

Ocean Risk and Resilience Action Alliance (ORRAA): Annual Review, FY 2021/2022

Title: Ocean Risk and Resilience Action Alliance Programme – Phase 1		
Programme Value £ (full life): £1,900,000		Review date: November 2022
Programme Code: 36650	Start date: September 2022	End date: June 2022

Summary of Programme Performance

<u>Year</u>	2021-22							
<u>Overall Output Score</u>	A							
<u>Risk Rating</u>	Medium							

This Business Case/Annual Review was completed in June 2022 and reflects the delivery priorities and required compliance standards at the time. At the time of publication (December 2025) some of these priorities and standards have changed. The Annual Review has been published in the form it was approved at the time and should be considered in that context.

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Abbreviations

Acronym	Spelled out
BC	Business case
BPF	Blue Planet Fund
CSS	Climate Smart Shrimp Initiative
Defra	Department for Environment, Food and Rural Affairs
FY	Financial Year
GRP	Global Resilience Partnership
LDCs	Least Developed Countries
LogFrame	Logical Framework
MARFund	Meso-American Reef Fund
NbS	Nature-based Solutions
ODA	Official Development Assistance
ORIC	Ocean Resilience Innovation Challenge
ORRAA	Ocean Risk and Resilience Action Alliance
R&D	Research and Development
SIDS	Small Island Developing States
SU	Stockholm University
ToC	Theory of Change
UK	United Kingdom
VfM	Value for Money

Section A: Programme Summary/ Overview

A1. Programme Description

ORRAA is a multi-stakeholder alliance bringing insurers, banks, governments, academia and civil society together to help steer at least \$500 million of investment into coastal and ocean natural capital and surface at least 50 new finance products by 2030. The UK provided ORRAA £2m in FY 2021/22 for technical assistance (e.g., training, community engagement, research and core secretariat costs) to improve the enabling environment to attract and crowd in other sources of private, philanthropic and public ocean financing into the ocean space. This funding is through Defra's share of the £500m Blue Planet Fund (BPF, which is a UK Official Development Assistance (ODA)) budget to support eligible countries to reduce poverty, through sustainable management of their marine environments.

Through investing into ORRAA, the UK seeks to help create the enabling environment necessary to overcome critical barriers to investing in ocean finance and in turn encourage increased investment into the ocean. Greater investment in coastal natural capital and innovative finance products to reduce ocean risk will mean vulnerable coastal communities in ODA-eligible countries are more resilient to climate and economic shocks and sustainable management of coastal habitats and resources is incentivised.

A2. Supporting Narrative

UK involvement in ORRAA has so far funded: eight pilot projects, the Ocean Resilience Innovation Challenge (ORIC) project, plus the ORRAA Secretariat (ORRAA's policy, communications, delivery and coordination hub). UK investment has supported development of innovative financial solutions, member engagement and outreach, communications, and fundraising. See Annex 4 for programme highlights.

The programme score for FY 2021/2022 is A – met expectations. The table below outlines the Output Indicators which were exceeded, on track, unable to be assessed (due to being partially complete) or not met.

Output Indicators likely to be Exceeded	1
Output Indicators On track	7
Output indicator partially achieved	1
Output Indicators Cannot be assessed/not assessed	4
Output Indicators not met	1

We recommend that this programme is continued as per the Phase 2 business case for the grant term 2022-2026 to enable identified pilot projects from Phase 1 to be developed further and new agreed projects to be supported. These projects will be identified and agreed bilaterally between Defra and ORRAA.

A3. Lessons learnt and recommendations

Lessons learnt

- Although an ORRAA logic model is available for the programme, the LogFrame can be improved to track progress in achieving long term outcomes and evaluate VfM.

- There was no dedicated Defra team programme manager between November 2021 and April 2022. Sufficient resource is needed to enable effective programme management. See section E for further information.
- Lack of resource and challenges with the reporting (due to absence of agreed logframe and appropriate project level-KPIs) meant that assurances on progress and problems was not as robust as it could have been. Improved reporting processes and clarity on the milestones for all parties (ORRAA, Defra and downstream delivery partners) will allow for more transparent and comprehensive reporting.

Recommendations

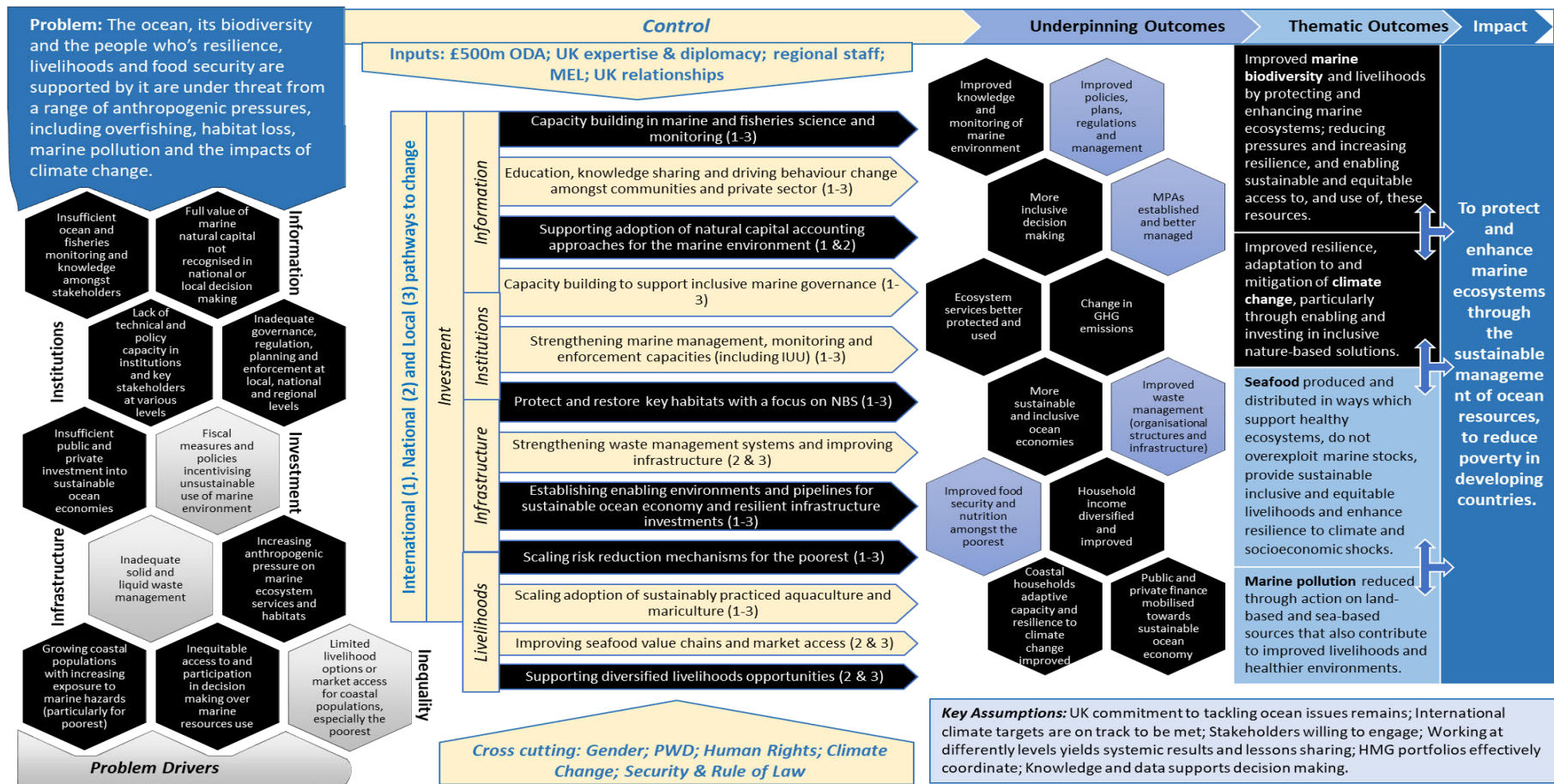
- Revisit the Theory of Change with ORRAA, reviewing the programme inputs, activities outputs and confirming how they contribute to each of the outcomes. Explore the assumptions regarding the pathways to achieving ORRAA's outcomes and develop the risks from these assumptions. Consider the relative importance of each output to achieving the outcomes and from that to develop output weightings.
- Revise the LogFrame and indicators by 02/05/2023 to assess the impacts we are looking to achieve through UK funding (to note, not to create a new ToC or logic model for ORRAA as a whole organisation, as this would impact the members and require full Steering Council sign off). Consider whether some outputs should be re-classified as outcomes (e.g., ii) improved environmental sustainability of coastal ecosystems and resources (in Ha) iii) creating long term impact, either independently or as part of a larger initiative).
- Identify how ORRAA can more closely join-up and share lessons learnt (and vice versa) with wider BPF programming to drive greater efficiencies in delivery and contribute to greater impact.
- Develop an annual schedule of formal progress reviews and reporting so all parties (including downstream Delivery Partners) are sighted on financial milestones.
- Defra programme team is now fully resourced but must ensure that this is maintained throughout the grant term with appropriate milestones agreed with ORRAA for progress updates on projects and grant arrangements.
- Add a risk to the Risks register on attribution of resource mobilised as it is key for the UK to monitor 'progress/success' as well as be able to talk about UK investment 'growing' through encouraging others.

