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THE EUROPEAN UNION AND NEIGHBOURS

# Facilitating application procedures for Blue Economy project funding:
## Accessing Blue Economy Finance

A step-by-step approach for practitioners

HANDBOOK

Version 1, August 2018

SNC·LAVALIN

ATKINS Member of the SNC-Lavalin Group

Pescares Italia

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

STRATEGIES MER ET LITTORAL

A project implemented by the consortium of: WS Atkins International (lead), Pescares Italia Sri, GIZ, SML

Authors:
Robert Tippmann
robert.tippmann@climatekos.com

Alison Midgley
alison.midgley@climatekos.com

Kaliana Tanganelli
kaliana.tanganelli@climatekos.com

Sabine Henders
sabine.henders@climatekos.com

Contributors:
Frédérick Herpers
frederick.herpers@strategies-marines.fr

Thanos Smanis
thanos.smanis@hcl-consultants.com

Editors:
Chris McDougall
chris.mcdougall@atkinsglobal.com

Lothar Schillak
teamleader.imp@gmail.com

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# List of Acronyms

| | |
|---|---|
| AF | Adaptation Fund |
| AFD | French Development Agency |
| AfDB | African Development Bank |
| ASAP | Adaptation for Smallholder Agriculture Programme |
| AusAID | Australian Aid |
| BE | Blue Economy |
| BBI-JTI | Bio-Based Industries Joint Technology Initiative (BBI-JTI) |
| CAMENA | Climate Action in the Middle East and North Africa |
| CFI | Corporate Finance Institution |
| CIFs | Climate Investment Funds |
| CSO | Civil Society Organisation |
| DAC | Development Assistance Committee |
| DFI | Development Finance Institution |
| DFID | Department for International Development |
| DRR | Disaster Risk Reduction |
| EASME | Executive Agency for Small and Medium-Sized Enterprises |
| EBRD | European Bank for Reconstruction and Development |
| EC | European Commission |
| EE | Energy Efficiency |
| EIB | European Investment Bank |
| ENP | European Neighbourhood Policy |
| ENPI | European Neighbourhood and Partnership Instrument |
| ENRM | Environment and Natural Resource Management |
| EU | European Union |
| ENI | European Neighbourhood Instrument |
| EUBEC | EU Platform for Blending in External Cooperation |
| FacIMP/BE CC | Facility for Regional Policy Dialogue on Integrated Maritime Policy and Climate Change |
| FEMIP | Facility for Euro-Mediterranean Investment and Partnership |
| FFEM | French Global Environment Facility |
| FI | Financial Institution |
| FINTECC | Finance and Technology Transfer Centre for Climate Change |
| GCF | Green Climate Fund |
| GEEREF | Global Energy Efficiency and Renewable Energy Fund |
| GEF | Global Environment Facility |
| GIZ | German International Cooperation |
| IBRD | International Bank for Reconstruction and Development |
| ICF | International Climate Fund |
| ICI | International Climate Initiative |
| IDA | International Development Association |
| IFAD | International Fund for Agricultural Development |
| IFC | International Finance Corporation |
| IRR | Internal Rate of Return |
| IPCC | Intergovernmental Panel on Climate Change |
| KFW | German Development Bank |
| M&E | Monitoring and Evaluation |
| MDB | Multilateral Development Bank |
| MeHSIP | Mediterranean Hot Spots Investment Programme |
| MENA | Middle East & North Africa |
| MFI | Monetary Financial Institution |
| MNC | Multinational Corporation |
| NGO | Non-Governmental Organisation |
| NIF | Neighbourhood Investment Facility |
| O&M | Operations & Maintenance |
| ODA | Official Development Aid |
| OECD | Organisation for Economic Co-operation and Development |
| PE | Private Equity |
| PIF | Project Identification Form |
| PoA | Programme of Activities |
| PPA | Power Purchase Agreement |
| PPIAF | Public-Private Infrastructure Advisory Facility |
| PPP | Public-Private-Partnership |
| RBF | Results-Based Financing |
| RBM | Results-Based Management |
| RE | Renewable Energy |
| SCCF | Special Climate Change Fund |
| SDGs | Sustainable Development Goals |
| SEFA | Sustainable Energy Fund for Africa |
| SEMED | Southern and Eastern Mediterranean |
| SIDA | Swedish International Development Agency |
| SIE | Society of Energy Investment |
| SMART | Simple, Measurable, Achievable, Realistic, Time-bound |
| SME | Small and Medium-Sized Enterprise |
| TA | Technical Assistance |
| UNDP | United Nations Development Programme |
| UNFCCC | United Nations Framework Convention on Climate Change |
| USAID | United States Agency for International Development |
| VC | Venture Capital |
| WWF | World Wildlife Fund |

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# Contents

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# 1. Introduction

## 1.1 Background

The oceans provide a wide array of social, environmental and economic benefits, and are therefore essential to achieve sustainable development at the global scale. At the same time, they are severely affected by pollution, overfishing, and the effects of climatic changes (United Nations (UN), 2017). This is reflected in the Sustainable Development Goals (SDGs) through Goal 14, which is to "conserve and sustainably use the oceans, seas and marine resources for sustainable development" (UN, 2017).

The central role of oceans is increasingly being acknowledged at the international policy level, with several recent UN-led initiatives to mobilise action and funding for the implementation of SDG 14. Those include the 'Ocean Pathway' established by the United Nations Framework Convention on Climate Change (UNFCCC) in December 2017 (UNFCCC, 2017), to emphasise the close link between oceans and climate change and the role of oceans in meeting the goals of the Paris Agreement, as well as the United Nations (UN) Ocean Conference in June 2017. Initiated by Fiji and Sweden, the conference resulted in over 1300 voluntary ocean commitments and emphasised the importance of a sustainable Blue Economy (UN Oceans Conference, 2017).

The Blue Economy (BE) concept has become a central aspect of global and regional environmental policies. Under the UN framework, the BE concept took its starting point at the Rio+20 Conference on Sustainable Development, whereas the European Union (EU) has made it an underlying pillar of its Blue Growth Strategy from 2012. The Blue Economy can be understood as a branch of the Green Economy, considering maritime economic activities "a green economy in a blue world". The Green Economy concept describes a sustainable economic system, which is characterised by the production and consumption of goods and services resulting in improved human well-being and social equity, while significantly reducing environmental risks. The Green Economy is expected to create employment, businesses and investments while expanding clean energy production, increasing resource efficiency, reducing wastes and conserving natural resources. The Blue Economy is rooted in the same principles, but with a focus on marine resources and economic activities around oceans, seas, and coastlines. Both the Green and Blue Economy are closely linked to the concept of Green or Environmental Finance, which constitutes the underlying assessment framework applied in this handbook. The latter term, Environmental Finance, is the one that was originally developed to introduce financial technicalities to financing solutions to environmental problems.

Environmental Finance describes the use of various financial instruments across multiple sectors to protect the environment and enable sustainable development pathways (Environmental Science, 2018). Public sector agencies across the world rely on environmental finance. Environmental Finance is an umbrella term that includes financing of the sustainable blue economy. In 2017, a partnership between the European Commission (EC), World Wide Fund (WWF), the Prince of Wales International Sustainability Unit and European Investment Bank (EIB) developed a set of voluntary sustainable finance principles to support the transition to a sustainable blue economy through the use of environmental finance (EC, WWF, International Sustainability Unit, EIB, 2018). Several European countries have environmental finance or funding centres, which provide education about methods to lower environmental costs, evaluate financial options and improve financial capacity to support agencies or businesses moving toward sustainability. The most advanced environmental finance examples at present include Climate Finance or Green Finance in general, with investment companies and banks increasingly entering these environmental markets in recent years. Their investments cover a wide range of environmental and sustainable projects - including alternative energy sources, energy efficient infrastructure and community development grants.

## 1.2. Blue Economy – a definition

Different players and institutions have emphasised a range of characteristics that they consider important for the understanding of the Blue Economy concept. In the following, we compile several definitions to provide a clear picture of key BE features.

> In principle, the Blue Economy encompasses "all economic sectors which have a direct or indirect link to the ocean" (Organisation for Economic Co-Operation and Development (OECD), 2016), and comprises "any ocean or coastal economic activity that is in balance with the long-term capacity of the assets, goods and services or marine ecosystems" (Accenture 2018).

> The European Commission (EC), the World Wildlife Fund (WWF), and the European Investment Bank (EIB) have committed to support the development

> of a sustainable Blue Economy, which "seeks to promote economic growth, social inclusion, and preservation or improvement of livelihoods while at the same time ensuring environmental sustainability (World Bank Group 2017)".

An ocean-based blue economy can thus include diverse components, from established ocean industries, such as fisheries, tourism and maritime transport, to emerging and new activities, such as offshore renewable energy, aquaculture, deep seabed extractive activities (where sustainable), and marine biotechnology. The mix of activities will depend on national circumstances, but will go beyond business as usual by providing social and economic benefits for current and future generations; restoring, protecting and maintaining the diversity, productivity, resilience, core functions, and intrinsic value of marine ecosystems; and being based on clean technologies, renewable energy, and circular material flows. The picture below presents an overview of broad BE categories, differentiated by sectors and sub-sectors of potential activities.

| | Category | Sectors | Sub-sectors |
|---|---|---|---|
| 1 | **Food, nutrition, health and ecosystem services** | > Aquaculture<br>> Blue bio-technology<br>> Marine bio-refineries | > Aquaculture (marine-freshwater)<br>> Marine bio-technology (pharmaceuticals, cosmetics, enzymes, biopolymers, bioremediation)<br>> Marine bio-refineries (mkro- and macro-algae, fish residues) |
| 2 | **Raw materials** | > Marine resources (non-living) | > Marine minerals |
| 3 | **Marine renewable energy combined with other marine activities** | > Multi-offshore platforms | > Multi-offshore platforms combining wind energy with other activities (aquaculture, artificial ports, leisure...) |
| 4 | **Marine technologies** | > Environmental monitoring | > Sensors, robots, monitoring systems, service vessels, cabling |
| 5 | **Coastal / marine protection** | > Environmental services | > Protection against flooding and erosion<br>> Cleaning oceans and coasts (marine debris – plastics) |

Figure 1: Five main categories for the Blue Economy. Source: Louissis & Brzezicka (2017) (EIB Report).

## 1.3. Blue Economy potential and growth areas in European Neighbourhood Instrument (ENI) South Countries

The Mediterranean region relies heavily on its marine and coastal resources, which generate an economic value of USD 450 billion per year, mostly from tourism and fisheries (Randone et al. 2017). At the same time, these economic activities bring along negative environmental impacts, with 80% of fish stocks in the region overfished and severe habitat destruction and pollution due to poorly planned tourism development. Therefore, the region has a significant potential for developing a sustainable Blue Economy, which reduces environmental impacts while creating employment opportunities and income. Overall, tourism and fisheries as well as aquaculture are the main BE growth areas in many ENI South countries; relevant BE activities for individual countries are described in Table 1.

For more information see - *Facility for regional policy dialogue on integrated maritime policy /climate change, Blue Economy in southern Mediterranean sea: regional outcomes from national assessments*

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Table 1: Overview of BE relevant major sectors/activities and sustainable growth potentials/areas in the ENI South countries (Source: European Commission, IMP-BE Facility (2017a-h), Draft National Blue Economy Studies for Southern and Eastern Mediterranean (SEMed) countries)

| Country | Current major relevant sector & activities | Potential growth areas/focal growth areas |
|---|---|---|
| Algeria | Maritime transport (goods and passengers), Fisheries | Coastal and maritime tourism, Marine Blue technologies, Offshore Oil and gas, Mariculture |
| Egypt | Fisheries, Coastal tourism, Water sports, Maritime transport (goods and passengers), Port services, Offshore Oil and gas | Desalination, Mariculture, Marine Blue technologies, Shipbuilding and repair |
| Israel | Desalination, Maritime transport (goods and passengers), Coastal tourism, Water sports | Offshore Oil and gas, Marine Blue technologies |
| Jordan | Maritime transport (goods and passengers), Coastal and cruise tourism | Marine Blue technologies, Desalination, Water sports |
| Lebanon | Transport (goods), Tourism, Fisheries | Offshore Oil and gas, Desalination, Offshore wind energy, Yachting, Marine Blue technologies |
| Palestine | Growth potential depends on political developments | |
| Tunisia | Coastal tourism, Maritime transport (goods and passengers), Offshore Oil and gas, Fisheries | Desalination, Shipbuilding and repair, Marine Blue technologies, Shipbuilding and repair |
| Morocco | Port services, Fisheries, Tourism, Maritime transport (goods and passengers) | Marine renewable energies, Maritime transport, Desalination, Cruise, Mariculture, Marine Blue technologies, Shipbuilding and repair |

## 1.4. Aim and scope of this handbook

**Aim:** This handbook is conceived as a toolbox for key government and other stakeholders in ENI South (and partner) countries in their efforts to access BE finance. The Facility for Regional Policy Dialogue on Integrated Maritime Policy and Climate Change (FacIMP/BE CC) applies a learning-by-doing and capacity building approach to access finance. Facilitating the development of proposals and interfacing with sources of finance for BE projects and programs is the vehicle through which capacity for BE finance is further enhanced.

The tools presented in this handbook focus on the preparation and assessment of project applications. Collectively, its elements are designed to:

(1) support BE finance capacity building/training in workshop type settings, and

(2) guide and facilitate the elaboration of BE funding applications, with or without external experts.

The handbook is seen as a living document and should be regularly updated based on experiences and lessons learned using the toolbox.

**Scope:** In this handbook, with its focus on financing options, sustainable BE finance is understood as encompassing all sources of BE-relevant finance that comply with general environmental finance principles and the sustainable BE finance principles of the EC, WWF, International Sustainability Unit and the EIB in March 2018 (see Box 1). Financial flows include national and international funds, which may originate both from public and from private sources. Due to the close linkages between climate change and oceans, funding for the Blue Economy can sometimes be related or even overlap with climate finance sources, so there is a potential for BE activities to tap into existing climate funds.

The identified climate funding options that might also be accessible for funding of BE activities are listed in Annexes 2-7. A prominent example of this is the Green Climate Fund (GCF), which represents the most recent addition to the suite of large environmental funds with a focus on green and climate finance. Due to the scope of eligible activities, it is at least partly relevant to BE actions and funding as well, although the application procedures are very demanding.

In addition to government institutions and agencies developing funding applications, the handbook also targets other players with a potential to develop BE projects, in particular from the private sector. Here small and medium-sized enterprises (SMEs), multinational corporations (MNCs) and collaborative partnerships, play an important role with regard to mobilizing private sector resources. The handbook seeks to encourage partnerships between public, private and non-governmental players (incl. impact investors, foundations, etc.), ideally with public funding being used as seed capital to leverage more funding, in particular private investments, through several funding rounds. Some activities in the BE sectors allow for the development of programmatic approaches or programmes that are scalable – which means, once a certain size is reached large and institutional investors might potentially be attracted. An example for such a programmatic approach is the aquaculture project promoted by Blue Venture[1], which develops a community-based aquaculture programme together with seafood and aquaculture companies. Like this, the activity brings together the needed partners under an appropriate structure that allows for growth. Key aspects for attracting larger investors here include solid technical expertise and (aquaculture) business management skills, the right location, a well-developed risk minimization strategy, financial sustainability and returns on investment. Next to supporting the scalability of pilot activities, governments are asked to create conducive investment environments, including the creation of respective regulatory frameworks.

## 1.5 Target groups and use by different stakeholders

The set of tools presented in this handbook target key government and other stakeholders in ENI South countries to access BE finance by assessing and preparing project applications. However, the information provided - especially on templates, checklists and additional documentation - is not bound to any geographical region and can therefore be used by interested stakeholders, globally.

The toolbox can be used by any public, non-governmental or private stakeholder aiming to develop and implement BE actions with the need for funding. Key potential beneficiaries include relevant government departments at operational and policy levels, such as national focal points, relevant units and committees, decision makers, authorities and departments concerned with BE and other stakeholders such as local government, civil society representatives and private sector stakeholders.

The individual tools provided may be used for the desk-based development (templates) and assessment (check-lists) of BE projects or programmes as well as in a seminar or workshop setting. Depending on the scope of the exercise and level of knowledge of actual users, there may be the need for additional technical and financial assistance or experts at different stages of the process.

In some cases the focus will be on preparing 'concepts' to underpin discussions with financial institutions, funds or funding programs, with the aim of leading to the further development of proposals. In other cases, the focus will be on directly preparing the full proposals as bankable documents.

Materials and tools provided in this book follow a "shopping basket" approach, which allows users to either start small with limited funding, or to build on an early phase of an existing project/program, using catalytic funding to leverage additional funds further down the line.

Box 1: Sustainable Blue Economy Finance Principles adopted by the EC, WWF, International Sustainability Unit & the EIB (EC, WWF, International Sustainability Unit, EIB, 2018)

1. **Protective:** We will support investments, activities and projects that take all possible measures to restore, protect or maintain the diversity, productivity, resilience, core functions, value and the overall health of marine ecosystems. This includes sustainable use of the oceans, seas and marine resources as well as the livelihoods and communities that dependent upon them.

2. **Compliant:** We will support investments, activities and projects that are compliant with international, regional, national legal and other relevant frameworks which underpin sustainable development and ocean health.

[1] https://blueventures.org/conservation/aquaculture/

3. **Risk-aware:** We will endeavour to base our investment decisions on holistic and long-term assessments that account for economic, social and environmental values, quantified risks and systemic impacts and will adapt our decision-making processes and activities to reflect new knowledge of the potential risks, cumulative impacts and opportunities associated with our business activities.

4. **Systemic:** We will endeavour to identify the systemic and cumulative impacts of our investments, activities and projects across value chains.

5. **Inclusive:** We will support investments, activities and projects that include, support and enhance local livelihoods, and engage effectively with relevant stakeholders, identifying, responding to, and mitigating any issues arising from affected parties.

6. **Cooperative:** We will cooperate with other financial institutions and relevant stakeholders to promote and implement these principles through sharing of knowledge about the ocean, best practices for a sustainable Blue Economy, lessons learned, perspectives and ideas.

7. **Transparent:** We will make information available on our investments and their social, environmental and economic impacts (positive and negative), with due respect to confidentiality. We will endeavour to report on progress in terms of implementation of these Principles.

8. **Purposeful:** We will endeavour to direct investment to projects and activities that contribute directly to the achievement of Sustainable Development Goal 14 ("Conserve and development") and other Sustainable Development Goals especially those which contribute to good governance of the ocean.

9. **Impactful:** We will support investments, projects and activities that go beyond the avoidance of harm to provide social, environmental and economic benefits from our ocean for both current and future generations.

10. **Precautionary:** We will support investments, activities and projects in our ocean that have assessed the environmental and social risks and impacts of their activities based on sound scientific evidence. The precautionary principle will prevail, especially when scientific data is not available.

11. **Diversified:** Recognising the importance of small and medium business activities in the Blue Economy, we will endeavour to diversify our investment instruments to reach a wider range of sustainable development projects, for example in traditional and non-traditional maritime sectors and in small and large-scale projects.

12. **Solution-driven:** We will endeavour to direct investments to innovative commercial solutions to maritime issues (both land- and ocean-based), that have a positive impact on marine ecosystems and ocean-dependent livelihoods. We will work to identify and to foster the business case for such projects, and to encourage the spread of best practice thus developed.

13. **Partnering:** We will partner with public, private and non-government sector entities to accelerate progress towards a sustainable Blue Economy, including in the establishment and implementation of coastal and maritime spatial planning approaches.

14. **Science-led:** We will actively seek to develop knowledge and data on the potential risks and impacts associated with our investments, as well as encouraging sustainable investment opportunities in the Blue Economy. More broadly, we will endeavour to share scientific information and data on the marine environment.

## 1.6 Which tools and templates to use in the handbook?

### Steps in developing BE project/programme funding concepts or proposals:

| Funding application process and players | | Outputs, tools and templates |
|---|---|---|
| **STEP 1: Develop project idea note** | | **Project idea note (see sections 3.4, 3.5 and 3.6)** |
| Actor: Project Developer | | |
| **STEP 2: Apply screening form** | | **See section 3.7** |
| Actor: Reviewer | | |
| **STEP 3: Develop concept note** | | **Concept note (see section 4 and sections 3.4, 3.5, and 3.6)** |
| Actor: Project Developer | Potentially consult environmental finance expert/other experts | |
| **STEP 4: Apply concept note checklist** | | **See section 4.3** |
| Actor: Reviewer | | |
| **STEP 5: Develop full proposal** | | **Full proposal (see section 5 and sections 3.4, 3.5 and 3.6)** |
| Actor: Project Developer | Potentially consult environmental finance expert/other experts | |
| **STEP 6: Apply roposal checklist** | | **See section 5.3** |
| Actor: Reviewer | | |

Explanatory notes:

- Project Idea Note is not covered in the handbook, but is usually considered the first write-up of the basic idea on a couple of pages.
- A Reviewer can be an internal/external reviewer/expert, if and as needed, or a government institution or authority approving or endorsing applications (if and as appropriate).
- Depending on the development stage of a project/programme a project developer may go through the above steps several times. For example, the actual development stage starting a project from scratch may require a brief concept note, followed by (small) proposal for a technical assistance grant or some grant funding for actually developing the project idea further. This is then followed by a concept note(s) and proposal(s) for further fully developing and implementing the project/programme, potentially doing this a few times in parallel and/or one after another during several funding rounds (see also Sections 3.4, 3.5 and 3.6).

# 2. Funding project and programmes

## 2.1. Funding options

The main funding sources for Blue Economy activities are identified and examined, although the coverage cannot be exhaustive. BE-specific funds and the actual funding provided by these funds are still limited, but growing. The focus is on the major multilateral and bilateral funds/ programmes relevant for ENI South countries. Bilateral and multilateral development finance is dealt with more generally. The same applies to private sector finance. The various financial instruments, mechanisms and basic requirements for making use of them are outlined. Non-governmental, philanthropic and social investors are also assessed.

## 2.2. Blending and leveraging finance

The combination of traditional investments with innovative financing is increasingly gaining traction, with larger funds expecting to leverage more private investments together with public finance.

Blending aims, inter alia, at:

(i) financing projects that would otherwise not be financed thanks to the pooling of resources and the complementary use of grants and loans, and

(ii) ensuring a high leverage effect on limited grant resources. Blending also allows for different funding sources taking on the types of risk that they have appetite for.

Within the European Union, the EU Platform for Blending in External Cooperation (EUBEC) is aiming to scale up support for private investments and leverage private capital across the board. In the context of ENI South countries, the Neighbourhood Investment Facility (NIF) is a good example of a relevant EU Regional Blending Facility.

## 2.3. Overall process, steps and related tools

The overall process is illustrated through three sets of complementary documents, containing information and guidance for the preparation and assessment of concepts and proposals:

1. Templates with guidance on how to apply for funding.

2. Checklists with guidance on how to assess concepts and proposals in terms of the quality of their content and the completeness of the information provided.

3. Complementary guidance documents on:

    a) The overall process of applying for mainly publicly or mainly privately -financed projects or programmes (flow charts/decision trees).

    b) Explanatory notes to accompany the flow charts/decision trees with selection questions.

    c) Overview of main funding sources in the annexes - covering size, sectors, finance instruments provided and key project and investment criteria; a more detailed overview is provided for multilateral and bilateral funds and programmes, while a more general overview is given for conventional, multilateral and bilateral development finance as well as for private, non-governmental and philanthropic finance.

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# 3. Applying templates and checklists

## 3.1. Templates

Templates and related guidance have been generalised taking into account the specificities of different funding programs and with a view to facilitating the transfer of information from one template to another, simply using copy and paste.

The templates are meant for use by project proponents (public and private sector) and may be provided by officials with a responsibility linked to BE. They include references to important sources of information and examples of sound/best practices.

> **Concept note template** (see Section 4): best practice for funding organisations and funds.

> **Full proposal template** (see Section 5): best practice for preparing full proposals.

## 3.2. Checklists

Checklists are tools to assess concepts and proposals though external or internal reviews by officials/ managers in a supervisory capacity. A simple scoring system has been developed to assist with the decisions as to whether the concept or proposal under consideration should be taken forward, sent back with a request for additional information or rejected outright. The scoring takes into account the completeness of the information provided, the quality of the content, and whether the proposed project/ programme has a chance of getting off the ground.

> **Screening checklist** (see end of this Chapter): used to conduct a first screening of proposals submitted and guide further development efforts.

> **Concept checklist** (see Section 4.3): used to assess whether the elements required for a concept note are covered.

> **Full proposal checklist** (see Section 5.3): used to assess whether the elements required for a full proposal are covered.

## 3.3. Further supporting documentation and tools and their application

Further, detailed guidance is given as part of the annotations and explanatory notes to the checklists, templates and flow charts in this handbook. The overview of funding options is intended as a first reference document, providing guidance on which funding sources and opportunities may best apply to a given project concept or proposal (see Annexes 2-7).

**Decision tree** (see Sections 3.5 & 3.6): The flow charts/decision trees show two simplified funding processes; one for a mainly publicly funded project or programme, and the other for a mainly privately funded project or programme. The processes presented for larger (investment) projects/ programmes are based on the assumption that a promoter starts from scratch or builds on an existing project/programme infra-structure by trying to 'cash in' on different sources and/ or blending of financial mechanisms. Leveraging more finance may be achieved through several funding opportunities and/or rounds and using initial public seed funding to attract (more) private investments. These processes are much simpler and often only require a one-off grant, maybe with an extension for a 2nd phase, when it comes to soft projects[2].

**Explanatory notes to the flowcharts/decision trees** (incl. selection questions) (see Sections 3.5 & 3.6): Explanatory notes assist with understanding the overall process, including the various foreseen steps, and the decisions needed to raise funds for a particular BE action.

**Funds overview** (see Annexes 2-7): The overview matrix shows the main multilateral and bilateral funds/programmes, bilateral & multilateral development finance and private sector & non-governmental/philanthropic/social investors opportunities with regard to funding for BE projects in ENI South countries.

Only the multilateral and bilateral funds/programmes are described individually, whereas the other groups and funding opportunities are described more in general as a group. Any major differences with regards to the use of financial instruments and mechanisms or the basic requirements to access funding are pointed out. Additional literature provides background information on proposal writing (incl. for climate funds that can be applied more generally) as well as broader investment strategies and project development in the BE as such guidance is rather limited or hands-on project development guidance does not exist for BE projects, yet (Annex 8).

[2] Soft projects are usually those for all types of non-infrastructural/equipment-related financing assistance, for example, capacity building, management training, research and technical assistance.

## 3.4. Overall application process and use of the tools throughout the process

Early stage: The flow chart below presents a typical, generalised funding process, based on the assumption that a promoter starts from scratch or builds on the architecture of an existing project/programme. In the latter case, the promoter will most likely be able to move to the ensuing development stage immediately, assuming a project idea can be developed into a viable concept in-house. If this is not the case, the promoter may apply for grant funding from a national or international source to develop the concept or project/programme idea. The need for full-fledged proposals depends on the requirements of individual funding sources and on the amount of funding being requested. Generally, requesting funding for the further development of concepts or project ideas is less cumbersome than requesting funding for the subsequent development stages. Whether external expertise needs to be engaged during this phase depends on the availability of in-house expertise with the promoter and its potential partners. Next to e.g., traditional finance experts looking into the detailed financial modelling of a project, environmental finance expertise might be useful for providing the conceptual understanding and procedural knowledge when blending public (seed), impact and conventional private sector finance. To fulfill eligibility and investment criteria by public and private investors with integrated environmental protection in their mission statements, or even as primary goals, requires the application of relevant established and emerging standards and best practices.

