



BLUE-TECH CHALLENGE

GUIDELINES

1. CONTEXT

Goal 14 of the Sustainable Development Goals recognizes the critical contribution the ocean makes to the world economy, and specifically to the development of the smallest and most vulnerable nations. In the Latin American and Caribbean region, 25% of the region's overall population lives on the coast, with that number rising to close to 100% in most Caribbean island countries. The economic activity generated by the use of coastal resources is substantial, as it contributes nearly \$21 billion to the LAC region's GDP (UNCTAD in 2014). Globally, about 1 billion people rely on fish as their main source of animal protein, and about 200 million work in the fishing sector. It is estimated that the value of fisheries to the global economy is almost \$300 billion.¹

Oceans also provide services that are not yet quantifiable such as carbon sequestration, coastal protection, provision of critical habitat and biodiversity. Yet, over-exploitation of marine ecosystems and increased pollution together with the increasing impacts of climate change are causing damage to ocean ecosystems and natural capital, impacting livelihoods, ecosystem services, and threatening human health. As countries seek ways to develop and preserve coastal resources for environmentally sustainable economic growth, the "blue economy"² concept offers a unique opportunity to address sustainable management of oceans and marine ecosystems in a holistic manner. The blue economy presents a promising avenue for economic diversification and growth embedded in the fundamental principles of environmental sustainability.³

The collective action of government leaders, businesses, and innovators is key to maximize the enormous economic potential presented by the ocean, while preserving it. While innovation in governance structures, processes, and stakeholder coordination is essential to improve integrated ocean management, technological developments such as advanced materials, subsea engineering and technology, sensors and imaging, satellite technologies, computerization and big data analytics, robotics, nano- and biotechnology, among others, are playing a crucial role in shaping the sector, and must be explored and supported⁴. It is expected that these rapidly evolving technologies will contribute to better investigation of oceanscapes, improved monitoring

¹ National Geographic.

² Broadly defined as economic activity which directly or indirectly uses the sea as an input (Morrissey et al. 2010)

³ Roberts, JP and A. Ali, (2016), The Blue Economy and Small States. Commonwealth Blue Economy Series, No. 1. Commonwealth Secretariat, London.

⁴ The Ocean Economy in 2030. OECD, 2016.

of ocean ecosystems (including marine protected areas and fisheries), increased linkages of marine products to markets, expanded access to finance for marine enterprises, and will enable solutions to pressing issues such as coastal erosion, ocean plastics, and management of sargassum, to name a few of the pressing ones for the Caribbean.

Since every sector of the blue economy is affected by the technological advances, it is essential to take advantage of this trend to pilot new approaches, develop new materials, and implement novel approaches that deliver pragmatic and tangible solutions for business models that, at the same time, foster the long-term sustainability of the ocean economy.

This challenge seeks to support business models that apply new technologies to deliver pragmatic and tangible products and/or solutions that foster the long-term sustainability of the ocean economy.

2. THE CHALLENGE

The [Inter-American Development Bank \(IDB\)](#), through its [IDB Lab](#) (formerly known as the [Multilateral Investment Fund](#)), Natural Capital Lab, and Sustainable Islands Platform, and the multi-donor [Compete Caribbean Partnership Facility](#), is looking to provide support to pilot and scale commercial models rooted in cutting-edge technologies⁵ that contribute to the sustainable management of oceans and coastal resources (or marine ecosystems) as the basis for livelihoods, food security, and economic development of the Caribbean region.

The Inter-American Development Bank is looking for blue economy commercial models **to be developed** in the following 14 target countries: Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname, Trinidad and Tobago, Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. Qualifying projects from the Organization of Eastern Caribbean States will be financed by the Compete Caribbean Program.

