

ADB : TA-9518 REG

Sustainable Infrastructure for Asia and the Pacific (51367-001)

Investment Readiness Toolkit N°7

for: SME BlueImpact Asia

GUIDANCE REPORT:

Project Selection Criteria

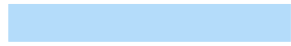
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Toolkit-7 documents the project selection criteria used by SME BlueImpact Asia. The criteria is organised into two distinct categories:

- Eligibility criteria: To be considered for the program
- Bankability criteria: To be approved by the program

I. ELIGIBILITY CRITERIA

We adapted our Eligibility Criteria from the EU BlueInvest Program to fit the realities of the blue economy SME space in developing countries and to confirm commitment to the program:

Figure 1: Eligibility Criteria - SME BlueImpact Asia

	CRITERIA	EXPLANATION	MEASURE TO BE APPLIED	ASSESSMENT
1	Blue Sector fit	Focus on investment in sustainable blue sectors and themes	Is the project active in one of the sectors listed in BEKP?	(Y/N)
2	Geographical fit	Project location in a Developing Country	Are the project impacts based in a developing Asia-Pacific country?	(Y/N)
3	Developmental stage	Project is commercial-ready	Is the project generating revenues or expected to cross that point soon?	(Y/N)
4	Capital needs	Project needs \$200k-10M investment	Will the project achieve financial and impact goals with <\$10M investment?	(Y/N)
5	Program fit	Project leader will sign Program Agreement	Does the leader understand terms and conditions, willing to commit?	(Y/N)
				ALL YES => ELIGIBLE

The SME project applies to the program with a self-evaluation covering these five criteria. Our team then evaluates and verifies the information before replying. If the project lacks one or two qualifications that may be satisfied with some time and consultation, we propose pathways to improve, including external experts and resources as noted in the relevant Toolkit sections.

II. BANKABILITY CRITERIA

Once a project passes the Eligibility criteria, our team evaluates it according to 8 criteria as noted (see Figure 2). Overall, we define “bankability” as the ability of the project to support and attract additional financing.

Each criterion triggers recommended actions to improve performance of the project, defined by our team in a Needs Analysis report for those projects that sign up to the Premium Program. For those projects signing to the Basic Program, the same criteria are recommended to them for work at their own pace, with their own resources.

Regarding sustainability or non-financial criteria (#7 below), a complete guide to standards for each blue sector is provided in Toolkit 4 “Understanding Impact Metrics as Fundraising Tools for SMEs”.

	MODULES	ACTIVITIES
1	Governance	<ul style="list-style-type: none"> • Ownership (who, where?) • Governance (BoD, audits, history) • Jurisdiction
2	Management Quality	<ul style="list-style-type: none"> • Quality & experience of the management team • Achievements of the team • Stakeholder Relationships • Team & organisational risks
4	Commercial Viability	<ul style="list-style-type: none"> • Clear & realistic strategy • Timeframe for profitability and impact • Value Chain Assessment • Customer base • Competitive position • Identification & management of key risks
5	Financial Viability	<ul style="list-style-type: none"> • Past financial performance • Realistic financial forecast (P/L, B/S, & Cash flows) • Investments & commitments to date • Collateral & contracts
6	Structure Viability	<ul style="list-style-type: none"> • Appropriate capital structure • Ability to repay debt • Exit & control issues for equity • Alignment with investor/lender interests
7	Sustainability	<ul style="list-style-type: none"> • Compliance with relevant SDGs • Compliance with industry/sector standards • Compliance with science standards • Compliance with sustainable finance standards
8	Presentation Quality	<ul style="list-style-type: none"> • Review of short & long pitch decks • Review of web/live presentation skills • Review of offering documents • Define investor targets

III. IMPACT METRICS

Each blue economy sector has an array of standards or metrics used to evaluate performance and bankability. We provide a guide to standards in Toolkit 4.

However, we observe that SMEs face a considerable burden of impact reporting if extensive MRV (Monitoring, Reporting, Verification) is made a condition of investment. Whilst impact outcomes are indeed a requirement for all BlueImpact deals, we must adapt reporting requirements to the capacity of SMEs.