BLUE CARBON ACCELERATOR FUND

READINESS SUPPORT II FUNDING GUIDELINES

May 2023

BLUE CARBON ACCELERATOR FUND

Australian Government

Department of Climate Change, Energy, the Environment and Water

IUCN

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1. About the Blue Carbon Accelerator Fund

Purpose

The Blue Carbon Accelerator Fund (BCAF) was established by Australia and IUCN, International Union for Conservation of Nature as a dedicated funding scheme to support blue carbon restoration and conservation projects in developing countries and help pave the way for private sector finance.

The BCAF contributes to addressing barriers to scaling-up and financing blue carbon restoration by supporting the development and implementation of quality blue carbon projects including funding early-stage activities, facilitating capacity building through technical collaboration, assisting with brokerage for future financing, and monitoring and valuing both carbon and non-carbon outcomes.

The funds of the BCAF are allocated to projects via separate thematic calls for proposals and funding guidelines. Currently, the BCAF provides funds for:

a) **Readiness Support** that will help project developers with activities to get coastal blue carbon restoration projects (including seagrass, mangroves, tidal marshes) ready for implementation and future private sector finance – growing the global portfolio of credible and investment-ready blue carbon projects.

b) **Implementation Support** for on-the-ground blue carbon ecosystem restoration or conservation projects that will demonstrate and measure climate, biodiversity and livelihood benefits – enhancing the business case for private sector investment in blue carbon ecosystems.

The guidelines set out in this document are related to the **BCAF Readiness Support** funding opportunity only. Funding guidelines, including eligibility criteria, for other BCAF funding opportunities would be published separately.

Context

Blue carbon ecosystems refer to ecosystems that are influenced by tide water either regularly or irregularly (also known as coastal wetland ecosystems) – these ecosystems form a continuum on coastal land and floodplains and can include seagrass, mangroves, tidal marshes (saltmarsh), sparsely vegetated saltmarshes (salt flats) and supratidal forests.

Healthy blue carbon ecosystems are among the most efficient natural carbon sinks, capturing and storing two to four times more carbon per hectare than terrestrial forests, and thereby can make a significant contribution to global action on climate change. Blue carbon ecosystems also

provide other ecosystem services to communities and businesses such as fish nursery grounds, tourism, and coastal protection, and are critical to biodiversity.

Coastal blue carbon ecosystems are attracting high interest from the private sector, including businesses seeking to offset their emissions through carbon credits or to meet corporate social responsibility goals, philanthropic funders looking to contribute to biodiversity and livelihood outcomes, investors interested in coastal resilience, and local businesses gaining revenue from blue carbon credits on top of financial profits from fishing and nature tourism.

The multiple benefits achievable from blue carbon ecosystem restoration present opportunities for cross-sector participation and funding. The BCAF is designed help realize this opportunity for increased coastal blue carbon restoration by:

a) increasing the global supply of investment-ready blue carbon projects; and

b) applying measurement approaches that value the climate, biodiversity and social benefits of the ecosystems, thereby providing consistent and trusted information for decision making.

2. BCAF Readiness Support

The **BCAF Readiness Support** will provide funding for early-phase design, set-up, and implementation of coastal blue carbon projects in developing countries.

The **purpose** of the Readiness Support is to increase the global supply of investment-ready coastal blue carbon projects.

The BCAF Readiness Support will help project developers in developing countries to commence and establish projects in a credible manner ready for next phase investment by:

i. directly funding activities to kick-off or mature their project;

ii. providing capacity building opportunities;

iii. supporting technical collaboration between various project developers; and

iv. assisting with brokering future investors.

Direct funding provided under BCAF Readiness Support can be used for a variety of activities (see below on eligible activities) required to enable the project to be ready for private sector investment. Projects must demonstrate a clear path to entering the carbon markets and to deliver positive habitat conservation and/or restoration outcomes, as well as opportunities for developing local livelihoods.

