



Department  
for Environment  
Food & Rural Affairs

# Blue Planet Fund: Ocean Community Empowerment And Nature (OCEAN) Grant Programme

Country/Region:	ODA eligible countries
Programme value:	██████████
Start – end date:	April 2023 up to March 2030
SRO:	██████████
Overall risk rating:	High
Version number	1.7



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## GLOSSARY

BCR	Benefit Cost Ratio
BPF	Blue Planet Fund
CBD	Convention on Biological Diversity
COP26	UN Climate Change Conference of the Parties
CSO	Civil Society Organisation
FAO	Food and Agriculture Organisation
FCDO	Foreign, Commonwealth and Development Office
FLD	Front Line Delivery
FY	Financial Year
GIAA	Government Internal Audit Agency
GPAP	Global Plastics Action Partnership
HLP	High Level Panel for a Sustainable Ocean Economy
ICAI	Independent Commission for Aid Impact
ICF	International Climate Finance
IUU	Illegal, Unreported and Unregulated fishing
KPI	Key Performance Indicator
LDC	Least Developed Country
MPA	Marine Protected Area
NbS	Nature-based Solutions
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organisation
NPV	Net Present Value
OCP	Ocean Country Partnership Programme
ODA	Official Development Assistance
OSJA	Overseas Security and Justice Assistance
PCR	The Public Contracts Regulations 2015
SDG	Sustainable Development Goal
SEAH	Sexual Exploitation, Abuse, and Sexual Harassment
SIDS	Small Island Developing States
SR	Spending Review
ToC	Theory of Change
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
VFM	Value for Money

# 1. INTERVENTION SUMMARY

## 1.1 Previous approval

1. The Department for Environment, Food and Rural Affairs (Defra) is seeking approval for up to ██████ of Official Development Assistance (ODA) investment from the Blue Planet Fund (BPF; see Annex A for background information) to establish a new competitive fund over seven years (FY23/24 to FY2029/30). A total of ██████ was secured for 2022-25 during the 2021 Spending Review (SR), with remaining funding to be sought at the next SR. This business case will also go to HMT for approval (see section 5.8), in line with other major funds seeking funding beyond SR periods.
2. In July 2022, the ODA Board reviewed this investment as an outline business case (OBC) and recommended it to proceed to Investment Committee (IC). The IC approved the OBC in August 2022.
3. In December 2022, Ministerial approval of OBC was granted, with HM Treasury (HMT) approving up to ██████ investment to be announced by Secretary of State (SoS) at the Convention on Biological Diversity (CBD COP15) in Montreal, Canada. The remaining funding will be sought at the next SR and agreed with HMT.
4. Directly following the SoS announcement, Defra published a commercial Invitation To Tender (ITT) to recruit a grant administrator. In March 2023, a rigorous two stage evaluation process was undertaken, finalised through a two-day consensus meeting. The commercial case (see section 4) sets out the procurement process and commercial considerations. In line with business case guidance (LIT 63244), this case contains information at OFFICIAL level only. Information at OFFICIAL SENSITIVE (Commercial) is contained in the Contract Award Report, and available to Commercial representatives as an Annex upon request.

## 1.2 Summary of programme and objectives

5. In 2020, following a Ministerial steer to bring greater flexibility to the BPF portfolio, Defra explored the feasibility of establishing a new competitive grants fund. The fund has since been developed - the Ocean Community Empowerment And Nature fund (OCEAN), with a long-term impact objective to place the ocean on a path to recovery, enabling local communities and nature to thrive. This competitive fund is designed to address a funding gap identified in a BPF portfolio that is dominated by bilateral and multilateral centrally disbursed finance. The competitive fund will offer various advantages over other ways of funding, not least by providing a mechanism that will enable a significant diversity of ideas, expertise, and knowledge to flow into the overall BPF portfolio. Furthermore, it will add value to the existing BPF mechanisms (bilateral and multilateral, all centrally disbursed) through a community focussed challenge fund model (Annex B), which is also more responsive to emerging opportunities.
6. The fund will attract proposals from organisations working closely with the communities most affected by declining ocean health. Funds will be allocated through an open and transparent process against clear criteria, with applications scored and recommended for selection by an external expert committee.
7. Evidence shows<sup>1</sup> that there is insufficient competitive funding for programming that solely

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<sup>1</sup> Niras-LTS report – ask for full document

tackles marine issues, and for organisations that specifically focus on reaching local communities and local organisations. Despite the unique position that local organisations occupy, within the context of global financial architecture, the funding opportunities for these organisations is extremely limited. OCEAN will seek to fill this gap and support people and communities who have most acutely and disproportionately been impacted by climate change; ‘who have historically contributed the least to current climate change’ and whose vulnerability is ‘exacerbated by inequity and marginalisation linked to e.g., gender, ethnicity, low incomes, informal settlements, disability, age, and historical and ongoing patterns of inequity such as colonialism.’<sup>2</sup>

8. OCEAN will focus on activities that deliver impact under the four Defra-led BPF outcomes: marine protected areas (MPAs) and other effective conservation measures (OECMs); illegal, unreported, and unregulated (IUU) fishing; international and large-scale fisheries; and marine pollution. Climate outcomes will be indirectly delivered through programming, and we anticipate International Climate Finance (ICF) to be up to [REDACTED]. The fund will also provide benefits towards the other three outcomes (critical marine habitats, small-scale fisheries, and sustainable aquaculture), which are led by the Foreign, Commonwealth and Development Office (FCDO; see 2.5 Objectives, Impacts, Outcomes, and Activities for table of Defra and FCDO objective outcomes). The FCDO business case for their Climate and Ocean Adaptation Sustainable Transition (COAST) programme, which will deliver on the three FCDO outcomes, has been approved. Once sufficient evidence has built up, we will assess delivery against the outcomes to understand the strategic value of the current approach. This will likely be in line with the review of the fund manager.
9. The two departments are currently updating the BPF Theory of Change (ToC) and priority outcomes and work closely to ensure strong coordination across the portfolio. This joint coordination will support strategic design and development of the competitive fund, ensuring it aligns and adds value across the whole BPF programme. It will also explore how projects funded under the competitive fund can be scaled up through other Defra funded mechanisms to ensure coherence, impact, Value for Money (VfM) and to mitigate the risk of duplication.
10. The competitive fund is designed to be a community focussed challenge fund that cuts across all the BPF priority outcomes. This means that it will not always directly target specific delivery pathways on the priority outcomes as they may not be relevant or realistic at the community level scale (see section 2.5 Objectives, Impacts, Outcomes, and refer to Outputs). However, Table 1 provides a broad working example of how some competitive fund anticipated activities, outcomes and long-term impacts may align to the current Defra and FCDO priority outcomes under the BPF (also see 2.5 Objectives, Impacts, Outcomes, and Activities and Figure 3: Theory of Change for a more detailed strategic oversight of the competitive fund).

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11. Table 1: Competitive fund anticipated activities, outcomes and long-term impacts aligned to Defra / FCDO priority outcomes under the Blue Planet Fund

Blue Planet Fund		Competitive fund		
Defra Priority Outcomes		Anticipated activities	Outcomes <sup>1</sup>	Long-term <sup>3</sup> impacts
Marine protected areas (MPAs) and other effective conservation measures (OECMs)	Countries have increased willingness, capacity, and access to ODA so that they are able to establish and sustainably, effectively, and inclusively implement and <b>manage marine protected areas and other effective conservation measures</b> within their national and international waters.	Community capacity building and empowerment e.g., Knowledge-sharing about effective policies/ measures that have worked elsewhere; demand-led learning across outcome areas, for example on marine pollution impacts/ how to reduce marine; pollution in local settings; MPAs and OECMS	Willingness and ability for organisations to access to ODA funding	Improved and more inclusive governance, monitoring and enforcement of MPAs and OECMs
Illegal, unreported, and unregulated (IUU) fishing	IUU fishing activities are more effectively <b>identified, prevented, and deterred</b> with the communities previously dependent on these practices supported through alternative, stable, sustainable livelihoods	Training artisanal fishers in illegal, unreported, and unregulated (IUU) fishing data collection to develop community-led networks to report IUU fishing	Increased awareness and knowledge-sharing of BPF outcomes, ie. harm to marine environment and how to tackle it	IUU fishing activities reduced and improved social outcomes for vulnerable fishing communities
Solid waste pollution and other forms of marine pollution	Terrestrial waste management systems are strengthened to move <b>towards circular economy approaches</b> that reduce solid waste and other forms of pollution, including <b>ghost gear</b> , entering the marine environment and support inclusive poverty reduction and women's empowerment.	Establishing waste collection, sorting, and disposal systems in local communities	Increased capacity local organisations and communities to tackle environmental challenges across the priority outcomes at different levels	Improved waste management systems, particularly in relation to managing marine pollution
International and large-scale fisheries	Management of <b>regional and national fisheries and aquaculture</b> is strengthened to deliver <b>sustainable fish stocks and healthy marine ecosystems</b> , provide <b>inclusive livelihoods</b> , and reduce overfishing including by removing or repurposing environmentally harmful subsidies.	Capacity building projects to train in-country experts to carry out fishery assessments and develop improvements based on data.	Organisations have an increased ability to challenge/feed into/influence policy at local/sub-national/national levels	Strengthened management of regional and national fisheries
Blue Planet Fund		competitive fund		
FCDO Priority Outcomes		Anticipated activities	Outcomes <sup>1</sup>	Long-term <sup>3</sup> impacts
Critical marine habitats for coastal resilience	<b>Locally inclusive and pro-poor approaches</b> to protect, sustainably manage and restore marine ecosystems are demonstrated, scaled, and financed, leading to improved biodiversity, ecosystem services and climate resilience of coastal communities	Community capacity building and empowerment e.g., Knowledge-sharing about effective policies/ measures that have worked elsewhere	Local organisations are better supported to help communities manage marine resources sustainably and inclusively	Increased coastal resilience to climate change
Small-scale fisheries management	<b>Local communities</b> have improved fisheries management <b>knowledge, capacities, and incentives</b> , supporting more climate resilient, inclusive and sustainable livelihoods	Community training workshops in sustainable marine management practices to increase productivity and yields of ecosystems	Organisations have an increased ability to challenge/feed into/influence policy at local/sub-national/national levels	Strengthened management of regional and national fisheries
Sustainable aquaculture	<b>Sustainable, inclusive aquaculture approaches</b> that help restore and avoid harm to the environment are demonstrated and increasingly adopted with private sector support	Community capacity building and empowerment e.g., Knowledge-sharing about effective sustainable aquaculture approaches that have worked elsewhere	Local organisations are better supported to help communities manage marine resources sustainably and inclusively	Marine ecosystems (services) are better protected and more sustainably used and managed

12. This fund will provide a dynamic, competitive element that has the potential to fund different/alternative types of solutions by virtue of being developed by and with local organisations and communities. It will have the potential to support proposals for expensive but necessary activities, such as providing extensive support for fisheries intelligence and monitoring, control, and surveillance. The fund will also be able to support proposals that address long-term behaviour change and social drivers of environmental issues, such as strengthening legitimacy of authority at local level and understanding factors such as social norms and power dynamics. This also includes supporting proposals which look to improve gender equality, disability, and marginalised groups whose livelihoods rely on the marine environment. Projects such as these require a long-term approach and carry higher risk than other activities like upskilling or increasing technical knowledge.
13. Overall, the competitive fund will give the BPF tactical, strategic advantages in terms of leveraging action on a wider geographic scale, partnering with local organisations in key countries, increasing action and support for UK priorities, and the ability for Defra to tailor its portfolio according to changing circumstances.
14. With regards to fund management, Defra's project team have undertaken competitive procurement processes to secure a grant administrator to manage defined aspects of the fund, including administration and coordinating activities across the outcomes, disbursing funds, and leading on monitoring, evaluation, and learning (MEL). The grant administrator will also work closely with delivery partners to deliver outcomes and objectives specified by Defra and identify and manage risks.
15. Defra's project team has worked closely with colleagues in commercial and the BLF team to incorporate lessons learned from the BLF commercial process. This resulted in: a detailed, strengthened, and more robust ITT; rigorous two-stage evaluation process; and cost strategy of 70:30 technical expertise: price. Additional measures, such as having a wide range of reviewers from Darwin, BPF, and FCDO, were also implemented.
16. Grant administrator activities will be complemented by Defra-funded BPF staff based in select FCDO posts. These staff will oversee and coordinate activities in several key regions<sup>3</sup>, review fund proposals in tandem with FCDO country-based staff, support implementing partners on the ground, and work to ensure that programming remains strategic. An independent evaluation group (expert committee) consisting of ex-officio experts in the marine environment and poverty reduction, will also be recruited to provide independent assessments and recommendations of successful project applications. An independent evaluator will also be procured to provide dedicated knowledge and support on MEL and Gender Equality and Social Inclusion (GESI) activities. Data and learning from external assessment reviews, alongside ongoing MEL and GESI activities, will form the basis of continuous improvement and adaptive programming over the lifetime of the fund.
17. Given the breadth and complexity of the challenges we are trying to address, we advocate for longer-term project delivery of up to seven years to maximise our ability to have lasting, meaningful impact. The new draft International Development Strategy focuses on the need for long-term approaches, lessons learned from FCDO challenge funds, and results from the Independent Commission for Aid Impact's (ICAI) review on DfID's partnerships with civil society organisations emphasise the need for long-term programming (Annex C).

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<sup>3</sup> Fiji (Pacific); Vietnam (South- East Asia); Ghana (West Africa); Ecuador (Latin America); and Mozambique (East Africa)

18. The competitive fund will be formed of two application windows (below). We are also exploring a capacity-building component and the provision of core funding, two elements that have been identified as critical to the long-term success and sustainability of projects and delivery partners (see section 2.5, *Lessons learned*).
- **Small grants:** up to £250,000 → targeting smaller, in country organisations and local communities with a focus on capacity building, alongside delivering activities to support local communities or improve the marine environment (two stage process)
  - **Large grants:** up to £3m → targeting larger organisations and/or consortia that are partnered with local organisations, both of which are able to absorb increased funding to scale up existing activities and aim to reach higher numbers of people (one stage process). This grants window will also enable the scale up of successful projects, either existing or progressing projects from the small grants window

The eligibility criteria are currently in development. Criteria will build on learning from other successful fund mechanisms, including UK Aid Direct, especially in terms of defining size of organisations. Criteria will likely be based on annual income (with an average taken from last three years of their accounts) and definitions from other FCDO grants-based programming to ensure accessible and robust criteria for effective targeting of small and large grants.

19. The assessment criteria and selection criteria are also in development and will draw on learning from the Darwin Initiative, Darwin Plus, the Biodiverse Landscapes Fund, Blue Forests, and UK Aid Direct assessment criteria (technical merit, environmental impacts, and poverty reduction benefits), with the intention of incorporating criteria that will allow measurement against objectives specific to this programme (e.g., supporting vulnerable communities)
20. Due diligence will be undertaken for both windows, with requests for evidence that demonstrate the applicant is a viable organisation, that proposed projects are implemented in an ODA eligible country or countries, and that they have the capacity to implement the proposed project or build the necessary capacity over the lifetime of the project.
21. The competitive fund will also deliver on additional critical pathways outlined in the BPF Theory of Change (ToC). The first few years of BPF programming has seen strong focus on improving capacity building, knowledge sharing, and monitoring of data. However, there are other pathways (e.g., coastal planning, legislation, strengthening voices, pilots on sustainable livelihoods, management, and enforcement) that can be utilised to deliver BPF outcomes through the competitive fund.
22. Procurement of an external grant administrator is critical given the expansive administrative remit of this fund: including management of the application process; conducting due diligence on potential delivery partners; on-going day-to-day liaison with, and management of, delivery partners; and supporting project-level monitoring and evaluation, including annual reporting.
23. We have drawn heavily on learning from other funds such as the Darwin Initiative, Darwin Plus, the Biodiverse Landscapes Fund, Blue Forests, and UK Aid Direct. This has resulted in improved approaches to the fund administration design and reporting mechanisms. This includes: inclusive engagement and consultation with potential delivery partners throughout each stage of the fund lifecycle; strengthening fund eligibility and selection criteria to ensure smaller organisations have increased access, opportunity and support to submit successful applications; breaking down potential language barriers by ensuring fund content is available in other languages and exploring the viability of in-country 1-2-1 support available in several UN languages (French, Spanish, and Portuguese); promoting alternative reporting mechanisms, such as interviews and video/ radio blogs to relieve reporting burden on smaller organisations and reach a wider audience (e.g. those

for whom reading is more difficult or who do not own a laptop/ smart device); and developing options for appointing an inclusive, diverse and global expert committee. The design of the fund is continuously evolving based on lessons learned from other funds and will continue to adapt as evidence starts to come to us through mechanisms in our MEL and GESI framework.

**1.3 Why is UK support required and why now?**

- 24. The most severe impacts from marine ecosystem degradation, such as food and water insecurity, loss of nutrition, loss of employment and income, and the erosion of social cohesion, will be felt most by those who rely directly on marine resources for their livelihoods.<sup>4</sup> Those living in coastal communities and small island developing states (SIDS) are especially vulnerable, where the poorest and marginalised often rely on the ocean not only for their livelihoods, but for nutrition, economic growth, and climate resilience.<sup>5,6</sup>
- 25. Poorer households and communities are also less likely to have access to the services or resources to build resilience. They often have significantly less involvement in the decision-making processes necessary to increase their ability to protect the marine environment and to adapt to climate change. This lack of resources disproportionately affects women,<sup>7</sup> who make up the majority of the world’s poor, as well as other vulnerable groups such as indigenous peoples, remote communities, persons with disabilities, vulnerable children, and the elderly.
- 26. Despite the critically important position that the ocean occupies in maintaining global climate systems, safeguarding food and water security, and supporting some of the most biodiverse ecosystems in the world, the international funding landscape is dominated by terrestrial programming.<sup>8,9</sup>
- 27. As global development seeks to better reach those who are systematically left behind, discriminated against, and locked into poverty, working at the local level in coastal areas is important. Feedback from sessions run in Sri Lanka, Colombia and Ecuador highlighted the importance and need for greater localisation in the development space. Local organisations are especially well-positioned to support communities, and especially during shocks. They can adapt, provide assistance, and respond to local needs more quickly and appropriately than international organisations.
- 28. This competitive fund will focus on organisations that have the potential to reach these people and communities in ways that others cannot. They tend to be embedded into local communities, hold relationships, and trust with key community leaders, and hold local, historical, and traditional knowledge, which is imperative to local buy-in and impactful programming. As such, local organisations can adopt more nuanced approaches to meet the specific needs of those communities.
- 29. As a world leader in environmental programming, international development, and international climate and nature finance, the UK is well positioned to help fill this gap and apply its substantial

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expertise and highly regarded and extensive overseas network. We will work with posts and regional advisors to reach a greater diversity of organisations, to effectively coordinate with other BPF programmes, and provide strategic input into other major Defra programmes, such as Darwin, Darwin Plus and BLF (also see section *Why Defra*, pg. 19).

#### How does this fund differ to Darwin?

30. The competitive fund is designed to enrich other major Defra environmental funds, such as Darwin and Darwin+. Although we have drawn from Darwin for certain fund mechanisms, this fund has distinct features that also differentiates it from other Defra funds.
  - **Darwin focuses specifically on biodiversity loss** – this competitive fund proposes to go well beyond that. We'll be seeking solutions in multiple problem spaces across a broad variety of issues, ranging from strengthening institutions that focus on achieving ocean equity for local communities to understanding the impact of IUU fishing on women and exploring solutions that combine both marine and gender issues
  - Although Darwin doesn't specify ecosystems, **the majority of proposals received and funding disbursed goes towards terrestrial programming**; this does not help us to tackle the ocean funding gap (see *Addressing the challenge: key barriers*, page 16). We explored the option of integrating a separate, marine pillar into Darwin, but this is commercially unfeasible - Darwin has recently renewed its business case and grant administrator contract, which means that we are unable to bring marine programming of this scope into the fund at present (this is something we will explore in advance of when contracts reach their break point clause and in conjunction with a broader strategic approach on grant administrators for the Defra challenge funds.)
31. We have identified a **key gap in the BPF portfolio**, working directly at the local level and targeting organisations in country. **This fund is designed to fill this gap and retain a clear marine focus. As the portfolio develops and matures, it will enable Defra to understand more clearly how the fund should sit within the broader BPF and environmental challenge funds' portfolios**

#### 1.4 What are the main programme activities and where?

32. The essence of the competitive fund model is for organisations to bring forward their ideas for solutions for marine protection, management of marine resources, and climate adaptation. Activities and interventions will therefore vary from country to country, but outputs and outcomes will support the competitive fund ToC (see pg.23).
33. Drawing from existing funds, such as Darwin, Darwin Plus and the Global Environment Facility Small Grants Programme, we anticipate activities to include:
  - training artisanal fishers in IUU fishing data collection to develop community-led networks to report IUU fishing
  - capacity building projects to train in-country experts to carry out fishery assessments and develop improvements based on data
  - community training workshops in sustainable marine management practices to increase productivity and yields of ecosystems
  - establishing no-take zones and creating biodiversity monitoring programmes
  - establishing and training staff in environmental management and information systems
  - establishing waste collection, sorting, and disposal systems in local communities
  - supporting women, youth, and disabled people to develop income generation and livelihood development in integrated waste management

34. Although the BPF has a set of priority regions and countries, we recommend not prioritising geographies at this stage. Given the lack of historical programming data from which to draw from, we recommend building up an evidence base first before taking the decision to limit the geographic scope. This will allow us to prioritise innovation and local, context-specific solutions. As the fund evolves and data sets emerge, we will re-assess whether to narrow the geographic scope.
35. Projects will support, scale, and augment existing Defra BPF programming, such as the Ocean Country Partnership Programme (OCP). For example, the competitive fund will be able to support OCP objectives on improved management of the marine environment at the sub-national and community levels. The fund will be able to fund proposals that support and empower local communities to have greater access, rights, and autonomy over the marine environment and its resources, which is proven to contribute towards long-term sustainability of projects and programming.<sup>10 11</sup> The competitive fund will also provide a useful vehicle to amplify in-country implementation of the Global Plastics Action Partnership (GPAP). GPAP is an enabling programme and implementation is led by in-country multistakeholder platform. A mixture of local public sector, private sector, NGOs, and academic actors make up task forces and action roadmap development teams, within GPAP. OCEAN could assist these groups to deliver on relevant activities set out in their plans and help secure funding for pipelined projects.

