDP: Gross Domestic Product |  |
| GOAP: Global Ocean Accounts Partnership |  |
| HAC: High Ambition Coalition |  |
| IATI: International Aid Transparency Initiative |  |
| ICF: International Climate Finance |  |
| JMB: Joint Management Board |  |
| KPIs: Key Performance Indicators |  |
| MEL: Monitoring, Evaluation, and Learning |  |
| NbS: Nature-based Solutions |  |
| ODA: Official Development Assistance |  |
| RDEL: Resource Department Expenditure Limit |  |
| SDGs: Sustainable Development Goals |  |
| SNA: System of National Accounts |  |
| SRO: Senior Responsible Owner |  |
| ToC: Theory of Change |  |
| UN: United Nations  |  |
| UNESCAP: United Nations Statistical Commission for Asia and the Pacific |  |
| UNSC: United Nations Statistical Commission |  |
| UNSW: University of South Wales |  |
| VfM: Value for Money |  |

# 1. INTERVENTION SUMMARY

**WHAT SUPPORT WILL THE UK PROVIDE?**

The Department for Environment, Food and Rural Affairs (Defra) is seeking approval for a £6m investment of Official Development Assistance (ODA) from the Blue Planet Fund1 (BPF) over three years, from FY22/23 to FY2024/25 into the Global Ocean Accounts Partnership (GOAP). The project will scale up a successful £1m investment made in 2021/22 that piloted ocean accounts. The project supports ODA-eligible countries to develop ocean natural capital accounts to be used to inform decisions relating to the use of their marine resources so that they are used sustainably and equitably.

**WHY IS UK SUPPORT REQUIRED AND WHY NOW?**

The full value of ecosystem services provided by the marine environment, and how this value can change over time if resources are not properly managed, is not widely recognised in decision-making. This knowledge gap limits the ability of Governments and other decision makers in developing countries to make effective, inclusive, and sustainable policy decisions about the ocean. By having an understanding of the trends in the condition of marine and coastal habitats and the wide range of benefits derived from these assets, countries will be better equipped in understanding how these assets and their change in condition will affect economic growth and wellbeing in the future.

The UK Government committed to the delivery of the £500 million BPF in December 2019. The fund supports ODA-eligible countries to protect the marine environment and reduce poverty. The UK is a global leader in natural capital accounting and was one of the first countries to establish an initial set of marine natural capital accounts in 2019, the same year UK joined GOAP. Membership of GOAP is free and gives the UK the opportunity to share our experience of ocean accounting. Investing in GOAP elevates this commitment by enabling the UK to fund specific strands of work in line with our strategic priorities, provides advice and expertise to countries, and solidifies the UK’s place as an international leader in ocean accounting.

**SUMMARY OF PROGRAMME AND OBJECTIVES**

Through supporting the creation and use of ocean accounts, the project aims to ensure that **marine** **biodiversity is valued and integrated into policy making, decision making, and infrastructure investments, resulting in the inclusive and sustainable use and management of the ocean.** The programme will fund GOAP to deliver ocean accounts pilots, coupled with knowledge products, technical papers, and significant engagement activities, with the eventual view to embedding ocean accounting practices as standard globally, so that the state of marine resources, and how these change over time in response to policies and activities, is known and can be managed. The TOC in Annex F shows how these activities lead to this impact in more detail.

**WHAT ARE THE MAIN PROGRAMME ACTIVITIES AND WHERE?**

* The delivery of up to an additional 6 ocean accounting pilots in BPF priority countries, bringing the total pilots to 12. Pilots will be supports by significant engagement efforts with recipient country Governments to ensure accounts feed into decision making
* Publication of a range of knowledge products, including targeted guidance supporting the use of accounts for attracting blue finance
* Technical guidance on ocean accounts
* Publication of technical papers addressing key challenges in ocean accounting
* The delivery of regional and global dialogues and training and capacity building activities
* A small part of the budget will be spent funding some PhD students in countries where the pilots are being delivered to build expertise in the next generation of ocean accounting experts

GOAP delivers ocean accounts pilots in Blue Planet Fund priority ODA-eligible countries and produces knowledge products that are openly available globally to encourage the take-up of ocean accounting. In year one, pilots were delivered in South Africa, Mozambique, Kenya, Indonesia, Vietnam and Fiji. Going forward we are considering delivering in countries where the BPF is already delivering under the Ocean Country Partnership Programme and support on ocean accounts has been raised, such as Belize, Maldives, and Sri Lanka.

**STRATEGIC ALIGNMENT**

Investment in GOAP is strategically aligned with Defra’s departmental priorities and the UK’s international commitments. By supporting the creation of ocean accounts, investing into GOAP supports the following strategic priorities:

* The Dasgupta Review
* The Convention on Biological Diversity (CBD)
* Defra’s 25 year environment plan
* UK’s ambitions to be a global scientific superpower
* High-Ambition Coalition, Global Ocean Alliance, 30x30 and general ambitions related to nature-based solutions
* Sustainable Development Goals (SDGs), especially 14,15.9, and 17.19

The investment is also aligned with the Blue Planet Fund’s priority themes, outcomes, and several of its KPIs, and wider natural capital accounting work in Defra.

**WHAT ARE THE EXPECTED RESULTS?**

**In pilot account countries:**

* Evidence that Governments’ marine policy decisions in pilot countries are beginning to be informed by accounts that are of a standard to enable measurement and tracking of progress towards sustainable use of marine resources and its impacts on livelihoods and biodiversity
* The creation of an evidence base and corresponding proof that it is being used for subsequent and concurrent deployment of ocean finance instruments by public and private sector
* Countries have the human and financial resources required to compile ocean accounts and measure how sustainably their marine resources are being used, including through leveraging global datasets and international expertise

**Globally, because of international analysis**

* The creation of consistent methods and approaches for measurement of progress towards the sustainable use of marine resources which allows comparison of progress across countries, in line with international statistical standards for environmental and economic accounting. These standards will be supplemented as needed at a global level to ensure adequate coverage of ocean-related issues, supported by collaboration with the relevant UN agencies responsible
* The use of GOAP’s step-by-step guidance for all interested countries on how to develop ocean accounting systems

**Regionally, where pilot accounting countries are located**

* Communities of practice are created and embedded that deliver regular training dialogues and support and institutionalise the measurement of progress towards sustainable use of the ocean

**RISKS AND ASSURANCES**

The overall risk rating for this project is Minor. This is based on a scale of Minor > Moderate > Major > Severe. The main risks to the project is the ongoing uncertainty relating to COVID-19, however much of the project can be delivered virtually if needs be.

# 2. STRATEGIC CASE

## 2.1 Global context

The ocean drives global systems that make the earth habitable for humankind; it is an essential global resource[[1]](#footnote-2). The ocean regulates the global climate system and is the world’s largest ecosystem, playing host to nearly a million known species containing vast untapped potential for scientific discovery. The ocean and fisheries support the global population’s economic, social, and environmental needs, with over three billion people depending on marine and coastal biodiversity for their livelihoods[[2]](#footnote-3). Careful management of the ocean is therefore a key feature of a sustainable future[[3]](#footnote-4).

However, many of the benefits and opportunities that depend on the ocean are being missed or lost. Marine and coastal ecosystems are being rapidly degraded because of pollution, overfishing, climate change, and habitat destruction.[[4]](#footnote-5)

The global ocean economy has entered a historic period of structural transition, where the importance of established sectors such as oil, gas, and fisheries are declining relative to emerging sectors such as aquaculture, offshore renewable energy, and biotechnology[[5]](#footnote-6). Sustained growth of the ocean economy is expected until 2030, with growth prospects beyond, then severely limited if current environmental trends continue[[6]](#footnote-7).

That is why when the SDGs adopted by all United Nations (UN) Member States in 2015, they included Goal 14: ‘Life Below Water’ (SDG 14). SDG 14 aims to sustainably manage and protect marine and coastal ecosystems from pollution, as well as enhance conservation and the sustainable use of ocean-based resources. It exists alongside ambitious plans across global regions[[7]](#footnote-8) to develop ocean economies and capitalise on marine opportunities. However, for such global goals to be met, many context-specific relationships between economic prosperity, social wellbeing, and the ocean, and how these change over time, will need to be adequately documented and understood.

## 2.2 Need for intervention

### 2.2.1 environmental economic accounting

All countries maintain systems of national accounts that are based on the international standard System of National Accounts 2008 (SNA). They are used to produce and report the headline indicator: Gross Domestic Product (GDP). However, GDP is a production indicator, not a sustainability indicator or a measure of benefits to people from economic activity[[8]](#footnote-9). To safeguard natural capital, relevant information on its stocks and flows, on who is using it, how it is being used, and on the values realised, is needed. Environmental Economic Accounts are integrated statistics that illuminate the relationship between the environment and the economy, both the impacts of the economy on the environment and the contribution of the environment to the economy[[9]](#footnote-10).

### 2.2.2 benefits of environmental economic accounting for developing countries

The social value of natural capital and the role it plays in safeguarding livelihoods cannot be overstated. Biodiversity is declining faster than at any time in human history, and such declines are undermining nature’s productivity, resilience and adaptability and fuelling extreme risk and uncertainty for economies and well-being[[10]](#footnote-11). Developing countries are more reliant than developed countries on natural capital and stand to lose the most; it is costly and difficult to coax an ecosystem back to health. It is now widely acknowledged that natural resource use is inefficient and unsustainable, but measurement and valuation of this use is still at early stages[[11]](#footnote-12).

The collapse of certain ecosystems disproportionately affecting developing countries was illustrated in the Dasgupta Review[[12]](#footnote-13). By modelling a collapse in tropical forests, wild pollinators, and marine fisheries, one study found that the fall in global real GDP would be a little over 2%, but low and low-middle income countries would experience disproportionately large GDP contractions (-10% and -7%) compared to high income countries (-0.8%). Sub-Saharan Africa and South Asia would be disproportionately affected, with projected hits of 20% or more to the level of GDP in countries such as Bangladesh, Democratic Republic of the Congo, Indonesia, Madagascar, Pakistan, and Ethiopia[[13]](#footnote-14).

To prevent such ecosystem collapse and the subsequent economic collapse, the Dasgupta review demands a change of measures of economic progress from GDP to inclusive wealth: the sum of the accounting values of produced capital, human capital, and natural capital. Environmental economic accounting serves as a necessary step towards the creation of inclusive wealth accounts, allowing the tracking of natural capital over time, and enabling us to estimate the impact of policies on natural capital[[14]](#footnote-15). This will protect against the loss of livelihoods and displacement that will face some of the world’s poorest people if resources continue to be used unsustainably and environments continue to degrade.