Development stage: Generally, the preparation of an initial concept note is followed by a full proposal once the concept passes the assessment criteria of the financial institution being approached (see figure below). In some cases it is instrumental to focus directly on preparing the full proposals as bankable documents. If several funding sources are approached, in order to reach financial closure, this may become a reiterative process. Indeed, larger projects/programmes that need to blend different funding sources and financial mechanisms often go through multiple funding rounds, either in succession or in parallel.

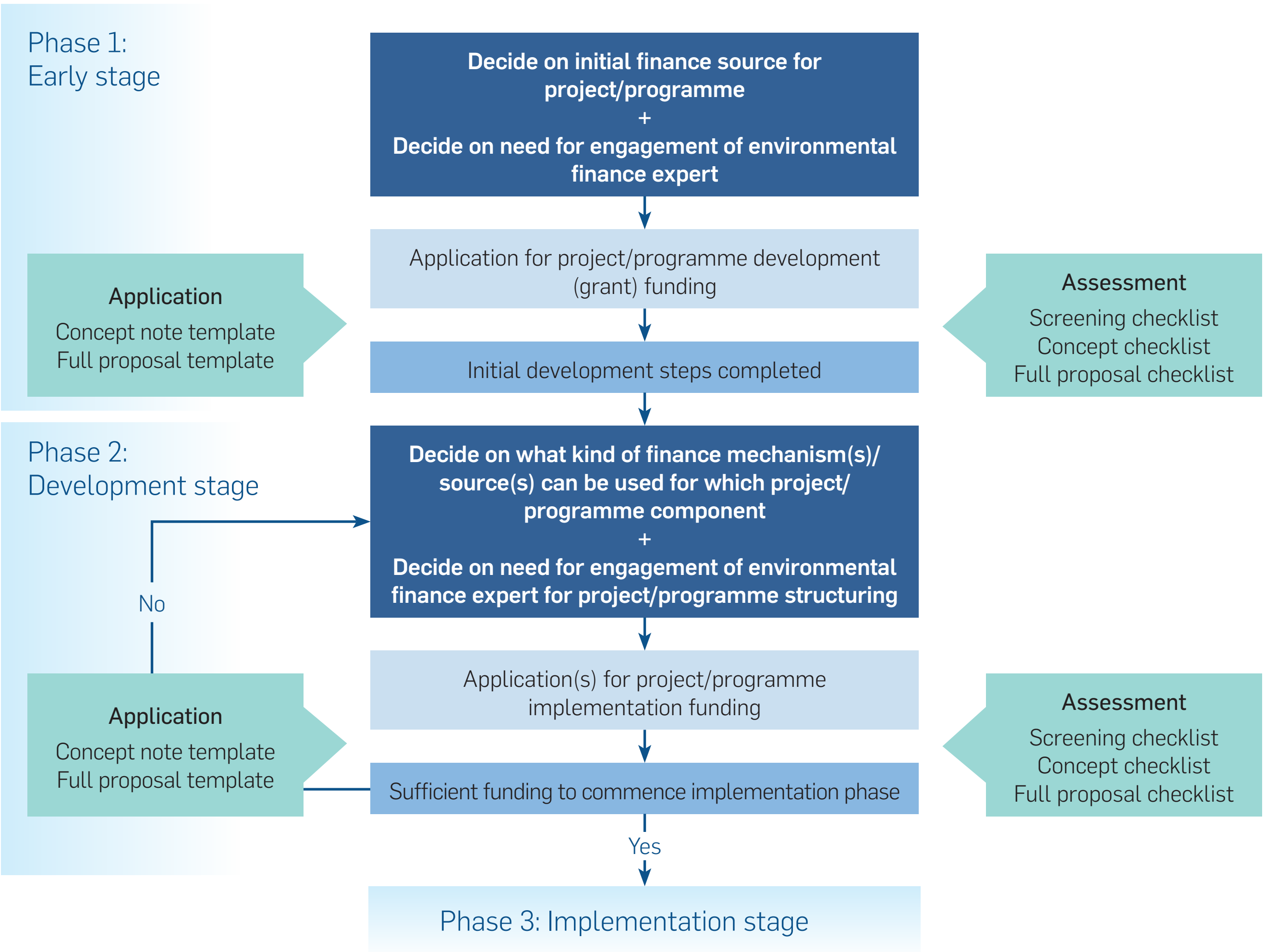


**Figure 2: Developing concepts and proposals to access funding for environmental finance**

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## 3.5. Case A: mainly publicly funded projects/programmes

A simplified fund raising process for a mainly publicly funded project or programme is illustrated in the decision tree below.

A promoter either starts from scratch or builds on an existing project/programme infrastructure trying to 'cash in' on different sources and/or blending of financial mechanisms. This would allow the leveraging of more finance through several funding opportunities and/or rounds, and by using initial public seed funding to attract further public and/or private investments.

A rather complex process going through several and/or parallel funding rounds applies to larger projects/ programmes, such as investment programmes. On the other hand, a small-scale BE proposal may rely on one grant funding source only, considering, for example, a second round in a phase 2 after completion of phase 1 (2-3 years). The explanatory notes and the decision tree below are complementary and should be viewed together (see also the "project/programme screening checklist" at the end of this Chapter).

### Early stage

In the initial situation, the following scenarios can be assumed for a mainly non-profitable BE project or programme by public, non-governmental or community based organisations:

> Early stage without any technical/project/ programme infrastructure and seed funding. In this case seeking a partner with track record and expertise in the field is not only advisable but necessary to receive funding later in the process.

> Early stage building on existing technical/project/ programme infrastructure and without seed funding. Often an application for a project development grant will help to overcome this first hurdle, i.e. usually the stage where project ideas or concept notes need to be prepared.

> Early stage building on existing technical/project/ programme infrastructure and with seed funding. The project/ programme will be able to complete the development stage on its own – including feasibility studies etc.

- Which BE issue will the project/programme address and in which economic sector/subsector will the interventions be made?

Clarifying these key aspects as part of the preparation process will help narrow down:

a) the list of funds/programmes to be approached to obtain a Technical Assistance (TA) grant to further develop the idea into a feasible project/ programme, and

b) the list of potential national or international public, private and/or non-for-profit partners needed to develop a bankable project [e.g. a project focusing on the production of biodiesel from algae in the Mediterranean could approach the Blue Med's Cross-Border-Co-Operation in the Mediterranean Programme (CBC MED) for a grant (see overview of main multilateral funds/programs in Annex 2).

### Development stage

1. Initial development steps have been taken, either because a project development grant has been received and/or a new component is added to an existing/project/programme infrastructure:

> Check the possibility of adding/integrating a profitable component and/or a component reducing economic losses to open up for potential private investments.

> Investigate first application(s) for public funding/ support at the local or national level, which may include technical assistance and/or in-kind support, using existing business relations and networks (see below):

- Project/programme idea or concept notes and/or full proposals need to be prepared,
- Either first funding and support from public sources at the national or local level are received (e.g. national funds and/or agencies/ministries at the national and/or local level),

OR

> Seek other means to get first funding to cover key operational/implementation needs/activities for the initial phase of a project programme such as via (int.) non-governmental, philanthropic or multilateral/bilateral players active in the country, using existing business relations and networks (see below):

- Project/programme idea or concept notes and/or full proposals need to be prepared,
- Potentially national or local public sources may open up (in parallel) when international donor funding is received (e.g. via national (BE relevant) funds a project/programme may benefit from).

2. The preparation of applications for public funding from multilateral, bilateral, philanthropic and/or other non-governmental/research sources at the international level will often require close cooperation with national public bodies facilitating access to these sources (e.g. in the case of direct access funding[3] will even flow through these bodies; in other cases approval or endorsement letters will be required at least, using existing business relations and networks):

- Concept notes and/or full proposals need to be prepared.
- Seek direct contact with those donor organisations where relationships exist, best based on prior, successful experiences, and inquire about funding opportunities based on knowledge of and matching of funding priorities with project/programme objectives and activities, or
- Seek to establish such contacts and/or simply identify relevant funds/funding programmes and prepare sound funding proposal(s).
- In the case of larger project/programme proposals blending of different sources of finance and financial instruments requires technically savvy experts with skills and expertise on project/programme financing, structuring and financial matchmaking:
  - Split project/programme into components (e.g. capacity building/education/awareness vs demonstration of technology/management solutions vs large(r) scale deployment of technology/management solutions);

    Smaller projects or, if the focus is on a very particular sector/field, the project/programme may stick to one key (donor) funding source and may only need to comply with limited co-funding requirements.

3. The following aspects and questions should be taken into account as part of the preparation process at this stage:

### What kind of intervention will be (mainly) pursued (TA, demonstration project, investment project, investment program)?

The further development of the idea and a related concept note during the early stage (see above) should allow the project developer to answer these questions, which are important with regard to what kind of funding sources and finance mechanisms can be considered (see below). E.g. TAs and demonstration projects may use more conventional development finance, whereas larger investment programs can be financed by (development) finance institutions (see projects by main multilateral funds/programs in Annexes 2-7). An example of an initiative investing in both is the German International Climate Change Initiative (IKI), which targets wide issues in the environment and climate, including cross-cutting sectors in the marine environment (for example, encouraging development of carbon sinks in marine and coastal areas).

### What is the overall size of the project in terms of finance required and what are the appropriate finance mechanisms to achieve financial closure?

The further development of the idea and a related concept note during the early stage (see above), should lead to a preliminary budget as well as a project architecture which also determines possible financial structures. This again determines the use of financial instruments. Certain projects/ programmes such as the abovementioned investment programs will probably look at (concessional) loans or equity funding in the case of targeting private sector clean energy projects. For example, the EU's Global Energy Efficiency and Renewable Energy Fund (GEREEF) has a financing branch specific to the Middle East and North Africa (MENA) (i.e. the Catalyst MENA Renewable Energy Fund (CAMENA), detailed in Annex 2), which support solar energy investments for the private sector. Other projects/programmes that also support the establishment of enabling conditions with regards to the policy environment or capacity building measures for public and/or private sector stakeholders may approach some of the dedicated multilateral or bilateral grant funding opportunities for such interventions. An example is the Adaptation for Smallholders Agriculture Programme (ASAP), as part of the International Fund for Agricultural Development (IFAD), and the Global Environment Facility (GEF) or the Green Climate Fund's Readiness Initiatives.

### What kind of ownership structure is foreseen?

Certain funds or funding programmes will only finance public or private undertakings, others focus on public-private-partnerships.

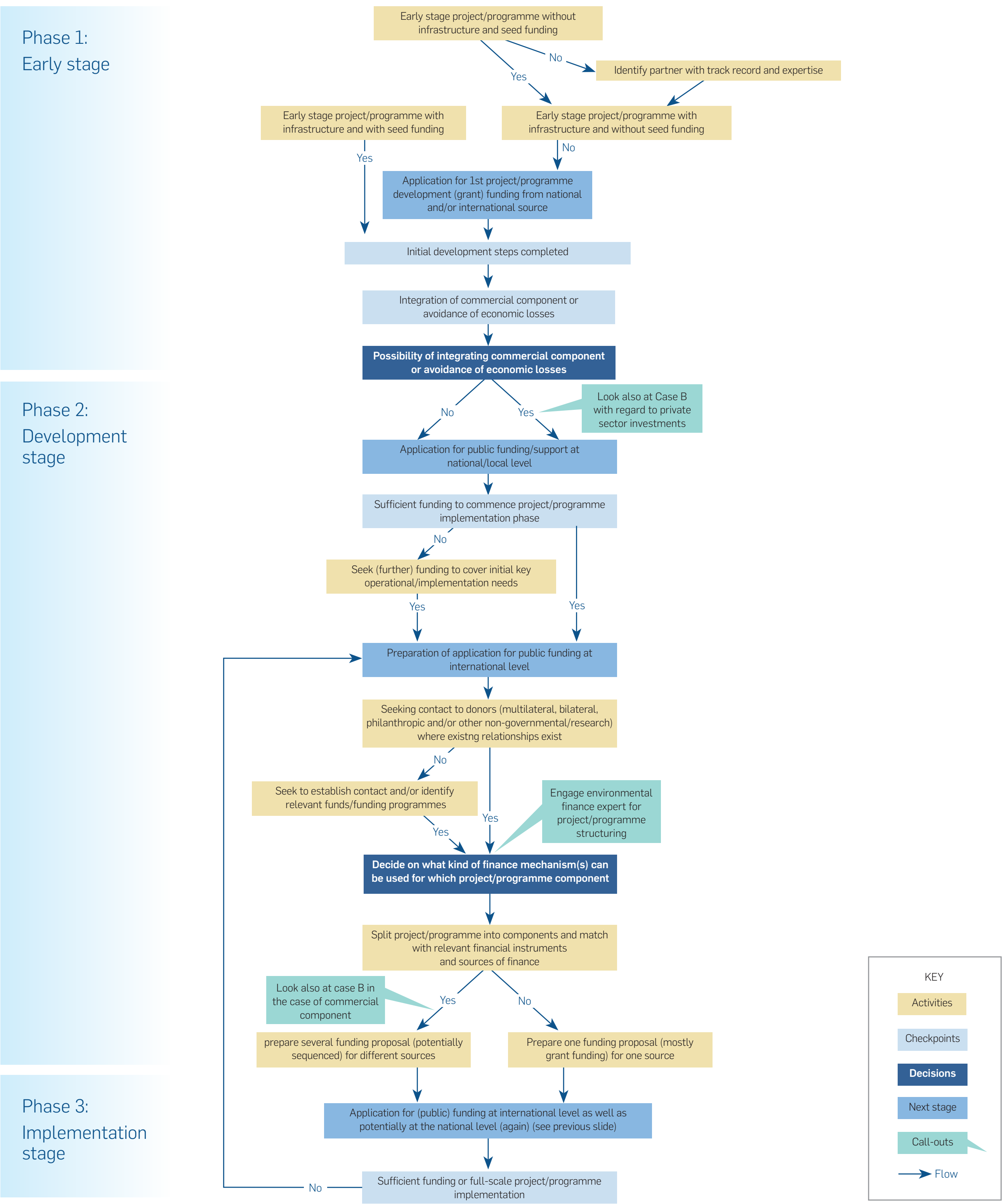
### Where will the project/programme be implemented?

Some funds invest globally, others only in certain regions or specific countries (the overview of funds/ programs in Annex 2). Depending on the country and sector for which the intervention is being considered, development finance opportunities for public sector initiatives via conventional development cooperation channels will often narrow down the list of

[3] Specifically, should funds be sought from climate specific funds, such as the GCF or Adaptation Fund (AF), this applies to their direct access procedures.

approachable donors in a given country. This is not related to all agencies operating in all countries and sectors, therefore the relevant donor agencies operating in the targeted country and sector should be taken into account, in the case that this funding option is considered.

**Case A: Mainly publicly funded projects/programmes**



## 3.6. Case B: mainly privately funded projects/programmes

Whereas the major part of this handbook refers to public finance and the related procedures, this section briefly summarizes the aspects to consider when a private finance option is envisioned.

Numerous types of projects seek private finance for BE actions. In most cases, finding private finance is not an easy task. It requires patience and compelling arguments to convince private investors and/or lenders that they are considering a good investment opportunity. Very often, private sector finance is directed at small and medium-sized enterprises (SME) and start up activities, rather than individual project activities. These are therefore mentioned interchangeably in the following section.

### Strong characteristics to leverage private finance

The deciding factor is the identification of SMEs or projects featuring strong characteristics for the leveraging of private finance. In most cases, the funding will occur in stages, coinciding with the various development phases of the SMEs/projects. Later stages of investment will call on different types of investors or lenders.

The SMEs/projects may have one or several of the following six characteristics, which will be instrumental in enhancing the chances of attracting private funding. These six characteristics are neither exclusive, nor exhaustive. Other characteristics may exist, which will influence the confidence of potential investors or lenders; these may be specific to the SMEs/ projects in question. These characteristics are listed below, starting from the most significant:

1. The SME/project may be part of a large organisation, e.g. company, multinational corporation (MNC), etc., which can lend some support, knowhow and/or provide financial backing,

2. The SME/project may already be profitable,

3. The SME/project may have a reasonable chance of being profitable in the foreseeable future according to a robust business plan,

4. Only part(s) of the SME/project may be profitable,

5. The SME/project has large MNCs, technology providers as clients, suppliers or is within the same field as large MNCs, technology providers,

6. The SME/project has an important sustainability component and can significantly enhance the image of MNCs or other large organisations, and represent a considerable marketing advantage.

However, in many cases and especially for projects that hardly have any of the above characteristics, the first step will be to find public funding or private funding dedicated to maritime activities, which is not conditional on a comfortable financial return. For instance, to target private donors, it is important to understand whether the planned activities coincide with the mandates of:

> Philanthropic organisations or foundations, such as the Blue Moon Fund (which is also focused on the climate agenda), or the Blue Marine Foundation or the MEDSEA Foundation, or

> Non-Governmental Organisations (NGOs) who have the ability to finance projects, (e.g. http://collateralfreeloans.blogspot.de/2010/12/organisation-and-ngos-that-give-loan.html provides a brief, non-exhaustive, list of NGOs lending in Africa and the ENI South), or

> MNCs who may be interested in the commercial image that the SMEs/projects bring. There are a number of opportunities to find investment partners though various platforms. The Bio-based Industries Consortium (BIC) provides private sector co-finance through the Bio-Based Industries Joint Technology Initiative (BBI-JTI), through a partnering platform, enabling European partners to collaborate in bio-based ventures. The ABACUS project, for example, focuses on producing algae for biomass and biorefineries, with the aim of scaling up small-scale production. The Platform provides partnership, networking and co-financing opportunities for larger organisations who wish to expand into this arena, or similar.

  Equally, the BBI-JTI issues calls for interested researchers and investors to be involved in value-adding projects, such as the 2018 call to resolve challenges to valorise residual and side streams from aquaculture, fisheries and the aquatic biomass processing industries.

In addition, the European Commission's BlueInvest call for 2018 aims at matching large private sector investors to entrepreneurs in the blue economy sector, to promote investment in this sector. The European

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Commission has planned additional Blue Invest events in the near future.

Once initial funds have been successfully raised, other rounds of fund raising become possible, with the aim of attracting other investors until eventually the project is rendered profitable.

Generally, SMEs/projects will fall into one of the following categories:

> Category A. Many SMEs/projects will have varying degrees of the characteristics enumerated above.

> Category B. Some SMEs/projects will have a comfortable level of profitability, typically those located in advanced developing countries. These SMEs/projects can base their search for funding exclusively on financial grounds. They may rely on a combination of debt coming from local or international banks, monetary financial institutions (MFI) and/or private equity funding from venture capital/private equity (VC/PE) finance firms, banks, MNC, etc.

> Category C. Some SMEs/projects will not have any of the strong characteristics enumerated above. In these cases, only public funding and private funding sources that are unconstrained by profitability criteria, may be involved (see above, foundations, NGOs, MNCs).

The example illustrated below is based on Category B, which is the most common and often the most complex, as it requires reaching out to a number of channels to access the financing required.

## Early phase

All SMEs/projects will go through successive development phases. These involve an early phase of conceptualisation and product development, including fine tuning of projects, final planning, putting together pilots, sometimes hiring an initial team, etc. This early stage can be costly and generally does not generate financial revenues. In developing countries, such as many in the MENA region, this early phase is usually financed by a combination of own finance (savings, family, friends), public finance (grant), foundations, philanthropic organisations, or NGOs with the ability to finance projects. Other potential sources may include MNCs, interested by the commercial image that the SMEs/ projects may bring, or other interests and private seed capital, angel investors, mostly established entrepreneurs willing to take stakes in start-ups.

This initial stage most often includes some Technical Assistance (TA), e.g. to develop a concept idea or implement a pilot project or provide access to information (climate data for instance). In such cases, assistance from a combination of consultants, academics, specialised NGOs and technology providers, usually proves to be effective. The "Our Oceans Conference" series[3], provides an extensive list of initiatives, including funding opportunities and potential partners[4], including government and international organisations, NGOs and foundations, private sector organisations and UN organisations, supporting the sustainable BE. Such TA can also be provided by venture capital firms and angel investors. The Climate Innovation Centre[5] in Morocco finances green growth initiatives, for example, early stage financing from angel investors. This is, however, less common in developing than in developed countries. TA may also be financed by a grant from a development finance institution (DFI) or other donor agencies.

The elaboration of SMEs/projects is often facilitated, particularly in developing countries, by technical assistance in the following fields:

> Financial literacy training

> Resource planning and budgeting

> Business plan development

> Finance and accounting training

> Marketing support and market studies

> Strategic planning

> Legal support

> Operational and process improvement

> Facilitating access to international supply chains

> Information technology

In addition, post-investment TA may help with improving the quality of the investments and preparing the company for exit.

4 The "Our Ocean Conference" series is implemented since 2014 and continuously produces (financial) commitments by various stakeholders.

5 http://ourocean2017.org/our-ocean-commitments

6 http://www.infodev.org/climate

## Development and implementation stages

The subsequent development stages include generating some initial revenue (despite usually remaining cash flow negative) as well as delivering a proven product and concept. This generally includes finding elements of finance, which can then be used to leverage further funding. The sources of finance to look at first are those that do not rely heavily on the project's financial profitability. Financial organisations looking to invest in profitable projects and at the robustness of the investment case are most convinced by such leverages. In other words, SME projects should first secure funding elsewhere, whether from public sources (Development Finance Institutes (DFIs)), foundations and philanthropic organisations, NGOs or MNCs etc. It is significantly easier to leverage this amount to find debt (loan from local or international bank) or even sell part of the SME equity (e.g. via "impact investments"). Equity investment is further explained below.

Exploring how to use public sources of finance is often seen as the most obvious initial choice to leverage private funding. However, timing is also an important consideration and the lengthy process that public funding may require (even to access a mere promise of funding) can be discouraging for a developer or a private investor, unless the developer is able to successfully respond to a tender. This may lead developers to exclusively rely on private sources.

Furthermore, as part of the initial stage, local regulations have to be carefully surveyed for potential subsidies, tax credits and other advantages. These will be additional elements of leverage in the search for further finance. Local administration and authorities are often the best points of contact to find out about such regulations.

Following the initial stage, the SME/project hopefully reaches a more mature stage, becoming an established company/project with sustained positive cash flow, a growing customer base and a sustainably viable business. Reaching this mature phase usually means financing a funding gap which may be addressed with debt. Such debt may be best reached via a combination of public development commercial banks such as the International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), EIB, (etc.) or from DFI grants (such as the African Development Bank (AfDB), German Development Bank (KFW), French Development Agency (AFD), Britain's Development Agency (UKAID – formerly DFID) etc.), which may then be leveraged to local private lenders, i.e. local banks, micro finance institutions or even NGOs. A list of NGOs lending in Africa and the ENI South can be found here[6]. In some cases, the contribution of DFIs can be via a local financial institution through the ease of lending conditions, i.e. better lending rate due to guarantee on potential default rates provided by DFIs.

The parallel avenue to debt is equity. SMEs/projects can raise funds by selling part of the company's equity to VC/ PE players (technically venture capital firms invest in earlier stages and riskier SMEs than private equity firms), MNCs or complementary medium size organisations. Such organisations include public organisations like the IFC and the World Bank. It also includes VCs/PEs specialised in ventures from developing countries, such as impact investments players and crowdfunding and more conventional, established VCs/PEs. "Asset Impacts[7]" provides a non-exhaustive list of impact investors. Examples of VC/PE funds include, for instance, the GroFin fund that promotes implementing environmental and social best practices and provides business support for a variety of ventures, which could include business-level activities in the blue economy in African and the Middle East.

Another way of financing is using mezzanine financing. This is a hybrid of debt and equity financing that, in the case of default, gives the lender the rights to convert to an ownership or equity interest in the company, after venture capital companies and other senior lenders are paid. Mezzanine financing, usually completed with little due diligence on the part of the lender and little or no collateral on the part of the borrower, is treated like equity on a company's balance sheet. You can find out more about the terms used here[8]:

An efficient use of resources from donors to reduce costs and risks is essential to attract and further leverage private funds.

## Large sources of institutional investments

Large pockets of finance may also be available, such as bonds, large equities from institutional investors. However, in practice these are geared for large investments (usually USD 100 millions and above) which are less common in the considered cases and are probably still to be seen and developed in the case of sustainable BE cases.

Pooling of investments to reach such high volume of investment is possible (on paper); however, in practice, the lack of consistency between projects and the advanced financial process that it requires (accounting, monitoring performance), makes such schemes very difficult to implement.

7 http://collateralfreeloans.blogspot.com/2010/12/organization-and-ngos-that-give-loan.html

8 http://www.impactassets.org/ia50_new/

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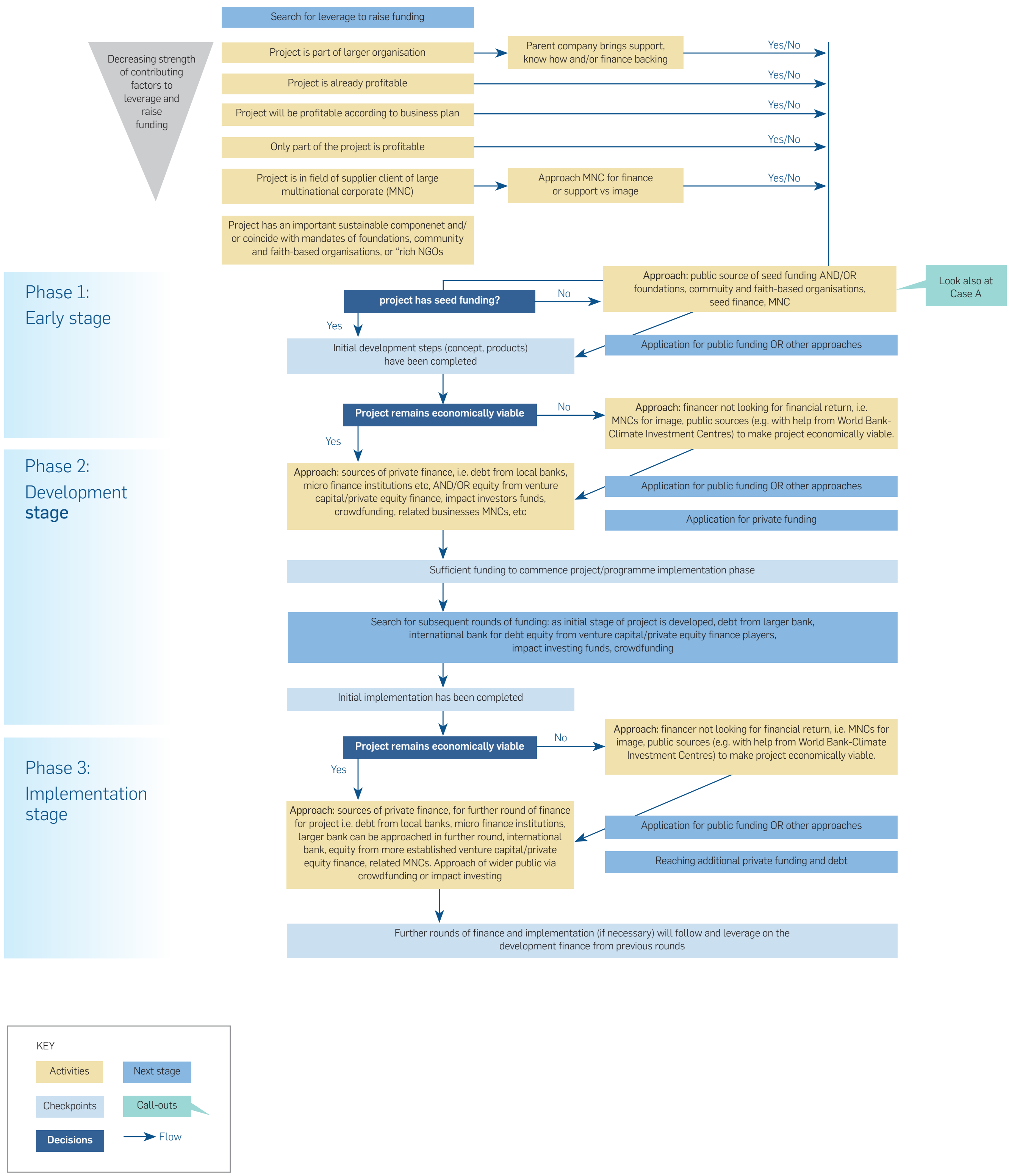
Institutional investors such as pension funds have in some cases some resources for the development of small ventures. These are usually potentially available for SMEs/projects which have successfully gone through the initial hurdles and are growing as successful businesses.