### 1.5 Strategic alignment

36. The fund will contribute to and/or align with several major UK strategic priorities:

#### Climate change and biodiversity

- **COP26/27:** the focus on the role of nature in combating climate change, with commitments made to protect local communities and natural habitats.
- **Convention on Biological Diversity (CBD; COP15):** supporting the UK to deliver the Kunming-Montreal Global Biodiversity Framework, in particular the 30x30 campaign and related targets on marine ecosystem restoration
- **Integrated Review Refresh 2023:** “The UK’s first thematic priority remains tackling climate change, environmental damage and biodiversity loss, given the urgency of making progress before 2030.”<sup>12</sup>
- **25 Year Environment Plan:** under which HMG is committed to secure clean, healthy, productive, and biologically diverse seas and oceans, and is committed to providing international leadership and leading by example
- **Paris Agreement:** the fund has an explicit focus on environmental protection and aligns with the Paris Agreement. The programme does not go against the fossil fuel policy, nor does it go against partner countries own climate plans, indeed there are opportunities to support these. This programme will not undertake Shadow Carbon Pricing as it will not generate a material number of emissions. There will be emissions associated with unavoidable international travel. We are taking steps to mitigate our carbon footprint where we can, and we judge that applying Shadow Carbon Pricing is unlikely to generate information which would further change the programme or the decisions we make

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■ [REDACTED]

■ [REDACTED]

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■ [REDACTED]

■ [REDACTED]

regarding successful projects. A rapid climate and environmental risk screening assessment was completed and identified that the risk to this programme and its objectives is currently moderate for climate factors and low for environmental factors. This moderate climate score is due to the current uncertainty around which projects will be successful and their geographic and thematic focuses. An updated assessment will be completed within 6 months following the completion of the first competition round.

### International Development Strategy

- **Strategy for International Development:** includes a focus on the UK's work on climate change and biodiversity, working with civil society, and understanding that progress must be locally owned.
- **International Women and Girls Strategy 2023-2030:** which develops an HMG-wide approach to gender equality and supporting the opportunities and livelihoods of women and girls.

### Finance

- **The Dasgupta Review:** the report emphasises the strategic importance of integrating nature into economics in order to address global challenges.<sup>13</sup> Through this fund, the UK can begin to act on the recommendations from the review by directing critical public financial flows towards activities that allow our natural assets to prosper.
- **International Climate Finance:** the UK has committed to doubling its ICF budget to ██████████. We estimate that up to ████████ of OCEAN funding could be ICF, depending on the proposed projects which are successful during the competition process. The proportion of project funding counted as ICF will be updated over time.
- **10 Point Plan for Financing Biodiversity:** a political narrative that defines a clear pathway for bridging the global nature finance gap and to manage the significant risks of biodiversity loss to the global economy and public health.

### 1.6 What are the expected results?

37. Results will vary from country to country depending on national contexts and which organisations bid for funding. However, we expect projects to deliver a broad range of outcomes:
- local organisations have increased willingness, capacity, and access to ODA so that they are able to establish and sustainably, effectively, and inclusively implement and manage marine protected areas and other effective conservation measures
  - IUU fishing activities are more effectively monitored, prevented, and prohibited with the communities previously dependent on these practices supported through alternative, stable, sustainable livelihoods
  - management of regional and national fisheries and aquaculture is strengthened to deliver sustainable fish stocks and healthy marine ecosystems, provide inclusive livelihoods, and reduce overfishing
  - communities have increased capacity to manage marine pollution, targeting pathways from land to sea, to prevent it entering the marine environment
  - women and other marginalised communities are brought into decision-making processes and have greater access and equity to marine resource management

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<sup>13</sup> *The Economics of Biodiversity: The Dasgupta Review (2021)*, Crown Copyright

- local marine management systems are (re)built and individuals, households and communities have greater diversification of food and income sources, buffering them against climate, socio-economic and other shocks
38. Success will be measured through a comprehensive evaluation strategy, which will be developed in partnership with the Defra project team together with grant administrator MEL advisors and be delivered in combination with the Independent Evaluator once procured. The evaluation strategy will provide Defra with a strong evidence base for future decision making and benefits realisation. Furthermore, we intend to use real-time learning to help shape the fund during its evolution – it will enable us to determine the outcomes we will deliver by gathering real-time information on the portfolio and will support the adaptive programming approach that will underpin this fund.
39. Success will also be measured through Key Performance Indicators (KPIs). Activities funded from the ICF portion of the fund will meet at least one ICF KPI. Non-climate activities will be measured through BPF KPIs. KPIs will provide Defra with important feedback about what the competitive fund is achieving on the ground and demonstrate the impact of ODA spend to UK taxpayers in line with our accountability and transparency requirements. **Draft logframe and KPIs for OCEAN have been drawn from - and feed into – draft BPF indicators, Defra ODA indicators, and existing HMG ICF indicators (Annex E). KPIs for this fund are yet to be fully finalised** but will likely include those listed in Annex E to ensure strategic alignment and reporting across wider BPF, ODA, and ICF indicators. KPIs and logframe will continue to be developed over the coming months in collaboration with the new fund grant administrator once in place end of July 2023, with a view to being finalised in time for the first round of launch for proposals anticipated end of October 2023.

## 1.7 Risks and assurances

40. There are several key risks to highlight regarding this investment:

### Safeguarding and financial risks associated with working with smaller, less known, lower capacity organisations

41. If the competitive fund is truly to empower and enable local communities, Defra must be willing to take on the substantial safeguarding and financial risks of working with smaller organisations.
42. The financial risks can be mitigated in several ways. Drawing on lessons learned from Darwin and Darwin+, the lead applicant will need at least two years' worth of evidence demonstrating operational balance, i.e., that the applicant has an income of ~twice the value of the grant. If the organisation presents fewer assurances, then we will consider funding through the advanced actuals process, which allows Defra to release funding on a quarterly basis.
43. For safeguarding, we recognise that working with new partners presents particular risks in this area. We will seek advice from FCDO's Safeguarding Unit and work closely with the fund manager to ensure this is mitigated proportionately and appropriately. Our grant administrator will further mitigate risks by conducting comprehensive due diligence and fiduciary checks on all potential grantees.
44. Funding will be subject to safeguarding due diligence. The level of assurance will be proportionate to the size of the organisation, its role and mandate. All organisations will be required to be fully compliant prior to any funding being disbursed.



45. Defra will also ensure that the grant administrator has robust safeguarding policies in place and will require the continual evaluation and strengthening of existing policies. Defra will also work closely with the grant administrator to strengthen safeguarding through:
  - implementing recommendations from the Independent Commission for Aid Impact (ICAI), which published a review on the UK's approach to safeguarding in the humanitarian sector in February 2022<sup>14</sup>
  - FCDO's updated due diligence guidelines on safeguarding for external partners<sup>15</sup>
46. Defra will work with the ODA Hub to upskill Defra staff on safeguarding, and ensure that staff attend relevant training and teach-ins.
47. In the event that projects may be impacted by human rights issues, Defra will conduct an Overseas Security and Justice Assistance (OSJA) Assessment. Whilst we do not anticipate many projects will be impacted, we recognise that there are significant human rights issues associated with certain areas, such as IUU fishing.

### Telling a compelling story

48. There is a risk that we are unable to bring together the projects and tell a compelling story about overall fund impact. Projects may be disparate, both thematically and geographically. Effective communication on fund impact (i.e. that the fund is delivering holistically to drive impact and long-term, meaningful change) was also raised at ODA Board. This risk will be mitigated through strong governance structures and robust MEL strategies (see Management Case), as well as close working with FCDO (including alignment with their COAST programme), the grant administrator, MEL advisor, independent evaluator, expert committee, and regional BPF advisors to ensure that project proposals are multifaceted and complementary. A strong set of KPIs (including measuring perception of effectiveness of interventions, gender, and ocean equity) will feed upwards from delivery partners to steer projects towards agreed objectives and outcomes and will allow Defra to aggregate projects for in depth analysis, and to ensure that outcomes are not diluted. An integral role of the grant administrator will be working closely with delivery partners to support capability and capacity in-country. The grant administrator will also host regular knowledge sharing events to create a network of delivery partners across different geographies and develop a pipeline of scalable projects. Projects will be supported to move up through different grants windows, ultimately scaling impact via larger programming and/or successfully receiving funding from other environmental funds. Defra will also continue to work closely with other funds, aggregating data wherever possible and drawing on key learning from their experiences of managing and mitigating this particular risk.

### Forecasting and budgets

49. Defra recognises that developing accurate forecasting and budgets for a broad competitive fund is a consistent challenge.
50. The often-low quality forecasting provided by grant holders (and their downstream partners), for example, is likely to cause variances to quarterly forecasts for at least a proportion of the portfolio.
51. Fund decisions on whether grant holders can carry over unspent funds from one financial year to the next also have significant implications for fund forecasting. Equally, without the ability to roll

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<sup>14</sup> *The UK's approach to safeguarding in the humanitarian sector. Independent Commission for Aid Impact (ICAI). February 2022*

<sup>15</sup> *FCDO Due Diligence: Safeguarding for external partners. November 2022.*

over underspend, opportunities for project adaptation and justifiable rephasing of implementation plans (due to factors beyond a project's control) are lost. At present, Defra is unable to move budgets between years, which does place certain limitations on programming.

52. Incorporating ODA Board feedback, we have now included options in the commercial contract after FY2024-25 to act as a break point. This will provide a period of reflection whereby we are able to assess whether the fund is operating as expected, whether we are attracting – and able to fund – the desired types of projects, and whether the fund continues to provide VfM (see section 3.5 Mechanisms to Ensure Value for Money (VfM), under Efficiency). Having an initial term which aligns to the current Spending Review (SR) will also ensure that we are able to mitigate against the risk of failing to secure sufficient funding beyond the current SR period. Exercising the options to extend the contract will be subject to future SRs. We will also manage downstream risk to the delivery partners themselves by ensuring that calls for proposals are timed such that project grants end in line with the approved SR period and that all grant agreements for projects include appropriate break clauses. To further minimise risk for delivery partners and related reputational risk should we be unsuccessful in future funding, we would also assess whether other programmes within the BPF/ UK govt portfolio could take on the funding or link them with other donors active in the region.
53. To mitigate forecasting and budget challenges Defra will:
  - set annual budgets for the duration of this fund. Monthly finance meetings with the grant administrator will be a core governance feature. Defra work closely with the Darwin team to understand, refine, and take a more consistent approach to budgeting.
  - Defra will draw from FCDO expertise in this area, including lessons learned from programmes such as UK Aid Direct.
  - Defra will manage the fund through its diverse portfolio – if demand or quality of applications are low in one year, we will balance the underspend by increasing spend in other BPF programmes that are delivering impact and VfM, and that can absorb more funding without undue risk. This will be undertaken through a formal process that considers any implication on impact/VfM and Defra thresholds for any approval.
  - Defra will establish a process of continual learning, amending aspects of the scheme to encourage more applications and/or higher quality applications in future years.

## 2. STRATEGIC CASE

### 2.1 Global context

#### Marine ecosystems, poverty, and livelihoods

54. Over-extraction, habitat destruction, biodiversity loss, pollution and climate change all threaten the health of the ocean. Marine environments and the biodiversity within them have historically been undervalued in economic and policy decision-making, as have the goods and services that they provide such as cultural and traditional significance, societal well-being and resilience, and natural infrastructure to mitigate the effects of climate change.
55. The most severe impacts from marine ecosystem degradation, such as food and water insecurity, loss of nutrition, loss of employment and income, and the erosion of social cohesion, will be felt

most by those who rely directly on marine resources for their livelihoods.<sup>16</sup> Those living in coastal communities and small island developing states (SIDS) are especially vulnerable, where the poorest and marginalised often rely on the ocean not only for their livelihoods, but for nutrition, economic growth, and climate resilience.<sup>17,18</sup> By 2030 it is expected there will be 900 million people living in these areas<sup>19</sup> where poverty, vulnerability, and a lack of alternative livelihoods can also be drivers of marine habitat loss, with resulting impacts on communities' resilience to climate change compounded.

56. Poorer households and communities are also less likely to have access to the services (such as innovative technological solutions, public/social services, opportunities for savings, equitable access to markets etc.) or resources (social, political, financial, technological etc.) to build resilience. They often have significantly less involvement in the decision-making processes necessary to increase their ability to protect the marine environment and to adapt to climate change. This lack of resources disproportionately affects women,<sup>20</sup> who make up the majority of the world's poor, and other vulnerable groups such as indigenous peoples,<sup>21</sup> remote communities, persons with disabilities, vulnerable children, and the elderly.<sup>22</sup> If projects or policies are implemented without women's meaningful participation, it has been shown that their effectiveness can decrease, and existing inequalities increase.<sup>23</sup>
57. Despite advancements in achieving an end to poverty, global extreme poverty rose in 2020 for the first time in over 20 years, with the disruption of the Covid-19 pandemic compounding the forces of conflict and climate change, which were already slowing poverty reduction progress.<sup>24</sup> About 100 million additional people are now living in poverty as a result of the pandemic.<sup>25</sup> As such, over the past decade we have seen environmental and corresponding societal risks grow and steadily climb to the top of the World Economic Forum's annual risk reports<sup>26</sup> (figure 1).

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<sup>16</sup> IPCC (2022), *Sixth Assessment Report: Impacts, Adaptation, and Vulnerability*, The Intergovernmental Panel on Climate Change, United Nations, NYC

<sup>17</sup> Ibid.

<sup>18</sup> FAO (2020), *The State of World Fisheries and Aquaculture*, Food and Agricultural Organisation of the United Nations, Rome

<sup>19</sup> *Future Coastal Population Growth and Exposure to Sea-Level Rise and Coastal Flooding - A Global Assessment*, Neumann (2015)

<sup>20</sup> UNFCCC (2019), *Introduction to Gender and Climate Change*, United Nations Climate Change Secretariat, United Nations, YouTube

<sup>21</sup> IPCC (2022), *Sixth Assessment Report: Impacts, Adaptation, and Vulnerability*, The Intergovernmental Panel on Climate Change, United Nations, NYC

<sup>22</sup> UNFCCC (2018), *Considerations regarding vulnerable groups, communities and ecosystems in the context of the national adaptation plans* (2018), Least Developed Countries Expert Group, United Nations Climate Change Secretariat, Bonn

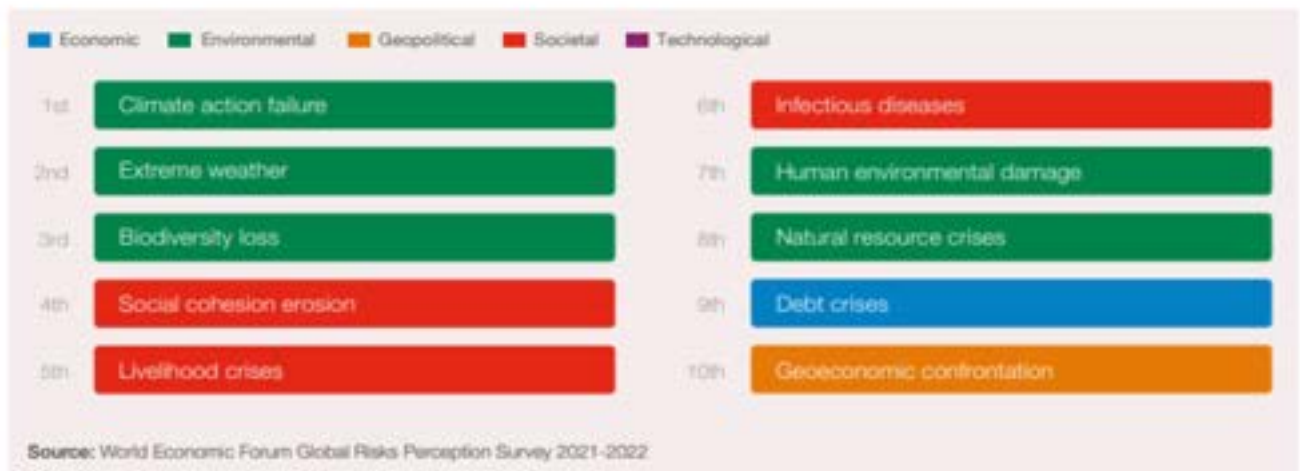
<sup>23</sup> UNFCCC (2019), *Introduction to Gender and Climate Change*, United Nations Climate Change Secretariat, United Nations, YouTube

<sup>24</sup> World Bank (2020), *Poverty and Shared Prosperity 2020: Reversals of Fortune*, World Bank Group

<sup>25</sup>

<sup>26</sup> WEF (2022), *The Global Risks Report, The Global Risks Report 2022, 17th Edition*, World Economic Forum

Figure 2: WEF Top Global Risks



### Addressing the challenge: key barriers

59. The ocean economy is expected to grow faster than the global economy over the next decade,<sup>27</sup> presenting opportunities for developing countries to grow their blue economies and improve the livelihoods of their people. However, there are considerable challenges to ensuring this growth also tackles the key marine and development issues at the local and community level in a sustainable way (below).

#### *The ocean financing gap*

60. In the last 10 years, less than 1% (USD ~\$13 billion) of the total value of the ocean has been invested in sustainable projects, mostly through philanthropy and ODA<sup>28-29</sup>, despite the fact that the ocean supports the livelihoods of one in ten people globally.<sup>30</sup> Available evidence indicates that current financial flows are insufficient to meet the costs of the coastal and marine impacts of climate change.<sup>31</sup> In their report, *The cost of saving our ocean - estimating the funding gap of sustainable development goal 14*, researchers estimate that restoring the health of our ocean by 2030 would require total finance flows of US\$174.52 billion per year.<sup>32</sup>

#### *Marine resources are not equitably managed*

61. Access to ocean resources is rarely equitably distributed, and inequity is a systemic feature of the current ocean economy.<sup>33</sup> Inequalities are also deeply embedded and rooted in existing political and economic systems, the result of historical legacies and prevailing norms.<sup>34</sup>

<sup>27</sup> OECD (2020), *Reframing Financing and Investment for a Sustainable Ocean Economy*, OECD Environment Policy Paper No. 22

<sup>28</sup>

[REDACTED]

62. Inequity manifests in multiple ways, for example: in the unfair distribution of commercial fish catches; in areas where sectors such as tourism, urban development, port infrastructure, energy and transport are expanding and competing; in the limited political power of local communities, particularly women, disabled persons and other minority groups, and their limited engagement in decision-making; and the consolidated interests of certain agenda-setting groups.<sup>35</sup> The 2022 IPCC report, the latest on climate impacts, adaptation and vulnerability, introduced new, unprecedented language to reflect this: *Vulnerability to climate change differs substantially among and within regions driven by patterns of intersecting socio-economic development, unsustainable ocean and land use, inequality, marginalisation, historical and ongoing patterns of inequality such as colonialism, and governance.*<sup>36</sup> Without appropriate action climate change will create new - and worsen existing - challenges of fairness and equity faced by developing countries, regions and communities reliant on marine livelihoods.<sup>37</sup>

*Local communities are unable to access funding to ensure viable alternative livelihoods*

63. As they battle a warming ocean, rising sea level and other challenges, vulnerable and marginalised communities are increasingly facing depleted resources without the ability to seek alternative livelihoods, or employment opportunities. Local poverty is often a proximate driver of marine biodiversity and ecosystem loss and degradation, e.g., through overexploitation of natural resources, waste mismanagement, or increasing coastal development. Since the 1980s, efforts have sought to reconcile local conservation and development priorities,<sup>38</sup> which is now widely recognised as imperative if solutions are to be sustainable.<sup>39</sup> However, the provision of alternative, less environmentally damaging livelihoods can only be successful if they are of genuine economic benefit to the communities concerned and are supported by an understanding of the social-cultural drivers behind current practices.<sup>40</sup>

*Inaccessible/Difficult-to-access decision-making processes*

64. Poorer households and communities often have significantly less involvement in the decision-making processes necessary to increase their ability to protect the marine environment and to adapt to climate change. Indigenous and local communities, locally based NGOs, and civil society organisations, including those that prioritise women’s participation in decision-making, should form an integral part of the decision-making process on these issues. They form a vital link to local authorities and governance agencies, which in turn are connected to national, regional, and international institutions. The ability for these people and organisations – including those focused on women - to partake and influence state policies is, therefore, fundamental to achieving a balance of local and strategic objectives<sup>41</sup> and to align local socio-cultural concerns and global environmental issues.