### 2.2.3 UN system of environmental economic accounting

The UN System of Environmental Economic Accounting (SEEA) sets out internationally agreed standard concepts, definitions, classifications, accounting rules and tables. It is designed to facilitate the integration and international comparability of environmental and economic statistics[[15]](#footnote-16). SEEA is now being implemented in 50+ countries, however its application to ocean environments has been limited[[16]](#footnote-17). This is due to a range of conceptual and technical challenges that fall beyond the core scope of the SEEA framework[[17]](#footnote-18):

1. **Classifying ocean ecosystems and associated benefits across large and dynamic spatial scales**

The ocean’s size and complexity mean it is difficult to define boundaries for two main reasons:

* There is no accounting system for areas of the ocean outside of nations’ Exclusive Economic Zones (EEZs), and even within EEZs many countries are not accounting appropriately, or at all, for their ocean assets[[18]](#footnote-19).
* It is difficult to define what the boundaries of the marine economy are, and which sectors should be included in ocean accounts.
1. **The practical importance of interlinking environmental and socioeconomic statistics**

Measures of social and economic progress are incomplete without consideration of environmental assets and environmental sustainability. To achieve the inclusion of measures of progress towards sustainable development that complement GDP, environmental and economic statistics need to be interlinked into frameworks such as SEEA. For example, an ocean account will need to show Gross Value Added from the fisheries sector relative to the status of environmental assets (fish stocks) and underlying ecosystem assets (mangroves or coral reefs).

1. **Structured information about the condition of the ocean**

Scientists monitor the condition of the ocean and associated ecosystems using a complex, diverse range of different measurement variables. Some of these provide answers to policy questions such as “is this ecosystem functioning in a way that continues to support fish stocks or continues to provide coastal storm protection?”, and some do not. Identification and organisation of policy-relevant variables into a coherent structure is critical for building systems that account for the status of the ocean in a manner relevant to decision-makers. This coherent structure is also important for guiding the work of scientists who seek to inform decision-making, and the cost-effective allocation of public resources to ocean research.

### 2.2.4 what are ocean accounts?

Ocean accounts are integrated records of economic activity (e.g. the sale of fish), social conditions (e.g. coastal employment and poverty), and environmental conditions (e.g. extent and condition of mangroves) that are compiled annually and are compatible with international statistical standards[[19]](#footnote-20).

### 2.2.5 why are they not being used?

Economic, social and environmental data on the ocean is disconnected, unstandardized, and only partially represented in national accounts. National accounting systems in many countries do not yet clearly distinguish ocean-based from land-based economic activity. Nor do they record changes in the extent or condition of marine environments, and how these affect the economy. Furthermore, the rapidly growing range of high-volume and high-detail global datasets concerning the ocean are not generally maintained in accessible and well-documented formats. This means that government officials and researchers – especially those in developing countries – cannot use them for decision making, undermining the sustainable use and management of the marine environment.

### 2.2.6 why are they important?

Without understanding trends in the condition of marine and coastal habitats and the benefits derived from these assets, it will be difficult to understand how changes in the states of these assets will affect economic growth and wellbeing in the future. The full value of services provided by the marine environment, and how this value can change over time if resources are not properly managed, is not recognised. This knowledge gap limits our ability to make effective, inclusive, and sustainable policy decisions about the ocean.

The development of ocean accounts enables decision makers to track whether investments are building ocean wealth[[20]](#footnote-21) for future generations. With enough data, an ocean account enables governments to monitor three critical trends with respect to their ocean economy:

1. Changes in ocean wealth, including produced assets such as ports and offshore energy, and non-produced assets such marine ecosystems, for example estuaries, mangroves and coral reefs
2. How ocean-related income is dispersed among different groups of people, such as income from fisheries or tourism for local communities
3. The contribution to national production from ocean-based economic activities

### 2.2.7 Examples of ocean accounts

Some developing countries are already using ocean accounting pilots to inform sustainable use of their marine environments, including 6 countries funded through an initial investment into GOAP through the Blue Planet Fund (see section 2.3). For example, to support objectives set out in Thailand’s 20-year National Strategy (2019–2039) and the 12th National Economic and Social Development Plan (2017–2021) concerning balanced growth in economic, environmental and social domains, the Thai Government piloted ocean accounts in 2019. It used the main tourist destinations in southern Thailand (Phuket, Krabi, Phang Nga, Trang, and Satun) as pilot sites. The pilot accounts revealed that although only one in nine persons in the five provinces were tourists, tourism-related activities used 21% of the water, 57% of the energy and was responsible for 26% of the waste and 28% of the greenhouse gas emissions. The high-risk areas and proposed sites for conservation were also identified. This data was fed back by request to Thailand’s Government body for tourism, and has since been used in scenario planning by the Government to inform decisions on developing sustainable tourism, including identifying sites that need to be closed to tourists for restoration purposes.

### 2.2.8 GOAP

GOAP has responded to the need for and challenges of ocean accounts by establishing itself as a coordination and communication structure for diverse member-institutions committed to ensuring that the values and benefits of oceans are recognised and accounted for. Founded in 2019, the goal of the Partnership is to ensure that livelihoods that depend on the ocean will be safeguarded by using ocean accounts to inform sustainable and equitable decision making on the use of marine resources. The Partnership has a wide range of members in addition to the UK including the Governments of the Maldives and Thailand, the Vietnam Ministry of Natural Resources and Environment, and the Indonesian Ministry of Marine Affairs and Fisheries.

GOAP has secured formal recognition from the UN Statistical Commission and the member states of UN-ESCAP as a contributor to the development of international methods and standards for ocean accounting, and from the member countries of the High-Level Panel for a Sustainable Ocean Economy as an implementation support mechanism for Heads of Government Commitments concerning ocean accounting as a foundation of sustainable ocean planning.

Whilst the UK is currently GOAP’s largest investor, other key investors in FY 2020/21 included the World Bank’s PROBLUE, UN-ESCAP, and Australia who made an AUD 1,500,000 (£795,000) investment in November 2021, in addition to a AUD 100,000 (£53,000) investment to deliver specific ocean accounting work in partnership with India.

## The UK’s investment

### 2.3.1 Programme overview

**Defra proposes a three year, £6m investment into GOAP to** **deliver a programme that will scale up the UK’s £1m pilot project in 2021/22.**

### why is the uk best placed to invest?

The UK is a global leader in natural capital accounting and was one of the first countries to establish an initial set of marine natural capital accounts in 2019. Since then, the Office for National Statistics (ONS) and Defra have published a second iteration of these accounts. The UK has also established a Natural Capital Ecosystem Assessment programme for the marine environment to enable appropriate data to be collected domestically. UK research institutions such as the National Oceanography Centre, Plymouth Marine Laboratory, and the Centre for Environment, Fisheries and Aquaculture Science (Cefas) are globally leading centres of interdisciplinary assessment and measurement expertise that provide the foundation for ocean accounting.

Defra have also made further investments in our domestic approach under the Natural Capital and Ecosystem Service Assessment projects. We are recognised within GOAP and other institutions (e.g. OSPAR) as leading the way. The GOAP investment allows us to transfer these learnings effectively. These approaches have largely been delivered domestically, although further international work is occurring including funding to the World Bank Global Programme for Sustainability, pillar 2 of which includes a focus on natural capital accounting

Whilst GOAP have shown that they are able to leverage external sources of funding, these are not currently as large or as consistent as required to create sustained change. By re-investing and increasing our investment size, the UK will bolster confidence for others to invest into GOAP. The catalysing of other investments was seen after our Year 1 investment of £1 million and therefore we would expect this to occur at a greater scale after re-committing and scaling up our commitment going forward. We therefore believe the preferred option therefore does not risk crowding out investment, but instead could attract new private finance in. There is also demand for 25 pilot countries (GOAP has a vision of 25 pilot countries by 2025) and we are proposing to fund less than half of these, leaving capacity for other donors to contribute. Other donors could also start new workstreams with GOAP, as was observed after our Y1 investment.

## Impact, outcomes, and activities

### impact

Through supporting the creation and use of ocean accounts, the project aims to ensure that **biodiversity is valued and integrated into policy making, decision making, and infrastructure investments, resulting in the inclusive and sustainable use and management of the ocean.** The TOC in Annex F shows how these activities lead to this impact in more detail.

### outcomes and activities

The total investment of £7m (with £1m already spent and approved last financial year through a separate business case) will support a range of positive outcomes related to the marine environment, as ocean accounting is a key enabler of change. Without ocean data, it is impossible for countries to understand the impact of their policies, and impossible for organisations to fully understand the impacts of any development programming. Simply put, without economic, social and environmental data on the ocean, it is impossible to know how best to conserve, use, and manage the ocean sustainably.

### 2.4.3 Year one – 2021/22

The UK recognised GOAP as a potential leader in ocean accounting and so we included them in an options appraisal for funding through the Blue Planet Fund in early 2021. In this appraisal, GOAP were identified as the best delivery partner to take forward this work. In 2021/22 the UK made an initial one year, £1m investment into GOAP to test the practicability of ocean accounting pilots, GOAP’s capacity to deliver, and to explore the potential for such work to deliver development impact. The business case laid out the potential for Defra to invest further over future years of the programme.

In year one GOAP have delivered:

* 6 ocean accounts pilots against a target of 5 in South Africa, Mozambique, Kenya, Viet Nam, Indonesia, and Fiji with associated development roadmaps
* Ocean asset data package that will allow existing ocean datasets to be freely accessible globally
* Ocean accounting guidelines for Defra’s Blue Planet Fund portfolio to enable consistent monitoring across programmes
* 7 technical papers addressing challenges in ocean account published against a target of 6
* Revised draft of technical guidance for ocean accounting
* Several regional dialogues, and one global dialogue encouraging knowledge sharing and best practice in ocean accounting
* The convening of a global expert panel in ocean accounting

### 2.4.4 Year one results

Given the early stages of the project, much of the evidence available so far is based on the standard of delivery and feedback from the pilot countries in which GOAP has operated. GOAP delivered strongly against the agreed milestones in year one, in some cases delivering additional outputs. The GOAP team have also provided robust proposals for expansion and have clearly demonstrated the ability to adhere to Defra and wider-HMG best practice in terms of managing ODA programmes.