### Case B: Mainly pivately funded projects/programmes



## 3.7. Screening Form

The screening checklist is used when assessing project ideas or concepts, either for external or internal reviews by officials/managers in a supervisory capacity. The purpose of the checklist is to conduct a first screening of proposals and guide further development efforts. A simple scoring system has been developed to assist with the decisions as to whether the concept or proposal under consideration should be taken forward, sent back with a request for additional information or rejected outright. The scoring takes into account to what extent the requested information has been provided as well as the actual contents and whether the proposed project/ programme has a chance of getting off the ground. The related concept note template can be found in Section 4.

| Key aspects/ elements | Questions & issues to be considered | Rating (FROM 1-3*) |
|---|---|---|
| Project/ programme description | • Is the technical nature of the project clear and sound?<br>• Is the location and context in which the project/programme will be implemented clearly described?<br>• Are the project promoter/sponsor and beneficiaries, if different, well described? Is there information allowing for a first assessment of the sponsor's experience, operational and financial capacities and creditworthiness? | |
| Type of project/ programme | Will the proposed BE action lead to (a) environmental protection avoiding (negative) environmental impacts or (b) minimise such impacts, at least?<br>• Are the reference scenario/baseline and the project scenario provided?<br>• Are the expected developments/trends under the reference scenario in the target sector(s) in the absence of the BE intervention described?<br>• Is a first estimate of BE benefits available?<br>• Are the benefits measurable and quantifiable?<br>• Are the specific BE activities that will be implemented and sustainability impacts through this project/programme elaborated? | |
| Compliance with national priorities | • Does the project/programme fit in with national BE priorities as laid out in the relevant national strategies, policies and action plans?<br>• Has the project/programme been subject to an environmental impact study and, if so, are the results available? | |
| Implementation plan | • Who will implement the project, when and how will it be implemented?<br>• Is the preparation of an MRV component described? | |
| Indicative budget and co-financing | • Is the overall budget for this project provided?<br>• Are the levels and sources of co-financing the proposed project/programme provided (including financing structure and timing of public/private contributions)? | |

Note: The scoring should be done per row taking into consideration to what extent the requested information in the row has been provided. The scoring scale is: 1. No information available (including upon request) 2.Information partially available (with a chance to be provided in due course) 3. Information is generally/fully available (minor gaps will be addressed shortly). Applicants that are not able to provide any of the above key information within a reasonable timeline (a couple of weeks), i.e. a score of 1, should not be further considered in the process. Applications that score 3 across the board can progress to the next assessment level. Applications that receive a score of 2 in (a) certain category/ies should be given the chance to achieve a score of 3 once the information is provided. The scoring should take the actual contents into account and whether the proposed project/programme has a chance to get off the ground (e.g. a proposal not being able to show any kind of contribution of resources, even in-kind, or cannot demonstrate a basic understanding of designing BE or environmental finance actions, or in-country experience or addressing government priorities should not be further considered).

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# 4. Developing a concept note

This concept note template and related guidance has been generalised, taking into account the specificities of different funding programs. The aim has also been to facilitate the transfer of information from one template to another, simply using copy & paste.

The template is meant for use by project proponents from the public and private sector, and may be provided by officials with a responsibility linked to BE. It includes references to important sources of information and examples of sound/best practices (See Concept Note Checklist at the end of this chapter).

Key considerations when developing funding concepts & proposals:

> Information about particular decision-making processes or criteria by the relevant multilaterals or bilateral financing sources should be gathered.

> There are differences in the sources of finance for programmes and projects with regards to specific objectives, target countries and regions, technology and sector focus, financing mechanisms used, and proposal requirements. For example, large industries are not eligible for funding from the Bio-Based Industries Joint-Undertaking (BBI-JU), which focusses on SMEs, although they may be under Horizon 2020.

> It is important to make a strong case for justifying the need for financing by the fund targeted for the project being proposed.

> There are a number of common principles for securing public and private financing that include focusing on the project sponsor (creditworthiness, reputation and experience), return on investment, making use of collaborative action, communicating the rationale for action, and building local capacity.

> Improving the enabling environment for investment by providing the appropriate administrative framework and developing the capacity to absorb resources can improve a country's ability to attract finance and its ability to use that investment effectively. Many donors initiate programmes with technical assistance and finance for preparatory support in this context. For example, the Green Climate Fund (GCF) Readiness and Preparatory Support Programme provides finance that targets the development of such frameworks to access finance.

> Both public and private funders will be attracted by investment climates that promise stability and good governance.

## 4.1. General information about the programme/project

### 4.1.1. Basic information

This section provides the title and location of the proposed programme/project and details of the concept note's applicant for the application process.

Project/Programme title: ........................................................

Country/Region: ..........................................................................

Accredited Entity1[9]: ...................................................................

National Designated Authority[10]: ..........................................

Primary Implementing Institution: .......................................

[Note: This should be the institution leading the proposal and eventually the implementation of the project.]

Executing entity / beneficiary: ................................................

[Note: This can list all other institutions that will support and participate in the implementation of the proposed project.]

Contact person: ...........................................................................

Email: ..............................................................................................

Phone: .............................................................................................

Profile of the programme/project

This section provides the profile of the proposed programme/project: what type of project, budget size and timeframe.

9 These bodies are only relevant in the context of direct access to climate finance such as under the Green Climate Fund or the Adaptation Fund, in the case a BE project wishes to apply for funding under direct access procedures

10 Ibid

[Note: The amount should include all budgeted activities, including management costs. The figure should thus match the 'total amount of financing requested by the project' as reflected in the logical framework.]

Programme/project type: Describe what sector/result area the programme/project addresses. E.g: fishing, aquaculture, maritime transport, cruises, bio-industries, environmental protection)

[Note: Most financing sources address a wide range of technologies and/or shifts in management and planning approaches, the most common being renewable energy and energy efficiency. Some other sources may be more narrowly focused, such as in the case of maritime transport.]

Implementing partner(s): Public/private/public-private-partnership

[Note: The basics should be clarified in writing so that agreements can be made as soon as (or in advance of, with a condition precedent) funding is made available, depending on the particular situation of the project. Organisations and entities implementing projects on the ground include government bodies, national institutions, international organisations, local communities, non-governmental organisations, academic and research institutions and private sector entities.]

Estimated implementation start and end date:

Current status: Indicate status during proposal submission, e.g. pre-feasibility, feasibility, key contracts etc.

Key considerations with regard to funding sources:

> The mobilisation and use of national financial resources should be considered from the beginning as it will also help with getting international support as well as better determine where such support is most needed.

> Negotiating in parallel and on different elements of the project/programme is not unusual – including the development costs – as they may be funded by different sources.

> Blending of various different financial sources such as government budget lines, NGO and community groups contributions next to development assistance and climate finance (bilateral or multilateral) may be required to get a project/programme off the ground (see below).

> Furthermore, innovative finance mechanisms should be investigated and be brought into play, if possible. Any chance to engage the private sector with regards to bringing equity or debt funding to the project should be explored.

> BE projects may be financed through collaboration between private sources of capital, public donors, non-governmental organisations (NGOs), and local institutions (both public and private). Similarly, the financing for these projects will likely include a mix of private, public, and philanthropic funds. One of the key strategies for seeking funding for such BE projects is to structure projects to take advantage of both these sources of funding.

> The key difference between public and private financing is the investor's motivation. The primary motivation for suppliers of private finance is to maximise private return on their investment (directly or indirectly). Public sector financing, on the other hand, does not necessarily need to be 'profitable' but is generally motivated by a desire to maximise 'economic returns*' per invested dollar.

*Economic returns on investment are the returns on investment from the perspective of the national economy, rather than from the narrow perspective of commercial investors.

## 4.2. Programme/project details

### 4.2.1. Description of the programme/project

This section provides the description of the programme/ project objectives and activities.

[Note: Formulate a clear, overall objective and specific objectives and related activities and outcomes which should be measurable; budget resources should be allocated to them accordingly.]

Programme/project objectives: Describe clearly and accurately the overall objective(s).

[Note: This should outline in one or a maximum of two sentences, the overarching objective of the proposed project.]

Programme/project design: Describe what activities will be implemented and describe their specific objectives.

[Note: Depending on the project activity, different approaches to implementation may be chosen (e.g. fisheries and aquaculture projects may also include objectives to generate direct and indirect jobs, while maritime transport may promote R&D, innovation and capacity building. Projects may have an energy efficiency objective or build the capacity of communities to benefit from BE activities). Projects with "typical" blue economy activities (see above) should be identified and the approach to implementation should be clear and transparent.)

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### Blending public and private finance sources:

> The major sources of financing for BE activities include multilateral, bilateral and private financing sources.

> Some BE projects will also need to be financed by a mix of public and private funds.

> When identifying private sector funding opportunities, it is important to understand equity and debt, and understand their main motivation (see above) and risk profiles.

> The attraction of foundations and social investors for developing countries is that unlike traditional private finance, these investors may accept lower returns as a trade-off for making a positive social impact.

> Developing countries can create conditions to attract investments by reducing risks or increasing rewards. In many Concept Notes, risks must be identified and mitigated. For example, risks that government departments may not collaborate, provide co-financing or coordinate effectively can be mitigated by emphasizing strong coordination between partners, receiving letters of agreements from partners and focusing on common priorities, elements to include in the concept note.

> BE actions that will attract private sector capital are those that can produce reliable market returns in the short run or high returns over a longer time frame.

> Developed country financial institutions tend to invest directly in some assets, but these are typically large projects that involve entities with substantial financial resources such as national or state governments or large private firms.

> Specific arrangements such as project finance and public-private partnerships may be needed to attract international investors.

> Developed country financial institutions also channel funds through financial institutions in the recipient country for smaller projects.

> Developing country governments can increase the amount of international private finance that is available domestically. Strategies include encouraging local financial institutions to explore relationships with developed country institutions that have appropriate funds; using public-private project finance where appropriate; and encouraging foreign direct investment.

> In addition, developing countries should work with investors to identify the barriers to investment and design projects or implement measures that minimize those barriers.

### Example: Blending public and private finance sources through the European Investment Bank (EIB) and FEMIP (Facility for Euro-Mediterranean Investment and Partnership)

The European Investment Bank is a key financier in the Southern and Eastern Mediterranean, assigning 16 loan operations to the region in 2016 alone. The EIB has supported blue economy projects in the SEMed through a number of targeted and broad financial instruments, often making use of co-financing and blending, for example, through five Neighbourhood Investment Facility (NIFs) Declaration Agreements, amounting to EUR 105 million (EIB, 2016). For the period 2014-2020 the FEMIP Trust Fund, as a SEMed-focused financial instrument, has EUR 9.6 billions to support Mediterannean partner countries, under the Euriopean Neighbourhood policy and framework for the Union for the Mediterannean (EIB, 2014).

The EIB focuses on the private and environmental sectors (EIB, 2016), supporting marine and coastal development through, inter alia, the creation of a Study Programme with the Blue Plan for the Mediterranean (EIB, 2016) and the DEPLOMED Project to "depollute the Mediterranean" through rehabilitation and extension of wastewater treatment plants along the strategic coastal zone of Tunisia. In the latter case, technical assistance and grants were provided from the NIFs, with co-financing from the MeHSIP II (Mediterranean Hot Spots Investment Programme) and the French Development Agency (AFD) (EIB, 2016).

The FEMIP brings a range of different instruments under a single roof. However, channels for accessing such finance depend on the project size, risk categories, type of project developer, and type of support needed (EIB, 2014), which must be tailored accordingly.

Example: Bio-Based Industries Joint Undertaking and Public-Private Partnership

The Bio-Based Industries Joint Undertaking is a Public-Private Partnership to increase investment in Europe's and associated countries' blue economy by funding smaller bio-based industries. Funding is sourced from public finance, from Horizon 2020, and private contributions from the Bio-based Industries consortium (BIC).

The BIC partners represent sectors such as agriculture, technology, agro-food, forestry pulp, paper, chemicals, energy and end-users, with a mix of larger companies, SMEs, SME clusters, universities and technology platforms and associations and can support projects that have the following actions:

> Coordination and support measures (product standardization, dissemination, policy dialogues, etc.)

> Research and Innovation (e.g., to explore the feasibility of a new technology, the whole value chain must be clearly described in the proposal, including a baseline Technology Readiness Level (TRLs), with end-of-project Technology Readiness predicted. This is a scaled measure so that progress of the technological development can be monitored.

> Innovation actions (e.g. protoyping, testing, demonstrating and piloting large-scale product validation and market replication, addressing the whole value chain). This includes demonstration actions to show viability.

Proposals are evaluated on a competitive basis based on ongoing calls for proposals and require the development of consortia between project developers. Partnering platforms are provided to build consortia through the BBI-JU website.

To date, the BBI-JU has contributed to the development of multiple blue economy products, including AQUABIOPRO-FIT, which converts marine side-stream products to higher value market projects, developing profitable nutritive products and reducing fisheries waste. MAGNIFICENT is another successful venture that uses microalgae as a green source of nutritional ingredients for food, feed and cosmetics, scaling up biomass production and optimizing yields, as well as creating innovative, high-value products.

Programme/project rationale: Describe why the activities are being undertaken. Specify the location and implementation context of the programme/ project.

[Note: It is crucial for the realisation of the project that the definition of the project objective is clear - How is sustainable BE enhanced or how is the current level at least maintained/ further negative impacts avoided? - and realistic in the face of any given constraints: can the project be financed? In what timeframe can the project be completed? Is there buy in and support from the stakeholders? The aim of the project as well as its positive and negative impacts should be clearly defined.]

Rationale for involvement of financing source: Describe how the programme/project is consistent with the strategic objectives of the financing source, and why its contribution is critical for the programme/project.

[Note: Consider which fund(s)/funding sources you are going to target and whether your project will address the respective priorities and objectives].

### 4.2.2. Financing/cost information

This section provides information on the financing of the programme/project.

[Note: Some projects require funding for the further preparation of the project/programme. A well-prepared initial concept is still required to apply for a small grant for further development]

Total investment costs: €/$ ... provide an estimate of the total project costs (in € or US$).

Budget use: specified and broken down in categories such as:

> Development costs of the programme/project;

> Implementation costs, including evaluation and monitoring;

> Costs for each activity; and

> Other relevant categories, such as: programme management, including normal staff, office, travel and start-up expenses; Engineering services and other technical assistance; External consultants; Marketing; Training; Use of funds for concessional co-finance, such as loan loss reserves or other credit enhancements or direct capital subsidies.

[Note: Project management costs are the budgeted costs for general administrative services which are not directly related to any of the project outcomes and outputs.]

Requested amount from financing source: €/$ ... indicate the amount for each financial instrument (senior loan, subordinated loan, equity, guarantee, reimbursable grant, grant).

Exit strategy (finances): Describe what happens after the programme/project is implemented with support from the financing source.

[Note: How are the benefits from the project / programme sustained after the involvement of the funders ends (all funds invested, all loans repaid in full)? How are annual O&M costs covered? Are results measured and reported, and if so, how and where?]

Co-financing: Indicate the sources of co-financing, and the type of co-financing (senior loan, subordinated loan, equity, guarantee, reimbursable grant, grant) and amount of co-financing from each source.

[Note: Successful new projects often build on an existing project/programme infrastructure with secured funding (e.g. adding a BE component to an existing development project-see also programmatic approaches by the GEF/AF/GCF). Other projects/programmes need to look for funding as well. This is related to full cost financing offered by multilaterals and whether further co-finance is required to implement the project.]

### 4.2.3. Expected results and benefits

This section outlines the expected results and benefits from the programme/project.

[Note: In order to prove the impact the project will actually have, it is important to establish a baseline scenario that describes what would have happened if the project did not exist (the establishment of the baseline scenario can at this stage be qualitative rather than quantitative).]

Baseline conditions: describe the baseline conditions in absence of the activities, including key issues, barriers and challenges. Examples are: baseline scenario and trends in the respective BE sector(s); level of exposure to risks for beneficiary country and groups; fiscal or balance of payment gap that prevents the needs being addressed; shortcomings of local capital market; needs for strengthening institutions and implementation capacity.

[Note: This section should contain a brief description of the initial situation and the relevant development activities that would/should be implemented in the absence of BE in the targeted sector and region.]

Specific attention is to be paid to environmental impacts, catalysing impacts and sustainability of impacts:

Environmental impact potential: Specify the expected BE impacts, such as (quantifiable) avoided/minimised environmental impacts, total number of direct and indirect beneficiaries, number of beneficiaries relative to total population. Specific attention to be paid to: baseline, expected avoided/minimised environmental impacts, ecological and socio-economic context of the programme/project and its perspectives to BE, forms of vulnerability and existing resilience capacity, which vulnerabilities will the programme/project limit.

[Note: This section should give a concise description of each of the specific BE activities/investments that the project would implement, how they build on existing development activities (i.e. the baseline activities identified above), how they will be implemented in practice, and what impacts they are expected to have in terms of reducing the vulnerabilities or improving the situation described above. This section should demonstrate to the donor how the project will lead to concrete and measurable impacts in the targeted sector and/or region. The discussion can take its starting point in the differentiation between 'investment activities' and 'capacity building activities'.]

### Demonstrate ownership and coherence & alignment with national strategies and priorities:

- It is important to consider the work done on existing BE plans such as national programs, actions and strategies. Projects within the respective priority categories are very likely to gain political or even financial support by public institutions. Where existing BE strategies/ priorities are not yet in place, the project's impacts can be aligned with the outcomes desired in broader national development, climate, marine or economic development plans and strategies, or the Sustainable Development Goals.
- To ensure the project will be supported from the wider political community, the appropriate decision-makers will have to be identified at the local, regional and national levels. By working with these individuals it needs to be determined if and how the BE action can be integrated into existing frameworks in the long-run.
- The backing of a public institution or the government can also help to access funding at an international level.
- Demonstrate ownership, coherence and alignment with national BE strategy and priorities.
- Depending on the BE measure, be it a sector-wide policy or a specific project for a certain region, different political decision-making processes will be required to make the implementation happen. At the same time, it is also crucial to ensure that these processes are aligned with host country policies and legislation on BE.

### Example: Submitting Concept Notes to the Green Climate Fund

The Green Climate Fund (GCF) has a Readiness and Preparatory Support Programme supports the following outcomes:

- strengthen country capacity
- engage stakeholders in consultative processes
- realise direct access to finance, and
- mobilise the private sector.

Such support recognizes the importance of building capacity of institutional frameworks to access finance, ownership of projects by countries, and the setting

of national priorities through the development of National Adaptation Plans (given that the GCF only supports adaptation and mitigation projects). Such support builds the foundational frameworks to subsequently submit a GCF Concept Note and Full Proposal. Support includes measures to crowd in private and capital market financing, create enabling environments for private sector investments and approving private sector funding proposals.

### Developing a Concept Note for the GCF:

The purpose of submitting a concept note to the GCF is to receive initial feedback on the project before a full proposal is submitted. The Concept Note is submitted using a designated template, with outcomes specified.

The GCF publishes successful concept notes on its website. For example, in 2016, the GCF approved a concept note for Mozambique on Securing vulnerable coastal and marine livelihoods in Mozambique against climate-change hazards[11]. This follows the detailed suggestions provided in Section 4 of this document. More detail is provided in by the GCF Concept Note Users Guide GCF Concept Note Templates[12] and GCF Concept Note Users Guide[13].

11 https://www.greenclimate.fund/documents/20182/893456/16130_-_Securing_vulnerable_coastal_and_marine_livelihoods_in_Mozambique_against_climate-change_hazards.pdf/bf61c75e-9560-4459-a278-cd36f04a2146

12 https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=2ahUKEwjZldmtqfHcAhUJKMAKHQnrBukQFjAAegQIAxAC&url=https%3A%2F%2Fwww.greenclimate.fund%2Fdocuments%2F20182%2F574712%2FForm_01_-_Concept_Note.docx%2F18570723-5f7c-44c9-aacb-8c68fe99fce8&usg=AOvVaw1tBkzfqudyrlrTk4Bm8LQk

13 https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=2ahUKEwjZldmtqfHcAhUJKMAKHQnrBukQFjABegQICRAC&url=https%3A%2F%2Fwww.greenclimate.fund%2Fdocuments%2F20182%2F239759%2FGCF_Concept_Note_User_s_Guide.pdf%2F64866eea-3437-4007-a0e4-01b60e6e463b&usg=AOvVaw2zk9Phe7Sth8VZQrRPiSwS

Catalysing impact potential: Specify the potential for scaling-up and replication, knowledge and learning, contribution to enabling environment and regulatory or policy framework.

[Note: For instance, many programmes seek to demonstrate successful financing mechanisms and business models, engage commercial parties and then promote a commercially self-sustaining market dynamic, so that market players will continue to develop, implement and finance projects after the programme is completed. This is an attractive strategy for funders. The plan of the programme to achieve this result should be discussed, along with strategies for replication. A budget for replication could constitute a second phase of a programme.]

Sustainable development potential: Specify the expected economic, social and environmental co-benefits (impacts on job creation, technology transfer, economic activities, increased resilience, improved nutrition, etc.)

Sustainability of impacts: Specify how the programme/project activities will continue after completion, e.g. whether and how market players will continue to develop, implement and finance activities.

[Note: This section should demonstrate to the funder how the project interventions have been designed in a way that ensures that BE benefits are sustained beyond the lifetime of the funder's involvement. This discussion could include elements both of financial, social and environmental sustainability as relevant.]

### 4.2.4. Implementation and management plan

This section outlines the implementation and management plan for the programme/project.

Implementing entity: Describe who will implement the programme/project and their comparative advantage(s) compared to other potential implementing entities. Describe their experience and credibility. Describe the project management/organisational structure: specify the specific roles and responsibilities of each of the implementing entities, their level of involvement in the project design and implementation, and underlying contractual arrangements. Describe who will take care of the monitoring process.

[Note: This section should clearly outline the institutional setup of the proposed project (i.e. who will do what and when, what will be the management structure for the project, how will the activities of different executing partners be coordinated etc.). The comparative advantage of the implementing institution(s) (compared to other potential implementing institutions) should also be outlined here.]

Embedding: Describe how the programme/project will be coordinated or mainstreamed with related ongoing activities.

[Note: This section should briefly identify all relevant related initiatives/projects that are currently being carried out in the targeted sector and region, and discuss how the proposed project will ensure that its activities are appropriately linked and coordinated with these. The aim is to assure the potential donor that the project will not overlap, duplicate or negatively impact any other development activities and that all potential synergies and appropriate collaboration with existing activities are fully exploited. This question is partly linked with the issue of the baseline scenario described above, as the project will need to coordinate/cooperate with any relevant business-as-usual development activity underpinning the proposed BE project (see above)].

Specific attention to be paid to country ownership and stakeholder engagement:

Country ownership: Describe how the ownership of the beneficiary country is constituted. This can include: coherence and alignment with the country's national BE strategy and priorities in BE, or their national development plans and goals, as well as relevant national legislation and regulations; government permission or endorsement to implement the programme/project.

Stakeholder engagement: Describe the process and feedback received from civil society organisations and other relevant stakeholders.

[Note: Extensive consultations with the stakeholder groups are advised, starting with the project planning stage. Developing and implementing a BE measure should draw interest from a number of stakeholders.]

### 4.2.5. Risk analysis

This section outlines the foreseen risks and measures to mitigate these risks.

[Note: All programmes involve certain risks, in programme implementation and also in market conditions that are outside the programme's control. For instance, for energy efficiency/ renewable energy (EE/RE) project development and finance programmes, the biggest implementation risks typically concern marketing success and the long sales and development time required to get projects ready for investment. This is also a main focus for technical assistance efforts and programme activities.]

### 4.2.6. Evaluation and impact metrics

This section provides information on the Monitoring and Evaluation (M&E) and Monitoring, Reporting and Verification (MRV) methodology.

Monitoring progress: Describe who takes care of the monitoring process (see implementation and management plan); when will the monitoring take place; indicators used for monitoring progress and implementation for each activity.

Feedback mechanisms: Describe how feedback on implementation and progress will be used to strengthen performance and management of the programme/project.

Measurement, Reporting and Verification methodology: Describe the methodology for measurement, reporting and verification of the outcomes and outputs of the activities, including the indicators used; describe if and how the net BE impacts can be measured and tracked.

## 4.3. Concept review checklist

The concept checklist is used when assessing project ideas or concepts, either for external or internal reviews by officials/managers in a supervisory capacity. The purpose of the concept checklist is to assess whether the necessary elements for a concept note are covered. A simple scoring system has been developed with a view to assisting with the decisions as to whether the considered idea or concept should be taken forward, sent back with a request for additional information or entirely rejected. The scoring takes into account to what extent the requested information has been provided as well as the actual contents and whether the proposed project/programme has a chance of getting off the ground. The related concept note template can be found in Section 4.

### Monitoring and Evaluation (M&E)

Monitoring and evaluation (M&E) are integral to the implementation of the programme/project. The M&E plan should be developed early to ensure that a baseline is established and to begin collecting data needed for the evaluation. A programme's M&E framework will serve several purposes: 1. Monitor progress towards programme objectives 2. Strengthen programme performance and management by providing feedback on implementation 3. Provide a base for reporting and technical and financial accountability. M&E will evaluate the programme's direct impacts: total projects supported by the programme and their related greenhouse gas (GHG) emissions reductions, for example. Other key indicator measures should also be defined, including indirect market development impacts. In order to capture market transformation effects, an M&E plan should assess the programme's indirect impacts and demonstrate effects. This is often done through interviews with programme stakeholders, both participants and non-participants.

## Guidance on best practice and resource material:

The following materials provide guidance on blue economy initiatives in the Mediterranean with a view to applying standards and best-practice when developing projects, including investors' perspectives. BE project development guidance is rather limited, as hands-on project development guidelines do not exist for BE projects, yet, compared to the guidance on climate action project development (see Annex 2).