Section B: Progress review

B1. Theory of Change

BPF Theory of Change with highlights to indicate alignment with ORRAA's ToC which is currently in narrative form.

Cells shaded in black indicate the overlaps between the two ToCs.



The **short-term outcomes** agreed for Phase 1 were:

1. Deliver an increased pipeline of pilot projects for innovative finance products that increase coastal resilience
2. Grow the effectiveness of the Alliance to influence greater investments in coastal natural capital
3. Improve the design/implementation of gender-sensitive ocean resilience pilot projects in key vulnerable regions

The **pathways for delivering these outcomes**, as noted in the Strategic Case within the Business Case are:

1. Financial Innovation
2. Science & Research
3. Policy & Governance

1. Deliver an increased pipeline of pilot projects for innovative finance products that increase coastal resilience

The process of identifying and selecting projects was conducted with careful consideration in order that we funded projects with strong links to BPF outcomes. To ensure the pipeline of projects increased and focused on BPF outcomes, we worked in collaboration with ORRAA to direct where UK funds were spent. Through our role on the ORRAA Steering Council, the UK input into ORRAA's annual work plan which in turn supported ORRAA to increase their pipeline, amplify their engagement and increase membership.

2. Grow the effectiveness of the Alliance to influence greater investments in coastal natural capital

This outcome is complex due to the inherent challenges with increasing investment into coastal natural capital. Issues with ocean literacy within the private sector and adequate evidence to increase investors' confidence into marine natural capital were key considerations. Growth of influence and investment largely depended on effective piloting of projects, knowledge sharing and the ability to scale initiatives on a regional or national basis.

In order to grow the alliance, we also worked to strengthen ORRAA's profile during the UNFCCC COP26 and the UK's G7 Presidency. We worked collaboratively with ORRAA to attract financial commitments towards ocean resilience as well as other initiatives, drawing support from the G7's endorsement of our joint engagement plan on ocean resilience.

3. Improve the design/implementation of gender-sensitive ocean resilience pilot projects in key vulnerable regions

The underlying assumptions of short-term outcome 3 is that projects are designed to be able to navigate cultural sensitivities in order to have a positive impact on gender related issues through, for example, increasing women's participation and decision-making. To strengthen both the design and implementation, the ORRAA Governance ToR committed to ensuring that programmes of work were underpinned by gender, equity and human rights considerations. As a result of this, all projects submitted to ORRAA were required to demonstrate how the project will address gender and equity. UK Funding also contributed to the development of a set of standardised indicators, measuring activities under each of ORRAA's priority pathways

and their contribution towards ORRAA's objectives. The indicators were designed to ensure that all projects are underpinned by gender, equity and human rights.

B2. Assessment of whether programme is on track

The grant was awarded slightly later than originally planned so this review covers the 6 months to June 2022 (the end of the first phase of ORRAA).

Quantifying outcomes attributable to the UK funding is challenging due to the monetary and in-kind contributions provided by institutional partners, ORRAA members and delivery partners.

Progress towards outcome 1: *Deliver an increased pipeline of pilot projects for innovative finance products that increase coastal resilience.*

- The outputs from the nine initiatives supported through this grant (eight pilot projects plus ORIC) have increased the financial literacy and knowledge of climate risk of 85,882 people across 6 countries.
- ORIC provided direct financial support and mentoring to three projects to help develop and scale the most innovative and promising initiatives for coastal and community resilience.
- Reporting at the project level has demonstrated that all UK grant-funded projects can be scaled-up, replicated or continued, subject to further funding.
- The UK has contributed to the development of a set of standardised indicators, measuring activities under each of ORRAA's priority pathways and their contribution towards ORRAA's objectives and Theory of Change.
- The Coastal Risk Index Project produced a global set of sub-national social vulnerability maps and data combined with current flood maps with and without tropical coastal ecosystems (reefs and mangroves).