Embedding ocean accounting processes in Governments as standard takes time. Year one focused on getting pilots established, producing the first tranche of knowledge products, and convening the expert panel.

There has been positive steps towards the pilots becoming embedded in Government policy making and GOAP prioritising engagement with the Governments in all countries to build such embedment.

For example, in Viet Nam, the pilot built on a phase one biophysical account delivered in Quang Ninh province, home to the Ha Long Bay World Heritage area, to conduct a related economic valuation of coastal and marine ecosystem services. The pilot focused on the interrelationship between socio-economic development and marine natural resources, sources of land and marine-based pollution, and changes in key ecosystems such as mangroves. One of the findings was that the main cause of seagrass degradation is marine aquaculture farming. The account therefore recommends the development of aquaculture planning in the area. The account was delivered by the Ministry of Natural Resources and Environment of Viet Nam to input into the drafting of Viet Nam’s Blue Economy Model to 2030. This evidence will be valuable for future UK investments in Viet Nam through the Blue Planet Fund on sustainable seafood.

In other countries, engagement with the Government is happening less quickly though is nonetheless progressing. For example, in Mozambique GOAP was invited to participate and present at the Conferenciá Crescendo Azul 2021 which was coordinated by the World Bank and the Government of Mozambique. The discussions drew strong interest from director level representatives in the Ministry of Sea, Inland Waters and Fisheries which that enabled progress on the Government approving the pilot. Mozambique’s ocean accounts roadmap sets out next steps including to further develop the accounts to investigate blue carbon, and produce MPA thematic accounts to provide indicators for MPA expansion and management efficacy.

Further evidence of embedding ocean accounts into Government processes and decision-making can be found in the case of the Fiji and Indonesian pilots, and ensuring that such engagement occurs and contributes to management and policy decisions will be a requirement of our continued funding. This is laid out in the appraisal case and annex A.

### 2.4.5 Years two – four

Activities for year two to four are indicative and Defra will be able to add and edit activities in response to emerging priorities and demands. The detailed options appraisal for this suite of activities can be found in annex B and C, with a summary in the appraisal case. They build on work that was delivered in year one and were decided upon following a series of workshop meetings both internally at Defra and in collaboration with GOAP in early 2022. The initial list of activities include, but are not limited to

* One or two additional pilot countries per year, that are strategically aligned with country partnerships formed under the Ocean Country Partnership Programme **(**OCPP), Defra’s main bilateral programme under the Blue Planet Fund and which has strong alignment with GOAP in terms of delivering scientific and technical capacity building.
* Knowledge product and account development in partnership with regional institutions and seas conventions. By delivering training and dialogue with regional bodies, GOAP will engage many more countries with ocean accounting.
* Knowledge products that make the case on the use of accounts for finance and offer guidance on what such accounts should focus on to leverage and unlock multilateral private sector finance for sustainable ocean development.
* The development of a global “next generation” network which would involve a multi-university collaboration that supports a cohort of PhD candidates from BPF countries to support and deliver programmes focused on compilation and use of ocean accounts to support sustainable ocean decision-making.

At the end of an additional three years of the project we expect to see the following results:

**In pilot account countries:**

* Evidence that Government and other decision-making processes in country relating to the ocean are being informed by accounts that are of a standard to enable measurement and tracking of progress towards sustainable use of marine resources and its impacts on livelihoods and biodiversity
* Evidence that ocean accounts are being used to inform the deployment of ocean finance instruments by public and private sector
* Countries have the human and financial resources required to compile ocean accounts and measure how sustainably their marine resources are being used, including through leveraging global datasets and international expertise

**Globally**

* The creation of consistent methods and approaches for measurement of progress towards the sustainable use of marine resources which allows comparison across countries, in line with international statistical standards for environmental and economic accounting, supported by collaboration with the relevant UN agencies responsible
* The use of GOAP’s step-by-step guidance for all interested countries on how to develop ocean accounting systems

**Regionally, where pilot accounting countries are located**

* Communities of practice are created and embedded that deliver regular training dialogues and support and institutionalise the measurement of progress towards sustainable use of the ocean

All higher-level outcomes expected are detailed in the full theory of change in annex F. There are some key outcomes we expect to see ocean accounts used for due to our investment such as

* the improvement of policies, plans, regulations and management related to ocean resources
* the development of blue economy plans
* the leverage of financial resource for ocean use and protection.

### 2.4.6 WHAT SUPPORT WILL THE UK PROVIDE?

It is proposed that the BPF invests a further £6m for three years (2022 - 2025).  The University of New South Wales (UNSW) hosts the GOAP Secretariat supported by the World Bank’s PROBLUE which the UK has invested £8m into in 2021/22 and co-chairs. A direct grant will be paid to GOAP via UNSW in Sterling.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2021/22\*** | 2022/3 | 2023/4 | 2024/5 | Total |
| **GOAP** | **£1m** | £2m | £2m | £2m | £7m |

*Table 1 - GOAP potential spend profile*

\*FY 2021/22 is already spent and not included in this business case.

In addition to funding, Defra’s involvement with GOAP and the expertise we hold in marine natural capital accounting will also allow Defra to provide some in-kind expertise to GOAP.

### 2.4.7 alignment with the blue planet fund

#### Blue Planet Fund projects and programmes

Defra’s Blue Planet Fund team are exploring integrating GOAP into the Ocean Country Partnership Programme (OCPP), a separate BPF programme providing bilateral technical assistance to partner countries focused on key themes such as marine pollution, marine protected areas, and sustainable aquaculture on a demand-led basis. In practise integration means that GOAP will support the delivery of OCPP as ocean accounting pilots will be offered to partner countries as part of a package of technical assistance. This will be subject to demand in-country and GOAP’s delivery capacity. This would not change the fundamental aspects of the funding or management of GOAP from an external perspective, but would facilitate the sharing of best practice of OCPP delivery partners and strategic alignment of countries and activities. The options being considered for the integration are laid out in annex D, with option three in the document currently preferred.

#### Blue Planet Fund Key Performance Indicators (KPIs)

The creation of ocean accounts indirectly supports all of the draft Blue Planet Fund KPIs by providing the data to assist investors, policy- and decision-makers to make informed, inclusive, and sustainable marine interventions. Investing in GOAP also directly supports meeting two of the draft KPIs as set out in table 2.

|  |  |
| --- | --- |
| **BPF KPI** | **How GOAP will meet it** |
| **Number of marine-related evidence, knowledge dissemination and education activities or products developed as a result of BPF finance** | GOAP will publish technical guidance on creating ocean accounts; deliver multiple regional and global dialogues; deliver training; publish technical papers; and publish knowledge products and guidance relating to ocean accounts and specific themes and sectors |
| **Number of new or strengthened policies, strategies or regulations related to improving or managing the marine environment** | Investing in GOAP will enable the production of ocean accounts which will inform policies, strategies, or regulations relating to improving or managing the marine environment |

*Table 2 - How GOAP will meet draft BPF KPIs*

#### Blue Planet Fund Outcomes

Investing in GOAP and supporting the development of ocean accounts helps achieve all seven outcomes of the BPF theory of change (ToC): Solid waste and other forms of marine pollution; International and large-scale fisheries; Illegal, Unreported, and Unregulated (IUU) fishing; Marine Protected Areas; Critical Marine Habitats; Small-scale fisheries; and Aquaculture. However, some outcomes will be more directly supported by ocean accounts than others.

|  |  |  |
| --- | --- | --- |
| **Theme** | **Outcome pathways GOAP investment will help to meet** | **How** |
| Marine Protected Areas (and other effective conservation measures) | * The use of data to support marine ecosystem and habitat mapping
* Improving fisheries management capacities and policy-making, including through the support of ecosystem-based management approaches
* Supporting the identification and placement of MPA sites
* Sustainably financing MPAs
 | The creation of ocean accounts will provide the necessary data on the state of a country’s biodiverse resources enabling habitat mapping, and support sustainable and inclusive policy decisions relating to coastal planning, and fisheries policy that support local livelihoods, health and wellbeing. Ocean accounts can also be used to provide evidence to leverage private and public sector finance.  |
| Critical Marine Habitats | * Support marine ecosystem and habitat mapping capacity building and policy support to improve coastal planning and protect ecosystems
 | Ocean accounts can assess the extent and stock of critical marine habitats to feed into habitat mapping and policy-making.  |
| Aquaculture | * Supporting and promoting sustainable aquaculture
* Delivering sustainable, low carbon aquaculture pilots
 | Ocean accounts can provide important data that illustrates the effect aquaculture is having on the marine environment, providing the evidence for sustainable practices and the success of low carbon approaches.  |
| Marine pollution | * Monitoring pollutant levels
* Feeding into policy
 | Ocean accounts can monitor pollutant types and levels, and the effect these are having on the marine environment. Such data can then feed into policy making. |

*Table 3 - How GOAP will meet BPF outcomes*

## 2.5 Strategic fit

Investment in GOAP is strategically aligned with Defra’s departmental priorities and the UK’s international commitments. By supporting the creation of ocean accounts, investing into GOAP supports the following strategic priorities:

* **The Dasgupta Review**

The Dasgupta Review implores governments and businesses to support natural capital accounting frameworks and invest in the standardisation of data and modelling approaches, and technical support[[21]](#footnote-22). By investing in GOAP, the UK Government is directly actioning this recommendation.

* Convention on Biological Diversity (CBD)

The UK is a signatory to the CBD. Directly in line with the objectives of ocean accounting, in the first draft of the post-2020 Global Biodiversity Framework goal b is that nature’s contributions to people have been valued, maintained or enhanced through conservation and sustainable use supporting global development agenda for the benefit of all people.

* **Scientific superpower**

The UK’s Research and Development Roadmap sets out that the UK’s ODA investments should “bring together UK and international partner country research expertise to alleviate poverty, create jobs, and secure more sustainable economic growth and stability.”[[22]](#footnote-23) Ocean accounts are practically useful for ocean sciences, national statistical systems and evidence-based governance of oceans.

* **The** **High Ambition Coalition (HAC), 30by30**

HAC for Nature and People is an intergovernmental group of more than 45 countries of which the UK is Ocean Co-Chair. Its goal is to achieve at least 30% of protection of the land and ocean by 2030 (30by30). Countries need credible and dependable data on the ecological and economical value of MPAs to support local managers and policy makers to sustainable develop them.