### Best practice and guidance for BE projects:

Support and tools for investors and project developers looking to develop projects for BE:

> EC (2018) Maritime for Spatial Planning (MSP) for Blue Growth): Final Technical Study – study providing tools and support on how to link marine spatial planning to blue growth and coastal management, and how to develop indicators, creating a handbook and set of guidelines

> Marine Renewable Energy Criteria under the Climate Bonds Standard and Certification Scheme– provides criteria for investment in marine renewable energy technologies under the Climate Bonds Standards (wind, solar, low carbon buildings, geothermal, water, transport)

> EC (2018) Handbook for Developing Visions in MSP - handbook to assist planners and developers in developing a marine strategy and those who aim to prepare terms of reference for such strategies

> Handbook on MSP Indicators (Maritime Spatial Planning for Blue Growth) - presents a step- by step approach to developing MSP indicators, in particular to support blue growth

> European Investment Bank (EIB): Access-to-Finance Conditions for Investments in Bio-Based Industries and the Blue Economy - provides an evaluation of barriers to financing for BBI and BE projects in the EU and Member States as well as an assessment of primary funding gaps

> Blue Invest 2018 – a match-making event that brings together innovators and financiers to boost investment in the blue economy. Networking and pitching events are arranged between clients, investors, innovators, supporting service providers and policy makers, with a focus on SMEs, start-ups and scale-ups

This project is funded by the European Union

Blue Economy Related Standards and Procedures for BE Products

Selected, existing standards for BE activities guiding project developers in the application of best practices:

> **Marine Stewardship Council (MSC)** - ensuring sustainable fishing through the Blue Fish Label, certified to the MSc Blue Fish Standards, for sustainable wild fish and fisheries

> **Aquaculture Stewardship Council (ASC)** - performance standards for environmentally and socially sustainable aquaculture

> **IISD (2016) State of Sustainability Initiatives Review: Standards and the Blue Economy** - comparison of market and performance trends of some of the most prevalent seafood certification schemes in the Blue Economy

| Key aspects/ elements | Questions & issues to be considered | Rating (FROM 1-3*) |
|---|---|---|
| Project/ programme description | • Is the overall objective of the project/programme clearly and accurately defined?<br>• Are the location and the implementation context of the project/programme specified?<br>• Who is the project sponsor and is the sponsor experienced, credible and has sufficient operational and financial capacities, who is involved in financing the project/programme and at what financing levels?<br>• Is the technical nature of the project/programme and the provided information/ data consistent and sound?<br>• Are there different activities with specific objectives described and related data allowing progress and implementation to be measured?<br>• Are an overall budget and a distribution across activities provided? | |
| Type of project/ programme | • Are the reference scenario/baseline and the project scenario provided?<br>• Are the BE context and the current ecological and socio-economic context of the project and its perspectives in relation to BE clearly described?<br>• Are the expected developments/trends under the reference scenario in the target sector(s) in the absence of the BE intervention described?<br>• Are there any high-risk aspects to the project that could prevent the described activities taking place? What are the potential actions that could be taken to ensure resilience and reduce such risks?<br>• Are the specific BE activities that will be implemented through this project/ programme described and are the related BE benefits quantifiable and measurable, even on an annual basis and in the long term (at best)?<br>• Does the proposed monitoring include appropriate measurable indicators to assess the success of the BE measures proposed by this project/programme?<br>• Are the proposed activities only realised with the requested funding? What percentage? (Comment: Incremental cost)<br>• Are the proposed activities only realised with the requested funding? What percentage? | |

| | | |
|---|---|---|
| Compliance with national priorities | • Has the project/programme been subject to an environmental impact study and, if so, do sponsors and authorities agree to its implementation then?<br>• Are the various activities proposed by the project/programme in accordance with the relevant national legislation and regulations of the country?<br>• Does the project/programme fit in with national BE priorities as laid out in the relevant national strategies, policies and action plans?<br>• Is there government permission or endorsement to implement the project in the context of blue economy and national development policy in the country? | |
| Implementation and monitoring plans | As part of implementation plans:<br>• Are the project stakeholders who will be engaged in the project (local, regional, national and international) known and identified?<br>• Are the specific roles and responsibilities of each of these stakeholders in the proposed project described to provide a clear picture to sponsors?<br>• Is the level of involvement of these actorsplayers in the project design and its implementation described?<br>• As part of monitoring plans: Is there a future formalised project management/ organisational structure with clear roles and responsibilities for the different partners with underlying contractual arrangements? Also, is there an organisation or partner in the project/programme taking care of the monitoring and how? | |
| Indicative budget and co-financing | Is there an overall budget for this project? The following details need to be looked at:<br>• The budget should be based on a detailed estimate of an activity-based budget<br>• The budget estimate must be prepared distinguishing the development costs of the project/programme and the costs of implementation (incl. the monitoring)<br>• Are the financing requirements and potential sources to cover them known? Is the level of financial participation at the national level assured and by whom?<br>• Are the levels, nature and sources of co-financing the project expects known and is there a need for funding the (further) preparation of the project?<br>• Is/are the fund(s)/financing that will be targeted if the project meets the eligibility criteria mentioned? | |

*Note: The scoring should be done per row taking into consideration to what extent the requested information in the row has been provided. The scoring scale is: 1. No information available (including upon request) 2.Information partially available (with a chance to be provided in due course) 3. Information is generally/fully available (minor gaps will be addressed shortly). Applicants that are not able to provide any of the above key information within a reasonable timeline (a couple of weeks), i.e. a score of 1, should not be further considered in the process. Applications that score 3 across the board can progress to the next assessment level. Applications that receive a score of 2 in (a) certain category/ies should be given the chance to achieve a score of 3 once the information is provided. The scoring should take the actual contents into account and whether the proposed project/programme has a chance to get off the ground (e.g. a proposal not being able to show any kind of contribution of resources, even in-kind, or cannot demonstrate a basic understanding of designing BE or environmental finance actions, or in-country experience or addressing government priorities should not be further considered).

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# 5. Developing a full proposal

The full proposal template and related guidance has been generalised, taking into account the specificities of different funding programs. The aim has also been to facilitate the transfer of information from one template to another, simply using copy & paste.

The template is meant for use by project proponents from the public and private sector, and may be provided by officials with a responsibility linked to climate change. It includes references to important sources of information and examples of sound/best practices (**See Proposal Checklist at the end of this chapter**).

## 5.1. General information about the programme/project

### 5.1.1. Basic information

This section provides the title and location of the proposed programme/project and details of the applicant.

Project/Programme title:........................................................................

Country/Region: ..................................................................................

Accredited Entity[11]:.............................................................................

National Designated Authority[12]: ...............................................

Primary Implementing Institution/project sponsor: ..........

[Note: This should be the institution leading the proposal and eventually the implementation of the project.]

Executing entity / beneficiary: .........................................................

[Note: This can list all other institutions that will support and participate in the implementation of the proposed project.]

Contact person: ..................................................................................

Email: ..................................................................................................

Phone: ..................................................................................................

11 These bodies are only relevant in the context of direct access to climate finance such as under the Green Climate Fund or the Adaptation Fund

12 Ibid

Key considerations when developing funding concepts & proposals:

- Information about particular decision-making processes or criteria by the relevant multilaterals or bilateral financing sources should be gathered.
- There are differences in the sources of finance for BE action programmes and projects with regard to specific objectives, target countries and regions, technology and sector focus, financing mechanisms used, and proposal requirements.
- It is important to make a strong case for justifying the need for financing by the fund targeted for the project being proposed.
- There are a number of common principles for securing public and private financing that include focusing on the project sponsor (creditworthiness, reputation and experience), return on investment, making use of collaborative action, communicating the rationale for action, and building local capacity.
- Improving the enabling environment for investment by providing the appropriate administrative framework and developing the capacity to absorb resources can improve a country's ability to attract finance and its ability to use that investment effectively.
- Both public and private funders will be attracted by investment climates that promise stability and good governance.

### 5.1.2. Profile of the programme/project

This section provides the profile of the proposed programme/project: what type of BE project, budget size and timeframe.

[Note: The amount should include all budgeted activities, including management costs. The figure should thus match the 'total amount of financing requested by the project' as reflected in the logical framework.]

Focus: sector / cross-cutting

Programme/project type: Indicate what sector/result area the programme/project addresses by checking the box(es) in the table below.

[Note: Most financing sources address a wide range of technologies and/or shifts in management and planning approaches, the most common being maritime transport (ports and ferries). Some other sources may be more narrowly focused, such as in the case of fisheries and aquaculture.]

Implementing partner(s): Public / private / public-private-partnership.

[Note: The basics should be clarified in writing so that agreements can be made as soon as (or in advance of, with a condition precedent) funding is made available, depending on the particular situation of the project. Organisations and entities implementing projects on the ground include government bodies, national institutions, international organisations, local communities, non-governmental organisations, academic and research institutions and private sector entities.]

Which of the following targeted results areas does the proposed project/programme address?

Reduced environmental impact or increased resilience by:

1. Energy access and power generation, (E.g., offshore wind, solar, ocean energy, etc.)
2. Low impact/emission transport, (E.g., ports and ferries terminals, etc.)
3. Buildings, cities, industries and appliances, (E.g., renewable energy and energy-efficient technologies, etc.)
4. Coastal water ecosystems, (E.g., mangroves, sea grass beds, etc.)
5. Increased resilience, (E.g., building capacity to benefit from broader activities, etc.)
6. Health and well-being, and food and water security, (E.g., desalination, water conservation, etc.)

Estimated implementation start and end date:

Current status: Indicate status during proposal submission, e.g. pre-feasibility, feasibility, key contracts etc.

[Note: Provide background information on project site, including: site location and ownership, site lease terms, as applicable, or other evidence of project sponsor's site control/ access. Provide list of all project permits, indicating name and description of the permit, permitting agency, and status of permit. Assess any critical difficulties in obtaining permits. Provide copies of permits obtained. Identify the project professional, either engineer or attorney, best suited to give advice on completeness of permits. Review environmental impacts of the project and related assessments. Provide summary term sheet and copy of project construction contract. Indicate allocation of project construction risks (i.e., on time, on budget, responsibility for start-up and acceptance testing, and according to performance specifications). Indicate whether contract obligations are backed by Performance and Payment Bonds. Summarise Project acceptance test criteria and procedures. Identify party who will operate the project. Provide summary term sheet and copy of operations contract, if needed.

For example, take the case of an energy project: Provide summary description of Power-Purchase Agreement (PPA) terms and pricing. Provide copies of all PPA-related documents. Include any transmission, wheeling or other agreements required for Project electric deliveries. Summarise creditworthiness of the power purchaser. Summarise interconnection plan. Identify any approvals needed for interconnection plan. Identify any easements that are needed for transmission lines, etc. Confirm electric utility cooperation and agreement with interconnection plan. Indicate key equipment suppliers, description of technology and terms of purchase. If purchase decision has not been made, indicate status of purchase decision and/ or negotiations. Provide summary assessment of technical performance, history of the technology proposed (including history of similar installations), plant performance estimates (capacity/availability), future repair and replacement needs and plant use life. Indicate anticipated warranty terms and other services to be provided by the supplier(s). Indicate status of supplier's review of project-specific details and power/energy output estimates.]

Programme/project design and development objectives

The programme design should be summarised, including target markets or beneficiaries, for example, equipment being promoted and the justification for the design provided based on the research and assessment. It is useful to compare the proposed programme design to the design of other relevant programme/project designs, and indicate how this programme builds on lessons learned from similar programme designs and models. For example, typical renewable energy/ energy efficiency market developmental objectives may include the following:

- Promote the entry of new renewable energy/ energy efficiency technologies into the market
- Promote the growth and business development of renewable energy/energy efficiency project, equipment and service companies
- Build the capacities and experience of local financial institutions in renewable energy/ energy efficiency project finance, provide more favourable credit conditions to borrowers, and promote financial innovation in the market
- Demonstrate effective new renewable energy/energy efficiency project finance business models
- Provide practical demonstrations and develop effective methods for how utilities can serve as a platform for marketing and delivering renewable energy/energy efficiency projects and services in ways that benefit the customer, the utility and the general economy and society

## 5.2. Description of the programme/project

### 5.2.1. Description of the programme/project

This section provides the description of the programme/ project objectives and activities.

[Note: Formulate a clear, overall objective and specific objectives and related activities and outcomes which should be measurable; budget resources should be allocated to them accordingly.]

Programme/project objectives: Describe clearly and accurately the overall objective(s).

[Note: This should outline in one or maximum two sentences the overarching objective of the proposed project.]

Programme/project design: Describe what activities will be implemented and describe their specific objectives.

[Note: Further details are to be provided in the logical frame-work in Section 5.2.3. Depending on the project activity, different approaches to implementation may be chosen (e.g. fisheries and aquaculture to generate direct and indirect jobs, maritime transport to potential for innovation and interaction with other sectors, energy efficiency deployment in key sectors, building capacity of communities to benefit from related activities). One or more “typical” BE activity/ies should be identified and the approach to implementation should be clear and transparent.]

Programme/project rationale: Describe why the activities are being undertaken. Specify the location and implementation context of the programme/ project.

[Note: It is crucial to the realisation of the project that the definition of the project objective is clear - How is resilience/ sustainable BE enhanced or how is the current level of resilience at least maintained/further negative BE impacts reduced? - and realistic in the face of any given constraints: can the project be financed? In what timeframe can the project be completed? Is there buy in and support from the stakeholders? The aim of the project as well as its positive and negative impacts should be clearly defined.]

Rationale for the involvement of financing source: Describe how the programme/project is consistent with the strategic objectives of the financing source, and why its contribution is critical for the programme/ project.

[Note: Consider which fund(s)/funding sources you are going to target and whether your project will address the respective priorities and objectives. Mostly, this will entail demonstrating that, without the funding, the project/ programme will not happen and/or how the funding from the targeted sources leverages or crowds-in other sources of finance.]

### 5.2.2. Financing/cost information

This section gives information on the financing of the programme/project. The information is similar to that in the concept note, but with a detailed, itemized budget.

[Note: Indicate total sources of funds, matching Project Capital Costs to uses of funds indicated above. Indicate amount and structure of project debt financing and estimated debt terms. Indicate amount of project equity and/ or quasi-equity financing. Indicate amount of equity financing which will be committed and funded by the project sponsor and other parties; indicate the amount of project equity financing needed. Indicate the planned investment structure for the needed equity financing. Summarise plan to solicit and efforts made and response received to date seeking project debt and equity financing.]

Table 2: Overview of financial instruments: fill in the table below. Give detailed information about the financial instruments, amounts and payback period, and interest rates in case of debt finance.

| Project component | Financial instrument | Amount | Currency | Tenor | Pricing |
|---|---|---|---|---|---|
| Total project financing<br><br>(a) = (b) + (c) | | | | | |
| (b) Requested amount from funding source<br><br>Indicate the amount for each financial instrument | Senior loans | | | ( ) years<br><br>( ) years | ( ) %<br><br>( ) %<br><br>( ) % IRR |
| | Subordinated loans | | | | |
| | Equity | | | | |
| | Guarantees | | | | |
| | Reimbursable grants | | | | |
| | Grants | | | | |
| | Total requested | | | | |
| (c) Co-financing<br><br>Indicate the sources of co-financing and the types of co-financing and the amount of co-financing from each source | **Financial instrument** | **Amount** | **Currency** | **Name of institution** | **Seniority** |
| | | | | | |
| | | | | | |
| | | | | | |
| | Lead financing institution | | | | |
| (d) Covenants | | | | | |
| (e) Fee arrangements with accredited entities (if applicable) | | | | | |
| (f) Conditions precedent to disbursement | | | | | |

Investment rationale: Describe how the choice of financial instrument(s) will overcome barriers and achieve project objectives, and leverage public and/or private finance. Describe how the financial structure is adequate and reasonable to achieve the project/ programme objectives.

[Note: Indicate requested concessional funding and how the requested concessional funding will leverage other funding. If project development tasks remain to get the project ready for construction financing closing and start, indicate those tasks and their estimated costs and confirm the project sponsor's ability to contribute the necessary remaining development funds.]

Investment justification: Give an economic and financial justification for the concessionality that the funding provides and how it safeguards crowding-out effects. Provide a detailed economic and financial justification in the case of grants.

[Note: Because most financing sources receive more proposals than they can fund, it is important to make a strong case for justifying the need to fund the proposed project. Each proposal will have its unique needs that will define the justification for financing. For instance, the need for external financing may be justified in situations such as: 1. Limited availability of funds for certain BE projects (lack of liquidity); 2. Reluctance of existing financing sources to provide financing for BE projects due to lack of knowledge or understanding; 3. High perception of risk of investments in BE projects; 4. Pricing distortions and/or subsidies to non-climate-friendly technologies; 5. High cost of the BE technologies that make them economically unattractive; 6. Characteristics of certain types of BE projects that make them unattractive for conventional financing.

Economic and/or financial rate of return: Specify the expected return with and without the funding source's support, depending on the specific requirements of the targeted fund/funding programme.

[Note: Estimates of all revenues and expenses for the expected term of the project debt. Justify all assumptions. Calculate Debt Service Coverage Ratio under various

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financing structures. Target ratio: 1.20-1.50, depending on other security features. Perform financial projection and sensitivity analysis using different revenue and expense assumptions. Examine price/cost escalation rates and estimate how revenues and expenses will fluctuate over time. Calculate Equity investor return on investment under different equity investment arrangements. Test financial model and key results (debt coverage ratio and equity investment Internal Rate of Return) given changes in key variables and financial structure assumptions including: resource variations, power pricing, capacity/availability assumptions, maintenance costs, debt/ equity ratio, debt term, debt interest rate, etc.]

Financial efficiency: Describe the efficiency and effectiveness of the project/programme in comparison to an appropriate benchmark, such as total project financing relative to the BE impact that the project/ programme aims to achieve (e.g. cost per avoided tCO2eq, in the case there is a climate change mitigation component, for example).

Financial viability: Describe the financial viability in the long run, beyond the fund/programme activities.

Expected leverage: Indicate expected volume of finance to be leveraged by the proposed project/ programme.

Budget use: Give a breakdown of cost estimates according to major cost categories in the table below. The components and activities should match with the logical framework of the project.

[Note: The programme/project budget and funding request must be specified and broken down. Typical uses of funds include, taking renewable energy projects as an example: 1. Programme management, including normal staff, office, travel and start-up expenses; 2. Engineering services and other technical assistance; 3. External consultants; 4. Marketing; 5. Training; 6. Evaluation and monitoring; 7. Use of funds for concessional co-finance, such as loan loss reserves or other credit enhancements or direct capital subsidies. Project management costs are the budgeted costs for general administrative services which are not directly related to any of the project outcomes and outputs. Estimate total project capital costs. Where possible, base estimate on firm construction and equipment quotes. Estimate should include: i. Turnkey construction, plant and equipment and all site erection and civil works and interconnection; ii. Engineering and construction management; iii. Project development (breakdown between costs and fees); iv. Site acquisition (if applicable) and final site improvements; v. Construction interest (based on disbursement schedule); vi. Finance fees and expenses, including legal; vii. Working capital and reserve funds, i.e. debt reserve. Estimate non-fuel project operating costs. Where possible, base estimate on quotes. Include, where applicable: plant/facilities on-site labour; utilities; plant maintenance including parts; contract services; site lease; insurance; property taxes; management; monitoring and general and administrative; contributions to plant/ equipment repair/replacement fund, and other.]

### Investment barriers

The proposal needs to identify which of these (or other) barriers are present and are hindering the implementation of the climate action programme or project envisioned. An excellent discussion of the potential barriers is provided in the Barriers Guidebook prepared by UNEP for the TNA project. Once the barriers have been defined, the justification for financing should follow the steps outlined below:

1. Define the existing situation and document the barriers and challenges that are preventing the actions from being implemented.

2. Identify and document the baseline conditions in the absence of the project.

3. Describe the project activities that are targeted at addressing the barriers and challenges.

4. Define clearly why these activities may not be undertaken without the additional financing requested. (This step becomes very important because most sources require co-financing and the proposal needs to identify sources for such co-financing. But the proposal must also demonstrate that these co-financing sources will only ‘come to the table’ if and when the proposal is successful in obtaining the financing sought.).

5. Describe how the financing will leverage the co-financing and together achieve the results that will lead to the action.

6. Document clearly all information and assumptions to develop and support the justification for financing the project.

7. Before preparing the justification for the financing, it would be very useful to review prior proposals submitted to the financing source to obtain a good understanding of how the proposal should be prepared.

| Project component | Planned activities | Planned budget | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Funding source | Budget description* | Y1 | Y2 | Y3 | Y4 | Total |
| Component 1 | 1.1 Activity | | | | | | | |
| | 1.2 Activity | | | | | | | |
| | 1.3 Activity | | | | | | | |
| Component 2 | | | | | | | | |
| Project management costs | | | | | | | | |
| Evaluation and monitoring | | | | | | | | |

* Fill in relevant categories, such as: Programme management, including normal staff, office, travel and start-up expenses; Engineering services and other technical assistance; External consultants; Marketing; Training; Use of funds for concessional co-finance, such as loan loss reserves or other credit enhancements or direct capital subsidies

### Baseline

A very important element of a proposal for financing a project or programme is the development of a credible baseline scenario. As briefly outlined in Section 4.2.3 and in the M&E sections, a baseline essentially defines the conditions in the absence of the project, the so-called "business as usual" scenario. The reason this definition is important is that the financing sources are interested in determining what will be the effect of their financial contributions. A good baseline is based on strong data assessing the key risks, barriers and challenges of the project and expected trends in the blue economy. The baseline will then be a reference point to estimate the positive/negative effects of the project on the project/sector of interest by financing institutions who are reviewing and evaluating the proposal. When preparing proposals for financing, it is therefore recommended to collect data thoroughly, to review prior successful applications that have developed credible baseline scenarios and to assess the applicability of the tools and methodologies used. For example, the World Fish Centre, in collaboration with the GOB and USAID, completed the Feed the Future Aquaculture development project in Bangladesh (World Fish, 2013). The project aimed to improve fish production; enhance the nutritional status and income of potential beneficiaries and to strengthen investment and local institutional capacity. The initial baseline therefore gathered data on current household earnings, the initial number of fish ponds and their productivity, the cost of the fish culture, nutrition levels of potential beneficiaries, and current institutional capacity, including potential barriers and risks. The baseline was then used to track the achievements (benefits) and negative impacts of the project over the five years of project implementation.

Investment timeline: Include a Financial Model to the proposal with a projection covering the period from financial closing through final maturity of the requested financing with detailed assumptions and rationale (see Section 1.2.7 Supporting documents).

[Note: Include Month to Month Disbursement Schedule for construction financing, indicating date and amount for and construction milestone (progress point) achievements justifying each disbursement.]

Exit strategy (finances): Describe what happens to returns on investment from the financing source after the programme/project is implemented with support from the financing source.

[Note: How are the benefits from the project / programme sustained after the involvement of the funders ends (all funds invested, all loans repaid in full)? How are annual operations and maintenance (O&M) costs covered? Are results measured and reported, and if so, how and where?]

Financial management and procurement: Describe the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing.

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### 5.2.3. Project results framework/ logical framework

This section provides a detailed logical framework of the project/programme baseline scenario: Describe the baseline conditions in absence of the activities. It should include evidence of:

> Hard historical data consulted and analysed

> BE problem clearly identified and stated development issues identified and addressed

> Immediate, underlying and root causes identified (refer to literature on results-based management frameworks for more details)

> Vulnerable groups, areas or sectors identified (may not be relevant in all cases)

> Level of vulnerability assessed (only when relevant)

> The preferred situation or vision formulated

Barriers to the preferred situation identified (including economic/financial barriers e.g. fiscal or balance of payment gap that prevents the needs from being addressed; shortcomings of local capital market; or institutional barriers e.g. needs for strengthening institutions and implementation capacity).

[Note: This section should contain a brief description of the starting situation and the relevant development activities that would/should be implemented in the absence of BE in the targeted sector and region.]

Project results framework: Fill in the table below. Identify clear impact indicators, as well as baseline and target values, for each of the project's outcomes and outputs. The table should be filled in clearly and realistically. Indicators should be SMART (Simple, Measurable, Achievable, Realistic, Time-bound); the data for most indicators should be readily available from existing and credible national or international sources. It should be feasible and affordable to gather the data for the indicators on an annual basis.

[Note: The preferred format and level of detail for results frameworks vary across organisations and according to the scope and scale of the intervention, but all include the same basic components which are shown in the table below. Check if the logical framework is in accordance with the funding source's performance measurement approach (usually Results-Based Framework Matrices (RFM)). For more information, see World Bank IEG: Designing a results framework for achieving results.]

13 http://siteresources.worldbank.org/EXTEVACAPDEV/Resources/designing_results_framework.pdf

#### Expected results

Expected results can typically be divided into direct results and the indirect or market transformation results being sought. For example, for renewable energy/energy efficiency projects, direct results must include estimated energy saved or produced that will be directly supported by the programme and the associated estimated GHG reductions. From these values, the programme costs per unit emissions reduction can be estimated. Other main direct results include the total investment value of energy efficiency/renewable energy investments which will be supported and he estimated number of transactions. Indirect results focus on market development, capacity building, market transformation and leveraging effects of the project on increasing investment in mitigation activities.

#### Technical assistance and capacity building needs

Programmes will typically include a technical assistance and capacity building component, working with key programme implementation partners. TA can include transaction structuring, marketing support, training, business planning, assistance to renewable energy/energy efficiency projects/companies to integrate financing with their offers, engineering due diligence for corporate finance institutions to confirm the technical soundness of proposed projects, and other support typically focused on preparing projects for investment. Implementation partners should be interviewed to define what technical assistance and capacity building needs they have to perform their given roles.

Table 3: Project objectives template

| **Project objective:** State the project objective here<br>**Indicators:** State the overall indicators to measure the progress towards reaching the objective | | | | | | |
|---|---|---|---|---|---|---|
| Project component | Expected outcomes and indicators | Project baseline | Medium-term target | End of project target | Expected outputs and indicators | Assumptions |
| 1. Describe the project component here | 1.1. Specify the expected outcomes and 1-3 outcome indicators | | | | 1.1.1. Specify the expected outputs and their indicators that contribute to the outcome | Cite assumptions made between achieving projects outputs and reaching project outcome |
| | 1.2 | | | | 1.1.2 | |
| 2. | 2.1 | | | | 1.2.1 | |
| | 2.2 | | | | | |
| 3. | 3.1 | | | | | |
| | 3.2 | | | | | |
| 4. Knowledge management and M&E | | | | | | |

a. Outcomes are results that the project makes a contribution towards, and that are designed to help achieve the project objective. Achievement of outcomes will be influenced both by project outputs (project accomplishments or products) and additional factors that may be outside the direct control of the project.

b. The outcomes need to be translated into a set of measurable indicators to establish whether progress is being achieved (effectiveness). Indicators are tied to results by focusing on one or more characteristics of the outcome. Please select predefined national level indicator where possible; disaggregate by sex where relevant; indicator must be a neutral unit of analysis (e.g. %-based, or #). Make sure the outcome indicators are not the outputs (which measure efforts, not effectiveness).

c. Level at time of endorsement by financing source. In order to prove the impact the project actually had, it is important to establish a baseline scenario that describes what would have happened if the project did not exist (the establishment of the baseline scenario can at this stage be qualitative rather than quantitative).

d. Expected level at time of mid-term review or halfway through the project.

e. Expected level at time of final evaluation or end of project.