Progress towards outcome 2: *Grow the effectiveness of the Alliance to influence greater investments in coastal natural capital.*

- At the end of the first year, the ORRAA programme has successfully delivered on the 'critical pathway to impact' identified within the Blue Planet Fund Theory of Change - 'investing in finance-based climate resilience and risk reduction'. Through ORRAA, the estimated mobilised finance that can be attributed to the UK's £2m investment through the BPF stands at approximately £1.2m to date¹ (Since 2021/2022).
- ORRAA's Science and Research Framework conducted a global and integrated quantitative assessment of ocean risk and vulnerability in SIDS and LDCs. The findings from this report are an example of how the Alliance uses research to increase the evidence and persuasive narrative needed to encourage private investment in marine natural capital.
- At COP26, the UK COP26 Presidency and ORRAA co-hosted a high-level roundtable on Ocean Action Day, bringing together 29 representatives from the private sector,

¹ As 20.6% of the initial investment can be attributed to the BPF, we have assumed that 20.6% of mobilised private finance can be attributed to the BPF, which stands at £1.2m (20.6% * £6.05m).

governments, and civil society to commit to investing into coastal and marine environments to accelerate the finance essential for building resilience. Climate vulnerable states voiced their priorities for ocean action and mobilising blue finance. Attendees of the roundtable committed at least GBP£17.1 million to ocean resilience initiatives.

- ORRAA launched seven thought leadership reports aimed at both RESEARCHERS, NGO's, private and public sectors, including the Value at Risk report with WWF; a sequence of three reports with the Stockholm Resilience Centre; and a jointly commissioned report with Europe Jacques Delors released in May 2022, to coincide with the G7 meetings.

Progress towards outcome 3: *Improve the design/implementation of gender-sensitive ocean resilience pilot projects in key vulnerable regions*

- Drawing on the BPF safeguarding and equality policies of the BPF and Stockholm Resilience Centre, ORRAA developed a set of standardised project selection and assessment criteria to ensure that all projects are underpinned by gender equality.

The ORRAA Science and Research project generated three key outputs:

1. Fact sheets on gender-differentiated roles, contributions, and vulnerabilities in fisheries across a selection of SIDS and coastal LDCs in Sub-Saharan Africa.
2. A scoping brief which assessed and considered the specific risks (including gender aspects) associated with ocean sand extraction in SIDS and coastal LDCs, with a particular focus on Sub-Saharan African countries.
3. A framework for a global and integrated quantitative assessment of ocean risk and vulnerability in SIDS and LDCs that summarised that many studies on understanding ocean risk often neglect complex interlinkages and cumulative impacts across a system. Such uneven understanding can exacerbate existing inequity in already vulnerable communities.

B3. Recommendation on whether programme should continue.

Based on the outcome results (*Sections B1, B2*) and the output assessment (*Section C*), there is sufficient evidence that the programme represents good value for money (VfM). Outputs under the three agreed outcomes were achieved, despite the shortened delivery window due to delays in producing the grant agreement at the outset. The intention is to continue support across the 5 years of the BPF, where UK support aims to help develop, scale up and create sustainable long-term finance models through investment in technical assistance, training and outreach, data gathering and modelling.

Section C: Output assessment

Overview of programme output indicators and targets

With ORRAA still in early stages of delivery, some targets have been established for outputs. ORRAA have agreed project assessment criteria with their donors and this will be incorporated more fully into the Phase 2 LogFrame. There are 14 output indicators for phase 1 of ORRAA:

Agreed short term outcomes, Phase 1	Output Indicators	Relevant BPF KPI	Short-term target; or ORRAA's longer term 2030 goals	Outcomes delivered by Sept '22, supported UK grant	On track to meet short-term targets; or ORRAA's 2030 goals?	Evidence used to assess progress/ comment on progress
Deliver an increased pipeline of pilot projects for innovative finance products that increase coastal resilience	Number of innovative financial tools or projects with potential to be brought to scale and deliver systemic change	1, 2, 3, 7, 8, 9	Target: 15 products by 2025	14	Likely to exceed	15 products aimed for by 2025. 14 products in development in 2022, via monetary support. This has been maintained for 2022-23, with 20 in development via in-kind support.
	Number of projects or products with potential to create impact by:					
	i) increasing # of people with improved resilience in coastal areas through access to financial products	2.1; 2.2; 2.3; 2.4	Undefined target for UK funded projects; ORRAA's target by 2030: resilience of 250 million climate vulnerable people	85,882 (42,104 male and 43,788 female)	Yes	Some projects receiving BPF funding exceeded the number of people engaged with and number of insurance livelihood policies taken out or renewed. >4,065 people directly enrolled in life insurance coverage via Rare's Fisheries Financial resilience project in the Philippines, contributing to benefits for 16, 667 people (based on average family size of 4.1). Training 2,563 savings clubs' members

Agreed short term outcomes, Phase 1	Output Indicators	Relevant BPF KPI	Short-term target; or ORRAA's longer term 2030 goals	Outcomes delivered by Sept '22, supported UK grant	On track to meet short-term targets; or ORRAA's 2030 goals?	Evidence used to assess progress/ comment on progress
						<p>Kenya: 875 registered fishers benefitted from the business plan development, via the Community Livelihood Incubator (CLI), supported by WWF;</p> <p>Madagascar: 2,720 people benefitted from the current pipeline of work in WWF's CLI, focusing on seaweed harvesting, reducing post-harvest loss in small scale fisheries and eco-tourism.</p> <p>ORIC: 40 women and 55 youth supported by AFO Mangroves</p> <p>22 people were supported with job opportunities through RePurpose Global.</p> <p>Number of small-scale fishers positively impacted by access to parametric Insurance, estimated at up to 50,000 products covering 205,000 beneficiaries .</p> <p>Individual projects (MAR Fund and fisheries financial resilience): indicator is judged to have been exceeded.</p>

Agreed short term outcomes, Phase 1	Output Indicators	Relevant BPF KPI	Short-term target; or ORRAA's longer term 2030 goals	Outcomes delivered by Sept '22, supported UK grant	On track to meet short-term targets; or ORRAA's 2030 goals?	Evidence used to assess progress/ comment on progress
	ii) improved environmental sustainability of coastal ecosystems and resources (in Ha)	2.1- 2.5; 8; 9; 7	Not yet agreed		Cannot be assessed	Too early to assess, though individual projects have estimated potential capacity for protected ecosystems if pilots were brought to scale. Initial positive results for sustainable management of mangroves in Indonesia (CSS), of seagrass in Tanzania (ORIC) and the Meso-American Reef (MARFund). However, more time required to establish if the results provide expected outcomes for ecosystem resilience and livelihoods. Recommend changing to an outcome level indicator for Phase 2.
	iii) creating long term impact, either independently or as part of a larger initiative.		Not yet agreed		Cannot be assessed	Too early to estimate long term impacts of any of the pilots, policy proposals or innovative finance tools. Recommend changing to an outcome level indicator for Phase 2.
Grow the effectiveness of the Alliance to influence greater investments in coastal natural capital	Increase in number of new members		No specific target set, objective is to increase membership and diversity of membership annually. Number of members in 2020: 35	Number of members in 2022: 56	Yes	Attributed to work of the Secretariat in 2021-22