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<sup>35</sup> Ibid.

<sup>36</sup> IPCC (2022), *Sixth Assessment Report: Impacts, Adaptation, and Vulnerability*, The Intergovernmental Panel on Climate Change, United Nations, NYC

■ [REDACTED]

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■ [REDACTED]

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### Information gaps

65. A lack of awareness of marine resource measures, understanding of the differential impacts of activities by gender (for example), and accessibility of information, resources, and options to manage marine ecosystems sustainably limits the effectiveness of policymakers, communities, and private agents.

## 2.2 The need for UK intervention

66. Despite the unique position that they occupy, within the context of the global financial architecture, funding opportunities for organisations that specifically focus on the marine environment and coastal communities are very limited. The international funding landscape is dominated by terrestrial programming, which is more advanced than its marine counterpart. On the marine side, the available mechanisms/sources range from multilateral to philanthropic, though often these are not competitive but centrally disbursed. Furthermore, evidence shows<sup>42</sup> that there is a real lack of competitive government funds that focus solely on tackling marine issues. A handful of other, large environmental competitive funds and mechanisms (e.g., Blue Action Fund, Global Environment Facility, Darwin and Darwin Plus, Adaption Fund etc.), have a significantly smaller marine aspect to their otherwise much larger terrestrial portfolio, but none of these funds have a requirement for delivery partners to work with local organisations specifically.<sup>43</sup>
67. The UK has one of the most highly regarded and extensive overseas networks. We will work with posts and regional advisors to advertise the fund more extensively and reach a greater diversity of organisations, deliver impact and coordination with other BPF programmes, and provide strategic input into other major Defra programmes, such as Darwin, Darwin Plus and BLF (also see section *Why Defra*, pg. 14). We will work with posts and BPF regional advisors to ensure they have visibility over projects and project proposals, in order that they can provide the necessary input and contextual analysis to ensure strategic oversight of ODA spend.

### The role of local organisations and civil society

68. Locally based organisations have a valuable contribution in tackling marine issues and in linking marine protection to sustainable development. Such organisations play an important role in reaching poor and marginalised communities - particularly vulnerable persons within these such as women and girls, and the disabled - in places that the government or private sectors find difficult to reach. They do so through their ability to build relationships, trust, and legitimacy, through their grass-roots knowledge of needs in developing countries and through their responsiveness. Feedback from sessions run in Sri Lanka highlighted the need for greater localisation in the development space; also see recommendation 3 of the ICAI review (Annex C) Local organisations are especially well-positioned to support communities, and especially during shocks. They can adapt, provide rapid assistance, and respond to local needs more appropriately than international organisations.
69. Experience from existing competitive funds (e.g., The Darwin Initiative, Darwin Plus, the Illegal Wildlife Trade Challenge Fund) and previous DfID programming (e.g., Global Poverty Alleviation Fund, UK Aid Direct, and Civil Society Challenge Fund) shows that local organisations are particularly well placed to analyse local power structures and adapt activities to ensure effective and equitable delivery. They significantly add to the richness and diversity of development both in

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<sup>42</sup> Consultant's report – ask for full document

<sup>43</sup> Consultant's report – ask for full document

the UK and in the developing countries. They are often innovative, have strong links to the communities in which they operate, adopt nuanced approaches to meet the specific needs of people or organisations and have high levels of beneficiary accountability. This enhances the delivery of results and helps ensure sustainability. This is a crucial part of protecting and restoring marine ecosystems and resources, and of creating the open societies required for tackling poverty and its underlying causes, creating economic growth and development.

**The role of international organisations**

- 70. Larger, well-established international organisations also have an important role to play. They can accompany smaller organisations, supporting them to manage risks, improve processes and offer capacity to absorb greater sums of funding to bring about greater impact and transformational change.
- 71. Furthermore, large organisations offer other benefits in the form of institutional powers and capacities (e.g., convening powers, advocacy, ability to connect and utilise networks at the national/regional levels, access to greater levels of public and private finance) that are unavailable to smaller organisations. Their level of influence, therefore, often exceeds that of smaller organisations and can add more weight at various levels during programme implementation.

**Power dynamics**

- 72. Complex power dynamics and relationships between men and women are widely documented,<sup>44</sup> as are the dynamics between marginalised groups and institutional power.<sup>45</sup> This includes the dynamics between those identified as disabled and their wider communities. Power dynamics are also deeply rooted in local cultures and normal ways of life, which evolve over time. Local organisations hold important contextual knowledge of the political economy landscape, such as the way policies are implemented, how relevant actors interact, how decisions are made at various levels of society, the role of marine resources in the community’s political, economic, social, and cultural spheres, the values, beliefs, and behaviours of relevant stakeholder groups, all within the context marine issues.<sup>46</sup>

**Why Defra?**

- 73. Defra leads the only four major HMG environmental competitive funds: Darwin, Darwin Plus, and IWT. Defra also leads on another major environmental fund (BLF, £100m), which focuses on taking a landscapes approach to tackling biodiversity loss in five different global landscapes. Additionally, Defra delivers other, smaller environmental programmes that focus on marine issues such as the Blue Forests Initiative and the UK Blue Carbon Fund.
- 74. Defra’s ability to deliver these ODA funds demonstrates the department’s capability for successfully delivering environmental programmes. Embedding the competitive fund within Defra’s international ODA portfolio will allow us to draw learning and best practice from the UK’s only other major environmental funds. The competitive fund will be managed through shared governance structures, such as the ODA Board, which has oversight across all of these funds. This will allow us to spot risks more easily, share mitigation strategies, share effective fund management approaches, and engage in decision-making processes at Defra portfolio level.

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<sup>44</sup> *Gender inequality*, United Nations



75. More importantly, positioning this fund within Defra will ensure a holistic approach to environmental programming. It will increase Defra's – and by extension HMG's – leverage on environmental issues and amplify impact across the board. It will also fill a major gap within the broader Defra and BPF portfolios.
76. The UK is a global leader in policy and programming on a range of environmental issues, including biodiversity, climate change and marine science, pollution, and fisheries; Defra is the lead department for these policy areas within the context of the marine environment. Defra also delivers training and capacity-building programmes, leads in international negotiations (eg. UN plastics treaty, COP15) and supports FCDO in others (Biodiversity Beyond National Jurisdiction and Deep-Sea Mining) and develops interdisciplinary marine science and research.
77. Furthermore, Defra holds the relationships with HMG's environmental agencies and public bodies, whose expertise the BPF already draws from. Defra also works very closely with international marine NGOs to deliver key UK international marine objectives. There is also a flourishing academic and research sector (UK Research and Innovation, the Natural Environment Research Council, British Antarctic Survey, the higher education sector etc.), which Defra supports and utilises. Being engaged with the scientific communities will help to inform priorities, and with providing evidence and assurance across the outcomes.
78. **This competitive fund is intended to complement and amplify efforts undertaken by Darwin, Darwin Plus, and IWT.**

Through the BPF, Defra has an existing portfolio of programming aimed at delivering bilateral technical assistance, leveraging the scale of multilateral investments, and developing seascape approaches to transboundary issues. However, the portfolio is focused predominantly at the national, regional, and international levels and there is a need to complement existing programming with bottom-up approaches, including by working with small/medium scale, locally led organisations and with larger, well-established delivery partners operating in-country. For example, work under the MPA strand of OCPP includes strengthening capacity for monitoring and enforcement. The competitive fund could support interventions taking place at the national level by developing peer enforcement measures/frameworks at the local level.

79. Defra programming also delivers on livelihoods objectives. Tackling environmental degradation, climate change and poverty are the greatest challenges of our day. They are so closely intertwined that you cannot tackle one effectively without the others. In delivering marine programming from an ecosystems approach, then, Defra must develop programming that directly reaches vulnerable communities and ensure that it does so equitably.
80. Defra will continue to work closely FCDO to ensure that activities are strategically aligned with FCDO outcomes, and that Defra takes full advantage of FCDO expertise and learning.

### 2.3 Programme Overview

81. Responding to context above, Defra proposes to develop a new, [REDACTED] competitive fund<sup>47</sup> that will focus on tackling marine issues (see appraisal case for detailed options assessments). The fund will focus on the four BPF outcomes that Defra leads (MPAs, IUU, (inter)national fisheries, and

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<sup>47</sup> Competitive grant schemes have been used widely by a range of donors to promote sustainable development and poverty reduction, but there are a limited number of competitive funds that focus exclusively on the marine sector. For a full analysis on different funding options and mechanisms, please see the appraisal case



marine pollution) to support the core four BPF themes (climate change, biodiversity, sustainable seafood, and marine pollution).

82. Competitive funds offer various advantages over other ways of allocating funding, including the ability of the mechanism to enable diverse, innovative ideas and solutions to compete for support against clear and transparent criteria. Potential benefits include:
- enable applicants to design and innovate their response to broadly specified outcomes
  - allocate funds openly and transparently against clear criteria
  - compare and select from a range of different ideas/ approaches
83. The fund will be delivered through a grant administrator who will have proven skills and expertise in managing international development and environmental programming, including working with grantees, and administering grants, and managing ODA with financial probity. Previous experience of Defra and FCDO programmes of similar scale and complexity, e.g., Darwin, IWT, and UK Aid Direct, demonstrate the benefit of outsourcing administrative oversight.
84. Projects and activities will be implemented by a range of delivery partners. Since the fund will be focused on community-level interventions, delivery partners are likely to comprise of NGOs, civil society, community and indigenous organisations, academics, and technical advisers. The grant administrator will be responsible for working with grantees and ensuring that the delivery partners involved have sufficient skills, experience, knowledge, and capacity to deliver the outcomes for their project proposals within the context of wider BPF objectives.

## 2.4 Strategic Fit

85. Please see intervention summary for a comprehensive overview of strategic fit.
86. Individual projects will, where feasible, need to support strategic alignment and contribution to national level policies including 30x30/delivery of CBD targets, National Biodiversity Strategy and Action Plans (NBSAP), National Adaptation Plans (NAP), and/or Nationally Determined Contributions (NDC) amongst others.
87. In supporting these international and national commitments, implementation of the fund will:
- demonstrate action under the UK's call for urgent and greater global action to halt the unprecedented loss of habitats and species and address biodiversity and climate change<sup>48</sup>
  - support HMG's ODA commitment to promote economic development and welfare of developing countries and to be a global 'force for good'
  - support developing countries to meet their international biodiversity, climate and nature ambition and commitments through coalitions and agreements such as the Global Ocean Alliance, and the Kunming-Montreal GBF

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<sup>48</sup> Gov.UK Press Release (2019) PM launches new action plan to save the natural world (September 2019)

## 2.5 Objectives, Impacts, Outcomes, and Activities

### 88. Strategic objectives (Box 1)

*Box 1: OCEAN strategic objectives*

- **Climate and biodiversity:** OCEAN will scale-up successful projects and solutions that effectively protect, restore, and enhance the marine environment. Projects will also build capacity and capability of small local organisations in ODA-eligible countries, enabling them to advocate for policies, strategies, and programmes that address environmental degradation, climate change and biodiversity loss in the ocean
- **Localising ODA:** OCEAN will build in country resilience by increasing capacity, capability, and willingness of local organisations to deliver ODA, ensuring that funding reaches vulnerable communities more directly and more effectively
- **Monitoring, Evaluation and Learning:** OCEAN will build a strong evidence base that will allow the BPF to learn, adapt, and inform future programming. Projects will work with local and indigenous communities to co-create knowledge, building partnerships and expertise that enable effective climate adaptation and resilience

Strategic objectives are not SMART due to:

- The enabling nature of the projects
- Lack of data on similar projects
- Performance being tracked by KPIs and logframe targets and milestones

89. At the BPF portfolio level, the fund will focus on delivering on all four of Defra’s BPF objective outcomes. Given the cross-cutting nature of the fund, we also expect the fund to deliver benefits to the FCDO outcomes (Figure 2; Annex A)

*Figure 2: Defra / FCDO objective outcomes*

OFFICIAL

## Priority outcomes Defra / FCDO lead

Marine Protected Areas	Countries have increased willingness and capacity to establish and sustainably, effectively and inclusively implement <b>marine protected areas and other effective conservation measures</b> within their national and international waters
Illegal, Unregulated, Unreported Fishing	Illegal Unregulated and Unreported fishing: IUU fishing activities are more effectively <b>identified, prevented and deterred</b> and international enablers of IUU are minimised.
Int. & large scale fisheries management	Management of <b>regional and national fisheries</b> and aquaculture is strengthened to deliver <b>sustainable fish stocks and healthy marine ecosystems</b> , provide <b>inclusive livelihoods</b> , and reduce overfishing including by removing or repurposing environmentally harmful subsidies.
Solid waste pollution and other forms of marine pollution	Terrestrial waste management systems are strengthened and move <b>towards circular economy approaches</b> that reduce solid waste and other forms of pollution, <b>including ghost gear</b> , entering the marine environment and support inclusive poverty reduction and women’s empowerment..
Small scale fisheries management	<b>Local communities</b> have improved fisheries management <b>knowledge, capacities, and incentives</b> , supporting more climate resilient, inclusive and sustainable livelihoods.
Critical marine habitats for coastal resilience	<b>Locally inclusive and pro-poor approaches</b> to protect, sustainably manage and restore marine ecosystems are demonstrated, scaled and financed, leading to improved biodiversity, ecosystem services and climate-resilience of coastal communities.
Sustainable Aquaculture	<b>Sustainable, inclusive aquaculture approaches</b> that help restore and avoid harm to the environment are demonstrated and increasingly adopted with private sector support.

90. There are certain outcomes and outputs that the competitive fund model does **not** lend itself easily to. Based on the review of the Darwin, Darwin+ and IWT challenge funds, **projects focusing on: developing, adopting or implementing policy or legislation/ensuring effective legal frameworks; strengthening law enforcement/criminal justice system; and enhancing or providing alternative livelihoods are the least successful.** Projects seeking to obtain funding for these outcomes will be required to include evidence that clearly demonstrates thinking around the challenges of achieving these outcomes. For example, projects' approaches to developing livelihoods activities should be tailored to the local context and clearly differentiated for the needs and preferences of communities. They should also be realistic about their level of ambition when it comes to generating new or increased income for local communities; those seeking to achieve policy change or influence policy would show a plan that clearly states what they want to influence and how, such as identifying priorities and suitable entry points to contribute to policy objectives most effectively.

### Long-term impacts

91. The intended impact statement of the fund is:
92. **Placing the ocean on a path of recovery that enables local communities and nature to thrive**

### Beneath the impact statement sit long-term outcomes (3+ years):

- Marine ecosystems (services) are better protected and more sustainably used and managed
- Increased coastal resilience to climate change
- Improved waste management systems, particularly in relation to managing marine pollution
- Strengthened management of regional and national fisheries and aquaculture
- Improved and more inclusive governance of MPAs and OECMs
- IUU fishing activities reduced and improved social outcomes for vulnerable fishing communities
- Marginalised communities and vulnerable groups, such as women and girls and the disabled, with dependencies on the marine environment have improved livelihoods

### Medium-term outcomes (18+ months)

93. The intended medium-term outcomes of the fund are:
- Organisations have an increased ability to advocate for/influence policy at local/sub-national/national levels
  - More inclusive decision and policymaking, bringing in local knowledge and experiences
  - Increased awareness and knowledge-sharing of BPF outcomes, ie. harm to marine environment and how to tackle it
  - Increased ability for organisations to access ODA funding opportunities
  - Increased capacity in local organisations and communities to tackle environmental challenges across the priority outcomes at different levels
  - Alternative approaches to tackling IUU fishing fostered; approaches are more nuanced and context-specific, and more accurately reflect the complexity of human behaviour, e.g., legitimacy of authority, strength of perceived regulations, social norms/influence, food insecurity

- By taking a bottom-up approach, Defra/ FCDO become more knowledgeable and effective supporters of country-based organisations. Marginalised communities and vulnerable groups, such as women and girls and the disabled, with dependencies on the marine environment have greater inclusion in the decision-making processes that affect their communities and livelihoods.

### Short-term outcomes (6 – 18 months)

94. Local organisations are better supported to help communities manage marine resources sustainably and inclusively
95. Organisations have the capability to consider and provide evidence on how their interventions will impact on gender equality, disability inclusion, and other vulnerable groups more largely

### Outputs

96. The essence of the challenge fund model is for delivery partners to bring forward their ideas for solutions. However, we can expect outputs for the competitive fund to include the below, although this is by no means an exhaustive list.
  - network of local organisations supporting 'local' / 'regional' empowerment small, locally based organisations apply for small grants
  - higher capacity organisations apply for larger grants projects/ programmes working together to tackle/improve:
    - (social) drivers of IUU fishing
    - local sources of marine pollution
    - marine biodiversity loss
    - climate change impacts
  - annual reviews, interim and final evaluation reports, data collection and analysis, qualitative and quantitative evidence gathered, gender and safeguarding analyses
  - trainings for delivery partners on improving programming for safeguarding, gender equality, and inclusivity of disabled persons and other vulnerable groups, such as those with protected characteristics and context-dependent vulnerabilities
  - webinars/knowledge exchange seminars and workshops
  - cross-regional learning disseminated for greater impact

### Activities

97. Reflecting the above, example activities could be:
  - organisational capacity-building, e.g., training on: effective delivery (forecasting and budgets; logframe development; fraud & risk monitoring and assessment); how to apply for grants; increased inception period for projects/programmes
  - community capacity building and empowerment, e.g., knowledge-sharing about effective policies/ measures that have worked elsewhere; demand-led learning across outcome areas, for example on marine pollution impacts/ how to reduce marine; pollution in local settings; MPAs and OECMS
  - identifying, promoting, and co-creating local and/or indigenous knowledge that supports marine conservation;
  - joined-up approaches to empower gender equality and inclusion of disability and marginalised groups within contexts that OCEAN operates;

- joined-up working and knowledge-sharing with existing environmental funds (e.g., Darwin, Darwin+, BLF etc.)
  - determining what joint success looks like and how best to measure it?
98. Results will vary from country to country depending on national contexts and which organisations bid for funding. Success will be measured through a comprehensive evaluation strategy, which will be developed by the Defra MEL advisor during the course of this year. An evaluation strategy will provide Defra with a strong evidence base for future decision making and benefits realisation and will support the adaptive programming approach that will underpin this fund.
99. Success will also be measured through Key Performance Indicators (KPIs). Activities funded from the ICF portion of the fund will meet at least one ICF KPIs. Non-climate activities will be measured through BPF KPIs.
100. Indicators at the outcome level will monitor performance primarily against biodiversity, climate, marine pollution, and poverty reduction metrics, reported by the individual projects, and the implementation of policies and plans.
101. We also recommend additional KPIs that measure perception of effectiveness of interventions, to provide insights into what delivery partners believe to be most valuable to a project versus what Defra thinks is valuable. KPIs could be qualitative or quantitative – this will be determined as part of the indicator development process.
102. We will also be using KPIs to identify number of people with improved outcomes disaggregated where possible by age, sex, geographic location, and disability status (in line with UK ODA guidance, recognising the Global Partnership 2030 agenda<sup>49</sup> for sustainable development commits to leaving no one behind).
103. We are also keen to go beyond this and think about how to integrate ocean equity into the fund. We will aim to drive this through our KPIs, and strengthen equity through other design elements, such as the ToC, selection criteria and scoring.
104. The programme will maximise opportunities for consistency in reporting by utilising existing HMG ODA indicators where appropriate.
105. Benefits realisation has been outlined in the economic case (see section 3). Acknowledging there may be potential disbenefits (e.g., disbenefits to groups of fishers if IUU fishing is more effectively tackled, or disbenefits to businesses in the implementation and management of MPAs) and constraints (e.g., to the extent to which projects are able to engage with – and change – local governance structures), we will factor this into the evaluation strategy.

