

## Global Program for the Blue Economy (PROBLUE) (Pillar 2)

### Key results:






- Stemming the flow of plastics and waste to the ocean from land-based and sea-based sources.
- Supporting development of new business models and interventions before plastic becomes waste.
- Supporting the reduction in the use of plastics, in particular in the plastic for packaging segment.

### Justification for support:

Since the 1960s, the global production of plastic has increased 20 times with a current production of around 325 mill. tons a year. 5-13 mill tons of the plastic end in the oceans and constitute 80 % of the global ocean waste. Furthermore, plastic production and other waste generates 400 mill. ton CO2 per year. Plastic waste pollutes at both land and sea, with great consequences for the wellbeing of people and animals, as well as businesses such as tourism and fisheries. The plastic pollution thus has great economic, environmental, health and social costs, not least in developing countries. Supporting PROBLUE will allow the World Bank to use its convening and leveraging powers to increase the attention, focus and investments to address this challenge.

### Major risks and challenges:

Key risks factors include weak capacity of participating governmental agencies; complex policy issues, including the management of reform processes and the resistance of key public and private sector stakeholders to the introduction of reforms, which may not provide equal or short-term benefits; insufficient attention paid to cross-cutting issues such as gender and climate change in the activities; dependence on factors and conditions outside the control of the program, such as climate change, credit institutions and foreign investment.

<b>File No.</b>	2019-22842	
<b>Country</b>	Global	
<b>Responsible Unit</b>	MKL	
<b>Sector</b>	Environmental policy and administrative management	
<b>Partner</b>	The World Bank Group	
<b>DKK mill.</b>	<b>2019</b>	<b>Tot.</b>
<b>Commitment</b>	20	20
<b>Projected ann. disb.</b>	20	20
<b>Duration</b>	1 year	
<b>Previous grants</b>	N/A	
<b>Finance Act code</b>	06.34.01.80 Øvrige bidrag	
<b>Head of unit</b>	Henriette Ellermann-Kingombe	
<b>Desk officer</b>	Minna Stevnhoved	
<b>Reviewed by CFO</b>	NO	
<b>Relevant SDGs [Maximum 1 – highlight with grey]</b>		
 1 NO POVERTY	 2 NO HUNGER	 3 GOOD HEALTH, WELLBEING
 4 QUALITY EDUCATION	 5 GENDER EQUALITY	 6 CLEAN WATER, SANITATION
 7 AFFORDABLE CLEAN ENERGY	 8 DECENT JOBS, ECON. GROWTH	 9 INDUSTRY, INNOVATION, INFRASTRUCTURE
 10 REDUCED INEQUALITIES	 11 SUSTAINABLE CITIES, COMMUNITIES	 12 RESPONSIBLE CONSUMPTION
 13 CLIMATE ACTION	 14 LIFE BELOW WATER	 15 LIFE ON LAND
 16 PEACE & JUSTICE, STRONG INST.	 17 PARTNERSHIPS FOR GOALS	

### Strategic objectives:

To reduce marine litter and pollution and contribute to the restoration of coastal and marine ecosystems.

### Justification for choice of partner:

PROBLUE builds upon the World Bank's experience and track record in marshalling resources from other trust funds for the environment, and for coastal and oceanic issues especially. Furthermore, PROBLUE activities are designed to exploit entry points along the World Bank Group programming and project cycles.

### Summary:

The PROBLUE Multi-Donor Trust Fund is part of the World Bank's overall Blue Economy program. PROBLUE supports the achievement of Sustainable Development Goal 14: Life Below Water and the World Bank Group's Twin Goals of ending extreme poverty and boosting shared prosperity. PROBLUE provides the World Bank and its partners with a vehicle to identify current trends and emerging threats to oceans and the coastal and marine economy, formulate appropriate solutions to action, and support the implementation of interventions for moving into the Blue Economy across four pillars: 1) improved fisheries governance; 2) marine litter and pollution reduction and prevention; 3) blueing of oceanic sectors; and 4) integrated seascapes. Denmark's funds will be preferenced to Pillar 2.

### Budget:

1. To support the sustainable development of fisheries and aquaculture	0
2. To reduce marine litter and pollution and contribute to the restoration of coastal and marine ecosystems	17,1
3. Blueing of traditional sectors and new economic activities	0
4. To promote integrated and sustainable development in coastal and marine areas	0
<b>5. Indirect costs</b>	<b>2,9</b>
<b>Total</b>	<b>20</b>

## Table of content

1. Introduction.....	3
2. Brief summary of issues to be addressed and institutional context .....	3
3. Strategic considerations and justification.....	4
4. Theory of change and key assumptions .....	6
5. Project Objective and summary of results frame.....	10
6. Inputs/budget.....	10
7. Institutional and Management arrangement.....	10
8. Financial Management, planning and reporting.....	12
9. Risk Management .....	13
Annex 1: Results framework .....	14
Annex 2: Budget details .....	15
Annex 3: Risk Management Matrix.....	15
Annex 4: Communication Plan.....	18

## **1. Introduction**

Over three billion people depend on the ocean for their livelihoods – the vast majority living in developing countries. Marine fisheries alone directly or indirectly employ more than 200 million people. This makes oceans an important source of wealth, contributing to between 3 and 5 percent of global GDP.

At the same time, the overall health of the oceans is reaching a tipping point: Close to a third of fish stocks are overfished; Climate change is impacting coastal and marine ecosystems through a variety of vectors; Unbridled development in the coastal zone is causing erosion; Widespread desalination in semi-enclosed seas is threatening fauna and flora alike; And marine pollution – particularly from land-based sources – is reaching such a proportion that its impacts cannot even be accurately measured.

The role of healthy oceans in stabilizing climate and keeping the planet cool is increasingly better understood and given the prominence and visibility it deserves in the global action arena. Furthermore, healthy oceans have a great potential for helping developing countries boost employment, reduce poverty and enhance food security. But we also know that business as usual in the different economic sectors associated with coastal and marine ecosystems will have severe environmental and social impact, and is expected to disproportionately affect vulnerable groups of the population, and in particular women and girls.

This project document focuses on the second pillar of the PROBLUE program, which addresses the need for marine litter and marine pollution prevention and reduction, particularly addressing the challenge of marine pollution from plastic. Since the 1960s, the global production of plastic has increased 20 times with a current production of around 325 mill. tons a year. 5-13 mill. tons of the plastic end in the oceans and constitute 80 % of the global ocean waste. Furthermore, plastic production and other waste generates 400 mill. ton CO<sub>2</sub> per year. Plastic waste pollutes at both land and sea, with great consequences for the wellbeing of people and animals, as well as businesses such as tourism and fisheries. The plastic pollution thus has great economic, environmental, health and social costs, not least in developing countries.

PROBLUE's work will be done by identifying, preparing and implementing bankable operations in marine litter and pollution reduction and prevention, and strengthening client capacity in implementation. This includes stemming the flow of plastics and waste to the ocean from land-based sources, supporting development of new business models and interventions before plastic become waste and generally a reduction in the use of plastics. This will happen with a particular focus on East and South Asia as well as SIDS, which are facing the most severe environmental and economic impacts of marine litter and pollution.

## **2. Brief summary of issues to be addressed and institutional context**

The PROBLUE Umbrella 2.0 program is part of the World Bank's overall Blue Economy<sup>1</sup> program, whose goal is to achieve integrated and sustainable economic development in healthy oceans. The key stakeholders other than the project countries are thus the World Bank, as well as the other donor-partners to PROBLUE (Norway (MFA and NORAD), Sweden, Iceland, France, Germany, and Canada. USA and the European Commission support Pillar 1 and 4 through PROFISH).

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<sup>1</sup> The World Bank defines the Blue Economy as the sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem.

PROBLUE supports the achievement of Sustainable Development Goal 14: *Life Below Water* and the World Bank Group's Twin Goals of *ending extreme poverty and boosting shared prosperity*. PROBLUE provides the World Bank with a vehicle to identify current trends and emerging threats to oceans and the coastal and marine economy, formulate appropriate solutions to action, and support the implementation of interventions for moving into the Blue Economy across four pillars:

- 1) Improved fisheries governance
- 2) Marine litter and pollution reduction and prevention
- 3) Blueing of oceanic sectors
- 4) Integrated seascapes

Support for these pillars, along with important crosscutting Danish priorities such as sustainable growth, gender and climate change, allows for full responses to the challenges facing our oceans. The Administrative Agreements will note that the Danish contribution is preferenced to pillar 2.