Agreed short term outcomes, Phase 1	Output Indicators	Relevant BPF KPI	Short-term target; or ORRAA's longer term 2030 goals	Outcomes delivered by Sept '22, supported UK grant	On track to meet short-term targets; or ORRAA's 2030 goals?	Evidence used to assess progress/ comment on progress
	Increase in number of new members or delivery partners from the global south		No full members from SIDS or LDCs in 2020. 2 Observer members (Fiji, India)	2022: 1 full member (Palau) 2 Observers	No	The low number of full members from SIDS and LDCs is recognised by the Secretariat. Measures being implemented to increase representation of the global south at full member, observer, institutional members and delivery partner level
	Increased value of investment from private and public sector	1	Pre UK baseline funding: £1.6 million ² . Target is \$10m USD by the end of 2022, \$1bn by 2030.	£15.8 million	Yes	Attributed to work of the Secretariat. To date (since 2020), total direct contributions to ORRAA , including funding from the private sector, governments, NGOs and philanthropies. ORRAA had a target to fundraise \$10m USD by the end of 2022, which has been met.
	value of finance leveraged for coastal resilience outcomes	1	0	£6.05million	Yes	Attributed to work of the Secretariat. As a result of the UK's £2m investment, an estimated £1.2million is attributed as mobilised finance.
	Number of policy papers, knowledge exchange sessions and information products produced by ORRAA	4	2 Solutions Labs scheduled at the start of the FY year.	7 papers, 6 'Solutions Labs' & 1 close out call for UK, with all delivery	Yes	Attributed to work of the Secretariat & projects.

² \$2.1m USD contribution by Canada in 2020/21

Agreed short term outcomes, Phase 1	Output Indicators	Relevant BPF KPI	Short-term target; or ORRAA's longer term 2030 goals	Outcomes delivered by Sept '22, supported UK grant	On track to meet short-term targets; or ORRAA's 2030 goals?	Evidence used to assess progress/ comment on progress
				partners attending and presenting.		
Improve the design/implementation of gender-sensitive ocean resilience pilot projects in key vulnerable regions.	Number of R&D products with potential to influence policy, planning or governance processes with increased inclusion of local people	1, 2, 3, 4	3 (products agreed for all UK funded R&D projects) 3 of the 9 projects supported by the UK were either focused R&D or had research products as outputs.	3	Partially	Attributed to work of the Secretariat & projects funded by the UK BPF. Products designed for use by decision makers in policy and planning produced by: CORVI, CRI and ocean risks and vulnerabilities in SIDS and LDCs. Assessed as 'Partially' met as some papers are still being finalised at time of the writing (Nov '22) Additional modelling and evidence available via Rare, Rare/WTW and MAR Fund projects. ORRAA reported that 3 policies informed by their projects were formally proposed or adopted.
	number of scalable pilots or projects in place with data and modelling capabilities for investors to quantify ocean-derived risk	1, 3	6 of the 9 UK funded projects were designed to produce models or data to increase investor confidence.	6	Yes	Additional projects with modelling capabilities and publicly accessible data have been produced by ORRAA and their delivery partners via funding from other donors. This output does not include the number of individual concepts supported by ORIC 2.0

Agreed short term outcomes, Phase 1	Output Indicators	Relevant BPF KPI	Short-term target; or ORRAA's longer term 2030 goals	Outcomes delivered by Sept '22, supported UK grant	On track to meet short-term targets; or ORRAA's 2030 goals?	Evidence used to assess progress/ comment on progress
	Number of stakeholders engaged with training schemes or pilot projects	3; 4; 6	1000	2,746 people	Yes	<p>ORRAA project summary report documents 2,746 people as having received training via the financial innovation pathway.</p> <p>Specifically, 2,563 people completed Insurance Literacy Training in the Philippines; and 87 people received direct training from the MARFund project (47 women and 40 men). With the remainder receiving training as part of the other projects</p> <p>This training is in addition to the engagement strategies and community outreach and (where relevant) recommend actions for increasing buy-in and participation from local communities and businesses (including regional microinsurance providers) as part of the next steps in the project reports.</p> <p>55 knowledge products were developed by ORRAA and delivery partners, which were accessed by 5,739 users.</p>

Agreed short term outcomes, Phase 1	Output Indicators	Relevant BPF KPI	Short-term target; or ORRAA's longer term 2030 goals	Outcomes delivered by Sept '22, supported UK grant	On track to meet short-term targets; or ORRAA's 2030 goals?	Evidence used to assess progress/ comment on progress
	Number of pilot project sites assessed and determined as suitable for ecosystem protection or restoration	1, 2, 7, 9	No targets agreed for Phase 1	3	not assessed	Three shrimp farm owners engaged as part of the CI-led Climate Smart Shrimp Initiative. 80,000 ha identified via spatial analysis as suitable for entry to the initiative.
	Number of projects with local knowledge incorporated in decision making	3, 6	No target set		Not assessed	Insufficient detail in the project reports to provide a number but indications are that projects are incorporating local knowledge into decision making. All projects operating within and with communities include descriptions of consultations, training and incorporation of lessons learnt into subsequent training and outreach. For future reporting rounds, delivery partners can be asked to assess this output, as it is in line with ORRAA's project assessment criteria, agreed in 2022.

Using the above assessment at the output level, we assess that ORRAA are on track to support BPF high level outcome of 'investing in finance-based climate resilience and risk reduction in order to achieve thematic and underpinning outcomes.' Due to the limited window for delivery of Phase 1 outputs and absence of specific targets for all indicators, indicators have not been weighted for this assessment. Targets have been drawn from agreed outputs at the project level (e.g., R&D products produced for influencing policy) as well as ORRAA's longer-term outcomes (for e.g., 250m people positively impacted by 2030) and shorter-term goals (e.g., USD\$10m fundraised by 2022).

Early results suggest that at a programme level, several BPF KPIs have been met by ORRAA- KPIs 1, 2.1, 2.3 and 4 and that with further funding, these and additional KPIs will be met more effectively, including KPIs 3, 6, 7, 8 and 9. The outcomes will contribute towards fund level evaluations.

Section D: Risks

Risks are logged, managed and reviewed by the programme manager. The likelihood and severity of these risks was reduced by working closely with ORRAA as outlined by the mitigating measures in the table below.

Risk description	Baselined Likelihood	Baselined Impact	Current Likelihood	Current Impact	Has this risk increased, diminished or maintained level of risk?	Mitigation Actions
Political instability of countries where ORRAA activities are taking place, which results in projects not going forward or lack of political buy-in.	Medium	Medium	Low	Medium	This likelihood of this risk has diminished due to increased Political buy-in. Projects were also able to take place despite fluctuations in instability.	1) Working closely with ORRAA to align country focus. 2) Considered ad hoc updates via delivery partners in the event political instability compromised the impact/likelihood of this risk.
COVID-19 impacts delivery of activities due to travel restrictions, as well as reducing the capacity of on the ground delivery partners.	Medium	High	Low	Medium	The impact of this risk has diminished as both ORRAA, its delivery partners and countries have adapted to Covid-19, which has in turn enabled project delivery. The travel restrictions have largely been removed.	1) The ORRAA Secretariat and partners ability to work virtually prior to the pandemic 2) The changes in country-level Health & Safety requirements that Covid 19 have brought about will be incorporated into ORRAA's planning.
The governance arrangements fall short of what Defra considers to be acceptable, resulting in delays to project delivery and a lack of	Medium	High	Low	Medium	The impact of the risk has diminished due to the project selection and overall governance being sufficient in the absence of adequate resourcing within Defra.	1) A formal and transparent project governance structure has been developed. 2) A Funder Advisory Board (FAB) has been formed which provides oversight and coherence and helps maximise the impact of BPF funds.