### Lessons learned

106. Defra has drawn – and will draw – from a growing body of lessons learned from FCDO (ex-DfID) programming, ICAI reviews, and feedback sessions with in-country organisations; full reports can be shared upon request. Key pieces of feedback and recommendations include:
107. **Core funding has been identified as critical to the long-term success and sustainability of projects and delivery partners.** The ICAI performance review of DfID’s partnerships with civil society organisations in 2019-2020<sup>50</sup> noted that DfID’s capacity-building elements were overly

<sup>49</sup> *Global Partnership for Sustainable Development Data*

<sup>50</sup> The overall rating across the programmes (UK Aid Direct, UK Match Funding and UK Connect) scored red/amber - the importance of incorporating recommendations from such critical evaluations therefore becomes all the more important

focused on the requirements and standards of DFID as a donor, and too little on CSOs' own needs – how to strengthen their organisation, fulfil their mandate and achieve their objectives.' A key recommendation from the internal lessons-learned exercise states: Where capacity development is a key driver for funding small organisations, consider additional, more flexible or core funding as part of the grant to enable organisations to free up staff capacity and time to engage in capacity support. **This element of programming was integrated into the UK Aid Direct II business case at pilot level. We strongly recommend that this funding element is considered for this competitive fund (see appraisal case in section 3). Core funding has also been requested by in-country organisations during feedback sessions.**

108. **Capacity-building:** The most significant and consistent lesson from across the rounds of FCDO's Small Charities Challenge Fund (SCCF) funding was the capacity limitations that many of these small organisation's face including staffing capacity and time availability as well as existing organisational knowledge and capacity needed to meet the expectations that come with government funding. From the experience of UK Aid Direct it is estimated that SCCF grants require an average of [REDACTED] more resource from the fund manager (in terms of time and support) than a larger grant to a more established organisation. These capacity issues therefore need to be explicitly factored into any Defra programming that considers working with small organisations to ensure its effectiveness and value for money. Capacity-building components were also recommended in the work done by Defra consultants, as well as feedback through workshops in country. **Responding to this feedback, we recommend a component whereby small organisations can apply for funding to help get proposals to stage where they are 'investment ready'.** Without this, there is a very high risk we will ostracise smaller organisations and simply provide funding to the same groups without diversifying the pool.
109. **VfM:** Our vfm assessment will need to reflect beneficial programme impacts for supporting local communities in capacity building with a focus on marine issues. For example, the programme will need to demonstrate how funding enables small organisations to provide local community support and deliver outcomes designed to improve the marine environment. We must also consider the impact of the funding much beyond the lifetime of the projects themselves.

#### Regranting and pooling funding mechanisms:

110. Emerging evidence shows that 'globally, indigenous peoples and local communities (IPLC), organisations receive less than 1% of all climate funding. Additionally, that 'major changes to funding practices must happen to get significantly more funding to the point of impact at the local scale, in ways that support local actors and their solutions to environmental and conservation challenges'. Recommendations from several reports.<sup>51</sup> draw upon two key mechanisms to achieve this:
- **Regranting of funds:** medium and large in country and international organisations act as 'guarantors' to distribute majority % of fund directly into trusted smaller in country communities and organisations.
  - **Pooling of funds:** consortium of like-minded partners are provided equal access to shared funding / pool of resources to realise a shared 'vision' or 'goal'

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<sup>51</sup> [REDACTED]

111. Both approaches embed the importance of building trusted equitable relationships, and capacity for participation and co-management.
112. Regranting and pooling mechanisms are rapidly growing in popularity across international development<sup>52</sup> <sup>53</sup> and formed part of themed discussions at Merida International Funders for Indigenous People (IFIP) global conference 2023. We recommend exploring these mechanisms to assess their viability, with an option to pilot in the future.
113. **Partnerships:** it is important to understand and address barriers faced by small/medium in country organisations that prevent fair and equal partnerships with large in country and international organisations. International Institute for Environment and Development 2023<sup>54</sup>, has identified the following five barriers to ethical and equitable partnerships:
- lack of clarity on what ‘partnership’ means
  - colonial mindset – focused on results rather than relationships
  - unequal access to resources and decision-making power
  - partnerships framed by funders’ requirements rather than values and common objectives
  - hierarchisation of knowledge and expertise
114. Responding to these recent findings, we will: clearly define and regularly review what ‘partnership’ means to organisations through our Defra programming; set targets and guidelines on building equitable partnerships, which incorporate fair and proportionate access to funding for smaller local organisations; stipulate established NGOs / research institutions to provide their skills, resources and networks to support smaller organisations to develop own ideas and trial solutions to tackle priority issues for their region; co-create practices, governance, and knowledge systems - ensuring local communities lead or play an integral role at all stages

### Theory of Change

115. The competitive fund is designed to support overall BPF outcomes. It will deploy strategic investments over seven years in critically important marine ecosystems in developing countries worldwide. It will also target communities who are poor, marginalised, often minority, and who have limited rights and/or opportunities to manage the natural resources and ecosystems that they depend upon for their livelihoods.
116. Figure 3 sets out a high-level ToC for the competitive fund. The ToC has been developed in collaboration with Defra ODA MEL advisors, the BPF MEL Advisor, and the wider BPF team.
117. **This ToC reflects the uncertainties inherent in the early stage of a programme such as this. Over the coming years, we will work to develop the ToC further, to reflect the evolution of the fund and the strategic direction that it may take.** We have sought additional feedback from FCDO and key posts, as well as external stakeholders. Feedback has been incorporated into the design. We have also held feedback sessions with organisations in country (e.g., Sri Lanka, Ghana, Mozambique), which has helped to inform and shape programme design.
118. OCEAN’s ToC has been designed to reflect recent updates to the BPF portfolio level ToC, including the new outcome-level ToCs. For example, OCEAN will support the outcomes for

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<sup>52</sup> Addressing power dynamics and inequity in institutional partnership models, International Institute for Environment and Development February 2023 (<https://www.iied.org/addressing-power-dynamics-inequity-institutional-partnership-models>)

<sup>53</sup> Lessons from East Africa: getting climate and conservation funding to indigenous peoples and local communities. International Institute for Environment and Development February 2023 (<https://www.iied.org/lessons-east-africa-getting-climate-conservation-funding-indigenous-peoples-local-communities>)

<sup>54</sup> <https://www.iied.org/addressing-power-dynamics-inequity-institutional-partnership-models>

equitable and inclusive MPA policies and regulation, and benefit-sharing, including for marginalised communities under the MPA and OECMs ToC. OCEAN's ToC will continue to be revised over the coming months as the BPF ToC is finalised.



119. Figure 3: Theory of Change<sup>55</sup>



<sup>55</sup> OCEAN Theory Of Change

### 3. APPRAISAL CASE

120. The Appraisal Case explains the economic rationale behind the intervention and the appraisal of the shortlist options, including the preferred option. The options identified in the OBC economic case are still valid and their rankings remain the same. However due to unforeseen delays in Government and procurement approval processes, we have reprofiled original total spend from ██████████ from Defra's BPF ODA budget to deliver on the OCEAN grants programme but will keep this under review.
121. The preferred option is a newly developed ██████████ marine competitive fund, spread over 7 years of funding, and focusing on all ODA-eligible countries. The intended programme impact is to help *place the ocean on a path of recovery that enables local communities and nature to thrive*, and the fund will aim to achieve this by investing in projects across the four Defra-owned BPF outcomes: marine pollution, (inter)national fisheries, illegal, unreported, and unregulated (IUU) fishing, and marine protected areas (MPAs).
122. The competitive nature of the programme means that at appraisal stage, we do not have certainty about the precise outputs that the fund will deliver until it selects the individual projects and distributes grants. In addition, even if precise outputs were known, there is significant uncertainty around the monetisation of marine impacts. Therefore, we have not sought to undertake a full quantitative cost-benefit analysis of the options. Instead, we have used a mix of quantitative and qualitative information to assess strategic fit and the relative costs and benefits of the different options.
123. For the shortlisted options, we have developed an illustrative portfolio to demonstrate the potential magnitude and types of benefits we could expect from the programme – the evidence is based on a range of relevant programmes and their costs and benefits. This should be viewed as a partial assessment only.
124. The appraisal which is based on an illustrative portfolio of projects has estimated a medium value for money for this programme (**central BCR 2.0**). Due to data limitations and uncertainty this is intended as an indication of the potential benefits which can be achieved by this type of intervention. It has been important to manage value for money through (1) the design of a *competitive* fund (2) embed value for money assessments in the MEL approach.

#### 3.1 Economic Rationale

125. This UK Government programme can help to reduce the significant negative effects of damage to our ocean while supporting increased and sustainable prosperity, by tackling the market and governance failures described below.
126. **Externalities.** Those involved in ocean-harming activities impose costs on others who depend on the ocean but are not involved in the activity. For example - the activity could be that a business disposes their waste into the ocean and as a result threatens the livelihoods of communities that rely on the ocean as a form of income / protein source. The literature indicates that externalities exist across all BPF outcomes<sup>56</sup>. Interventions such as training, infrastructure, and governance, with the ultimate goal of ocean protection, can reduce the prevalence of negative externalities associated with ocean damage.

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<sup>56</sup> BPF outcomes are: marine pollution, large-scale fisheries, illegal, unreported, and unregulated (IUU) fishing, and marine protected areas (MPAs)

127. **Public goods.** The ocean is exploited for its services. The ocean is considered a global public good and many of the services provided by the ocean are available to all, an issue that is often exacerbated due to a failure to formalise rights of resources or due to rights not being clearly defined. This means there are often insufficient economic incentives to conserve and sustainably protect the ocean. Using public money to protect and regulate the ocean by facilitating education on the collective responsibility to protect the ocean or implementing new and reformed governance measures that set out accessibility rights and tackle illegal marine activities can help solve this market failure.
128. **Governance failures.** Developing countries experience a significant proportion of the adverse impacts associated with poor ocean health and climate change. These countries have the least developed political institutions (legal systems etc.), which can make protecting the ocean difficult. Without governance capacity within international and national architectures, economic incentives and growth strategies will continue to favour expanding economic activity over the conservation of ecosystems.<sup>57</sup>
129. **Information.** The relationship between current economic / leisure activities (fishing, waste disposal etc) and protecting the Ocean is not always well known or understood. This can mean that those that engage in certain activities related to illegal fishing/waste disposal (to name just two examples) are unaware of the costs and damages they are causing. It can also lead governments to undervalue the benefits from combatting poor ocean health. Government intervention can correct this information failure through monitoring and data collection within programmes and promoting research and knowledge dissemination.
130. **Inequalities.** Importantly, the costs of these market failures tend to be concentrated in developing countries. Poor ocean health can cause the loss of biodiversity, ecosystem degradation and increased exposure to natural disasters – all of which impact the global poor disproportionately.<sup>58</sup>

### 3.2 Options appraisal and the preferred option

131. A range of options for delivering on BPF outcomes by addressing the challenges described above were considered as part of the OCEAN Strategic Outline Business Case and the Outline Business Case.
132. At the Strategic Case stage, we considered option choices for scope and delivery. This included considerations around the scope necessary to deliver the objectives<sup>59</sup>, the approach to take geographically and whether this programme could be delivered through existing Defra mechanisms. We concluded that **the BPF needed to (i) establish a new programme that addressed issues across (ii) all Defra-owned BPF outcomes and (iii) ODA eligible countries.**
133. Building on the Strategic Case decisions, in the Outline Business Case an initial long list was developed based on several option choices (i) service solution (ii) implementation (iii) funding.<sup>60</sup>

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<sup>57</sup> For example, coastal developments and increased aquaculture production results in the removal of mangrove forests; IUU fishing causes yearly economic loss of between USD \$26 billion and \$50 billion *Illicit trade in marine fish catch and its effects on ecosystems and people worldwide*, Science Advances 6, U.R. [REDACTED]

<sup>58</sup> [REDACTED]

<sup>59</sup> For example, whether to focus on all the Defra-owned BPF outcomes (marine pollution, large-scale fisheries, illegal, unreported, and unregulated (IUU) fishing, and marine protected areas (MPAs)), or specific outcomes only.

<sup>60</sup> Service solution and delivery choices included different competitive and non-competitive funds; Implementation choices included a pilot and a multi-year fund option; Funding choice varied in ambition, including [REDACTED].

134. The longlist options were assessed in two stages. Firstly, all longlisted options are scored against the Critical success factors (CSFs). Secondly, the long-list options that scored highly against the CSFs were assessed against the Blue Planet Fund Investment Criteria<sup>61</sup>. Due to the lack of evidence in international marine and inherent uncertainty associated with the impact of BPF programmes, quantitative appraisal of policy options is not always possible. To account for this and ensure the options are fully considered the dual filtering process is applied consistently across BPF appraisal cases.
135. The resulting scores from the filtering process were developed and compared between policy and analyst colleagues with the results quality assured by an analyst independent of this business case but with knowledge of the investments proposed. Options that scored highly against both the CSF and BPF investment criteria were shortlisted for further appraisal.

### Critical Success Factors

136. The CSFs were developed by policy and analytical officials in line with HMT's Green Book Guidance (see Table 3).

137. *Table 3: Critical Success Factors (CSFs)*

CSF	Description
Strategic fit	<p><b>Outcomes:</b> The option must act across all Defra-owned BPF outcomes to address the interdependency of ocean issues outlined in the strategic case<sup>62</sup>. The size of the fund means that there is scope to include all the Defra-owned BPF outcomes and not limit the types of projects that could be considered for investment.</p> <p><b>Pathways:</b> The option must deliver across multiple BPF theory of change pathways<sup>63</sup>. The first year of BPF programming has seen strong focus on improving capacity building, knowledge sharing, and monitoring of data. However, there are other pathways (e.g., coastal planning, legislation, strengthening voices, pilots on sustainable livelihoods, management, and enforcement) that can be utilised to deliver BPF outcomes through the competitive fund. We expect welcoming a diverse array of proposals to be more effective than championing a reduced remit of pathways because different issues may need different solutions to help overcome them. In addition, issues may be most effectively solved by a combination of different approaches.</p> <p><b>Innovation:</b> The option must welcome innovative ideas that support the BPF to deliver against all its objectives. The term innovative in this instance refers to the extent to which ideas are new and diverse (but still relevant) compared to the current portfolio of agreed BPF programmes/projects. Because the fund is novel (insofar as it's the first UK-owned ODA fund solely for marine investments), by encouraging proposals that are innovative we can evaluate the impact of a range of different approaches and share knowledge to support future ODA investments.</p> <p><b>Adaptive:</b> The chosen intervention should be adaptable to the changing priorities of marine dependent communities.</p>

<sup>61</sup> The BPF investment criteria have been determined at a cross-governmental level to ensure value for money in BPF investments and strategic alignment of investments with BPF objectives. For further detail on the BPF Investment criteria please refer to Annex F.

<sup>62</sup> The four outcomes are inextricably linked and mutually dependent, which should – and must – be reflected in programming; actions taken nominally under one of the outcomes will inevitably affect the others. For example, IUU fishing is known to produce ghost gear, as illegal gear is discarded before ships enter port, therefore tackling IUU will reduce marine pollution.

<sup>63</sup> The pathways are: Monitoring and data, Coastal Planning, Strengthening voices, Pilots, Legal, Subsidies, Insurance, Finance, Policy, Management, Enforcement, Training, Standards, Research and Infrastructure.

Potential achievability <sup>64</sup>	<p><b>Key regions:</b> To be achievable the option must demonstrate an ability to deliver across all ODA eligible countries. The Blue Planet Fund is an ODA fund and the project team do not want to restrict any ODA eligible countries from applying (to maximise diversity of proposals). Therefore, the option should demonstrate that it has the capability to attract grant applications, provide country-specific support, and navigate legislative boundaries across all ODA countries. This will ensure that the fund maximises opportunities for (innovative) proposals with a high potential for impact.</p> <p>Geographic scope may be restricted in the future if new evidence (from monitoring and evaluating the programme) suggests that this would be effective.</p>
Capacity and capability of delivery body	<p><b>The administrative body<sup>65</sup>:</b> The administrative body must have the capacity and capability (relevant ODA expertise and experience working with small and large delivery partners to deliver both small and large development projects).</p>
Timeliness of delivery	<p><b>Align with the fund's start date:</b> The option should be able to facilitate successful delivery of the fund with the year 1 proposals being identified in the FY23/24.</p>

### Shortlisted options

127. The assessment of the longlist against the CSFs and the BPF investment criteria resulted in the following combinations as shortlisted options.

- **Option 0:** Do nothing
- **Option A:** █████ marine competitive fund, covering all Defra-owned BPF outcomes, 7-year funding period (*preferred option*)
- **Option B:** █████ marine competitive fund, covering all Defra-owned BPF outcomes, 7-year funding period.
- **Option C:** Invest █████ in an existing marine competitive fund, UN OIC, covering all Defra-owned BPF outcomes, 6-year funding period (*do minimum*)

128. Due to the double filtering process all shortlist options involve competitive funds, other types of solution have been discounted. We chose competitive funds for all options due to their unique opportunity to make a significant impact against the BPF objectives, relative to other options. The wide range of outcomes covered and longer funding period also reflect the strategic ambition and scale of change intended for the programme. More detailed description of each longlist option and their scoring against the Investment criteria can be found in Annex F. This should be read for further detail.

### The Baseline

129. The baseline represents a 'do nothing' or scenario. The baseline would result in no costs to Defra. The UK government made a manifesto commitment to deliver a █████ BPF and in the absence of a new proposed programme, the funding will stay within the BPF budget to be spent on another programme. Please refer to Annex F for an extended description of the baseline.

### The preferred option

130. Based on the appraisal of the shortlisted options (see below) the preferred option is to deliver a new competitive fund worth █████ This is based on the identification that this option will

<sup>64</sup> Achievability considers barriers (legislative, Operational, resources etc.) and extent of ambition to assess whether options are more / less achievable than others.

<sup>65</sup> This could be a grant administrator.

meet the strategic objectives of the BPF and offers the greatest scale of benefits relative to the other options.

### 3.3 Summary of Appraisal of shortlisted options

131. Detailed appraisal analysis can be found in Annex F – please refer to this for more detail on the shortlisting process and the cost-benefit analysis methodology. In what follows, we present
132. a high-level summary of the outputs from the appraisal of shortlisted options. This section includes:
- An overview of the total monetised costs and benefits associated with each option
  - Our approach to appraisal and an introduction to the methodology used
  - A summary of the types of impacts included and not included in monetisation

#### Summary of monetised costs and benefits for OPTIONS A - C

Table 4: Monetised & non-monetised summary table of all options, 2023 base year, 30-year appraisal period<sup>66</sup>.

	Option A (preferred)	Option B	Option C
<b>Monetised costs</b> (Low/Central/High)	██████████	£██████████	██████
<b>Monetised benefits with optimism and additionality bias adjustments</b> (Low/Central/High)	██████████	██████████	N/A
<b>Partial BCR</b> (Low/Central/High)	.7 / 2 / 39.6	.7 / 2 / 39.6	N/A
<b>Partial NPV</b> (Low/Central/High)	██████████	██████████	N/A
<b>Non-monetised costs</b>	We have attempted to monetise all costs. Where there is uncertainty (i.e., IUU costs), we have conducted sensitivity analysis. Refer to Annex F for sensitivity analysis and results.		
<b>Non-monetised benefits</b>	(1) Wider environmental impacts (2) Social and wellbeing benefits (3) Human health impacts		All benefits
<b>Additional Finance mobilised</b>	<i>We expect that there will be some mobilised finance, but it is not a primary objective of the fund.</i>		N/A
<b>Risks</b>	(1) Uncertainty in appraisal (2) Underspend (3) External risks		(1) Lack of robust appraisal (2) External risks
<b>Key assumptions in appraisal</b>	(1) Optimism bias (all scenarios) = 4██████ (2) Additionality adjustment (all scenarios) = ██████ (3) Reduction in benefits to account for exchange rate movements / inflationary pressure on the investment = 1██████ (4) 'Phase-in years' for benefits = 4 years (5) Baseline seagrass extent loss = ██████ (6) Plastic pollution marine ecosystem service cost ██████████		N/A

<sup>66</sup> Discount rate = █████, except for carbon emissions savings = █████ in line with BPF appraisal guidance and ODA appraisal guidance.

133. Table 4 presents a summary of the costs and benefits for Options A and B. We present a *partial* BCR and NPV as there were several impacts that cannot be monetised with available evidence – further detail of these is set out further below. Option B has the same assumed BCR as Option A (by modelling assumption), but a lower NPV owing to the smaller quantity of money available to invest in projects. The BCRs are the same due to the same project examples being used in the modelling of the impacts, albeit at a different scale. In reality, it would be reasonable to assume that a larger investment [REDACTED] would be able to deliver economies of scale (through delivering larger or more long-term projects) and hence have a higher BCR. However, a larger investment could lead to more projects being invested in, rather than larger projects or more long-term projects (in which case economies of scale would be less likely to be realised).
134. Due to a lack of evidence, it is not possible to determine the level of funding which will lead to diminishing returns. As part of the options appraisal, [REDACTED] million including admin and MEL costs, was determined to be the optimal level of funding based on affordability and based on the spend of comparator programmes. *Refer to Annex F options appraisal for further detail.* Marine issues are comparatively underfunded in ODA countries. Given the ambition and geographical scope of this fund (i.e., open to all eligible countries) it is unlikely we will reach institutional/delivery capacity, and thus diminishing marginal returns. However, given the focus on local organizations we should ensure at application scoring stage that we only fund high quality projects.
135. We have not monetised the benefits associated with Option C. This is due to (1) a lack of evidence of the projects funded by the Ocean Innovation Challenge Fund and (2) taking a proportionate appraisal approach given the more limited strategic fit for this Option. A qualitative description of the likely costs and benefits is set out in Annex F.
136. The ‘low’ partial NPVs of Options A and B are negative. This is because the NPVs are ‘partial’ meaning that several the benefits are not monetised for specific projects, rather than the options are expected to deliver poor VfM.
137. The difference in NPV and BCR for the ‘low’ – ‘high’ ranges in Options A and B is very high and reflects the level of uncertainty that we feel is associated with the appraisal of these options. This variance is due, principally, to uncertainty about the link between (1) example projects and their stated outcomes and (2) project outcomes and their value, particularly with regards to environmental impacts. We are currently reviewing available evidence to update the assumptions and scenario analysis.
138. The monetised benefits include: environmental benefits from reduced plastic waste, CO2 emission reductions, material revenue benefits from increased recycling, increased fishing revenue, increased tax revenues and ecosystem benefits.
139. In addition to this, we forecast significant benefits from the following activities which owing to evidence limitations we have not been able to monetise:
- **Environmental benefits:** associated with fishery closures, reduced IUU and improved marine management
  - **Economic benefits:** multiplier benefits, improved access to markets (as a result of reduced IUU) and higher revenues from tourism.
  - **Social benefits:** Improved future employment opportunities in fishing and marine-related industries due to higher future fish stocks and reduced community discord due to IUU vs legal fishers 'playing by different rules'.