### **3. Strategic considerations and justification**

The "blue economy" concept seeks to promote economic growth, social inclusion, and the preservation and/or improvement of livelihoods while at the same time ensuring environmental sustainability of the oceans and coastal areas. At its core, it refers to the decoupling of socioeconomic development through oceans-related sectors and activities from environmental and ecosystems degradation. It draws from scientific findings that ocean resources are limited and that the health of the oceans has drastically declined due to anthropogenic activities. These changes are already profoundly felt, affecting human well-being and societies, and the impacts are likely to be amplified in the future, especially in view of projected population growth.

The blue economy has diverse components, including established traditional ocean industries such as fisheries, tourism, and maritime transport, but also new and emerging activities, such as offshore renewable energy, aquaculture, seabed extractive activities, and marine biotechnology and bioprospecting. A number of services provided by ocean ecosystems also contribute significantly to economic and other human activity such as carbon sequestration, coastal protection, waste disposal and the existence of biodiversity.

The mix of oceanic activities varies in each country, depending on their unique national circumstances and the national vision adopted to reflect its own conception of a blue economy. In order to qualify as components of blue economy activities need to:

- provide social and economic benefits for current and future generations.
- restore, protect, and maintain the diversity, productivity, resilience, core functions, and intrinsic value of marine ecosystems.
- be based on clean technologies, renewable energy, and circular material flows that will reduce waste and promote recycling of materials.

PROBLUE intends to deploy its contributions to leverage significant resources from the World Bank and, eventually, the private sectors. To effectively influence World Bank operations, PROBLUE activities are designed to exploit entry points along the World Bank Group programming and project cycles. Entry points around the programming and project cycle are aligned with the three I's approach: 1) influencing the agenda; 2) improving and enhancing operations; and 3) increasing impacts.

In line with the three I's, each of the four pillars will focus on three main areas of engagement: 1) generating and sharing knowledge, to raise awareness and influence the agenda; 2) country-level support; and 3) increasing investments in the sectors.

PROBLUE activities will be selected based on defined criteria and in line with the following operating principles:

- Pursuit of a demand-driven program aligned to the World Bank clients' interest.
- Create the knowledge base to set the Blue Economy agenda.
- Empower women and girls in blue sectors.
- Adapt to and mitigate the effects of climate change.
- Generate a high-value Blue Economy portfolio by scaling up the World Bank's impact.
- Engaging the private sector by Maximizing Finance for Development.
- Respond to the needs of SIDS and LDCs while addressing root causes of shared issues in MICs.
- Focus on a results-oriented approach.

PROBLUE is also committed to addressing oceanic issues in situations of Fragility, Conflict and Violence (FCV). In addition to FCV, PROBLUE has identified several cross-cutting areas, including climate change, gender and mobilizing resources from the private sector, and clients applying for funding need to indicate in their proposal whether the activity will address either of these. Proposals that are addressing one or more of the crosscutting themes will be prioritized.

Adherence to the aid effectiveness agenda:

Criteria	
Ownership	All proposals for country-level activities are required to show evidence of country interest and ownership.
Alignment	All proposals at the country-level must be aligned to the Country Partnership Framework <sup>2</sup> between the Government and the World Bank.
Harmonization	PROBLUE is the product of an effort to harmonize the approach and share information among several donors to the issues facing our oceans.
Results	Learning from its predecessor PROFISH, PROBLUE will have a greater focus on results and results monitoring. Successful proposals for funding must be highly results-oriented.
Mutual accountability	Through the annual Partnership Council meeting and ongoing dialogue throughout the year, as well as close cooperation with our partners in the countries both donors and partners will be accountable for delivering results.

Justification for the proposed project in relation to the OECD DAC criteria:

Criteria	Justification
Relevance	<p>Action to improve waste management and address marine litter and marine pollution is urgently needed to mitigate human impacts on ecosystems, human health, climate change and the economy. Danish priority to help addressing the challenge internationally, which will help program countries meeting several SDGs.</p> <p>The program will initially focus on projects in three regions: East Asia, in line with the WB East Asia and Pacific regional action-plan currently under development; South Asia and the African continent where growth in waste and plastics is expected to go the fastest; and the SIDS, which are particularly exposed and vulnerable to marine pollution.</p>

<sup>2</sup> The CPF is a four- to six-year strategy that the World Bank Group develops for a country to guide its operational activities. The CPF focuses on the WBG's added value in that country and is produced in close coordination with the WBG's counterpart in government (usually the Ministry of Planning/International Cooperation or Ministry of Finance). All projects and programs that the WBG finances within the time frame of this strategy must be aligned with it.

Impact	PROBLUE offers a high potential impact on waste management and pollution reduction through the bank's long-term involvement in countries, and through PROBLUE's leverage effect. Projects are also expected to indirectly influence climate change, gender (women typically involved in waste picking/sorting) and formalizing livelihoods (Waste pickers often vulnerable, work in unhealthy conditions and lack basic access sanitation and health services. Social inclusion and waste pickers livelihoods crucial for project designs, focus on how to improve working conditions and poverty reduction.)
Effectiveness	Close, long-standing relations with partners will be leveraged to achieve lasting change. Drawing on experience from large existing solid waste management portfolio, as well as previous lessons learned from the predecessor PROFISH will help design effective projects. See also the theory of change.
Efficiency	To effectively influence World Bank operations, PROBLUE activities are designed to exploit entry points along the World Bank Group programming and project cycles. As a result, the impact of PROBLUE activities are expected to extend beyond their dollar value by enabling investments in the Blue Economy across a wide range of WB operations, including lending and technical assistance.
Sustainability	PROBLUE diagnostics and technical assistance is client demand-driven, embedded with the relevant national authorities and stakeholders and linked to other World Bank programmes and project.

Synergies with other Danish multilateral and bilateral engagements/projects/priorities:

The decision to specifically support PROBLUE's work on Marine Litter and Pollution Prevention (pillar 2) reflects a broad political consensus across political parties in the Danish parliament on strengthening Denmark's efforts to reduce plastic use and pollution and develop a circular plastic economy. This is motivated by a wish to both reduce CO2-emissions (around 400 mill. tons CO2-emissions yearly stem from plastic production, usage and burning), as well as protect animal and human health from the direct consequences of plastic pollution.

Denmark is establishing a new national plastic centre guiding companies and consumers on circular plastic use and design, while also launching initiatives to for instance support the cleaning of beaches, mapping, removal and prevention of 'ghost nets' in Danish oceans. At the same time, it is a declared priority for Denmark to take part in regional and global forums, where Denmark can contribute to solutions addressing the global plastic challenge. On an EU-level Denmark seeks to develop common rules for plastic production and recycling, while internationally works to strengthen this agenda through for instance the World Economic Forum's Platform for Accelerating the Circular Economy (PACE). This also goes for the Danish development cooperation, where "unsustainable consumption patterns that lead to pollution and contamination of air, soil and water as well as increased waste problems" is a declared priority in the current Danish strategy for development cooperation 'The World 2030'. In the political agreement between the Danish government and supporting parties, the focus on fighting plastic pollution is further underlined in a wider context of strengthened Danish leadership on the green agenda and higher ambitions on climate, environment and nature. Danish support to the plastic pillar PROBLUE should be seen in this context.

Furthermore, while being directly relevant to SDG14 (life under water), specifically 14.1 (prevent and significantly reduce marine pollution of all kinds), the work of PROBLUE is expected to contribute to addressing several additional SDGs – SDG3 on health, SDG 5 on Gender Equality, 11.6, 12.4 and 12.5 on waste management and circular economy, SDG 13 on Climate Change, 15.1 on land conservation as well as 6.3 on water quality.

**4. Theory of change and key assumptions**

The project ToC is briefly summarized below, as answers to key guiding questions in a ToC approach:

### What are the changes to which this project wants to contribute?

PROBLUE wants to contribute to preventing and reducing marine litter and pollution, which will help the restoration of coastal and marine ecosystems health. Available information on marine pollution emphasizes the wide variety of sources of marine pollution, from non-point sources (with pollution released in a wide area, fx from agriculture, stormwater runoff) to point sources (from a single place) such as wastewater, solid waste and lost fishing gear. Abatement of pollution and waste entering the oceans therefore requires a systemic approach that addresses all sources, including both land-based and sea-based contributors. This should be addressed through policy reforms, introducing new regulations and other actionable projects to reduce consumption patterns of plastic and general improved waste management.

