MEDITERRANEAN ACTION PLAN (MAP)
REGIONAL MARINE POLLUTION EMERGENCY RESPONSE CENTRE FOR THE MEDITERRANEAN SEA (REMPEC)

Sixteenth Meeting of the Focal Points of the Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC)

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Agenda Item 7: Air pollution from ships

Overview of potential key finance and funding opportunities, actors, and mechanisms in relation to the ratification and effective implementation of MARPOL Annex VI as well as the implementation of the Med SO_X ECA and linked compliance measures

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REMPEC
Malta, 2025

Note by the Secretariat

This document presents an overview of potential key finance and funding opportunities, actors, and mechanisms, in relation to the ratification and effective implementation of MARPOL Annex VI as well as the implementation of the Med SO_X ECA and linked compliance measures, which was prepared by the Secretariat pursuant to Decision IG.25/14 on the Designation of the Mediterranean Sea, as a whole, as an Emission Control Area for Sulphur Oxides (Med SO_X ECA) pursuant to MARPOL Annex VI.

Background

1. The Twenty-second Ordinary Meeting of the Contracting Parties to the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention) and its Protocols (COP 22) (Antalya, Türkiye, 7-10 December 2021), adopted Decision IG.25/14 on the Designation of the Mediterranean Sea, as a whole, as an Emission Control Area for Sulphur Oxides (Med SO_X ECA) pursuant to Annex VI to the International Convention for the Prevention of Pollution from Ships (MARPOL), which, amongst others:

   .1 urged the Contracting Parties to ratify and effectively implement MARPOL Annex VI, as soon as possible, if they have not yet done so, at least by the date of entering into force of the Med SO_X ECA, to the extent possible; and

   .2 requested the Secretariat (REMPEC) to provide technical support for the implementation of this Decision, in synergy with the International Maritime Organization (IMO), and other relevant stakeholders, through technical cooperation and capacity-building activities, including financial support and resource mobilisation activities; and

   .3 encouraged all stakeholders, including the shipping industry and other Partners to contribute to and support the designation and implementation of the Med SO_X ECA.

2. REMPEC organised the Regional Workshop on the consistent implementation of IMO 2020 under Annex VI to the International Convention for the Prevention of Pollution from Ships (MARPOL) and the 0.10% sulphur limit in the Mediterranean Sea Emission Control Area for sulphur oxides and particulate matter (Med SO_X ECA), from 22-23 May 2024. The Workshop highlighted that in view of the entry into effective implementation of the Med SOx ECA, on 1 May 2025, urgent actions were needed for a consistent implementation of the 0.10% sulphur limit under MARPOL Annex VI in the Med SO_X ECA and identified a list of suggested actions, including:

   Strengthen capacity though technical assistance and capacity building activities, including financial support and resource mobilisation, particularly the upgrade of port infrastructure

3. In this context, REMPEC an updated overview of potential key finance and funding opportunities, actors, and mechanisms in relation to the ratification and effective implementation of MARPOL Annex VI as well as the implementation of the Med SO_X ECA and linked compliance measures which is presented in the Appendix to the present document.

Action requested by the Meeting

4. The Meeting is invited to take note of the information provided in the present document.

Appendix

Overview of potential key finance and funding opportunities, actors, and mechanisms, in relation to the ratification and effective implementation of MARPOL Annex VI as well as the implementation of the Med SOX ECA and linked compliance measures

Overview of Key Financing and funding opportunities in Mediterranean coastal states supporting the implementation of SECA

Disclaimer

This activity is financed by the Mediterranean Trust Fund (MTF) and implemented by the Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC), in cooperation with the Mediterranean Pollution Assessment and Control Programme (MED POL), the Plan Bleu Regional Activity Centre (PB/RAC) of the Mediterranean Action Plan (MAP) of the United Nations Environment Programme (UNEP) as well as the EU Project LIFE4MECA.

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Executive Summary

In view of the entering into force (May 2025), of the Mediterranean Sea Emission Control Area for Sulphur Oxides (Med SO_X ECA) pursuant to MARPOL Annex VI, this document aims to facilitate the identification of the necessary financial support addressing the effective implementation and enforcement of the Med SO_X ECA.

Due to the varying level of domestic regulatory framework, human and institutional capacities and domestic financial resources, the contracting states will need investments in the capacity building and technological measures, required for the implementation of the Med SO_X ECA. These investments will aid and enhance the development in key areas of air pollution prevention from ships, especially implementation of compliance and journey to wider decarbonisation of the sector.

Capacity building and Technology based investments will be required to support the Med SO_X ECA, implementation, and effective compliance. With an overview of existing financial mechanisms and mapping them with expected needs, will assist in developing practical approaches on innovative financing mechanisms. The integrative approach to financial mechanisms is expected to risk share while taking advantage of collective mechanisms to increase the efforts aimed at sustainable maritime transport. Based on the current allocation of support and targeted areas, there is dearth of support for maritime projects. There is greater need to integrate Maritime agenda within relevant SDG's for greater coordination with wider programmes of action.

Aim of the study

The principal objective of this study is to propose a regional fund-raising strategy to support Mediterranean coastal states in relation to the ratification and effective implementation of MARPOL Annex VI as well as the implementation of the Med SOX ECA and linked compliance measures.

The study highlights the key actors and potential financial mechanisms which can be utilized to implement and comply with the requirements of MARPOL Annex VI, SECA.

1.0 Introduction

The Mediterranean Action Plan (MAP) was established in 1975 as a multilateral environmental agreement in the context of the Regional Seas Programme of the United Nations Environment Programme (UNEP). UNEP/MAP and the Contracting Parties to the Barcelona Convention (21 Mediterranean countries and the European Union) have progressively erected a uniquely comprehensive institutional, legal, and implementing framework integrating essential building blocks for sustainability in the Mediterranean[1].

On 10th December 2021, at COP 22 of the Barcelona Convention in Antalya, Türkiye, 22 signatory Contracting Parties agreed to establish in Mediterranean Sea as a **Sulphur Emission Control Area (SECA)** for shipping, under MARPOL (Annex VI), with the proposal submitted for adoption to **MEPC 78** in June 2022.

Eventually adopted by the IMO, the Med SO_X ECA will mandate from **1st May 2025** the use marine fuels at 0.1% sulphur content, instead of current levels of 0.5% (since the 1rst of January 2020), in the Mediterranean Sea.

A notable finding from the preparatory work that led to the Med SO_X ECA adoption is that financial investments perspective is that in long-run cost changes can be expected to signal an adjustment in the market, triggering cost efficiencies elsewhere in supply chain, cargo handling efficiency improvements, and innovation in transport, intermodal, and cargo handling procedures and technology.