Proponent entities should be located in one of the [48 member-countries of the IDBG](#), or in those countries that benefit from the Compete Caribbean Partnership Facility, which are non-IDB members: Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. These entities including innovators, entrepreneurs, NGOs, businesses, academic institutions, research institutions, social enterprises, public innovation agencies, and similar entities, must have demonstrated expertise in developing and applying innovative and cutting-edge technologies to ensure the sustainable management of oceans as the basis for livelihoods, food security and economic development.

Proponent **entities located outside the Caribbean region will only be considered if in partnership with local or regional organizations registered to carry out the project in the Caribbean region.** The Caribbean-based organization should be materially

⁵ Such as GIS geospatial, biotechnology, connectivity, augmented or virtual reality, big data, artificial intelligence, blockchain, sensors and imaging, subsea engineering and technology, unmanned underwater and aerial vehicles, among others.

involved in the activities of the proposed project and located in one of the 14 target countries.

The IDB may choose to fund qualifying entities to implement the blue economy model/project; and may provide matching financing (approximately 50%) of total project budget; therefore, applicants must be prepared to:

A. Contribute with at least 50% in matching funds or counterpart resources to pilot, replicate or scale up the proposed blue economy model⁶. Of the 50% matching funds, at least half needs to be in cash, and half can be in kind at relevant market rates. Proof of these resources will be required when applying.

B. Cover overhead fees, as these will not be financed by the IDB contribution. Please note that there will be restrictions with financing project administrative costs.⁷

3. AWARDS

1. Qualifying entities will be considered by IDB to implement a development project to pilot the blue economy model in one of the 14 target countries. Qualifying entities will receive IDB funding once: a) the proposed business model has been duly analyzed to obtain evidence of its viability; b) the proponent entity's capacity to manage the financial resources and project execution experience has been evaluated; c) a legal agreement to use IDB funding and counterpart resources towards the implementation of the selected model/project has been signed by both parties.

IDB funding can be in the form of grants, loans, or a combination of these instruments.

- *Grants: non-reimbursable resources are offered generally to NGOs, non-profit or public organizations implementing innovative models with limited revenue generation, but with clear benefits to the target beneficiaries (ocean economy communities and the environment).*
- *Loans: flexible loans or debt financing offered generally to private organizations that are already profitable and growing, and financial intermediaries.*

The funding requests should be within a range of US\$150,000 to US\$500,000 for non-reimbursable technical assistance (grants). Proposals for loans should be within a range of US\$500,000 to US\$2,000,000. *Note that the proponent entity should contribute or be able to demonstrate access to funds for the other 50% of the project budget.*

2. Qualifying entities will also become part of the IDB Group's network of global innovators working in the Caribbean region poised to exchange knowledge, expertise, best practices, and with ample opportunities to participate in IDBG's related regional networking events.

⁶ The model can be replicated or scaled-up as long as it is innovative and novel in the market, sector, or country that will be implemented.

⁷ IDB LAB funds can only cover a maximum of 15% of administrative costs, while Compete Caribbean funds do not cover administrative costs, so these should be absorbed by the firm or proponent entity.

4. WHO CAN PARTICIPATE

Entities from the [48 member countries](#) of the Inter-American Development Bank Group are invited to participate in the challenge. Those Compete Caribbean's beneficiary countries which are non-IDB members will also be included: Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. These entities including innovators, entrepreneurs, NGOs, businesses, academic institutions, research institutions, social enterprises, public innovation agencies, and similar entities, must have demonstrated expertise in developing and applying innovative and cutting-edge technologies to ensure the sustainable management of oceans as the basis for livelihoods, food security and economic development.

Proponent entities located outside the Caribbean region will only be considered if in partnership with local or regional organizations registered to carry out the project activities in the Caribbean region, such as academia, social enterprises, NGOs, non-profits, private firms, public innovation agencies, etc., with demonstrated expertise in developing and applying innovative and cutting-edge technologies to ensure the sustainable management of oceans as the basis for livelihoods, food security and economic development.