Action to improve waste management and address marine litter and marine pollution is urgently needed. While the total economic impact still needs to be assessed precisely, initial studies suggest that it ranges in the billions of dollars, with a wide range of available estimates. One study estimates that marine litter costs \$13 billion a year, mainly through its adverse effects on fisheries, tourism, and biodiversity.<sup>3</sup>

### How will the change happen in the specific context?

Broadly speaking, the above will be done by identifying, preparing and implementing bankable operations in marine litter and pollution reduction and prevention, and strengthening client capacity in implementation. While the approach to prevent and reduce marine litter and pollution will be adapted to fit country context, it broadly includes:

- 1) Stemming the flow of plastics and waste to the ocean from land-based sources (mainly improving waste management in coastal areas and along river basins) and sea-based sources (improving waste management in fishing activities, shipping, cruising).
- 2) Supporting development of new business models and interventions before plastic become waste, transitioning from waste to value, hereby enabling the transition to circular economy.
- 3) Supporting the reduction in the use of plastics, in particular in the plastic for packaging segment, through innovation and behavioral changes, both from the consumer and industries point of view.
- 4) Long-term prevention of marine plastics requires looking at the broader plastic consumption patterns, and solutions supporting the development of new business models and the reduction in the use of plastics. Depending on the specific conditions in each country, this can be achieved through a combination of interventions in (i) municipal solid waste management and hazardous waste management, particularly in coastal areas (both policy and infrastructure), (ii) support the development of the circular economy, (iii) reduction in production of single-use plastics, with a combination of policy reforms and technology innovation, (iv) beach and hot-spot clean-ups, (v) control of water pollution from point sources and non-point sources, and (vi) pollution from activities in marine environment, such as waste and wastewater management from shipping activities, lost fishing gear, and accidental waste leaking or raw plastics material from offshore activities.

While PROBLUE aims to support the development of activities in all regions, a particular focus will be on main contributors (East and South Asia) and in countries where there are significant economic impacts, for example on tourism such as in the Caribbean and other SIDS.

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<sup>3</sup> Trucost – a research firm of Standard and Poor’s – The Economist, 2018.

One concrete example is the Philippines, where PROBLUE is supporting the development of an investment project to improve basic local solid waste management infrastructure in selected tourism destinations. PROBLUE will support assessment, analytics, and pre-feasibility studies to the government to prioritize and sequence solid waste management activities on select Philippine islands in cooperation with the private sector. This is expected to result in an investment project in tourism which will include a waste management component.

Another is Thailand, where PROBLUE is supporting an analytic activity intended to provide the government with increased capacity by deepening knowledge, increasing awareness, and strengthen coordination to inform strategies and support to the development of a National Action Plan for Marine Plastic Debris 2020-2027. PROBLUE will inform the preparation of the National Action Plan and support the government as it implements the plan, which will reduce Thailand's marine litter flow and improve waste management practices.

#### What is the role of the key project partners in the change process?

**PROBLUE Secretariat:** The Secretariat will collaborate with the relevant global networks, as well as support Bank regional and country teams, and other relevant departments within the World Bank to formulate proposals. The Secretariat will ensure that the proposals are consistent with client country's programs and priorities, and that they align with the overall World Bank Blue Economy approach. To effectively share knowledge associated with the various PROBLUE outputs and outcomes, the Secretariat will ensure broad access to PROBLUE resources, information on program activities, approved Strategy Notes, and other materials requiring broad dissemination.

**World Bank teams:** The various regional and thematic World Bank task teams will be responsible for submitting proposals to the Secretariat in cooperation with government stakeholders. Teams will be expected to ensure that all stakeholders are consulted, and that their interventions are well supported by relevant client countries. In addition, to support regional, national and local action, the World Bank teams will identify opportunities and provide implementation support to clients for the preparation and implementation of operations that incorporate a systemic approach to the various sources generating pollution, both land-based and sea-based contributors. Bank teams will also support clients and perform upstream preparatory and analytical work, including analytical studies, institutional and capacity assessments, assessments of private sector interventions, and diagnostics that will inform the preparation of the project by client countries and set the agenda for the Blue Economy.

**Donor-partners:** The donor-partners, through the Partnership Council, will contribute to the change process by providing strategic guidance and direction on the implementation of PROBLUE funded activities and endorse strategic priorities. The donor-partners are also contributing resources required to fulfill PROBLUE objectives.

**Client countries:** Client countries are key stakeholders who articulate country strategy and what projects and programs are desired; prepare requests for Bank support; and implement recipient executed activities with close implementation support from Bank teams.

#### What are the conditions that must be realized before the goal is achieved?

To be effective and sustainable, this approach would need to be supported by policy reforms – fiscal and regulatory – that create the incentives and generate the financial resources to improve waste management systems, expedite the transition to circularity, and reduce the use of plastics. Upstream issues must also be considered to create the necessary enabling environment for the success of



interventions, including through undertaking policy reforms that enable improvements in waste management systems, create incentives for circularity, and reduce demand and use of plastics.

Who are the key partners that need to be engaged for this change to happen?

- Private sector
- Government counterparts
- CSOs/NGOs
- Communities
- International organizations, including the World Bank Group
- Development partners

What is within and beyond the influence of the key project partner?

Potential risks that the program has limited capacity to influence include global macroeconomic conditions, existing weak capacity of executing partners (though this risk can be mitigated through capacity-building activities), the ongoing effects of global climate change, and direct foreign investment flows. However, the above do not pose material risks to the overall success of the program.

What assumptions are relevant for the change to happen?

- Stakeholder interest and cooperation
- Successful innovation to enable pathways out of plastics
- Continued attention to ocean issues

Inputs		Activities	Outputs	Outcomes	Impact	Goal
Danida development funds	<b>Component 1:</b> Creating foundations for marine litter and pollution operations	Diagnostics critical to understand the magnitude of the marine litter and pollution problem and the underlying causes. One example of this could be the Mekong river, which is polluted by mismanaged waste from both Vietnam, Cambodia, Thailand and Laos. Coordinated action is necessary to ensure long-term reduction of marine litter, but requires a better identification of the waste streams to analyze where implementing integrated waste management solutions would be the most relevant.  Creation of a platform for marine litter and pollution monitoring and an open innovation platform to stimulate innovation.	Toolkits at global, regional and national level for early identification of marine litter/pollution sources and solutions and understanding of viability of technological solutions and their economic analysis of cost and benefits.  Platform for marine litter and pollution monitoring established.	Coordinated actions for countries located in the same watershed or with similar challenges and characteristics.  Countries are able to make the case for action, define the type of action, and inform global and regional dialogues and coordination.  Standard decision support systems designed, that can draw on a range of data sources and inform decisions at the city/national level.	The understanding of the issues surrounding marine litter and pollution and its magnitude is better understood at all levels, and tools are created to help countries deal with these.	Prevent and significantly reduce marine pollution of all kinds (SDG 14.1)
Inputs from other development partners, funders	<b>Component 2:</b> Country-level identification, preparation and implementation support to operations for the prevention and reduction of maritime litter	Conduct upstream work to support country-planning exercises and develop or strengthen national action plans.  Enable WB country teams to support client countries to design, prepare, and implement Bank operations (Investment Project Financing, Development Policy Financing, Programs for Results operations).	Action-plans for operations, roadmaps for policy reforms and investment projects, project design, for short, medium and long-term interventions in the waste management chain.	Client countries implementing larger operations and undertaking policy reforms to improve waste management and reduce the waste entering the ocean.  Larger scale Bank operations designed and prepared in selected client countries.	Waste management is improved in selected client countries and the flow of litter to the ocean is reduced.	
WB global standing, network, expertise, experience and tools	<b>Component 3:</b> Country-level identification, preparation and implementation support to operations for the prevention and reduction of maritime pollution	Conduct upstream work to support country-planning exercises and develop national action plans.	Action-plans, roadmaps for policy reforms and investment projects, project design, for short-, medium-, and long-term interventions in agricultural pollution management, sanitation and for sustainable industries.	Client countries implementing larger operations and undertaking policy reforms to reduce pollution.  Larger scale Bank operations designed and prepared in selected client countries.	Pollution entering the ocean is reduced.	
	<b>Component 4:</b> Investments in marine litter and pollution prevention and management	Providing grants to beneficiary countries that they will execute as components of broader World Bank operations. The intention being that grants would incentivize client countries to actively engage in marine pollution management activities and develop their capacity, apply circular economy principles, and increase the capacity of implementing agencies to manage programs that will contribute to the prevention / reduction / abatement of marine pollution efficiently and effectively.	Examples of outputs include:  i) improved collection schemes in areas where important leakages are known; ii) alternatives introduced to a product that has been banned or in a country that is planning to implement a ban; iii) existing outflow hotspots are rehabilitated; iv) clean ups and community awareness campaigns undertaken; and v) designing and helping local governments and cities conducting clean up campaigns on beaches and in waterways.	Client countries are incentivized to actively engage in marine pollution management activities, develop circular economy, increase capacity of implementing agencies to manage programs that will contribute to the prevention / reduction / abatement of marine pollution efficiently and effectively, including awareness raising programs.	This component will truly ensure the sustainability of PROBLUE's efforts in Pillar 2 as the impact will be that countries themselves are driving the issues forward.	