This also signals that if the Contracting Parties, invest in regional capacity and technology uptake then the likelihood of a successful regional compliance can be realized. Also, mutual recognition of priorities will be a strong starting point for financial collaboration and the formation of partnerships. Contracting Parties have two major roles in implementation and compliance enforcement of the SECA requirements:

1. Role as Flag State: Ratification of MARPOL Annex VI where not yet achieved. Compliance of the ship in their flag to the convention. From implementation perspective this will require investment in capacity building to conduct initial and annual inspections. However, majority of this role is expected to be outsourced to recognized organizations.
2. Role as Port State: Compliance of the ship visiting their ports. This will need two-fold approach requiring investment in capacity building as well as technological requirements (sample testing, exhaust sniffers and infrastructure to facilitate supply of compliance fuel where expected).

Table 1: Contracting Parties to the Barcelona Convention - MARPOL Annex VI ratification status (as of 28/02/2025)

Country Name	MARPOL Annex VI status (Ratification)

[1] https://www.unep.org/unepmap/

Albania	x
Algeria	-
Bosnia and Herzegovina	-
Croatia	x
Cyprus	x
Egypt	-
France	x
Greece	x
Israel	x
Italy	x
Lebanon	-
Libya	-
Malta	x
Monaco	x
Montenegro	x
Morocco	x
Slovenia	x
Spain	x
Syrian Arab Republic	x
Tunisia	x
Türkiye	x

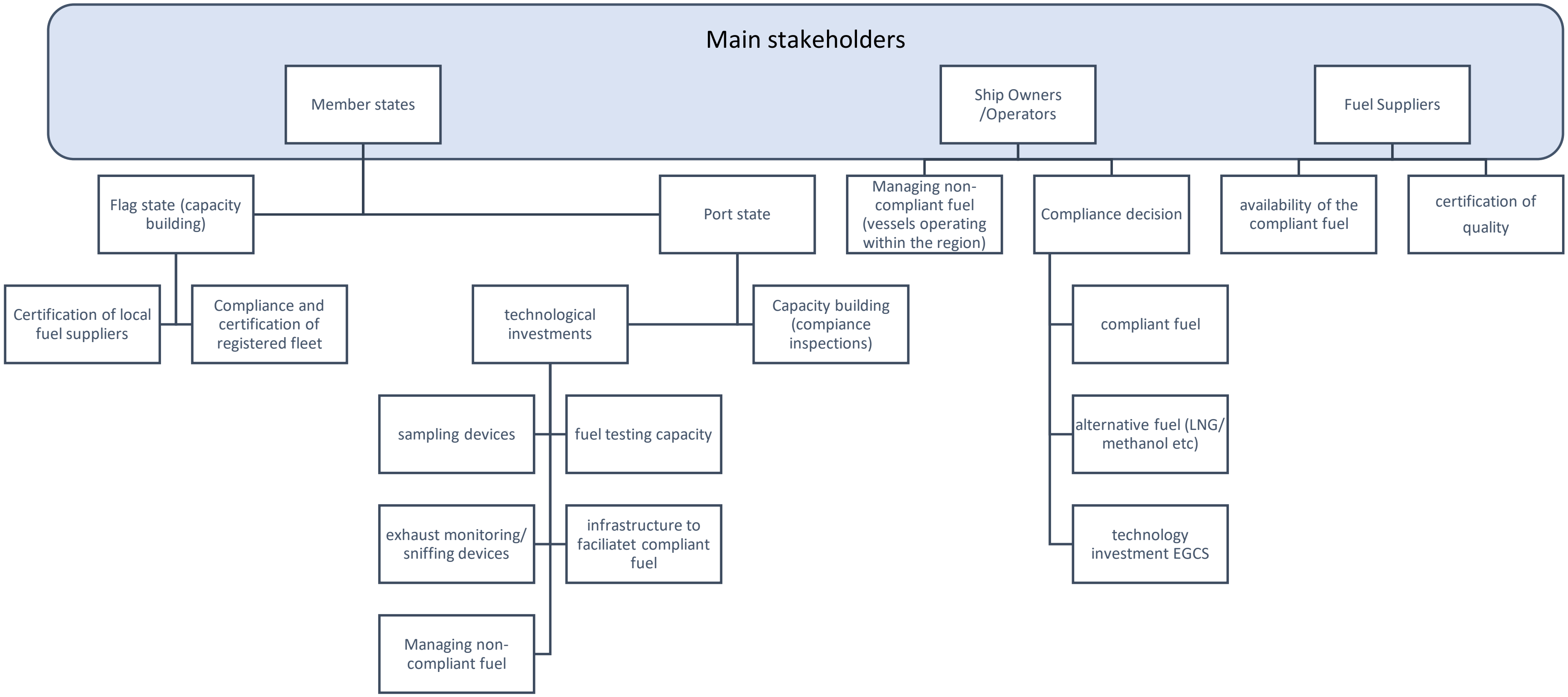
The financial support required to facilitate the needs identified for capacity building and technological investments (inclusive of infrastructure) will vary among stakeholders and contracting states. The access to international financial support is also expected to be influenced by the status of MARPOL Annex VI ratification (Table 1). This is vital especially given when majority of international financial support is aligned to policy support and priorities of the government.

2.0 Actors and Investment Needs

This section identifies the main stakeholders and type of support required towards implementation of the Med SO_X ECA. The investment needs can be identified into two main categories among stakeholders:

- Capacity building
- Technology and infrastructure investments in the implementation and compliance enforcement for Med SOX ECA are presented in the figure below.

Fig 1: Main stakeholders and type of needs for effective implementation and compliance



3.0 Funding and financing mechanisms

To ensure the necessary transition towards an effective Med SO_X ECA, governments and enterprises in the Mediterranean region need to build on a mix of regulatory and economic instruments. It will need technological and social innovations supported with multiple financing sources targeting sustainable investments.

The main types of financial instrument containing climate finance utilised include the following options:

ADVISORY SERVICES - MDB advisory services include advising national and local governments as well as private sector actors on a variety of topics, for instance how to improve their investment climate and strengthen basic infrastructure. The MDB tracks and reports the costs of managing advisory programmes, which may consist of staff time, studies, and training with clients. Similar to investments, some programmes are 100 per cent climate-related and some have a climate component tracked in the overall programme budget.

EQUITY - Ownership interest in an enterprise that represents a claim on the assets of the entity in proportion to the number and class of shares owned.

GRANTS - Transfers made in cash, goods or services for which no repayment is required. Grants are provided for investment support, policy-based support and/or technical assistance and advice.

BOND - A type of bond, the issuance of which is done by a client and supported by an MDB, where the proceeds are applied exclusively to financing or re-financing, in part or in full, new and/or existing climate projects. Suitable examples include:

Green Bonds, that are debt securities issued to raise capital specifically for projects with environmental benefits, such as reducing sulphur emissions from maritime activities. Proceeds from these bonds can be allocated to initiatives like upgrading port infrastructure to support cleaner fuels or retrofitting vessels with emission-reducing technologies. The European Investment Bank (EIB) has been active in issuing green bonds to fund such sustainable projects in the Mediterranean region

Blue Bonds. Like green bonds, they are designed to finance projects that benefit ocean and waterway health. The Union for the Mediterranean (ufmsecretariat.org) has explored the use of blue bonds to promote sustainable maritime initiatives among member states.

