



Department
for Environment
Food & Rural Affairs

PROBLUE: an uplift to the World Bank's multi-donor marine trust fund

Addendum to an Official Development Assistance Business Case

CONTENTS

Cover page.....	1
i. What is the programme background and strategic objectives?	7
ii. What is the reason for the change?	7
iii. What is the total and additional funding required?	10
iv. Summary of performance to date	10
v. What are the additional expected benefits of the budget or other changes?	13
vi. What is the approach to implementation?	13
vii. Describe any key changes to the original business case including the Theory of Change and new evidence from ongoing monitoring, evaluating and learning (MEL) work....	14
1. Strategic Case	15
2. Economic Case	21
3. Commercial Case	31
4. Financial Case	33
5. Management Case	36
viii. Lessons identified and implemented	39
ix. Implications of non-approval.....	39

ACRONYMS

AA	Administration Agreement
BCR	Benefit-Cost Ratio
B4RAP	Blue Economy for Resilient Africa Program
BBNJ	Biodiversity beyond national jurisdiction
BETF	Bank-executed trust funds
BPF	Blue Planet Fund
CBA	Cost-Benefit Analysis
CBD	Convention on Biological Diversity
CMAR	A cross-boundary MPA in the Eastern Pacific
COAST	Climate and Ocean Adaptation and Sustainable Transition
COP	Conference of the Parties
DD	Deputy Director
Defra	Department for the Environment, Food and Rural Affairs
FBC	Full business case
FCDO	Foreign and Commonwealth Development Office
FCV	Fragility, conflict and violence
FFN	Finance for Nature
FiTI	Fisheries Transparency Initiative
FOA	Friends of Ocean Action
G6	Grade 6 (senior position)
GHG	Green House Gas(es)
(KM)GBF	(Kunming-Montreal) Global Biodiversity Framework
GCF	Green Climate Fund
GEF	Global Environment Facility
GFCR	Global Fund for Coral Reefs
GFS	Green Finance Strategy
GOA	Global Ocean Alliance
HAC	High Ambition Coalition
HLP	High Level Panel
HMG	His Majesty's Government
IBW	International Biodiversity and Wildlife

ICF	International Climate Finance
INC	Intergovernmental Negotiating Committee
ISBF	International Sustainable Blue Finance
IUU	Illegal, unreported and unregulated fishing
MEL	Monitoring, evaluation and learning
MDB	Multilateral Development Bank
MFD	Mobilising finance for development
MPA	Marine Protected Area
NbS	Nature-based solutions
OCP	Ocean Country Partnership Programme
OECD	Organisation for Economic Cooperation and Development
ODA	Official Development Assistance
OGD	Other Government Department
ORRAA	Ocean Risk and Resilience Action Alliance
RETF	Recipient-executed trust funds
SDG	Sustainable Development Goal
SLT	Senior Leadership Team
UK	United Kingdom
UN	United Nations
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
VfM	Value for money
WACA	West Africa Coastal Areas Management Programme
WTO	World Trade Organisation

1. KEY INFORMATION

Programme	PROBLUE		
Original programme and programme objectives	<p>PROBLUE is an Official Development Assistance (ODA) multi-donor trust fund, operated by the World Bank (WB). The UK's contribution comes through the Blue Planet Fund (BPF). PROBLUE's ambition is for the blue economy to act as a key driver of growth in developing countries and small island developing states (SIDS), maximising the global leveraging power of the World Bank. The programme's overarching goal is to achieve integrated and sustainable economic development in healthy oceans through four complementary pillars:</p> <ul style="list-style-type: none"> • Sustainable fisheries and aquaculture • Marine pollution • Oceanic sectors (blueing shipping and ports, and other sectors such as offshore wind and desalination) • Seascape management (strengthening integrated and sustainable management of coastal and marine areas, focusing on nature-based solutions, blue carbon and building government capacity to finance the blue economy) <p>Cross-cutting issues such as poverty, livelihoods, gender, climate change and maximising finance for development are interwoven throughout.</p>		
Reasons for change	<p>The UK has invested in PROBLUE since September 2021. We had originally envisioned spending £25 million over 5 years (until March 2026), and to date have disbursed £22.75 million. We're seeking support for an uplift to £37.5 million (an increase of £12.5 million), as PROBLUE has proven to be a relevant and effective programme. The prospects of supporting longer-term transformative change are positive and align with the emergence of the blue economy as a policy priority for recipient and partner countries.</p> <p>The rationale to support the case for an uplift is strategic with strong economic support. For detail, please refer to ii. What is the reason for the change? at the top of this note.</p> <ol style="list-style-type: none"> 1. The demand for PROBLUE support from client countries far outweighs the current level of funding available; 2. The external, independent midterm programme review provides evidence on impact and internal Annual Review (2021/2022) scored an 'A' against its output assessment; 3. This would present an opportunity to demonstrate strong ocean leadership on finance mobilisation in line with Kunming Montreal Global Biodiversity Framework (KMGBF) targets and build on Secretary of State's efforts to cement us as a serious player on the High Level Panel (HLP¹). 4. An opportunity for the UK to support critical multilateral development banks (MDB) nature reform; 5. The UK's role as PROBLUE co-chair positions us well to influence the programme direction and enhance value for money (VfM). <p>Further funding will allow us to bolster our initial investments and enhance the benefits arising from this tranche of support.</p>		
Budget and whole life cost (WLC)	Original Amount £m	Revised Amount £m	Change Amount £m
	25	37.5	12.5
Programme start and end date	Original start date	Original end date	Amended end date
	November 2021	March 2026	March 2026
Novel or contentious	<p>This programme is neither novel nor contentious. The programme was launched in 2018 and Defra has funded this through the Blue Planet Fund since 2021. The UK is a donor currently alongside Australia, Canada, Denmark, the European Commission², France, Germany, Iceland, Ireland, Norway, Sweden, and the United States</p>		

¹ High Level Panel for a Sustainable Ocean Economy - <https://oceanpanel.org/>

² Recently transitioned to observer status

2. KEY DIFFERENCES (CHANGES TO ORIGINAL FULL BUSINESS CASE)

Strategic Case	Updated to capture the strategic rationale to support the proposed uplift, as well as changes to the global context and operating landscape since the FBC was approved in September 2021.
Economic Case	Updated to include findings from Annual (internal) and Midterm (external) Review, which indicate there is a case for the uplift to be VfM based on: (1) on track to achieve expected outputs (2) unmet demand for further support. Benefit Cost Ratio (2.4 – 7.5) is likely to vary slightly from initial assessment as modelling is being updated/corrected.
Commercial Case	Minimal changes.
Financial Case	Updated to present revised spend profile and accounting officer tests, alongside high-level PROBLUE budgetary workplan for the next year.
Management Case	<p>Working with PROBLUE, we are in the process of updating the programme logframe to reflect the latest assumptions and activities/outputs arising from the trust-fund level Monitoring and Evaluation (M&E) framework revision exercise.</p> <p>The BPF MEL team are also updating the BPF Portfolio Theory of Change and fund level Key Performance Indicators (KPIs) to ensure consistency of approach across BPF programmes, and we will align our PROBLUE framework with these.</p>

3. INFORMATION

i. What is the programme background and strategic objectives?

PROBLUE is the World Bank's (WB) leading multilateral mechanism for leveraging and disbursing blue finance³ towards sustainable ocean sectors and activities. It is a multi-donor trust fund that supports the achievement of Sustainable Development Goal (SDG) 14, *Life Below Water*, and the Bank's twin goals of *ending extreme poverty and boosting shared prosperity*. PROBLUE aims to do this by reducing the existing blue finance gap by creating the necessary enabling environment for public and private sectors to shift from unsustainable to sustainable marine activities. Since its inception in 2018, PROBLUE has supported 181 activities and 22 additional financings in more than 80 countries. In FY23 alone, an additional \$50.2 million was approved to support 53 activities and 7 additional financings in more than 46 economies.

PROBLUE works through four complementary objectives: fisheries & aquaculture, marine pollution, oceanic sectors and seascape management. Across the four pillars, PROBLUE integrates cross-cutting themes of finance, gender, climate, poverty and livelihoods to strengthen their interventions and better respond to the multitude of challenges associated with taking ocean action.

As the multilateral development banks (MDBs) look to reform their approaches to climate change, biodiversity loss and poverty challenges in accordance with the COP26 MDB joint nature statement, the UK, as co-chair of PROBLUE and member of the Partnership Council, has a role to play in aligning programming with BPF outcomes and influencing other donors. The midterm PROBLUE review (independent, external) provides evidence on positive impact and its continued relevance to the marine ODA landscape, and the internal Annual Review (2021/2022) scored an 'A' against its output assessment.

Please see [Section 1](#) – strategic case for information on how this programme uplift aligns with UK priorities.

The UK has to date committed up to £25 million, of which £22.75 million has been disbursed to the programme. This was approved by the Defra Investment Committee in September 2021, with the reprofile of the £25m across the financial years approved in December 2022 by Investment Committee and the Secretary of State. See [Section 4](#) – financial case.

ii. What is the reason for the change?

The business case for the UK to invest in the World Bank's PROBLUE programme was produced in 2021. The full business case (FBC) was approved in September 2021 to a value of £25 million over 5 financial years, with the first year of funding (allocated £6 million) already secured through the 2021 Spending Review (SR). At the time of writing this Change Control Note (CCN), we have disbursed £22.75 million of this original value, with £2.25 million remaining. The original business case included a note to say: *The UK may also wish to increase its funding in future years, depending on results from the first round of investment.*

The suggested increase in value is an additional £12.5 million within the same timeframe as the original FBC (end FY25/26). This intended uplift will not impact the nature of the strategic

³ Blue finance can be defined as investments into projects that restore and protect the ocean environment and support sustainable ocean economic activities ([Strengthening Accountability in Blue Finance](#), World Ocean Initiative, The Economist)

objectives of the programme but it will support the programme to further progress these objectives and increase its capacity to meet recipient demand.

Why this change now?