* **SDGs**

Investment in the GOAP directly helps to meet the following goals:

1. SDG 14: Life Below Water which calls for the oceans, seas and marine resources to be conserved and sustainably used for development
2. SDG 15.9 which calls for the integration of ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts
3. SDG 17.19 which called for efforts building on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product and support statistical capacity building in developing countries.

# 3. APPRAISAL CASE

**Summary**

To support the initial investment into GOAP, the initial Business Case appraisal case made the case for contracting GOAP as the delivery partner. The Appraisal Case for this phase of the investment reflects an assessment of the progress GOAP has made in its first year. The progress demonstrated in Year 1 gives us confidence in GOAP as a delivery partner who offers value for money across all economy, efficiency, and effectiveness measures. GOAP was reassessed against the original BPF investment criteria to evaluate whether it was still the most suitable delivery partner. The case then makes an appraisal of the options for delivery. The proposed additional activities offer significant further benefits to year one countries and expand the work of GOAP in the global dissemination of ocean accounting and its influence and value to policy makers. These well-aligned activities give us confidence that GOAP will offer good value for money in future delivery and a strong M&E plan will allow us to monitor and ensure this throughout the project lifecycle.

The preferred option is to invest a further £2m per year for the next three years. This is a continuation, development, and expansion of the Year 1 programme to deliver pilots in up to an additional 6 ODA-eligible countries1, broaden the scope and reach of knowledge products and internationally mainstream ocean accounting in decision making. This option provides best value for money (VfM) and fit with the Blue Planet Fund (BPF) investment criteria and the strategic case for intervention. When scored against several critical success factors, this option stands out as the most appropriate option.

## 3.1 ASSESSMENT OF GOAP FIRST YEAR PROGRESS

A detailed assessment of GOAP’s Year 1 progress is presented in Annex A in the following section we present a summary of this progress. GOAP have fully delivered on their milestones for year one and had no underspend. They have over-delivered on two activities, by implementing six (instead of five) pilot countries and publishing seven (instead of six) technical papers.

In Year 1 of Defra funding, Defra provided GOAP with £1m to establish and mainstream ocean accounts in 6 pilot countries. GOAP was successful in implementing ocean accounting activities in five pilot countries. In addition, GOAP was also able to add Kenya as a sixth country to the Year 1 programme at no additional cost to Defra. This highlights GOAPs ambition in facilitating ocean accounting work in countries that are committed to developing these products and tools.

GOAP and ocean accounting has received positive feedback from pilot countries where its importance for supporting the development of economies has been praised. Country feedback (see example below) highlights how initial work in ocean accounting has facilitated coordination and inter-ministry approaches to manage the marine environment. It also shows how ocean accounting has had impacts beyond governments and has provided key stakeholders with information on the importance of marine habitats and ecosystems. The ever-growing membership of GOAP also demonstrates the belief in the organisation that the international community has.

*“Ocean accounting is an important undertaking in Indonesia, complementing exiting accounting work that primarily focuses on terrestrial areas. It supports the implementation of the 2020-2024 National Mid-term Development Plan (RPJMN) and Indonesian Ocean Policy, as well as other international commitments including but not limited to the SDGs and the High-Level Panel of Sustainable Ocean Economy. The ocean accounts framework and the whole-of-government approach to ocean accounting also assist Indonesia with inter-ministerial coordination and support towards achieving the common goals. Information obtained from ocean accounts will play an important role in national ocean management, as well as being the basis for ocean-related decision making.” –* ***Indonesian Government Official***

GOAP have demonstrated their ability to effectively and efficiently mobilise and manage a large increase in funding over Year 1. Their total 'external’ investments have increased from around £200k to £2m inclusive of the UK’s investment in FY 2021/22. This additional investment demonstrates GOAP’s ability to use UK funds to mobilise other funding and the confidence other donors and international community has in GOAP as a delivery organisation. Members of GOAP have invested an additional £5m into ocean accounts in their countries.

The on time and on budget delivery of all milestones, positive country feedback, successful disbursement of an expanded budget and interest and commitments from other donors all suggest that GOAP are a partner offering efficient delivery and value for money. Specifically, GOAP is demonstrating success in Fiji and Indonesia. Fiji have been supported to develop a National Ocean Policy, considering the value of the ocean resources and the Fijian Bureau of Statistics is incorporating these values into national accounting and reporting systems. In Indonesia, ocean accounts in Gili Matra MPA have contributed important information regarding the extent, conditions, and economic values of the existing ecosystems, further highlighting the role ocean accounting can play in policy decision making.4 This progress demonstrates the effectiveness of GOAP in delivering outcomes and impacts and as such suggests the work offers good value for money.  This appraisal case evaluates GOAP against other delivery partners/channels and considers options for extension in ocean accounts through GOAP.

## 3.2 INVESTMENT OPTIONS ASSESSMENT

Potential delivery partners/channels to continue to establish and mainstream ocean accounts in BPF eligible countries were assessed against the BPF investment criteria. The BPF investment criteria are designed with the “4Es” value for money considerations embedded across them.

* **Economy** - buying inputs of the appropriate quality at the right price
* **Efficiency** - how well we convert inputs into outputs
* **Effectiveness** - how well the outputs from an intervention achieve the desired outcome on poverty reduction
* **Equity** - how well the spend benefits those who need it most

The ‘four E’s’ are directly related to factors in stage 1 and stage 2 assessments, which options are scored against, outlined in section 3.6 as follows:

|  |  |
| --- | --- |
| **VfM principle** | **Key BPF Investment Criteria** |
| **Stage 1 Assessment** | **Stage 2 Assessment** |
| **Economy** (buying at the right price) |  | Financial Soundness |
| **Efficiency** (spending well) | UK government priorities;  | Delivery and implementation potential; Additionality |
| **Effectiveness** (spending wisely) | Environmental benefit potential; In-country engagement and fit; Maximising synergies;  | Mobilising potential – finance; Mobilising potential – stakeholder action |
| **Equity** (spending fairly) | Poverty reduction; Do no harm |  |

*Table 4 - How VfM criteria relate to the BPF investment criteria*

In the Year 1 investment options assessment, seven delivery partners/channels were considered to deliver work on ocean accounts for the BPF. This appraisal case reconsiders these partners/channels and evaluates which is the most suitable for continuing work on ocean accounting.

In the year one appraisal, ProBlue was ruled out prior to the application of the BPF investment criteria due to a lack of focus on ocean accounts, therefore not guaranteeing our stated outcomes. This assessment remains consistent for Years 2 to 4 and therefore investment via ProBlue is again ruled out prior to the application of the BPF investment criteria. This left six delivery partners/channels to be assessed using the BPF investment criteria. The remaining six delivery partners/channels considered were bilateral programming, World Bank Natural Capital Programme (NCP), UNESCAP, UNSD, GOAP, UK-led partnership for accounts.

BPF investment criteria are split into two stages, each delivery partner or channel must successfully pass stage one to be considered against the stage two criteria. Stage 1 criteria are poverty reduction potential, environmental benefit potential, do no harm, UK Government priorities and in-country alignment. Stage 2 criteria are financial soundness, delivery and implementation potential, additionality and mobilising potential finance and stakeholders.

At stage 1 the World Bank Natural Capital Programme (NCP) was ruled out due to a lack of focus of the programme on the marine environment and therefore it did not pass the environmental criteria. The five other options were taken forward and scored against the stage two investment criteria.

Stage 2 investment criteria eliminated a UK led partnership[[23]](#footnote-24) which was recognised as not being additional and unlikely to mobilise action from other stakeholders. Following stage 1 and 2 assessments, GOAP emerged as the highest scoring partner, scoring higher than other delivery partner/channel options across investment criteria factors. As a result of the progress made in Year 1, GOAP was scored higher in stage 2 in this investment criteria assessment than they did in the initial assessment. Improvements in GOAP’s score were under delivery and implementation potential and potential to mobilise finance. GOAP have evidenced that despite being a small sized secretariat, they can deliver (and overdeliver) on milestones in a timely manner. Furthermore, GOAP have expanded their network of partners and stakeholders, which increases their opportunity for mobilising finance outside of BPF investment. GOAP’s ability to mobilise further finance will also increase the amount of mobilised finance that is attributable to the initial investment made by the BPF.

Delivery partner/channel options including bilateral programming, UNESCAP, UNSD and GOAP, all passed stage 1 and 2 assessments were taken forward to the be assessed against strategic considerations, as outlined in Annex G. Continuing with GOAP best met the strategic considerations. GOAP currently sits outside of UN agency process but retains strong links to UNSD processes for SEEA. By being unrestrained by UN processes, GOAP can act flexibly in response to changing demands and circumstances. GOAP is based on membership-led partnerships and as a result, is well placed to ensure activities are country led and owned. GOAP have an established partnership with Defra, which will allow them to absorb additional funding quickly and meet timeframes. We are also confident that GOAP as a delivery body is value for money, as discussed in section 3.4.

## 3.3 FURTHER INVESTMENT (YEARS 2-4)

#### Rationale For Further Investment

The rationale for investment in ocean accounting remains the same as in Year 1 of the programme. The UK government and the BPF continue to view ocean accounting as a priority intervention and a tool that can help developing countries sustainably manage and utilise their marine resources.

GOAP have made considerable progress in Year 1 of the programme. As a result, we have confidence in GOAP to continue delivering on not only ocean accounts, but also other activities that seek to mainstream the use of marine data through the development of knowledge products and the establishment of partnerships and networks with delivery partners and other stakeholders. GOAP’s progress in Year 1 has meant that we are confident in continuing with them as a delivery partner in ocean accounting and GOAP will score higher than previously against the BPF investment criteria.5

Additional investment through the BPF is necessary to ensure that GOAP’s Year 1 progress is embedded to create a long-term impact. Without extending the work of GOAP, the gains made in Year 1 would not be built upon and as a result, long-term benefits would be less likely to be delivered. We are confident that with additional funding bolstering their operations, GOAP will be able to embed these pilot successes, expand their network of experts and further their work in ocean accounting.