140. Considering the non-monetised and monetised impacts we expect the competitive fund will deliver positive value for money.

141. It is important to note the following caveats:

- **The differences in BCRs associated with each grant size (up to £250k or between £250k and £3m) / outcome group (marine pollution, MPAs etc.) are not necessarily representative of the difference in benefits we might expect from projects** bidding for funding that fits these categories. This is because our sample size is extremely limited – the analysis is, therefore, only intended as an illustration of potential benefits associated with projects over all outcomes and grant sizes.
- **The analysis assumes that the fund invests all money in the first year.** This means that the benefits and costs for any projects that start after year 1 would be under-discounted and, therefore, overvalued in these figures. We have taken this approach given the uncertainty over which types of projects will be invested at different points in time and uncertainty over when benefits will start to be realised.
- **High levels of inflation could also diminish the real value of funding for projects who receive funding in subsequent years and, hence, we may be overestimating the real value of money available for spending on projects in later years.** There could also be shifts in the exchange rate which could impact on the amount that the investment can deliver (we have tried to account for unfavourable exchange rate/inflationary shifts by reducing projected benefits by [REDACTED]).

### Approach for appraisal

142. We have monetised the costs and benefits associated with Options A and B, the [REDACTED] competitive funds.

143. Because funds for projects will be awarded through a competed grant, the specific projects funded within the proposed programme, and associated benefit-cost ratios (BCR), cannot be predicted at this stage of an ex-ante appraisal. Instead, we have assessed the costs and benefits based on a portfolio of example projects with similar expected inputs and outcomes to those that could be invested in through the programme.

144. The Low, Central and High figures were derived using BCRs from these example projects. The BCRs in table 4 were derived by mapping BCRs from example projects across four themes (marine pollution, MPAs, IUU and large-scale sustainable fisheries) and across two funding pots (projects with investments of up to £250k and separately from £250k to £3m). An illustrative portfolio was developed which assumed an equal split of investment between the four themes and a split between the two different funding pots. The figures in table 1 were calculated by using the median BCRs of the example projects by theme. The BCRs were applied to the expected costs to indicate the scale of benefits. in three different scenarios (low, central, and high).

145. For the benefits, in the 'low' and 'high' scenarios, we have adjusted several assumptions in our appraisal to reflect the range of uncertainty in our modelling. We set out detailed information on the high / low ranges in Annex F.

146. We used the same example portfolio for Options A and B; 22 projects at a variety of grant sizes, of which 19 have been fully or partially monetised (four of these are described in box 2; Table 9 in Annex F summarises all the projects). These projects are financed by similar grant-based mechanisms and cover at least one of the key BPF outcomes, including marine



pollution, large-scale fisheries, IUU fishing, and MPAs. The projects were also chosen based on their size – they were similar in scale to the expected projects that would be delivered by the competitive fund. Activities covered in the projects include, integrating waste management systems, awareness programmes, capacity building, improved fisheries intelligence and monitoring and delivering Marine Protected Areas.

147.

Box 2: Example projects

**Project examples to indicate the kinds of interventions that could be funded through the fund (these projects were used in the illustrative portfolio):**

**Combatting IUU Fishing in the Philippines.** The project will develop a satellite-enabled, machine-learning solution that will support the Philippine partner Bureau of Fisheries Aquaculture Resources (BFAR) with the identification of IUU fishing and management of fisheries. This will reduce overfishing in Philippine waters and make the national fishing grounds more sustainable and

used its grant for a capacity building program to train in-country experts so they can carry out Fishery Improvement Project assessments and MSC pre-assessments in Vietnam and Indonesia.

**Sustainable Management of Plastic Waste in India.** The project aimed at increasing socio-economic status of 2000 rag pickers and improving plastic waste management in 70 wards of Bhopal Municipal Cooperation. An additional 500 tonnes productive in the long term.

**Capacity Building for Fisheries in the Coral Triangle.** A key constraint to fishery improvement efforts in the Global South is often the cost of developing Fishery Improvement Projects. The WWF Coral Triangle Program of plastic waste is now collected per year, saving 1,250 tonnes of CO<sub>2</sub>e emissions, and generating ~£500 / year for rag pickers.

**Network of Locally Managed Marine Protected Areas in Solomon Islands.** The project aim was to help maintain marine biodiversity and fisheries productivity within the Solomon-Bismarck Sea Ecoregion through appropriate resource management practices such as development of new community managed MPAs and sustainable income generating activities. Key achievements include (1) the establishment of 1027 ha of Locally Managed Marine Areas, (2) building the capacity of 414 people in sustainable resource management and development, and (3) establishing 4 income generating projects.

148. Limitations in evidence means that some outcomes / grant sizes have stronger underlying analysis than others<sup>67</sup>. We are, therefore, not confident in drawing conclusions about value for money between different outcomes and grant sizes. The analysis is thereby intended as an illustration of potential benefits at the whole fund level, where the variability in individual project outcomes is less significant.

149. The spread of grant allocation to the outcomes and size was determined by:

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<sup>67</sup> For example, we have monetised only one project that fits the International and Large-Scale Fisheries outcome whereas there are seven projects relating to MPAs.

- Assuming that grant administrator and MEL<sup>68</sup> costs will amount to ████████ of the total fund spend, respectively. This is based on proportions spent in similar terrestrial competitive funds (e.g., Darwin Plus) and other BPF programmes.<sup>69</sup>
- Assuming a maximum of █████ of total fund spend will be available to build the capacity and organisational resilience of local delivery partners. This will contribute to the health of the sector and improve the quality of intervention each partner can offer.
- Splitting the remaining spend equally between the outcomes, totalling █████ for each outcome. This reflects the strategic aims of the fund to cover all outcomes equally.
- Finally, splitting all costs █████ between the small and large pots<sup>70</sup>. This is an analytical assumption only at this stage, and the split may differ when the fund is implemented.

150. This assessment, when combined with the median group-level BCRs over a 30-year appraisal period, led to an estimated *partial* BCR of 2.0 and *partial* NPV of £59m for Option A and 2.0 and █████, respectively, for Option B. We present a *partial* BCR and NPV as there were several impacts that we could not monetise - a summary of these is set out below. For more detail on the methodology used for appraisal, please refer to Annex F.

#### Types of cost and benefit included in monetisation

151. As we used the same illustrative portfolios in Options A and B, the same costs and benefits were monetised / not monetised. Broadly, we monetised the following types of costs and benefits in the appraisal of portfolio projects:

- **Total project cost**: including grants *and* match funding<sup>71</sup>.
- **MPA cost**: These are the significant operational costs of MPAs usually not included in the total project cost.
- **Marine environmental benefits**: depending on the intervention, this ranged from the damage avoided from preventing a tonne of plastic waste entering the ocean (Pollution outcome) to the ecosystem service benefits of protecting mangroves and seagrasses (MPA outcome).
- **CO2e emissions savings (benefits)**: predominantly the emissions avoided from changing waste disposal methods (Pollution outcome) and emissions avoided and sequestered from protecting and restoring blue carbon ecosystems (MPA outcome).
- **Economic benefits (partial)**: We were often able to monetise the revenue, tax, and income benefits associated with interventions. We also approximated multiplier effects where possible. It's likely, however, that our analysis did not capture several wider economic benefits such as improved access to markets due to a reduction in IUU association.

152. And the following types of benefits were not monetised:

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<sup>68</sup> Monitoring, Evaluation and Learning

<sup>69</sup> We expect that projects funded by a marine competitive fund would require a high level of support and oversight from the grant administrator to ensure progress is going as expected. For example, a 6 monthly review meeting compared to a 12 monthly review required by other BPF funds.

<sup>70</sup> For the purposes of this appraisal case, we have assumed that the small pot will be for grants up to £0.25m and the large pot will be for grants up to £3m.

<sup>71</sup> Note that only the grant cost is used in appraisal and the benefits are thereby scaled down proportionally.

- **Wider environmental benefits:** these included both terrestrial and marine benefits and were not monetised either due to (1) a lack of evidence linking the intervention to the impact on the environment or (2) difficulty monetising the environmental impact (e.g., impacts of non-plastic waste on the marine environment).
- **Social and wellbeing benefits:** some projects referenced benefits to stakeholder wellbeing or social ‘cohesion’, these are in addition to livelihood benefits deriving from additional or diversified income. For example, improved wellbeing from less waste in the neighbourhood. A lack of quantifiable indicators limited our ability to monetise.
- **Human health impacts:** These include health impacts from better air quality, water quality, and sanitation. We could not monetise due to a lack of evidence linking the project interventions to health outcomes.
- **Capacity building benefits:** we expect █ of total fund spend allocated to optional capacity building to improve organisations’ capabilities, which we expect, in turn, to have a positive knock-on effect to the marine environment-focused interventions themselves. . We have not monetised the benefits to organisations from increased capacity building due to a lack of evidence directly linking capacity spending to quantitative outcomes. However, from discussions with Defra and FCDO officials we understand capacity building to be hugely beneficial to the outcomes of the fund.

153. This summary suggests that our estimates of the benefits associated with each project might be underestimates of the true value. Subsequently, we believe the partial BCRs and NPVs presented above are conservative estimates of the value for money that Options A and B represent. Based on the economic appraisal we deem option A to be the preferred option, given the higher NPV.

154. Section 6.3 *Monitoring, Evaluation and Learning (MEL)* in the Management Case sets out how we will be measuring success. At this stage, given the projects have not yet been selected, the exact distribution of benefits we expect is uncertain. Once projects are awarded, we will further update the Theory of Change to reflect the benefits/positive long term impacts we expect based on the activities projects will carry out. These benefits will then be monitored as part of the logframe (with assigned KPIs) or within the evaluation, depending on the time lag expected to realise each benefit.

155. For more detail on the costs and benefits monetised / not monetised under each outcome, please refer to Annex F.

### 3.4 Mechanisms to Ensure Value for Money (VfM)

156. We have consulted with colleagues from the Darwin Initiative, the ICF delivery team, and UN Ocean Innovation Challenge Fund to develop an approach for ensuring projects funded through the competitive fund deliver good value for money.

157. We will assess VfM of projects based on the 4E’s used in other UK government funded ODA programmes – economy, efficiency, effectiveness, and equity (Annex F for further details)<sup>72</sup>. In this section, we set out how elements of the application, implementation, and evaluation processes of the proposed competitive fund will address each of the 4Es.

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<sup>72</sup> Together these consider the costs incurred by a programme/project to deliver results at different points of the theory of change. Therefore, the logic and assumptions should be made clear through a robust theory of change to allow for an effective procurement, management, and evaluation of projects.

### Economy (Are we buying at the right price?):

158. Principally, we intend the competitive nature of the fund to ensure that projects compete on price to achieve outcomes. The level of price competitiveness will depend, in part, on the success of the communication and advertisement of the fund to ensure that enough proposals compete for funding.
159. In addition, project proposals will be reviewed by a panel of experts on the four BPF outcomes, ranging from academics to those with experience delivering marine programmes. They should be able to identify if outcomes and impacts are realistic and whether projects are offering them at reasonable prices.
160. A list of investment criteria will be developed to help ensure that the proposals deliver sufficient VfM. The expert committee will use this criteria to score proposals. This may be similar to the Darwin model which uses scores of 0 – 6 across three themes: technical elements (e.g., use of evidence, robust methodology, budgets, collaborative working/working with partners in country in a meaningful way etc.; biodiversity impact; and poverty reduction benefits).
161. Evidence of ability to mobilise further finance will be welcomed within proposals, but it will not be a requirement. This is due to a desire to not deter proposals from being submitted from organisations that may struggle to mobilise finance.

### Efficiency ('spending well'):

162. Delivery partners will be required to report monthly on project progress and there will be annual meetings with delivery partners and the Defra BPF team to go over risk registers, progress on KPIs and provide support on issues they are experiencing. By having frequent contact, both the Defra BPF team and delivery partners can ensure inputs are being used in an effective way toward agreed objectives.
163. Further, grant instalments will be provided based on achieving agreed deliverables to ensure that the outcomes that deemed the project as value for money can be achieved efficiently<sup>73</sup>.
164. Finally, the contract will include a break clause after the 2024-25 financial year to ensure that the fund is operating as expected (e.g., attracting the desired types of projects and the administrative process is operating effectively). This will allow for changes to be made to improve VfM if necessary.

### Effectiveness ('spending wisely'):

165. An independent evaluation of the fund will be conducted at key stages after projects have received their final grant payments to have evidence of the outcomes and impacts of the projects and how they relate to programme goals.
166. Depending upon the timing and format of results from the Blue Planet Fund-level value for money assessment, the competitive fund could then encourage the adoption of the interventions found to be most cost-effective.
167. Proposals will be required to present a plan for how they intend to make the project sustainable from start to finish – this could include an effective exit strategy or a plan to mobilise future finance.

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<sup>73</sup> However, there may be exceptions for small in-country organisation that may need a different payment schedule.

168. [REDACTED] will be allocated to capability building within coastal communities. This funding will be used to help organisations to develop their proposals. We expect this part of the investment to have long-term benefits for coastal communities (benefits that will extend beyond the delivery of the specific BPF-funded projects).

#### Equity ('spending fairly');

169. The project selection process will include an assessment of projects against BPF investment criteria. This will ensure that programme funds are being channelled into projects that contribute to poverty reduction and local, community-level benefits.
170. The [REDACTED] capability funding will help to ensure that sufficient support is being delivered to organisations that lack some of the skills and knowledge needed to develop strong proposals but have highly valuable insights and ideas for future programming.

## 4. COMMERCIAL CASE

171. The following Commercial case sets out the procurement process and commercial considerations of OCEAN. In line with business case guidance (LIT 63244), this case contains information at OFFICIAL level. Information at OFFICIAL SENSITIVE (Commercial) is contained in the Contract Award Report, available to Commercial representatives as an Annex.

### 4.1 Procurement (commercial) strategy

#### Programme

172. The grant fund programme is made up of three distinct requirements that involve commercial consideration. The overall programme value of [REDACTED] dictates the need for suitable oversight from Red Team, ODA Board, Commercial board and Investment Committee. It should be noted that at this stage only one of the three components, Grant Administrator (GA) services, have been secured. The second (Grant Fund competitions and awards) will be facilitated by the appointed GA and the third, Monitoring Evaluation and Learning (MEL) will be appointed through a separate award process so as to ensure they are independent of the GA.
173. The commercial case largely focuses on the appointment of the GA and seeks approval to award the contract so that the other two components can commence.
174. The GA contract is valued at [REDACTED] to the end of March 2025, with an option to the end of March 2029 at a cost of [REDACTED] a combined value of [REDACTED] against a budget estimate of [REDACTED]. This realises savings of [REDACTED] and is the optimum outcome combined with the highest scoring technical tender.

#### Grant Fund

175. The Grant Fund will be subject to annual competitions that seek to establish the most suitable downstream projects with delivery partners that will deliver the desired outcomes identified in the Theory of change. The appointed GA will design the scheme and has been tasked with running the first competition in the Autumn of 2023.
176. Advice from Defra's subsidy control unit has been sought. In summary the subsidy control unit have approved the scheme.

177. Spending will be under the International Development Act 2002, which provides a power for the Secretary of State to 'provide any person or body with development assistance if he is satisfied that the provision of the assistance is likely to contribute to a reduction in poverty.'
178. The programme will adhere to the rules for spending ODA, as it will be provided by an official agency (Defra) and only be used in ODA-eligible countries. Funding will be provided to the downstream delivery partners in the form of a grant, grant funding will be disbursed to recipients via a Defra owned account with access to the appointed Grant Administrator. Additional finance may be provided through project proposals, match funding or directly at the discretion of Defra. It is not a loan programme, nor does it provide any other complex type of finance to recipient countries.

### Independent Monitoring Evaluation & Learning Services

179. It is necessary for the MEL provider to be independent of the GA and therefore it is not possible to appoint the MEL provider until the GA is confirmed and has commenced work. A separate procurement strategy and appointment will consider the options for its procurement in line with all Defra MEL requirements at the time and be subject to its own approval process. The estimated value of MEL based on current benchmarked rates is between ████████ of the grant fund value.

### Grant Administrator Services

180. The OBC identified outsourcing to a specialist GA provider as the preferred approach to provide an end-to-end service for Grant Administration Services. For a more detailed overview of Grant Administrator Activities, please see Annex G.
181. While sub-category strategy is being developed for future strategic approach to GA requirements, a lessons learnt approach to grant administration has been adopted following procurement of similar services in support of the Biodiversity Challenge Funds (BCF) and Biodiverse Landscapes Fund (BLF). To align to the intention for a strategic approach, this GA contract contains an extension option to expand the requirement to other Defra grant schemes beyond OCEAN subject to separate approval process.
182. Research of current market capability and capacity established that whilst there are specialist elements to the requirement, the market is well developed and there are several suppliers with the ability to meet the business requirements. Positioned as "Exploitable" within a Supplier Preferencing Matrix, suppliers were attracted to the higher value and good reputation of this HMG requirement. A restricted procedure was selected on the basis that there is a healthy market and appetite for the requirement which needed to be managed.
183. The Grant Administrator will provide end to end services to facilitate and manage the lifecycle of the Blue Planet Fund's OCEAN grants programme. The specification for the services clearly set out the requirements and how they will work with Defra to achieve the Theory of Change via competitive grants.
184. The GA will be held to the requirements set out in the specification and via a robust contract management regime.

## 4.2 Contractual terms & risk allocation

### Contract terms

185. The GA contract, reflecting legal and commercial advice and the scale of the competitive fund, will reflect cross-category contracting terms for arrangements of this type. This includes key terms such as:
1. Granting entity: The specification defines the GA as an administrator of the grant funding (as opposed to an agent). This maintains the position that the Authority is the granting entity, but it allows the GA to draft and sign grant funding arrangements on the Authority's behalf.
  2. Separation of duties: The GA will not be eligible for grant funding under OCEAN, nor will it be able to act as Independent Evaluator for the fund. This ensures a clear separation of duties and prevents a conflict of interest.
  3. Pricing model: The GA has priced their services based on a fixed price model as requested at tender. This includes pricing for each of the eight workstreams as well as fixed rates for variable elements (e.g., no. of due diligence assessments), inflation and profit margin.

### Contract management

186. A robust Contract Management Plan has been established ahead of contract award. This includes weekly, monthly, quarterly, and annual review cycles at increasing levels of seniority and strategic oversight. 8 Key Performance Indicators (KPIs) will monitor GA performance against each workstream covering key risk areas such as financial forecasting and due diligence of grant recipients.

### Risk allocation

187. The following risks have been identified in Table 5 below.

188.

Table 5. Identified Risks

Risk Detail	Date Identified	Owner	Remedial Action	Resolution Date
Fraud & Error - Key area as high value and operating high volumes of activity across the world – need to ensure that the supplier fully understands the risks and ensures that they are mitigated.	6 July 2022 (Proc. Strategy)	Appointed Supplier	Included in the specification that the supplier is responsible for managing fraud and error risks through stringent due diligence assessments.	16 Dec 2022 (ITT launch)
Health, Safety and Wellbeing – In country activity dealing with sensitive subject matter (fishing).	6 July 2022 (Proc. Strategy)	Appointed Supplier	Included in the specification that the supplier is responsible for managing safeguarding assessments in line with ODA "do no harm" principles.	16 Dec 2022 (ITT launch)

Length of the requirement cannot be confirmed at this stage as budget only covers initial 3-year period. Need to build in sufficient space for future requirements and/or alternative approaches.	6 July 2022 (Proc. Strategy)	Authority (DgC)	Initial contract term until March 2025 with option to extend in any increment until March 2030 once full programme funding confirmed. Additional allowance of 100% of the contract value for other grant administration services in ODA.	16 Dec 2022 (ITT launch)
Sanctions on trading or exporting to Russia. <sup>74</sup>	6 July 2022 (Proc. Strategy)	Authority (Policy)	Sanctions will be treated on a case-by-case basis with regards to eligibility for OCEAN grant funding. Cuba also raised by supplier during tender clarifications as receiving sanctions. Policy team to monitor situation and regularly update eligible countries accordingly. To be included in the Contract Management Plan.	Ongoing

### 4.3 Procurement route and timescales

177. The GA tender process adopted was a restricted procedure with two stages to manage the number of potential suppliers. The evaluation criteria used was a single technical question for stage 1 and a 70/10/20 Technical/Sustainability/Commercial split for stage 2.