1. The demand for PROBLUE support from client countries far outweighs the current level of funding available.

Demand for PROBLUE has grown significantly over the past five years of implementation, owing jointly to the programme's positive impacts and to the increased recognition of the potential benefits of a blue economy approach for development. From June 2023 – June 2024 (World Bank FY24), the demand for Recipient Executed Trust Funds (RETF)⁴ is at \$130 million, but PROBLUE have only been able to allocate \$14 million due to lack of available funds. In line with the programme transitioning towards greater ownership from client countries through RETF, PROBLUE's funding scenarios⁵ indicate that across all levels of ambition more funding will be allocated to RETFs, subject to fund replenishment. Furthermore, to support continued delivery in line with current and emerging international commitments, PROBLUE are preparing to extend the lifetime of the fund from end 2026 to 2030, which will enable a longer operational window to respond to demand-driven proposals and de-risk investment landscapes for private financing, which the UK has strongly encouraged.

2. The midterm programme review provides evidence on impact.

An independent, external midterm programme review (conducted by KPMG) was concluded in March 2023 which found that despite its relative infancy, PROBLUE is a relevant and effective programme. The prospects of supporting longer-term transformative change are positive and align with the emergence of the blue economy as a policy priority for recipient and partner countries. The report indicates that the programme is on track to meet most of its objectives and the activities have the potential to be transformational. Separately, the FY21/22 internal annual review scored an 'A'. Please see changes to *summary of performance to date* below for more details.

3. This would present an opportunity to demonstrate strong ocean leadership on finance mobilisation.

Despite the critically important position that the ocean occupies in maintaining global climate systems, safeguarding food and water security and precious biodiverse ecosystems, the marine environment is at the forefront of the environmental crisis. The United Nations (UN) Sustainable Development Goal (SDG) 14, *Life Below Water*, remains the least funded of all the goals, with the shortfall estimated at \$149 billion/year⁶. The UK has pledged its commitment to the ocean through various fora such as the negotiations for a legally binding instrument on plastic pollution and the agreement of biodiversity beyond national jurisdiction (BBNJ), but increasing funding to PROBLUE will reinforce our support, help build momentum for ocean action and amplify our leadership in key nature and climate fora, such as the upcoming COP28. Through PROBLUE, the only ocean-focused WB multi-donor trust fund, PROBLUE funds (to which the UK contributed) leveraged a ratio of 92:1 in USD in 2022, according to World Bank reporting.

⁴ RETFs use a variety of finance mechanisms (including loans, grants and blended finance) to respond to country-led demand, with projects carried out by client countries rather than using WB staff or systems to implement, as is the case with bank-executed trust funds (BETF)s.

⁵ In response to donor requests for the information, PROBLUE produced a funding projection note with scenarios (different levels of ambition) up to 2030. This note also includes examples of how PROBLUE is informing investments which was also requested in the Partnership Council meeting.

⁶ Johansen and Vesvitek, 2020: <https://www.sciencedirect.com/science/article/abs/pii/S0308597X19305111>

This uplift is being produced in tandem with development of the BPF’s blue finance mobilisation strategy, which presents opportunities for PROBLUE and the strategy to inform and learn from one another. The commitment to PROBLUE is in line with the objectives of the strategy and its approach.

4. Supporting Multilateral Development Bank (MDB) nature and climate reform.

At COP26, the MDBs made a significant joint statement on nature, people and the planet, and the agreement of the KMGBF at CBD15. In the 2030 Strategic Framework for International Climate and Nature Action⁷ (March 2023), the UK committed to “working with and reforming the MDBs, to scale up finance and ensure they more effectively deliver on their development, climate and nature objectives, in particular for the poorest and most vulnerable countries”. As the largest and most influential MDB, it is essential that the World Bank meets their nature commitments. Additionally, the Bridgetown Initiative – as proposed by PM Mottley, Barbados – sets out to transform the international financial system to make it fit to address the climate crisis and global development challenges, which is supported by the UK. Continued UK funding and co-chair role of PROBLUE supports these reforms (see point 3) and encourages further ambition and action to meet its environmental outcomes, for example in tangible ways such as embedding nature and climate more securely into the PROBLUE annual workplan that drives activities, as well as its monitoring and evaluation framework.

5. The UK’s role as PROBLUE co-chair positions us well to influence the programme.

The UK, as PROBLUE co-chair, has a role in setting the direction of the programme, ensuring alignment with UK ambitions (including Blue Planet Fund outcomes), and leveraging further funding through the donor network. As PROBLUE prepare to extend the lifetime of the fund from end 2026 to 2030, there will consequently be a longer operational window to realise programme impacts and will align with major international targets such as 30x30 and KMGBF. As co-chairs, stakeholders will look to us to support this extension and demonstrate momentum with our renewed commitment. Although our tenure as co-chair is due to end in June 2024, we are exploring options to extend this.

The UK has already benefited from its role as co-chair in its ability to influence the programme:

- Through our support to and promotion of the move towards greater country ownership through RETFs;
- Through linking PROBLUE to the delivery of the KMGBF, the negotiations for a plastic pollution treaty and sustainable ocean planning through the High Level Panel (HLP);
- Through our role in steering the topic of the annual Global Engagement Forum, a significant moment to raise the profile of a topic aligned to PROBLUE and donor priorities, and identify opportunities for collaboration;
- Through opportunities to articulate the overlapping crises of climate change, biodiversity loss and pollution through external communications, the annual report, Global Engagement Forums and M&E frameworks.

There may also be opportunities and scope for PROBLUE to support the 10-point plan for financing biodiversity⁸ (led by the UK, Gabon, the Maldives and Ecuador), as well as emerging HMG policy positions surrounding finance for nature.

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1148323/2030-strategic-framework-for-international-climate-and-nature-action.pdf

⁸ <https://www.gov.uk/government/publications/political-vision-the-10-point-plan-for-financing-biodiversity/the-10-point-plan-for-financing-biodiversity>

iii. What is the total and additional funding required?

See table below which shows the original approved FBC amount and the additional funding being requested. Of the original £25m profile, only £0.75m remains outside of the current SR though HMT approved announcing the whole £25m at CBD COP15.

Table i: PROBLUE spend profile

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	Total
Original spend profile (at time of BC approval)	£6m	£4.75m	£4.75m	£4.75m	£4.75m	£25m
Actual spend profile (to date)	£8m	£14.75m	£0.75m*	£0.75m*	£0.75m*	£25m
Additional funding required	-	-	-	£12.5m	-	£37.5m
Revised spend profile subject to approval	£8m	£14.75m	£2.25m	£12.5m	-	£37.5m

* Indicates remaining spend

The proposed uplift will not require securing budget through the next SR as it will be sourced from existing BPF budget for FY24/25. The ODA Hub is aware of this spend and this has been accounted for in BPF projections.

As this will be a proportional programme increase across all components, we do not expect changes to the RDEL/CDEL balance.

iv. Summary of performance to date

Results achieved

Since PROBLUE was approved in September 2021, the programme has been reviewed internally (Defra annual review FY21/22, October 2022) and independently (KPMG midterm review, March 2023). The nature of these evaluations were different, with the annual review assessing performance so far using its output indicators as success measures, and the midterm review assessing progress against its programme objectives. It is worth noting that whilst the second internal annual review (FY22/23) is due in October 2023, we have requested an extension to Q4 to allow for resource availability. We acknowledge that this carries a risk, and we intend to complete a light-touch indication of the programme score to accompany this business case process.

1. Annual review (AR) FY21/22

This internal review marked the end of the first year of investment into PROBLUE through the BPF, which coincided with the global emergency from the Covid-19 pandemic. This provided an opportunity for PROBLUE to support the post-Covid recovery in some of its poorest partner countries, with a focus on resilient and integrated management of marine and coastal resources to drive economic recovery.

Table ii: Outputs against which PROBLUE was assessed in the Defra led Annual review

Output	Indicator	Exceeded, met or missed
1 Working with local, regional & national stakeholders to conduct various capacity building activities	# of workshops, trainings and consultations conducted	Exceeded
2 Developing and implementing tools to provide and support analysis and policymaking	# of tools developed	Exceeded
3 Preparation and utilisation of knowledge products to support stakeholder decision-makers and inform action	# of knowledge products prepared	Exceeded

The review also considered the pipelines of projects that PROBLUE approved over this period and how they align with the cross-cutting priorities pertinent to both the World Bank and the BPF. In total, 30 bank-executed trust fund proposals (BETF) were approved, of which:

- 77% included gender analyses and gender-focused approaches and strategies⁹;
- 100% included climate change-specific data and analytics;
- 60% included specific data and analytics for mobilising finance for development (MFD);
- 17% included relevance to the fragility, conflict and violence (FCV) context.

Each of these priorities is linked to an end-of-programme (FY25/26) target, for which projects including gender and climate considerations are well on track. Overall, the number of projects supported that include Maximising Finance for Development analytics has already exceeded its end-of-programme target, with a recommendation in the annual review to increase ambition. The AR noted that the number of projects relating to Fragility Conflict and Violence were slightly behind target, but pledged support to the PROBLUE Secretariat to ensure focus in this area.

The logframe and monitoring, evaluation and learning (MEL) framework is currently being reviewed and revised, following donor feedback at the Partnership Council meeting in Accra in June 2023. A core objective of the revision will be to embed nature and climate more thoroughly into the framework, in keeping with donor influence, the MDB Nature Reform agenda and the Bridgetown Initiative.

The evidence as presented in the annual review shows that, as far as can be determined after one year of investment (the second annual review is due in the coming months), PROBLUE is meeting our expectations. With the current leveraging ratio of 92:1 in USD, according to World Bank reporting, we have confidence that the impacts of PROBLUE can be realised and offer value for money (VfM).

2. Independent midpoint review

After four years of implementation, an independent review was conducted on PROBLUE, by KPMG, to assess its relevance, coherence, effectiveness, efficiency and transformational

⁹ At the time of writing. This figure has since increased (93% in 2023).

potential. The UK provided in depth feedback on the evaluation ToR. Although too early in the implementation process for most activities to assess the outcomes and impacts, the key findings were:

- Despite its youth, PROBLUE is a relevant and effective programme, fitting a niche in the blue economy financing space;
- Preliminary evidence suggests that the programme is improving the enabling environment at the global, regional and national levels, with effective work being undertaken on the ground;
- PROBLUE is providing a basis for an effective sequential approach to developing the blue economy, with BETF support setting a strong precedent for RETF support;
- There is potential to scale up PROBLUE activities given increasing demand, but it is not yet clear that PROBLUE will be able to meet such demand based on funding limitations, increased interest and the current programme end date.