### Technical assistance and capacity building needs

Programmes will typically include a technical assistance and capacity building component, working with key programme implementation partners. TA can include transaction structuring, marketing support, trainings, business planning, assistance to renewable energy/ energy efficiency projects companies to integrate financing with their offers, engineering due diligence for corporate finance institutions to confirm the technical soundness of proposed projects, and other support typically focused on preparing projects for investment. Implementation partners should be interviewed to define what technical assistance and capacity building needs they have to perform their given roles.

### 5.2.4. Impact potential

Specific attention to be paid to environmental-climate impacts, catalysing impacts and sustainability of impacts:

Impact potential: Specify the expected BE impacts, such as total tonnes of carbon-dioxide equivalent ($CO_2eq$) avoided or reduced per annum (in the case of a mitigation component), total number of direct and indirect beneficiaries, number of beneficiaries relative to total population. Specific attention may need to be paid to: baseline emissions and expected avoided emissions in the case of a mitigation component. For other projects, specific attention may need to be paid to: ecological and socio-economic context of the programme/project and its perspectives to BE, forms of vulnerability and existing resilience capacity, which vulnerabilities will the programme/project limit.

[Note: This section should give a concise description of each of the specific BE activities/investments that the project would implement, how they build on existing development activities (i.e. the baseline activities identified above), how they will be implemented in practice, and what impacts they are expected to have in terms of reducing the vulnerabilities or, in the case of a mitigation component, improving the GHG emissions profile described above. This section should demonstrate to the donor how the project will lead to concrete and measurable impacts in the targeted sector and/or region. The discussion can take its starting point in the differentiation between 'investment activities' and 'capacity building activities'.]

Catalysing impact potential: Specify the potential for scaling-up and replication, knowledge and learning, contribution to enabling environment and regulatory or policy framework:

Scaling-up and replication potential: Describe expected contributions to global BE development pathways for scaling up and replication (e.g. through theory of change).

[Note: For instance, many programmes seek to demonstrate successful financing mechanisms and business models, engage commercial parties and then promote a commercially self-sustaining market dynamic, so that market players will continue to develop, implement and finance renewable energy/energy efficiency projects after the programme is completed. This is an attractive strategy for funders. The plan of the programme to achieve this result should be discussed, along with strategies for replication. A budget for replication could constitute a second phase of a programme.]

Learning and knowledge potential: Explain how the project/programme contributes to the creation or strengthening of knowledge, collective learning processes, or institutions.

Contribution to enabling environment: Describe how proposed measures will create conditions that are conducive to effective and sustained participation of private and public sector stakeholders. Explain how the pro-posed project/programme contributes to innovation, market development and transformation.

Contribution to regulatory framework and policies: Explain how the project/programme strengthens the regulatory or legal frameworks to systematically drive investment in BE technologies or activities, promote development of additional BE policies, and/or BE climate-responsive planning and development.

Sustainable development potential: Specify the expected economic, social and environmental co-benefits (impacts on job creation, technology transfer, economic activities, increased resilience, improved nutrition, etc.).

Sustainability of impacts: Specify how the programme/project activities will continue after its completion, e.g. whether and how market players will continue to develop, implement and finance activities.
Demonstrate that the measures to ensure sustainability of project benefits beyond the support period have been articulated (e.g. Building sufficient local capacity to maintain and scale up activities; drawing a strategy to raise additional funding; choosing activities with low maintenance costs).

Sustainability and Replication

Many programmes seek to demonstrate successful financing mechanisms and business models, engage commercial parties and then promote a commercially self-sustaining market dynamic, so that market players will continue to develop, implement and finance projects after the programme is completed. This is an attractive strategy for funders. The plan of the programme to achieve this result should be discussed, along with strategies for replication. A budget for replication could constitute a second phase of a programme.

[Note: This section should demonstrate to the donor how the project interventions have been designed in a way that ensures that BE benefits are sustained beyond the lifetime of the project. This discussion could include elements both of financial, social and environmental sustainability as relevant.]

Mitigation of negative impacts: Describe main outcome of the environment and social impact assessment (if applicable) and how the project/programme will avoid or mitigate negative impacts at each stage (e.g. preparation, implementation and operation), in accordance with the funding source's environmental and social safeguard standard if specified. Take into account and describe gender aspects in accordance with the funding source's gender policy.

### 5.2.5. Market and regulatory conditions

Market overview (if needed): Describe the market of the product(s) or service(s). Give an overview of historical data and forecasts; key competitors with market shares and customer base; pricing structures, price controls, subsidies available and government involvement provided.

Regulatory environment, taxation and insurance (if needed): Describe requirements of government licenses or permits for project implementation, issuing authority and (expected) date of issue; applicable taxes and/or foreign exchange regulations; relevant insurance policies.

### 5.2.6. Implementation and management plan

This section outlines the implementation and management plan for the programme/project. This is similar to the information provided in the concept note, but with considerably more detail on the implementation and coordination arrangements.

#### Implementation Plan and Partners

Project functions and roles should be laid out. In the following, energy efficiency/renewable energy projects are used to showcase such roles and functions:

- Implementation Partners. All programme functions and roles should be laid out. Implementation partners can include corporate finance institutions, energy efficiency/renewable energy companies, end-user associations and others.
- Project Development Cycle. The energy efficiency/renewable energy project development cycle, for example, is also a useful way to organise the presentation of programme activities, tracing project development steps from marketing, engineering, financial planning through to financial closing and implementation.
- Marketing and Outreach. Marketing and outreach are critical functions that drive programme participation. Marketing allies include the energy efficiency/renewable energy companies which seek to sell their equipment and services, for example. Typical energy efficiency/renewable energy project economics from end-users' perspective should be described, as this will affect decisions to implement.
- Financing Mechanisms. The financing mechanisms that will be deployed should be described, including: the corporate finance institutions that will offer the financial products, the basic credit structure and collections mechanism for the financial product, any credit enhancements, the financing terms and how the terms are matched to the energy efficiency/renewable energy project economics, and finance origination steps. Strategy for leverage of the programme funds needs to be defined, and how the programme will recruit financial institution partners and make this an attractive business proposition for them. The target portfolio of projects to be funded can also be described.
- Stakeholders and Advisory Committee. Programme stakeholders should be identified, parties who have an interest in the programme's success, including energy users, energy efficiency/renewable energy companies, financial institutions, energy utilities and interested government and development agencies, including NGOs. Many programmes set up an advisory committee of stakeholders to provide informal advice to the programme during operations and also provide a channel for communications.
- Programme Management. The organisation and staff that will manage the programme should be identified and their capacities to manage programme implementation roles discussed.

Project/programme governance structure: Describe the organisational structure, roles and responsibilities of the project/programme management unit, steering committee, implementing entities, etc.

Implementing entities: Describe who will implement the programme/project and their comparative advantage(s) compared to other potential implementing entities. Describe their experience and credibility. Describe the financial condition of the implementing entities. Specify the specific roles and responsibilities of each of the implementing entities, their level of involvement in the project design and implementation, and underlying contractual arrangements. Describe who will take care of the monitoring process.

[Note: Summarise proposed legal and organisational structure for the project. This section should clearly outline the institutional setup of the proposed project (i.e. who will do what and when, what will be the management structure for the project, how will the activities of different executing partners be coordinated etc.). The comparative advantage of the implementing institution(s) (compared to other potential implementing institutions) should also be outlined here. Provide background information on the primary project sponsor or developer including: company history and background; management; financial statements; experience in projects (of the type proposed) and other similar projects, including project development, construction, operations and financing; and, other projects under development. Provide a list of other key parties to the project, indicating their role and background information on their experience, management, and financial condition. Key parties may include: site owner; engineer; construction contractor and major sub-contractors; key equipment sup-pliers; operations contractor. Certain information may be in the annex or as annexed documents (see Section 5.2.9).]

Embedding: Describe how the programme/project will be coordinated or mainstreamed with related ongoing activities.

Demonstrate ownership and coherence & alignment with national BE strategy and priorities:

> Depending on the BE measure, be it a sector-wide policy or a specific project for a certain region, different political decision-making processes will be required to make the implementation happen. At the same time, it is also crucial to ensure that these processes are aligned with host country policy on BE.

> To ensure the project will be supported by the wider political community, the appropriate decision-makers will have to be identified at the local, regional and national levels. By working with these individuals it needs to be determined if and how the adaptation can be integrated into existing frameworks for the future.

> It is important to consider the work done on existing BE plans. Projects within the respective priority categories are very likely to gain political or even financial support by public institutions.

> The backing of a public institution or the government can also help to access funding at international level.

[Note: This section should briefly identify all relevant related initiatives/projects that are currently being carried out in the targeted sector and region, and discuss how the proposed project will ensure that its activities are appropriately linked and coordinated with these. The aim is to assure the potential donor that the project will not over-lap, duplicate or negatively impact any other development activities and that all potential synergies and appropriate collaboration with existing activities are fully exploited. This issue is partly linked with the question of the baseline scenario described above, as the project will need to coordinate/cooperate with any relevant business-as-usual development activity underpinning the proposed BE project (see above).]

Efficiency: Explain how best available technologies and practices are considered and applied. The innovations/ modifications/adjustments that are made based on industry best practices should be specified if applicable.

Specific attention to be paid to country ownership and stakeholder engagement:

Country ownership: Describe how the ownership of the beneficiary country is constituted. Clearly outline why this project or programme needs to be implemented, in light of priorities in a country's national development and BE plan as well as relevant national legislation and regulations; government permission or endorsement to implement the programme/project. Justify the proposed actions and objectives based on country priorities.

Stakeholder engagement: Identify the project/ programme stakeholders, including their level of involvement and roles. Potential stakeholders include: planners in central government, sub-national level institutions, finance experts, academia, marine biologists, and civil society organisations. Describe the process and feedback received from civil society organisations and other relevant stakeholders. Topics to discuss include expected results, resources needed, and timelines.

[Note: Extensive consultations with the stakeholder groups are advised, starting with the project planning stage. Developing and implementing a BE measure should draw interest from a number of stakeholders.]

Milestones: Indicate the implementation start and end date, project/programme lifespan, financial closure, and any other milestones such as deliverables.

Multi-year work plan: Fill in the table below. Make the timeframe as specific as possible (e.g. one column per month).

Include the milestones in the overview.

### Risks and Management

All programmes involve certain risks, in programme implementation and also in market conditions that are outside the programme's control. Risk assessment is an important step in the proposal preparation. All financing sources will require the proposing entities to identify the major risks that may affect the successful implementation of the proposed project. For energy efficiency/renewable energy project development and finance programmes, for example, the biggest implementation risks typically concern marketing success and the long sales and development time required to get projects ready for investment. This is also a main focus of technical assistance efforts and programme activities. The major types of risks include:

1. Country macro-economic conditions, interest rates, inflation, foreign exchange rates or availability of funds;
2. Policy risk;
3. Marketing success and uptake;
4. Future energy or food prices, for instance, and government subsidies or policies;
5. Credit risks of (energy) users;
6. Loan or financing performance risks; and
7. Implementation risks, including those related to staffing. These risks should be assessed and methods for mitigating and managing these risks described, by building on the capacities of programme partners and experienced consultants, through policy support from government agencies, through contingency plans, through adjustments to programme financing parameters such as levels of capital subsidy or credit enhancements.

A careful risk identification and assessment needs to be created for inclusion in the proposal. It is not sufficient to simply identify the risks. The proposal needs to assess the likelihood of each risk and define the potential impacts of the risk on the project implementation and results. It also needs to define the measures that will be taken to mitigate each risk and its impacts. While each proposed project is unique, and the specific risks pertaining to that proposed project need to be specifically assessed, much can be learned from the experience of projects financed by the various financing sources identified in this report. Project proponents can benefit from studying the proposals prepared in prior projects financed by the relevant sources and learning from them to develop an appropriate risk assessment and management plan.

| **Expected outputs and result indicators** | **Result indicator(s)** | **Planned activities** | **Timeline** | | | | | | **Responsible party** |
|---|---|---|---|---|---|---|---|---|---|
| | | | Y1 | Y2 | Y3 | Y4 | Y3 | Y4 | |
| Output 1 | 1.1 | 1.1 Activity | | | | | | | |
| | 1.2 | 1.2 Activity | | | | | | | |
| | 1.3 | 1.3 Activity | | | | | | | |
| Output 2 | | | | | | | | | |
| Milestones | | | | | | | | | |

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### 5.2.7. Risk analysis

This section outlines the foreseen risks and measures to mitigate these risks.

Project/programme risk management framework: Fill in the table below. This framework identifies project/ programme risks, the degree of risk (high/moderate/ low), and how the risks are mitigated.

| Type | Risk | Description | Probability (High-low) | Mitigation measures |
|---|---|---|---|---|
| Non-financial | | | | |
| | | | | |
| | | | | |
| Financial | | | | |
| | | | | |
| | | | | |

a Examples of non-financial risk categories are: technical, operational, social, environmental, regulatory, legal, compliance.

b Examples of financial risk categories are: funding, credit, market, liquidity.

### 5.2.8. Evaluation and impact metrics

This section provides information on the M&E and MRV methodology. It should include considerably more detail than the information provided in the concept note.

#### Monitoring and evaluation

Monitoring and evaluation (M&E) are integral to the implementation of the programme/project. The M&E plan should be developed early, to ensure that a baseline is established prior to beginning the collection of data needed for the evaluation. A programme's M&E framework will serve several purposes: 1. Monitor progress towards programme objectives; 2. Strengthen programme performance and management by providing feedback on implementation; 3. Provide a base for reporting and technical and financial accountability. M&E will evaluate the programme's direct impacts: total projects supported by the programme and their related GHG emissions reductions, in the case of a mitigation component, for example. Other key indicators measures should also be defined, including indirect market development impacts. In order to capture market transformation effects, an M&E plan should assess the programme's indirect impacts and demonstration effects. This is often done through interviews with programme stakeholders, both participants and non-participants.

Measurement, Reporting and Verification (MRV) methodology: Briefly describe the methodology for monitoring and reporting the key outcomes of the project/programme, based on the Monitoring Plan.

Monitoring & Evaluation (M&E) process: Describe the process and a timetable for the M&E process. Describe how the mid-term and final evaluations will be organised.

Feedback mechanisms: Describe how feedback on implementation and progress will be used to strengthen performance and management of the programme/project.

Table 4: Monitoring Plan: Fill in the table below. The outcomes and outputs should be in line with the logical framework provided in Section 5.2.3.

| Expected results | Results indicator(s) | Data sources / collection method | Frequency of observation | Responsible for data collection | Means of verification | Assumptions and risks | Responsible for monitoring |
|---|---|---|---|---|---|---|---|
| Outcomes | | | | | | | |
| Outcome 1 | Indicator 1<br>E.g. describe the indicator | List the source of the data or explain how the data will be collected and which methodology will be used | E.g. annual | E.g. National Office of statistics | E.g. National statistics report | List assumptions and risks to collecting the project data | State the implementing entity that is responsible for monitoring this project |
| | Indicator 2 | | | | | | |
| | Indicator 3 | | | | | | |
| Outcome 2 | | | | | | | |
| Outcome 3 | | | | | | | |
| Outputs | | | | | | | |
| Output 1.1 | Indicator 1.1 | | | | | | |
| Output 1.2 | Indicator 1.2 | | | | | | |
| Output 1.3 | | | | | | | |

### 5.2.9. Supporting documents

This section indicates which supporting documents are available. Tick the box(es) of the available documents. This list is not exhaustive as there may be further supporting documents.

- Map indicating the location of the project/ programme
- Financial Model
- Letters of endorsement for all co-financing
- Pre-feasibility Study
- Feasibility Study (if available)
- Environmental and Social Impact Assessment (if available)
- Evaluation Report (if available)
- Agreements between implementing partners
- Summary term sheet
- Operations contract
- Project permits
- Documentation on ownership, site lease terms, or other evidence of project sponsor's site control/ access

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### Evaluation and impact metrics

Monitoring and evaluation (M&E) are integral to the implementation of the programme. The M&E plan should be developed early, to ensure that a baseline is established prior to beginning the collection of data needed for the evaluation (see above). A programme's M&E framework will serve several purposes:

1. Monitor progress towards programme objectives.

2. Strengthen programme performance and management by providing feedback on implementation.

3. Provide a base for reporting and technical and financial accountability.

M&E will evaluate the programme's direct impacts: total projects supported by the programme and their related GHG emissions, such as in the case of a mitigation component or vulnerability reductions. Other key indicators measures should also be defined, including indirect market development impacts. In order to capture market transformation effects, an M&E plan should assess the programme's indirect impacts and demonstration effects. This is often done through interviews with programme stakeholders, both participants and non-participants.

## 5.3. Proposal review checklist

The full proposal checklist is used when assessing project ideas or concepts, either for external or internal reviews by officials/managers in a supervisory capacity. The purpose of the full proposal checklist is to assess whether the necessary elements for a full proposal are covered. A simple scoring system has been developed with a view to assisting with the decisions as to whether the considered idea or concept should be taken forward, sent back with a request for additional information or entirely rejected. The scoring takes into account to what extent the requested information has been provided as well as the actual contents and whether the proposed project/programme has a chance of getting off the ground. The related proposal template can be found in Section 5.

A detailed description of the governance structure of the project/programme, including, in particular in the case of public sector projects/programmes, but not limited to the organisation structure, roles and responsibilities of the project/programme management unit, steering committee, executing entities and so on is available.

| Key aspects/ elements | Questions and issues to be considered | Rating (from 1-3*) |
|---|---|---|
| Brief project/ programme information | Project/programme executive summary, i.e. a brief description of the proposed project/programme, including:<br>• Objectives and primary measurable benefits (see below expected results which address underlying investment criteria)<br>• Location<br>• Milestones (implementation start and end date, project/programme lifespan, financial closure)<br>• Project size (investment volume)<br>• Sector/technologies(i.e. which results areas does the proposed project/programme address)<br>• Involved national authorities relevant to the climate action | |
| Financing information and financial elements | • Funding plan with integrated financial model available and sound, including detailed activity-based budget<br>• Description of choice of financial instruments with a view to overcome barriers, achieve objectives and leverage more finance provided<br>• Detailed information about financial instruments, amounts as well as payback periods and interest rates in the case of debt finance<br>• Amount requested from the/a specific fund and co-financing amounts provided?<br>• Specification of fee arrangements with intermediary organisations is provided<br>Financial market information provided (if needed; usually inserted by an intermediary such as an accredited entity to the Green Climate Fund or the Adaptation Fund) including:<br>• Information about how market price or expected commercial rate return was is determined in the case of non-concessional instruments<br>• Overview of the size of total banking assets, debt capital markets and equity capital markets provided<br>• Overview of market rates for bonds and syndicate loans (incl. credit rating where applicable) and information about comparable transactions | |
| Strategic context & embedment in national priorities | • Consistency with national sustainable development strategies, including, where and as appropriate, national development plans, poverty reduction strategies, national<br>• BE strategies and/or plans as well as relevant climate change or biodiversity strategies, plans and programmes, if relevant (in the case there is a mitigation and/or adaptation component and relevant funding is sought after) | |
| Project/ programme objective and baseline scenario | Clear and proper description of the baseline scenario (i.e. emissions baseline, if applicable, vulnerability baseline, key barriers, challenges and/or policies), including evidence for:<br>• Hard historical data consulted and analysed<br>• BE problem clearly identified and stated<br>• Development issues identified and addressed<br>• Immediate, underlying and root causes identified (refer to literature on results-based management frameworks for more details)<br>• Vulnerable groups, areas or sectors identified (only relevant in the case of adaptation)<br>• Level of vulnerability assessed<br>• The preferred situation or vision formulated<br>• Barriers to the preferred situation identified<br>• Outcomes and the impact that the project/programme will aim to achieve in improving the baseline scenario are described and clear responses identified<br>• One objective of the initiative identified<br>• Outcomes of the initiative identified and feasibility assessed, including justifications provided (e.g., baseline and alternative scenario for the selected outcomes described)<br>Outcomes and the impact that the project/programme will aim to achieve in improving the baseline scenario are described and clear responses identified<br>• One objective of the initiative identified<br>• Outcomes of the initiative identified and feasibility assessed, including justifications provided (e.g., baseline and alternative scenario for the selected outcomes described) | |
| Project/ programme description | Description of the main activities and the planned measures of the project/programme according to each of its components provided | |

| Key aspects/ elements | Questions and issues to be considered | Rating (from 1-3*) |
|---|---|---|
| Project/ programme sponsor | • Does the project/programme sponsor have operating experience in the host country or other developing countries?<br>• What is the financial condition of the sponsor?<br>• How will the project/programme sponsor support the project/programme in terms of equity, management, operations, production and marketing? | |
| Market overview (if needed) | • Is the market for the product(s) or service(s) described, including the historical data and forecasts?<br>• Key competitors with market shares and customer base are provided (if needed).<br>• Pricing structures, price controls, subsidies available and government involvement provided (if needed). | |
| Regulatory environment, taxation and insurance (if needed) | • Are details of government licenses or permits required for implementing and operating the project/ programme, the issuing authority, and the date of issue or expected date of issue provided?<br>• There is a description of applicable taxes and foreign exchange regulations.<br>• Details on insurance policies related to the project/programme are provided | |
| Implementation/ institutional arrangements | • A detailed description of the governance structure of the project/programme<br>• Operational arrangements with key contractual agreements following the completion of construction are described (if needed, the creditworthiness of key counterparties should be assessed and risk mitigation measures described).<br>• Construction and supervision methodology with key contractual agreements is described<br>The project stakeholders at the local, regional, national and international level have been clearly identified - including their specific roles and responsibilities, the level of involvement of these players in the project design and its implementation – and key stakeholders been initially consulted already | |
| Project/ programme implementation plan & timeline | • A project/programme implementation plan with all activities and a timetable as per the defined activities is provided, including milestones/outputs marked (a more detailed timetable is also provided/attached to the proposal) | |
| Value added for a fund's involvement & longevity of project/ programme | • Explanation of reasons for support by the targeted fund/funding programme<br>• Explanation of how the project/programme sustainability will be ensured in the long run, after the project/programme is implemented with support from the specific fund/Funding programme and other sources, taking into consideration the long-term financial viability (see also below) | |
| Impact potential – supporting climate action objectives and result areas of funding organisation | Is/are the mitigation/adaptation impact(s) specified, taking into account relevant and applicable sub-criteria and assessment factors in a fund's/funding programmes investment framework? Applying international best practice, typically these investment framework look into and pay attention to:<br>• High impact/max. potential for paradigm shift with regard to shifts towards low-carbon and climate-resilient sustainable development<br>• Leveraging funding and potential for using of public finance and philanthropic funds to mobilize private capital<br>• Private sector engagement<br>• Avoidance of crowding out finance from other public and private sources<br>• Country ownership and institutional capacity<br>• Economic efficiency<br>• Financial viability<br>Are detailed methodologies used for calculating the indicators below described, are specific numerical values for the below key indicators provided and is it described how the indicator values compare to the appropriate benchmarks or reference cases established in a comparable context?<br>• Can the long-term net benefits of the project be measured and tracked (e.g. expected tonnes of carbon dioxide equivalent [t CO2 eq.] to be reduced or avoided [annual & lifetime]) in the case of a mitigation component?<br>• What are the specific BE activities that will be implemented and increase resilience through this project/ programme, if and as applicable?<br>• Does the proposed monitoring include appropriate measurable indicators to assess the success of the BE measures proposed by this project/programme (i.e. expected total number of direct and indirect beneficiaries [reduced vulnerability or increased resilience]; number of beneficiaries relative to total population [%])? | |

| Key aspects/elements | Questions and issues to be considered | Rating (from 1-3*) |
|---|---|---|
| Scaling up potential & replicability potential<br>Learning and knowledge potential<br>Contribution to creation of an enabling environment<br>Contribution to regulatory<br>framework and policies<br>Sustainable development potential<br>Country ownership (and<br>capacity to implement, a funded project or programme) | • Description of expected contributions to global BE development pathways for scaling up and replication provided<br>• Explanation of how the project/programme contributes to the creation or strengthening of knowledge, collective learning processes, or institutional development<br>• Description of how are supportive actions by the private and public sector promoted Explanation of how innovation, market development and transformation are promoted<br>• Description of how the national / local regulatory or legal frameworks are strengthened fostering investments and BE action planning and development (if needed)<br>• Explanation of whether the undertaking is supported by a country's enabling policy and institutional environment, or includes policy or institutional changes (if needed)<br>• Description of the environmental, social and economic co-benefits<br>• Description of the experience and track record of the intermediaries with respect to the activities that they are expected to undertake (if needed)<br>• A multi-stakeholder engagement plan and consultations are specified | |
| Efficiency and effectiveness | • Description of how the financial structure is adequate and reasonable - addressing existing bottlenecks and/or barriers –<br>• Expected economic and financial rate of return with and without the fund's/funding programme's support is specified<br>• Description of the efficiency and effectiveness in comparison to an appropriate benchmark (see also below)<br>• The co-financing ratio (total amount of co-financing divided by the fund's/funding programme's investment in the project/programme) and/or the potential to attract further investment in the long run in the case of mitigation is provided<br>• Expected volume of finance to be leveraged as a result of the fund's/funding programme's financing, distinguishing between public and private sources, is provided and description of the financial viability in the long run beyond the fund/programme intervention as well as a financial exit strategy in case of private sector operations<br>• Explanation how best available technologies and practices are considered and applied.<br>• Provision of other relevant indicators (e.g. estimated cost per co-benefit generated as a result of the project/programme) | |
| Economic and financial analysis<br>Technical evaluation<br>Environmental & social assessment (incl. gender<br>considerations)<br>Financial management and procurement | • Narrative and rationale for the detailed economic and financial analysis (including the financial model, see above) is provided<br>• Economic and financial justification (both qualitative and quantitative) for the soft loan that the fund/funding programme provides<br>• If a particular technological solution has been chosen, a description of why it is the most appropriate is provided<br>• Main outcome of the environment and social impact assessment is described and the Environmental and Social Management Plan, and how the project/programme will avoid or mitigate negative impacts<br>• Description of the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing | |
| Risk analysis and mitigation strategy | • A summary of main risk factors and a detailed description of risk factors and mitigation measures are provided<br>• A risk analysis matrix is presented with the financial, technical and operational, social and environmental and other risks<br>• A clear strategy to mitigate identified risks is presented | |
| Logic framework | Logic framework in accordance with the fund's/funding programme's performance measurement approach is specified, including (refer to literature on results-based management frameworks for more details):<br>• Logical framework analysis established<br>• Outcomes and outputs are identified and prioritised<br>• Cost of selected outcomes and outputs identified<br>• Indicators, risks and assumptions for each outcomes/outputs identified (Indicators are S.M.A.R.T. (Simple, Measurable, Achievable, Realistic, Time bound) | |

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| Key aspects/elements | Questions and issues to be considered | Rating (from 1-3*) |
|---|---|---|
| Monitoring, reporting & evaluation | • Institutional setting and implementation arrangements for monitoring and reporting are specified, including indication on how mid-term and final evaluations will be organized<br>• Methodologies for monitoring and reporting of the key outcomes of the project/ programme are provided | |
| Other | • Supporting documents for funding proposal provided, such as map indicating the location of the project/programme, financial model, letters of endorsement for all co-financing, pre-feasibility study/feasibility study. environmental and social impact assessment, evaluation report – depending on development status of the undertaking | |

*Note: The scoring should be done per row taking into consideration to what extent the requested information in the row has been provided. The scoring scale is: 1. No information available (including upon request) 2.Information partially available (with a chance to be provided in due course) 3. Information is generally/fully available (minor gaps will be addressed shortly). Applicants that are not able to provide any of the above key information within a reasonable timeline (a couple of weeks), i.e. a score of 1, should not be further considered in the process. Applications that score 3 across the board can progress to the next assessment level. Applications that receive a score of 2 in (a) certain category/ies should be given the chance to achieve a score of 3 once the information is provided. The scoring should take the actual contents into account and whether the proposed project/programme has a chance to get off the ground (e.g. a proposal not being able to show any kind of contribution of resources, even in-kind, or cannot demonstrate a basic understanding of designing environmental finance actions, or in-country. experience

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- European Commission, IMP-BE Facility (2017c): Draft National Blue Economy Study: Assessment of the potential of Blue Economy for Israel, Report supporting a regional policy dialogue on climate action and integrated maritime policy/blue economy
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# Annex 1: Jargon Buster

**Activity-based budget:** Budget where expenditures are based on the planned activities. Determines which activities incur costs within an organisation, establishing the relationships between them, and then deciding how much of the total budget should be allocated to each activity.