A summary of the theory of change for the whole of PROBLUE can be found in the image below:



## 5. Project objective and summary of results frame

The objective of the development cooperation among the parties is to prevent and reduce marine litter and pollution to contribute to the restoration of coastal and marine ecosystems health. The responsible MFA Unit will base the actual support on progress attained in the implementation of the engagement as described in the documentation. Progress will be measured through the World Bank Group's monitoring framework.

PROBLUE is in process of developing further result framework that on the one hand allows flexibility and context specificity indicators for each intervention and on the other hand allows to aggregate data to some overall indicators. PROBLUE aims to apply a cascading monitoring and evaluation regime that enables results monitoring and evaluation while empowering task teams to use the best indicators for their projects. However, several program-level indicators and pillar-specific indicators are able to be adapted to regional and country levels. An updated version of the results framework was presented for donors for discussion at the Partnership Council in October 2019.

It is expected that each activity will have its own set of indicators that will align to the PROBLUE outcomes and thematic areas. All activities, including advisory services, analytics, and other product lines, must demonstrate alignment with program and pillar objectives and outcomes. Crucially, selected activities must use indicators that align with these outcomes and outcome indicators to facilitate aggregation at the program level. Based on M&E described in the proposals, PROBLUE monitors and reports on cross-pillar synergies and crosscutting issues by collecting and analyzing relevant information (for example proportion of women beneficiaries or kinds of climate impacts mitigated).

Indicators specific to Pillar 2 are described in annex 1, however baselines or specific targets have not been defined at this point. As mentioned above, these focus on overall/ crosscutting issue. It should therefore be noted that the indicators currently are not following the overall structure of the components in the pillar, which makes comparison difficult. However, an updated results framework is expected to be presented already at the coming Partner Council meeting in November 2019. It will be a Danish priority to ensure coherence between the overall pillar components and outcome indicators in order to strengthen the results framework.

## **6. Inputs/budget**

As of 12 August 2019, 105 million USD has been committed and pledged in total by six donor-partner countries to PROBLUE (50 million signed and 55 million pledged). Of this amount, 4.5 million USD has been preferenced to Pillar 1, and 14.2 million USD to Pillar 2. In addition, approximately 86.6 million USD has been committed without preferencing.

In addition to this comes Denmark's contribution on 20 mio. DKK (just below 3 million USD) preferenced to Pillar 2. PROBLUE has an indicative 7-year budget of 79 mill USD for this pillar. In this light, the Danish earmarking does not challenge the existing budget of the trust fund, but contributes to financing pillar 2 as planned. With the donation, Denmark will be one of seven donors with a medium sized donation. With this relatively small group of donors, Denmark should have a considerable opportunity to influence in the work of the trust fund.

## **7. Institutional and Management arrangement**

PROBLUE is established as an Umbrella 2.0 program by the World Bank and is designed according to the principles of the new trust fund reform "Umbrella Program," which increases strategic focus and improves oversight and efficiencies. The program is administered by the World Bank in accordance with the applicable Bank policies and procedures. The team of Bank staff focused on supporting the various PROBLUE pillars will collaborate with the relevant global networks and practices, as well as Bank regional and country teams, and other relevant departments within the World Bank.

A Partnership Council (PC) is established to (a) provide strategic guidance and direction on the implementation of the Trust Fund activities and endorse strategic priorities; (b) endorse annual work plans and budgets presented by the World Bank; and (c) review progress reports provided by the World Bank based on the results framework. The PC will meet annually or biannually, as convened by the World Bank. The Bank may agree to hold ad hoc meetings of the PC at the request of a PC member. All Donor Partners are members of the PC. The contributing development partners agree that the Bank has responsibility for the program operations, including with respect to the implementation of Bank-executed activities and the supervision of Recipient-executed activities.

To effectively share knowledge associated with the various PROBLUE outputs and outcomes, the PROBLUE management team will use various means to enable broad access to PROBLUE resources, information on program activities, approved strategy notes, and other materials requiring broad dissemination. The World Bank may also use other global and regional platforms and networks for this purpose.

### Anti-Corruption measures:

As per the Administrative Agreement between PROBLUE and each donor partner, each Donor's contribution shall be administered in accordance with the World Bank's applicable policies and procedures, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity. The World Bank will, consistent with its policies and procedures, take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the Trust Fund funds, and include provisions in its agreements with Recipients to give full effect to the relevant Bank guidelines on fraud and corruption.

All TF grants incorporate, and are subject to, the World Bank's Anti-Corruption Guidelines, the Procurement and Consultant Guidelines, and the Standard Conditions for TF Grants. The latter provide for suspension and/or cancellation of disbursements, as well as the refund of disbursed grant

proceeds, in the event of fraud and corruption in connection with the use of grant proceeds. The Anti-Corruption Guidelines provide for certain actions to be taken by grant recipients to prevent and combat fraud and corruption in connection with the use of grant proceeds. Additionally, the abovementioned documents provide that the Bank may sanction firms and individuals found to have engaged in corrupt, fraudulent, coercive, collusive or obstructive practices in connection with the use of TF grant proceeds. When management determines that there has been a substantive departure from the purpose for which a trust fund has been established and the applicable World Bank policies and procedures, and that this departure falls within the Bank's exercise of its responsibilities, the Bank reimburses the relevant trust fund for the expenditure covered by that substantive departure.

Recipient Executed funds (RETFs) are subject to additional measures to combat anticorruption. Recipients are required to maintain adequate financial management arrangements, prepare annual financial statements in accordance with acceptable accounting standards, and to have these statements audited by independent auditors acceptable to the Bank.

The actions required by borrowers/recipients to prevent and combat fraud and corruption in connection with the use of loan proceeds are to:

- Take all appropriate measures to prevent fraud and corruption in connection with the use of loan proceeds, including (but not limited to) (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the loan are used only for the purposes for which the loan was granted, and (ii) ensuring that all of its representatives involved with the project, and all recipients of loan proceeds with which it enters into an agreement related to the project, receive a copy of the Anti-Corruption Guidelines and are made aware of its contents;
- Immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;
- If the Bank determines that any person or entity has engaged in fraud and corruption in connection with the use of loan proceeds, take timely and appropriate action, satisfactory to the Bank, to address such practices when they occur;
- Include such provisions in its agreements with each recipient of loan proceeds as the Bank may require to give full effect to these Guidelines, including (but not limited to) provisions (i) requiring such recipient to permit the Bank to inspect all accounts, records and other documents relating to the project required to be maintained pursuant to the Legal Agreement, and to have them audited by, or on behalf of, the Bank; (ii) providing for the early termination or suspension by the borrower of the agreement if such recipient is declared ineligible by the Bank; and (iii) requiring restitution by such recipient of any amount of the loan with respect to which fraud and corruption has occurred;
- Cooperate fully with representatives of the Bank in any investigation into allegations of fraud and corruption in connection with the use of loan proceeds; and
- In the event that the Bank declares any recipient of loan proceeds ineligible, take all necessary and appropriate actions to give full effect to such declaration by, among other things, (i) exercising the Borrower's right to terminate early or suspend the agreement between the borrower and such recipient and/or (ii) seeking restitution.

In the event that the World Bank determines that there are credible and material allegations of fraud, corruption, collusion or coercion in relation to Recipient-executed and/or Bank-executed activities financed by PROBLUE that result in the Bank opening an investigation into such allegations, the Bank shall, in accordance with its applicable policies and procedures:

- (i) take timely and appropriate action with respect to such allegations and, where relevant, seek appropriate redress, including potential sanctions;
- (ii) as soon as practicable, inform the Donors of the outcome of the investigation, provided that the Donors agree to keep such information confidential, unless such information is already publicly available;
- (iii) on a case by case basis, decide whether to share information with Donors on an active Investigation, and provided that the Donors agree to keep such information confidential;
- (iv) take all necessary actions to recover funds that are the subject of an investigation where the Bank has determined it as appropriate; and
- (v) to the extent that any funds are refunded to PROBLUE following an investigation, the Bank shall use such funds for the same purposes as the contributions, unless otherwise agreed between the Bank and each Donor.