GUARANTEES - Guarantees are instruments provided by an MDB to cover commercial and non-commercial risk. Guarantees support private sector investments, commercial borrowing by sovereign or state-owned enterprises, and/or commercial borrowing by the sovereign for budget financing and to support reform programmes. Guarantees are extended for eligible projects that enable financing partners to transfer certain risks that they cannot easily absorb or manage on their own. Guarantees cover equity and a wide variety of debt instruments and support financial sector projects (including those of capital market investments and trade financiers and nonfinancial-sector business activities corresponding to activities across sectors).

INVESTMENT LOANS - Loans are transfers for which repayment is required. Investment loans can be used for any development activity that has the overall objective of promoting sustainable social and/or economic development, in line with the MDBs' mandates. Refinancing and Working Capital is also classified under investment loans. Refinancing is the replacement of an existing debt obligation with another debt obligation under different terms. Working capital is finance provided for operational expenditures. Working capital is considered to be climate finance if it leads to, enables or supports the implementation and operation of activities included in the joint MDB methodology for tracking climate finance.

LINES OF CREDIT - Lines of credit provide a guarantee that funds will be made available, but no financial asset exists until funds have been advanced. Climate finance is the proportion of the credit line that is committed to activities defined as eligible in the MDBs' climate finance tracking methodologies.

Public-Private Partnerships (PPPs) PPPs involve collaboration between government entities and private sector companies to fund and manage projects. For SECA implementation, PPPs can be instrumental in financing the development of necessary infrastructure, such as shore-side electricity facilities, which allow ships to turn off their engines while docked, thereby reducing emissions. The Union for the Mediterranean (ufmsecretariat.org) has emphasized the importance of PPPs in mobilizing climate finance for regional projects.

Blended Finance: Blended finance combines public and private investment to reduce risks and attract private capital into sustainable projects. This approach can be utilized to support SECA compliance by funding research and development of cleaner maritime technologies or subsidizing the transition to low-sulphur fuels. Recent discussions at COP29 highlighted the need for innovative financial instruments, including blended finance, to support climate initiatives in developing regions.

Debt-for-Climate Swaps: This financial mechanism involves restructuring a country's debt in exchange for commitments to invest in climate-related projects. Mediterranean countries can leverage debt-for-climate swaps to fund SECA-related initiatives, such as enhancing port facilities for low-sulphur fuel availability or implementing monitoring systems for emissions compliance. The Global Water Partnership (gwp.org) has provided methodological guidelines on preparing financial plans that include such instruments for climate change adaptation in Mediterranean coastal areas.

Multilateral development banks (MDBs) play an important role in financing developing countries' efforts to reduce emissions and protect against the effects of climate change and in recent years, MDBs have increasingly focused on environmental sustainability and climate resilience. For instance, in 2023, the heads of 10 MDBs welcomed the G20's endorsement of a roadmap aimed at reforming these banks to better address regional and global challenges, including environmental issues. This roadmap (iadb.org) emphasizes the need for MDBs to work collaboratively with governments, national and subnational development banks, and the private sector to enhance their impact on sustainable development initiatives.

Additionally, during the 29th Conference of the Parties (COP29) held in 2023, a high-level event titled "Unlocking Climate Finance in the Mediterranean" (euromed-economists.org) was convened to explore strategic financial mechanisms, such as guarantee schemes, for decarbonization and resilience in the Mediterranean region. The discussions underscored the pivotal role of MDBs in facilitating public-private partnerships and leveraging private capital to drive climate action in Mediterranean coastal states.

While specific information on MDBs' direct involvement in SECA implementation in the Mediterranean is limited, their broader commitment to environmental sustainability and support for climate-related initiatives suggests that they are likely to be key partners in efforts to establish and enforce SECAs in the region. Engaging with MDBs such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), which have a strong focus on environmental projects in the Mediterranean, could provide valuable support for SECA-related activities.

For the most current and detailed information, it would be advisable to consult recent publications or directly contact MDBs active in the Mediterranean region, as they may have ongoing or planned initiatives related to SECA implementation.

Table 2: MDBs' post-2020 Climate Finance Targets

MDB	Pre-2020 Target	Post-2020 Target
AfDB	40% of approved finance per year by 2020	At least $25 billion for 2020-2025
ADB	$6 billion by 2020; $4 billion for mitigation and $2 billion for adaptation	$80 billion for 2019-2030, and 75% of projects (by number of projects rather than amount of financing) by 2030

EBRD	40% of annual commitments support environment/climate financing by 2020, providing $20 billion for 2016-2020	More than 50% of commitments support green finance by 2025
EIB	Global: $20 billion per year for 2016-2020, equal to at least 25% of overall lending Developing countries: 35% of total lending in those countries by 2020	Global: 50% of operations support climate action and environmental sustainability by 2025; €1 trillion (around $1.18 trillion) of investments in climate action and sustainability from 2021-2030 No developing country specific target yet
IsDB	None	35% of overall annual lending by 2025
IDBG	25-30% of commitments by 2020	At least 30% of finance from IDB, IDB Invest and IDB Lab (the three components of the IDB Group) for 2021-2024
WBG	28% of annual commitments by 2020	35% of overall financing from 2021-2025; 50% of IDA and IBRD climate finance to support adaptation and resilience
AIIB	None	50% of its annual loan volume to climate finance by 2025, expecting to reach $50 billion by 2030

NDB	None	40% of its overall financing to be climate-related from 2022 to 2026

Collectively (eib.org) MDBs have significantly increased their climate finance contributions, reaching a record high of $125 billion in 2023. This combined total is more than double the amount provided in 2019, reflecting MDBs' commitment to scaling up climate action.

3.1 Financial Intermediary Funds (FIFs)

In the changing global environment of development cooperation, trust funds have emerged as a significant pillar of the global aid architecture, used to address limitations in bilateral aid and fill perceived gaps in the operations of existing multilateral institutions, these are financial arrangements that typically leverage a variety of public and private resources in support of international initiatives, enabling global programs often focused on the provision of global public goods, preventing communicable diseases, responses to climate change, and food security.

The FIFs utilise innovative financing and governance arrangements which enable funds to be raised from multiple sources. These funds can be channelled in a coordinated manner to a range of recipients in the public and private sectors through a variety of arrangements. The World Bank's provides a distinctive role across FIFs as Trustee of the funds. For all FIFs, the World Bank provides (Funds) a set of agreed financial services that involve receiving, holding and investing contributed funds, and transferring them when instructed by the FIF governing body.

Trust funds are used strategically to complement the core WBG funding. They enhance global, regional, and country-level knowledge; provide targeted support to clients as a complement to IBRD and IDA funding; and provide funding to countries and clients that cannot receive IBRD and IDA funding.