5. SCHEDULE

- Launch: September 17, 2018
- Submit proposals: September 17 – November 30, 2018
- Final submission deadline: November 30, 2018 (6pm ET)
- Review by IDBG team: December 1– December 17 to create short list
- Review of short list with Advisory Panel, final selection and due diligence visits: January 7– January 31, 2019
- Expected announcement of Selected Proposals: February 2019

DATES ARE APPROXIMATE AND SUBJECT TO REVISION

6. EVALUATION CRITERIA

The proposals will be evaluated according to the following criteria and approximate weight of consideration:

- **Level of innovation of the model/Use of disruptive technologies (~20%).** Every sector of the blue economy, and both established and emerging blue economy industries are being disrupted by innovative technologies. The IDB is interested in supporting innovative business models rooted in technologies that can be either piloted or adapted for the first time in the sector or country, to foster the long-term sustainability of the ocean economy.
- **Degree of social and environmental impact (~15%).** What is the impact in the groups, communities and clients that will be targeted with the model/solution? How will the solution contribute to the environmental sustainability and adequate use or management of marine assets and resources?

- Special consideration will be given to models targeting excluded groups and communities (women, indigenous, etc.) or low-income populations.⁸ ~5%
- **Scalability potential (~15%).** To what extent will the proposed model reach scale? Who would be the key enabling partners? Do these partners come from the private or public sectors?
- **Financial sustainability for the next 3-5 years (~15%).** The IDB is interested in the plan of the proponent to attract funding sources to sustain and grow operations, as well as how the business model expects to achieve financial sustainability after IDB resources are exhausted. What is the revenue-generation model?
- **Capacity of proponent entity and strategic partners (~15%).** The IDB wants to know why project sponsors are the best suited to implement the project. What are your strengths? What is your capacity to manage the financial resources to develop the model? What is your level of expertise in the blue economy or related blue economy industries, whether established or emerging? How comfortable are you with the level of development of the proposed cutting-edge technology?
- **Viability of execution, and risks (~15%).** What are the current bottlenecks for growth? What are the implementation arrangements? What conditions are needed for a smooth implementation? Likewise, IDB needs to understand the main risks that may interfere with the successful outcome of the project, and how these will be overcome.

NOTE: If the proponent entity lacks the technical capacity to implement the project or its integrity risk is high, it will be disqualified.

7. REQUIREMENTS

Requirement 1: Proponent entity should be located in one of [IDB's 48 member-countries](#) or in those Compete Caribbean beneficiary countries which are non-IDB members: Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. If the proponent entity is located outside the Latin American and Caribbean region, it should present proposal in partnership with an entity located and legally registered in one of the 14 target countries in the Caribbean region: Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname, Trinidad and Tobago, Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. Project impact must target one of these 14 countries in the Caribbean. All relevant IDB policy requirements will apply to all applicants, including integrity standards, sanctions procedures and [environmental and social requirements](#). As a publicly funded institution, IDB presents its project proposals to the board of directors and makes public a description of each project proposal.⁹

⁸ Those who are beyond the reach of enhanced products and services due to geography, poverty, or other forms of exclusion. Examples could be villages without improved roads, people in neighborhoods without sanitation services, youth attending schools where digital skills are not taught, farmers in value chains where precision agriculture is not available, entrepreneurs without a digital identity. Without the exchange of these services, such populations are disconnected, excluded from markets, and their chances of sharing in the prosperity of the new economy are diminished.

⁹ Selected proposals will be subject to internal IDB approval processes. Likewise, a summary of the project proposal, once approved, will be made available to the public.

Requirement 2: Proposed business model should have the following characteristics: a) focused on cutting-edge technology that contributes to the sustainable use or management of oceans, coastal resources and/or marine ecosystems); b) aimed at enhancing the livelihoods, food security, and economic development of the Caribbean region's population.

Models that target beneficiaries who are traditionally excluded groups or communities (i.e., women, indigenous and/or low-income populations) are highly encouraged. See footnote 8 above.