The report also presented progress against the outcomes that demonstrate how PROBLUE contributes to and catalyses World Bank operations. It concluded that around half of the immediate outcome indicators are already met or on track, with the indicators left behind generally categorised as cross-cutting (e.g. increasing equal participation and preventing gender-based violence). A sample is shown in Table iii.

Table iii: A sample of the outcome and indicators used to appraise PROBLUE in the mid-term review

Outcome	Indicator	2026 target	Total cumulative	Achieved?
Greenhouse gas emissions	# of WB operations that reduce net green-house gas (GHG) emissions	50	23	46%
Fisheries management	# of WB operations that increase the number of fisheries under sustainable management	25	21	84%
Leakage of plastics	# of WB operations that reduce leakage of plastics to the environment	30	23	77%
Gender participation	# of WB operations that will increase men and women’s equal participation in planning and decision-making regarding the blue economy	80	14	18%

Key: Green – on track or achieved, yellow – slightly off track, red – off track.

With the scheduled PROBLUE Monitoring and Evaluation (M&E) framework refresh in September 2023, we will provide feedback on how to strengthen the shared approach to monitoring, evaluation and learning. We will push for higher ambition on integration of nature and biodiversity into PROBLUE’s M&E, in line with their commitments to the MDB Nature Reform agenda, and on other themes where appropriate, in addition to driving the programme to achieve its cross-cutting outcomes. The cross-cutting Gender Working Group within PROBLUE has concluded a guidance note that will be used to boost efforts to increase the gender participation indicator.

It is difficult to distil such a comprehensive review for the purposes of this uplift. However, we commit to using the results of the review to further inform how we engage with the programme and use our position as co-chairs to influence its direction.

v. What are the additional expected benefits of the budget or other changes?

The benefit cost ratio (BCR) estimated for the updated total spend amount (£37.5m) remains good and unchanged from the previous spend proposal, with a **low-high BCR range of 2.3-6.1**. The **Net Present Social Value range has increased from £31.1m-£121.6m to £42.9m-£167.8m**. This is due to an increase in expected benefits which is proportional to the increase in spend.

The uplift is expected to deliver additional benefits mainly due to:

- Excess demand for PROBLUE support which exceeds current level of funding available, suggesting we haven't reached capacity for this type of support.
- Monitoring data demonstrates PROBLUE is on track to deliver successfully based on its current outputs, suggesting additional funding would present the opportunity to expand on the economic benefits and return on investment that was forecasted in the FBC.

The benefits which have been identified for investment in PROBLUE, and which will be assessed as part of MEL processes, include:

1. Improvements to the marine environment (through reduced leakage of plastics, reduction in ghost gear)
2. Climate mitigation (through reduced pollution, improvements in habitat protection and management)
3. Climate adaptation and resilience (through improved habitat protection and management)
4. Reduced poverty and improved livelihoods (through production value of aquaculture produce, coastal tourism)
5. Improved health and wellbeing (through reduced pollution, healthier fish produce)

It should be noted that given the early stage of the programme, outcome level targets have not been assessed, which means we still don't have evidence on the outcomes or benefits of funded outputs (i.e., effectiveness). It follows that achieving expected level of VfM is dependent on effectiveness of implementation and contextual risks which apply to BPF projects. As co-chairs and donors, it will be within our gift to emphasise the importance of VfM and we can encourage this consideration during consultations on the revised M&E framework for PROBLUE. However, we should recognise that the World Bank have good systems in place to deliver VfM as well.

A further important benefit to the programme is how PROBLUE leverages additional finance for development, which is noted in their annual report as a key objective: "PROBLUE is committed to helping client countries build systems for private-sector investment and inclusion in Blue Economy development and expansion". In PROBLUE's 2023 Annual Report, they note that each dollar for PROBLUE-funded activities informed \$49 in World Bank operations. There are also benefits to driving private sector investment, with 56% of PROBLUE activities approved in FY23 supporting MFD-related activities and 84% including private sector engagement more generally.

vi. What is the approach to implementation?

PROBLUE works across the four pillars and cross-cutting themes we have outlined, but importantly, also works to make the rest of the World Bank's investments more sustainable for the ocean, effectively "blue-ing" the Bank's wider portfolio. Although the pillars have been organised in a thematically distinct manner, they are approached in an integrated way alongside

the cross-cutting themes. Targeted interventions in one pillar and/or sector are undertaken with the expectation of co-benefits in other pillars and sectors. Focus is therefore placed on the number of PROBLUE activities that achieve results across multiple sectors, and that contribute to the broader goal of achieving integrated and sustainable development in the ocean economy.

To date almost all projects have been BETFs (Bank Executed Trust Funds¹⁰) with a primary focus on analytical and technical support. This has enabled substantial progress in building institutional and technical capacity on the blue economy, and strengthening its knowledge foundation (e.g. the development of tools, proof of concept approaches etc). PROBLUE is transitioning to RETF (Receipt Executed Trust Funds¹¹) projects, with the expectation that the implementation of projects in this category will increase significantly to respond to demand over the coming years – subject to securing the necessary funding.

PROBLUE have set out a series of funding scenarios corresponding to low, medium and high ambitions over the next 5-7 years. All scenarios feature an increase in RETF allocated to the middle years, with only BETF projects supported for the final years of implementation. The funding scenarios range from attracting an additional \$250 million (\$130 million RETF and \$120 million BETF) to an additional \$600 million (\$450 million RETF and \$150 million BETF). This suggests that the increase in ambition largely stems from the ability to fund RETF projects, for which the demand (\$130 million between June 2023 and June 2024) and transformational potential is high.

Geographical allocation across the scenarios would remain in line with the World Bank's international development allocations, with the highest allocation to Africa. Regions with few least development countries (LDCs) would have the lowest allocation. This is consistent with the approach to date.

As a member of the Partnership Council, Defra has access to the internal PROBLUE platform for donors. The platform contains data and tools, such as disbursement and project approvals in real time, that allows Defra to access information pertaining to funding and allocations which is fed into the broader BPF portfolio to improve coherence and impact.

This uplift is being produced in tandem with development of the BPF's blue finance mobilisation strategy. There will be many opportunities for PROBLUE and the strategy to inform and learn from one another, and for PROBLUE to embed itself at the heart of how the UK works through others to mobilise sustainable blue finance. This may be particularly pertinent to mutual objectives regarding leveraging private finance.

vii. Describe any key changes to the original business case including the Theory of Change and new evidence from ongoing monitoring, evaluating and learning (MEL) work

The information outlined in this section pertaining to the UK's investment into PROBLUE refers to the changes from the original business case only. Unless otherwise stated, it should be assumed that all original business case content remains the same. The source of the original FBC can be located at the following link: [DevTracker](#).

¹⁰ BETFs are funds that support the WB's programme, typically knowledge, advisory and technical assistance.

¹¹ RETFs are funds that the WB pass on to a third-party recipient and the bank plays an operational role.

1. Strategic Case

1.1 Why an uplift?

The rationale to support the case for an uplift is strategic with strong economic support [see following case]. For detail, please refer to [ii. What is the reason for the change?](#) at the top of this note. To support the overall strategic case for the CCN, it is also worth outlining them here:

1. The demand for PROBLUE support far outweighs the current level of funding available;
2. The midterm external programme review provides evidence on VfM and impact;
3. This would present an opportunity to demonstrate strong ocean leadership on finance mobilisation.
4. An opportunity for the UK to support critical MDB nature and climate reform (MDB joint statement, Bridgetown Initiative);
5. The UK's role as PROBLUE co-chair positions us well to influence the programme.

1.2 What support will the UK provide?

Defra is seeking approval to award a financial uplift to the PROBLUE programme (World Bank) up to the value of £12.5 million of ODA funding, allocated from the Blue Planet Fund budget. This uplift is worth 50% of the original business case and will be presented to the ODA Board and the Investment Committee (IC). This uplift will operate within the current agreed timeframe (end March 2026) and will continue to support activities through each of the four pillars as described in the FBC. Over the last two years that the UK has funded PROBLUE, the recipient-led demand for PROBLUE resources has far outweighed what the programme is able to provide.

The UK is one of 12 donors¹² to PROBLUE. The UK's contribution is currently at around 13% of PROBLUE's budget but will likely increase if the uplift is approved. During recent UK-hosted donors' meeting (September 2023), there was strong interest from several donor countries to recommit funding, although for most this would be after March 2024 due to how budgets are allocated. The UK's uplift to PROBLUE will support raising ambition from existing donors and exploring new donors, whose membership could also be announced at COP28 along with extension of PROBLUE to 2030, and increased funding.

The UK took over the role of co-chair of PROBLUE from Norway in June 2022 which has afforded the UK an influential and visible role amongst donors and within the decision-making process of the programme. This has allowed us to demonstrate leadership in support of the blue economy and spearhead direction-setting on behalf of the donors. We are also in a position to encourage the most effective use of spend to enhance VfM and ensure its consideration throughout decision making.

A UK delegation attended (and co-chaired) PROBLUE's annual Partnership Council meeting in Ghana in June 2023, with objectives to share and understand programme learnings and successes and endorse the upcoming FY's annual workplan. This was also an opportunity to connect with the Government of Ghana, PROBLUE delivery partners, donors and other stakeholders, demonstrating the UK's commitment to the programme and to Ghana, where the UK has multiple overlapping ODA programmes across the marine and terrestrial space. Ghana recently held its first National Blue Economy Conference with high visibility from the World Bank

¹² The EU has recently transitioned to observer status

on ocean issues, demonstrating the importance of PROBLUE funding to support national and sub-national ambitions, which through our contribution, the UK is part of.

1.3 Strategic alignment

The Blue Planet Fund (BPF)

Since the PROBLUE FBC was approved, the BPF has progressed from its first year of programme delivery to its third year. Although its core objectives remain the same, there have been key developments in its M&E framework, the articulation of its desired outcomes and the range and breadth of stakeholders engaged with the fund and its programming. We have since established in-country postings in priority BPF regions, such as West Africa and Southeast Asia, which are working to bridge the on-the-ground support gap between the BPF team and delivery partners.

To minimise portfolio and funding risks, we have chosen to increase the support to PROBLUE – a multilateral programme – to balance the allocation across bilateral and multilateral funding mechanisms. PROBLUE is a multilateral in which we have considerable influence and leveraging power, which reduces the risk of funds being used ineffectively.