Large volumes of funds are professionally managed, special financial services are provided to boost ODA's impact, and coordination is enhanced across MDBs, UN agencies and beyond. There has also been an expansion in the number of important actors in the international development landscape, including new international financial institutions, along with calls for closer collaboration across the system.

To explore potential funding opportunities for SECA-related projects, it would be beneficial to engage with institutions managing relevant FIFs, such as the World Bank and the European Commission. These organizations can provide guidance on available financial instruments and the application processes for securing support for environmental initiatives in the Mediterranean region.

Global Environment Facility Trust Fund ([Home | GEF])

The GEF is the largest funder of projects focused on global environmental challenges and a global partnership among 186 countries (Participant Countries | GEF), international institutions, non-governmental organizations, and the private sector. GEF funds are available to developing countries and countries with economies in transition to meet the objectives of the international environmental conventions and agreements. In most cases, the GEF provides funding to support government projects and programs. Governments decide on the executing agency (governmental institutions, civil society organizations, private sector companies, research institutions). It has been instrumental in supporting environmental initiatives in the Mediterranean region and one notable project is the Mediterranean Sea Basin Environment And Climate Regional Support Project which focuses on enhancing regional collaboration and implementing priority actions to reduce major transboundary environmental stresses affecting the Mediterranean Sea.

Eligibility criteria

Countries can be eligible for GEF funding if:

- the country has ratified the conventions the GEF serves and conforms with the eligibility criteria decided by the Conference of the Parties of each convention. (The MARPOL convention is covered under the Multilateral Agreements on the International Waters and Transboundary Water Systems); or
- the country is eligible to receive World Bank (IBRD and/or IDA) financing or
- it is an eligible recipient of UNDP technical assistance through its target for resource assignments from the core (specifically TRAC-1 and/or TRAC-2)
- additionally, countries eligible for World Bank financing or UNDP technical assistance may also qualify for GEF funding.

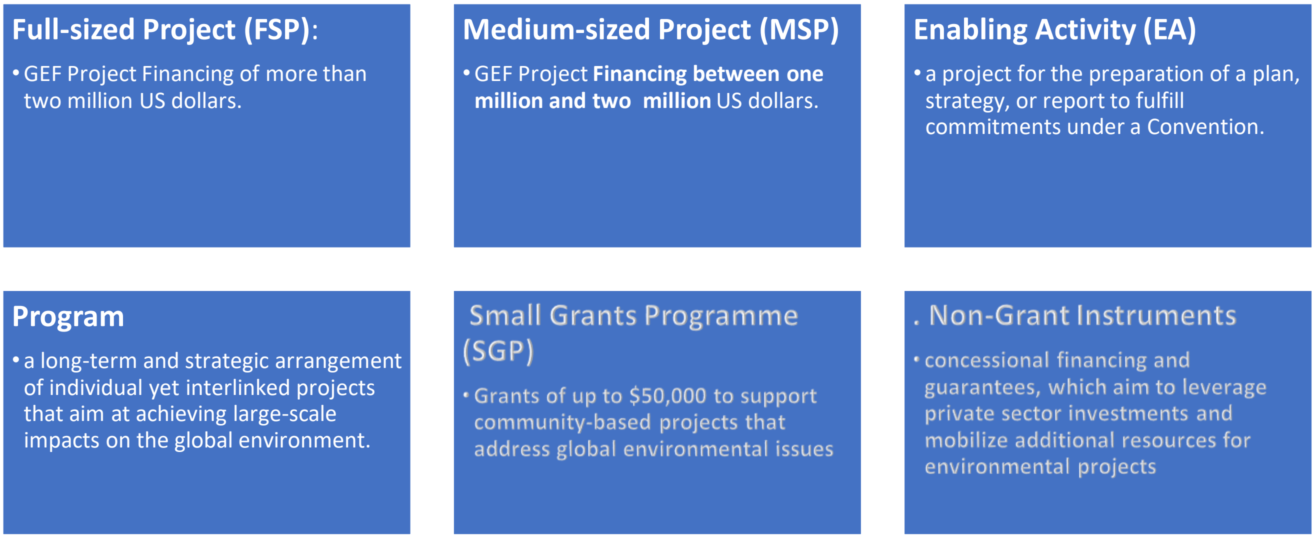


Fig 2: Types of projects modalities under GEF (Funding | GEF)

The GEF-8 investment period, which spans from July 2022 to June 2026, under its Climate change focal area highlights the goal to support developing countries to make transformational shifts towards net-zero GHG emissions and climate-resilient development pathways. The two main objectives are to:

- promote innovation, technology transfer, and enabling policies for mitigation options with systemic impacts
- foster enabling conditions to mainstream mitigation concerns into sustainable development strategies

GEF – 8, also aims to support nations in transboundary cooperation in shared marine and freshwater ecosystems. Objective 2 covers Advance management in the Areas Beyond National Jurisdiction (ABNJ). Maritime navigation is considered as a driver causing degradation of ABNJ. Therefore, GEF will support actions that formulate and formalize cooperative legal and institutional frameworks built on TDAs/SAPs approach, towards addressing the multiple anthropogenic pressures, including climate related effects in the large marine ecosystems (LMEs). The TDA/SAP process consists of a Transboundary Diagnostic Analysis in which common fact finding, and scientific analysis identifies the shared threats in a given transboundary ecosystem. This process leads naturally into the formulation of the Strategic Action Program, which is a politically endorsed document, that identifies the interventions needed to address the agreed threats in the region.

The GEF Small Grants Programme (SGP) is a unique GEF Corporate Program that provides financing and capacity development to CSOs and CBOs through projects that contribute to global environmental benefits while supporting local sustainable development. In GEF-8, SGP would sharpen its triple approach encompassing greater impact, innovation, and inclusion to promote community investments that identify, nurture, and replicate scalable local solutions to contribute to global environmental benefits. During GEF-8, SGP will continue to support Capacity Development and knowledge and learning.

Green Climate Fund (GCF)

The Green Climate Fund (GCF) is a pivotal institution established under the United Nations Framework Convention on Climate Change (UNFCCC) to support developing countries in their efforts to combat climate change. It is a legally independent entity with a full-time secretariat in Songdo, Republic of Korea, and as of December 2023, its portfolio stood at $13.5 billion, with a total of $51.9 billion when including co-financing.

GCF's approach to fighting climate change is multifaceted, focusing on both mitigation and adaptation strategies. It supports projects that promote climate-resilient, nature-positive health systems and services, as well as initiatives that facilitate climate-informed advisory and risk management services and community action.

Transformational planning and programming By promoting integrated strategies, planning and policymaking to maximise the co-benefits between mitigation, adaptation and sustainable development.	Catalysing climate innovation By investing in new technologies, business models, and practices to establish a proof of concept.
De-risking investment to mobilize finance at scale By using scarce public resources to improve the risk-reward profile of low emission climate resilient investment and crowd-in private finance, notably for adaptation, nature-based solutions, least developed countries (LDCs) and small island developing states (SIDS).	Mainstreaming climate risks and opportunities into investment decision-making to align finance with sustainable development By promoting methodologies, standards and practices that foster new norms and values.