## **8. Financial Management, planning and reporting**

An Annual Report, usually covering a 12-month period of activity, will be drafted in time for the PC meeting. During the initial phase of implementation of the program, the PROBLUE management team will prepare a shorter interim program progress report covering the six-month period since the last annual report in addition to the Annual Report. Financial reporting is available and accessible by contributing Development Partners through the World Bank Development Partner Center website. In addition, the Annual Report and the interim progress report will also include financial reporting information.

An annual Work Plan prepared by the World Bank PROBLUE team will be shared with all members of the Partnership Council prior to the annual meeting, where it will be reviewed and endorsed. All procurement, accounting, and auditing will follow standard Bank procedures.

The responsible MFA unit shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme. After the termination of the programme support, the Danish Ministry of Foreign Affairs reserves the right to carry out evaluation in accordance with this article.

## **9. Risk Management**

A few programmatic risks have been identified for the PROBLUE program, of which all are outlined detailed in Annex 3, together with the risk responses. These include the risk of competition and lack of coordination between development institutions, insufficient attention paid to cross-cutting issues such as gender and climate change in the activities, complex policy issues, including the management of reform processes and the resistance of key public and private sector stakeholders to the introduction of reforms, which may not provide equal or short-term benefits, logistical and management challenges associated with regional approaches, and dependence on factors and conditions outside the control of the program, such as climate change, credit institutions and foreign investment.

Further, the complexity of the sector will require technical assistance across different public sectors and authorities but also across industries, As PROBLUE needs to also engage with the polluters of the ocean, there is an institutional risk resulting from involvement with controversial sectors, such as oil, gas, and deep-sea mining. PROBLUE will, however, not directly or indirectly finance private sector involvement in extractive sectors and instead will only support the public goods function of relevant governments.

On a more general level is also the question of risks specifically related to being a newly founded trust fund. In this regard, PROBLUE draws upon the resources and expertise of the World Bank. Access to

relevant stakeholders in countries and synergies to World Bank operations allows PROBLUE to enter as trusted partner based on a demand-driven approach. This strong backing provides strong capacity to implement the program and ensure the success of financed activities. Furthermore, PROBLUE is built on experiences from other World Bank trust fund programs, such as PROFISH, and ensuring the prudential use of donor financing.

## Annex 1 - Results framework

An overall results framework is described in the boxes below. This is followed by a more detailed draft results matrix, which is currently under development.

Thematic Programme	Marine Pollution Management
Thematic Programme Objective	To contribute to the restoration of coastal and marine ecosystems health.
Impact Indicator	Pollution entering the ocean is reduced; Waste management is improved in selected client countries and the flow of litter to the ocean is reduced; The understanding of the issues surrounding marine litter and pollution and its magnitude is better understood at all levels.

Engagement Title	Programme for the Blue Economy
Outcome	To prevent and reduce marine litter and pollution
Outcome indicator	Evidence that the project has contributed to reduce the amount of land-based marine litter and pollution in oceans (t) through for example policy reforms, new regulations and other actionable projects to reduce consumption patterns of plastic and general improved waste management.

Output	Marine litter prevention
Output indicators	Marine litter outflow from rivers (t) Rate of use of fertilizer and insecticide in agriculture and horticulture (t)
Output	Marine pollution reduction
Output indicators	Rate of recycling and reuse of plastics (%) Cities with improved waste management services (number) Marine pollution from non-point sources (t) (agriculture, storm water) Marine pollution from point sources (t) (industrial effluents and wastewater).

### Draft result matrix – Marine Litter & Pollution Prevention and Reduction

**Objective:** to prevent and reduce marine litter and pollution

**Outcome indicators:**

1. Marine litter prevention: *Marine litter outflow from rivers (t)*
2. Marine litter reduction: *Rate of recycling and reuse of plastics (%)* and *Cities with improved waste management services (number)*
3. Marine pollution prevention: *Rate of use of fertilizer and insecticides in agriculture and horticulture (t)*
4. Marine pollution reduction: *Marine pollution from non-point sources (t) (agriculture, storm water)* and *Marine pollution from point sources (t) (industrial effluents and wastewater)*
5. Gender: *Share of women in agriculture with reduced exposure to chemicals (fertilizer and pesticides) (%)* and *Share of female waste pickers with reduced exposure to hazardous chemicals (%)* and *Equal pay for women and men in waste collection activities (Yes/No)*



6. Synergy (reduced economic loss in fisheries – window 1): *Fishing vessels with damages to steering and/or engine because of plastics (number)*
7. Strengthened enabling environment: *Policy and institutional framework improved (Yes/No)*

Activities	Expected Outputs	Short-term Outcomes and Indicators
<b>Component 1: Creating foundations for marine litter and pollution operations</b>		
<p><b>a) Development of toolkits</b> <b>b) Global and regional analytical work and decision support</b></p> <p>Activities under this component will lead to diagnostics of gender aspects and to conceptualize sources, pathways and impacts and identification of operations; development and dissemination of toolkits for countries to support preparation of operations, such as feasibility studies, cost-benefit analysis, institutional capacity assessment, feasibility of private sector interventions.</p>	<ul style="list-style-type: none"> <li>• Multi-country solutions to reduce marine pollution in hotspots identified and disseminated</li> <li>• Methodologies for assessments of waste / plastic streams and outflow developed and disseminated</li> <li>• Toolkits of best practices prepared and disseminated</li> <li>• Farm pollution incidence and impact tool developed</li> <li>• Improved waste management and disposal technologies tested and documented</li> <li>• Incentive schemes for use of reusable, recyclable or compostable packaging conceptualized and shared</li> <li>• Industry standards on materials and alternatives to plastics developed and disseminated</li> <li>• Global topics addressed in research and publications – examples: global environmental, financial and economic cost; distributional impacts of pollution; pollution attributable to agricultural activities</li> </ul>	<p>The outputs under component 1 will raise awareness and the need for action.</p> <p>The effectiveness of these outputs will be measured by the uptake in and influence by decision-makers using the project activity tracking systems (PATs) and tracking the use of the various platforms.</p> <p>Furthermore, the following indicators (examples) will be used:</p> <ul style="list-style-type: none"> <li>– Global and regional knowledge pieces produced and validated (number)</li> <li>– Global knowledge sharing events held (number)</li> <li>– Presentations at Global knowledge sharing events (number)</li> <li>– Share of knowledge pieces that do include data sets on gender</li> </ul>
<p><b>c) Platforms, monitoring, knowledge exchange and partnerships, and Open Innovation Platform</b></p> <p>Activities under this sub-component will strengthen the support to innovation and pilots, and pioneer design of innovative solutions. These could be in the areas of finance, technology and policy and will advance new business models based on circular economy, the New Plastic Economy and new digital technologies, blockchain, commercialization of clean alternatives.</p>	<ul style="list-style-type: none"> <li>• Global Monitoring Platform established</li> <li>• Global Marine Litter Data Hub established</li> <li>• Interactive Platform for Knowledge Exchange and Partnerships established</li> <li>• Innovative tech solutions and ideas financially and technically supported</li> <li>• Innovative citizen-driven data and analytics financially and technically supported</li> <li>• Innovative policy reform processes financially and technically supported</li> <li>• Innovation Challenge designed and awarded</li> <li>• Marine Pollution Prevention Open platform or Incubator established</li> </ul>	<p>Outcomes relate to creation and nurturing new ideas and approaches to solve global marine pollution problems through innovation.</p> <p>Indicator – example:</p> <ul style="list-style-type: none"> <li>- Innovations assessed to be feasible and that optimize social, economic and environmental benefits, including gender-informed operations (number)</li> <li>- Innovation Prizes awarded (number)</li> </ul>
<b>Component 2: Country-level project identification and preparation/implementation support for prevention and reduction of marine litter prevention</b>		

