**Economic and financial advisory services for Climate Change Adaptation Initiatives – Expression of Interest**

**Background**

Responding to and preparing for climate change impacts will require significant investment in the decades ahead, however there is a very large gap between investment needs and available finance. A significant increase is needed from both public and private sectors to address this adaptation finance gap. Financing for climate change adaptation is particularly challenging with associated revenue streams not as obvious as for mitigation projects. There is thus a need to support the development of business models for climate adaptation to assess the potential for and attract appropriate finance suitable to local contexts across Scotland.

As part of our Climate Finance expert working group, Adaptation Scotland is offering **economic and financial advisory support services for climate adaptation for up to three business cases/projects/organisations** from specialist climate change and economics consultancy Paul Watkiss Associates.

Organisations or initiatives that are planning adaptation projects and in need of support to identify appropriate finance, are invited to apply. Selected projects will receive support to develop project business cases, which will include the assessment of barriers to finance and look at a business model that could be applied to access funding and/or attract private investments.

In exchange for the support, applicants should be willing for findings and learning from the business case development to contribute to the Climate Finance Working Group’s Adaptation Finance toolkit. The toolkit will provide a repository of potential source of adaptation finance – both from the public and private sector – to building the bridge between potential adaptation opportunities and existing finance. A part of the toolkit will be to also provide information on key barriers to adaptation finance, including through lessons learnt from on new and ongoing initiatives.

Who is eligible to apply?

To be eligible for the support, applicants must meet the following minimum eligibility criteria:

* Applicants must be from a legally constituted organisation based in Scotland including public, private and third sector organisations
* Projects / organisations must demonstrate how they are addressing issues arising from current extreme weather or future climate change hazards, risks or impacts (either through being mainstreamed into a project or as a direct adaptation project).
* Alignment to the policies and vision of the Second Scottish Climate Change Adaptation Programme (SCCAP2)
* Likelihood of project being progressed (e.g., Level of support for the project at a senior level in the organisation and likelihood to progress to delivery)

**Note – Confidentiality -** The purpose of this support is to advance wider thinking on climate adaptation finance across Scotland. As such, one of the key conditions for participation is that the organisation must be willing for learning and relevant outputs to be shared publicly and to be used as part of Adaptation Scotland’s forthcoming adaptation finance toolkit. However, any commercially sensitive or confidential material provided to the Secretariat and/or PWA for the purposes of supporting a business cases will be kept in confidence and not distributed. The final Terms of Agreement will include a relevant confidentiality clause and will be agreed amongst partners.

What level of support is being offered?

Five days expert consultancy time will be awarded to each successful project (at a value of £3,500). The exact scope of support offered will be collaboratively defined and agreed with each organisation. Whilst approaches will vary depending on project, key activities will include:

* Rapid review of each project to identify barriers to finance
* Identification of an appropriate business model to access finance – this will include whether the project has potential to generate any revenue streams, the potential to attract private sector investment and climate funds, and blended finance approaches.
* Consideration of whether additional actors within the project design would enhance the scope of the business case
* Write up of the findings.

What level of input from organisations is required?

Organisations must have available capacity to contribute to the project throughout the duration of support provided. This will vary based on the proposal but is anticipated to include:

* Attendance at a kick-off meeting
* Ability to maintain ongoing communications with the Secretariat and PWA, including providing relevant material and documents to support team
* Ongoing liaison with Adaptation Scotland secretariat, and participation in relevant meetings during project development
* Commenting on draft business case
* Consideration of the learnings from the process and how these should be incorporated into the Climate Finance toolkit – e.g., reviewing a case study of the work, key learnings etc
* A key part of the input will be to provide data on the adaptation project – the more detailed data provided, a more substantive assessment can be done.

Evaluation Criteria

Individual applications will be assessed and scored out of 5 against the following seven criteria:

1. **Bankability (10%)** How likely the support is to lead to a bankable (i.e., fundable/financeable) project. For example, is there potential to generate a revenue stream? If yes, have these been quantified? (commercial, sub-commercial?) Who are the target funders/ investors?
2. **Replicability and scaling (15%)** Are there any existing examples of similar financing solutions that have been designed and/or implemented? Would there be potential to replicate the project and scale up?
3. **Source of Finance (10%)** Is there potential to use blended (i.e., public and private) finance? What sources of finance have you already identified and considered? Will new financing structures be required?
4. **Actors (15%)** Have key actors for the design and delivery of the project been identified (e.g., Project developers, local authorities, financial institutions, communities)? To what extent have they been engaged in the design of the opportunity e.g., has there been a consultation process, have you worked with them from the outset??
5. **Strategic Fit (15%)** Howdoes the project align with the Programme for Government? Is it aligned with the national climate priorities and/or any of its specific programmes e.g., Community Wealth Building, City Deals, Green Recovery?
6. **Impact (15%)** What is the anticipated impact of the proposed project on (i) addressing climate risks and (ii) wider co-benefits including community benefits?
7. **Innovation and Learning (20%)** Is there any scope to apply innovation? If yes, at what stage (early R&D, demonstration, scaled-up). What learning will likely be generated as a result of the support, and how could that contribute to the Adaptation Finance Toolkit?

In addition to the evaluation criteria for each project, the Working Group Secretariat reserve the right to consider the collective fit of projects to ensure a complementary set of business cases with the potential to best support the production of the Adaptation Finance toolkit. Therefore, in addition to individual project, the Secretariat will be looking for a mix of:

* **Project maturity** – With projects that are in the scoping stage through to those where concepts are well advanced
* **Geographical spread** – with projects spread across Scotland (e.g. avoiding concentration on one City or region, or the central belt)
* **Funding approaches** – projects looking beyond traditional grant-based approaches to consider the role of blended/private finance approaches

Application Process

**To express interest in this project please complete the form below and email your details to** [adaptationscotland@sniffer.org.uk](mailto:adaptationscotland@sniffer.org.uk)**, quoting the project title. Closing date for expressions of interest: 5pm on Monday April 26th**

Applicants will be informed of decision outcomes by Friday May 6th and it anticipated that economic advisory services will be provided May -July 2020.

**Expression of interest form**

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| --- | --- |
| Proposal Title |  |

Organisation

|  |  |
| --- | --- |
| Name |  |
| Address |  |
| Website: | |

# Lead Contact

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| --- | --- |
| Name | Tel: |
| Email |  |

Preliminary Questions (1/2-page max for each response)

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| Adaptation Project Type (e.g., infrastructure, water resource management, forestry) |  |
| What climate change risk and impact(s) or adaptation solutions does this opportunity explore? Is adaptation the core focus of this work or mainstreamed across broader objectives? |  |
| How advanced or developed is the project idea? At what stage is the opportunity - idea/concept/design/implementation? |  |
| What work has been done on adaptation and adaptation finance already? Please tell us about relevant existing work that is ongoing or helpful already. |  |

**\*Project Summary – include project timeline, potential revenue streams, actors, project activities (2 pages max)**

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\***Alignment to Evaluation Criteria -described on page 3 (2 pages max)**

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