Whilst GOAP have shown that they are able to leverage external sources of funding, these are not currently as large or as consistent as required to create sustained change. By re-investing and increasing our investment size, the UK will bolster confidence for others to invest into GOAP. The catalysing of other investments was seen after our Year 1 investment of £1 million and therefore we would expect this to occur at a greater scale after re-committing and scaling up our commitment going forward. The preferred option therefore does not risk crowding out investment, but attracting new private finance in. This would increase the value for money of the investment. There is also demand for 25 pilot countries (GOAP has a vision of 25 pilot countries by 2025) and we are proposing to fund less than half of these so there is capacity for other donors to contribute. Other donors can also start new workstreams with GOAP, this has been seen through donor countries.

Investment into GOAP through the BPF is necessary to ensure that work on ocean accounting develops, rather than continuing on an ad-hoc basis. Without investment through the BPF, GOAP will be reliant on either securing an additional long-term funding stream with interest in building on the work of the UK’s investment. Either this, or the work will have to be developed relying on the good-will of partners and multilateral organisations such as the World Bank, UNSD and UNESCAP; in-kind contributions; and some small financing from various sources. Regardless of where funding was secured from, there would be a considerable and indefinite gap in delivery of the pilots, knowledge products, and capacity building activities 11 without BPF investment.

Options for further investment in GOAP, and the activities that are to be undertaken in Years 2-4 were developed between GOAP and Defra following workshop discussions. As the programme delivers, we expect iterations and additions to the activities under each option to enable GOAP to respond to emerging demands, priorities, and opportunities. The exact activities to be delivered each year will be finalised during the drafting of the grant agreement, whilst allowing some flexibility.

## 3.4 YEARS 2-4 OPTIONS ASSESSMENT

#### Investment Options Summary

GOAP’s progress in Year 1 means that we are confident in continuing with them as a delivery partner in ocean accounting and that they would out-score other delivery partners assessed in the Year 1 business case. We are also confident that no new delivery partners have appeared since the Year 1 assessment.

We are confident that GOAP offer value for money as a delivery partner. They have proved effective in the delivery of milestones as seen in Year 1, often going above the requirements for delivery. They incur low administration costs meaning a high proportion of funding provided goes directly to activities and impact. They also create a space for in-kind investment from governments they work with by engaging with the local community. For example, where possible they use locally engaged consultants instead of flying them out, reducing costs but also building local knowledge, capacity and goodwill.

The investment options considered all extend the investment for a further 3 years; this is in keeping with the original business case which proposed investment over 4 years subject to good performance in Year 1. Three investment options were considered for years 2 to 4, these were:

* Option 0: Do nothing.
* Option 1: £1m per year: Continuation of Year 1 programming, without expansion.
* Option 2: £2m per year: Continuation, development, and expansion of Year 1 programming to deliver pilots up to an additional 8 countries and broaden scope of knowledge products. [**Preferred**]
* Option 3: £5m per year: Continuation, development, and rapid expansion of Year 1 programming to deliver pilots in up to 25 countries and broaden scope of knowledge products substantially.

See Annex B for a description of the currently proposed activities under years 2-4. Investment options were assessed against several critical success factors to determine which option is most likely to meet BPF aims and ensure programme success. Option 2 was found to be the most appropriate option.

#### Criteria Scoring for Options

Options for further investment within GOAP were scored against several critical success factors. Table 2 provides further detail on these, where they were determined through collaboration between Defra economists, policy officials and GOAP programme staff.

|  |  |
| --- | --- |
| **Critical Success Factor**  | **Overview of assessment**  |
| Risk to delivery   | To what extent will this option present risks that may hinder the delivery of future work?  |
| Mobilising potential finance  | Will this option incentivise GOAP to mobilise finance from sources outside of the BPF, and incentivise organisations to invest in GOAP so to ensure the sustainability of its work?  |
| Ability to spend  | Does this option provide a level of funding that GOAP, being a small Secretariat, is realistically able to spend and effectively manage?  |
| Mobilising potential stakeholders  | Will this option allow GOAP to mobilise existing and new stakeholders?  |
| Builds on and sustains the successes of year 1  | Will this option see GOAP developing their knowledge products and use these products in current and future pilot countries?  |
| Expansion of countries  | Will this option see GOAP operating in more countries than in the first year of the programme?  |
| Increasing depth of partnerships  | Will this option see GOAP expanding their network of stakeholders and delivery partners?  |
| Catalyst for future work  | Will this option provide a base upon which future work can be built?  |
| Enabling greater global action  | Will this option see GOAP meeting a greater number of global objectives?  |

*Table 5 - Critical success factors*

Critical success factors were then scored using a Red-Amber-Green (RAG) rating system, in which green (score = 2/2) indicates that the option meets the critical success factor, yellow (score = 1/2) indicates that the option only partially meets the critical success factor and red (score = 0/2) indicates that the option does not meet the critical success factor. Table 3 below outlines the scoring, a detailed breakdown of the rational can be found in Annex C.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   | Risk to delivery   | Mobilising potential finance  | Ability to spend  | Mobilising potential stakeholders  | Builds on and sustains the value of Year 1  | Expansion of countries  | Increasing depth of partnerships  | Catalyst for future work  | Enabling greater global action  | Score  | Decision  |
| **Do-nothing**  |   |   |   |   |   |   |   |   |   | 4/18  | Discounted  |
| **Option** : 1  |   |   |   |   |   |   |   |   |   | 11/18  | Not preferred  |
| **Option** : 2  |   |   |   |   |   |   |   |   |   | 16/18  | Preferred  |
| **Option** : 3  |   |   |   |   |   |   |   |   |   | 12/18  | Discounted  |

*Table 6 - Assessment of options against critical success factors*

#### Overview of Recommendations

Do-Nothing recommendation summary

**Recommendation:** Discounted.

**Because:** Under this option the partnership between the Defra and GOAP would stop. Further intervention on ocean accounting would not be facilitated through BPF investment. Ocean accounting work would take place at a slower pace than it would if the BPF continued its investment. This option would see the BPF withdraw support for an important area within the marine economy, and as a result would present a reputation risk to the BPF and its wider work.

**Risks:** This option presents considerable risks to the progress of ocean accounting as well as to the BPF. This option would halt GOAP work that had been enabled by the initial BPF investment. This option has the lowest RAG rating score against the critical success factors (see Annex C) for a detailed breakdown. Additionally, taking this option forward poses a considerable reputational risk to the BPF. Considering the progress made by GOAP in Year 1, pulling out would not be based on any credible reason and would cast doubt over the BPF as a supportive delivery partner. The UK’s reputation as a world leader in ODA and its commitment to safeguarding the marine environment would also be damaged by a lack of commitment to ocean accounting.

Option 1 (do-minimum) recommendation summary

**Recommendation**: Not preferred.

**Because:** This option is feasible and matches the original budget. However, it is more limited in its impact and lacks the ambition of the other ‘do something’ options. Ocean accounting could contribute to leveraging finance, to the implementation of sustainable marine policies globally, and to a detailed, constantly updated picture of the state of the ocean and its resources. At a programme level, GOAP could help illustrate the impact of the BPF through assisting with monitoring and evaluation and data collection, and ensuring activities delivered under the OCPP are aligned with ocean accounts. Given the potential for impact, the rationale for further intervention and the high standard of delivery displayed by GOAP in Year 1, the recommendation is to invest more than £1m per year into GOAP. Furthermore, the preparatory work for the additional year two pilots has begun, and this option would not enable these to be delivered. See Annex C for a detailed breakdown against critical success factors

**Risks:** This option falls short on many of the critical success factors due to its lack of ambition and lower impact when compared to the other ‘do something’ options. This option is not preferred as by taking it forward, GOAP would be limited in building on the considerable progress made in Year 1. This would impact their ability to mobilise potential stakeholders and would directly prohibit the expansion of initial ocean accounting taking place in additional countries. As a result, this option would not act as a catalyst for future work and thus fails to enable great global action, which the UK is keen to achieve through GOAP.

Option 2 recommendation summary

**Recommendation:** Preferred6.

**Because:** This option scored the best against the critical success factors, shown in Table 3.

This option builds upon the work GOAP have delivered in Year 1, through developing those ocean accounts that are already in train and complimenting them with additional pilots in BPF priority countries.

Option 2 also fits well with the strategic goals of the UK and BPF. In addition to working towards those HMG priorities set out in the original Business Case, such as the Dasgupta Review, 25-year environment plan, the High Ambition Coalition and 30by30, and Sustainable Development Goals (SDGs), this option also commits to embedding ocean accounts regionally which could offer a good return on investment and ensures that all the BPFs priority geographies are engaged with on ocean accounting.

The development of knowledge products for finance aligns with the UK’s commitment to mobilising finance for nature, but also with the BPF’s goal to increase sustainable investment in the ocean. This option also holds wider strategic advantages for the UK; much like the effects of the Chevening Scholarship, the global ‘next generation’ network will create a cohort of individuals globally with an affinity for the UK whilst also working to embed ocean accounting within countries on a longer-term basis.

**Risks:** Despite being the clear preferred option, this option does carry minor risks. Firstly, there are minor risks within GOAP’s control, such as a risk that they do not deliver against milestones. Although this is deemed unlikely given Defra’s experience of working with GOAP, this has been mitigated by ensuring Defra only pays once milestones have been met. However, there are also risks outside of GOAP’s control. These risks could impact GOAP’s outcomes and impacts as they are centred around the long causal chain of environmental impacts (as seen in the ToC in Annex F). For example, even with GOAP achieving its milestones, decision makers may decide not to use ocean accounts to inform marine spatial planning or marine protection measures.

Option 3 recommendation summary

**Recommendation:** Discounted.

**Because:** Whilst ambitious, this is a significant upscale in investment than the originally planned £1m per year, and we have some doubts about GOAP’s ability to deliver on such a large scale as they are a small secretariat. GOAP did not provide enough detail on proposed activities to reassure Defra that this option was feasible within the timeframes of the investment. Moreover, we would expect GOAP to begin to leverage finance from other sources to supplement their ability to reach their 25 by 25 target. This will ensure sustainable funding streams for the Secretariat once the BPF support subsides. See Annex C for a detailed breakdown.

**Risks:** This option is ambitious and does fulfil many of the critical success factors. However, there is a considerable risk to delivery stemming from the fact that GOAP are a small secretariat and would be managing a considerably larger investment than in Year 1. This raises the risk of GOAP not being able to fully utilise the investment, which could impact VfM. Given the size of this investment, there is a chance that it would reduce GOAP’s incentive to mobilise finance from sources outside of the BPF. Additionally, this option has risks under delivery on GOAP’s part, given they are a small secretariat managing a sizeable investment. In the case of under delivery, the reputational risk to the UK is large and may impact future work of the BPF, especially in ocean accounting.