Fig 3: Four-pronged approach of GCF

Eligibility Country Driven - GCF’s country-driven approach supports Mediterranean coastal states through various environmental projects, focusing on areas such as water security, climate resilience, and marine ecosystem protection. As of 2024, most if not all Mediterranean developing countries eligible for GEF funding (Countries | Green Climate Fund).

Financing instruments - financial support is provided through a flexible combination of grant, concessional debt, guarantees or equity instruments to leverage blended finance and crowd-in private investment for climate action in developing countries. This flexibility enables the Fund to ~~n.~~ design tailored solutions that address specific investment barriers and promote high-impact, transformative climate actions.

For Mediterranean coastal states aiming to implement the Sulphur Emission Control Area (SECA), the process would involve:

- **Accreditation (Accreditation process | Green Climate Fund)**: Entities seeking direct access to GCF funds require nomination by their country's NDA (National Designated Authority), whereas International Access Entities can apply directly;
- **Project Proposal Development (Project cycle | Green Climate Fund)**: Accredited Entities develop funding proposals in close consultation with the NDA, ensuring alignment with national climate policies. These proposals should demonstrate potential for significant impact and a shift towards low-carbon and climate-resilient development.
- **Submission and Approval**: The funding proposal, accompanied by a no-objection letter from the NDA, is submitted to the GCF. The GCF Board reviews the proposal based on established investment criteria indicators.

It's important to note that the GCF does not mandate a minimum amount of co-financing for projects, allowing flexibility in sourcing additional funds. Additionally, the GCF offers an Enhancing Direct Access (EDA) greenclimate.fund pilot, which aims to increase access to climate finance by devolving decision-making to sub-national institutions and local actors. This could be potentially interesting MED-SECA-related initiatives. For the most current and detailed information on GCF financing instruments potentially applicable to SECA implementation, it is advisable to consult directly with the NDAs of the respective Mediterranean coastal states (National Designated Authorities | Green Climate Fund)

Clean Technology Fund (CTF) – Climate Investment Funds (CIFs) and other FIFs

Climate Investment Funds (Low Carbon) comprises two funds, the *Clean Technology Fund (CTS)* and the *Strategic Climate Fund (SCF)*.

The CTS provides new large-scale financial resources to invest in clean technology projects in developing countries, which contribute to the demonstration, deployment, and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas emissions savings. Its focus areas include renewable energy, energy efficiency, sustainable transport, and green industry projects.

SCF provides financing to pilot innovative approaches or to scale-up activities aimed at specific climate change challenges or sectoral responses.

Table 3: FIF's featuring various financing instruments (Funds)

FIF	FIF Sources of Funding by Instrument					Financing Instruments used by FIF in implementation			
	Grant	Loan	Capital	Bond	Others	Grant	Loan	Guarantee	Others
Global Environment Facility	X					X	X	X	X (equity and reimbursable grants)
Green Climate Fund	X	X	X	X		X	X		
Adaptation Fund	X				X (Certified Emissions Reduction)	X			
Clean Technology Fund	X	X	X			X	X	X	
Strategic Climate Fund	X	X	X			X	X	X	X (equity)

Adaptation Fund (AF) - created under the United Nations Framework Convention on Climate Change, it is designed to finance climate change adaptation projects and programs based on the priorities of eligible developing countries.

Special Climate Change Fund (SCCF) - established in November 2001 under the United Nations Framework Convention on Climate Change, it finances measures relating to climate change that are complementary to those funded by the Global Environment Facility Trust Fund.

Currently, the objectives of the SCCF are:

- Adaptation to Climate Change: funding adaptation projects aiming to enhance resilience in developing countries vulnerable to climate impacts.
- Technology Transfer and associated Capacity Building: to facilitate the adoption of climate-friendly technologies.

In December 2023, the GEF Council approved a work program that includes USD 12.6 million allocated to the SCCF.

3.2 European Union

In the area of "Green transition: climate resilience, energy, and environment," the EU proposes, Green Growth and climate actions. Actions will align with partners' National Determined Contributions (NDCs) under the Paris Agreement and will support the external dimension of the EU Green Deal.

At regional level, to meet the scale of investment required and help public authorities whether central government or local authorities, to raise the necessary capital from both national and international private investors, the EU intends to explore ways to deploy innovative financing instruments, including Green Bonds. And where appropriate, the EU could support the regulatory framework at country level and support capital market development to create conducive conditions for green bond issuances.

European Maritime, Fisheries and Aquaculture Fund (EMFAF - European Commission)

In the 2021–2027 programming period, it is designed to support the EU's Common Fisheries Policy, maritime policy, and international ocean governance. Its objectives include fostering sustainable fisheries, promoting sustainable aquaculture, enabling a sustainable blue economy, and strengthening international ocean governance.

Type Of Projects - While the EMFAF does not explicitly earmark funds for the implementation of Sulphur Emission Control Areas (SECAs) in Mediterranean coastal states, its broad mandate to promote environmental sustainability and support the blue economy suggests potential avenues for funding projects aligned with SECA objectives. For instance, initiatives aimed at reducing maritime emissions, enhancing sustainable maritime practices, or developing green technologies in the shipping sector are eligible for support and related Flagship projects have been financed.

Type Of Recipients: Stakeholders involved in the exploitation and management of marine resources, in particular fishers, aquaculture farmers, coastal communities, civil society organizations, marine scientists and public authorities. EU Member States (including overseas countries and territories (OCTs)), non-EU countries in the Atlantic, Baltic Sea, Black Sea, North Sea and the Mediterranean. ***Individual proposals are normally not eligible as a minimum number of independent partners form different Countries, typically 3, are requested.***

Budget Implementation - Funding is disbursed in the form of grants co-financing 70%-80% of eligible costs; maximum budget of eligible projects ranges between 1.5 to 4.0 MEuro

Programme for environment and climate action (LIFE - European Commission)

Objective of this programme is to achieve the shift towards a sustainable, circular, energy-efficient, renewable-energy-based, climate neutral and resilient economy; to protect, restore and improve the quality of the environment, including the air, water and soil; to halt and reverse biodiversity loss and to tackle the degradation of ecosystems. The LIFE programme’s financial allocation is implemented through four sub-programmes:

- nature and biodiversity
- circular economy and quality of life
- climate change mitigation and adaptation

- clean energy transition.

Type Of Projects - Actions aimed at nature conservation, the development of circular economy, clean energy transition and fighting against climate change; support for innovative technologies; development of best practices; coordination and capacity building; support for the implementation of environmental and climate plans developed at regional, multiregional, or national levels. The LIFE programme also aims finance projects aimed at improving air quality and conserving plant and animal species currently under threat, accordingly, MED SECA is an eligible topic and indeed the 2021-2023 LIFE4MEDECA (Life4Medeca – A wake up call for the Mediterranean) and the 2024-2027 LIFE4MECA (Life4Meca – Life4Medeca) are co-financed under LIFE.