Risk description	Baselined Likelihood	Baselined Impact	Current Likelihood	Current Impact	Has this risk increased, diminished or maintained level of risk?	Mitigation Actions
accountability and transparency					The likelihood of the risk also diminished due to the effective communication and collaborative working relationships between Defra colleagues and ORRAA representatives.	3) Regular updates from delivery partners.
Investment in projects have unintended social or environmental impacts, including Sexual Exploitation, Abuse and Harassment (SEAH)	Low	Medium	Low	Medium	<p>The impact and likelihood of this risk has remained the same. Measures remain in place to prevent any unintended consequences however projects continue to have an ongoing risk which continues to be monitored.</p> <p>The impact was considered Medium throughout due to the nature of small-scale piloting. Increased scaling of projects may result in a higher impact rating.</p>	<p>1) ORRAA are subject to the policies of the Stockholm Resilience Centre and GRP, which has strict policies in place and training and support to prevent sexual exploitation, abuse and harassment (PSEAH).</p> <p>2) ORRAA use social and environmental analysis tools as part of programme design. All organisations that are receiving ORRAA funds need to maintain a risk register and review policies that include a focus on anti-corruption and safeguarding, including PSEAH.</p>
Limited control over where and how our funds are spent.	Low	Low	Low	Low	The impact and likelihood of this risk has remained the same . We continue to have effective working relationships with ORRAA and utilise the ORRAAs funder advisory board to ensure funds are spent in ways aligned to the BPF outcomes.	We will work in collaboration with ORRAA to direct where UK funds are spent. We also have influence over the direction of spend via the ORRAA funder advisory board.
Fluctuations in exchange rates could cause a reduced sum of money. In the event of adverse currency movement, there will	Low	Low	Medium	Low	The likelihood of this risk has increased to medium once we reassessed the potential for this to occur during periods of global instability. The impact still remains low but will continue to be monitored for further volatility.	Exchange rates will be monitored, and concerns will be raised if there is potential for a large loss of funds. There is possibility to adjust the timing of payments to avoid liquidity risk if necessary.

Risk description	Baselined Likelihood	Baselined Impact	Current Likelihood	Current Impact	Has this risk increased, diminished or maintained level of risk?	Mitigation Actions
be reduced potential for project delivery						ORRAA will need to be able to absorb some currency fluctuations and accept that the total amount the received may slightly differ.
Fund diversion, including fraud, corruption, bribery, theft, terrorist financing, money laundering and other misuse of funds that prevents funds being directed to the correct purpose	Low	Medium	Low	Medium	The impact and likelihood of this risk remained the same . Measures and procedures in place which prevent these have worked effectively and remains to ensure the misuse of funds is prevented.	A zero tolerance to fraud will be taken. A full Fraud Risk Assessment has been completed for this investment, a risk register will be kept and monitored throughout the lifetime of the agreement. ORRAA will follow the rules and procedures of its well-established co-hosts GRP who has various routines and procedures in place.
Lack of consideration by delivery partners of the impact of project to local society and culture.	Low	Low	Low	Low	The impact and likelihood of this risk remained the same . Ensuring social and cultural factors are considered remains a key strategic element of the interventions lead by delivery partners.	ORRAA use a multi-sector approach which minimises the likelihood. They work with local delivery partners such as RARE, who contextualise interventions for local contexts and work alongside local delivery partners. Projects use tools such as political economy and stakeholder analysis to understand the impact of interventions.

Section E: Programme Management

E1: Summary of Defra and delivery partner performance

Maintaining a schedule of both formal and informal updates was challenging in the management of the programme. This was largely due to resourcing challenges within Defra though both organisations struggled at times to allocate enough time to engage with consistent frequency.

The programme began without measurable objectives and outcomes. This made creating a LogFrame challenging, as well as evidencing detailed outcomes which we could then directly link back to BPF outcomes.

ORRAA effectively managed risks and provided transparent reporting on the projects being managed through their downstream Delivery Partners, however, there were times when more direct contact with Delivery Partners may have been beneficial.

Finally, sharing of information (via email) and not having a mutual cloud-based file sharing meant that version control of documents was an issue at times, causing minor problems and delays.

Positives of working with ORRAA

ORRAA colleagues are accessible and conduct themselves in a transparent manner. They communicate risks and are open about the opportunities to collaborate in the interest of mutual outcomes and generating increased support for nature positive, sustainable blue finance.

They have used meetings, emails and established a shared Teams site to support exchange of reports and answers to our questions, which has had a substantial positive impact on our communication and collaborative working. They continually demonstrate interest and willingness to work with Defra to improve strategic alignment, create efficiencies and collaborate on improving governance processes, such as by creating the Funders Advisory Body.

Finance and reporting

ORRAA comply with financial and programme management reporting requirements, providing Defra with independently audited accounts for the FY 21-22 for ORRAA's projects and also for Stockholm University (SU) who manage the grant on behalf of ORRAA. ORRAA have published an end of year report on impact and outcomes for the year. Since we were late to reach a grant agreement, we agreed to report by phases rather than by financial quarter: this made it harder to link reports to payments and will need to be improved for the Phase 2 grant agreement. No issues were escalated to Commercial or Finance Business Partners during the grant term.

Joint areas for improvement

Reporting and payment cycles - As we settle into the rhythm of delivering throughout a full reporting year (FY 22/23 and annually to March 2026), we will use agreed reporting cycles of quarterly updates consisting of: at 3 and 9 months- RAG status reports; at 6 and 12 months, full delivery and financial reporting tied to payment milestones.

The reporting rhythm has been considered alongside other funders requirements and other regular milestones so that the volume of reporting is manageable, respects the requirements of key funders and ensures the focus of work is on delivery rather than resourcing reporting functions.

Updates to the budget allocation - Whilst budgets for individual projects and timelines for delivery were relatively short, as budgets grow, we will closely track any changes along with rationale to support, using our formal reporting processes. This will ensure our budget can remain flexible and responsive to the landscape in which it is spent and continues to deliver VfM and impactful outcomes.