## 3.5 PREFERRED OPTION

Our **preferred option is Option 2:** Continuation, development, and expansion of Year 1 programming to deliver pilots up to an additional 6 countries and broaden scope of knowledge products.

## 3.6 VALUE FOR MONEY ASSESSMENT

A quantitative assessment was undertaken to illustrate the possible benefits of developing pilot ocean accounts against the costs of this part of the preferred programme. Other parts of the programme, such as creating communities of practice and developing international guidance, were excluded from this quantified analysis as it was not possible to qualitatively assess the associated benefits. However, as the benefits from creating and developing pilot country ocean accounts could be estimated, we used this alongside the associated project costs and created an indicative partial BCR. We recognised this as the most transparent way of illustrating potential GOAP benefits against its costs. The wider GOAP programme will bring with it a number of unquantifiable benefits, and these are described after this section.

This pilot country analysis takes a holistic approach and considers the benefits that are garnered from establishing and mainstreaming ocean accounting. The analysis considered 12 case study countries (6 initial pilots and 6 additional pilots), that were in scope for ocean accounting implementation and mainstreaming led by GOAP, through BPF investment. A full list of case study countries can be found in Annex H.

This analysis considered benefits to increased biodiversity, improved fisheries, and a reduction in mismanaged waste. Values taken from the Ecosystem Service Valuation Database (ESVD[[24]](#footnote-25)) were used to determine the monetary benefit that could be garnered from this improved management of marine resources, ecosystems, and habitats. It needs to be caveated that ESVD values for habitats and ecosystems often vary. Values are considered at the local level, rather than through the lens of the global value of habitats and ecosystems. Therefore, values are dependent on the evidence and valuations of specific countries and are to be treated as illustrative. A portion of this benefit was then attributed to GOAP’s work in establishing and mainstreaming ocean accounting. This apportionment assumes that the causal chain, as set out in the TOC, is achieved. However, it was set at a conservative level to reflect possible uncertainties in garnering benefits. Further information on the methodology taken in this analysis can be found in Annex H.

It was found that investment through GOAP would lead to a partial benefit-cost ratio of 2.4 and a partial net present value of £3.2m. To caveat, this assessment included investment costs of £2.4m, rather than the total investment of £7m. This £2.4m figure reflects the partial investment that will be directed towards action specific to establishing and mainstreaming ocean accounting in pilot countries, rather than wider supporting actions. It is expected that investment funds of £200k will be used for the initial establishment of ocean accounts in a pilot country, whilst £100k goes towards subsequent mainstreaming. This additional £100k, that goes towards mainstreaming ocean accounts ensures the full stream of benefits, outlined in the ToC, are realised.

This assessment considered the quantitative benefits of GOAP’s establishment and mainstreaming of ocean accounting, for the entirety of the programme lifetime. It was necessary to take this approach, as opposed to looking at benefits at stages of the programme, as actions will lead to cumulative benefits in the long-term. Through the backing of UK finance and expertise, GOAP has established ocean accounts in six countries, and will do so in six more, and establish knowledge products and expand their network of stakeholders and experts. As a result, improved knowledge, monitoring, management, and decision making will result in environmental and social benefits such as improved health for marine and human life and climate regulation benefits from a healthier, more resilient ocean. The appraisal period used in this analysis was 30-years, which is consistent with other BPF programme analyses, per the BPF appraisal guidance. As benefits are not expected to begin right away, this analysis included a 5-year lag to when benefits begin to be accrued.

As six countries pilots that are included in this analysis have already had ocean accounts established in Year 1, only the costs for establishing the remaining six countries pilots have been included, whilst the cost for mainstreaming all 12 has been included. A breakdown of benefits is below:

|  |
| --- |
| Illustrative VfM of pilot ocean accounts |
| Pollution | £17k |
| Fisheries | £1.1m |
| Biodiversity | £4.5m |
| **Present value** | £5.6m |
| **NPV** | £3.2m |
| **BCR** | 2.4 |

*Table 7 - Modelled results from value for money analysis, continuation of first year intervention*

Several other benefits are expected to be garnered through GOAP’s continuation of establishing and mainstreaming ocean accounts. These benefits are wider and occur further along the casual chain than those assessed quantitatively and are therefore discussed qualitatively below. The detailed TOC can be found in Annex F.

*Embedding ocean accounts and ensuring longevity*

GOAP will continue working in Year 1 pilot countries and develop pilot ocean accounts in six more countries. The continued engagement with Year 1 countries and longer-term commitment to new pilot countries will make it easier for these countries to adopt and embed natural capital accounting approaches in their policy and decision making, where before they would have lacked the technical expertise to do so. Year 1 progress has demonstrated how these accounts have helped to establish new policies such as marine spatial planning. Alongside increasing global knowledge development this will create a strong network of experts and good practice case studies demonstrating where natural capital accounting can positively impact policy.

*Expanding the global expert community*

Current interest from BPF eligible countries in ocean accounts outstrips global supply. Therefore, in addition to the existing network and support for pilot countries, GOAP will establish a global “next generation” network. This will support a cohort of PhD candidates from BPF countries and will facilitate interdisciplinary programmes focused on compilation and use of ocean accounts to support sustainable ocean decision-making. This long-term activity will increase the number of experts working in the field of ocean accounting. GOAP will be able to develop a legacy in the form of individuals who are capable of developing products and tools linked to ocean accounting, acting as a platform for future ocean accounting work.

*Data collection and comparability*

The investment aims to establish an international ocean accounting standard. Development of official statistical standards in collaboration with the UN Statistical Division will provide global visibility for accounting but more crucially a recognised and comparable approach to ocean accounting and frameworks that guide data collection. An internationally agreed standard should enable more coordinated and consistent data collection across all organisations operating in countries which adopt ocean accounting frameworks. This will create and sustain a natural capital approach to decision making, ensure biodiversity is valued and integrated into decision making, and allowing the benefits associated with this to be realised.

*Mobilised finance*

Defra’s investment will be able to mobilise additional finance for GOAP, by increasing GOAPs visibility internationally. This will allow GOAP to increase their operations and current work, increasing their impact. As an early investor, the UK Government will be able to attribute a proportion of this mobilised finance, and its outputs, outcomes, and impacts, to its own investment. This multiplier effect allows us to be even more confident in the good VfM of our investment. GOAP also have wider ambitions for ocean accounts to unlock private finance for the ocean. They will develop knowledge products with a focus on ‘accounts for finance8’. This guidance will detail how ocean accounts can be best used to leverage finance by, for example, suggesting indicators to focus on, and how to present the accounts to best illustrate the case for investment. The outcome of this work will be the leveraging and unlocking of multilateral private sector finance for sustainable ocean development.

*UK leadership and global reputation*

The UK is already recognised as a leader in natural capital accounting and marine accounts within our seas. By adding pilot countries in Years 2-4, the UK Government via the BPF re-affirms its leadership in producing, championing, and establishing ocean accounting, as well as to global sustainable ocean management. This investment enhances the UK’s reputation for ocean sustainability.

The extension of work through GOAP also fulfils the 4E’s, which were considered when designing the BPF investment criteria, against which GOAP was scored. GOAP fulfils each of the 4E’s, as is outlined below.

*Economy*

In our preferred option, Defra will provide **£2m of funding per year in Years 2-4** to GOAP, **totalling an investment of £6m** over the three years. This builds on the initial Year 1 investment of £1m, taking the UK’s total investment in GOAP to £7m. Given the increase in programme length, as well as the additional activities GOAP will be undertaking around supporting the establishment and mainstreaming of ocean accounts, this increase in investment is justified, as more action involved, and a greater variety of activities are being undertaken.

Year 1 delivery and outcomes have indicated that GOAP is a delivery partner which offers good value of money. As has been mentioned in Year 1 feedback from country partners, ocean accounts are a vital tool to enable good policy making and integration of the environment into decision making can aid countries in protecting and utilising their marine environment and the economy it supports. This further investment, and expansion of the scope of the work, will offer longer-term benefits which can be expected to outstrip the investment level.

*Efficiency*

GOAP’s Year 1 progress highlights that they are efficient in their spending of BPF investment. They were able to deliver on all pre-agreed milestones and in some cases overachieved. Therefore, we are confident that increasing investment through GOAP is justified through their delivery and implementation potential. Furthermore, ocean accounting in BPF eligible countries remains a priority for the UK Government. Therefore, continuing this work through the most suitable delivery partner is essential.

Further investment through GOAP is also expected to increase additionality, i.e., the change that can be directly attributed to GOAP activity. As GOAP is the only global body focused on the delivery of ocean accounts on a global scale, they are leaders in their field, and change can be attributed to them. This will make visible the role the BPF had in garnering long-term benefits through ocean accounting, highlighting that investment is well spent.

*Effectiveness*

Benefits expected from GOAP are short-term activities such as pilot country rollout and technical papers, but the programme is inherently designed to ensure longer term change by embedding accounts within pilot countries decision making, developing communities of practice, technical guidance and supporting the development of the next generation of technical experts.

Ocean accounting is expected to lead to long term change in marine management. The importance of habitats and ecosystems is made more visible and policy making can better understand the trade offs associated with ocean health and sustainability. Improved Ocean Accounts contribute to improved ecosystem services; provisioning services such as sustainable fisheries, regulating services such as carbon storage, and other use and non-use services through protecting habitats and ecosystems.

*Equity*

This additional investment through GOAP fulfils the BPF’s aims of spending fairly by reducing poverty and doing no harm in the location of where investment is going. GOAP will be operating in BPF/ODA-eligiblecountries. They countries have been identified as being likely to be positively impacted by the establishment and mainstreaming of ocean accounting.

A comprehensive national accounting system provides information that can be used to analyse distributional issues. In the context of GOAP, appropriately detailed ocean accounts provide a statistical infrastructure that enables countries to track gender dimensions and consequences of decision-making about the ocean and generate associated indicators for ongoing reporting. For example, they can help government officials and other stakeholders to produce internationally comparable and consistent statistics concerning the gender dimensions and implications of: income and employment associated with ocean-based economic activity across different sectors, flows of benefits from marine and coastal ecosystems, and impacts and interactions of people and communities with the marine and coastal environment.