**Baseline/business-as-usual scenario:** Scenario or trend based on the assumption that operating conditions and applied policies remain what they are at present. For blue economy, it provides a projected level of unsustainable use, pollution, damage to biodiversity and ecosystem services without policy intervention or the proposed project activities.

**Benchmark:** A reference index that serves as a point of comparison for evaluating a performance.

**Blending:** Funding arrangements that combine financial instruments such as grants, loans or equity from public and private financiers.

**Bonds:** Debt instruments issued by governments, corporations and other entities to raise (long-term) finance for a variety of projects and activities. A bond is a loan that investors make to the bond's issuer for a defined period of time at a variable or fixed interest rate.

**Capital market:** Market for buying and selling of long-term debt (e.g. bonds) and equity shares. In this market, the capital funds comprising of both equity and debt are issued and traded. This also includes private placement sources of debt and equity as well as organised markets like stock exchanges.

**Co-finance:** Practice whereby several entities together finance a project or provide funds to a company, thereby co-financing the full cost.

**Co-financing ratio:** Total amount of co-financing divided by the fund's/funding programme's investment in the project/programme.

**Concessional finance:** Finance offered at favorable terms, which are not offered at standard market terms. A concessional loan has special features such as no or low interest rates, extended repayment schedules, or interest rate modifications during the lifetime of the loan.

**Covenant:** A formal written agreement between two or more entities.

**Crowding out:** A proposition that suggests that public sector spending drives down or even eliminates private sector spending.

**Debt:** Upfront funding in the form of a loan or bond, in exchange for repayment of this funding (known as "principal") along with interest, based on predetermined timeframes and interest rate terms.

**Economic rate of return:** Economic returns on investment are the returns on investment from the perspective of the national economy, rather than from that of commercial investors.

**Equity:** An investment in exchange for (partial) ownership of a company and entitlement to the earnings of the company after all other investors (e.g. debt-holders) have been paid. The value of the investment is related to the success or otherwise of the company, rather than the interest payments accrued by debt finance.

**(Financial) exit strategy:** A strategy which ensures that the ongoing activities, impact and results of the project/programme are sustained after the funding.

**Financial rate of return:** The gain or loss on an investment over a specified time period, expressed as a percentage of the investment's cost.

**Financial structure:** Framework of various types of financing employed to acquire and support resources necessary for operations.

**Full cost finance:** Concept applied by cash-constraint funds such as the GEF or the Adaptation Fund (AF) covering the amount of funding necessary to implement measures that would not be necessary in absence of climate change, but sometimes only a portion of a project's entire costs. For example, if a country invests in developing fisheries to promote economic development in a coastal area, the fund may provide the additional, or incremental, funds needed to buy equipment for sustainable fisheries production, or to promote build the technical/management capacity to apply integrated coastal zone management and protection. Enabling activities, often for smaller projects relating to grassroots action sponsored by non-governmental organisations may be fully financed though.

Guarantee: Protects investors from a borrower's failure to repay their loan, which will then be (partially) paid out by the issuer of the guarantee. A guarantee either protects (a portion of) the investment through its lifetime, or covers the entire investment after a pre-specified timeframe.

Implementing Entity: An accredited entity that executes, carries out or implements a funded activity, or any part thereof. With respect to the GCF, the implementing entity is accountable for the overall management of projects, as well as for the financial, monitoring and reporting aspects of project activities.

In-kind contributions: Provisions of works, goods, services, land or real estate for which no cash payment has been made.

Innovative finance: A heterogeneous mix of innovations in fundraising and innovations in spending, i.e. both innovations in the way funds are raised as well as innovations in the ways funds are spent. Innovative development finance departs from traditional approaches to mobilising development finance through donor budgets or multilateral and national development banks exclusively to achieve funding objectives. It aims to: 1) raise additional public funds 2) deploy public funds as a lever or catalyst for private capital, or 3) use funding more efficiently. Examples are carbon trading, microfinance, concessions, bonds, further environmental/conservation/ forestry or trust funds, payments for environmental services, taxation of international financial transactions, an airline ticket levy and new market mechanisms under the Kyoto Protocol or a Kyoto follow-up agreement.

National Implementing Entity (NIE): The national organisation accredited by the fund (e.g. GCF or AF) to receive direct financial transfers from the Fund in order to carry out projects and programmes in accordance with the governing instrument and relevant board decisions. This requires an assessment whether applicants are capable of strong financial management and of safeguarding funded projects and programmes against any unforeseen environmental or social harm.

Paradigm shift: A dramatic change in approach or underlying assumptions of a discipline or group, or a change from one paradigm to another.

Power purchase agreement: A contract between an electricity generator and buyer. The PPA defines the commercial terms for the sale of electricity between the two parties, including when the project will begin commercial operation, schedule for delivery of electricity, penalties for under delivery, payment terms, and termination.

Public-Private Partnership (PPP): Forms of cooperation between public bodies and the private sector, delivering public services through risk sharing, pooling of private sector expertise or additional sources of capital.

Programmes: Programmes are designed to systematically develop and implement a series of smaller projects of a similar nature using a common financing scheme. Examples include the establishment of a dedicated credit line for financing energy efficiency projects in small and medium enterprises (SMEs) and creating financing programmes for installing solar water heaters in households.

Project financing structure: The financial structure of the project, including sources and providers of finance. Equity and debt are the two main sources.

Project finance: Financing structured around a project's own operating cash flows and assets.

Project promoter/sponsor: Entity that seeks finance for a project and makes the request for funding.

Project/programme governance structure: The management framework within which project decisions are made.

Reimbursable grant: A financial contribution, by way of donation, from the budget, with the expectation of long-term reflows at conditions specified in the financing agreement. The provider assumes the risk of total or partial failure of the investment; it can also decide if and when to reclaim its investment.

Grant: A financial contribution, by way of donation, from the budget.

Results-based management/finance: A management strategy focusing on performance and achievement of outputs, outcomes and impacts. The strategy often makes use of a logical framework, which is a management tool to improve the design of programme or project activities. It identifies strategic elements of the project/programme (inputs, outputs, outcomes, impact) and their causal relation-ships. It formulates indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of the project or programme.

Stakeholders: Those who have interests in a particular decision or activity, either as individuals or as representatives of a group. This includes people who can influence a decision as well as those affected by it. Decision makers are also stakeholders. Government agencies, NGOs, communities, associations, etc. are examples of stakeholders. Stakeholders for projects on the local (e.g. farmers affected by vulnerability), regional (e.g. farmer's co-operatives or business groups), national (e.g. Ministry of Agriculture, Environment) and global level (e.g. UN organisations) should be considered.

Syndicate loans: Syndicate loans are set up when a lead bank agrees to provide a large bank debt facility to a client for a particular project, but the loan will be larger than the bank itself can provide on its own for the long term. The bank receives a fee from the client for providing, or underwriting, the whole facility at the outset and taking the risk that it can 'sell' pieces of the agreed loan to other lenders required ('syndication'), on terms and pricing already agreed with the client. The underwriting bank takes the risk that it has achieved the right balance of risk and return to attract enough other lenders into the transaction.

Technical assistance (TA): Provision of technical services, and/or funds (usually grants) for technical services, e.g. feasibility studies for projects or capacity building of local stakeholders.

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# Annex 2: Selected multilateral funds/programmes

| Funds programme and administering body | Sector | Capitalisation | Financial Instruments available | Eligibility requirements | Project/investment criteria | Examples/comments |
|---|---|---|---|---|---|---|
| HORIZON 2020 | | | | | | |
| Horizon 2020- SME Instrument (as part of EASME) | Innovation for SMEs | 3 billion EUR (2014-2020) (provides grants at different stages, i.e. 50 000 EUR at start-up, 500-2 5000 thousand EUR for market readiness and add. support) | Grants<br>Co-financing | Eligible countries: Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Syria, Israel, unless excluded specifically. Projects may require 2-3 partnerships depending on the criteria of the project. | For-profit SMEs that are scalable, have high impact and are close to the market, and are highly innovative. | Website: https://ec.europa.eu/easme/sites/easme-site/files/<br>Project examples:<br>• Open Ocean Fish farms project in Israel (innovative solutions to Blue Growth)<br>• Israel: Project: Open Ocean Fish farms (SME Blue Growth) |
| Horizon 2020 Sustainable Food Security Calls (SFS) | Research and innovation food and nutrition security | Societal Challenges Work Plan (1.3 billion EUR), which includes:<br>EUR 727 m for the SFS (2018-2020). Proposal values range from 5-15 million EUR. | Public-private partnership<br>Co-financing<br>Grants | Eligibility criteria: All EU and Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Syria, unless excluded and European Interest groups, research institutions (private/ public/ non-profit/ SMEs) and international European-interest organisations who primarily promote technological research and cooperation | A number of “challenges” are issued annually with various investment criteria, conditions etc. that focus on projects with specified impacts. Generally deliver healthy food from land and sea, reduce resource efficiency and environmental performance of food systems, target climate change impacts and reduce GHGs. | Website: http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-food_en.pdf<br>Project examples:<br>• Alternative proteins for food and feed (including aquatic proteins) |
| Horizon 2020 – Blue Growth Calls | Harvesting sea resources, marine industry, biodiversity, climate resilience | Societal Challenges Work Plan (1.3 billion EUR), contributes<br>EUR 238 m for the BG Call (2018-2020) | Public-private partnership<br>Co-financing<br>Grants | Currently calls are closed but will open in 2019. Eligibility criteria: All EU and Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Syria, unless excluded and European Interest groups, research institutions (private/ public/ non-profit/ SMEs) and international European-interest organisations who primarily promote technological research and cooperation | Number of work programmes with different investment criteria, but general focus on scientific research, innovation and improving coordination to support marine ecosystems and resources. | Website:<br>http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-food_en.pdf<br>Project examples:<br>• Multi-use of the marine space, offshore and near-shore: pilot demonstrators;<br>• The Future of Seas and Oceans Flagship Initiative<br>• Sustainable European aquaculture: Nutrition and breeding;<br>• Coordination of marine and maritime research and innovation in the Black Sea |
| Horizon 2020's Public-Private Partnership (PPP) between the EU and the Bio-based Industries Consortium (BIC) and BBI Joint Technology Initiative (BBI JTI) (part of BBI Joint Technology Initiative (BBI JTI) | Bio-based industries; sustainable biomass for feedstock, bio-refineries, markets for bio-products | BBI JU: 3.7 billion EUR<br>115 million EUR for 2018 calls with 45 million co-financed | Public-private partnership<br>Co-financing<br>Grants | Eligible countries: Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Israel, Syria, unless excluded specifically. SMEs, international European Interest organisations who primarily promote technological research and cooperation, research institutions (private/ public/ non-profit), the Joint Research Centre | Several work programmes with slightly different investment criteria. Focus is on<br>Innovative actions, research and technology in bio-based industries of the EU and associated member states.<br>1-3 consortium member in different states depending on target area | Website:<br>6th call for 2019 at end of this year.<br>https://www.bbi-europe.eu/sites/default/files/awp2018.pdf<br>Project examples:<br>• 2018 call: Resolve challenges to valorise residual and side streams from aquaculture, fisheries and the aquatic biomass processing industries |
| Horizon 2020- SME Instrument (as part of EASME) | Innovation for SMEs | 3 billion EUR (2014-2020) (provides grants at different stages, i.e. 50 000 EUR at start-up, 500-2 5000 thousand EUR for market readiness and add. support) | Grants<br>Co-financing | Eligible countries: Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Syria, Israel, unless excluded specifically. Projects may require 2-3 partnerships depending on the criteria of the project. | For-profit SMEs that are scalable, have high impact and are close to the market, and are highly innovative. | Website: https://ec.europa.eu/easme/sites/easme-site/files/<br>Project examples:<br>• Open Ocean Fish farms project in Israel (innovative solutions to Blue Growth)<br>• Israel: Project: Open Ocean Fish farms (SME Blue Growth) |

| Funds programme and administering body | Sector | Capitalisation | Financial Instruments available | Eligibility requirements | Project/investment criteria | Examples/comments |
|---|---|---|---|---|---|---|
| HORIZON 2020 | | | | | | |
| Horizon 2020 Sustainable Food Security Calls (SFS) | Research and innovation food and nutrition security | Societal Challenges Work Plan (1.3 billion EUR), which includes:<br>EUR 727 m for the SFS (2018-2020). Proposal values range from 5-15 million EUR. | Public-private partnership<br>Co-financing<br>Grants | Eligibility criteria: All EU and Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Syria, unless excluded and European Interest groups, research institutions (private/ public/ non-profit/ SMEs) and international European-interest organisations who primarily promote technological research and cooperation | A number of "challenges" are issued annually with various investment criteria, conditions etc. that focus on projects with specified impacts. Generally deliver healthy food from land and sea, reduce resource efficiency and environmental performance of food systems, target climate change impacts and reduce GHGs. | Website:<br>http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-food_en.pdf<br>Project examples:<br>• Alternative proteins for food and feed (including aquatic proteins) |
| OTHER | | | | | | |
| European Fund for Sustainable Development (EFSD) under the European External Investment Plan (EIP) | Poverty eradication<br>Migration<br>Job creation<br>All environmental and sustainable development areas<br>Entrepreneur-ship | EUR 1.5 billion (EFSD guarantee)(with 750 million EUR guarantee for defaults),<br>EUR 2.6 billion (Blending-NIF)<br>(overall a potential contribution of over 4 billion EUR) | Grants<br>Technical assistance<br>Public-private partnerships<br>Blending facilities<br>Guarantees<br>Loans<br>Capital market instruments<br>Equity | Eligible countries: EU Neighborhood countries (Algeria, Egypt, Israel. Jordan. Lebanon, Libya, Morocco, Palestine, Syria, Tunisia) | The EFSD is an innovative financial tool to address migration in neighboring countries and encourage private sector investment in proposals related to the Sustainable Development Goals, combating poverty and encouraging employment. Broad environmental concerns are also eligible for funding using a range of investment tools. The fund has only recently been approved (2017) but marine projects that reduce pollution, encourage SME's, improve employment in SEMed countries are examples of potential project topics. | Website:<br>http://www.europarl.europa.eu/legislative-train/theme-europe-as-a-stronger-global-actor/file-european-fund-for-sustainable-development-(efsd)<br>More information:<br>https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2017.249.01.0001.01.ENG<br>As a new fund, projects have not been implemented yet. |
| Blue Invest 2018 | All blue economy-relevant sectors SME's | Varying | Public-private partnership<br>Co-financing<br>Grants<br>Loans<br>Innovative instruments | Eligibility criteria: All young companies (start-ups, scale-ups, accelerators...) active in the blue economy. This includes fisheries, aquaculture, biotechnology, renewable energy, transport, tourism, waste management (e.g. marine litter). Countries who currently have company members are Algeria, Israel, Bosnia and Herzegovina and Tunisia<br>Closed registration in May 2018, it is unknown whether there will be further funding rounds. | Blue Invest is an event and online matchmaking platform for matchmaking events and to showcase opportunities for SMEs and investors in the Blue Economy. Opportunities include showcasing/accessing products, services, potential partnership opportunities, arranging of project cooperation, advertisement of investment opportunities, expertise and other requests related to the blue economy.<br>Opportunities in investment can be showcased at various stages of the project cycle (seed and development to maturity, expansion and exit) | Website:<br>https://blue-invest-2018.b2match.io/marketplace?types=Marketplace%3A%3AInvestment<br>Project examples:<br>• Partnership opportunity with Microalgae for food and feed<br>• Investor looking for opportunities in ocean plastic cleaning / prevention start-ups |
| Euro-Marine call for Proposals Marine Strategy Framework Directive Implementation | Science in the blue economy, including marine ecosystems, healthy oceans, governance and innovation | Funding categories for various activities:<br>Scholarships and workshops | Grants<br>Scholarships | Eligible countries: Eligible countries are full-paying members (mostly European) and their organisations eligible for workshop funding. Invited members include Morocco (Institute National de Recherche Halieutique), Tunisia (National Agronomic Institute of Tunisia) and Turkey (Sinop University- Faculty of Fisheries) although they do not constitute full paying members, they are eligible for PhD funding. | Platform for funding calls for Working Groups and Foresignt Workshops must address the priorities outlined in the 2015 EuroMarine Scientific Strategy. Eligible projects should address EuroMarine priorities, involve at least three 2018 full (paying) member organisations from at least 2 different countries. Potential for involvement of SEMed in collaboration with member countries' organisations. | Website:<br>http://www.euromarinenetwork.eu/documents/euromarine-2018-membership-list<br>Project examples:<br>• EuroMarine workshop on ocean frontiers for sustainable development<br>• Marine strategy framework directive: implementation of the GES decision |

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| Funds programme and administering body | Sector | Capitalisation | Financial Instruments available | Eligibility requirements | Project/investment criteria | Examples/comments |
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| Interreg V-B "Adriatic-Ionian programme - ADRION" 2014-2020 | Innovation<br>Environment<br>Transport<br>Governance in Adriatic/Ionic Sea | EUR 83.5 million (European Regional Development Fund (ERDF)),<br>EUR 15.7 million (Instrument for Pre-accession Assistance (IPAII)), EUR 18.8 million (partner state's contribution) | Grants | Eligible countries: Public and private subjects having legal entity established in the program area. ADRION covers eight Partner States, of which four are EU Member States (Croatia, Greece, Italy and Slovenia), three are candidate countries (Albania, Montenegro, Serbia) and one is a potential candidate country (Bosnia and Herzegovina). The geographical area of each Partner State covers its national territory except for Italy, where programme area covers 12 regions and 2 provinces (Abruzzo, Molise, Puglia, Basilicata, Calabria, Sicilia, Provincia Autonoma di Trento, Provincia Autonoma di Bolzano/ Bozen, Veneto, Friuli-Venezia Giulia, Lombardia, Emilia-Romagna, Umbria and Marche). | Various funding programs are presented as well as an open call for proposals: A second call for proposal is now open for Axis 2 where MSP and ICM are specifically foreseen. The ADRION programme will allocate up to EUR 34 354 026 to co-financing to the second call for proposals. Each project must involve at least six financing partners from six different Partner states of the Programme area, out of them: at least 4 partners from 4 different ERDF Partner States; at least 2 partners from 2 different IPA Partner States. The partnership can include a maximum of 2 partners from the same Partner State. The eligible partnership can consist of a maximum of 16 partners. The call is open until 26 June 2018.<br>Project length should not exceed 30 months. | Website: https://www.msp-platform.eu/fundings/interreg-v-b-adriatic-ionian-programme-adrion-2014-2020?utm_source=newsletter&utm_medium=email&utm_campaign=EU+MSP+Platform+Newsletter+%235+2018<br>Project examples:<br>• Action Plans for Integrated Regional Monitoring Programmes, Coordinated Programmes of Measures and Addressing Data and Knowledge Gaps in Mediterranean Sea<br>• AMARE programme will develop shared methodologies and geospatial tools in selected Marine Protected Areas (MPAs) to solve hot spots of conflicts affecting marine biodiversity and the services it provides. |
| BLUE MED ENI<br>CBC Med Programme | Business and SME development<br>Education, research<br>Poverty reduction<br>Environmental protection | EUR 209 million available<br>(2014-2020), project. 1-3 million EUR), total project cost <3.5 million and 10% must be co-financed with 45 million USD (2016-2021) | Co-financing<br>Grants | The Med Programme, co-financed by the GEF and focusses on Albania, Bosnia and Herzegovina, Egypt, Lebanon, Libya, Montenegro, Morocco and Tunisia. Egypt (specific locations), Israel, Jordan (specific locations), Lebanon and Tunisia (specific locations). Palestine also included as they have signed a co-financing agreement.<br>Standard projects should include a minimum of 3 countries, including one EU Mediterranean country and one Mediterranean Partner Country.<br>At least 50% of the eligible costs of project must be dedicated to activities in Med. Partner countries.<br>Project duration must be between 24-48 months | The programme has 11 priorities, in themes ranging from business development, education and R&D, social inclusion/poverty alleviation and environmental protection- one of which must be chosen. Each theme requires varying levels of co-financing (10% of total funding). | Website: http://www.enpicbcmed.eu/enicbcmed-2014-2020/cross-border-cooperation<br>More information: https://www.thegef.org/sites/default/files/project_documents/MED_PFD_MedProgramme-Approval-Request_REVfinal_clean_0.pdf)<br>Project examples:<br>• Best Practice in small-scale fisheries project<br>• Potential biodiesel production from algae in the Mediterranean |
| Critical Ecosystem Partnership Fund – Conservation International | Coastal biodiversity, freshwater and traditionally managed landscapes | Size of project: small (USD 15 000)- large (150 000 USD) (Max: USD 500 000) | Grants<br>Guarantees | Eligible countries: biodiversity hotspots (all coastal SEMed areas) with focus on particular hotspots listed in calls for proposals<br>Eligible entities: Civil society organisations and communities, universities and NGOs. | Project must support strategic direction outlined in ecosystem profile: site-specific focus on protecting plants, promoting regional networking and preserving three ecosystems—coastal biodiversity, freshwater and traditionally managed landscapes.<br>Priority given to projects that focus on capacity building for local civil society | Although primarily a climate fund, BE projects are relevant when designed with an adaptive/ mitigatory objective.<br>Website: https://www.cepf.net/our-work/biodiversity-hotspots<br>Project examples:<br>• Creating micro reserves for endemic species in Lebanon (Med Basin)<br>• Pilot sustainable tourism model for Albanian coastline<br>• Small Grants Mechanism for the Mediterranean Basin |

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| Adaptation for Smallholder Agriculture Program (ASAP) International Fund for Agricultural Development (IFAD) (UN agency | Fisheries Climate Water Nutrition<br><br>Natural Resource Management<br><br>Sustainable land Management | USD 30-40 billion up to 2030 (financing awards between 1 and 10 million USD, Greater than 10 million USD) | Co-financing<br><br>Grant<br><br>Concessional/ market rate loans | Smallholder farmers and fishermen in developing countries (geography, income level)<br><br>The objective of ASAP is to improve the climate resilience of large-scale rural development programmes.<br><br>The project should increase the resilience of smallholders and fall into one of the following sub-objectives:<br><br>1. Improve land management and promote gender-sensitive, climate-resilient agricultural practices and technologies<br><br>2. Increase availability and efficient use of water for smallholder agriculture production and processing<br><br>3. Increase capacity to manage short- and long-term climate risks and reduce losses from weather-related disasters<br><br>4. Increase climate resilience of rural infrastructure<br><br>5. Document and disseminate knowledge on climate-smart smallholder agriculture<br><br>Key qualitative criteria are (i) the additionality of ASAP funding to the project that it is co-financing; and (ii) whether the ASAP supported project is given strong support from the beneficiary Government, the relevant IFAD Regional Division, country team and communities of smallholders including women and marginalised groups. Quantitative ex ante estimates of potential project contributions towards the ten key indicators of the ASAP Results Framework will provide the main criteria for project selection. | Based on country demand and identified institutional readiness and capacity to integrate ASAP financing into IFAD and non - IFAD investment programmes, ex ante estimates of potential project contributions towards the ten key indicators of ASAP Results Framework will provide the main criteria for project selection:<br><br>1. The number of poor smallholder whose climate resilience has been increased because of ASAP, disaggregated by gender.<br><br>2. The size of the overall resulting investment<br><br>3. The project leverage ratio of ASAP versus non - ASAP financing<br><br>4. The tonnes of GHG emissions avoided and/or sequestered<br><br>5. The increase in number of non - invasive on - farm plant species per smallholder farm supported<br><br>6. The increase in hectares of land managed under climate - resilient practices<br><br>7. The percentage change in water use efficiency per tonne/hectare in the project area by men and women<br><br>8. The number of community groups including women's organisations involved in environment and natural resource management (ENRM) and/or disaster risk reduction (DRR) formed or strengthened<br><br>9. The value of new or existing rural infrastructure made climate - resilient<br><br>10. The number of international and country dialogues to which the project would make an active contribution.<br><br>ASAP financing requirements and programme size are determined by the availability of funds and IFAD's ability to effectively influence and improve large - scale investment programmes. On the latter, the volume of funding that enables IFAD to effectively shape about one-quarter of IFAD's approximately US$1 billion per year of new commitments, while indirectly influencing the remaining portfolio and, more importantly, partner government's policies and investment programmes, has been assessed at around US$150 million per year (for the first 3 years of ASAP implementation). The programme is able to absorb and deliver additional contributions, including from the private sector, bilateral and multilateral donors. | Although primarily a climate fund, BE projects are relevant when designed with an adaptive/mitigatory objective.<br><br>Website and more information on how to apply:<br><br>https://www.ifad.org/documents/10180/ab3054ad-d9f4-4c64-bd75-2dc7f9d4f97b.<br><br>Project examples (IFAD, mixed sources):<br><br>• Turkey Watershed Development<br><br>• Secure tenure and access to fishing rights in the Med region<br><br>• Small scale aquaculture (marine, coastal, inland) in the Med. region<br><br>Project examples (IFAD, ASAP):<br><br>• Programme to reduce vulnerability to climate change and poverty of coastal rural communities (PRaREV) (Djibouti)<br><br>• Vietnam Mekong Resilience Project (including investment in climate-resilient fisheries |