Table iv: Alignment of PROBLUE pillars and BPF outcomes

PROBLUE pillars	Corresponding BPF outcomes
1: Fisheries and aquaculture	International and large-scale fisheries
	Small-scale fisheries management
	Aquaculture
2: Preventing and managing marine pollution	Solid waste and other forms of marine pollution
3: “Blue-ing” oceanic sectors	Cross-cutting
4: Integrated seascape management	Marine protected areas

The World Bank Group (WBG)

As the largest global MDB, World Bank Group (WBG) is responding to the scale of development challenges through an [Evolution Roadmap](#), which was requested by shareholders in 2022 and discussed with the WBG Boards of Executive Directors in January 2023. The Evolution Roadmap envisions an approach to development that focuses on long-term development and greater scale in low and middle-income countries, including SIDS. The Evolution Roadmap also envisions that the World Bank Group’s mission will incorporate an explicit emphasis on global public goods, such as climate change and biodiversity, alongside the existing Twin Goals.

PROBLUE is uniquely positioned to mainstream a Blue Economy approach to development within the WBG as part of the Evolution Roadmap process. The ocean is one of the largest and most valuable Global Public Goods (GPGs); PROBLUE’s focus on sustainable development in healthy oceans makes the programme an even more significant vehicle for meeting the WBG goals given the additional emphasis on GPGs in the evolution roadmap. The PROBLUE programme is also well-equipped to respond to change, as was demonstrated during the COVID-19 crisis, and will continue to do so by supporting national action in response to the global challenges our clients and partners face in the coming year(s) of delivery.

Kunming-Montreal Global Biodiversity Framework (KMGBF)

The KMGBF was adopted during the fifteenth meeting of the Conference of the Parties (COP15) of the Convention on Biological Diversity in December 2022. The framework aims to enable and mobilise urgent and transformative action across sectors to halt and reverse biodiversity loss and sets out 23 action-oriented global targets for 2030. The UK is committed to contributing to the delivery of this framework, demonstrated with a £10 million donation to the newly announced KMGBF fund, run by the Global Environment Facility (GEF). This new fund was established to quickly mobilise, scale up and disburse new and additional resources, from all sources to support the implementation of the KMGBF by all countries. The UK is scoping potential for additional funding however a contribution from the BPF may not guarantee outcomes for the ocean and blue economy. This is because the KMGBF is still relatively new and further pledges are required to successfully launch the Fund and ensure projects around the world can receive funding. Furthermore, the UK's ability to preference funding for the ocean and blue economy programmes through the KMGBF fund is not apparent at this stage.

Paris Agreement

The Paris Agreement¹³ is a legally binding international treaty on climate change, adopted in 2015 by 196 Parties at COP21 in Paris. Its goals include keeping the global temperature increase to below 2 °C, and pursue efforts to limit it to 1.5°C above pre-industrial levels. The need for mobilised financial resources to support these goals is set out in the Paris Agreement framework. Climate is a cross-cutting theme to PROBLUE; its M&E framework considers climate change across its policy reforms and measures reduction in greenhouse gas emissions as a result of its interventions.

Biodiversity Beyond National Jurisdiction (BBNJ)

On 19 June 2023 the Treaty of the High Seas (also known as BBNJ) was adopted by consensus. The treaty addresses climate change, inequity and unfair ocean access, environmental degradation, and biodiversity loss, effectively establishing large-scale marine protected areas in the global ocean that lies beyond national jurisdiction. Although not yet ratified at time of writing, the treaty is recognised as a massive victory for conservation and the UK will be one of the first signatories of the historic agreement. All four PROBLUE pillars will be important in the context of BBNJ but pillar 4 (seascape management) will align particularly strongly with the intended outcomes of the treaty and the PROBLUE secretariat are committed to scoping support for BBNJ as noted in the FY24 workplan.

Negotiations for the development of legally binding instrument on plastic pollution

The process to negotiate a legally binding instrument on plastic pollution is now underway and will be agreed by the end of 2024. The UK is a driving force behind this. This funding timeline aligns with the timelines for the negotiations and intersessional meetings for negotiating a new global instrument to tackle plastic pollution, with strong thematic alignment with PROBLUE's pillar 2, marine pollution. PROBLUE held its inaugural Global Engagement Forum in the sidelines of the second round of negotiations in Paris in May 2023, and we will look for opportunities for future engagement and knowledge sharing as we continue to push for an ambitious outcome of the negotiations.

Blue finance mobilisation

¹³ <https://unfccc.int/process-and-meetings/the-paris-agreement>

The BPF team are currently developing an internal blue finance mobilisation strategy to build on and support our existing initiatives and develop pathways to mobilising sustainable, long-term financing for the ocean. Lessons learnt and successes from PROBLUE, as well as wider issues relating to multilateral development bank (MDB) nature and climate reform, will feed into the strategy which will in time be used to support delivery partners to sustainably finance their projects. The commitment to PROBLUE aligns with the strategy objectives and its approach.

The investment will also contribute to the UK's commitment to the provision of International Climate Finance (ICF), of which PROBLUE funding is approximately 90%, as well as respond to recommendations from the Dasgupta Review¹⁴.

1.4 UK influence

The original FBC outlined the theoretical benefits and opportunities we felt would ensue from the UK's contribution and co-chair role. These benefits have been realised through our ability to steer key workplan items, the Global Engagement Forum topics, and holding the World Bank to account. We have capitalised on the UK's role in setting the direction of the programme, ensuring alignment with UK ambitions (including Blue Planet Fund outcomes), and leveraging further funding through the donor network. Advantages to holding the role of co-chair is the reinforcement of credibility and demonstration of leadership at the governance level, which supports our influence within the donor group and World Bank. Although our tenure as co-chair is due to end in June 2024, we are exploring options to extend this, meaning we would have the advantage of being co-chair during CBD COP16. This proposal has been openly supported by other donors who have cited the UK's influence and leadership as co-chair, as rationale for their support.

It must be noted that the UK's commitment to PROBLUE is not contingent on the UK retaining its co-chair role. We have built good relationships with both PROBLUE and other donors through this process and although the role of co-chair brings advantages as set out above, we will use this foundation to continue our influence when we pass the role to the next co-chair. It is not guaranteed that the UK will extend its role, but this scenario would not pose significant risks to programme delivery or our funding commitment.

As we approach COP28, it is important that the UK continues to build on the legacy of COP26 in Glasgow where the first tranche of UK financial support to PROBLUE was announced in November 2021. We have a further opportunity to demonstrate strong ocean leadership and celebrate the success of the programme so far through the announcement of continued support to the programme. During a recent donor meeting, we gauged further donor support for the programme with the ambition of delivering a joint commitment at COP28 to bolster its impact.

1.5 Expected activities

Initial financial inputs have been critical in commencing efforts under each of the thematic pillars, contributing to meeting targets for various WB outcomes such as fisheries management and leakage of plastics. Some outcome targets are off track, and we will use our renewed contribution and role within the Partnership Council to ensure that attention is awarded to the off-track targets, such as gender participation, to understand the challenges and implement lessons learnt. PROBLUE will support partner countries' implementation of major international and regional agreements and initiatives, including the KMGBF, the WTO Agreement on Fisheries Subsidies, the Intergovernmental Negotiating Committee (INC) on Plastic Pollution and the Climate COP as

¹⁴ <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>

well as regional initiatives such as the Blue Economy for Resilient Africa Program (B4RAP). B4RAP is a project for which Defra previously preferenced £10million in funding.

PROBLUE works across all regions and pillars which, coupled with the ability for donors to preference funds, responds to UK priorities through the Integrated Review (2021)¹⁵ and International Development Strategy (2022)¹⁶ to bolster collaboration with Africa and the Indo-Pacific. A snapshot of PROBLUE's immediate priorities in Africa and East Asia & Pacific include:

- In FY24, PROBLUE anticipates support (including capacity building) for the implementation of B4RAP and the recommendations identified.
- Planned activities in Africa to incorporate climate change and biodiversity considerations and attention to gender equity and vulnerable groups across all the work.
- Focal areas of requested interventions in Africa range from pollution mapping to municipal solid waste improvement, behavioural change, and the economics of the circular economy, including the application of the toolkits such as the Plastics Policy Simulator (PPS) in select countries.
- In East Asia & Pacific, additional support will be provided to the design of high-impact lending operations in solid waste management, fisheries and aquaculture, and coastal ecosystem restoration and associated industries to respond to demand.
- PROBLUE will provide targeted support to the diverse needs of clients in the region through bank-executed technical assistance where appropriate, responding to the demand for fisheries, tourism, biodiversity, pollution management, climate adaptation and inclusive growth in the Pacific 2050 strategy.

Please see Annex 2 – PROBLUE 2024 workplan for further information.

The World Bank Technical Board are actively looking for opportunities to deliver jointly across WB programmes to enhance outcomes and increase efficiency in delivery. PROBLUE and the Global Sustainability Programme as an example, are looking to deliver jointly under the West Africa Coastal Areas Management Programme (WACA) on tackling plastic pollution and gathering data on nature capital. Following donor input and feedback at the Partnership Council in June 2023, PROBLUE are revising their M&E framework to respond to today's operating context. This coincides with the development of this CCN, and Defra are involved in the consultation process alongside reviews for this uplift. Expected outcomes from this uplift will be captured as the M&E framework is refreshed. More information can be found in [Section 5 – management case](#).

1.6 A note on what remains the same

The global context to which this programme responds remains unchanged from the FBC. The rationale to support why a UK partnership with PROBLUE is an attractive prospect (page 18, FBC) has not changed and will be explored further in the economic case. PROBLUE's Theory of Change visual remains the same. However, we have since used this alongside the logframe to develop a programmatic ToC that aligns with the wider Blue Planet Fund MEL framework, in addition to the *UK support to PROBLUE* ToC presented in the annex. The refreshed programmatic ToC can also be found in the annex (management case).

¹⁵ <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy>

¹⁶ <https://www.gov.uk/government/publications/uk-governments-strategy-for-international-development/the-uk-governments-strategy-for-international-development>

2. Economic Case

2.1 Value for Money assessment from Full Business Case 2021

A detailed Value for Money assessment was conducted in the original business case which estimated an initial investment of £25 million into PROBLUE could result in £31 million to £122 million in economic and social benefits.¹⁷ This assessment combined the appraisal of the different investment projects proposed by the World Bank to provide an illustrative overview of the benefits and costs of the investment in PROBLUE. Since the projects are demand led, a range is presented to reflect the uncertainty in actual projects funded and resulting impacts.