Type Of Recipients – Whilst it is in general dedicated to EU national or local authorities, private commercial organizations and private no-profit organizations, if properly justified individual projects can involve and co-finance partners from non-EU Countries as well as International Organizations (including for instance REMPEC).

Budget Implementation - The budget of the LIFE programme is implemented through direct management. Funding is disbursed in the form of grants with co-financing rates ranging from 50% to 90% of eligible costs depending on the type of project.

Innovation Fund (Innovation Fund - European Commission)

The Innovation Fund is one of the world's largest funding programmes for the demonstration of innovative low-carbon technologies. Applicants must be legal entities, either public or private bodies. Projects shall be located in EU countries, Norway, and Iceland however they can be developed by any entity from all-over the world. Since 2024, maritime decarbonization projects can be financed, including in the scope of SECA, by either green fuels infrastructures in EU Ports or low emission ships (subject to the fact that for 15% of their annual activities they call EU ports).

Individual project dimension and cofinancing rates:

- Large Scale Projects (more than 100 MEuro investment) – up to 60% of eligible costs
- Medium (less than 100 MEuro) and Small-Scale (less than 20 MEuro) Projects: up to 60% of eligible costs

Global Europe: Neighbourhood, Development an International Cooperation Instrument (Global Europe: Neighbourhood, Development and International Cooperation Instrument - European Commission)

Global Europe will particularly support countries most in need to overcome long-term developmental challenges and will contribute to achieving the international commitments and objectives that the Union has agreed to, in particular the 2030 Agenda and its Sustainable Development Goals and the Paris Agreement. It merges several current external financing instruments under the EU budget.

Global Europe also unifies grants, blending and guarantees (the latter previously subject to specific rules and regulations, such as the EIB's External Lending Mandate), which will allow the EU to strategically promote public and private investment worldwide in support to sustainable development through the European Fund for Sustainable Development Plus (EFSD+). Investments will be backed by an up to €53.4 billion External Action Guarantee, which will also cover the pre-accession countries.

Eligibility of non-EU Mediterranean Countries – The NDICI – Global Europe specifically targets countries in the EU's Southern Neighborhood, which includes Mediterranean coastal states such as Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. These countries are eligible for funding under various thematic and geographic programs aimed at fostering cooperation and sustainable development.

Type Of Projects - Thematic actions focusing on human rights and democracy, civil society, stability and peace, as well as on global challenges such as health, education and training, women's and children, work, social protection, culture, migration and ***climate change***. The rapid-response component aims to strengthen the resilience of crisis-affected countries, linking humanitarian and development actions and addressing foreign policy needs and priorities.

Budget Implementation - At least 25 % of the budget is allocated specifically to neighboring countries and at least 36 % specifically to sub-Saharan Africa. A target of 93 % of all funds must go towards official development assistance***, 30 % towards climate-related projects*** and, indicatively, 10 % towards addressing migration and forced displacement, including fighting the root causes. Funding is provided in the form of grants, procurements and budgetary support to partner countries.

IPA -Instrument for Pre-accession Assistance (Overview - Instrument for Pre-accession Assistance - European Commission)

Complementary to Global Europe (NDICI), the pre-accession funds support beneficiaries to implement the necessary political and economic reforms, preparing them for the rights and obligations that come with the EU membership. The general objective of the IPA III instrument (2021-2027) is to support the beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries to comply with Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership, thereby contributing to their stability, security and prosperity. The current beneficiaries being Albania, Bosnia-Herzegovina. Kosovo, Montenegro, North Macedonia, Serbia and Türkiye it is interesting under the MED ECA perspective.

INTERREG NEXT MED (Interreg NEXT MED in a nutshell - Interreg NEXT MED)

Interreg NEXT 'Mediterranean Sea Basin' ('NEXT MED') programme is the third generation of one of the largest cooperation initiatives funded by the European Union to enhance transnational cooperation in the Mediterranean area. The Programme aims to contribute to smart, sustainable, fair development across the Mediterranean basin and its mission is to finance cooperation projects that address joint socio-economic, environmental and governance challenges at Mediterranean level including climate change adaptation and related education and training. It covers 15 countries: Cyprus, Egypt, France, Greece, Israel, Italy, Lebanon, Jordan, Malta, Palestine, Portugal, Spain, Tunisia, Algeria and Türkiye and it is therefore very relevant for MED ECA related initiatives particularly on capacity building and cross border cooperation for regulatory implementation.

3.3 The European Bank for Reconstruction and Development (EBRD)

The European Bank for Reconstruction and Development (EBRD) is an international entity with the mandate to promote transition towards a sustainable, open market economy and to foster innovation. Its work includes project investment, technical assistance, institutional capacity-building, and policy advisory services with a regional focus. It actively supports projects in the southern and eastern Mediterranean (SEMED) region, focusing on sustainable development and environmental initiatives. Countries in this region, including Egypt, Jordan, Morocco, and Tunisia, are likely to be eligible for EBRD funding aimed at implementing MED ECA. The key areas of investment are divided under two activities, mitigation and adaptation.

Mitigation activities

- energy efficiency
- infrastructure
- the power sector
- renewable energy
- sustainable energy financing facilities
- carbon market development

Adaptation activities

- water supplies
- water efficiency
- hydropower
- coastal and por infrastructure
- Energy Sector Transition
- Water Resource Management and Depollution

Fig 4: EBRD area of investment for climate mitigation and adaptation activities

3.4 The European Investment Bank (EIB) (Homepage | European Investment Bank)

The European Investment Bank (EIB) headquartered in Luxembourg, is an international financial entity whose main objective in developing countries is to provide finance and expertise for sound and sustainable investment projects, in both the private and the public sector, provide social and economic infrastructure, and address climate change, among others. EIB is currently operating in over 150 countries and has a mandate to operate in any developing country. Climate action is one of the top policy priorities for EIB, which integrates climate considerations across all its activities, in addition to financing climate mitigation and adaptation projects, thereby contributing to low-carbon and climate-resilient growth around the world and supporting the transition to a sustainable low-carbon future. The EIB conducts co-investment transactions through four main verticals as highlighted in the figure below.