Risks and safeguarding - As projects move to scale, it is critical to ensure safeguarding is built into all projects, with clear and safe processes for reporting and whistleblowing. Defra may have to undertake enhanced due diligence checks as projects move to scale and financial and safeguarding responsibilities are transferred from SU to ORRAA Inc. An internal due diligence checklist will be used to assess need for enhance due diligence in Q2 of 2023/24.

With regards to risk management, we suggest the use of residual risk post-mitigation within our risk logs in order to optimise our joint risk management approach.

Governance and programme updates - ORRAA recommend a standing monthly call between the ORRAA project manager and Defra project manager and core teams with a pre-agreed agenda. These types of calls have held throughout the year but have been quite reactive and focused on urgent issues or needs around future grants. More frequent calls have subsequently been arranged for the new FY (2022/23 and onwards), with ad-hoc ones to address issues/events arising out of the standing calls.

Information sharing - Version control of documents mentioned in the challenges section meant information quickly became out of date. We will continue to sense check the usefulness and efficiency of the shared Teams site as projects are scaled and reporting becomes more detailed. This will create efficiencies in reducing email enquiries and wait times when reviewing progress updates and reports.

Stronger join-up with wider BPF programming - As several current and future pipeline countries and project themes are shared between ORRAA and the UK's MPA, IUU and COAST programmes, we should be identifying core areas to join efforts and create efficiencies and greater impact in delivery. This will include FCDO and ORRAA but could also be expanded to bring in expertise on safeguarding, reporting and evaluation.

E2: Value for money overview

The AR process combined with research conducted for the 2022-2026 Business Case give us confidence that ORRAA has a proven track record of mobilising finance and will be able to expand their activities to leverage further finance and align this with nature positive

investments, which support Defra's Nature Finance goals. Working directly with ORRAA also provides access to expertise of downstream delivery partners from across the private, NGO and civil society sectors and non-state actor sectors; thereby expanding our pool of DP's and range of deliverables beyond that which we could achieve working bilaterally. Recent investments made by other donors (including Canada) signal that growing confidence in ORRAA as an organisation to invest in.

Following the initial results of the first-year investment, we have strong confidence in the original VfM appraisal presented in the business case – both that the illustrative portfolio provides an accurate representation of the impact of the investment, and that these outcomes and performance are in line with the indicative range of estimates. The new evidence provided by ORRAA validates the assumptions made in the ex-ante appraisal to the extent possible with year 1 outputs and provides greater confidence in these assumptions.

The 'four E's' of ODA Value for Money

Economy (*are we buying at the right price?*) - ORRAA have included a wide range of new delivery organisations through their competitive innovation fund, ensuring investments are made at the right price. ORRAA and its donors critically assess organisations against established investment criteria.

Efficiency (*are we spending well?*) - ORRAA aims to leverage at least \$500m USD of investment coastal and marine natural capital through the development and deployment of financial products that build the resilience of 250 million climate vulnerable coastal people, by 2030. To meet this target, ORRAA had an intermediate target to fundraise \$10m USD by the end of 2022, which has been exceeded.

Effectiveness (*are we spending wisely?*) - Since Defra's initial £2m investment, a new Financial Advisory Body (The FAB) has been implemented. This body supports ORRAA in monitoring potential funding conflicts of interest, overlap with other existing donor investments, and help prevent "double dipping" by projects, thereby reducing duplication and ensuring funding and any opportunities for co-funding are aligned. It will also ensure that funding for new projects is maximized while providing space to leverage additional funding streams to support the scaling of current ORRAA projects.


Equity (*are we spending fairly*) - ORRAA seek to focus on the most vulnerable populations. Project partners are required to specifically explain how their project has been designed and will be delivered in such a way to take into consideration gender and equity and outline how women, children and other vulnerable groups will benefit from the project.

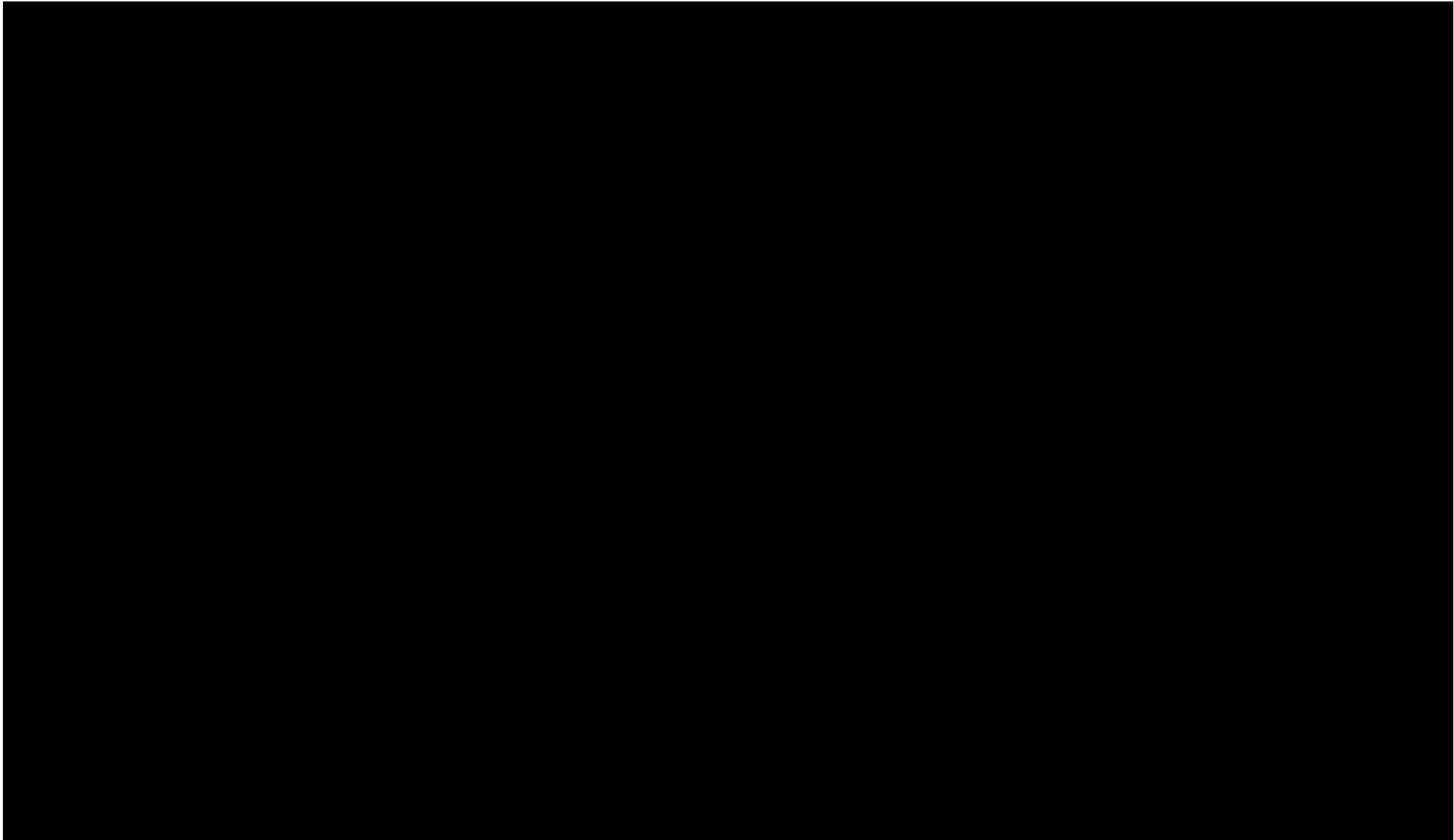
In summary, using this appraisal and the assessment of programme level outputs in Section C, we are confident that the investment in ORRAA to date represents value for money. The investment achieved many of the desired outcomes such as an increase in knowledge and data gathered through the Phase 1 projects, the pipeline that has been created for others to invest in, progress in driving ocean and financial literacy across the private sectors/coastal communities respectively. Good value for money was also demonstrated where we saw communities benefit from access to affordable insurance policies and sustainable ecosystem management skills.