Based on output data recorded at this stage, PROBLUE is delivering projects which meet each of the activities/outputs set out in the original ToC. This would suggest the programme is delivering as expected and on track for delivery against the initial assumptions. However, in the absence of outcome and impact data from PROBLUE we cannot yet reach a definitive conclusion that all expected impacts will be delivered.

The decision and timing to secure a spending uplift for PROBLUE is driven by a strategic rationale (for more refer to [ii. What is the reason for the change?](#)), the subsequent sections in this case assess the available evidence to suggest an uplift of £12.5m has the potential to deliver value for money and outlines key uncertainties and risks which need to be mitigated.

2.2 Appraisal of additional options

The Critical Success Factors, long list and short list options appraisal was developed at FBC stage. At long list stage we considered four¹⁸ alternative financial delivery mechanisms, all these options are still active and viable. Upon recent review, the original options scoring against CSFs and BPF Investment Criteria still holds.

This would suggest that PROBLUE is still the preferred delivery partner. It should be noted that since the original longlist was developed in 2021 its likely there will be new alternative delivery mechanisms. However, for the amount of £12.5m, it is deemed that there are efficiencies and strategic rationale to uplifting an embedded BPF programme over exploring other delivery mechanisms. Firstly, moving to a new delivery mechanism is likely to require additional in-house resource to align M&E requirements, build relationships with donors and partners, and establish ourselves within new governance structures. In addition to the increased needs for internal resource, committing funding to a new delivery partner to deliver the outcomes we want to see from PROBLUE could pose diplomatic risks with the donors and the Bank, with whom we (and other departments) have formed trusted working relationships. Although our role as co-chair is not contingent on the uplift, the position combined with our role as donor creates opportunities to influence decisions relating to the programme that would be uncertain through other funding routes.

¹⁷ It should be noted that the BCR range presented in the original FBC was a low of 2.4 to a high of 7.5. Since the modelling has been updated for (1) most recent datasets (i.e. inflation forecast, carbon price) (2) all assumptions have been reviewed for latest available evidence or adjusted to reflect level of uncertainty. For consistency we only refer to updated model figures in this CCN. Refer to the annex for changes in assumptions.

¹⁸ Global Environment Facility (MLF focused on environmental protection), Sustainable Blue Economy Finance Initiative (UNEP partnership with financial community to provide technical assistance), Blue Natural Capital Financing Facility (IUCN managed, provides technical and financial assistance to viable coastal projects, Healthy Oceans and Sustainable Blue Economies action plan by ADB.

The only significant change to the options analysis conducted at FBC stage relates to the high ambition option to invest up to £50m over 5 years across all four pillars. This was discounted in 2021 due to the risks associated with:

1. Financial risk: this was a large amount of spend relative to BPF budget (10%), reducing the flexibility that the UK will have in selecting its investments in future years of the BPF.
2. Reputational risk: the UK would be exposed politically as the largest donor to PROBLUE. Given this the UK would need to be confident that sufficient resources were available to manage an effective relationship, leverage the influence and ensure value for money the investments.
3. At the time, there was a limited pipeline of projects which increased the risk of the UK paying in advance of need and PROBLUE having significant unspent finance on their books. This has been seen in other MDB sectoral investment funds.

However, since then Defra has been able to work with PROBLUE and gain a better understanding of the impact of the fund. And we are now confident enough to commit to a higher funding amount of £37.5 million (£25 million + £12.5 million uplift). Specifically with regards to the risks presented in the FBC respectively:

1. In its first 2 years (FY2021-2023), Defra has invested £71.43m through a mixed portfolio of bilateral and multilateral funding. The current proposed spend of £37.5m still remains below the original high ambition option.
2. Demand for PROBLUE has grown significantly over the past five years¹⁹ of implementation, owing jointly to the programme's positive impacts and to the increased recognition of the potential benefits of a blue economy approach for development. Evidence from the mid-term and annual reviews around completed activities and outputs give us confidence that PROBLUE is delivering as expected.
3. The UK's contribution is currently at around 13% of PROBLUE's budget but will likely increase if the uplift is approved. The UK has been able to demonstrate leadership in decision making (took over the role of co-chair of PROBLUE from Norway in June 2022) and spearhead direction-setting on behalf of the donors.

Appraisal of additional options

Two options were considered in the decision-making process relating to PROBLUE. Firstly, the "Do Nothing" option to not go beyond the £25m agreed in the original business case. The other option considered is the proposed uplift to funding of *up to* £12.5m, taking the total business case spend to £37.5m. We have also included a third option to reflect the risk that the proposed uplift is only partially spent.

1. Do Nothing – no additional spend (Total spend: £25 million)

This option would involve no uplift to spending, maintaining the spend as seen previously in [Table i](#). In the FBC this was appraised based on eight example investment projects provided by the World Bank. For each of the example projects the World Bank also provided outcome targets and benefits that could be attributed to the UK's investment of £25 million across the different pillars.

¹⁹ Refer to Strategic case.

A combination of these outcome targets and assumptions developed by Defra analysts²⁰ have informed the monetization benefits found in table v²¹: As a result, we have estimated **Net Present Value for our investment (of £25m over 5 years) to be between £31.7m - £123.7m and a partial benefit cost ratio of 2.3 – 6.2**, demonstrating the potential for value for money. A range for the benefit-cost ratio and net present value is provided as benefits are not certain enough to have confidence in a single measure, this is due to uncertainties (1) – (4) set out in the *Uncertainties and Limitations* section of the table below.

Table iv: Option 1 Appraisal Summary Table and assumptions

Option 1: Do Nothing – no additional spend (Total spend: £25 million)		
	Low	High
NPC	£23.7m	£23.7m
NPB	£55.5m	£147.5m
NPV	£31.7m	£123.7m
BCR	2.34	6.21
Monetised benefits	<ul style="list-style-type: none"> • Improve the marine environment: Reduced leakage of plastics to the marine environment. • Climate mitigation: Reduction in greenhouse gas as a result of reduced plastic waste • Reduce poverty and improve livelihoods: Increase in production value of sustainable aquaculture. 	
Non monetised benefits	<p>It was not possible to monetise the full range of expected ecosystem service benefits, including:</p> <ul style="list-style-type: none"> • Improve the marine environment: Reduction in ghost gear. • Climate mitigation: Increase in area of marine ecosystem protected and associated mitigation benefit. • Reduce poverty and improve livelihoods: <ul style="list-style-type: none"> ○ Increased coastal tourism. • Climate adaptation and resilience: Increased climate resilience, adaptability to climate change and food security • Improved health and wellbeing <ul style="list-style-type: none"> ○ Increased inclusion and representation of local communities in decision making. 	
Monetised costs	Only costs to HMG have been monetised.	
Uncertainties and limitations	1) Establishing the business as usual or baseline (i.e. what would happen without action from UK Government) is challenging due to evidence gaps and system uncertainty. This means that it is challenging to assess the additionality of the UK investment.	

²⁰ Assumptions can be found in the annex. It should be noted that Defra analysts have revised some of the WB benefits down based on published data and experience of other marine environment interventions.

²¹ In **bold** is the overarching positive impact/benefit; text is the exact impact which results from respective thematic pillar.

	<p>2) There are limitations in the availability of marine evidence. Particularly, there are gaps in our knowledge of quantified benefits associated with the reduction in mismanaged plastic waste and the impact this has on protecting and restoring the health of the ocean and wider environment. This has led to the modelling of a partial BCR and NPSV. Environmental economics is looking at this more closely with improved techniques and understanding around quantifying environmental benefits (e.g. ecosystem services), but uncertainties remain due to methods still being largely assumptions based</p> <p>3) Uncertainties in the attribution of benefits to the programme, due to the difficulty involved with separating impacts that have occurred as a direct result of an investment, and which impacts that may have occurred as a result of an investment alongside other significant features that also enabled the impact.</p> <p>4) Inherent challenges exist in appraising a portfolio that is demand led, such as uncertainties of spend per pillar, programmes and countries which determine the array of potential benefits, costs per programme and expected results. This also means it's possible for the actual funded projects to differ from the projects which have been used as a basis for the appraisal. However, the CCN has a higher level of confidence in results presented based on recent evidence on output and activities.</p>
--	---

Latest evidence of PROBLUE performance

Since the development of the FBC, there are two main new sources of evidence (1) Annual Review FY21/22 which includes output indicator data (2) KPMG midterm PROBLUE programme review. An overview of these reviews is provided in the [Summary of performance to date](#). Given the remaining uncertainties associated with appraisal of this intervention (outlined above), economists have reviewed evidence to determine that the original assessment of £25m holds and is still deemed to be VfM:

- The original Theory of Change (ToC) (annex) and logframe outlined the pathways through which PROBLUE would deliver the meaningful impacts (i.e. activity/output, outcome, impact). By mapping the activities which are actually funded by PROBLUE against the original ToC activities/outputs²², it's possible to determine that PROBLUE is delivering projects which meet each of the activities/outputs set out in the ToC. This would suggest the programme is delivering as expected at this stage, however we recognise it is too soon to assess the outcomes of these outputs.
- Activities which are funded by PROBLUE were also found to align with the investment cases which were used in the appraisal²³. This suggests the expected benefits from the programme have remained consistent with the original business case, and there is still confidence in this appraisal approach and resulting value for money estimates.
- The Annual Review FY21/22 scored an 'A', suggesting outputs were moderately exceeding expectations. The review found the programme to be exceeding all [three output targets](#).

²² Mapping can be found in annex table xii

²³ Refer to Economic Annex, Table 6 which maps out the PROBLUE ToC completed activities, outputs and IC's

- The Midterm Programme Review collected evidence on the efficiency and effectiveness of deploying of the BETF approach. Key findings from the review include:
 - ✓ PROBLUE is ahead of schedule in terms of outputs compared to its results framework. About half of the outcome indicators, referring to World Bank operations catalysed are already met or on track.
 - ✓ PROBLUE is on track to meet its objectives within the initial budget.
 - ✓ There is unmet demand for further PROBLUE support, beyond the program's current scope.
 - There is a risk that activities, particularly those which haven't started, will not be completed by April 2026.
 - An increased use of RETF²⁴ modality in activities will lead to more expensive PROBLUE funded interventions and they will require more time, which is incompatible with the current PROBLUE budget and timeline.
- A Benefits Register has been developed²⁵, which maps benefits to KPI indicators and Midterm Review outcome indicators. This can be used to ensure benefits are being measured and to use short/medium term indicators to track progress against long term impacts and benefits (positive impacts). Based on output data we are on track to meet the *improve the marine environment* benefit and *Reduce poverty, improve livelihood* benefit, however slightly offtrack against the *climate mitigation* benefit²⁶. This shows that our original economic case assumptions around performance in these areas are likely to hold. With regards to the climate mitigation benefit that is currently offtrack, we intend to use our position as co-chair with renewed funds to push for greater impacts for climate mitigation to bring success in line with other outcomes.