<p><b>a) Country-level upstream preparatory work</b></p> <p>Activities under this sub-component will lead to the development of action-plans for operations, roadmaps for policy reforms and investments projects, project designs, for short, medium and long-term interventions in the waste management chain. It is expected that some actions will be identified and their implementation will be doable on short-term, while others are expected to require a longer teim frame before achieving results.</p>	<ul style="list-style-type: none"> <li>• Screening process to identify efficient operations at city level, in coastal areas or in rural areas tested and disseminated</li> <li>• Prospective alternatives for marine litter management including innovative, low-cost approaches piloted and documented</li> <li>• Assessment tool for institutional capacity to manage marine litter at the national and sub-national levels developed and disseminated</li> <li>• Feasibility studies of private sector interventions including PPP arrangements (legal, financial, environment and social impacts)</li> <li>• Evaluation of cost-effectiveness of various options and benefit-costs analysis of interventions undertaken and disseminated</li> <li>• Education and raising awareness programs designed</li> <li>• Pilots and feasibility assessment to scale up existing initiatives on circular Economy</li> </ul>	<p>Findings of this preparatory work (and from component 1) will inform (i) the development of technical assistance programs to strengthen governance and enhance institutional capacities for pollution management and (ii) the identification and preparation of investments and policy reforms. The effectiveness of these outputs will be measured by the uptake in and influence of the output on operations and country systems using the project activity tracking systems (PATS).</p>
<p><b>b) Country-level design and preparation/implementation support</b></p> <p>Activities will build on (i) existing analytics or action-plans developed as part of country level upstream work supported by the trust-fund or already conducted by a country; (ii) existing programs and country strategies defined in the Country Partnership Framework. This window will provide funds to enable the design and preparation of IPF, DPF and P4R operations. It will allow to build client capacity through enhanced supervision.</p>	<ul style="list-style-type: none"> <li>• Project design (technical design, financial management, procurement, safeguards, M&amp;E risk management and others) undertaken and documented</li> <li>• Pipeline of bankable operations including technical, social, economic and financial feasibility assessment of each operation designed and publicly disclosed</li> <li>• Pipeline operations assessed against country, regional and global priorities and analytic and knowledge base</li> </ul>	<p>Design and preparation of operations that will pursue an array of outcomes; e.g. reduction in marine litter outflow from urban areas; reduction in marine litter outflow from rivers; increase in recycling and reuse of plastics; reduction in use of plastics; improved waste management services</p> <p>Outcomes under this sub-component relate to availability of well-designed and appraised operations ready for implementation.</p> <p>Indicators - example:</p> <ul style="list-style-type: none"> <li>- Pipeline value (USD)</li> <li>- Pipeline projects that are gender-informed and gender-responsive (USD; number)</li> <li>- Private sector financing leveraged in pilot mechanisms (USD; number)</li> <li>- Pipeline investments in marine litter identified (USD; number)</li> </ul>
<p><b>Component 3: Country-level project identification and preparation/implementation support for prevention and reduction of marine pollution</b></p>		
<p><b>a) Country-level upstream identification work</b></p> <p>Activities under this sub-component (and those of component 2a) will lead to the development of action-plans for operations, roadmaps for policy</p>	<ul style="list-style-type: none"> <li>• Region specific monitoring and assessment in agricultural pollution and related coastal and marine pollution undertaken</li> <li>• Financial, technical and policy interventions in agricultural pollution addressed</li> </ul>	<p>Findings of this preparatory work will inform (i) the development of technical assistance programs to strengthen governance and enhance institutional capacities for pollution management; and (ii) the identification and preparation of investments and policy reforms. The effectiveness of these</p>

<p>reforms and investments project, project designs, for short, medium and long-term interventions in the marine pollution chain. It is expected that some actions will be identified and their implementation will be doable on short-term, while others are expected to require a longer time frame before achieving results.</p>	<ul style="list-style-type: none"> <li>• Diagnostics of agrochemical management practices undertaken for crop production and animal production undertaken</li> <li>• Pollution load in moving towards to commercial agriculture at scale assessed</li> <li>• Policies on agricultural inputs on inputs (chemical use) and outputs (waste and wastewater) assessed</li> </ul>	<p>outputs will be measured by the uptake in and influence of the output on operations and country systems using the project activity tracking systems (PATS).</p>
<p><b>b) Country-level design and preparation/implementation support</b></p> <p>Activities will build on (i) existing analytics or action-plans developed as part of country level upstream work supported by the trust-fund or already conducted by a country, or on (ii) existing programs and country strategies defined in the Country Partnership Framework, (iii) ongoing operations. This window will provide funds to enable the design and preparation of IPF, DPF and P4R operations. It will allow to build client capacity through enhanced supervision.</p>	<ul style="list-style-type: none"> <li>• Project design (technical design, financial management, procurement, safeguards, M&amp;E risk management and others) undertaken and documented</li> <li>• Pipeline of bankable operations including technical, social, economic and financial feasibility assessment of each operation designed and publicly disclosed</li> <li>• Pipeline operations assessed against country, regional and global priorities and analytic and knowledge base</li> </ul>	<p>Design and preparation of operations will pursue an array of outcomes – for example: reduction in marine pollution from non-point sources; reduction in the use of antibiotic, heavy metals and hormones; reductions in pollutants releases from agrochemicals into the environment.</p> <p>Outcomes under this sub-component relate to availability of well-designed and -appraised operations ready for implementation.</p> <p>Indicators - example:</p> <ul style="list-style-type: none"> <li>– Pipeline value (USD)</li> <li>– Pipeline projects that are gender-informed and gender-responsive (USD; number)</li> <li>– Private sector financing leveraged in pilot mechanisms (USD; number)</li> <li>– Pipeline investments in marine pollution identified (USD; number)</li> </ul>
<p><b>Component 4: Investments in Marine Litter and Pollution Prevention and Management</b></p>		
<p>This component would complement the above components by providing grants to beneficiary countries that they would execute as components of broader Bank (IBRD or IDA) operations (IPF, P4R, DPO) or as stand-alone operations.</p> <p>The intention is that grants would incentivize client countries to actively engage in marine pollution management activities and develop their capacity, develop circular economy, and increase the capacity of implementing agencies to manage programs that will contribute to the prevention / reduction / abatement of marine litter and pollution efficiently and effectively.</p>	<p>Specific components as part of existing operations or stand-alone operations (IPF, P4R, DPO) designed and implemented</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• One-off improvement of the collection scheme in areas where important leakages are known</li> <li>• Alternatives to a product that has been banned, with various degrees of success, or in a country that is planning to implement a ban, introduced</li> <li>• Existing outflow hotspots rehabilitated</li> <li>• Local governments and cities clean up campaigns in beaches and waterways designed and implemented</li> </ul>	<p>Outcomes from this component will be:</p> <ul style="list-style-type: none"> <li>- reduction in marine litter outflow from urban areas;</li> <li>- reduction in marine litter outflow from rivers;</li> <li>- increase in recycling and reuse of plastics;</li> <li>- reduction in use of plastics;</li> <li>- improved waste management services</li> <li>- Reduced use of fertilizer and insecticides</li> <li>- Improved management of pollution hotspots and contaminated sites</li> </ul> <p>Indicator – examples:</p> <ul style="list-style-type: none"> <li>– Participants in community awareness campaigns (number) (disaggregated by sex)</li> <li>– Land fill capacity (m3)</li> </ul>

		<ul style="list-style-type: none"> <li>- Low income areas regularly cleaned through community action (number)</li> <li>- Per capita use of household plastics (kg)</li> <li>- Share of households participating in plastic litter collection system (%)</li> <li>- Cities that meet improved service standards in waste collection (number)</li> <li>- Cost recovery in recycling/reuse (%)</li> <li>- Enterprises in pollution hotspots with control measures (number)</li> <li>- Contaminated land managed or dump sites closed (number)</li> <li>- Fertilizer and insecticide use per farm (t)</li> <li>- Share of plastics recycled (%)</li> <li>- Low income areas regularly cleaned through community action (number)</li> <li>- Share of low income areas that are regularly cleaned for marine litter (%)</li> <li>- Household waste collection rate (%)</li> <li>- Share of households participating in plastic litter collection system (%)</li> </ul>
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## Annex 2: Budget details

### PROBLUE pillar 2 – Danish contribution. (DKK mill)

Danish contribution - budget - (Million DKK)	
1. To support the sustainable development of fisheries and aquaculture	0
2. To reduce marine litter and pollution and contribute to the restoration of coastal and marine ecosystems	17,1
3. Blueing of traditional sectors and new economic activities	0
4. To promote integrated and sustainable development in coastal and marine areas	0
<b>Total Direct costs</b>	<b>17,1</b>
<b>Indirect costs</b>	<b>2,9</b>
<b>Total</b>	<b>20</b>

### PROBLUE pillar 2 – indicative 7-year budget. (US\$ mill)

Component 1: Creating foundations for marine litter and pollution operations.	12
Component 2: Country-level identification, preparation and implementation support to operations for the prevention and reduction of marine litter.	22
Component 3: Country-level identification, preparation and implementation support to operations for the prevention and reduction marine pollution.	10
Component 4: Investments in marine litter and pollution prevention and management.	35
<b>Grand total</b>	<b>79</b>