Ocean accounts also provide means to integrate results of social sciences (qualitative and quantitative) concerning gender issues with conventional environmental and economic statistics within a common spatial framework.

Beyond the analytical and decision-making benefits of ocean accounts supported by the GOAP Years 2-4 investment, the investment will also directly support gender equality objectives through the following activities: production of technical guidance for countries that specifically addresses accounting for the gender dimensions of the ocean economy and sustainable ocean development, ensuring that gender equality considerations are embedded in the design of all capacity building and training activities, with particular attention devoted to fostering the participation of women and other marginalised groups, and ensuring that the design of all ocean accounting projects implemented incorporates gender-based disaggregation to the extent possible. GOAP will also ensure equity through its PhD allocations by ensuring direct beneficiaries (i.e. PhD recipients) have a gender balance.

It is worthwhile caveating that the BPFs investment in GOAP will incur costs for other stakeholders. In addition to the UK funding costs, an expansion of this work will incur costs to GOAP’s partners, in the form of providing in-kind staff time and expertise. In the long term, pilot country government staff will be required to run and maintain ocean account programmes.

## 3.7 MONITORING AND EVALUATION

Monitoring, evaluation, and learning (MEL) for GOAP will be designed to serve both programme-level objectives and - as with all programmes within the Blue Planet Fund (BPF) - to feed into a Fund-level MEL framework and Defra’s portfolio-level framework (both currently under development).

Monitoring and evaluation will play a crucial role in determining and confirming the success of GOAP’s work, ensuring they have been efficient, economic and effective in their use of funding. An indicative minimum total budget of £200,000 will be allocated to evaluation. This totals to 2.9% of the total £7m investment and GOAP will also be required to monitor the delivery of their activities and the progress made, and so further spend on monitoring by the Secretariat will occur.

MEL for GOAP includes the theory of change which outlines the activities and outputs enabling the delivery of each programme outcome; risks and assumptions associated with these delivery pathways; and some support of the development of programme-level indicators. The programme ToC will be nested within the overarching Fund-level Theory of Change and feed into at least one of the Fund-level impact Key Performance Indicators (KPIs) with the investment linked to two draft KPIs laid out in section 2.4.7. Further details on how programmes will support the Fund-level evaluation will be included in the outline strategy due to be published summer 2022.

Specific MEL activities will include (but may not be limited to): developing baselines; monitoring to support a process and impact evaluation; development of programme-level indicators (additional to Fund-level KPIs); plus, formal (e.g., reports, presentations) and informal (e.g., ad hoc webinars, blogs, etc.) reporting methods. The potential for counterfactuals will be explored as part of the ToC process.

To deliver on MEL the programme Logframe will be developed in-house (to be completed by summer 2022) and the annual reviews process used to update on progress. In addition, a mid-term review will be commissioned to take place after Year 2 in the 2023/24 financial year. This will look to understand what parts of the programme are working well, what could be improved, how the pilot ocean accounts are being used in policy development and provide lessons learnt to adapt the programme for the remaining years.

An end-line impact and value for money evaluation will be commissioned near the conclusion of our investment in the FY 2024/25. This will enable us to understand what Defra’s investment into GOAP has achieved and to ensure accountability to HMT and the public. It will allow us to understand our contribution to the global ocean sustainability agenda and ensure activities have promoted equity. As well as allowing GOAP to learn and adapt other future programmes so they can continue to improve their delivery model.

# 4. COMMERCIAL CASE

The Appraisal Case provides a high-level justification for investing in GOAP. The following Financial and Commercial sections provide further information on the financing method and procurement.

### 4.1 commercial approach

The preferred funding route is through a direct award grant. Due consideration has been made to the different funding options as set out in the Government Grants and Alternative Funding Options guidance document. As advised by Defra Commercial, given the outputs and outcomes of the programme are not of direct benefit to the department, but instead help Defra to meet departmental and international objectives, a commercial procurement was not considered a feasible route. A commercial contract was also discounted since Defra does not wish to purchase goods or services. A grant was therefore determined to be the most appropriate route.

Second, the project has considered the different grant funding options. A competed grant was discounted. This is because there are a very limited number of possible delivery partners and, as detailed in the Appraisal Case of the year one business case, funding a body other than GOAP would likely result in the funding being channelled to GOAP in a more inefficient manner than a direct award grant.

Our rationale for a direct award grant can be summarised below:

* As laid out in the Business Case for the first year of funding, funding a body other than GOAP would likely result in the funding being channelled to GOAP anyway. As laid out in the Appraisal Case, GOAP evidenced strong delivery in year one and we are content to continue with them as a delivery partner in years 2-4.
* No specific services or goods are being purchased by Defra. Instead, Defra seeks to provide funding to GOAP to carry out activities that align with Defra’s departmental and international objectives.
* Defra will not gain direct benefit as a result of this project (for example Defra owning intellectual property rights as a result of this project). Instead, the project outcomes and impacts are related to our international objectives and global public goods. However, there will be robust KPIs and performance milestones to measure performance.
* It is in line HMT and FCDO official guidance of Value for Money in ODA that ‘value for money must be the key driver for all public procurement and this will normally be achieved through competition’. On this occasion competition is likely to result in an inefficient use of funds as awarding the grant to a body other than GOAP would likely result in the funding being channelled to GOAP anyway.

### 4.2 ensuring value for money through procurement

As this will be a direct award grant, there will not be a procurement process. However, in line with ODA guidance Defra has assessed further investment in GOAP for VfM in the Appraisal Case.

### 4.3 financial management and ability of partners to deliver

#### University of New South Wales

GOAP will be recipient of the grant via the UNSW. The University of New South Wales hosts the Partnership Secretariat supported by the World Bank Blue Economy Program.

The UNSW is a public research university established by an Act of New South Wales Parliament. Its total income for 2019 was AUD 2.4 billion (GBP 1.3 billion) including AUD 120 million (GBP 66 million) of external consultancy and contracts income from diverse sources including multilateral development banks such as the World Bank, bilateral development funders such as DfID (now FCDO), and the private sector. The University’s Risk Management Framework meets the requirements of ISO 31000:2018 Risk Management Guidelines. UNSW have delivered some previous marine-based projects. For example, since 2018 UNSW has worked in partnership with the University of the South Pacific and University College London providing technical assistance to the Government of the Marshall Islands in reformation of its Ship Registry on a World Bank project worth USD $500,000.

### 4.4 safeguarding and equality

Defra has a zero-tolerance approach to safeguarding. GOAP have been made aware of this and understand that whilst raising a safeguarding concern would not necessarily result in funding being withdrawn, failure to raise a safeguarding risk would. UNSW has various policies relating to safeguarding in place, including a code of conduct for researchers and sexual misconduct procedures. Staff working on GOAP have been instructed that reports of safeguarding concerns can be implemented anonymously and understand how to do this. This project seeks to do no harm; the overall aim is to support the creation and use of ocean accounts so that policy and decision makers can make inclusive and sustainable decisions about the use of ocean resources that protect the livelihoods that depend on them. The project is unlikely to involve activities that could bring about adverse impacts on local communities directly, however GOAP will nonetheless be required to proactively report on safeguarding and equality risks and issues and to comply with BPF and wider HMG best practise in this regard.

### 4.5 compliance with gender sections of 2002 international development act

Under the 2002 International Development Act development assistance must be likely to “contribute to reducing inequality between persons of different gender”[[25]](#footnote-26). Women face the risks of ocean degradation with fewer assets and alternatives for income, and less resilience against mounting losses[[26]](#footnote-27). The creation and embedded use of ocean accounts is fundamental to enabling policy and decision makers to make sustainable decisions about the use of marine resources that reduce gender inequality and increase resilience to economic shocks.

### 4.6 domestic subsidy uk

Investments need to be assessed against 3 pieces of legislation:

* World Trade Organisation (WTO)
* New subsidy controls under the EU-UK Trade and Cooperation Agreement (TCA), Chapter 3 TCA
* Northern Ireland Protocol Article (NIP) 10l

Subsidy control colleagues have confirmed that this programme falls outside the scope of Chapter 3 of the TCA and Article 10 of NIP.

### 4.7 commercial risks

We expect the commercial risks to be low. Those foreseen and any mitigation strategies in place are summarised in the risk table in section 6.2.

# 5. FINANCIAL CASE

The following Financial case establishes that the preferred option 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.

### accounting officer tests

* Affordability (and financial sustainability): the three years of this investment has an allocated budget through SR21, subsequent investment would be delivered subject to the agreed availability of future budgets.
* Regularity: the project will be managed in accordance with HMT’s Managing Public Money guidance and in line with the Defra ODA guidance.
* 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.
* Value for money: the recommended option for funding has been appraised carefully against alternatives, including a ‘do nothing’ option as well as alternative funding mechanisms and delivery approaches.
* Feasibility: the need for investment has been outlined in the strategic case, the investment can realistically be implemented accurately, sustainably and to the intended timescale. Defra and GOAP have worked together to develop a monitoring framework with corresponding delivery milestones to ensure that the desired outcomes can be feasibly met.

### 5.2 expected project costs

The direct award grant will commit Defra to £6m to be paid over 3 years, subject to GOAP’s performance. The £6m was included as part of Defra’s SR21 ODA bid and approved in January 2022. The project will run from April 2022-March 2025. Future investments could be made for year 2025-2026 but are not considered in this business case. Management and administration costs will be included in the £6m and will not exceed 10%.

### 5.3 Proposed payments

An indicative payment schedule is shown in table 10.

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2022/23  | 2023/24  | 2024/25  |
| July  | £300,000  | £500,000  | £500,000  |
| October  | £500,000  | £500,000  | £500,000  |
| January  | £500,000  | £500,000  | £500,000  |
| March   | £500,000  | £500,000  | £500,000  |

*Table 8 - Indicative payment schedule*

In line with ODA best practice, and to avoid payment in advance of need, payments will be spread quarterly as detailed in table 10. Payments will be made following financial and progress reports and quarterly formal catch-up meetings that demonstrate expenditure is in line with the approved activities.

The final payment schedule will be agreed between GOAP and Defra as part of the grant award process. The amounts and timescales may be subject to variation depending on the development of the project.