In terms of option 1, based on initial evidence on funded activities and outputs produced so far, we are confident that PROBLUE still has the potential to deliver VfM, giving no indication to change the original appraisal approach. Therefore, in the case of no uplift to the spending profile, the forecasted VfM and NPV/BCR will remain the same as outlined above.

Option 2 (preferred) – uplift spending by up to £12.5m, allocated from the BPF FY24/25 budget (Total spend: £37.5 million)

Additional investment in PROBLUE will go towards the programme's existing overarching goal to achieve integrated and sustainable economic development in healthy oceans through four marine pillars. Currently in the do nothing option, PROBLUE financing is dominated by Bank Executed Trust Funds (BETFs). BETF executed projects focus on laying the groundwork, creating demand, and catalysing larger financial flows (i.e., World Bank led technical assistance, capacity building, management activities). With renewed funding PROBLUE is aiming to shift to fund more Recipient Executed Trust Funds (RETFs) which will fund larger on the ground activities and move ownership of projects to local communities. RETFs aim to fill financial gaps in the implementation of programmes and support activities that need to be implemented by client countries under World Bank operation. This includes expenditure on activities which are ineligible under BETF executed

²⁴ Recipient Executed Trust Funds have higher transaction costs to the World Bank and clients, when compared to BETFs, this is because clients countries require corresponding systems, structures and requisite capacities in place to be compliant with World Bank policies, rules and checks and balances, to hold funding in trust at a legal level and also to required social/environmental safeguards. This required a certain size of project to justify the opportunity cost of recipient executed support.

²⁵ Refer to Economic Annex, Table 5

²⁶ We are expecting further evidence on progress towards targets in the upcoming PROBLUE annual report

projects (i.e., pilots, feasibility study, capital expenditure) which are essential operations, but governments are not willing to borrow against.

It is assumed that there is some value added to be expected from an uplift in funding, since RETFs can be used to implement programmes on the back of groundwork laid by BETF executed projects. It is likely that this type of financing implements activities which realise the benefits monetised in the original appraisal.

Given additional PROBLUE projects are thematically similar to what has already been funded by PROBLUE and the assumption that the programme is on track to deliver benefits (social, economic, environmental), to appraise the uplift option we have scaled-up the benefits proportionally with the uplift in investment. This estimated that an investment of £37.5m into PROBLUE could result in a Net Present Social Value between **£43.8m** to **£170.7m** and a BCR of **2.34** (with an upper bound of **6.21**). Due to limitations in evidence, we have not been able to account for the difference between RETF and BETF executed projects in the monetization of benefits. Due to assumption that benefits increase linearly with the monetary value of investment, the BCRs for option 1, 2 and 3 are the same. Table V below summaries the BCRs and NPVs for option 1, and relevant assumptions which apply to option 1, 2 and 3.

Table vi: Option 2 Appraisal Summary Table and assumptions

Option 2 (preferred) – uplift spending by up to £12.5m (Total spend: £37.5 million)		
	Low	High
NPC	£32.8m	£32.8m
NPB	£76.5m	£203.5m
NPV	£43.7m	£170.7m
BCR	2.34	6.21
Monetised benefits	Same as option 1 but proportionally increased in line with investment.	
Non monetised benefits	Same as option 1.	
Monetised costs	Same as option 1 but reflecting additional uplift.	
Uncertainties and limitations	<ul style="list-style-type: none"> • Uncertainties (1) – (4) presented in option 1 carry forward to all options. • Lack of data on the outcomes and impacts of BETFs and RETFs in marine projects. This is also due to a lack of outcome and impact data resulting from PROBLUE’s activities so far. This means it’s difficult to fully value the benefits resulting from Option 2 versus. Option 1. For the CCN we also explored the possibility of building a bottom-up approach, attempting to attribute benefits to specific PROBLUE pillars. We determined that this would not be possible to do accurately, as we cannot reasonably assume that if, for example, 25% of Defra funding was funnelled into one pillar, then it would return 25% of the benefit. 	

Risks	<ul style="list-style-type: none"> • Project completion within expected timeframe: the Midterm review flagged that there is a risk not all activities will be completed within the expected timeframe. Additionally, as the use of RETFs is expected to increase, funded activities will be larger in average size which means they may require more time. The potential for less projects but of larger size is not deemed a risk to VfM as RETFs are used address financial gaps in implementation of programs, suggesting the delivery of long term impacts. • Lack of evidence on outcomes and impacts: due to limitations outlined above, achieving expected level of VfM is dependent on effectiveness of implementation and contextual risks which are common to BPF projects. <p><i>For full list of risks and mitigations refer to the risk register in section 5.4.</i></p>
Key assumptions	<ul style="list-style-type: none"> • Optimism bias of 10%. This is relatively low as benefit assumptions have already been revised down as Defra analysts reviewed data from the World Bank projects. The tipping point for the optimism bias (where the BCR becomes equal to 1) is 61% for the lower bound. • Discount rate of 3.5% for carbon prices, and 10% for other costs and benefits. • Appraisal period of 30 years for benefits and costs in all scenarios. • Lag in benefits of 5 years. • Growth rate and realisation of benefits of 20% increase per year following lag. 20% in first year of benefit to 100% in year five. • Reduction in plastic waste per household of 0.002 tonnes per year. • Reduction in marine ecosystem service delivery of between 1% and 5% due to stock of marine plastic. • Conversion factor from plastic waste to GHG emissions of 1.2. • Value added to in-scope aquaculture production of 30-50%. • Quantity of aquaculture in scope of 800 tonnes. • Households in scope for IC 4, 5 and 7 respectively of 10,000; 15,000; 5,000.

Sensitivity analysis

Typically, as higher levels of funding are assessed we should also consider the likelihood of diminishing marginal returns. This occurs when higher quality projects or “low hanging fruit” projects are funded first, then as riskier or more uncertain projects are funded, it is expected that per pound spent the extra benefit decreases. There is no evidence available for PROBLUE to inform the funding level at which we would expect to see diminishing marginal returns. Excess demand for PROBLUE suggests we haven't reached capacity for this type of support, especially as PROBLUE transitions to RETF solutions.

However, to reflect the risk that PROBLUE reaches diminishing marginal returns with an uplift in funding, we have adjusted all benefits resulting from the additional uplift by 20-40%, resulting in a lower BCR of **2.21** (20% adjustment) or **2.08** (40%) and an NPSV of **£39.6m** or **£35.3m**. This risk along with uncertainty on effectiveness should be regularly monitored in Annual Reviews as well as via established relationships between Defra and PROBLUE.

Diminishing marginal benefit		
	Scenario 1 (low, 20%)	Scenario 2 (low, 40%)
NPC	£32.8m	£32.8m
NPB	£72.3m	£68.1m
NPV	£39.6m	£35.3m
BCR	2.21	2.08

Option 3 – uplift spending by up to only £5m, allocated from the BPF FY24/25 budget (Total spend: £30 million)

A third option has been included to reflect the risk that only part of the uplift is spent. By agreeing to an uplift of *up to* £12.5 million, there is a risk that this is not fully disbursed. If we were to only able to disburse £5 million in uplift, the resulting Net Present Value of the programme would fall to between **£36.5m** and **£142.5m**. It should be noted that we currently consider this of low likelihood since there is excess demand for PROBLUE funding as outlined in the [Strategic Case](#). We have requested up to £12.5 million to grant us flexibility to secure the maximum budget permitted through the CCN process (up to 50%).

Table viii: Option 3 Appraisal Summary Table

Option 3: uplift by £5m (Total spend: £30 million)		
	Low	High
NPC	£27.4m	£27.4m
NPB	£63.9m	£169.9m
NPV	£36.5m	£142.5m
BCR	2.34	6.21
Monetized benefits and costs carried forward from option 1 (albeit proportional to £5m uplift). Uncertainties, limitations and risks from option 1 and 2 also apply to option 3.		
Diminishing marginal benefit		
	Scenario 1 (low, 20%)	Scenario 2 (low, 40%)
NPC	£27.4m	£27.4m
NPB	£62.2m	£60.5m
NPV	£34.9m	£33.2m

BCR	2.27	2.21
-----	------	------

2.2 Mechanisms in place to ensure Value for Money according to the 4 Es

- The World Bank sets out procurement practices which should be followed to achieve value for money in its [Procurement Regulations for Investment Project Financing Borrowers](#). It ensures VfM is embedded at all stages of the procurement process including selection methods (economy), evaluation criteria (economy and effectiveness), contract type (economy) and management (economy, efficiency and effectiveness). It should be noted Equity is not included in the definition of VfM in the procurement framework.
- PROBLUE is being held accountable via Annual Reports, its own results framework and ODA Annual Reviews which demonstrate where donor funding is going and whether output targets are on/off track (efficiency).²⁷ Over time PROBLUE will also need to report against KPIs which provide an assessment on progress against outcomes and impacts (effectiveness).
- PROBLUE has also taken efforts to improve efficiencies in process, for instance: PROBLUE changed BETF rolling proposals to periodic proposals, making the proposal management easier to handle. PROBLUE also streamlined the proposals process in terms of feedback given.
- Gender equality is one of three primary overarching themes for PROBLUE. All projects require gender screening and of all approved PROBLUE proposals, 93% include gender analysis and gender focused approaches²⁸. *For more detail refer to management case.*
- GESI is mainstreamed in M&E. For instance, impact indicator 1 measures “*men and women in coastal areas with increased economic opportunities in traditional and/or new economic sectors*”, and outcome indicator 5 focuses on “*men and women participating in planning and decision making on the Blue Economy*”. Example projects include Panama’s Blue Gender Gap analysis, which aims to strengthen government capacity to identify gender gaps in the marine-coastal sector and design appropriate policies to close these. And the Resilient Tourism and Blue Economy Development Project aims to help diversify tourism offerings and increase small and medium-sized enterprise participation in tourism-related value chains, with a strong emphasis on women-led businesses.