### PROBLUE Financial Summary as of September 30, 2019 (US\$)

<b>A. Total signed contribution amount from development partners</b>	49,775,429
Swedish International Development Cooperation Agency (Sida)	31,102,940
Iceland, Ministry of Foreign Affairs	1,400,000
Norway, Ministry of Foreign Affairs	12,836,970
Norwegian Agency for Development Cooperation (Norad)	2,917,493
Germany, GIZ (Deutsche Gesellschaft Für Internationale Zusammenarbeit)	558,900
France, Agence Française de Développement	959,125
Canada, Department of Foreign Affairs, Trade and Development	-
<b>B. Actual funds received from development partners</b>	29,788,347
Swedish International Development Cooperation Agency (Sida)	11,933,868
Iceland, Ministry of Foreign Affairs	800,000
Norway, Ministry of Foreign Affairs	12,836,970
Norwegian Agency for Development Cooperation (Norad)	2,917,493
Germany, GIZ (Deutsche Gesellschaft Für Internationale Zusammenarbeit)	340,890
France, Agence Française de Développement	959,125
Canada, Department of Foreign Affairs, Trade and Development	-
<b>C. Other adjustments</b>	631,168
Investment income (+)	631,168
<b>D. Total funds available at trustee level (B + C)</b>	30,419,516

### Annex 3: Risk Management Matrix

#### Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Weak capacity of participating governmental agencies, particularly with respect to Bank fiduciary and safeguard procedures	Moderate	Low	Investments in capacity building and leadership will include training and investments in building the capacity of clients to adhere to Bank policy and procedure.	Reputational risk for the Bank and for donors because fiduciary, environmental, and social safeguards procedures are not followed.	Country clients in LDCs and SIDS often have low implementation capacity, which requires capacity building and attention on the part of the implementing agency.

#### Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Competition and lack of coordination between development institutions, both bilateral and multilateral.	Low	High	Create development marketplaces, along with existing partnership agreements (such as the UN-Bank Strategic Partnership Framework and the Memorandum of Agreement between the World Bank and FAO) will help further mitigate risks. PROBLUE will also make use of the Bank's convening power to strengthen coordination and alignment.	Duplication of effort and inefficient use of resources.	Duplication of effort among multilateral institutions, especially related to strategic-level tools for developing a Blue Economy, represents a risk to the program.
Crosscutting issues, such as gender and climate change, are insufficiently addressed programmatically.	Moderate	High	Work under PROBLUE will actively ensure that women are engaged and defining priorities and derive benefits, and that the impacts of climate change are accounted for in the analysis, recommendations and capacity-building efforts. Development Partners will be able to monitor and raise	The Program will not have the desired effect on cross-cutting issues or may exacerbate existing issues.	Cross-cutting issues beyond direct impacts on Blue issues, especially those effecting gender and climate change, must be addressed to ensure the success of broader Blue programming.

			issues related to these issues in Partnership Council meetings.		
Complex policy issues, including the management of reform processes and the resistance of key public and private sector stakeholders to the introduction of reforms, which may not provide equal or short-term benefits.	High	High	Inclusive and client-driven development of interventions is key to ensuring client ownership of project interventions. Support for reform processes (including programmatic approaches) including understanding better the political economy of reforms, identifying and addressing the distributional impacts of reforms.	Key stakeholders are uncooperative or resistant to program interventions; fully mitigating this risk is impossible.	Interventions in sectors targeted by PROBLUE will not have equal outcomes for all actors; actors who do not benefit as much as others may be resistant toward interventions.
Logistical and management challenges associated with regional approaches.	High	Moderate	The Bank will extract lessons learned from its long history of regional and global engagement to mitigate this risk, including by engaging staff from the Global Programs unit.	Inefficient management of the global program.	Managing a global program of PROBLUE's size creates risk of inefficiency and high levels of commitments of staff.
Dependence on factors and conditions outside the control of the program, such as climate change, credit institutions, and foreign investment	Moderate	High	Annual work planning with the Partnership Council will allow the Bank and Donors to mutually evaluate factors outside control of the program. The Bank will identify these issues, their potential impacts, and suggest mitigation measures.	Unanticipated conditions adversely impacting program activities.	The success of the program depends on external factors outside the program's control, such as the global investment climate, climate change, and macroeconomic context of a country, and political concerns.
Difficulty in implementing proposed solutions, exacerbated because interventions will be in different sectors and will combine investments, policy reforms and innovation, behavior change, and interventions in multiple points in the plastic lifecycle.	Moderate	Moderate	Partnerships and efforts that promote local ownership, along with strong technical assistance programs from the World Bank team to strengthen governance and enhance institutional capacities for pollution management and environmental enforcement, will support the implementation of proposed solutions. Additionally, well-	Proposed interventions are not completely implemented, and results are not at level expected.	Proposed solutions to the marine plastic problem are wide-ranging and require resources and expertise to successfully implement, presenting the risk that interventions are not as successful as planned.

			designed interventions, including assessments of specific project risks, will help overcome the risk that proposed solutions are overly complex and unviable.		
Lack of innovation and of affordable and sustainable alternatives to the use of plastics.	Moderate	Moderate	The development of platforms and partnerships to increase knowledge exchange and stimulate innovation for viable alternatives to countries, use of development marketplaces and private sector engagement, and developing analytical work at the country, regional and global level will help mitigate this risk.	Innovative solutions do not have expected results and sustainable alternatives are not identified.	Innovation in plastics is difficult to predict and plan for; moreover, the existence of cost-effective and adoptable alternative to plastics is an open question, presenting the risk that endeavors in this area will be unsuccessful during the project's lifetime.

#### Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Reputational risk resulting from involvement with controversial sectors, such as oil, gas, and deep-sea mining.	Low	Low	In order to mitigate reputational risks associated with controversial sectors, PROBLUE will follow Bank applicable policies and benefit from available risk mitigation tools. In addition, PROBLUE will not directly or indirectly finance private sector involvement in extractive sectors and instead will only support the public good functions of relevant governments.	Strong stakeholder backlash and damaged reputations from work in controversial sectors	While PROBLUE does not currently have plans to work with controversial sectors such as oil, gas, and mining, future work in these sectors may expose the Bank and its partners to reputational risk.  Such activities would not be carried out without the explicit endorsement of PROBLUE Donor-Partners.

#### Annex 4: Communication Plan

A complete communications strategy for ProBlue will be presented in October. The section below serves as a broad overview.

##### 1. Messaging



- PROBLUE is a new Multi-Donor Trust Fund, housed at the World Bank that supports the development of integrated, sustainable and healthy marine and coastal resources. With the Blue Economy Action Plan as its foundation, PROBLUE contributes to the implementation of Sustainable Development Goal 14 (SDG 14) and is fully aligned with the World Bank's twin goals of ending extreme poverty and increasing the income and welfare of the poor in a sustainable way.
- PROBLUE is part of the World Bank's overall blue economy program, which is worth around US\$5 billion, with a further \$1.65 billion in the pipeline.
- PROBLUE Focuses on Four Key Areas:
  1. The management of sustainable fisheries and aquaculture
  2. **Addressing threats posed to ocean health by marine pollution, including litter and plastics, from marine or land-based sources**
  3. The sustainable development of key oceanic sectors such as tourism, maritime transport and off-shore renewable energy
  4. Building government capacity to manage marine resources, including nature-based infrastructure such as mangroves, in an integrated way to deliver more and long-lasting benefits to countries and communities
- **Marine pollution messaging**
  - Marine pollution, including plastic waste, are diverse and call for customized, urgent action.
  - The flow of plastic into rivers and oceans is getting worse as production and demand for plastic increase globally. The impact on ecosystems, human health, and the economy are immense, although difficult to quantify in terms of costs. While the total economic impact needs to be fully assessed, initial studies suggest tens of billions of dollars are lost due to marine pollution.
  - Solutions require new policies, behavior change by consumers and industry, investments, innovation and private sector interventions, customized to each country.
    - First, stem the flow of plastics and waste to the ocean from land-based sources (mainly improving waste management in coastal areas and along river basins) and sea-based sources (improving waste management in fishing activities, shipping, cruising),
    - Second, support development of new business models and interventions before plastic become waste, transitioning from waste to value, thereby enabling the transition to a circular economy.
    - Third, support reduction in the use of plastics in packaging and support behavior change on behalf of the industry and by consumers.
    - Another way is pricing, in other words to incorporate societal costs (GHGs, pollution) in to the cost of plastics. Accurately pricing plastics will lead industries to reduce non-renewable resource use, develop recycling technologies and greener alternatives.
  - There is global momentum to address this issue. The tide is turning, with emerging champions in Asia and many private consumer and goods companies are supporting initiatives to find solutions. The focus will soon shift to other regions, including Africa, and we need to get ahead of the curve.
  - The World Bank sees addressing the marine plastic problem and marine pollution more generally, as a critical cornerstone of the development of the Blue Economy. The Bank has established a Multi-Donor Trust Fund (MDTF) called PROBLUE to support integrated and sustainable economic development in healthy oceans. It will drive increased lending interventions, focus on identifying the right sequence of interventions and policies for alternative solutions, (reuse, recycle, waste manage, and reduce), and leverage other international institutions' investments and private sector interventions. The program will

help prepare projects, build a pipeline of interventions, and add components to existing projects. It will also invest in projects, bringing to scale new models in collaboration with communities.