### 5.4 International Climate Finance proportion

In the original business case, and for the first-year investment, this funding was not classified as international climate finance (ICF). Following a re-appraisal of the expected outputs, outcomes, and impacts of GOAP, this has been recalculated to 50% ICF with an equal split of mitigation and adaptation.The activities under the UK investment into GOAP will support an enabling environment which will help countries to recognise, plan for and adapt to the impacts of climate change. Year one activities of GOAP have already fed into country plans for the development of the blue economy and the marine spatial planning for island states, all of which include a crucial thread of planning for the impacts of climate change. The data and analysis provided though the GOAP investment could further provide the basis for investments in well aligned climate-relevant assets, potentially attracting longer term financing to support adaptation.

### 5.5 staffing costs

The allocation of full-time equivalent (FTE) is an expected average across the lifetime of the project, with peak staff time at the beginning whilst the project is set up. FTE capacity of different posts is as follows: HEO (0.3), G7 Policy (0.1), and G7 Economist (0.1). Frontline resources will be covered by the BPF team budget.

|  |  |
| --- | --- |
| **Resource** | **Cost** |
| **HEO (0.3)** | £13,384.50 |
| **G7 Policy Lead (0.1)** | £7,127.90 |
| **G7 Economist (0.1)** | £7,127.90 |
| **Total** | £27,640.30 |

*Table 9 - Costs of front-line resources*

### 5.6 reporting, monitoring and accounting for funds

Grant payments will be linked to performance against agreed costs and deliverables set out in the final grant agreement. The delivery partner therefore bears the risk of poor performance. The delivery partner is expected to provide quarterly reports on the spend progress against budget. 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.

### 5.7 avoiding payment in advance of need

In line with HMT’s guide on Managing Public Money, we will ensure that Defra is not paying in advance of need. The project lead will monitor the payment schedule agreed with the delivery partner to assess if they are ahead of behind schedule and will revise the payment schedule if necessary. Any changes to the payment schedule will be discussed and agreed with Defra finance.

### 5.8 Financial accounting considerations

### In the original business case, and for the first-year investment, the funding was classified as RDEL. Following a re-evaluation of the deliverables of GOAP, the full £6m of the extension will be classified as R&D CDEL. This is because through the development of ocean accounts, GOAP create new datasets, combine existing datasets for new analysis and conclusions, and communicate and disseminate data which is then fed into R&D. The investment will also fund PhD students to conduct ocean account research. Therefore, the proposed funding would meet the classification requirements for CDEL.

### 5.9 transparency

Defra requires all its partners to meet the International Aid Transparency Initiative (IATI) standard 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 project will generate outputs including a log frame, annual review, and technical reports which will be of interest to other countries and stakeholders. All outputs should be published on IATI and free to users whenever possible. Most agencies are now following this standard.

### 5.10 avoiding fraud and corruption

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.

### 5.11 provision for defra to withdraw funding

Defra will ensure that there are several clauses in the grant 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 grant agreement.

If the measures agreed by Defra and the UNSW 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 grant 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 (60) 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 (30) 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 UNSW) |
| “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 10 - Provision for the return of any uncommitted funds to Defra from the delivery*

# 6. MANAGEMENT CASE

## 6.1 Management and governance arrangements

The GOAP Secretariat will be responsible for the day to day running of the project with Defra having full oversight. This will include scrutinising GOAP’s progress on a quarterly basis by evaluating its progress towards KPIs and its expenditure, in addition to chairing more informal monthly meetings to iron out delivery issues. More detail in section 6.1.4 below.

### 6.1.1. Project lead and sro

Defra’s designated BPF Project Lead for GOAP is responsible for routine oversight of the project. Overall responsibility is with the Senior Responsible Owner (SRO).

### 6.1.2 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. All SROs for Defra’s ODA investments are accountable to the ODA board and are required to report on progress when asked.

### 6.1.3 joint management board

The Blue Planet Fund Joint Management Board (JMB) will provide strategic oversight of the BPF by Defra and FCDO to ensure it delivers on its aims and aligns with wider HMG objectives. All investments by Defra and FCDO will be reviewed by the JMB against the BPF ToC and Investment Criteria.

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

A Logical Framework will be drafted and is due for completion in April 2022.

To scrutinise progress towards delivery of the grant agreement, quarterly milestones will be agreed each year. Defra will convene a Local Project Board that will occur quarterly, and GOAP will need to report adequate progress towards milestones, financial propriety, and evidence to trigger the release of each grant instalment. In addition to the Local Project Board, Defra and GOAP will meet monthly in a more informal manner to iron out delivery issues, and discuss risk and expenditure, to ensure the project remains on track.

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.

### 6.1.5 resourcing and recruitment

Resourcing and staff needed to manage the project has been identified and outlined in Section 5.4.

## 6.2 What are the key risks to the programme?

The following risks have been identified in the risk register below. The project lead is responsible for updating the risk register, ensuring the mitigating actions are carried out and escalating risks to the SRO/ODA board. The SRO has overall responsibility for all the risks identified in the risk register.

The overall risk rating for this project is Minor. This is based on a scale of Minor > Moderate > Major > Severe. There are some general risks associated with successfully managing programme delivery outlined in the table below. The risk rating has been decided taking likelihood and impact into account.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Risk description** | **Risk category** | **Owner** | **Risk rating** | **Comments/Mitigating Actions** | **Residual Risk rating** |
| 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. | Context | SRO | Moderate | This risk is substantially reduced from FY 2021/22 as the COVID-19 situation improves, however, it remains unpredictable. The creation of national pilot ocean accounts and development roadmaps will be sub-contracted out to delivery partners in country to limit the need for international travel as far as possible, but GOAP hope to be able to travel to support pilots in year two. If they were unable to travel, the pilots would still be able to go ahead. Defra BPF team will work with GOAP to monitor spend and continually review progress against log frame milestones to ensure that impacts are achieved. | Minor |
| Political instability prevents Defra’s project from being delivered (or delays parts of the project, or introduces inefficiencies) | Context | SRO | Moderate | Political instability would only affect pilot accounts, and it is unlikely that political instability would affect several at once. Furthermore, when selecting those countries to deliver in, political stability will be considered. We will be taking an agile approach to delivery and will be able to shift countries if absolutely necessary. We will work closely with GOAP and with HMG ambassadors to monitor any associated risks. | Minor |
| Due to a lack of capacity, GOAP does not adhere to agreed reporting requirements set out in grant agreement which results in Defra not being able to assess performance against the deliverables | Delivery | SRO | Minor | GOAP adhered strongly to reporting requirements in year one, providing consistently high-quality returns, ample evidence of delivery, and detailed budget reports. Defra will continue to commission GOAP for such returns, and expect the same quality. | Minor |
| Corruption either by government, NGOs or third parties contracted by GOAP which would result in a misuse of funds.  | Fiduciary | SRO | Moderate | The creation of national pilot ocean accounts and development roadmaps will be sub-contracted out to trusted delivery partners. The countries’ ranking in Transparency International’s Corruption Perceptions Index will be considered during selection, and Defra BPF team will work with GOAP to monitor spend to ensure financial propriety; as well as maintain due diligence standards for downstream partners. | Minor |
| Several outcomes rely on the capabilities and efficiencies of delivery partners such as UN-ESCAP, UNSEEA, and UNSC to hit deadlines. Low capacity, bureaucracy and other delays could result in an inability for GOAP to deliver on some outcomes. | Delivery | SRO | Moderate | We have deliberately selected a delivery partner that is well-integrated into UN systems. These existing professional relationships will save time and ensure these UN bodies are accountable to GOAP. | Minor |

*Table 11 - Indicative risk register*

1. (United Nations: Sustainable Development Goal 14: Life Below Water, n.d.) [↑](#footnote-ref-2)
2. (United Nations: Sustainable Development Goal 14: Life Below Water, n.d.) [↑](#footnote-ref-3)
3. (United Nations: Sustainable Development Goal 14: Life Below Water, n.d.) [↑](#footnote-ref-4)
4. (Global Ocean Accounts Partnership, n.d.) [↑](#footnote-ref-5)
5. (Global Ocean Accounts Partnership, n.d.) [↑](#footnote-ref-6)
6. (Global Ocean Accounts Partnership, n.d.) [↑](#footnote-ref-7)
7. (The 2018 annual economic report on the EU blue economy, n.d.) [↑](#footnote-ref-8)
8. (National Accounting for the Ocean and Ocean Economy, n.d.) [↑](#footnote-ref-9)
9. (WAVES: Natural capital accounting: providing information for poverty reduction, n.d.) [↑](#footnote-ref-10)
10. (The Economics of Biodiversity: The Dasgupta Review, n.d.) [↑](#footnote-ref-11)
11. (Sustainable Natural Capital, n.d.) [↑](#footnote-ref-12)
12. The Economics of Biodiversity: The Dasgupta Review was announced by the Chancellor of the Exchequer in March 2019 and was led by Professor Sir Partha Dasgupta. The final report was published in February 2021. [↑](#footnote-ref-13)
13. (The Economics of Biodiversity: The Dasgupta Review, n.d.) [↑](#footnote-ref-14)
14. (The Economics of Biodiversity: The Dasgupta Review, n.d.) [↑](#footnote-ref-15)
15. (National Accounting for the Ocean and Ocean Economy, n.d.) [↑](#footnote-ref-16)
16. (Global Ocean Accounts Partnership, n.d.) [↑](#footnote-ref-17)
17. (Global Ocean Accounts Partnership, n.d.) [↑](#footnote-ref-18)
18. (Fenichel, Milligan, & Porras, 2020) [↑](#footnote-ref-19)
19. (Global Ocean Accounts Partnership, n.d.) [↑](#footnote-ref-20)
20. Ocean wealth refers to the asset value of the global ocean. In 2015, the WWF valued the ocean at US$24tn. This takes into account direct outputs of the ocean like marine fisheries, mangroves and coral reefs, but also indirect assets such as shipping lanes and carbon absorption. [↑](#footnote-ref-21)
21. (The Economics of Biodiversity: The Dasgupta Review, n.d.) [↑](#footnote-ref-22)
22. (UK Research and Development Roadmap, n.d.) [↑](#footnote-ref-23)
23. This option would see UK Government departments and executive bodies take the lead in establishing ocean accounts in ODA/BPF eligible countries. [↑](#footnote-ref-24)
24. The ESVD is a database of monetised ecosystem services that flow from various ecosystems and habitats. [↑](#footnote-ref-25)
25. (International Development (Gender Equality) Act 2014, n.d.) [↑](#footnote-ref-26)
26. (Women and the Sustainable Development Goals, n.d.) [↑](#footnote-ref-27)