The projects funded by BCAF Readiness Support are to be undertaken within a maximum period of 18 months. Additional justification is required for any projects seeking a longer timeframe.

Under this call for proposal, Readiness Support funding will be available to a maximum AUD$170,000 per project. Funding allocation for each project will depend on the scope of the activity and its complexity.

Additional contributions to your project are encouraged, including from third parties. Contributions may be financial or in-kind contributions, including volunteer participation.

Eligibility requirements

This section details the eligibility criteria that must be met to be considered for BCAF Readiness Support funding.

Eligible entities

Eligibility legal entities under the BCAF Readiness Support are:

- Non-governmental organizations (NGO);
- Universities and other research-focused institutions; and
- Private sector entities (small to medium type enterprises, incl. social enterprises, start-ups and carbon project developers).

National or sub-national government entities (national or other jurisdiction government authorities) will not be eligible to receive grant funds. However, BCAF Readiness Support favours project proposals that can demonstrate linkages and engagements with, or sponsorship from, local authorities or other government entities.

Please see Frequently Asked Questions for more information.

Eligible project locations

Ecosystem types

The project must be located within at least one coastal blue carbon ecosystem. Coastal blue carbon ecosystems include:

- Seagrass;
- mangroves;
- tidal marshes (saltmarsh);
- sparsely vegetated saltmarshes (salt flats); and
- supratidal swamp forests.

Project locations

The project must be located in any of the following countries:

Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis and Futuna Islands, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand, Timor-Leste, Viet Nam, Bangladesh, India, Maldives, Sri Lanka.

These countries are defined by the OECD Development Assistance Committee (DAC) as Official Development Assistance (ODA) eligible or have recently graduated and are within Australia's immediate neighbouring regions. Projects located in the Pacific region are encouraged.

Eligible activities

The following activities related to coastal blue carbon are eligible for funding under the BCAF Readiness Support:

- Coastal blue carbon project feasibility assessments, including related scientific work such as flora and fauna surveys, habitat mapping, assessments of drivers of degradation and of response measures (including to prevent leakage), data recording, hydrological assessments (including with respect to sea-level rise), spatial mapping and modelling;
- Coastal (blue carbon) area management plans;
- Environmental and social impact assessments;
- Financial and economic analysis of projects, including accounting;
- Legal, technical and commercial analysis and support
- Blue carbon business planning (OPEX costs and revenue forecasts);
- Stakeholder mappings and engagement (including education, outreach and awareness raising);
- Preparation of regulatory filings and related public processes; and
- Project monitoring and implementation planning.

Other activities may be supported if you can demonstrate that the activity will contribute to the success of the project.

Eligible expenditure

Funding can only be spent on eligible expenditure you have incurred on eligible activities. Eligible expenditure items are:

- salaries for staff and direct salary and on-costs for personnel directly employed for the project activities;
- contractor costs or expert advice directly related to the project (including legal, technical and commercial consultancies);
- costs incurred to obtain planning, environmental or other regulatory approvals during the project period;
- communication, educational materials and promotional costs directly related to the project including event advertising materials, workshop materials, fact sheets, web materials, interpretive or other project related signage;
- venue hire for stakeholder engagement activities, local travel costs;
- administrative support and overheads additional to the normal day to day running costs of the organisation, including project management or project co-ordination; and
- monitoring, evaluation and reporting costs

Staff and management/overhead costs of the project developer/proponent can be included up to a max of 20% of BCAF funding. No more than 10% overhead are allowed.

Ineligible expenditure

Ineligible expenditure items are:

- catering expenses, except for provision of light refreshments/drinks that support safe community participation at community events (for example, to maintain hydration)
- the covering of retrospective costs incurred prior to the start date for the funding activity
- costs incurred in the preparation of a funding application or related documentation

- subsidy of general ongoing administration of an organization such as electricity, phone and rent
- lobbying activities and media campaigns that could be considered political in nature (whole or part)
- activities for which the country government or local government bodies have primary responsibility
- any other costs that are not directly related to delivering eligible funding activities.