## **2. Timeline**

A detailed PROBLUE communications plan will be presented in October in Stockholm at the Partnership Council meeting. With the recent hiring of a new Communications Officer, much of the vital brand-building infrastructure has recently been completed such as the PROBLUE logo, branding guidelines, Power Point deck, and an internal portal for interested applicants. A revamp of the external web page is currently ongoing and will be launched ahead of the October meeting.

## **3. Proposed Communications Activities**

### **1. Branding and Online**

- a. Finalize PROBLUE logo, branding guidelines and official Power Point deck [complete]
- b. Internal webpage to encourage World Bank applicants [complete]
- c. Revitalize external PROBLUE webpage

### **2. Content**

- a. Finalize messaging across all pillars
- b. Develop additional communications materials
- c. Develop social media package
- d. Map out stakeholders and identify partnership and message amplification opportunities

### **3. Execution**

- a. Build PROBLUE presence at events such as Our Ocean Conference and internally at World Bank Econothon
- b. Incorporate PROBLUE messaging in World Bank senior leadership engagements
- c. Support Blue Economy-related report launches
- d. Build support via traditional media and social media promotion
- e. Keep donors apprised through timely communication
- f. Engage stakeholders and possible partners

## **4. Audience(s)**

1. Potential partners, allies, and amplifying voices in the Oceans space
2. Existing donors: Denmark, Canada, European Commission, France, Germany, Iceland, Norway, Sweden, United States
3. Potential donors: Other countries and possibly: philanthropy, private sector (under review)
4. Internal World Bank: Global Practices, regions, country offices, and senior leadership
5. General Public, with specific focus on youth

## **5. Responsibility**

The PROBLUE Communications Officer, with support from World Bank Corporate Communications, is primarily responsible for ensuring the communications activities are carried out.

**Summary of recommendations of the appraisal**

<b>Title of (Country) Programme</b>	<b>Support for PROBLUE</b>
<b>File number/F2 reference</b>	<b>2019-22842</b>
<b>Appraisal report date</b>	-
<b>Council for Development Policy meeting date</b>	-
<b>Summary of possible recommendations not followed</b>  (to be filled in by the responsible unit)	

## **Overall conclusion of the appraisal**

The appraisal is positive and finds the proposed support for PROBLUE highly relevant as it is targeted Pillar 2 of the trust fund which addresses the challenges of marine pollution from plastic and litter. More than three billion people rely on the oceans for their livelihoods and around 60 million people are employed in fisheries and aquaculture, with the majority living and working in developing countries. Plastic pollution is one the main threats to oceans health, and hereby a significant threat to their livelihood, wellbeing and economies. In other words, the support to Problue is relevant and justified, but the urgency and scale of the plastic crisis could be elaborated a bit further to underpin the urgency to act.

The support is well aligned with the inclusive sustainable growth outlined in “The World 2030” and with the new government priority focus on climate and a green transition. The trust fund mainly focusses on SDG 14 but also addresses crosscutting issues such as gender, climate change and financing for development. The trust fund was launched in September 2018 and can have an important catalytic effect on the challenges of litter and plastic in the oceans in developing countries. The program document, however, would benefit from justifying further the argument of supporting this specific Trust Fund and earmarking the funds to pillar 2.

Problue is a relatively new trust fund integrated in the World Bank. The World Bank is a long-standing trusted partner for Denmark and has administered a series of similar trust funds with Danish contributions. Thus, risk for mismanagement and corruption is considered limited and it will allow the fund to build on the strong technical capacity of the Bank. However, entering a new “hot topic” such as plastic impose a risks that client countries do not have sufficient capacity and resources to implement the advisory services. It is therefore considered important to ensure close ties to relevant World Bank lending portfolio. It would be relevant to include reference to lessons learned that Problue builds on and how they use experience for many thematic trust fund that the World Bank manages.

The theory of change and results framework are well described and justification for the support is very evident. Problue is structured as many other World Bank trust funds aiming at influencing its lending operations while adding value to client country by providing technical assistances and diagnostic that can be turned into policy- and regulatory reforms and bankable projects. The theory of change also describes what areas could be supported such as improved land-based waste management, reduced consumption of plastic and reduced pollution from fishing and shipping. However, if the theory of change could be summarized in the introduction it would help to simplify the approach and it is also recommended to provide a few concrete examples on how the planned diagnostics and technical assistances would lead to outcomes such as bankable projects and policy reforms.

Monitoring and evaluation is insufficiently described. It is emphasized that it is a priority to maintain flexibility and avoid prescriptive indicators. Though it is welcomed that each task team will tailor the best indicators for each project, it is critical to define some overall indicators as similar trust funds such as ESMAP or GWSP have done. A good possibility exist to establish synergy to the matrix on page 9 where it is monitored how many TA’s have been implemented, how many policy reforms/lendings have influenced and what the expected impact could be. Further, it should be described how Problue will report on progress and results to the Partner Council.

<p>An overview of different donor contributions would also be welcomed. This would put the Danish grant into a broader context, which would allow a review of the Danish bargaining power in the trust fund.</p>	
<p><b>Recommendations by the appraisal team</b></p>	<p><b>Follow up by the responsible unit</b></p>
<p>1. Provide more information justifying the decision to earmark funding to Pillar 2 and why the work on plastic and oceans is relevant for Danish development cooperation. Further, how this can be justified within the “The World 2030” and how crosscutting issues are addressed.</p>	<p>An elaboration of how the PROBLUE donation fits into the overall Danish strategy for development cooperation – and why it has been earmarked pillar 2 - has been inserted at the end of chapter 3.</p>
<p>2. Describe the risks and opportunities of supporting a new trust fund as Problue. How will Problue build on lessons learned from similar trust funds in the World Bank?</p>	<p>A section on mitigation of specific risks related to a newly founded trust fund has been added to chapter nine.</p>
<p>3. Complement the theory of change with some concrete examples of how Problue expect technical assistance and diagnostics will lead to outcomes such as bankable projects, policy reforms and behavioural change.</p> <p>It would also be beneficial to summarise the theory of change in a brief paragraph in the introduction to the chapter.</p>	<p>Two examples of how the ToC will work in a specific case have been added to chapter 4. Additionally, an example of how diagnostics as part of component 1 is essential for addressing the challenge has been made in the table at the end of chapter 4.</p> <p>Furthermore, it has in annex 3 on programmatic risks been elaborated how technical assistance can support the implementation of proposed solutions.</p>
<p>4. Indicators and monitoring is not well described in chapter 8. Further clarification should be incorporated or it should be explained how Denmark will monitor and propose a stronger result framework through the Partnership Council.</p>	<p>It is in chapter 5 stated that an elaboration of the results framework will be a Danish priority. The PROBLUE secretariat similarly recognizes the need to further develop this framework, and will address this on coming Partner Councils.</p>

<p>5. Results framework in Annex 1 appear to differ significantly from theory of change in Chapter 4. A brief explanation of the differences would be beneficial or an adjustment made.</p>	<p>It is in chapter 5 explained that the differences between the ToC and the results framework is due to the current version of the M&amp;E model, where each activity has its own set of indicators that feed into an overall PROBLUE set of indicators focusing on cross-pillar synergies and cross-cutting issues. The results framework in annex 1 is thus structured according to this focus rather than the pillar 2 components.</p>
<p>6. In Annex 2, it would be beneficial to include a broader context of understanding for the Danish contribution to Problue. If possible, include information about targeted budget and committed grant by donor. This would allow an analysis of the potential impact, financial risks and added value from the Danish contribution.</p>	<p>An elaboration of the broader context of the Danish donation has been made in chapter 6. Furthermore, a table elaborating all contributions from development partners has been inserted in annex 2.</p>

I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.

Signed in Copenhagen on the 16 June 2019 .....

Morten Houmann Blomqvist

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in.....on the.....

Head of Unit/Mission