2.3 Sustainability Impact Assessment and Sustainability Analysis

PROBLUE projects will bring about considerable benefits for the natural environment, biodiversity and climate change through the activities and outputs delivered which aim to achieve the desired impact. The economic case analysis has captured the monetary benefits associated with a reduction in plastic leakage, a reduction in / prevention of greenhouse gas emissions, and improvements in the quality of aquaculture (through strengthened fisheries management and better protection of marine environments). There is also a strong focus on benefits in terms of sustainable livelihoods and representation of local communities, particularly around advancing the opportunities of women. This includes helping communities adapt and become more resilient to climate change. Examples can be seen in the Annex of actions that have been taken to deliver these multiple benefits.

²⁷ Current PROBLUE outputs mapped against ToC pathway can be found in *table xii* of the annex.

²⁸ Unpublished PROBLUE Annual Report 2023

The World Bank also aims to act and operate and deliver in a sustainable way, helping to ensure that the environmental benefits delivered by PROBLUE projects are not offset by unsustainable delivery practices. The World Bank adopted the Environmental and Social Framework (ESF) in 2016. The framework consists of:

1. A Vision for Sustainable Development;
2. Ten Environmental and Social Standards (ESSs), which set out the requirements that apply to Borrowers (see Annex);
3. An Environmental and Social Policy for Investment Project Financing (IPF), which sets out the requirements that apply to the Bank; and
4. An Environmental and Social Directive for IPF and a Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups.

The Environmental and Social Standards contain key considerations such as “assessment and management of environmental and social risks and impacts”, and “resource efficiency and pollution prevention and management”. The ESSs ensure that the World Bank acts responsibly with regards to the environment and social concerns throughout all its work.

The World Bank also has a series of 10 Corporate Sustainability Principles (see Annex), again ensuring that it acts responsibly with regards to its environmental impact. The Principles include “be climate resilient”, “be energy smart”, “be water efficient”, “ensure resource efficiency”, and “reduce waste” among other social considerations. Again, this ensures that environmental concerns are taken into account across all activity in the Bank.

3. Commercial Case

3.1. Commercial approach

Competency of delivery organisation

The World Bank continues to be well placed to deliver this programme of such significance to the blue economy and international development as set out in the previous sections.

By June 2022, PROBLUE had signed contributions of more than \$190 million from 10 donor countries, demonstrating capability in managing large volumes of funding. To date, 12 donors are supporting this programme: Australia, Canada, Denmark, the European Commission, France, Germany, Iceland, Ireland, Norway, Sweden, the UK and the United States.

Since its launch PROBLUE has received USD 224,740,000 in pledged contributions from donor countries, of which the UK constitutes currently around 13%.

Delivery Model

This change control note seeks to award an uplift to the original financial contribution to the existing delivery partner (the World Bank). This will increase the UK's support to PROBLUE, a multilateral programme, that was originally approved by the ODA Board and Investment Committee in Q3, FY21/22.

There will be no change to the delivery model currently in place. The commercial mechanism is a financial contribution that operates through an Administration Agreement (AA). The original AA was agreed and signed in November 2021 by the World Bank and Defra for the value of £6 million, which was the initial value approved by the Minister at the time. Further contributions have been agreed through amendments to the AA, with the following in place:

- Administration Agreement: 23/11/2021, £6 million
- Amendment 1: 29/03/2022, £2 million
- Amendment 2: 18/01/2023, £4.75 million
- Amendment 3: 07/03/2023, £10 million

Current value: £2.25 million remaining, not yet written into an amendment.

Once the AA or associated amendment is in place, a payment can be triggered with the Defra ODA finance team through the provision of the signed agreement and a Call for Funds (disbursal request).

Since the budget envisioned will come from the BPF FY24/25 allocation that has already been agreed through the 2021 SR, we may be able to issue the full amount in one amendment to the AA – if appropriate – without seeking approval for any subsequent years beyond the current spending review. However, we are requesting flexibility to disburse the funding from FY23/24 to mitigate wider underspend risks, so the full allocation may be split over the two financial years.

Procurement (Commercial) Strategy

The investment does not fall under commercial delegations of approvals as it does not involve procurement or grant giving and has the following characteristics:

- Is not subject to procurement legislation under PCR 2015 or Defra Procurement policy.

- Is not subject to Government Functional Grants Standards six step process as it does not meet the attributes of a grant, because:
 - The project is not designed by Defra.
 - Defra is not the main funder.
 - Defra spend is unable to be isolated from other contributions.
 - It delivers broader outcomes.
 - It contributes to wider Defra objectives.
 - It does not reimburse expenditure.
 - Payment is in advance, rather than in arrears.
 - It will have arms-length oversight through Defra sitting on steering board.
 - There is no option to clawback funding.

Any further future investment would be subject to further consideration of outcomes and budgets agreed in future SR's.

The Administrative Agreement (and its amendments) will be reviewed by a commercial resource to establish whether any further changes are needed to bring it into line with current ODA requirements such as Safeguarding and risk management.

3.2. Commercial risks

Please refer to the annexes for a commercial risk register. Risks are either stable or decreasing since the FBC.

3.3. A note on what remains the same

This section of the CCN remains largely unchanged compared to the original FBC of September 2021, owing to the fact that the commercial mechanism is in place and has been operational for two years. It has not been necessary to document changes to due diligence, fund management and state aid sections, although as the UK has formally left the EU, we are pursuing advice from the state aid team to confirm approval still stands.

A Central Assurance Assessment (CAA) has been conducted and can be used as the main assurance for the World Bank. We will build on this through a due diligence assessment at the Trust Fund level, monitoring due diligence recommendations and risk throughout the programme cycle and as part of the formal AR process.

4. Financial Case

4.1. Nature and value

The BPF will uplift its current £25 million commitment to PROBLUE by up to 50% (£12.5 million) within the same dedicated timeframe (originally end by FY25/26, but current expectation is that funding will be fully disbursed by the end of FY24/25). This contribution continues to be entirely ODA funded, with the allocation required for this uplift already secured as BPF budget through the 2021 Spending Review. Any possible future funding beyond that of the uplift detailed in this CCN will be subject to performance reviews, and to the successful delivery of agreed objectives. The investment will be made in the form of a financial contribution (via an administrative agreement) to the World Bank, who will coordinate delivery of the programme.

The rationale behind capping the uplift at £12.5 million (50%) is that ODA guidelines require further funding contributions over and above 50% of the original committed value to be presented through a new business case. Given our interests to balance timeframes and ensure that budgets can be allocated within the corresponding FY, we have elected to restrict the uplift to within 50% to allow us to proceed via a CCN and optimise opportunities for an impactful announcement at COP28. We are also managing the balance between bilateral and multilateral funding routes to manage risk and maximise impact over time within the current BPF portfolio.

Although we are requesting up to £12.5 million, the likely scenario – if approved – is that we will commit the full amount.

Updated budget and timeframes

Table vii: Revised spend profile for PROBLUE

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	Total
Original spend profile (at time of BC approval)	£6m	£4.75m	£4.75m	£4.75m	£4.75m	£25m
Actual spend profile (to date)	£8m	£14.75m	£0.75m*	£0.75m*	£0.75m*	£25m
Additional funding required	-	-	£12.5m	-	-	£37.5m
Revised spend profile subject to approval	£8m	£14.75m	£2.25m + £12.5m	-	-	£37.5m

* Indicates remaining spend

We intend to bring forwards the remaining £0.75m/year from FY23/24 – FY25/26 to disburse entirely as £2.25m in FY23/24, effectively delivering the rest of the original £25 million commitment by April 2024. The £12.5 million uplift will be subject to approvals associated with this CCN, but we would like to secure the flexibility to disburse funding in FY23/24 and FY24/25 to mitigate wider underspend risks that may arise elsewhere in the ODA portfolio.

PROBLUE workplan

Budget allocations for FY24 build on demand relayed to PROBLUE following the successes from the previous years of implementation and on the Evolution Roadmap. *Tables ix and x* present the indicative proposed budget for FY24 (June 2023 – June 2024) by region and by pillar,

respectively. *Table ix* also includes an indicative RETF allocation based on an extension of the programme. Should an extension not materialise, the timeline of PROBLUE will prevent the realisation of any additional recipient-executed support.

4.2. Accounting officer tests

The primary accounting office tests were considered throughout the development of the FBC, and built upon for the CCN.

Table viii: Revised Accounting Offer tests revised according to proposed uplift

Regularity	This funding will align with the UK Government's Strategy for International Development (2022) through its objectives to create sustainable partnerships in tackling environmental threats. ODA funding will be allocated under Section 1 of the International Development Act 2002 and expenditure will be in accordance with this legislation and all ODA requirements.
Propriety	The original business case was reviewed and approved by the ODA Board in August 2021 and the Defra Investment Committee in September 2021. The programme funds will be managed in accordance with HMT's Managing Public Money guidance and ODA guidance.
Value for Money	Please refer to accompanying AO document. The economic case finds that the BCR for the total spend amount (£37.5m) remains good, with a low-high BCR range of 2.3-6.1.
Feasibility	Since the original business case, the UK has gained co-chair status and a seat at the PROBLUE Partnership Council, affording us influence and oversight of decision-making and direction setting. The World Bank continues to be a credible vehicle for multilateral development spend, with continued recipient demand and capacity to deliver large volumes of spend.
Affordability	The BPF secured the necessary budget through the 2021 Spending Review to be able to uplift this commitment to PROBLUE. As this spend is envisioned for FY23/24 and FY24/25 – within the current SR cycle – we do not need to bid for new funding.

4.3. HMT approval

As the proposed spend will occur within the current SR period, we do not anticipate HMT approval being required. As this budget is already secured, our current proposal is to provide a courtesy note to HMT via ODA deputy directors to alert them to the spend and offer an opportunity to comment.

4.4. A note on what remains the same

It is anticipated that the majority of this programme will be RDEL. Front Line Delivery (FLD) costs will be incurred regardless of whether the uplift is approved, so are not considered additional to those set out in the original FBC. There is a fraud and error risk assessment in place for this programme.