If an expenditure item in your application is deemed ineligible this will not necessarily affect the rest of your application. The IUCN may choose to reduce the funding amount or negotiate alternative activity expenditure items in its place.

3. Selection criteria

This section details the selection criteria that the project proposals will be assessed on.

3.1 Experience and track record of the project team

- Experience of the applicant's organization and the proposed project team;
- Experience of any proposed project partners (partnerships are encouraged, but applicants can apply as one entity only, and must provide details of all partners/partnerships additional to their own entity);
- Experience of the applicant and project partners with the type of work being proposed (including but not limited to blue carbon projects and blue carbon monetization); and
- Demonstrated experience working in the project location, including relationships with relevant government authorities and communities on-the-ground

3.2 Project overview

- Information on project location and areas. Projects located in the Pacific region are encouraged.
- Information on anticipacted management action (e.g. conservation, restoration and/or afforestation)
- Summary of project's goals for carbon and other outcomes as a nature-based solution
- Detailed description of project's goals and how BCAF funds will support achieveing them
- Status of project
- Anticipated BCAF-related deliverables of the project, and indicative timeline for their delivery
- Alignment of the project with international, national or local context policies

3.3 Positive environment and social impacts of the project

- Coastal and/or marine habitat conservation and/or restoration value across ecosystem services (beyond carbon);

- Any additional, clear, ideally quantitative, social and environmental impacts;
- Low environmental, social and governance risks (including gender aspects); and
- Strengthening resilience and climate change adaptation to the coastal and marine region.

3.4 Scientifically robust approaches

- Project is established using robust carbon measurement, reporting and verification (MRV); and
- Project considers scientific evidence to ensure avoidance of potential perverse outcomes from project activities.

3.5 Robust business plan, and path to financial viability

- Blue carbon generation potential and the ability to monetize the blue carbon identified;
- Blue carbon income stream outlined in the proposed financial structure;
- Opportunities for developing additional income streams (beyond carbon);
- Clear and articulated financing structure with path to financial sustainability and profitability;
- Adequate assessment of legal and regulatory environment and risks;
- How the project will identify and secure other sources of funding and/or in-kind support to continue the project beyond BCAF support,
- Private sector and investor interest expressed, if possible, a committed private sector investment partner. Letters of interest, or other types of initial indications of outreach to potential private investors preferred.

3.6 Risk Management

- Any identified environmental or social risks of project (including gender aspects and any potential adverse impacts to the environment or local communities/indigenous peoples);
- Any identification of stakeholder affected by proposed activities;
- Clear description of the land tenure and management arrangements for the project site, including evidence, if relevant, of participation by landowner and/or manager in the project; and
- Any identified financial risks and mitigation measures.

3.7 Value for Money

In order to assess value for money of the proposal, you must submit a project budget detailing the following cost elements:

- Consulting services;

- Capacity development, trainings, workshops;
- Communication;
- Travel and venue (if applicable);
- Staff costs; and
- Management costs.

Staff and management/overhead costs of the project developer/proponent can be included up to a max of 20% of BCAF funding. No more than 10% overhead are allowed.

3.8 Co-finance

- The Project has identified other sources of funding and/or in-kind support to develop the project beyond BCAF; and
- The Project has already secured co-finance for its early phase activities.

3.9 Market level impact / scalability

- Clear potential for replicability and scalability;
- Partnerships for increased scale and reach outlined; and
- Willingness to share experience and learning with other project developers/managers of the BCAF.

3.10 Collaboration with respective local and/or national government authorities

- The project plans to collaborate or engage with respective local and/or national authorities; and
- Providing evidence of engagement and/or support from these authorities, such as acknowledgement from a government authority and/or a government project sponsor for the project via a reference letter or other form of documentation.
- The project plans to collaborate or engage with other relevant stakeholders.