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| GEF Trust Fund (GEF6) – Global Environment Fund (GEF) | Biodiversity<br>Chemicals and Waste<br>Climate Change<br>Energy Efficiency<br>Forestry<br>Infrastructure<br>Land Degradation<br>Land use<br>Renewable Energy<br>Transport<br>Water | USD 3 billion over 2015-2019 (Amounts for GEF 7 (2019-2022) still under negotiation). | Grant<br>Co-financing | Eligible countries: Countries eligible to receive World Bank (IBRD and/or IDA) financing or UNDP technical assistance through its target for resource assignments from the core (specifically TRAC-1 and/or TRAC-2). GEF support is provided to government agencies, civil society organisations, private sector companies, research institutions, among the broad diversity of potential partners, to implement projects and programs in recipient countries.<br><br>National priority: The project must be driven by the country (rather than by an external partner) and be consistent with national priorities that support sustainable development.<br><br>GEF priorities: The project has to address one or more of the GEF focal area strategies (Biodiversity, International Waters, Land Degradation, Chemicals and Waste, and Climate Change Mitigation, as well as cross-cutting issues like sustainable forest management).<br><br>Financing: The project has to seek GEF financing only for the agreed incremental costs on measures to achieve global environmental benefits.<br><br>Participation: The project must involve the public in project design and implementation, following the Policy on Public Involvement in GEF-Financed Projects and the respective guidelines. | The GEF provides funding through four modalities: full-sized projects (USD >2 m), medium-sized projects (USD <2 m), enabling activities (USD <1 m) and programmatic approaches (combination of full- and medium-sized projects). The selected modality should be the one that best supports the project objectives. Each modality requires completion of a different template which can be found here https://www.thegef.org/about/funding/project-types .<br><br>There are different types of projects (national, regional and global). The Operational Focal Point must provide a written endorsement for all national projects. For regional projects and programs, the Operational Focal Points of all participating countries must endorse the project or program. For global projects, an endorsement letter is not required. | Website:<br>GEF resources can be accessed through accredited GEF Agencies https://www.thegef.org/gef/gef_agencies or, in the case of certain enabling activities, through a direct access modality.<br><br>Project examples:<br>• World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership, Tranche 1, 1st and 2nd Instalment in Albania, Algeria, Bosnia-Herzegovina, Bulgaria, Croatia, Egypt, Macedonia, Lebanon, Libya, Morocco, Serbia, Syria, Tunisia, Turkey<br>• MED: Sustainable Governance and Knowledge Generation for Albania, Algeria, Bosnia-Herzegovina, Egypt, Macedonia, Lebanon, Libya, Morocco, Serbia, Montenegro, Syria, Tunisia, Turkey<br>• Establishment of a Conservation Trust Fund (CTF) in Mediterranean international waters to enhance the management effectiveness of Mediterranean MPAs (MPAs) through improving their long-term financial sustainability<br>• Red Sea Coastal and Marine Resource Management (Egypt) |

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| Green Climate Fund (GCF) COP (UNFCCC) and Green Climate Fund Board | Climate-related adaptation and mitigation | USD 10.2 billion (pledged as of June 2015) | Grant<br>Concessional loan<br>Guarantees<br>Equity | All developing country parties to the UNFCCC<br><br>The Fund finances the agreed full and agreed incremental costs of a wide variety of activities that include marine and coastal environments, fisheries and livelihoods. However, projects must enable and support enhanced action on adaptation, mitigation (including REDD-plus), technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries.<br><br>GCF Readiness programmes are aimed at enabling countries to access GCF climate finance and fulfil the following objectives: (i) Strengthening NDA and Focal Point; (ii) Developing strategic framework; (iii) Accreditation of implementing entities; (iv) Pipeline development; (v) Information and experience sharing | Project size has a very wide range, with the following potential categories:<br>Micro projects: up to and including USD 10 million<br>Small projects: up to and including USD 50 million<br>Medium projects: up to and including USD 250 million<br>Large projects: above USD 250 million<br><br>Five cross-cutting investment priorities: (1) climate-compatible cities; (2) sustainable low-emission climate-resilient agriculture; (3) scaling up finance for forests and climate change; (4) enhancing resilience in SIDS; (5) transforming energy generation and access<br><br>Eight strategic impacts:<br>Mitigation: Reduced emissions from (1) energy generation and access; (2) transport; (3) forest and land use; (4) buildings, cities, industries, and appliances)<br>Adaptation: Increased resilience of (1) Health, food and water security; (2) Livelihoods of people and communities; (3) Ecosystems and ecosystem services; (4) Infrastructure and built environment. Key elements of the GCF's evolving policy framework include:<br>1. fiduciary standards<br>2. environmental and social safeguards<br>3. gender policy and action plan | Although primarily a climate fund, BE projects are relevant when designed with an adaptive/mitigatory objective.<br><br>Website:<br>Recipient countries can submit funding proposal through National Designated Authorities (NDAs).<br>Package of the relevant documents "Operations Manual" is available at http://www.gcfund.org/operations/resource-guide.html#c1326<br><br>Project examples:<br>• Enhancing Climate Change Adaptation in the North Coast and Nile Delta Regions in Egypt<br>• Improving the resilience of vulnerable coastal communities to climate change related impacts in Viet Nam<br>• Tuvalu Coastal Adaptation Project<br>• Pacific Resilience Project Phase II for the Republic of the Marshall Islands<br>• Enhancing adaptive capacities of coastal communities, especially women, to cope with climate change induced salinity in Bangladesh |

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| Special Climate Change Fund (SCCF) - GEF | Agriculture<br>Energy<br>Forestry<br>Industry<br>Transport<br>Waste Management<br>*Coastal zone management | USD 351.8 million (2014-2017 cumulative pledges as of October 13, 2017)<br>(346.8 million USD paid, insufficient funds mean no 2017 projects approved but GEF 6 to be replenished by 2019 for GEF 7- 2019-2022) | Grant<br>Co-financing | All developing country Parties to UNFCCC<br><br>The SCCF has four financing windows: (a) adaptation to climate change; (b) technology transfer; (c) energy, transport, industry, agriculture, forestry and waste management; and (d) economic diversification (for countries highly dependent on income generated from production, processing, and export or on consumption of fossil fuels and associated energy-intensive products).<br><br>Project size can be small, medium or large, but must focus on the 'additional costs' imposed by climate change on the development baseline. Projects are intended to be nationally owned. | Pre-selection criteria for adaptation and technology windows:<br>1. Programme or project quality: the proposal must be country-driven; have a sound design; be sustainable and replicable; be cost-effective, and include civil society and public participation as well as gender considerations, as appropriate; and, in the case of projects submitted under the adaptation window, finance concrete adaptation activities<br>2. Balanced distribution of funds among eligible countries<br>3. Equitable regional distribution<br>4. Balanced support for all priority sectors<br>5. Balanced distribution among GEF agencies based on comparative advantage.<br><br>Requires project concept and assistance from GEF implementing agency<br>National GEF Focal Point needs to endorse project<br>Full-sized projects (FSP) – over $1 million vs. medium-sized projects (MSP) - $1 million or below | Although primarily a climate fund, BE projects are relevant when designed with an adaptive/mitigatory objective. GEF Agency needs to submit a Project Identification Form (PIF). A PIF is a short (maximum 4 pages) description of a project concept that is used by the GEF to determine whether or not the project meets certain basic criteria. If these criteria are met, the project is included in the GEF pipeline i.e., funds are allocated to the project to cover total project costs (funds are not committed until CEO endorsement)<br><br>Website/Source<br>http://www.thegef.org/gef/sites/thegef.org/files/publication/23470_SCCF.pdf<br><br>Project examples:<br>• Enhancing regional climate change adaptation in the Mediterranean marine and coastal areas in Albania, Algeria, Libya, Montenegro, Morocco, Tunisia<br>• Enhancing Climate Change Resilience in the Benguela Current Fisheries System (Regional)<br>• Addressing climate change vulnerabilities and risks in vulnerable coastal areas of Tunisia (Tunisia)<br>• Enhancing the climate resilience of the Moroccan ports sector and BE infrastructure (Morocco) |

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| Adaptation Fund (AF) - Adaptation Fund Board (GEF/ World Bank as Trustee) | Agriculture<br>Coastal Management<br>Disaster Risk<br>Food Security<br>Multisector<br>Urban Development<br>Water Management<br>Forests | USD 423.83 million (Fund Balance April 2018) | Grant | Resources are allocated to projects for the Adaptation Fund, taking into account: (a) Level of vulnerability; (b) Level of urgency and risks arising from delay; (c) Ensuring access to the fund in a balanced and equitable manner; (d) Lessons learned in project and programme design and implementation to be captured; (e) Securing regional co -benefits to the extent possible, where applicable; (f) Maximising multi- sectoral or cross -sectoral benefits; (g) Adaptive capacity to the adverse effects of climate change.<br><br>Project screening:<br>1. Project document submission based on a template approved by the Board (see Annex A in http://unfccc.int/files/adaptation/implementing_adaptation/adaptation_funding_interface/application/pdf/afbguide.pdf), allocated submission periods three times a year<br><br>2. a. Review by Secretariat; b. review by Projects and Programmes Review Committee on project criteria (Annex 3 in source)<br><br>3. Committee gives recommendations to Board | Small-size projects and programmes of up to USD 1 million and regular projects and programmes of above USD 1 million. There is a country cap of USD 10 million (which is automatically the maximum funding request as well).<br><br>In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to:<br><br>(a) Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;<br><br>(b) Economic, social and environmental benefits from the projects;<br><br>(c) Meeting national technical standards, where applicable;<br><br>(d) Cost -effectiveness of projects and programmes;<br><br>(e) Arrangements for management, including for financial and risk management;<br><br>(f) Arrangements for monitoring and evaluation and impact assessment;<br><br>(g) Avoiding duplication with other funding sources for adaptation for the same project activity;<br><br>(h) Moving towards a programmatic approach, where appropriate.<br><br>Source: https://www.adaptation-fund.org/wp-content/uploads/2015/01/OPG%20ANNEX%201.pdf | Although primarily a climate fund, BE projects are relevant when designed with an adaptive objective.<br><br>Website:<br><br>Project proposals are accepted three times a year. Applications need to be done through points of contact of accredited national designated authorities and are implemented by national/ regional and international implementing entities. External support for project and concept notes is provided through a partnership with the Climate Technology Centre and Network: https://www.ctc-n.org<br>Information on how to apply: https://www.adaptation-fund.org/apply-funding/<br><br>Project examples:<br>• Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries<br><br>• Implementation of Concrete Adaptation Measures To Reduce Vulnerability Of Livelihood and Economy Of Coastal Communities In Tanzania |

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| Public-Private Infrastructure Advisory Facility (PPIAF) - World Bank | Infrastructure<br>ICT<br>Transport<br>Water & Sanitation<br>Power | Approved USD 18 million in FY 2017, incl.<br>1 million USD for<br>2018 call | Grant<br>Technical Assistance | Developing or transition economies on the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee's (DAC) I to IV Aid recipients are eligible for PPIAF funding. | Supports governments and public entities by creating enabling environment for PPP projects, early stage project conceptualisation, and pre-feasibility project development. Also provides assistance with planning, project prioritisation, designing legal and regulatory environments; mobilising finance. Sub-National Technical Assistance (SNTA) can be supplied in cases where PPP are impractical or inappropriate to support access to financing from banks or bond markets without relying on sovereign guarantees, obtaining credit ratings. Also assists sub-national entities to access market-based financing.<br><br>PPIAF accepts grant proposals that are in line with its mandate to support activities in the following categories:<br>1. Infrastructure development strategies to take full advantage of the potential for private sector involvement<br>2. Outreach and communication programs to engage stakeholders and ensure transparency and accountability in reforms<br>3. Design and implementation of policy, regulatory, and institutional reforms<br>4. Design and implementation of pioneering projects and transactions<br>5. Government capacity building to design and execute private infrastructure arrangements and regulate private service providers<br>6. Identification, dissemination, and promotion of emerging best practices<br>7. Creditworthiness improvement of sub-national entities | Website:<br>http://www.ppiaf.org/page/apply-funds<br><br>More information:<br>All proposals are evaluated on a rolling basis.<br><br>PPIAF uses a five-step application process:<br>1. Contact with PPIAF<br>2. Concept Note<br>3. Submission of Application<br>4. Screening and Evaluation<br>5. Notification<br><br>PPAIF's 2018 Call for Global Knowledge focusses on private sector participation in infrastructure and finance in water, energy and transport, particularly on: knowledge product development and outreach. While no Blue Economy related examples are provided the themes<br><br>Project examples:<br>BE projects could be approached through cross-cutting themes, the most relevant being transport. Examples of transport programmes include:<br>• Developing Best Practices for Promoting Private Sector Investment in Infrastructure: Ports (Asia)<br>• Development of a Port Reform Toolkit: Effective Support for Policy Makers and Practitioners |

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| The Global Energy Efficiency and Renewable Energy Fund (GEEREF)'s Catalyst Middle East and North Africa (CAMENA) – European Investment Bank (EIB | Solar energy infrastructure<br>Energy<br>Clean technology | Funding from the GEREEF umbrella fund, providing 16 million USD to the CAMENA. Over the next 25 years, the MENA region will invest USD 189 billion into 224 GW of utility scale solar PV. | Private Equity<br>Technical assistance<br>PPP | This MENA-focused fund only projects on solar PV in Jordan currently, Catalyst will have the option to invest up to 33% of the Fund in growth capital opportunities with SMEs focused on clean energy, energy efficiency and water within Jordan, Egypt, Morocco and Tunisia.<br>http://www.catalystpe.com/index.php/cmcf<br>CAMENA can be used:<br>1. To identify, catalyse and prepare climate action investment projects, which could subsequently benefit from EIB financing<br>2. To fund actions to improve the enabling environment in relation to climate investments among public and private institutions within the Mediterranean partner countries<br>3. To finance equity operations Eligible countries: Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco and Tunisia | General assessment criteria include:<br>1. Project supports sector development: clear objective, strategic approach, fast-track solutions, replicability and demonstration effects<br>2. Project has an appropriate process: rational and transparent process for setting priorities, stakeholder engagement, local and national ownership, consistent with other sector policies<br>3. Technical, financial and economic viability (technology design, planning and phasing, cost recovery, IRR, cost-effectiveness, etc.)<br>Environmental and social soundness | Website:<br>http://www.catalystpe.com<br><br>Project examples: Current projects focus on solar PV in Jordan, although CAMENA recognises that the region also has huge growth potential for SMEs for renewable energy, efficiency and desalination. This has the potential to be extended to renewable energy infrastructure on coastlines/offshore. |
| West Med Maritime Initiative – European Commission | Blue Economy projects | Closed as of 2017 | PPPs<br>Soft assistance | Western Mediterranean, including Algeria, France, Italy, Libya, Malta, Mauritania, Morocco, Portugal, Spain and Tunisia and western Mediterranean region<br><br>The West Med Blue Economy Initiative, commissioned by the Executive Agency for Small and Medium-sized Enterprises (EASME) and the Directorate General for Maritime Affairs and Fisheries (DG MARE), started in December 2015 and will last until October 2017. The initiative requires funding from<br><br>Focus of the initiative is to: A safer and more secure maritime space; A smart and resilient blue economy; better governance of the sea | Current imitative sought to identify cross-cutting sectors, establish collaborations and review policy documents. Results documents proposed various actions to achieve blue economy goals and proposed potential funding sources for such actions. Depending on the action proposed, a funding source is specified. | This is an example of a targeted Blue Economy initiative in the region, although it is not currently active. It is a branch of a number of blue economy initiatives that seek to streamline the blue economy into Mediterranean policy and strategy.<br><br>Website:<br>https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/com-2017-183_en.pdf<br><br>Project examples:<br>• Development of an integrated Maritime Initiative (2 phases)<br>• Building an ASUR sea basin |

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# Annex 3: Other funds and programmes by MBDs

| Funds programme and administering body | Sector | Capitalisation | Financial Instruments available | Eligibility requirements | Project/ investment criteria | Examples/comments |
|---|---|---|---|---|---|---|
| Facility for Euro-Mediterranean Investment and Partnership (FEMIP) (EIB) | Energy<br>Transport<br>Environment<br><br>Industry<br><br>Health<br>Education<br><br>Infrastructure<br><br>Forestry<br><br>Tourism<br><br>Regional/ Urban development<br><br>Water and wastewater | For the period 2014-2020, FEMIP is endowed<br><br>with EUR 9.6bn to support projects in the nine<br><br>Mediterranean partner countries | Loans<br><br>Equity<br><br>Guarantees<br><br>Advisory services | Countries: Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, and Tunisia. Will cooperate with Libya after UNFCCC is signed. Loans/advisory services suspended for Syria due to the sanctions implemented since 2014.<br><br>Loans:<br>• If investment less than EUR 20-25m: projects should be sent directly to the financial institutions or commercial banks receiving EIB intermediated loans<br>• If investment is more than EUR 20-25m: Direct loans and risk capital financing can be requested directly from the EIB (feasibility study should be submitted and no standard documentation)<br><br>Technical assistance: (subject to a tendering procedure). The beneficiaries of technical assistance are EIB borrowers including:<br><br>the governments of partner countries;<br><br>public utilities in the fields of infrastructure, water, energy, etc.;<br><br>operators in the financial sector and private promoters.<br><br>FEMIP Trust Fund (development of the private sector): sectors include-finance and MSMEs; Infrastructure - transport and energy; Environment - climate action and water; Human Capital and Research Development and Innovation. Eligible countries: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine* and Tunisia. Cross-border or regional projects are also welcome. Under the FTF: technical advisory; Risk capital operations; CAMENA climate action envelope.<br><br>MED 5P: Egypt, Jordan, Lebanon, Morocco and Tunisia - grants and technical support for PPP infrastructure projects | Loan: projects that contribute to 4 priority areas:<br><br>• Innovation<br><br>• SMEs<br><br>• Infrastructure<br><br>• Climate and Environment<br><br>The EIB finances projects in most sectors. Eligible projects contribute to the EU economic objectives. | Considers EIB finance instruments and project cycles<br><br>Website: http://www.eib.org/projects/priorities/index.htm<br><br>Source: http://www.eib.org/attachments/country/femip_trust_fund_annual_report_2016_en.pdf<br><br>Project examples:<br>• Feasibility study for the Alexandria West Wastewater Treatment Plant Extension and Upgrade (depollution of Mediterranean to promote agriculture, fisheries and tourism)<br><br>• Study programme with the Blue Plan II (Tourism/Energy/ Environment in Tunisia and regionally) |

| Funds programme and administering body | Sector | Capitalisation | Financial Instruments available | Eligibility requirements | Project/ investment criteria | Examples/comments |
|---|---|---|---|---|---|---|
| Mediterranean Hot Spots Investment<br><br>Programme<br><br>(MeHSIP) II- EIB | Industry Waste and wastewater Water | Funded by European Commission grants to the FEMIP Support Fund: 6.2 million EUR (2015 onwards) | Technical assistance | Eligible countries: Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.<br><br>Providing technical and financial advice for the preparation of investment projects. Projects are derived mainly from the so called “hotspots” as identified under the National Action Plan (NAP)<br><br>Supports Horizon 2020's objective to reduce pollution of the Mediterranean Sea. Eligible areas:<br>1. Wastewater<br>2. Solid waste<br>3. Industrial de-pollution<br>4. Water resources, supply and efficiency<br><br>Or contribute to climate change mitigation or adaptation in one or more of the above areas | General assessment criteria include:<br>1. Project supports sector development: clear objective, strategic approach, fast-track solutions, replicability and demonstration effects<br>2. Project has an appropriate process: rational and transparent process for setting priorities, stakeholder engagement, local and national ownership, consistent with other sector policies<br>3. Technical, financial and economic viability (technology design, planning and phasing, cost recovery, IRR, cost-effectiveness, etc.) Environmental and social soundness | Website:<br>http://ec.europa.eu/environment/enlarg/med/pdf/horizon2020/h2020_workprogramme_en.pdf<br><br>Project examples: supports Horizon 2020 in investments for Pollution Reduction and Prevention. MeHSIP-PPIF I was launched in 2009 and ended in 2014. Budget for 2009-2013: 6.2 M€. The next phase, MEHSIP II, will run from 2015 with a budget of € 6 million EU support.<br><br>Project examples, MeHSIP-PPIF I:<br><br>It has fully developed four front-runner projects:<br>• El Ekaider Dump Site (Jordan)<br>• Al Ghadir Waste Water Treatment Plant (Lebanon)<br>• Tangier Solid Waste Management (Morocco)<br>• Lake Bizerte Integrated De pollution (Tunisia). |

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| Funds programme and administering body | Sector | Capitalisation | Financial Instruments available | Eligibility requirements | Project/ investment criteria | Examples/comments |
|---|---|---|---|---|---|---|
| InnovFin – EU Finance for innovators (EIB/EIF) | All sectors -<br><br>research and innovation (R&I) activities or R&I infrastructure | Early-stage enterprises and SMEs: EUR 25 000 (indirectly through banks and other financial institutions), midcaps and larger firms: loans starting at EUR 7.5m to innovative or fast-growing counterparts and starting at EUR 25m to R&I-driven projects. | Loans<br><br>Guarantees<br><br>Equity-type funding | Firms and other entities or projects<br><br>located in EU Member States and Horizon 2020 Associated Countries (Albania, Bosnia and Herzegovina, Montenegro, Turkey, Israel, Tunisia) as well as geographical scope of EFSI (for InnovFin Corporate Research<br><br>InnovinEquity: proposal complies with criteria in the Call<br><br>Emerging Innovators: produce or develop products and services that are innovative; company's registered office is in a science, technology or innovation park or incubator, related to R&I investment in the last 24 months<br><br>InnovFin MidCap Guarantee loan: Detailed information obtained directly from the intermediary banks<br><br>InnovFin Corporate Research: Less than 3 000 full-time employees, already raised with financial investors, viable business plans, and sustainable capital structures<br><br>InnovFin Science: R&I activities, R&I investments and R&I infrastructures under the Horizon 2020 programme, as well as R&I activities under the Euratom fission programme implemented by research institutes/organisations or universities<br><br>InnovFin Energy Demonstration Projects: The project should contribute to the energy transition, particularly in the fields of renewable energy technologies, smart energy systems, energy storage, and carbon capture utilisation and storage. It should demonstrate the commercial viability of pre-commercial technologies or services, or enhance the competitiveness of manufacturing processes. Other 5 criteria as well.<br><br>InnovFin Thematic Investment Platforms: provide access to finance via debt or equity-type products to innovative projects in specific thematic areas, such as the circular bioeconomy. | InnovFin Equity: Early-stage Enterprises, SMEs and small mid-caps < 500 Employees<br><br>InnovFin SME guarantee: SMEs, small mid-caps and financial intermediaries < 500 Employees<br><br>Emerging Innovators: Innovative SMEs and mid-caps, large caps and entities investing in R&I activities and R&I infrastructure- Under the scope of the Eureka Network or the European Research Area (ERA) under the Horizon 2020 programme as well as R&I activities under the Euratom fission programme<br><br>InnovFin MidCap Guarantee: innovative mid-caps (up to 3 000 employees) which are not eligible under the InnovFin SME Guarantee<br><br>InnovFin Corporate Research Equity: Large R&I programmes and innovative mid-caps<br><br>InnovFin Science: Research institutes/ organisations and universities<br><br>InnovFin Energy Demonstration Projects: SMEs, mid-caps and large caps as well as special purpose vehicles (SPVs),<br><br>InnovFin Thematic Investment Platforms: SMEs, mid-caps and large caps as well as SPVs | More information:<br><br>InnovFin has a multi-tiered structure that focuses its investment strategy on areas covered by Horizon 2020 Societal Challenges and Industrial Leadership (e.g. life sciences, ICT, clean energy technology) or otherwise on areas that promote technological, non-technological, organisational or social innovation<br><br>All areas of innovation can be included, which leaves potentials for projects in BE on bio-fuels (at TRL 7/8) (especially for the InnovFin thematic facility "InnovFin Energy Demo Projects"), and innovative technology. In addition, the themes covered in the<br><br>Horizon 2020-Societal Challenge 2 are included, i.e. 'Food Security, Sustainable Agriculture and Forestry, Marine, Maritime and Inland Water Research and the Bioeconomy'<br><br>https://ec.europa.eu/research/social-sciences/pdf/other_pubs/integration_ssh_h2020.pdf<br><br>With regard to BBI and BE, it is to be noted that InnovFin products currently only accept lower risk levels than those typically found in most BBI and BE<br><br>Project examples:<br><br>• Energy Demo project WaveRoller- harnessing wave energy in the Med. (Portugal)<br><br>• Circular Bioeconomy Investment Platform: finance to projects using aquatic biomass and innovative bio-based projects; also projects for technology on coastal and offshore development<br><br>• InnovFin Advisory Study on Access-to-Finance Conditions for Investments in Bio-Based Industries and the Blue Economy" |

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# Annex 4: Selected bilateral funds/programmes

| Funds programme and administering body | Sector | Capitalisation/ Size | Financial Instruments available | Eligibility requirements | Project/investment criteria | Examples/ comments |
|---|---|---|---|---|---|---|
| International Climate Initiative (ICI), German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) | Mitigation<br><br>Adaptation<br><br>Carbon sinks (REDD+)<br><br>Biological diversity<br><br>Cross-cutting sectors | Total funding volume: €1.2 billion; €120 million per year<br><br>In general, joint projects/ programmes involve spending on a scale of EUR 15 - 20 million. | The ICI uses a variety of approaches including grants, concessional loans and where appropriate, project-based contributions to international funds.<br><br>additional co-funding is a condition for approval of a grant. | Eligible countries: Jordan, Morocco, Tunisia, Turkey (priority) - exceptional cases for countries not listed<br><br>Activities: GHG mitigation; increase in mitigative capacity; direct; reduction of vulnerability; increase in adaptive capacity; biodiversity conservation; increase in the capacity to conserve biodiversity<br><br>Potential beneficiaries: partner countries by federal implementing agencies, NGOs, business enterprises, universities and research institutes, international and multinational organisations and institutions. | Supports investment projects and activities in the fields of technology transfer, policy advice, research cooperation, capacity development and training and elaboration of studies and strategies<br><br>No real restrictions on project organisations and partners known<br><br>IKI programmes must be relevant to one or more of the thematic-regional priorities (example: Climate-friendly cooling technology in buildings, logistics and industrial processes for Middle East;<br><br>Biodiversity Conservation in Marine and Coastal Regions – Africa or Southeast Asia)<br><br>Joint programmes must build on strategies and policies of the respective partner countries or regions; must be implemented in cooperation with national, local or regional<br><br>partners; be innovative; contribute to international climate cooperation; relevance to SGDs; synergies with other projects/sectors; contribute to economic and social development of the country; sustainability approach | Although primarily a climate initiative, BE projects are relevant when designed with an adaptive/mitigatory objective.<br><br>Two-step procedure: Project outlines evaluation (templates are provided on the ICI website) and upon approval formal grant application.<br><br>Website: https://www.international-climate-initiative.com/en/projects/<br><br>Project examples:<br>• Blue Solutions - Implementing the CBD Strategic Plan in the field of marine and coastal biodiversity (Mauritania and other countries worldwide)<br>• Capacity Development for Enhanced Marine Management in West Africa (Mauritania and other countries worldwide)<br>• Supporting LifeWeb Initiative Structure (conservation and sustainable use of carbon sinks in marine/coastal protected areas (global)) |

| Funds programme and administering body | Sector | Capitalisation/ Size | Financial Instruments available | Eligibility requirements | Project/ investment criteria | Examples/ comments |
|---|---|---|---|---|---|---|
| French Global Environment Facility (Fonds Français pour l'Environnement Mondial) – FFEM, AFD's Directorate for Strategy | Renewable Energy<br><br>Energy efficiency<br><br>Industry<br><br>Agriculture<br><br>Infrastructure<br><br>Transport<br><br>Tourism<br><br>Forestry | Budget 2015-2018: €90 million. Grants usually range from EUR 100 000 to over 2 million EUR (co-financed) | Grants<br><br>Credit lines<br><br>Guarantees | Grants in themes of biodiversity, climate change, international waters, land degradation, persistent organic pollutants, and ozone depletion – focusing mainly in Africa and the Mediterranean region<br><br>In line with the French commitments on issues related to climate change, in particular those relating to the organisation of COP21, FFEM has sought to focus its operations on climate change in sustainable urban territories, innovative financing of biodiversity, integrated management and resilience of coastal and marine areas, the energy transition and agriculture and sustainable forests. | Mainstream projects must be applied for through French institutional members, with the FFEM's Secretariat and subsequent bodies reviewing project eligibility.<br><br>- Co-funding required<br><br>- French government needs to be involved in the preparation and monitoring of projects<br><br>- Innovative nature of projects important<br><br>- No real restrictions on project organisations and partners<br><br>- AFD often involved in managing implementation<br><br>- Supplies of equipment and services, capacity building, training and measurements of results and impacts are financed | Website: http://www.afd.fr/fr<br><br>Project examples:<br>• Gestion intégrée et concertée des ressources en eau des Systèmes aquifères d'Iullemeden, de Taoudéni/Tanezrouft et du fleuve Niger (Algeria)<br>• Gestion de la biodiversité marine et côtière par le renforcement des initiatives de conservation et de suivi dans les Aires Marines Protégées d'Afrique de l'Ouest (Mauritania)<br>• FFEM-SWIO Project in South West Indian Ocean (research into links between fishing, resources and local governance, 2017)<br>• Conservation et exploitation durable des écosystèmes de monts sous-marins et sources hydrothermales du sud ouest de l'Océan Indien au-delà des zones de juridiction nationale |