178. [REDACTED]  
[REDACTED]  
[REDACTED]. Details on the stage 1 assessment of Standard Questionnaire (SQ) responses and the technical question can be found in the Contract Award Report.

#### Technical Evaluation (Stage 2)

179. [REDACTED]  
[REDACTED]  
[REDACTED]. They provided a strong technical response that clearly addressed each question area. Minor weaknesses identified did not raise concerns about their ability to meet the requirements. The technical evaluation was carried out in isolation from the commercial evaluation so as to not allow it to unduly influence the technical evaluators.

180. A summary of the technical scores and comments is available in the Contract Award Report.

#### Commercial Evaluation (Stage 2)

181. The pricing workbook template enabled a good comparison between the prices of each supplier. Clarifications were sought around inflation, overheads, profit, and supplementary

<sup>74</sup> NTE 2022/18: introduction of additional sanctions against Russia - GOV.UK ([www.gov.uk](http://www.gov.uk))



activities to confirm the pricing approach was comparing on a like for like basis. The highest scoring supplier was [REDACTED] who submitted the lowest priced variable elements and second lowest annual costs for a total of [REDACTED] to the end of March 2025. An option to extend is available to the end of March 2029 at a cost of [REDACTED].

182. Thorough commercial evaluation indicated prices between [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] established through benchmarking should costs. Following value for money assessments against a very recent GA tender for the Global Centre for Biodiversity and Climate (GCBC) which came in at [REDACTED] of the grant fund under management, [REDACTED] submitted a sound commercial offer at [REDACTED] of the grant fund under management.
183. The combined technical and commercial evaluation has provided the optimum outcome to appoint [REDACTED] as the preferred supplier for grant administration services.

### Commercial Resource

184. [REDACTED] have been appointed as Contract Managers for the GA contract. Both will undertake Contract Management Foundation training in accordance with Defra's Contract Management Centre of Excellence guidelines. They will also be supported by a DgC resource (SEO) on a monthly basis in line with the Contract Management Plan.

### Fraud Risk Assessment

185. The Complex Grants Advice Panel (CGAP) advised of the high risk of fraud due to the small size and location of the organisations around the world. Mitigating actions have been addressed including implementation of a stringent Fraud Risk Assessment, developing, and aligning fraud prevention measures with FCDO fraud and due diligence checks and sifting criteria.

### Commercial Governance and Approvals

186. Given the size of the overall OCEAN Grants Programme, the GA strategy and award has obtained (or will obtain) the highest level of Commercial governance as followed in Table 6.

187. *Table 6: Commercial governance and approvals for the competitive fund*

Governance Stage	Date	Approving Authority
Procurement Strategy - complete	6 July 2022	DgC EG&S Board
Procurement Strategy - complete	12 July 2022	DgC Category Management Board
Contract Award Report	12 April 2023	DgC EG&S Board

188. All Commercial governance and approvals have been completed and the Contract Award Report for the initial contract period until 31 March 2025 was approved at the DgC EG&S Board on 14<sup>th</sup> April 2023. Any option to extend beyond the initial contract period will be subject to separate consideration and approval.

## 5. FINANCIAL CASE

190. The Financial Case establishes that the preferred delivery option, identified in the Economic Case is affordable and that the principles of sound financial management of public funds are followed.

### 5.1 Powers to spend ODA

190. Spending will be under the International Development Act 2002, which provides a power for the Secretary of State to 'provide any person or body with development assistance if he is satisfied that the provision of the assistance is likely to contribute to a reduction in poverty.'
191. The programme will adhere to the rules for spending ODA, as it will be provided by an official agency (Defra) and only be used in ODA-eligible countries. Funding will be provided to the delivery partners in the form of a grant. Additional finance may be provided through project proposals, match funding or directly at the discretion of Defra. It is not a loan programme, nor does it provide any other complex type of finance to recipient countries.

### Accounting Officer Tests

192. The accounting officer tests (Annex D) were considered during the development of this business case:
- **Affordability:** the intervention is *affordable*
  - **Regularity:** the intervention is *regular* being compliant with legislation and *Managing Public Money*
  - **Propriety:** The intervention is *proper* as it meets the standards in *Managing Public Money* and accords with the generally understood principles of public life
  - **Value for money:** the intervention is assessed as providing *value for money*
  - **Feasibility:** the intervention is *feasible* and *deliverable*

### 5.2 Financial resources, budgets, and costs

193. The full costs will be up to █████ of ODA spending.
194. Funding of █████ has been secured through Spending Review 21 (SR21) up to and including FY 2024/25. The funding requirements beyond the SR21 period will be confirmed at a future Spending Review but are assumed to be affordable on the basis that current funding levels will be enduring. Due to the whole life cost of up to █████, this business case meets the threshold for Investment Committee approval, but HMT approval will be required to commit to expenditure beyond the SR21 period if the Committee approved this programme. Spending beyond SR21 will not be committed until HMT approval has been received and funding is secured.

### Contracted Costs

195. Comparable HMG programmes, including through ICF, BLF, Darwin Initiative, Darwin Plus and IWT amongst others, have been benchmarked to indicate likely costs. Based on this, and consultation with evaluation experts and other internal assessments, the costs are estimated at:
- **Grant administrator contract:** typical range █████ of programme, depending on its size, level of risk and responsibilities undertaken. Building on experience to date, we estimate this cost to be up to █████ The tender realised an outcome of █████ with a value

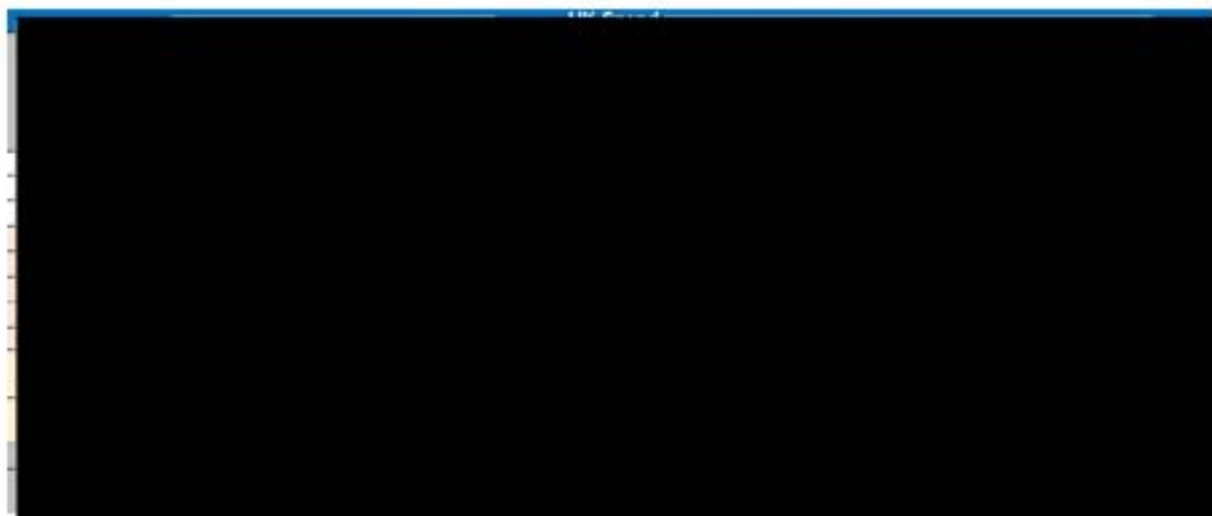
of ██████ to the end of FY 24/25 and ██████ should the extension option be exercised to the end of 28/29.

- **Independent Evaluator contract** ██████ of total programme funds, dependent on its size, level of risk, innovation and extent of new monitoring data required. We anticipate allocating ██████ to programme-level evaluation, building on the current evaluation work being conducted.
- Defra will manage the Grant administrator contract, and suppliers will be paid directly according to the terms of the contracts. Payments will be made in arrears following the satisfactory meeting of milestones, KPIs and other measures as stipulated in the contractual agreements; this is expected to be monthly for the grant administrator and on the production deliverables for the evaluator.

### Schedule of funding / costs

196. The spending has been profiled over an indicative multiyear timeframe (Table 7). Due to unforeseen delays in Government and procurement approval processes, we are currently forecasting a spend of ██████ from Defra's BPF ODA budget to deliver on the OCEAN grants programme but will keep this under review. Spend will be contingent upon successful programme reviews and Spending Reviews, with provisions to curtail activities if considered necessary. Spend in white cells comprises of funding secured in the 2021 Spending Review, whereas spend in orange cells will be subject to future Spending Reviews.

Table 7 - Indicative Multiyear Budget Profile (£)



197. The end of the current SR period will provide an opportunity for deeper analysis on how the fund is performing and consider other options if the fund is performing poorly. This will be available as a break point for both the fund, and the grant administrator contact. The grant administrator contract will be aligned to end at this point, with the option to extend further available to Defra.

198. As most projects are expected to last between 3 - 7 years, it will take until 2025/26 to establish a full portfolio of operational projects by building on funding rounds in 2023/24 and 2024/25. However, from 2025/26 projects will not be able to run for more than 3 years to ensure all projects complete by 2029/30, unless the Business Case is amended.

199. There may be additional staff costs involved in order to support and manage projects that receive funding within the lifetime of the programme, but whose delivery continues beyond the end of the programme.

200. The grant administrator will work alongside delivery partners at the application stage, and throughout the delivery of their projects, to assist them with developing accurate forecasts for their projects. Grant administrator will inform Defra at the earliest opportunity if any project forecasts change or become inaccurate through regular monthly progress review meetings. This will reduce the chances of an over or under spend.

**HMG front-line delivery costs**

201. Within HMG, managing the UK’s contribution will require the following staff (full time equivalent (FTE)) outlined in Table 8, with support of financial, commercial and project management staff from DEFRA and the overseas network (include expected FTE and FLD costs). Staff FTE will be kept under review and may be adjusted based on evidence/ need.

202.

**[REDACTED]**

<b>[REDACTED]</b>			
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>

**5.3 Project funding**

203. On instruction from Defra and in line with agreed governance and safeguards, the grant administrator will administer the transfer of the funds to the projects. We are currently working closely with finance and commercial colleagues to determine optimum way to administer these payments, which will be agreed on prior to grant administrator contract start date.

204. In line with HMT’s guide on Managing Public Money, we will ensure that Defra is not paying in advance of need. However, some grantees, particularly smaller organisations with limited capital, will need funding prior to commencing an activity and may be eligible for advance payment from Defra; clear evidence of need will have to be demonstrated and clearance for this approach will be agreed with Defra prior to any payments. Additionally, lead delivery partners may decide to make payment in advance of activity to their downstream partners. This will be a decision taken and managed by the lead delivery partners, and they will carry all financial risk associated with doing so. All grant agreements will include mechanisms to mitigate the associated risk, including the ability to clawback any misused or unspent funds.

205. Defra will transfer funds quarterly to the grant administrator for disbursement to the grantees upon the demonstration of need including, but not limited to, grant claim forms, details of

previous and anticipated payments to grantees, payments by fund, and any prepayments or accruals. The grant administrator will hold these funds on account, in a dedicated bank account, for the sole purpose of making payments to grantees. We are currently working closely with finance and commercial colleagues to determine optimum way to hold and administer fund payments, which will be agreed on prior to grant administrator contract start date.

206. **HMT approval will be required for the grant administrator to hold grant money in advance of payment to delivery partners;** commercial and finance business partners have been consulted on risk mitigation.

207. When authorised to make the payments to the grantees, the grant administrator will:

- provide assurance that all money has been paid to the grantee by way of a bank statement
- disburse payments to projects only on receipt of validated grant claim forms, which will include required expenditure assurance
- ensure that project implementers are aware that they bear the foreign exchange risk, as foreign payments are made at the pre-agreed sterling amount
- not pay projects in breach of funding agreements
- retain all project and payment records for a minimum of five years after termination of each project

208. Defra and the GIAA need full access to grant documents and financial records and shall have the right of access to complete audits at the Grant administrator's premises if necessary.

#### **5.4 Financial accounting considerations for Defra**

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

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

- buy capital assets (land, building, machinery etc.)
- buy stocks
- repay debt
- acquire long-term financial assets, or financial assets used to generate a long-term return

211. It is anticipated that the majority of this programme will be RDEL. A small percentage of funding, may however, be CDEL R&D, where expenditure is targeted towards the creation of knowledge, data sets, guidance and recommendations for policy and regulatory reform that will lead to replicable results. This will be determined by the nature of the specific projects that are successful in their bid to receive funding.

#### **5.5 Monitoring, reporting, and accounting for expenditure**

212. 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. Overall performance will be measured by the Defra project team through quarterly meetings, reports and an annual report process, which is scored and can be used to take remedial action against poor performance.

213. The delivery partner is expected to provide an annual audited report on the spend progress against budget.

## 5.6 Financial management

214. The grant administrator will hold funds in a dedicated bank account for the sole purpose of making payments to grantees. Any leftover funds at the close of the programme will be returned and absorbed across the wider BPF portfolio.
215. The investment will be paid out in British sterling (GBP) and converted into local currency by the delivery partner; therefore, there is no financial risk to Defra due to fluctuating exchange rates.

### Financial and fraud risk assessment

216. 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. Therefore, we require sub-contracted parties, such as the grant administrator, to also subscribe to such policies. Violation of these allows Defra Group to terminate contractual relationships with sub-contracted parties. Additional delivery partners brought in will have due diligence conducted on them by the grant administrator. Delivery partners will be required to provide proof of anti-fraud and corruption policies and practices. As per section 4.7 occurrence of any illegal or corrupt practice will allow Defra Group to terminate or suspend funding.
217. Defra has completed a full fraud risk assessment covering the delivery of the fund.

## 5.7 Provisions for Defra to withdraw funding

218. The scenarios of potential suspension of funding, termination and returns to Defra and how they might be triggered, including by the monitoring and reporting cycle, are outlined below in Table 9.

219. *Table 9 scenarios of potential suspension of funding*

Scenario	Timing and reporting trigger (if relevant)
Occurrence of any illegal or corrupt practice	Fortnightly & monthly fund programme updates (from grant administrator); Annual reviews (by Defra), monthly updates (from the delivery partner)
<p>“Extraordinary circumstances that seriously jeopardise the implementation, operation or purpose of the programme”</p> <p>This is primarily designed to cover instances of force majeure. We assess this may also provide some cover in extreme cases of under-delivery.</p>	Fortnightly & monthly programme updates (from grant administrator); Annual Reviews (by Defra), monthly updates (from the delivery partner)
“If projects do not fulfill their commitments according to the cooperation contract”	At the time if/when this happens or if identified as part of annual and monthly reporting, annual reviews, independent evaluations at mid-term points

## 5.8 HMT approval

220. In line with other major funds seeking funding beyond SR periods, Defra will seek HMT approval for this funding as this programme is complex and spans beyond the current SR period. The programme has been assessed to not meet the threshold for being classed as part of the Government Major Projects Portfolio (GMPP).

## 6. MANAGEMENT CASE

### 6.1 What are the management and governance arrangements for implementing?

#### Roles, responsibilities, and accountabilities

221. Overall responsibility lies with the Senior Responsible Owner (SRO). SRO oversight is likely to increase as the programme moves from mobilisation to implementation and has been factored for in the FTE table above. This will be kept under continual review.
222. On a day-to-day basis, the programme will be led by Defra's designated BPF project team for the competitive fund, with majority of operational tasks being contracted to an external grant administrator (detailed in Figure 4; a detailed **Specification of Requirements on management and governance arrangements between Defra and the external grant administrator** is also available upon request to appropriate Board members).

223. *Figure 4: Management overview for the competitive fund*



#### Roles of key stakeholder groups

##### HMG

224. **Defra BPF team:** The team will lead the day-to-day delivery of the fund. They will oversee procurement exercises, manage the contracts with the grant administrator and independent evaluator, deliver oversight of the programme, and oversee programme-level financial and risk

management, including safeguarding. The Defra BPF team have weekly meetings, in addition to more specific additional meetings and catch-ups. They will report into the Defra BPF programme board (every six weeks) and the Joint Management Board (JMB).

225. **BPF regional advisors:** Five regional advisors will be recruited under the BPF and will be based globally. Two positions have already been recruited in Ecuador (Latin America) and Ghana (West Africa), and three are currently in process in Fiji (Pacific), Indonesia (South-East Asia), and Mozambique (East Africa). Regional advisors will develop extensive networks in their regions, advise on organisations suitable for the fund, support in the due diligence process, and support grantees in project and programme delivery (where appropriate).
226. **BPF Programme Board:** The Defra project lead will be required to report at least once every two months to the BPF Programme Board, which has oversight at working level of all BPF investments. The programme lead will update the BPF Joint (Defra-FCDO) Management Board. The BPF Programme Board will have the final sign-off on the approval of projects and will be where key decisions are made, such as the decision to end a project early if necessary.
227. **Joint Management Board (JMB):** the JMB meets quarterly to provide strategic oversight of the BPF and is comprised of both Defra and FCDO members. The JMB ensures the BPF delivers on its aims and aligns with wider HMG objectives. At the business case stage, all BPF investments by Defra and FCDO will be reviewed by the JMB against the BPF ToC and Investment Criteria. The JMB does not have decision making powers.
228. **ODA Board:** The role of an 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.
229. **Investment Committee:** Investment Committee is a sub-committee of Defra's Executive Committee. With responsibility for approving Tier 1 and 2 project business cases it focuses on affordability, capacity, deliverability, strategic alignment, and interdependencies.
230. **FCDO BPF team:** Defra and FCDO work closely together at working level. FCDO are regularly updated and provides essential feedback on Defra's programming.
231. **FCDO Heads of Mission (HoM):** HoM will be engaged and kept informed of the fund's activities within their countries. Defra will also seek regular advice on strategic, political and security issues for the duration of the fund.

#### *External to HMG*

232. **Grant administrator:** The grant administrator will be responsible for the administrative remit of the competitive fund, including management of the application process, conducting due diligence on potential delivery partners, supporting the selection/expert committee, on-going day-to-day liaison with, and management of, delivery partners, establishing a communication plan for the fund and supporting project-level monitoring and evaluation, including annual reporting. The grant administrator will report directly to the Defra BPF team. The grant administrator will **not** be involved in the selection of projects, beyond high level filtering and due diligence checks. Assessment of bids will be undertaken independently by the selection/expert committee (below). Full details of the grant administrator's role and responsibilities are outlined in section **Error! Reference source not found.** The Grant administrator tender has been conducted and the outcome is detailed in the commercial case.
233. **Delivery partners:** Projects will be delivered by a wide range of organisations, including universities, research institutions, CSOs and NGOs. Delivery partners will be responsible for



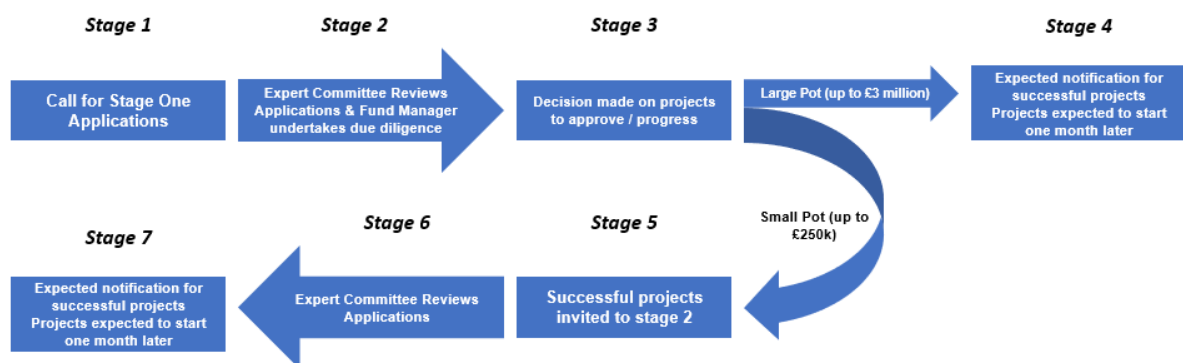
the design and delivery of projects as set out in the specific grant agreements for their projects, including but not limited, to fiduciary, legal, reporting safeguarding aspects and project stakeholder management. They will be managed by the grant administrator.

- 234. **Independent learning and evaluation contractor:** The independent learning and evaluation contractor will be brought in at regular intervals over the course of the project. This will ensure separation between those delivering projects and the fund, and those evaluating the performance and compliance of the fund. They will be responsible for performing analysis, assessing project reporting, including project final reports, and making recommendations for improving MEL across the portfolio. They will work closely both with the grant administrator to gather data on projects, as well as with the BPF and ODA teams' MEL experts.
- 235. **Expert (selection) Committee:** The independent selection / expert committee will be responsible for reviewing applications and making robust recommendations to Defra on which projects to fund. The committee will assess applications against an assessment framework and will use their expert knowledge to determine whether delivery partners are capable of delivering a project that they have proposed. We are committed to forming a committee that is diverse and that represents different sectors and groups, and we will revisit the approach and members regularly to ensure this. The recruitment process is to be confirmed, but likely to be through unregulated public appointment process, same as Darwin challenge fund.
- 236. The expert committee will report to the BPF team and the BPF Programme Board will have oversight over the committee. The committee will be supported administratively by the grant administrator.