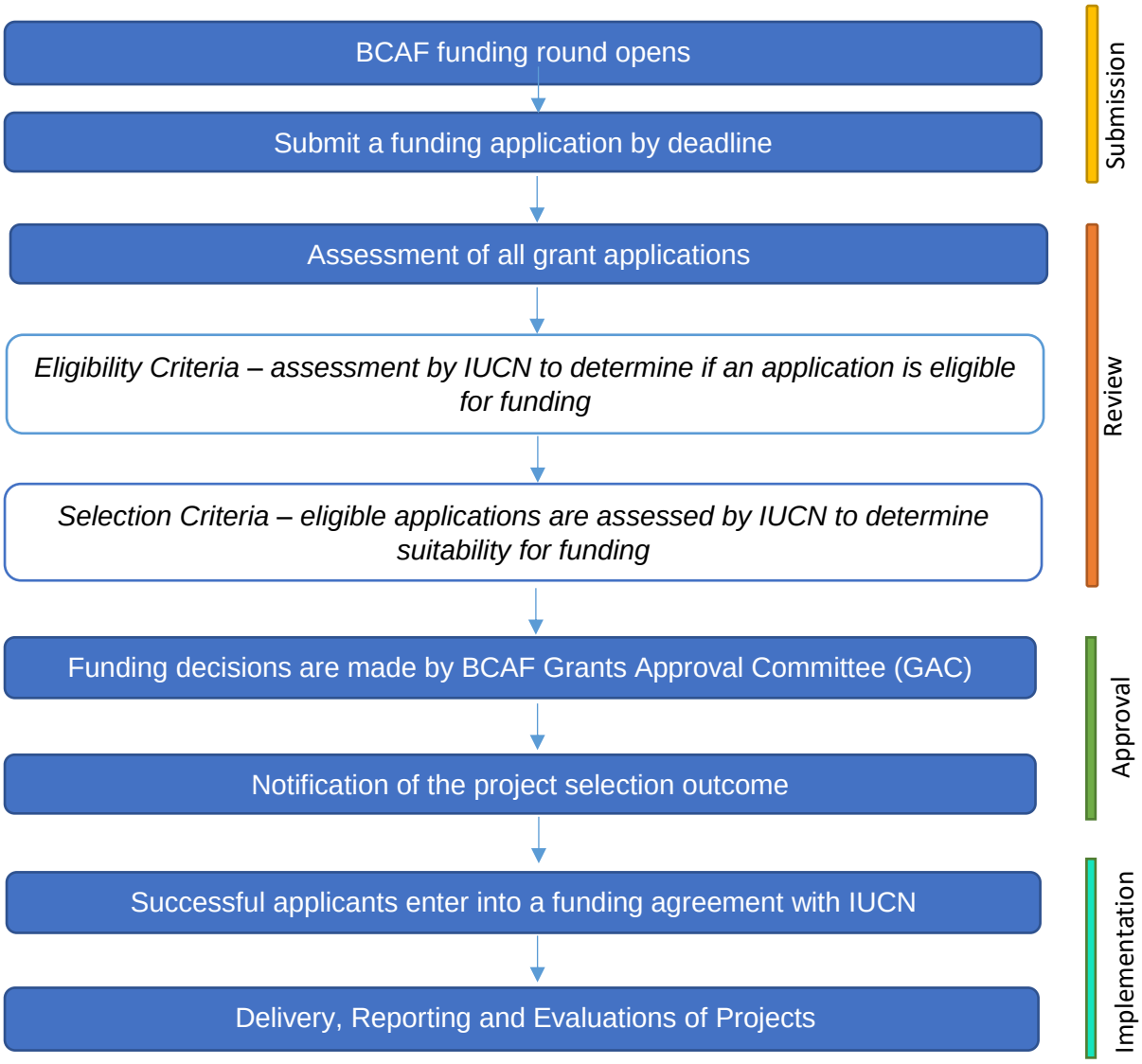
3.11 Link with the International Partnership for Blue Carbon (IPBC)

- The project can demonstrate a link with the International Partnership for Blue Carbon (IPBC)

The IPBC welcomes expressions of interest from government agencies, non-government organisations and scientific institutions to join the partnership at any time. For more information on the IPBC or current country Partners please contact the IPBC Coordinator Team at ipbc@dcceew.gov.au .