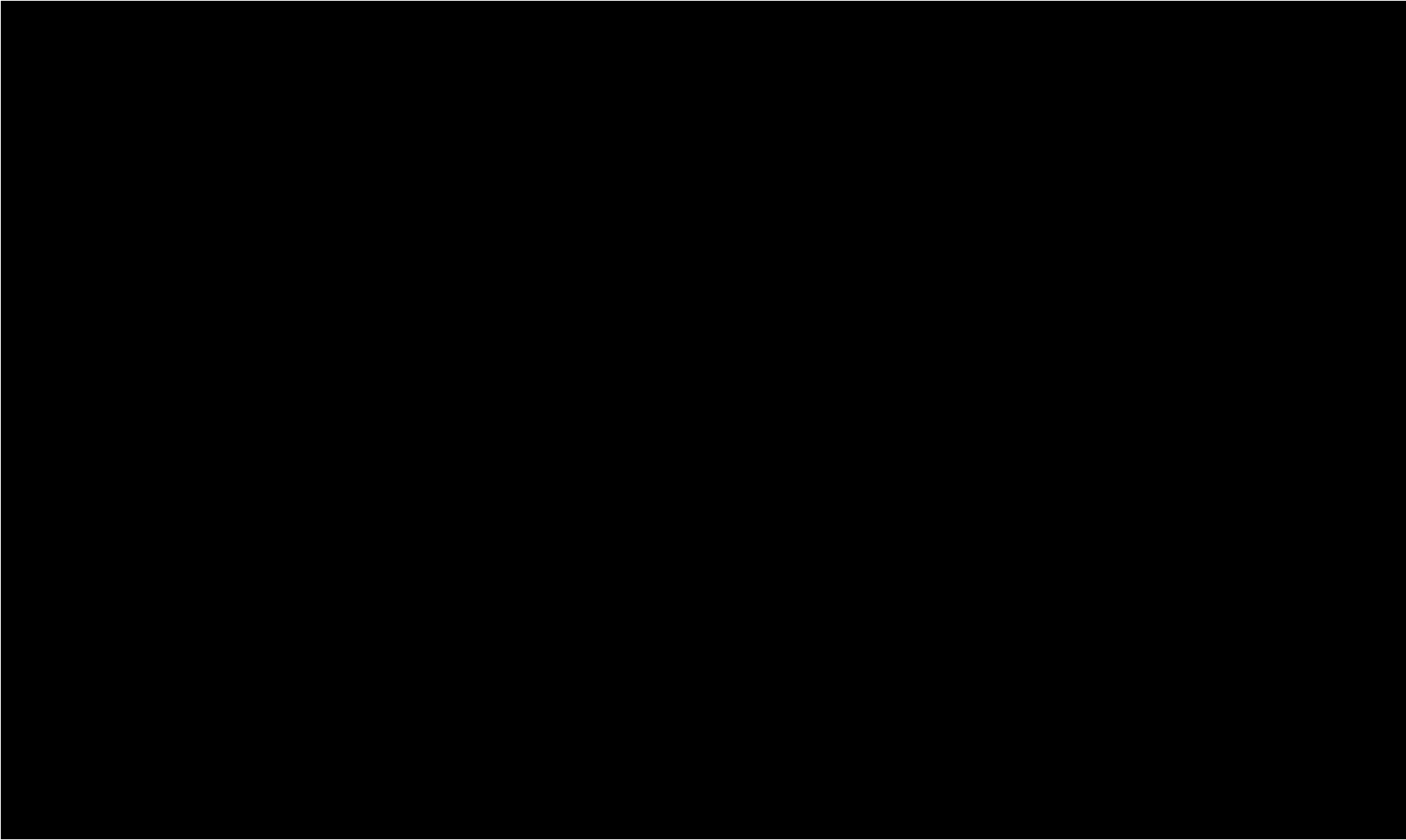
See Annex 5 for further information on the Value for Money assessment.

Annex 1: ORRAA Logic model

The ORRAA programme does not have a LogFrame but does have a logic model designed by the Alliance below:

						
Appendix I: Logic Model						
Ultimate Outcome	Improved state of coastal resilience for 250 million people by 2030, particularly women and girls in SIDS and coastal developing countries where ORRAA finance products/projects have been deployed					
Indicators	People supported to be resilient, with a focus on women and girls (### people + communities + cities + ecosystems) + ha / km2 area protected / conserved (disaggregate into eco-systems internally - safeguard 30% of the world's ocean by 2030) + CO2 emissions avoided ¹³					
Priority Pathways	Financial Innovation: Pioneering innovative and scalable finance and insurance products that catalyse over USD 500 million of investments to protect and regenerate valuable natural assets while delivering a return on investment		Science and Research: Accelerating ocean risk and resilience research and modelling that informs financial innovation and policy action to reduce the impacts of climate and ocean change		Policy and Governance: Informing, advancing and driving public and private policy commitments and action that value nature, build coastal resilience, reduce ocean risk and accelerate the delivery of the SDGs	
Indicators outcomes	Finance and investments leveraged (directly, indirectly)		Knowledge generated, adopted and used		Policies engaged with, approved, implemented	
Outcomes	Leverage public & private investments in coastal natural capital that deliver a return on investment	Surface, incubate and scale 50 finance and insurance solutions that build resilience by investing in nature	Undertake research and develop strategies to better understand, analyse, predict, model and manage ocean risk	Improve the design and implementation of gender-sensitive ocean resilience projects in key vulnerable regions	Act as a connector and catalyst for cross-sector collaboration across the Global North and South	Advance global narrative on ocean risk and coastal resilience with policymakers, finance leaders and investors
Indicators outputs	Value of financial innovations, users of financial innovations, training delivered, etc		Knowledge products created and shared		Organizations supported (type), partnerships formed	
Outputs	Creating a market for investment in coastal natural capital that yields environmental, social and economic benefits as well as financial returns	Deliver ground-breaking projects with local impact and global potential for increasing resilience	Support Alliance members, partners and communities to implement and incorporate the latest findings on ocean risk and resilience	Embed gender-sensitive strategies and environmental and social safeguards in all of ORRAA's work	Participate in key events and discussions to promote the Alliance's work, projects and fundraising goals	Bringing crucial private sector commitments and expertise to support government and not-for-profit action
Indicators inputs	Projects supported, funding provided		Conduct research, collect and analyze data		Event engagements, meetings organized	
Inputs	ORRAA Sea Change Impact Finance Facility (SCIFF) scoped, developed and delivered	ORRAA Innovation Challenges and projects delivered, implemented and scaled	Conduct research, collect data and engage members through dedicated meetings, newsletters and the ORRAA Solutions Series	Analyse impacts of ocean risk on women and girls, and incorporate solutions that empower and strengthen their resilience	Establish effective ORRAA Secretariat (core team and policy and coordination hub) to serve ORRAA members, support the Alliance's projects and engage in policy development	Engage ORRAA members and increase contributions/participation from Global South and private sector stakeholders including fundraising
¹³ Indicators are currently in development in collaboration with the Global Resilience Partnership ORRAA Theory of Change						
				1	March 2022	