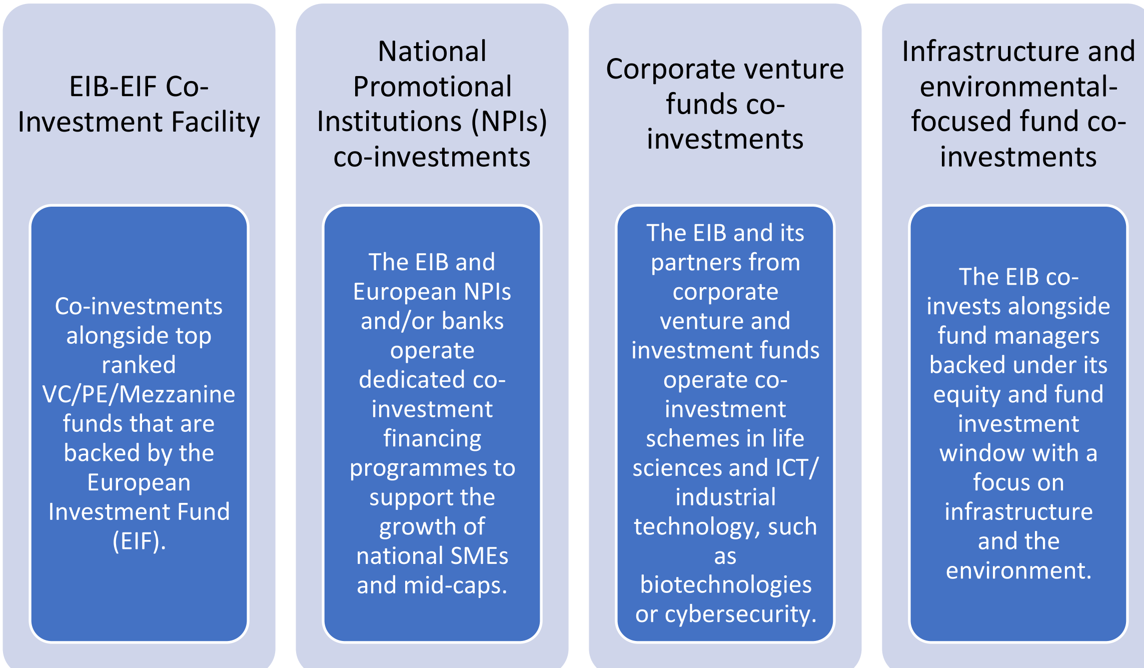


Fig 5: Four main verticals of the EIB

EIB also engages in equity and hybrid debt co-investments with top ranked funds and investment partners. Specially investments in equity and debt funds which are focused on projects dealing with climate action and/or infrastructure. EIB offers competitive loans that finance up to 50% of a project. EIB also offer grants through partnerships with EU countries and other donors. Support includes technical assistance to share knowledge and expertise with the businesses receiving funding.

The EIB provides funding to both EU and non-EU Mediterranean coastal states to support various environmental and infrastructural initiatives. While specific information regarding funding for MED SECA is not available, it has several programs that could potentially support such environmental projects, as, in view of example, the Facility for Euro-Mediterranean Investment and Partnership (FEMIP trust fund) aims at fostering economic development in the Mediterranean partner countries. Eligible countries include Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. FEMIP focuses on private sector development and public infrastructure projects, which may encompass environmental initiatives related to maritime emissions.

For EU member states in the Mediterranean region, such as Greece, the EIB has been actively involved in financing green investments. For instance, the EIB recently provided €250 million to the National Bank of Greece to support green investments by SMEs and mid-cap companies, bringing total EIB financing for climate action by Greek businesses to €1 billion. These funds are intended for renewable energy, energy efficiency, and other green projects, which could likely include initiatives related to SECA implementation.

Blue Mediterranean Partnership (COP28: Blue Mediterranean Partnership steps up support for sustainable blue economy)

As of 2024, the European Investment Bank (EIB) has been actively supporting environmental initiatives in the Mediterranean region. One notable effort is the Blue Mediterranean Partnership, spearheaded by the EIB in collaboration with the European Bank for Reconstruction and Development (EBRD) and the Union for the Mediterranean, it aims to mobilize funding for sustainable blue economy projects in Southern Mediterranean countries. These projects focus on areas such as wastewater treatment, pollution prevention, and the development of green maritime transport which is crucial for the successful implementation of Sulphur Emission Control Areas (SECAs) in the region.

3.5 Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ (Home - giz.de)

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is an international organisation that offers the following services: advice; human capacity development; network and dialogue management as well as mediation and logistics. The entity supports long-term capacity-building and policy reform processes, and operates in all sectors relevant to sustainable development and climate change mitigation and adaptation, including renewable energies and energy access, energy efficiency, the measurement of reduction in greenhouse gas emissions, the use of climate-friendly technologies in industry, results-based financing for reducing emissions from deforestation and forest degradation, climate-resilient cities, climate risk management and insurance, and systems and ecosystem-based adaptation.

As an example, the project "Promoting employment, trade and investment in the Mediterranean region" (Promoting employment, trade and investment in the Mediterranean region - giz.de) aims to improve regional economic integration and cooperation among countries such as Albania, Algeria, Bosnia and Herzegovina, Egypt, Jordan, Lebanon, Mauritania, Montenegro, Morocco, North Macedonia, Palestine, Tunisia, and Türkey. Similarly, given GIZ's commitment to environmental projects and regional cooperation, projects related to SECA implementation could possibly be considered.

3.6 AfDB (African Development Bank Group | Making a Difference)

The African Development Bank (AfDB) Group is the premier development finance institution in Africa with a mandate to spur sustainable economic development and social progress in the continent, thereby contributing to poverty reduction. The Bank Group supports various environmental and infrastructural projects across African nations, including those in North Africa. In 2023, the AfDB invested over $2 billion in North Africa, financing key operations in strategic sectors such as energy, health, and private sector development. For instance, the bank approved more than $273 million for the 225 kV electrical inter-connector project between Mauritania and Mali, aiming to expand solar energy and universal access to electricity. Additionally, the AfDB has committed to investing $9.6 billion in climate finance across Africa, focusing on sustainable transport, renewable energy, and energy efficiency. These initiatives align with broader environmental objectives, which may encompass projects related to emission reductions in maritime sectors.

While there isn't specific information on AfDB funding exclusively for SECA implementation in Mediterranean coastal states, the bank's ongoing investments in sustainable infrastructure and environmental projects in North Africa suggest potential support for initiatives aimed at reducing maritime emissions.

Africa50 (Africa50 | African Development Bank Group)

Established by the AfDB and African states, Africa50 is an infrastructure investment platform that uses equity investments to catalyze public and private sector capital into viable projects. Its primary sectors are energy and transport, but it also considers projects in water, sanitation, and information technology. Africa50 has been instrumental in financing and developing infrastructure projects across the continent.

MIC TAF (Middle Income Country Technical Assistance Fund | African Development Bank Group)

With its tailored instrument, the African Development Bank Group (AfDB) is investing in supporting Africa's MICs to address these second-generation challenges through its Middle-Income Country Technical Assistance Fund (MIC TAF). The MIC TAF, hosted and funded by the AfDB, began operations in 2002 and was created in response to the needs of MIC countries towards enhancing capacity, and accelerating the preparation of quality bankable projects in support of their development goals. It can uniquely blend project preparation and technical assistance in MICs. In choosing the activities that can be financed from the resources of the MIC TAF, primary consideration will remain focused on activities which fall within the priorities articulated in the respective MIC's Country Strategy Paper. The project preparation and technical assistance are two main priority activities currently eligible for financing from the resources of the MIC TA Fund.