This project is funded by the European Union

| Funds programme and administering body | Sector | Capitalisation/ Size | Financial Instruments available | Eligibility requirements | Project/ investment criteria | Examples/ comments |
|---|---|---|---|---|---|---|
| International Climate Fund (ICF), DFID, DECC, DEFRA, FCO | Sectors: Agriculture, Disaster risk reduction (DRR), Water resources management, Infrastructure and urban investments, Coastal zone and ecosystems management investments in social protection and health | 2011-2017: Mobilised £2.2 billion public and £500 million private finance for climate change purposes in developing countries | The ICF's funding portfolio is split between capital contributions/ concessional loans and grant finance<br><br>ICF funds are usually channelled through global multilaterally administered programs (CIFs etc.) rather than towards specific country initiatives. Grants are used primarily as a mechanism for bilateral contributions. | Current projects: Bosnia & Herzegovina, Jordan, Lebanon, Libya, Palestine, Syria and Turkey. The SEMed and Mediterranean region are eligible, but the focus is on Commonwealth countries (i.e..<br><br>- Low carbon future that reduces poverty, focusing on low carbon growth, low carbon energy, energy efficiency, clean technology innovation and finance;<br><br>- Ensuring private finance contributions;<br><br>- Eligible activities: building global knowledge and evidence; developing and scaling-up low-carbon and climate resilient programs; building capacity in the public and private sectors and supporting country level action; mainstreaming climate change into UK development aid;<br><br>- Financing vehicles: funds are usually channelled through global multilaterally administered programs rather than towards specific country initiatives;<br><br>- Potential beneficiaries: governments developing countries, civil society organisations, private sector entities. | ICF funds are usually channelled through global multilaterally administered programs rather than towards specific country initiatives. Principles guiding ICF expenditure include:<br><br>- Consistency with the DAC definition of ODA;<br><br>- Consistency with UK agreements on aid effectiveness (under the Paris Declaration);<br><br>- Open and transparent project performance;<br><br>- Choice of instrument;<br><br>- Appropriate enabling environment | Although primarily a climate fund, BE projects are relevant when designed with an adaptive/mitigatory objective.<br><br>Website: https://devtracker.dfid.gov.uk/search?query=marine&includeClosed=0<br><br>Project examples:<br>• Informing infrastructure development, training and knowledge exchange in Commonwealth Marine Economies.<br><br>• Sustainable Fisheries Development in Commonwealth Marine Economies<br><br>• Enhancing food and income security through improved artisanal freshwater fish farming (Liberia) |

# Annex 5: Bilateral & multilateral development finance

| Financial instruments available |
| --- |
| - **Technical assistance grants:** Grant schemes to promote and build the implementation capacities of market players (i.e. project developers) for creating a critical mass of skilled users and to remove non-financial barriers (e.g. preparation/structuring of related financial transactions).<br>- **Project development grants:** Assisting project developers to achieve financial closure by covering some of the costs of the more expensive and time intensive project development activities.<br>- **Loan softening programmes:** Incentives in the form of interest subsidies or the provision of a partial guarantee. These programmes are provided alongside other financial instruments, with the benefits passed on to customers via lower interest rates, lower front end deposits and extended loan repayment periods.<br>- **Concessional loans:** Loans with lower interest rates and/or lenient servicing conditions when investments generate stable cash-flows. Due to the need for the amount of the loan to eventually be paid back (i.e. principal and interest), efficient operations are encouraged.<br>- **Project loan facilities:** Financing facilities of governments or MDBs that serve as special vehicles with a view to providing project finance in the form of debt financing. Applicable for projects that do not reach financial closure because of local CFIs not being able to provide the required financing.<br>- **Soft loan programmes:** Loans to finance the gap during actual project preparation and pre-commercialisation provided by semi-public agencies at concessional interest rates. They can introduce innovative technologies and help project developers through sharing some costs – leveraging more commercial finance by proving the viability of technologies and projects to finance providers.<br>- **Credit lines and subordinated debt:** Debt finance to cover liquidity issues regarding medium and long-term financing requirements of projects, such as clean energy activities. For projects with high credit risks, limited or non-recourse credit lines may be applied so that the risk of the FI loans is shared by the DFI.<br>- **Equity investments:** Investment capital via equity stakes may come not only from private sources but also from public partners who take a subordinated equity stake in a company or project – acting as a door opener for potential private equity partners (see below). |

| Procedures and processes |
| --- |
| - **Multiannual frameworks with priority countries are developed and defined:** Projects can be developed according to recipient (country) demands. In some cases, regional strategies or programme documents create the framework for a couple of years. They can either be prepared by the donor country in consultation with recipient country or prepared by the recipient, or jointly prepared. The country strategies or plans are concretised by sector strategies or similar processes and documents, such as operational plans. Criteria and indicators are developed to determine the appropriate funding approach and provide a basis for the measurement of impacts.<br>- **Overall approach to bilateral development cooperation:** The whole process can be rather decentralised and can involve or be led by local embassies and country offices of the donor country. In other cases, headquarters of technical or financial cooperation agencies are more involved. Donor countries with large development agencies, such as Germany (GIZ/KfW), France (AFD), and Sweden (Sida), tend to be more actively involved in the development of concrete project proposals, and management and monitoring of the projects. In countries with no large development agencies, development cooperation activities are often led by the embassies. If no other implementing agencies exist, the responsibility for implementation often lies with the recipient government, or consultants or civil society organisations (CSOs). Programming of bilateral development cooperation in Norway is based on requests from partner countries, for example. After receiving a request, the embassy prepares an agreement document that needs to be signed by both parties. The responsibility for implementation lies with the partner country.<br>- **Funding channels:** The majority of the bilateral ODA budget is channelled by the Ministry of Foreign Affairs or Development Cooperation (or the underlying development cooperation agency). In others countries, the bilateral ODA budget is more spread over different ministries (e.g. Ministry of Finance, Ministry of Economy, Ministry of Education). Furthermore, bilateral ODA is channelled through CSOs, whilst the shares of bilateral ODA to CSOs, however, vary widely. Usually, smaller countries tend to channel larger percentages through CSOs. ODA funding to CSOs is often channelled through the national development agency's budget. This can involve competitive bidding processes<br>- **Tools for planning, monitoring, reporting and evaluation:** These are the early days of the BE and related initiatives and the BE concept has not been mainstreamed into the programming and development cooperation project cycles as in the case of other environmental change agendas, such as climate change. First, general development frameworks for BE initiatives, drawing on general, other maritime and environmental change related literature and basically introduced by the EU, appear introducing useful guidance: SMART objectives and RBM/RFM approaches & building blocks to consider (background research applying SWOT/PEST(LE)&STEEP/Q-Method/DPSIR/Life Cycle Approach, methods for analysing future developments via scenario development processes, stakeholder identification and analysis and related methods such as force field analysis/SNA/stakeholder matrix as well as stakeholder engagement strategy, interactive methods using Living-Q method/MSP Challenge/World Café/DELPHI/ARDI/Micro Site/Mind Maps/Future Wheel/Interactive Backcasting/Sketch Match/Visual facilitation & ensuring commitment and take up through integrating success factors and dissemination and communication methods). However, in the absence of such detailed tools and bearing in mind the linkages to climate change being under the same environmental change umbrella, the much more advanced tools commonly used to mainstream climate change into the development cooperation project cycle will be useful for guiding BE project development processes. These tools can be summarised as: A) Ex-ante screening of climate impacts of envisaged / planned development project peer review process, Japan's Climate Finance Impact Tool, USAID's 6-step Vulnerability & Adaptation approach, AusAID's Integrating disaster risk reduction, environment and climate change (DEC) tool, GHG Protocol by the World Resources Institute and the World Business Council for Sustainable Development); B) Ex-ante and ex-post screening of ongoing projects and project portfolios (e.g. climate-proofing, OECD/DAC Rio markers) using a M&E protocol with specific climate indicators integrated into its conventional development project evaluation processes (UK) or climate proofing assessment processes with a handbook for climate and environmental assessments (Germany); C) 'Follow the money' or reporting on funds (most bilateral donors as well as multilateral climate funds have now developed results-based management frameworks to guide climate-related programmes). |

| Financial instruments available |
|---|
| - **Technical assistance grants:** Grant schemes to promote and build the implementation capacities of market players (i.e. project developers) for creating a critical mass of skilled users and to remove non-financial barriers (e.g. preparation/structuring of related financial transactions).<br>- **Project development grants:** Assisting project developers to achieve financial closure by covering some of the costs of the more expensive and time intensive project development activities.<br>- **Loan softening programmes:** Incentives in the form of interest subsidies or the provision of a partial guarantee. These programmes are provided alongside other financial instruments, with the benefits passed on to customers via lower interest rates, lower front end deposits and extended loan repayment periods.<br>- **Concessional loans:** Loans with lower interest rates and/or lenient servicing conditions when investments generate stable cash-flows. Due to the need for the amount of the loan to eventually be paid back (i.e. principal and interest), efficient operations are encouraged.<br>- **Project loan facilities:** Financing facilities of governments or MDBs that serve as special vehicles with a view to providing project finance in the form of debt financing. Applicable for projects that do not reach financial closure because of local CFIs not being able to provide the required financing.<br>- **Soft loan programmes:** Loans to finance the gap during actual project preparation and pre-commercialisation provided by semi-public agencies at concessional interest rates. They can introduce innovative technologies and help project developers through sharing some costs – leveraging more commercial finance by proving the viability of technologies and projects to finance providers.<br>- **Credit lines and subordinated debt:** Debt finance to cover liquidity issues regarding medium and long-term financing requirements of projects, such as clean energy activities. For projects with high credit risks, limited or non-recourse credit lines may be applied so that the risk of the FI loans is shared by the DFI.<br>- **Equity investments:** Investment capital via equity stakes may come not only from private sources but also from public partners who take a subordinated equity stake in a company or project – acting as a door opener for potential private equity partners (see below). |
| **Procedures and processes** |
| - **Multiannual frameworks with priority countries are developed and defined:** Projects can be developed according to recipient (country) demands. In some cases, regional strategies or programme documents create the framework for a couple of years. They can either be prepared by the donor country in consultation with recipient country or prepared by the recipient, or jointly prepared. The country strategies or plans are concretised by sector strategies or similar processes and documents, such as operational plans. Criteria and indicators are developed to determine the appropriate funding approach and provide a basis for the measurement of impacts.<br>- **Overall approach to bilateral development cooperation:** The whole process can be rather decentralised and can involve or be led by local embassies and country offices of the donor country. In other cases, headquarters of technical or financial cooperation agencies are more involved. Donor countries with large development agencies, such as Germany (GIZ/KfW), France (AFD), and Sweden (Sida), tend to be more actively involved in the development of concrete project proposals, and management and monitoring of the projects. In countries with no large development agencies, development cooperation activities are often led by the embassies. If no other implementing agencies exist, the responsibility for implementation often lies with the recipient government, or consultants or civil society organisations (CSOs). Programming of bilateral development cooperation in Norway is based on requests from partner countries, for example. After receiving a request, the embassy prepares an agreement document that needs to be signed by both parties. The responsibility for implementation lies with the partner country.<br>- **Funding channels:** The majority of the bilateral ODA budget is channelled by the Ministry of Foreign Affairs or Development Cooperation (or the underlying development cooperation agency). In others countries, the bilateral ODA budget is more spread over different ministries (e.g. Ministry of Finance, Ministry of Economy, Ministry of Education). Furthermore, bilateral ODA is channelled through CSOs, whilst the shares of bilateral ODA to CSOs, however, vary widely. Usually, smaller countries tend to channel larger percentages through CSOs. ODA funding to CSOs is often channelled through the national development agency's budget. This can involve competitive bidding processes. |

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### Procedures and processes

- Tools for planning, monitoring, reporting and evaluation: These are the early days of the BE and related initiatives and the BE concept has not been mainstreamed into the programming and development cooperation project cycles as in the case of other environmental change agendas, such as climate change. First, general development frameworks for BE initiatives, drawing on general, other maritime and environmental change related literature and basically introduced by the EU, appear introducing useful guidance: SMART objectives and RBM/RFM approaches & building blocks to consider (background research applying SWOT/PEST(LE)&STEEP/Q-Method/DPSIR/Life Cycle Approach, methods for analysing future developments via scenario development processes, stakeholder identification and analysis and related methods such as force field analysis/SNA/stakeholder matrix as well as stakeholder engagement strategy, interactive methods using Living-Q method/MSP Challenge/World Café/DELPHI/ARDI/Micro Site/Mind Maps/ Future Wheel/Interactive Backcasting/Sketch Match/Visual facilitation & ensuring commitment and take up through integrating success factors and dissemination and communication methods). However, in the absence of such detailed tools and bearing in mind the linkages to climate change being under the same environmental change umbrella, the much more advanced tools commonly used to mainstream climate change into the development cooperation project cycle will be useful for guiding BE project development processes. These tools can be summarised as: A) Ex-ante screening of climate impacts of envisaged / planned development project peer review process, Japan's Climate Finance Impact Tool, USAID's 6-step Vulnerability & Adaptation approach, AusAID's Integrating disaster risk reduction, environment and climate change (DEC) tool, GHG Protocol by the World Resources Institute and the World Business Council for Sustainable Development); B) Ex-ante and ex-post screening of ongoing projects and project portfolios (e.g. climate-proofing, OECD/DAC Rio markers) using a M&E protocol with specific climate indicators integrated into its conventional development project evaluation processes (UK) or climate proofing assessment processes with a handbook for climate and environmental assessments (Germany); C) 'Follow the money' or reporting on funds (most bilateral donors as well as multilateral climate funds have now developed results-based management frameworks to guide climate-related programmes).

### Investment/Project criteria and principles

Sectors: Development cooperation is generally grouped into sectors, although these are often highly interlinked. The key sectors differ substantially between donor countries. E.g. the sectors that received the largest shares of bilateral ODA from the biggest European donor countries and the EU (2016) are humanitarian aid, financial services and business support and infrastructure (Donor tracker, 2017). Food and commodity services, trade policy, and industry construction and mining received comparatively little. In the coming decade the following sectors seem to offer unprecedented development and investment opportunities: marine energy, marine biotechnology, coastal tourism, transport and food production. Donor money and will flow in the same direction and the opportunities in the SEMed are aligned in this regard.

Mainstreaming strategies and approaches: There are various mainstreaming strategies and approaches recommended at the local/project level, in particular:

- Establishing profiling of the area to assess vulnerabilities and opportunities through the analysis of opportunities linked to an area's morphology and activities to strengthen resilience are crucial elements of such a profiling.
- Including local initiatives in broader frameworks for better national governance of actions can BE related actions and provide more confidence in their coherence. This can also improve national governance.
- Providing and mobilising funding for the elaboration and implementation of integrated approaches by funding a variety of partnerships and types of cooperation. This can be achieved by using international funding provided by the
    - Various relevant bilateral and multilateral sources and channels
    - Local public resources (state budget, tax income)
    - Private sector resources (e.g. PPPs, investment in programmes of action, foundations, microcredit institutions).
- Applying BE criteria (e.g. through the promotion and application of BE relevant standards and protocols) to local level actions with terms of reference specifying minimum BE and resilience conditions. These can be elaborated for local communities and applied to projects implemented, funded or subsidised by the community, and to the actions implemented in the area by local development stakeholders.
- Strengthening participation by decision-makers, planners and citizens via awareness-raising actions by organising information and training campaigns for local populations, employees of local-development support organisations and local planners and decision-makers. This is best carried out during local BE profiling and early in planning processes. Examples here include disaster risk management programs changing community perceptions of risk.

**Investment/Project criteria and principles**

"Building blocks" for mainstreaming environmental action into development. Again, referring to the early days in the development of the BE concept and related actions, the more advanced climate change agenda is used as a proxy showcasing what applies to the BE as well. These building blocks will need to be established and also be funded by donors and should be in place at some point – building on and integrating BE into the related and more advanced fields of environmental change and finance, such as climate change and climate action. Recognising the uniqueness of BE, on the one hand, there a lot of linkages and overlaps to the climate change or biodiversity agendas that allow for taking advantage.

- An enabling environment: This is usually established through BE components of national development policies or legislation, policies/strategies and action plans or BE objectives within relevant sectoral policies and programmes. It may include the establishment or improvement of inventories and datasets, tools, methods and institutions generating and managing such data.
- Policy and planning: Actual and effective mainstreaming of BE considerations through integration into annual, medium- and long-term sectoral and development plans, as well as annual and medium-term expenditure and budgetary frameworks. Furthermore, resource mobilisation strategies directing the resources needed over time to reach scale and capacities to access and manage relevant funding (with on-budget disbursement) are needed - building on and making use of inroads made by other environmental change fields and environmental finance, in particular climate change and climate finance.
- Projects and programmes: Proofing tools or similar approaches should be used to ensure that BE actions are integrated into existing or planned development planning initiatives.

Focused vs. integrated approaches: Most of ODA is planned and programmed bilaterally between donor and recipient countries. Individual donor priorities with respect to strategies and programmes need to be taken into consideration. Whereas integration is increasing in the more established fields of environmental finance, such as climate change and climate action, getting the first wave of BE projects of the ground will require projects with a focus on BE. However, integrating BE concepts and components into these other, more established environmental finance opportunities (e.g. climate adaptation and/or mitigation actions), is a parallel strategy worthwhile to pursue – tapping into the various climate finance sources. Next to accessing all kinds of dedicated or climate-relevant funding sources this strategy also allows for benefitting from the increasing mainstreaming of climate actions into national development plans of countries, which is promoted, also financially, by many donors (see also above).

Focus on (establishment) of BE funds/programmes & other funds/programmes inclusive of BE: Currently, most (direct) BE funding is channelled through supranational funds/programmes, mostly the EU, and further relevant environmental finance options, in particular climate finance opportunities, can be used to finance BE undertakings – piggybacking on climate actions and related finance. BE funding via ODA is still evolving as well as is the establishment of (dedicated) national funds/programmes.

Emergence of innovative financing approaches: innovative financing approaches, including reducing cost of capital (e.g. bond markets, tax incentives, public finance institutions' instruments), mitigating investment risk (e.g. lending guidelines) or making less BE-friendly assets (so-called "brown" assets in the context of the green economy) less attractive (e.g. taxing externalities, fiduciary duties, disclosure and reporting requirements) are on the horizon.

Support country-owned and country-led programming and actions: BE-related development aid needs to be developed in light of local BE considerations and plans. Ownership of projects by the recipient country is widely believed to be a feature of successful projects and programmes. By giving a greater share of authority in design and implementation to experts in local circumstances within a project boundary, projects have a higher chance of being implemented in a more efficient way, at lower cost, being more integrated and co-ordinated with other national and internationally implemented projects.

Capacity building is crucial: Efforts have to be put into capacity building in SEMed and developing countries in order to create a strong basis for sustainable BE integration across the national development plans and implementation of BE actions in the relevant sectors.

Technology development and deployment: Technology transfer and development as part of packages and efforts in all BE streams or sectors can probably be well integrated into development cooperation projects and programmes, compared to large-scale industrial BE activities. Linked to the latter and the overall technology question is the engagement and collaboration with the private sector – coming on board particularly for bringing technologies to the market and scaling up.

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# Annex 6: Private sector finance opportunities (incl. non-bank institutions)

| Major private sector (finance) players | Financial Instruments available | Eligibility Requirements/ Procedures | Investment/Project Criteria | Examples/comments |
|---|---|---|---|---|
| Initial phase (proof of concept, initial product development)<br>Family and friends<br>DFI (grant and subsidy)<br>Foundations<br>Non-governmental/civil society organisations<br>Angel investors<br>MNC (within same business)<br>Micro finance institutions (MFI)<br>Crowdfunding platforms | Self-financing (family friends), and angel investors<br>Grant, subsidies (public and private sources)<br>Equity (balance sheet/ off-balance sheet),<br>Debt, subsidised debt conditional loans<br>Efficiency performance, value increase capture, | Business description, concept idea<br>- Description of activity,<br>- Initial financial projections, finance needs<br>- Capital structure,<br>- Foreseen competition,<br>- Management structure & existing team,<br>- Innovation.<br>- Impact assessment MRV, | - Profitability<br>- Cash flow projections,<br>- Size,<br>- Legal environment,<br>- Country environment,<br>- Main accounting elements (debts, liabilities)<br>- Mezzanine finance<br>- Other description elements (ownership structure, history of organisation, personnel) | In most initial stage self-finance (family, friends) represents a large part of finance. However a blending of finance sources is often the winning formulae to gather enough finance for growth to happen. This allows for leveraging between finance sources and will be an advantage for rising future capital. |

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# Annex 7: Banks, philanthropic, non-governmental and social investments

| Major players | Financial Instruments available | Eligibility Requirements/ Procedures | Investment/Project Criteria | Examples/comments |
|---|---|---|---|---|
| Subsequent phases (venture economically viable, further growth development)<br><br>Leverage from (DFI, foundations, NGOs)<br><br>Banks (international and local)<br><br>International project developers/technology providers<br><br>Local project developers/ technology providers/other investors<br><br>Venture Capital and Private Equity organisations<br><br>Impact investors investment funds<br><br>Micro finance institutions (MFI)<br><br>Crowdfunding platforms Institutional investors | - Self-financed growth<br><br>- Grants, subsidies, to leverage growth capital<br><br>- Debt, loans, structured finance mechanisms, climate bonds, securitisation, pooled financing, loans guarantees, conditional loans,<br><br>- Equity from VC/PE funds (balance sheet equity), efficiency performance, (equity value increase capture performance), PPPs (Public Private Partnerships) joint ownership.<br><br>- Taylor made solutions: Programs for individuals can be developed where for instance they receive subsidies to see a value increase of their land or their house contributing to mitigation and adaptation | Business description:<br><br>- Description of activity,<br><br>- Financial Projections,<br><br>- Capital Structure,<br><br>- Legal requirement financial information for the past three years, accounting elements<br><br>- Other financial information (e.g. tax, historical movements)<br><br>- Marketing, sales, client base,<br><br>- Competition,<br><br>- Management & personnel,<br><br>- Innovation, R&D.<br><br>- Other financial information (e.g. tax, historical movements) | - Profitability<br><br>- Cash flow projections,<br><br>- Size,<br><br>- Legal environment,<br><br>- Country environment,<br><br>- Main accounting elements (debts, liabilities)<br><br>- Other description elements (ownership structure, history of organisation, personnel)<br><br>- In the cases of Foundations, NG/CSO and impact investors, the main criteria is not profitability, but the impacts. However MFI and Crowdfunding will in most cases require profitability. In the case of MFI the lending rate can be substantially higher than of banks due to size of investment, acceptance requirements and inherent risk to the project. | In most cases a blending of finance sources is a more appropriate approach. This allows for leveraging between finance sources.<br><br>Private investment mostly happens in profitable deals. In case of a not or mildly profitable deal, the investor has to find other advantages in the deal, such as image, access to other deals, etc.<br><br>A coupling between DFIs with MFI can guarantee a level of loan reimbursement and lower lending rate. |

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# Annex 8: Additional information on BE Project Development

The following resource materials provide a range of additional general background reading on the challenges facing project development and growth in the Mediterranean Blue Economy - including investor guidance into sectors for growth and how to apply sustainable BE principles to potential projects. In addition, detailed hands-on guidance developing proposals can be used by BE project developers, applying best-practice guidance for accessing climate finance sources with climate finance being most advanced in the field of environmental finance.

### Additional resources used for strategies and project design

> WWF (2015) Blue Growth in the Mediterranean Sea: the Challenge of Good Environmental Status – provides an overview of the main drivers and focal sectors of the Mediterranean Sea (high-level)

> WWF, Seafood in the Mediterranean- Local Tastes, Global Markets (2015) – status of the seafood market in the Mediterranean and role in economic growth

> WWF, BCG Reviving the Economy of the Mediterranean Sea – provides an analysis of the value of ocean-related activities in the Mediterranean and proposes strategic priorities for projects to achieve a sustainable economic model

> Declaration of the Sustainable Blue Economy Finance Principles by EC, WWF, International Sustainability Unit of The Princes Charities & EIB, March 2018 – providing a framework for investors to apply sustainable blue economy principles to asset management in marine environments

### Additional information on best practice in funding applications - accessing climate finance sources:

> UNEP TNA Guidebook: Accessing International Funding for Climate Change Adaptation – includes examples of how to present projects/programmes & a showcase example);

> UNEP TNA Guidebook: Accessing International Financing for Climate Change Mitigation – includes examples of how to present projects/programmes & a showcase example

> UNDP toolkit for designing adaptation initiatives

> GEF: Financing Adaptation Action – including showcase examples

> GEF: Time to Adapt: Insights from the GEF's Experience in Adaptation to Climate Change – including show-case examples

> GEF: Least Developed Countries Fund - including showcase examples

> GEF: Accessing Resources under the SCCF

> GEF: Accessing Resources under the LDCF

> GCF: Investment Opportunities for the Green Climate Fund & Engaging with the Green Climate Fund

> Adaptation Fund: Climate Finance: Direct Access

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Authors:

Robert Tippmann
robert.tippmann@climatekos.com

Alison Midgley
alison.midgley@climatekos.com

Kaliana Tanganelli
kaliana.tanganelli@climatekos.com

Sabine Henders
sabine.henders@climatekos.com

Contributors:

Frédérick Herpers
frederick.herpers@strategies-marines.fr

Thanos Smanis
thanos.smanis@hcl-consultants.com

Editors:

Chris McDougall
chris.mcdougall@atkinsglobal.com

Lothar Schillak
teamleader.imp@gmail.com


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