## 6.2 Delivery plan

- 237. Round 1 of funding is scheduled to be launched and sequenced to support successful projects to begin implementation in 2023. The application process will be supported by the grant administrator which will be procured from December 2022 and June 2023 and follow year one application process road map as detailed in Figure 5.
- 238. Defra has sought advice from other funds, such as Darwin, the UNIOC, and the Global Fund for Coral Reefs, who found that feedback provided after Stage 1 significantly strengthened the quality of applications from smaller organisations. These are the organisations that Defra is aiming to target and who are most likely to apply for funding from the smaller fund window.

239. *Figure 5 - Year One Application Process Roadmap*



## 6.3 Monitoring, Evaluation and Learning (MEL)

- 240. All Defra ODA programmes are designed to ensure that Defra ODA Monitoring and Evaluation activities are consistent with the requirements of the UK International Development Act 2015,

while maximizing opportunities for learning, providing accountability and communicating results and impact.

### BPF MEL framework

241. The competitive fund will follow the BPF MEL framework. The framework sets out how MEL activities will assess fund impact, which activities and approaches are working, and which need to be strengthened, assess the programme's VfM, and contribute to the global evidence base for intervention areas.

### Theory of Change

242. The ToC is detailed in Figure 3, section 2.5.

### Log frame

243. Defra is currently in the process of developing a programme level log frame. At the project level, applicants will be required to complete log frames to capture relevant indicators, outputs and outcomes. Log frames will be used to monitor delivery of projects against the fund level outcomes, which will feed into the BPF KPIs, and subsequently into the ODA KPIs. This will in turn feed into longer-term evaluation (for example through annual reviews conducted by the independent evaluator), which will help us to establish the overall impact of the fund.

### Reporting

244. Reporting will take place on a regular basis at a range of levels:
- projects will report upwards to the grant administrator
  - regular reporting at programme-level to the Defra BPF Programme Board
  - when strategic input is needed from the BPF JMB and Defra ODA Board
  - updating at Ministerial level as and when appropriate
245. Together, these regular reporting cycles will ensure that risks, issues, and assumptions are flagged and dealt with early at the appropriate level. Risk registers will be maintained at both delivery partner and programme level.

### Evaluations

246. Monitoring and data collection activities inform project management and provides the building blocks for evaluating programme performance, impact, and value for money. Besides identifying ways to improve programme performance, evaluation supports transparency and credibility of the programme and enables learning about how to improve programme implementation and inform the design of future waves and related programmes. Learning can be formal/ structured (e.g., via reports, indicators and dashboards, annual reviews, etc.) or informal/ unstructured (knowledge exchanged with donors, delivery partners, beneficiaries, etc. in ad hoc/ unstructured ways) and delivered via many means - in long-form reports, concept notes, webinars, forums, social media, blogs, etc.

Annual reviews (ARs) will be prepared and submitted to the ODA annual review board. ARs are due annually, beginning one year from the point of approval of the FBC. ARs will allow the progress of the programme to be recorded, and for the programme to be given a score. They will also be critical to the adaptation of the fund as it evolves.

### Programme MEL design and delivery

247. Programme MEL will be a mixture of process and impact evaluation. Learning is intended to occur throughout the programme lifetime and will be delivered to a range of audiences. MEL activities will include:

- consistent with the BPF MEL framework, competitive fund MEL will involve co-design and co-delivery meaning that stakeholders are engaged as early as possible in helping to define how monitoring, analysis and reporting is conducted, with an emphasis (where suitable) on participatory approaches
- monitoring activities to track progress towards outcomes e.g., Blue Planet Fund KPIs, key informant interviews to assess progress, engaging with beneficiaries to assess perceived impacts and social outcomes, etc, aggregating data from different sources to understand fund impacts Note: Monitoring likely to include receipt of information already being gathered plus additional work (e.g., interviews with delivery partners, etc.) and will take place throughout the lifetime of each project
- interim/ mid-term and final/ end-term process and impact evaluation of the programme, to assess delivery and overall programme success
- interim review to identify: if have met milestones to date, delivery partner and programme performance to date and if on track to meet programme objectives, identify what doing well and areas for improvement, including ensuring continued value for money
- final review to assess overall delivery partner and programme performance and whether achieved aims
- promoting learning and knowledge exchange throughout the lifetime of the programme, as well as ensuring learning is communicated in sensitive and appropriate ways to a wide audience (delivery partners to manage and improve performance, donors to identify improvements in programme governance, beneficiaries to understand programme impacts, other countries/ organisations that may wish to implement a similar programme, etc.)
- addressing research/ knowledge gaps identified at the outset of the programme (e.g., captured via a ToC process)
- Monitoring and reporting on the programme's safeguarding, gender equality, and inclusivity of disabled persons and other vulnerable groups, such as those with protected characteristics and context-dependent vulnerabilities

248. MEL outputs/ deliverables will include

- programme ToC
- programme indicators (additional to the BPF indicators)
- real-time learning and evaluation to help shape the fund during its evolution
- interim process evaluation report; interim impact evaluation report
- final process evaluation report; final impact evaluation report
- GESI and SEAH analyses for gender equality, inclusion, and safeguarding

### Funder responsibilities

249. The grant administrator is critical to enabling programme-level MEL and will be responsible for:

- working with the independent evaluator to oversee monitoring and deliver evaluation and learning (tendering for work, on-boarding) and managing relationship with the

evaluator over the lifetime of the project (e.g., annual review points; regular catchups during data collection and evaluation periods)

- ensuring the evaluator has full access to the programme so that they can conduct evaluations and aid learning, e.g. providing logframe/ logic model to produce a theory of change, access to management information and data gathered by other sources to add to monitoring, access to programme documentation and personnel to build a theory of change, conduct interviews, etc.) and that contractors feed into Fund-level evaluation (KPIs, data and reports for process evaluation, etc.)
- supporting knowledge exchange activities drawing on the analysis conducted by the contractor, e.g. organising calls to deliver report results, facilitating access to platforms where can share information

## Learning

250. The fund's MEL framework will strengthen Defra's ability to identify impactful activities, models and projects that demonstrate or indicate early that transformational change, or scaling, is likely.
251. Understanding early which projects are delivering on outcomes is essential to strengthening the quality of future grant awards, as well as informing delivery of active grants. Early performance data will be presented to the selection/expert committee in an informative format to guide their funding and strategic recommendations.
252. Annually, the grant administrator will assess and score all project reports before synthesising the findings into a single report for Defra, focusing on impact, results and ways of working to inform and adjust delivery performance. The annual review cycles will align with the financial year. Annual reviews will be submitted to the BPF Joint Management Board and ODA Board.
253. As public finance, it is important that evidence and materials (guides, papers, management plans) generated by the fund are accessible and available, which will help to inform and shape the actions of others.
254. Lessons learnt, and best practices identified will inform the:
- delivery of active projects, through updated programme delivery guidance
  - targeting and guidance of funding rounds
  - work of the selection/expert committee in identifying proposals that have the characteristics of transformative interventions, or opportunities where effort could be focussed to achieve transformative impact
  - wider effort beyond the fund on addressing the biodiversity and poverty reduction challenge

## 6.4 Adaptive programming

255. An adaptive programming approach will be implemented for the competitive fund to ensure findings and lessons from early interventions and successful approaches are shared and incorporated into subsequent activity. This will facilitate development of innovative solutions. Adaptive programming is well-suited to this programme as it will require a wide range of interventions across many programmatic themes, and will run to a phased timeframe, thereby building in opportunities for taking stock of successes and challenges.
256. The exact form of adaptive programming will vary over the length of the fund, but lessons learnt from early application rounds will be fed back into further enhancing the development of the programme as a whole and the mechanisms behind it. MEL data collections and

analysis on the project level will be fed back to delivery partners to help them to enhance their programmes and make them as effective as possible.

257. Adaptive programming will contribute to project success and includes adjusting approaches, targets, budgets, as well as the teaming of partners in response to necessary changes in implementation and context to ensure outputs are achieved. A useful strategy identified is to encourage projects to build some contingency into budgets to support internal adaptation processes. The continued support and responsiveness of the competitive fund management, in the form of reviewing and approving change requests, was acknowledged by projects as supporting them be adaptive.
258. All delivery partners will be required to contribute to this approach through monitoring, evaluating, and sharing learning to allow Defra to take decisive action.
259. The grant administrator will provide information, including fiduciary risks and project monitoring data as gathered through quarterly reporting processes and annual reviews. The Independent Evaluator will test and propose evidence-based revisions to programme and landscape level ToCs, assumptions and logframes. Evaluations will provide an evidence base for strategic programme decisions, alongside annual reviews, evaluations etc. Defra will assess and take decisions on any adaptations to projects or interventions, either at landscape or programme level and these decisions will then be flowed down to delivery partners through the grant administrator.

### 6.5 What are the key risks and how will they be managed?

260. Risks for the fund have been identified in Table 10 below. A full risk register will be used to monitor project delivery, and risks will be managed in accordance with HMG guidance and reported to the BPF Programme Board. The project lead is responsible for updating the risk register, ensuring the mitigating actions are carried out. The SRO has overall responsibility for all the risks identified in the risk register. When appropriate, risks will be escalated to the BPF Joint Management Board and/or the ODA Board.

261.

Table 10: Risks identified for the competitive fund

Category	Risk Description	Likelihood	Impact	RAG	Comments / Mitigating Actions	Residual Risk
Financial	Difficulty in accurately forecasting when projects will need to receive funding. This may result in unexpected under or overspend in Defra's ODA budget for a given financial year	High	Medium		<p>Defra's financial year operates from April to March. The application process for new projects will be scheduled so that successful new applicants will be able to begin their projects and receive funding as close to the start of the financial year as possible. Additionally, the contracted grant administrator will provide expertise to prospective projects during the application stage, and to successful projects once they are in place, to assist them in completing and updating accurate spending forecasts.</p> <p>Defra will also manage the programme through its diverse portfolio, balancing the underspend by increasing spend in other programmes that can absorb more funding to undertake additional activities for greater impact, as well as using adaptive programming to identify activities that are working particularly well/poorly and adjust programming accordingly to make sure funding going to the right places, and opportunities for scale up are identified</p>	Medium

Operational / Delivery	Insufficient promotion of the fund, or factors that make applying to it less appealing, such as an overly complex application process, could result in the fund not receiving a sufficient number of high-quality applications. This would result in the fund being unable to deliver to the required standards and level of ambition.	Medium	Medium	<p>Promotion of the fund will primarily be the responsibility of the contracted grant administrator, working closely with Defra, BPF regional officers and across in-country posts to engage with contacts in the ODA field and effectively promote the fund to high quality potential applicants. Members of the selection / expert committee will also be required promote the fund to their networks as part of their role.</p> <p>The application process, including the forms and amount of information required, will draw on learning from existing funds, such as the Darwin Initiative and Darwin Plus, to ensure the process is less time consuming and as streamlined as possible. Defra will also establish a process of continual learning, consider recommendations from independent MEL evaluator, and amend aspects of the scheme where needed to encourage more applications and/or higher quality applications in future years.</p>	Medium
	Risk of overly complex management and structure causing confusion and delays	Low	Low	The fund will make use of existing BPF structures wherever possible. New roles and contracts will have clear terms of reference and will be subject to the strong governance structures that are already in place.	Low
Reputational	A poorly designed or implemented selection and assessment process leads to the fund investing in poor quality projects which do not deliver on the BPF's outcomes.	Low	High	<p>All project applications will be competitively selected against rigorous technical and financial criteria set by Defra and screened by the grant administrator through robust due diligence processes. Screening of all applications will be logged and reported on by grant administrator and reviewed and quality assured by Defra. Independent evaluation and selection of project applications will be undertaken by the fund's expert committee to ensure high quality projects that meet specific delivery and strategic objectives of the fund. Project management, reporting frameworks, and due diligence will be delivered by the grant administrator, with spot checks at regular periods throughout application and project delivery. BPF regional officers will work closely with posts, Defra and the grant administrator to enhance project oversight and ensure that political economy considerations are appropriately considered.</p>	Medium
	The interventions of local delivery partners go wrong, or delivery partners act in a way that causes reputational harm to HMG.	Medium	High		Medium
Fiduciary	Risk of a project's funds being misappropriated for use that doesn't align with its application.	Medium	Medium	<p>The grant administrator will manage and mitigate financial risk associated with the delivery partners through enhanced due diligence, spot checks, tracking and reporting frameworks, audits and checks conducted prior to grant instalments being transferred. The grant administrator will meet regularly with Defra to provide updates, reports and highlight any risks to Defra. Defra will review management and financial trackers to provide quality assurance overview and provide final decision making on any financial or management risk associated with delivery partners.</p> <p>A full fraud risk assessment has been completed, with input from the Defra Counter Fraud Team, to put in place a number of specific actions and processes to reduce the chance of fraud taking place, and the funds being misappropriated.</p> <p>Funding will be disbursed in stages, which will be regularly tracked and monitored by the grant administrator and reviewed by Defra, who will retain authority to halt expenditure if necessary, reducing the potential for funds to be misused.</p>	Low
	Risk of poor financial management by a delivery partner.	Medium	Medium		Low

Safeguarding	Safeguarding issues arise that necessitate a pause or ending of the programme, and that causes damage to the UK's reputation. Risk of programme or partner staff doing harm or not reporting incidences of sexual exploitation, abuse, harassment, or bullying.	Medium	High	<p>Through the grant administrator, robust due diligence, and spot checks of activities across the portfolio will be undertaken, regularly reviewed, and quality assessed by Defra. This will help to ensure confidence of processes and early mitigation of safeguarding risks. Delivery partners will be required to agree and sign up to specific Terms of Reference (ToR) to ensure safeguarding policies and procedures are in place and that safeguarding considerations are fully integrated into project design and implementation. Where safeguarding policies are lacking or limited, the delivery partner will be required to work with the grant administrator to improve until they reach the accepted standard. Safeguarding policies will need to include systems to enable reporting and support whistle-blowers. The grant administrator will be able to provide support, training and advice to delivery partners, and will work with them to ensure necessary policies are developed and in place. This support will be particularly key for smaller organisations, that may not have relevant training or policies already in place. There will be robust due diligence on the Grant Administrator to ensure they have the capability to support Delivery Partners in this process and that there are clear ToRs surrounding the Grant administrator's role and responsibilities in providing support to Delivery Partners in reaching the necessary standards Defra expects on Safeguarding</p> <p>Defra will work closely with the grant administrator, to provide further close oversight for projects identified as higher risk for safeguarding and Sexual Exploitation, Abuse and Sexual Harassment (SEAH) across a range of categories (contextual / external risks, internal Defra risks, and partner risks).</p>	Medium
Contextual	Natural disasters, extreme climatic events, and hazards slow down or prevent implementation of initiatives and jeopardise the effectiveness of projects.	Low	Medium	Environmental risks are factored into programming and will be monitored by the grant administrator and Defra throughout the lifetime of the project.	Medium
	Operating in areas of political and economic instability prevent projects from delivering effectively or causes delays.	Medium	Medium	Since many of the countries the BPF is hoping to deliver in are Least Developed Countries (LDCs) and SIDS, programming will inherently have some element of this risk. Security and stability will be considered as part of the assessment process and checks undertaken by the Grant administrator to reduce risks.	Medium
Strategic	Lack of staff overseas will make the delivery model challenging to deliver	Medium	High	Five regional advisors will be recruited under the BPF and will be based globally. Two positions have already been recruited in Ecuador (Latin America) and Ghana (West Africa), and three are currently in process in Fiji (Pacific), Indonesia (South-East Asia), and Mozambique (East Africa). Regional advisors will develop extensive networks in their regions, advise on organisations suitable for the fund, support in the due diligence process, and support grantees in project and programme delivery (where appropriate).	Medium

	Low resources and capacity in Defra's BPF team results in delays and hinders the ability of the fund to effectively deliver.	Low	Low	The front-line delivery resource confirmed in the latest spending review has allowed the team focus on designing a robust fund, and there are plans in place to increase resource as the fund comes onstream increasing Defra's capacity. The appointment of a contracted grant administrator will also bring a vast amount of additional capacity to work on the fund.	Low
Strategic	A diverse portfolio of projects makes it difficult to aggregate them into a coherent narrative on the overall impact of the fund. However, it is noted that the BPF already focuses through OCPP and COAST, and so ministerial appetite is for this fund to be globally unrestricted	High	Medium	Projects will be required to address the four Defra led outcomes which will allow an aggregation and focus around these. In later years, the focus can be further narrowed based on the projects we will have already funded. KPIs that projects will be required to report on, will also allow us to aggregate impact.	Medium

## 6.6 Transparency

323. 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 intervention will generate significant outputs including log frames, annual reviews, programme/project proposals and technical reports which will be of interest to other countries and stakeholders. The UK government will work to ensure that all outputs are published on IATI, free to users whenever possible.
324. The BPF competitive fund team will upload relevant programme outputs to the UK Development Tracker.<sup>75</sup> This will include the business case, procurement contracts and tenders, annual reports, interim assessments, appraisals, independent reporting from the MEL advisor, and details of projects and the amounts that they have been successful in applying for.
325. Defra will also seek to share learning from projects and programmes, making the information available more widely, likely using the competitive fund website as the main platform.
326. In line with UK ODA guidance, we recognise the Global Partnership 2030 agenda<sup>76</sup> for sustainable development commits to leaving no one behind. Therefore, wherever possible, all published data collected throughout the programme will be disaggregated in order to accurately describe all populations (by sex, age, geographic location, and disability status).

## 6.7 Safeguarding

327. Safeguarding risks are heightened when projects in fragile and conflict affected areas or with vulnerable people. During proposal due diligence, safeguarding approaches, including Sexual Exploitation, Abuse and Harassment (SEAH), will be reviewed to provide assurance that the expected standard is in place for all delivery partners' staff and stakeholders.
328. The review will cover: Safeguarding, Whistleblowing, Human Resources, Risk Management, Code of Conduct, Governance and Accountability as per the 2020 UK Strategy: Safeguarding

<sup>75</sup> <https://devtracker.fcdo.gov.uk/>

<sup>76</sup> <https://www.data4sdgs.org/initiatives/inclusive-data-charter>



Against Sexual Exploitation and Abuse and Sexual Harassment within the Aid Sector and FCDO's due diligence guidance. Part of the review into Human Resources will include ensuring practices are in place to prevent the re-hiring of perpetrators of sexual exploitation and abuse among staff in country, as per the latest Independent Commission for Aid Impact (ICAI) recommendations.

329. Delivery partners will need to meet HMG standards regarding safeguarding. Both the grant administrator and Defra will provide advice and support to delivery partners to help them in implementing approaches to protect from sexual exploitation and abuse that are tailored to their situation and enable them to achieve this standard.
330. Safeguarding advice will be sought from in-country UK missions where appropriate, including where there is a need to conduct an OSJA assessment.
331. Where safeguarding issues are realised, they will be escalated to the grant administrator and Defra. Multiple reporting routes will be in place, including through delivery partners' own mechanisms, the grant administrator's policies for reporting safeguarding issues, and Defra's internal processes for escalation.

## 6.8 Gender equality

332. The fund will actively align itself with the gender equality measure of the International Development Act 2014, International Development Strategy 2022, and International Women and Girls Strategy 2023.
333. Growing evidence indicates that the declining availability and quality of biodiversity and ecosystem services is leading to increased poverty and vulnerability, with marginalised groups – often including women and girls - disproportionately affected.
334. To shape and inform marine and poverty reduction actions, it is vital to understand gender-differentiated biodiversity practices, gendered knowledge acquisition and usage, as well as gender inequalities in control over resources. This can result from women and men using resources differently, as evidenced by the Ecosystem Services for Poverty Alleviation programme<sup>77</sup>. As a result, women and men develop knowledge about different species, their uses and their management, and thus have different marine management approaches.
335. This shows that climate change and biodiversity loss, as well as responses to them, affect diverse groups of women and men differently. The programme acknowledges this and sets gender equality as an explicit objective to ensure that it has a positive impact on advancing gender equality and the empowerment of women and girls. Gender equality is included as a programme outcome and relevant programme KPIs are disaggregated by gender, and the fund will monitor and report on them. The programme will have a 'do no harm' approach.
336. Competitive grant schemes have been used widely by a range of donors to promote sustainable development and poverty reduction. The Blue Planet fund is designed specifically to protect the ocean from biodiversity loss, overfishing and marine pollution whilst alleviating poverty. Growing evidence indicates that the declining availability and quality of biodiversity and ecosystem services is leading to increased poverty and vulnerability, with vulnerable groups disproportionately affected.
337. All projects must consider how they will contribute to reducing inequality between genders; their likelihood of contributing will be scored in assessing proposals. Large organisations will

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<sup>77</sup> [Ecosystem Services for Poverty Alleviation \(espa\) programme](#)

be required to include KPIs that monitor and assess project performance on gender equality. Delivery partners from small organisations will be considered on a case-by-case basis. At minimum, smaller organisations will be encouraged by the grant administrator to consider gender equality as part of wider project capacity building activities and help to develop and improve relationships with relevant organisations of or representing persons of gender inequality.

338. The programme will undertake a gender analysis which will inform the delivery of the programme.
339. The fund will monitor and report on diversity within its own governance structures and applicants to the schemes, responding to imbalances as necessary.