Requirement 3: Commercial viability of proposed business model. Provide clear analysis of project viability and indication of how revenue will be generated over the life of the project and beyond (after IDB funding is exhausted).

Requirement 4: Proponent entity should provide written proof of counterpart resources to implement their model (IDB would provide matching funding to approximately 40 - 50% of the proposed project budget).

Requirement 5: Proponent entity should provide documents certifying its legal constitution/incorporation.

8. HOW TO PARTICIPATE

The application for all proponent entities consists of two steps:

Step 1: Complete online application

Submit your proposal through the online platform within the timeframe specified for the "Blue-tech challenge". Proposals will be examined only if they fully comply with the evaluation criteria and requirements described above. IDB reserves the right to contact applicants at any time during the application process.

Step 2: Upload Documents

The following documents will have to be uploaded:

- a) Copy of organization's proof of legal constitution and incorporation under the laws of the member country of the IDB where the project is to be implemented. This must be a legal document establishing the entity as registered or authorized by the government.
NOTE: Foreign/international organizations must have a legal representation complying with all the requirements, domiciled and legally operating in the country where the project is to be implemented. Organizations with temporary authorizations/licenses to operate in the country will not be accepted.
- b) Written proof of counterpart resources to implement the model (such as letter of commitment).
- c) If you applied for a LOAN, upload the latest annual external audited financial statements of the organization.

Proposals can be submitted in ENGLISH only. Local documentation can be presented in or translated to one of the four official languages of the IDB (English, Spanish, French and Portuguese). The IDB shall not be responsible if not able to open uploaded files.

If the proposal is short-listed, the following eligibility documents will be required:

- Copy of organization's by-laws
- Names of directors of organization.

Eligibility documents must be submitted in or translated to English, Spanish, Portuguese or French.

9. SELECTION PROCESS

Phase I

After completing your application in the online platform, an IDBG team of project specialists will review, analyze, and short-list the proposals.

Phase II

The short-list will then be reviewed with a panel of external experts in ocean economy from leading interested organizations such as those from the MIT Media Lab, National Geographic, University of West Indies, and the Food and Agriculture Organization, to select the finalists. A due diligence visit will be scheduled with the finalists to verify the viability of the model and visit the potential parties and project sites. Subject to the outcome of the due diligence visit, the selected proposals will proceed to the next phase.

Phase III

A project team from IDB will provide support to the selected entities to initiate project design (develop the project plan and related documents to be submitted for IDB's approval process). This process can take up to six months, depending on the maturity of the project concept, and the agility of the selected entities, among other factors, and final approval is subject to IDB's internal procedures.

[Frequently Asked Questions](#)

NOTICE AS TO DISCLAIMERS AND RESERVATION OF RIGHTS

The IDB reserves the right to eliminate participants at any part of the process and this decision shall be final and binding.

The IDB may decide to not select an applicant if the submissions did not meet the requirements or did not have sufficient quality.

The IDB may search for publicly available information regarding participants, and may seek to verify details referenced in the application.

The IDB reserves the right to cancel the competition at any time.

All decisions of the IDB are final and binding, with no process for appeal.

Participants that submit content that is offensive, illegal, etc. and those that disparage the Bank or other sponsors will be eliminated.

IDB will not consider participants who are ineligible to participate in Bank projects or contracting under its sanctions protocol.

Participants must attest that the submittal is original and that they are not infringing on any copyrights or other intellectual property. Any such infringement may result in disqualification.

The IDB will not be responsible to maintain the intellectual property of the proposals submitted.

Winning participants whose projects are approved, in order to receive IDB funding, must sign an agreement with the IDB which includes relevant commitments, representations, and grants of indemnity by the project company.

IDB reserves the right to disseminate and share the identity of the applicants and any other information deemed relevant.

These terms and conditions may be updated at any time and will be made available to all participants online.