The uplift will be reflected in an amendment to the administrative agreement (AA), which will be co-signed by Defra and the World Bank. The payment(s) will be made in Great British Pounds (GBP). Financial reporting requirements remain unchanged. Accounting and financial reporting requirements are set out in Section 3 of the administrative agreement, with the PROBLUE

Secretariat beholden to donors to provide financial reporting. The World Bank also publishes an annual Trust Fund Single Audit Report, undertaken by an independent auditor. Section 5 (disbursement, cancellation, withholding of payments) of the admin agreement sets out the conditions under which the donor can address non-compliance with the WB and if necessary, withhold payments until relevant measures have been taken.

The admin agreement is based on the agreed agreement between the World Bank and the FCDO. FCDO are currently negotiating renewed language on safeguarding to update this agreement, which will be reflected in our own AA when finalised.

5. Management Case

5.1. UK's role in PROBLUE

See the PROBLUE business case for more background on the management structure of PROBLUE.

The UK is currently co-chair of PROBLUE, and also a member of the Partnership Council. We enjoy a strong strategic position that allows us to set direction and influence decision making and to bring about positive change in line with the seven core ODA objectives, as well as the Blue Planet Fund objectives. The position of co-chair is due to end in June 2024, but as mentioned, we are exploring options to extend this.

5.2. Monitoring, evaluating and learning (MEL)

PROBLUE MEL framework and logframe

A detailed logframe is being developed in collaboration with PROBLUE, including a defined set of outputs for investment with specific indicators, allowing progress to be monitored. The logframe is based on PROBLUE's overarching framework and we will claim a proportion of the results related to our investment. A minimum viable product logframe was approved earlier in the year, and a fully up-to-date version will be completed in the coming months ahead of the Annual Review in 2024, that will draw on PROBLUE's developments for its own M&E Framework. The Blue Planet Fund portfolio-level Theory of Change is also being revised, and so are the related Key Performance Indicators, helping to feed into an upcoming meta-evaluation for performance across the portfolio. This will help us see more clearly how PROBLUE fits into the overall aims and strategic vision of the Fund, while focusing our MEL approach on impacts and areas key to the marine environment.

PROBLUE's Monitoring and Evaluation (M&E) Plan has five specific objectives:

1. To facilitate results measurement and reporting to development partners
2. To help identify problem areas and propose corrective measures
3. To provide input for the mid-term and final reviews
4. To describe data for progress measurement and their sources
5. To ensure alignment between the results documents, the annual work plan and the annual report

Assessment of progress (using indicators) focuses on the five objectives and the cross-cutting issues and synergies between the pillars. The four pillars are not measured separately. Monitoring has systematically collected data on specific indicators to provide visibility of progress and achievement of objectives. Evaluations continue through annual reviews, the mid-term review, and the final review. MEL techniques will be used to help evaluate the success and VfM of the uplift in spend when a suitable time period has passed to allow for sufficient data and the capturing of programme outcomes and impacts.

The PROBLUE Theory of Change (annex) shows how PROBLUE activities and outputs lead to desired outcomes and impacts. Delivery of the impacts also link to the economic benefits highlighted in [Section 2 – economic case](#).

Assumptions and risks

Assumptions of and risks to the PROBLUE MEL approach are noted in table 10 of the Annex. Actions that have been taken to mitigate these risks are also noted.

Reporting

Key Performance Indicators

We are currently undertaking an exercise to update the Blue Planet Fund-specific KPIs, but as these are not finalised, the KPIs here were based on existing ICF KPIs, making sure we are consistent with the MEL approach across Defra's ICF guidelines. All BPF projects and programmes are required to report against at least one KPI, but ideally all relevant KPIs. The KPIs are reflect the BPF ToC, and the key poverty reduction and environmental conservation aims of the fund. Refer to the PROBLUE business case (and CCN Annex) for the KPIs that are being reported against.

Annual Reviews

Programme progress is reviewed annually at the Partnership Council meetings and through the annual review. PROBLUE emphasises result-based management and measuring. This approach includes the ToC and results framework, and provides an accountability trail towards development partners and the World Bank. It is based on assumptions and expectations of causality and linearity, and provides a clear line of sight to strategy and planning. It ensures that the PROBLUE Secretariat and development partners carefully consider how to make decisions on funding, and how to evaluate what does and does not work. The next PROBLUE annual review is scheduled for October 2023 [please note – likely delay until January 2024] and will summarise in greater detail the achievements and progress to date. We will attempt to monitor the results achieved by the uplift in funding of £12.5m in subsequent reviews.

Mid-Term Review

A mid-term review was completed by KPMG in March 2022. The aim was to assess progress against objectives and to identify issues, lessons learned and recommend changes. Key areas covered in the mid-term review were:

1. Continued relevance of the programme
2. Effectiveness and achievement of outcomes
3. Efficiency and value for money
4. Network/linkages of stakeholders and beneficiaries
5. Lessons learnt and needed revisions to the programme

As seen above in the information section, the midpoint evaluation found that PROBLUE was performing well in many areas, and there was potential for scaling up of funding and the scope of the activities.

Final Review

At completion of the programme, a final report will be produced following the World Bank's Trust Fund guidelines. This review is retrospective and broadly has the same content as the annual reviews and mid-term reviews.

5.3 Benefits realisation

The Blue Planet Fund does not have separate Benefits Realisation Plans, but outcomes and impacts are included in the Theory of Change and logframe (annex). Additionally, for this CCN a benefits register has been developed (annex *table xi*). Benefits are and will continue to be measured when relevant through the logframe and regular reporting and monitoring. Due to the nature and timelines of PROBLUE, we are unable to score any monetised benefits against performance to date, but we have seen the extent of the activities and outputs that have been completed or are ongoing, and we will capture the longer-term benefits and VfM aspects of these when we are able. Again, as we have seen above, the benefits range from people and sustainable livelihoods, to marine environment and climate change. Given the performance of these to date, we have confidence in achieving the benefits forecasted in the OBC. We will test the monetary benefits achieved once we have sufficient data around impacts, and will report on this in future annual reviews and the final review.

5.4 Risks and risk management

The management risks of uplifting our PROBLUE funding as proposed are noted in the Annex. A full risk register and RAID log has been used to monitor project delivery, and these risks are being managed in accordance with HMG guidance and reported to the BPF Programme Board. 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.

Table xvi in the annex shows the risks originally included in the OBC. We note any changes or developments around these risks. We have also included a risk on leveraging finance to reflect new considerations for the £12.5m uplift. The evidence we now have on PROBLUE performance and risk-mitigating actions has helped us gain confidence around these previously identified risks, and while they will still need to be monitored to ensure they do not hamper the progress of the programme, we have less cause for concern than at the OBC stage.

5.5 Gender Equality and Social Inclusion (GESI)

Gender is identified as a cross-cutting issue for PROBLUE. There are GESI-focused targets, including the aim to reach women in livelihoods activities (50%). GESI is mainstreamed in M&E - includes indicators on livelihoods, awareness of gender issues, participation in decision-making, GBV prevention and response practices, and NGOs consulted and involved in planning. Recommendations on GESI considerations will be taken forwards by Defra and PROBLUE, including the creation of a GESI action plan.

5.6 A note on what remains the same

The approach to MEL, Fraud and Corruption, Transparency and Safeguarding all remain unchanged from the business case. Please refer to this or the CCN annex for more detail.

viii. Lessons identified and implemented

Following the first year of PROBLUE implementation with UK funding, an annual review was conducted that awarded the programme a score of 'A'. Lessons identified were documented within this review alongside recommendations for implementation. The lessons learnt were as follows:

- **Engagement with key stakeholders can be slow** when preferencing funds for projects such as the CMAR initiative - cross-boundary MPA in the Eastern Pacific. Future engagement with PROBLUE will ensure project specific updates and communications where applicable, which is supported by the programme leads.
- PROBLUE is one of three World Bank trust funds with a focus on the environment (the other two are PROGREEN and the Global Programme on Sustainability – GPS). Whilst Defra collaborate with each of these funds, **we have not maximised the collective work effort across the programmes**. In June 2023, the Partnership Council was structured for the first time around all three WB programmes, which facilitated knowledge sharing and understanding of how each trust fund worked.
- The Gender Working Group (of which the UK is a member) has successfully driven forward a focus on gender and given guidance to the Secretariat (and the Bank more generally) on how to better integrate gender awareness in project planning. **We would like to replicate this success** with efforts to address some of the cross-cutting themes whose outputs are currently off-track, such as fragility, conflict and violence or climate change mitigation.

The additional spend that is proposed through this CCN has arisen partly through the combination of positive programme reputation and increased demand for support relating to the blue economy. Although contributing UK ODA funds to PROBLUE brings about a multitude of benefits, we are also looking to facilitate the transition to sustainable financing mechanisms and mitigate the need to provide continued future additional spend. This uplift is being produced at the same time as the BPF's blue finance mobilisation strategy is being developed. There will be many opportunities for PROBLUE and the strategy to inform and learn from one another, and for PROBLUE to embed itself at the heart of how the UK works through others to mobilise sustainable blue finance.

ix. Implications of non-approval Implications if not approved

If this uplift were not to be approved, the programme would continue to operate, and the UK would retain its status as a donor until our remaining funds are spent. However, with such a large gap between recipient demand and current PROBLUE budget, non-approval would not prevent the funding of recipient-executed projects with PROBLUE timelines (currently \$14 million demand), but it would also send a strong message to other donors and programme partners that the UK's commitment to the blue economy is wavering. As co-chairs of PROBLUE in the run up to COP28, the risk of non-approval to the UK's leadership reputation must be considered and we would unlikely be permitted to renew our co-chair position. We are in a strong position to influence further country donor funding with this uplift. The outcome of discussions on uplifts at the last donor-only session in September 2023 indicated interest from other donors, subject to internal budget negotiations.

Dependencies

The main dependencies of this investment will be the level of donor funding for this financial year, and the UK's ability to work with other donor countries. The level of donor funding will determine the number and scope – and therefore overall impact – of activities and working with donors will be dependent on our ability to influence and negotiate. The risk is medium on both counts, as whilst we have built good relationships with both PROBLUE and the donors over the last two years additional replenishments have not been committed to yet. The UK is planning a donor meeting for September 2023.

Break clauses

Section 5 (disbursement, cancellation, withholding of payments) of the admin agreement sets out the conditions under which the donor can address non-compliance with the WB and if necessary, withhold payments until relevant measures have been taken.