Annex 3: Output scoring

Label	Score
Outputs substantially exceeded expectation	A++
Outputs moderately exceeded expectation	A+
Outputs met expectation	A
Outputs moderately did not meet expectation	B
Outputs substantially did not meet expectation	C

Annex 4: ORRAA 2021-22 programme highlights

- Following the completion of Rare's Finance Resilience and Parametric Insurance Solutions projects in the Philippines and Indonesia, \$500k was invested in the FY2023 budget through leveraged finance. Communication materials were accessed by approximately 150 people, and 2 policies were proposed. This pilot is aimed to result in an increased uptake of insurance products and safety net options provided through innovative community savings projects. Once this product is piloted across several coastal municipalities as a proof of concept, the pilot aims to directly benefit 50,000 registered and licensed fishers. With the average family size of a fisher family in the Philippines is 4.1 persons, the pilot is expected to reach 205,000 beneficiaries.
- Technical assistance in the form of GIS habitat analysis and in-country engagement, to identify sites suitable for implementing sustainable aquaculture techniques and mangrove restoration in shrimp ponds in the Philippines (Conservation International-led Climate Smart Shrimp Project).
- Delivery of a unique meta-analysis of all ocean risk and vulnerability assessment tools that exist to date, to support delivery of more robust risk and vulnerability assessments that underpin decision making and local scale policy in SIDS and LDCs. Includes a series of fact sheets, focusing on gender and fisheries dimensions spanning several different social, economic, geographical, and cultural contexts across the sub-Saharan African region. With input and steer from the African Development Bank (AfD) NGOs and Fisheries Ministries in Tanzania, the information collated is intended as a reference for technical support in terms of institutional strengthening and capacity building of women's Small to Medium Enterprises (SMEs) along the fish and agri-commodity value chains.
- Training on the use of a rapid assessment tool in Kiribati and Sri Lanka to assess risk from ocean and climate change to coastal cities. The outcomes of the assessments will inform decisions regarding investments to improve the safety and resilience of coastal communities and uptake by coastal managers and planners (Climate and Ocean Risk Vulnerability Index)
- Developing effective and inclusive engagement and training programmes for coastal residents, local government and NGOs, in order to provide timely support to post-hurricane reef recovery activities in the Greater Caribbean area (MAR Fund)

The UK grant funded activities in 2021-22 have:

- Improved resilience through access to financial tools for 85,882 people in 6 countries³
- Mobilised an estimated £1.2million finance attributed to the UK's investment⁴.
- Co-hosted with Defra (the UK Presidency) a [high-level blue finance roundtable](#) on Ocean Action Day at COP26, bringing together 29 representatives from the private sector, governments, and civil society. The roundtable event saw commitments to investing into resilient coastal and marine environments of at least £17.1 million, and ORRAA announced four new members;
- Increased engagement from Global South members with 1 new full member representing SIDS (Palau), with India and Fiji as Observers with a further 5 SIDS and LDCs in discussions to join.
- Seven thought leadership papers produced in collaboration with blue finance experts and private sector business, dissemination via ORRAA's website and social media platforms, and promoted at events attended.
- Increased number of projects in delivery since ORRAA's inception, attributed to ongoing work of the Secretariat and Leadership team, in addition, 14 innovative products in development in 2022, via monetary support. This has been maintained for 2022-23, with 20 in development via in-kind support.
- R&D delivered on the impact of ocean and climate risk on vulnerable communities in SIDS and LDCs, in particular, the impact on women and girls.
- At the UK's request, established a Funder Advisory Board (FAB), comprising funders to ORRAA, to advise on ORRAA's funding objectives, assist with fundraising, and support the Secretariat in monitoring potential funding conflicts of interest and preventing duplication by ORRAA project partners.

³ Calculated as the number of people benefiting from purchase of livelihood and personal insurance policies piloted by UK funded ORRAA projects in Philippines, Indonesia, the Greater Caribbean Region Kenya and Madagascar. UK are not sole funders contributing to this outcome. In-kind contribution have been provided by NGOs, AXA XL, InsuResilience and others, with monetary contributions from Government of Canada, Willis Towers Watson and others.

⁴ As 20.6% of the initial investment can be attributed to the BPF, we have assumed that 20.6% of mobilised private finance can be attributed to the BPF, which stands at £1.2m (20.6% * £6.05m).

Annex 5: Further information on Value for Money assessment

Examples of updated information used to inform the ex-ante VfM analysis, taken from project reporting from Phase 1 projects:

- For weather based parametric insurance for small scale fishers, the proxy case study estimated a partial BCR of 10:1. This assumed that 50,000 fishers having access to insurance. Following the completion of the feasibility study, the intent is to pilot the product across several coastal municipalities as a proof of concept. Thus, data on the actual number of people supported is still not yet available. The proxy study estimated that an extreme weather event insurance product for fisheries in the Caribbean could provide up to £10 of benefit for every £1 of spend. The UK financed the pilot project in full, with in-kind contributions from others. The project report states the estimated cost per fisher of this coverage will be between \$9 and \$13 per year, with this providing coverage of \$100 per year. This is therefore consistent with the assumptions of the proxy case study.
- The only benefit quantified for the proxy study for ‘Financing the Mesoamerican Reef’s Resilience to Extreme Climate events’ was increase in value of the programme. Following the results of the first-year investment, this value has not changed. However, 87 people have received direct training now in reef response and reef resilience, significantly more than 22 people recorded at the time of the initial review.
- For the Ocean Risk Innovation Challenge (ORIC) 2.0, reporting of results will not be available in full until 2023. No assumptions used for the proxy analysis have changed.