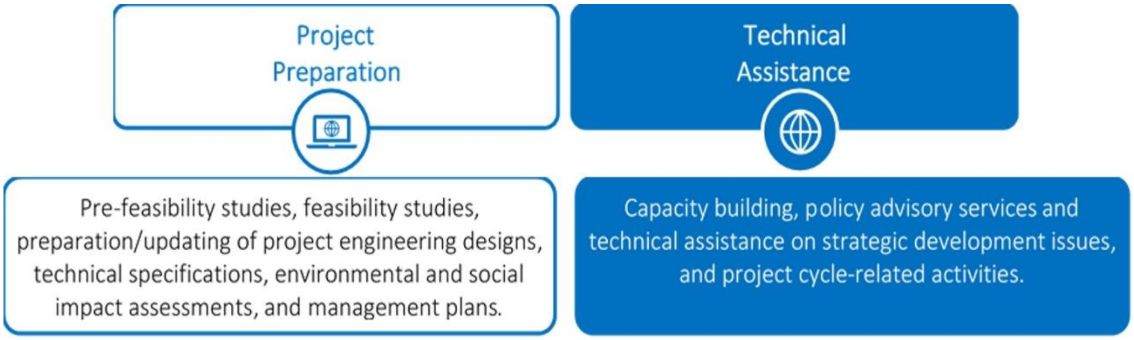


Fig 6: Two priority areas under MIC TA Fund

Ceiling per grant request: The maximum per grant is USD 1.43 million (August 2021). Resources of the MIC TA Fund may be used to finance both foreign exchange and local cost components of approved activities. Beneficiaries of the Fund are required to contribute at least 15 percent of the total cost.

3.7 Private funds

International Finance Corporation

The International Finance Corporation (IFC), the private sector financial arm of the WB group, has its own implementation plan with 4 objectives:

- Scale climate investments to reach 28% of IFC's annual financing by 2020;
- Catalyse $13 billion in private sector capital annually by 2020 to climate sectors through mobilisation, aggregation, and de-risking products;
- Maximise impact through GHG emissions reduction and resilience;
- Account for climate risk – both the physical risk of climate impacts and the carbon asset risk in the IFC's investment selection.

Sustainable Maritime Infrastructure thematic fund (https://www.eurazeo.com/sites/default/files/presse/CP-ESMI-EN.pdf)

Eurazeo announced the launch of the Sustainable Maritime Infrastructure thematic fund to finance more environmentally friendly infrastructure and technologies in the maritime sector that supports the transition to a low carbon economy. Therefore, the fund will have the objective of pursuing sustainable development within the meaning of Article 9 of Regulation (EU) and will participate directly in the deployment of O+, the Group's ambitious ESG strategy - one of the pillars of which is the achievement of net carbon neutrality by 2040. To meet this ambition, the Fund will finance three types of infrastructure:

- ships equipped with advanced technologies that negate or
- curtail environmental harm, innovative harbour equipment, and
- assets that contribute to the development of offshore renewable energy.

The Fund is expected to support around fifty European facilities that will back the transition of the maritime economy to become carbon neutral by 2050 and in line with the ambition announced in the European Green Deal. Several renowned sovereign and institutional investors have already confirmed their involvement in the Fund, which has a target size of €300M.

4.0 Overview of applicability of funding and financial mechanisms

Due to the varying level of domestic regulatory framework, human and institutional capacities and domestic financial resources, the Contracting Parties will incur costs due to the needed investments in the capacity building and technological measures required for the implementation of the Med SO_X ECA. Mitigation measures of these costs could result from using one or more of the financial mechanisms listed in Section 3 of this report. This is summarized, for each Contracting Party, in Table 4 where:

- the “P” symbol indicates that the Contracting Party is an eligible one subject to special conditions if there is also the “*” symbol
- the letter “c”, “v”, “i” and “f” indicates that respectively capacity building, adaptation of marine vehicles, adaptation of refueling infrastructures and alternative fuel production and distribution is an eligible activity.

Worth underlining, care is to be taken when consulting Table XX as the applicability to Contracting Parties may sometimes vary depending on the specific financial instrument considered (it is, for instance, the case of EIB) and eligibility conditions often evolve. For this reason, it is recommended to consult, on the web site of each of the financial mechanisms listed, for updated information.

Table 4: Applicability of contracting parties to various funding mechanisms

	MDB (3.0)	GEF (3.1-a)	GCF (3.1.b)	EMFAF (3.2a)	LIFE (3.2b)	Inn. Found (3.2c)	Global Europe (3.2d)	IPA (3.2e)	NEXT MED (3.2f)	EBRD (3.3)	EIB (3.4)	GIZ (3.5)	AfDB (3.6)	Private Funds (3.7)
Albania (CC)	P	P	P		P*cv	P*vif		Pcvif				Pc		P*
Algeria (An.VI)	P	P	P	P*c	P*cv	P*vif	Pcvif		Pcvi		Pvif	Pc	Pvif	P*
Bosnia and Herzegovina (An.VI)	P	P	P		P*cv	P*vif		Pcvif				Pc		P*
Croatia (EU)	P	P		Pc	Pcv	Pvif					Pvif			P*
Cyprus (EU)	P	P		Pc	Pcv	Pvif			Pcvi		Pvif			P*
Egypt (An. VI)	P	P		P*c	P*cv	P*vif	Pcvif		Pcvi	Pcv i	Pvif	Pc	Pvif	P*
France (EU)	P	P		Pc	Pcv	Pvif			Pcvi		Pvif			P*
Greece (EU)	P	P		Pc	Pcv	Pvif			Pcvi		Pvif			P*
Israel	P	P		P*c	P*cv	P*vif	Pcvif		Pcvi		Pvif		Pvif	P*
Italy (EU)	P	P		Pc	Pcv	Pvif			Pcvi		Pvif			P*
Lebanon (An.VI)	P	P		P*c	P*cv	P*vif	Pcvif		Pcvi		Pvif	Pc	Pvif	P*
Libya (An.VI)	P	P	P	P*c	P*cv	P*vif	Pcvif				Pvif		Pvif	P*
Malta (EU)	P	P		Pc	Pcv	Pvif			Pcvi		Pvif			P*
Monaco	P	P		P*c	P*cv	P*vif								P*
Montenegro (CC)	P	P	P		P*Cv	P*vif		Pcvif				Pc		P*
Morocco	P	P	P	P*c	P*cv	P*vif	Pcvif			Pcvi	Pvif	Pc	Pvif	P*
Slovenia (EU)	P	P		Pc	Pcv	Pvif					Pvif			P*
Spain (EU)	P	P		Pc	P*cv	Pvif			Pcvi		Pvif			P*
Syrian Arab Republic	P	P		P*c	P*cv	P*vif	Pcvif				Pvif		Pvif	P*
Tunisia	P	P	P	P*c	P*cv	P*vif	Pcvif		Pcvi	Pcvi	Pvif	Pc	Pvif	P*
Türkiye	P	P		P*c	P*cv	P*vif		Pcvif	Pcvi		Pvif	Pc		P*