## 6.9 Disability and inclusion

340. All projects will be expected to consider the needs and vulnerabilities of persons with disabilities. Delivery partners from large organisations will need to demonstrate engagement with relevant organisations of or representing persons with disabilities and include KPIs that assess the project performance on disability and inclusion. Delivery partners from small organisations will be encouraged by the grant administrator to consider disability and inclusion as part of wider project capacity building activities and help to develop relationships with relevant disability organisations. The fund will monitor and report on disability and inclusion to ensure that programming promotes inclusivity. It will identify lessons learned and opportunities for improvement and put these learnings into place as relevant.

## ANNEX A: BLUE PLANET FUND BACKGROUND

342. Identifying we are now at a pivotal moment, the 2019 Conservative Manifesto formally committed to “establish a new £500 million Blue Planet Fund to help protect our oceans from plastic pollution, warming sea temperatures and overfishing”<sup>64</sup>. Reflecting the value of the ocean to the development agenda, the Conservative Party earlier stated that this would be “resourced from the International Aid budget”.<sup>65</sup>
343. Recognising, the indivisible link between ocean health and its effect on poverty alleviation and the sustainable development prospects of the world’s most disadvantaged communities, the Blue Planet Fund (BPF) will ‘protect and enhance marine ecosystems through the sustainable management of ocean resources, to reduce poverty in developing countries’.
344. Based on evidence from the World Bank<sup>66</sup>, reports by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the Biodiversity and Sustainable Development Advisory Council’s report into UK ODA and the High-Level Panel for a Sustainable Ocean Economy, we have identified four key themes that underpin this overarching impact. A specific outcome has been agreed under each theme:
- **Biodiversity:** improved **marine biodiversity** and livelihoods by protecting and enhancing marine ecosystems, reducing pressures, and increasing resilience, and enabling sustainable and equitable access to, and use of, these resources.
  - **Climate change:** improved resilience, adaptation to and mitigation of **climate change**, particularly through enabling and investing in inclusive nature-based solutions.
  - **Marine pollution:** **marine pollution** reduced through action on land-based and sea-based sources that also contributes to improved livelihoods and healthier environments.

- **Sustainable Seafood:** seafood produced and distributed in ways which support healthy ecosystems, do not overexploit marine stocks, provide sustainable inclusive and equitable livelihoods and enhance resilience to climate and socioeconomic shocks.

### BPF outcomes

- **MPAs:** countries have increased willingness, capacity, and access to ODA so that they are able to establish and sustainably, effectively, and inclusively implement and manage marine protected areas and other effective conservation measures
- **IUU fishing:** activities are more effectively monitored, prevented, and prohibited with the communities previously dependent on these practices supported through alternative, stable, sustainable livelihoods
- **(Inter)national fisheries:** management of regional and national fisheries and aquaculture is strengthened to deliver sustainable fish stocks and healthy marine ecosystems, provide inclusive livelihoods, and reduce overfishing
- **Marine pollution:** communities have increased capacity to manage marine pollution, targeting pathways from land to sea to prevent it entering the marine environment

## 345 ANNEX B: CHALLENGE FUND PRINCIPLES

346. The competitive fund will follow the principles of a challenge fund model to deliver impact and vfm, through the following characteristics:

- **Competitive process:** at their core challenge funds is open to all who are willing to compete, only the best projects are funded and provide once-only funding, so impact sustainability is important
- **Innovation:** applicants are invited to submit potentially transformational plans that can contribute to achieving the outcome
- **Leverage:** challenge funds only provide co-financing for successful projects, promoting ownership and commitment, and ensures public funds go further
- **Partnerships:** challenge funds are useful for bringing together partners in a framework of cooperation for mutual benefit
- **Local solutions to local problems:** challenge funds encourage bidders to develop ideas that provide local solutions to local problems, stimulating ownership and greater innovation

## 347 ANNEX C: LESSONS LEARNED, ICAI RECOMMENDATIONS, FEEDBACK FROM IN COUNTRY ORGANISATIONS

### Lessons learned: recommendations

348. **Ensure a clarity of purpose in the funding strategy** for supporting small organisations and ensure the funding approach explicitly recognises and addresses the trade-offs involved.
349. **Ensure there is sufficient fund management capacity and resource to support smaller organisations** to meet compliance standards and quality programming expectations, recognising that much of this will be new to these organisations.
350. Where capacity development is a key driver for funding small organisations, **consider additional, more flexible or core funding as part of the grant to enable organisations to free up staff capacity and time to engage in capacity support.**

- 351. **Consider longer initial grants** and/or a structured, graduated route to larger follow-on grants to enable sustainable outcomes from projects and sufficient time for embedded capacity development of grant holding organisations.
- 352. **Use the ‘market knowledge’ to develop a tailored communications strategy** to reach and engage those targeted organisations, with clarity on the purpose and expectations of funding to ensure good application uptake of the right kind of applicants
- 353. **Consider other ways of assessing applicants** such as face-to-face interviews during the application process or supplement applications with video submissions to be able to capture organisational willingness to engage with the kind of developmental growth and capacity that FCDO funding will require of small organisations.
- 354. **Make an estimation of the level of effort needed for grant holders to meet FCDO standards** and make this clear from the start of the application process. If applicant staff levels are low, encourage the applicant to include additional staff in the proposed grant budget.
- 355. **Ensure all guidance and standard templates are adapted to make them simple and jargon free** and compliance and reporting processes are streamlined and appropriate for the size of the organisation being funded.
- 356. **Invest time in the start-up phase of projects** to ensure there is sufficient engagement and discussion between grant managers and grant holders to get consensus and understanding on key elements such as the results frameworks and budgets. This more intense workload must be factored into grant manager resourcing and considerations of funding round timelines.
- 357. **Adopt a collaborative, supportive approach to grant management that recognises the additional time, support and capacity smaller organisations will need to understand, engage with, and deliver on FCDO compliance and programme quality standards.** This requires relatively small portfolios of grants per grant manager and a premium for these grants in terms of fund manager resourcing.
- 358. **Ensure funding flows recognise the financial constraints of small organisations,** such as enabling up-front working capital, advance funding, and annual carry overs of underspent budgets.

### ICAI recommendations

- 359. [Recommendation 1](#)
- 360. DFID should fill gaps in the knowledge needed to optimise the design of its central funding instruments.
- 361. [Recommendation 2](#)
- 362. Throughout DFID’s central and in-country portfolios, the process towards funding agreements should be more efficient, predictable, reliable and transparent, and should allow CSOs sufficient time to develop proposals.
- 363. [Recommendation 3](#)
- 364. Throughout its central and in-country portfolios, DFID should have a stronger focus on the long-term results of its CSO-implemented programmes, the localisation of development and humanitarian efforts, and its CSO partners’ long-term capacity to deliver relevant results in evolving contexts.
- 365. [Recommendation 4](#)
- 366. DFID should do more to encourage CSO-led innovation, and to recognise and promote the uptake of innovation successes.
- 367. [Recommendation 5](#)
- 368. DFID should provide a guiding framework for country offices on how to analyse and respond to closing civic space within a national context, and work with other UK government departments to agree a joint approach to addressing the decline of civic space at the international level.
- 369.

## ANNEX D: ACCOUNTING OFFICER TESTS

371. The primary accounting office tests have been considered throughout this business case:
372. **Affordability** (and financial sustainability): the intervention is affordable. [REDACTED]  
[REDACTED]  
[REDACTED] is subject to future spending settlements and will require HMT agreement.
373. Projects work to agreed budgets and avoid unaffordable longer-term commitments, assessing proposed budgets and financial sustainability prior to award, with delivery monitored through the financial controls. The Initiative will be delivered subject to agreed budget availability with safeguards in place to curtail activities should future budgets not be secured, and grants awarded after an affordability assessment.
374. **Regularity**: The intervention is regular as it is compliant with the relevant legislation and guidance in Managing Public Money.
375. There is adequate legal authority for the spending under the powers in the International Development Act 2002, with poverty reduction being addressed both directly, e.g. activities that help secure increased income for local communities, and indirectly e.g. through avoiding the future impacts of climate change that would impact people, in particular the poor, disproportionately. Grants will be made in accordance with relevant legislation, the relevant delegated authority and all requirements specified in Managing Public Money.
376. **Propriety**: *The intervention is proper as it meets the standards in Managing Public Money and accords with the generally understood principles of public life. All spend will be managed in accordance with the standards set out in Managing Public Money and in line with ODA rules.*
377. All risks are within the agreed risk profile, with a low appetite for fiduciary risk, but an appetite for delivery risk where there is potential for scaling or transformation. Established due diligence and safeguarding processes, will be applied to each potential grantee prior to award, and throughout the lifespan of the grant agreement. ODA funding will be allocated under the International Development Act 2002.
378. **Value for money**: *the intervention is assessed as providing value for money.*
379. Alternatives have been appraised to ensure value for money. This intervention provides greater scale and wider range of benefits that are more aligned with UK's strategic objectives, effective targeting, increased flexibility to innovate and an ability to respond to the changing priorities.
- **Economy**: ensured through the optimal allocation of funding streams, and selection of projects on merit. Contracts for the grant administrator and MEL will be awarded following a competitive tender exercise to ensure best value. Project applications in the funding rounds will be assessed against key criteria that will allow best value to be assessed.
  - **Efficiency**: encouraged by utilising sectoral expertise to recommend projects for award, building on the effective work of the Darwin Initiative since 1992, and a systematic approach to learning and lesson sharing.
  - **Effectiveness**: achieved through a wider range of quality proposals, providing a scaling pathway for the best, effectively managing risk, and an improved results framework for measuring the outcomes and impacts.

- **Equity:** ensured by valuing proposals contributing to reducing inequality between genders and marginalised groups and utilise indicators to track equity performance.
380. The risk-reward profile is appropriate, given the urgency and impact of biodiversity loss and degradation, and poverty to a just transition. The programme will mainstream biodiversity into policy and practice, strengthening capacity and capability to scale up and sustain action.
381. **Feasibility:** The investment has been assessed to ensure that it can be realistically implemented and delivered within the proposed timeframe.
382. Although a competitive fund is a new part of the Blue Planet Fund, Defra has experience of delivering through similar mechanisms, such as the Darwin Fund, Illegal Wildlife Trade Challenge Fund and the Biodiverse Landscapes Fund. These existing funds have been heavily involved in the design of this new fund, to ensure that it draws on the knowledge and experience, and will learn lessons from, these existing funds. We have also sought to learn the lessons of other HMG competitive funds, such as FCDOs UK Aid Direct, in the development of this fund.
383. A wide range of third parties have provided input into the fund at various points, particularly experts in Marine and development that have contributed towards improving our Theory of Change. Potential grant administrators have also provided input into our requirements and the feasibility of the amount of work we have listed as the responsibility of the grant administrator through an early market engagement event that we held in July, and a follow up set of questions to the market.
384. Both the experts and potential suppliers have indicated that the fund is feasible, and we are confident that the programme will be able to deliver the expected results and impacts.

## 385 ANNEX E: LOGFRAME & KEY PERFORMANCE INDICATORS (KPI'S)



OCEAN-logframe\_May22\_final.xlsx

386. Key Performance Indicators (KPIs) for this fund are yet to be fully finalised but will likely include those embedded within the logframe, and listed in the impact, outcomes and output tables (1-3) below to ensure strategic alignment and reporting across wider BPF, ODA, and ICF indicators and wider reporting.

387. Table 1: Competitive fund impact indicators and alignment to wider Defra programme and International KPIs and reporting

Competitive fund		Strategic alignment through wider Defra programme & International KPIs & reporting			
Impact	Impact Indicators	BPF	Defra International (DI) / Technical Assistance (TA) KPIs	ICF	Strategic alignment and reporting
Increasing the capacity of local organisations to drive equitable and inclusive decision-making, which will enable communities to manage and benefit from marine ecosystems sustainably	Number of sustainable livelihoods created or protected (#)	KPI 2.1: number of people, as a result of BPF finance, with improved outcomes: i) income	Defra KPI 7 –To be developed. Type of livelihood (created / protected); disaggregated by sector; gender and geography and if able disability; age; indigenous groups  DI KPI 9: number of people with improved income		ICF Integrated Review Refresh 2023  Global Biodiversity Framework (GBF) Goal A & B  25 Year Environmental Plan (YEP)  International Women and Girls Strategy 2023-2030  10 Point Plan for Financing Biodiversity  The Dasgupta Review  Strategy for International Development
	Area under sustainable management (ha) (disaggregated by area (marine ecosystems) under protection, restoration, and sustainable management)	KPI 9: area of marine ecosystems protected, enhanced or under sustainable management practices as a result of BPF projects.		ICF KPI 17: Area under Sustainable	
	Score (1-5 low to high) demonstrating equitable and inclusive decision-making based on the composition of beneficiaries involved in projects		Method to be designed; Data and source will be Collated from end of project reports from GESI based measures across other indicators.		
	Number of people with improved food security (#)	KPI 2.4 number of people, as a result of BPF finance, with improved outcomes:  iv) food security and nutrition	Defra KPI 10 - To be developed. Disaggregated by: gender and geography but will also aim to collect date disability; age; indigenous groups.		
	Number of new or strengthened policies, strategies or regulations with marine provisions enacted or amended				

388. Table 2: Competitive fund outcome indicators and alignment to wider Defra programme and International KPIs and reporting

Competitive fund		Strategic alignment through wider Defra programme & International KPIs & reporting				
Outcomes	Indicators	BPF	Defra International (DI) / Technical Assistance (TA) KPIs		ICF	Strategic alignment and reporting
Increased capacity for local organisations and communities to tackle poverty and cope with climate change	Number of people with improved land / water rights / tenure (#)		Defra KPI 8 - To be developed. Disaggregated by: sector; gender and geography and if able disability; age and indigenous groups.			ICF Integrated Review Refresh 2023  Global Biodiversity Framework (GBF) Goal A & B  25 Year Environmental Plan (YEP)  International Women and Girls Strategy 2023-2030  10 Point Plan for Financing Biodiversity  The Dasgupta Review  Strategy for International Development
	Number of people with improved climate resilience (#)	KPI 2.3 number of people, as a result of BPF finance, with improved outcomes: iii) climate resilience	Defra KPI 4 Methodology: Number of people whose resilience has been improved as a result of ICF. <sup>78</sup> Disaggregated by: gender; disability; geography; age.		ICF KPI 4: Number of people whose resilience has been improved	
	Number of people with improved food security (#)	KPI 2.4 number of people, as a result of BPF finance, with improved outcomes: iv) food security and nutrition	Defra KPI 10 - To be developed. Disaggregated by: gender and geography but will also aim to collect data disability; age; indigenous groups.			
Organisations delivering solutions aimed at marine protection and poverty reduction in marginalised and vulnerable communities	Number of grants contributing to a diverse portfolio of marine sectors (disaggregated by small and large grants; to be considered)	KPI 3: number of projects or planning and/or governance processes with increased inclusion of local people and knowledge in decision making to improve the marine environment	In draft to be considered			10 Point Plan for Financing Biodiversity  The Dasgupta Review  Strategy for International Development
	Number of new or strengthened policies, strategies or regulations supporting marginalised and vulnerable marine communities		In draft to be considered			
	Number of new or strengthen policies, strategies or regulations with marine provisions enacted or amended		DI 03 to be developed. Disaggregated by: local/national policy; Typology of marine provisions			

<sup>78</sup> [KPI 4 Methodology: Number of people whose resilience has been improved as a result of ICF \(September 2019\) \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)



389 Table 3: Competitive fund output indicators and alignment to wider Defra programme and International KPIs and reporting

Competitive fund		Alignment to Defra programme, Defra International (DI) / Technical Assistance (TA) International Climate Finance (ICF) Key Performance Indicators (KPIs) & strategic reporting			
Outputs	Indicators	BPF	Defra International (DI) / Technical Assistance (TA) KPIs	ICF	Strategic alignment & reporting
Country-based organisations have access to flexible, responsive, and adaptive funding	Proportion of small grants going directly to recipient country-based organisations (%)	KPI 3: number of projects or planning and/or governance processes with increased inclusion of local people and knowledge in decision making to improve the marine environment	In draft to be considered		ICF Integrated Review Refresh 2023  Global Biodiversity Framework (GBF) Goal A & B
	Proportion of large grants co-led/managed with country-based organisations (%)		In draft to be considered		
	Number of organisations supported by technical assistance			ICF technical assistance KPI 2.1 - will be calculated for all awards and reported for ICF and non-ICF.	
	Number of high-quality applications received		Method: Assessed by expert panel who grade the quality of applications.		
Organisations have an increased ability to influence local and national marine policies that effects local people	Proportion of grants that focus on changing policies, strategies or regulations that impacts on marine issues (disaggregated by small and large grants) (%)		Method: count of policies, strategies and regulations that have be impacted by the project intervention.		25 Year Environmental Plan (YEP)  International Women and Girls Strategy 2023-2030
	Proportion of grants that directly focus on marine issues that affect marginalised and vulnerable communities (disaggregated by small and large grants) (%)		Method: count of policies, strategies and regulations that have be impacted by the project intervention.		
Small/medium organisations have built greater internal capacity to support OCEAN objectives	Number of workshops on effective delivery in line with ODA objectives (forecasting and budgets; logframe development; fraud & risk monitoring and assessment)		Method: calculation and feedback surveys from attendees of workshops run by grant administrator / fund manager, as per their contract broken down by theme.		The Dasgupta Review  Strategy for International Development
	Number of organisations with improved capability and capacity as a result of project (disaggregated by local and national) (#)		Method: based on method used by Darwin		

## ANNEX F: ECONOMIC CASE ANNEX



Annex F Economic  
Case.docx

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## ANNEX G: GRANT ADMINISTRATOR ACTIVITIES

The grant administrator contract, reflecting legal and commercial advice, and the scale of the competitive fund includes requirements for the following services:

391. **To manage the administration of the grant application and award processes for the fund for the lifetime of the contract, ensuring good use of public money, including:**
- compliance with Government Functional Standard: Grants
  - delivering administrative functions to set up schemes, including supporting materials and webinars
  - developing and delivering an effective communications plan to promote the grant schemes and secure high-quality applications from a wide range of organisations
  - managing the grant scheme websites and social media channels
  - delivering and managing administrative functions for the operation of funding rounds
  - providing appropriate support to less well-resourced and less experienced applicants to develop strong proposals, such as assisting with the development of budgets and log frames, for applicants who are unfamiliar on how to do this
  - supporting Defra in conducting and/or facilitating project assessments, and filtering down the number of applicants to a manageable amount that progress to the expert committee, including removing incomplete applications
  - conducting due diligence checks on proposals
  - providing extensive and detailed feedback to rejected project applicants to encourage future participation
  - delivering administrative functions for new projects and on-going liaison and coordination
  - making grant payments, i.e., transferring project funds to delivery partners
  - overseeing the financial reporting and audits for the projects, and for the schemes
392. **To provide support to the expert committee, the Defra competitive fund team and directly to projects:**
- supporting administration, sifting for recruitment of new members and onboarding new members to ensure they are brought up to speed
  - supporting grantees during projects delivery, either through the grant administrator's own resources or by helping grantees connect with appropriate third-party providers
393. **To provide effective management and monitoring and reporting of all projects:**
- collating and quality assuring annual results framework data
  - quality assuring and scoring project reports (annual and final), synthesising these for Defra and the expert committee
  - actively manage risks working with delivery partners, providing risk management guidance to Defra, and supporting delivery partners with their management of risks,

including with regards to safeguarding, based on the standards set by Defra. The grant administrator will be responsible for escalating significant issues to Defra

394. **To evaluate projects and deliver improvements to the fund's processes** based on evidence, best practice and outreach, to be developed but potentially include:

- help identify early indicators of success to strengthen the assessment of proposals to raise the quality and impact of projects
- highlight opportunities where budgets can be adjusted to respond to changing priorities and to ensure that funding is going to those activities that are having the most impact, and that will continue to have an impact in the future
- develop and improve the support that is offered to less well-resourced and less experienced applicants during the application process, adapting the provision based on lessons learned and what has worked well
- regularly capturing lessons learnt, and best practices for dissemination and to inform adaptive management of projects and selection of future projects
- commission themed reports, to synthesise evidence, to strengthen the quality of interventions
- communicate the performance of the fund to the international investment community to encourage future investment
- present and share learning with the expert committee, to allow them to see which projects are successful, and why, to further inform their decision making with regards to future projects
- facilitate both in person and virtual visits and develop case studies
- to plan, organise and facilitate workshops as required, both in the UK and overseas
- develop, refine, and manage the new portal and project database

395. **To liaise with the independent MEL evaluator** on the evaluation of the fund, which will involve sharing of documentation, reports, and knowledge of the project portfolio:

- working closely with independent MEL Evaluator, support projects to refine and develop robust approaches to MEL, in line with the programme's log frame and annual review cycle requirements
- support the independent MEL evaluator by collecting and reporting of all data associated with the fund programme.

396. **To provide *ad hoc* technical advice** or briefing on issues arising from new or proposed developments to the grant schemes or specific one-off tasks.

397. These functions ensure that projects and applicants are professionally supported throughout the lifecycle and allows Defra to focus on strategic and policy priorities for the fund.

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