4. Submission, review and approval process

4.1 Summary of process



4.2 Submission

Before applying, applicants must read and understand these guidelines.

Entities interested to apply for funding under the BCAF Readiness Support are asked to fill out the BCAF Readiness Support submission form and address all the eligibility criteria and selection criteria.

To apply, you must:

- complete the online application form;
- provide all the information requested;
- address all eligibility criteria and selection criteria;
- include all necessary attachments; and
- submit your application by 11:59 pm (CET) **07 July 2023**.

IUCN may additionally request documents concerning the entity (registration certificate, statutes) and financial documents (e.g. financial statements of the past three years), as well as verifying an ID document of the project leader or the CEO of the entity.

This due diligence process will be finalized, at latest, prior to the signature of the contract with the entity. Private sector entities applying underlie IUCN's Business Risk and Opportunity screening.

In the review process IUCN holds the right to request additional information and set up call(s) as deemed necessary for clarification.

4.3 Review

The BCAF Readiness Support applications will undergo one round of review, which will assess applications against the eligibility criteria and the selections criteria:

Assessment of all applications:

1. All projects will be assessed by IUCN against eligibility criteria;
2. Eligible projects will be reviewed by an assessment panel against the selection criteria, reflecting the IUCN Global Standard on NbS™[1]; and
    - As part of the assessment, applications will be screened for their responses to the Environmental and Social Risk section of the BCAF Readiness Support submission form. The section includes questions on:
        - Stakeholder engagement during project development;
        - Potential Impacts Related to ESMS Standards;
        - Other Social and Environmental Impacts; and
        - Climate Change Risks.

The review will be conducted by IUCN in consultation with external experts. The assessment panel is made up of least three reviewers (one from IUCN and two external experts). Each project will receive an average score based on the reviewer's individual scores.

Following the assessment, shortlisted projects will have to follow the IUCN policies and procedures by undergoing due diligence and risk assessment, as applicable.

A short list of the highest ranked projects will be submitted to the dedicated Grants Approval Committee (GAC) to the BCAF Readiness Support projects. The GAC will include a mix of experts including with expertise on financial viability of Nature-based Solutions projects.

4.4 Approval

The GAC decides which applications should be approved for funding, based on the assessment report and any supporting documentation submitted by the IUCN assessment panel. IUCN will be available to answer any questions of the GAC regarding the proposals.

Successful applicants will be notified if their project was selected for funding by the IUCN. Selected projects will be announced on the BCAF webpage.

[1] IUCN Global Standard for Nature-based Solutions: first edition | IUCN Library System

6. Implementation, Reporting and Evaluations of Projects

IUCN enters into a funding agreement with successful applicants. Successful applicants undertake the activity as set out in the funding agreement. IUCN manages the funds by working with the project developer, monitoring progress and making payments based on agreed milestones and deliverables.

5.1 Project funding agreement

IUCN will enter into a contractual agreement with the successful entity, based on the approved deliverables and budget.

The contractual agreement will follow standard templates from IUCN.

5.2 Procurement and Subcontracting

Procurement and subcontracting will be possible following IUCN's standard procurement policy.

A subcontractor is a third party who on behalf of the funding recipient takes over one or more well defined tasks within the project. The subcontractor owes a service or product and issues an invoice for it. If the subcontractor has been identified and approved by BCAF within the full proposal, the contracting party will not be subject to tendering under IUCN's Procurement Policy.

5.3 Reporting and funding payments

The agreement IUCN signs with the entity requires regular technical and financial reporting. The details will be set in the respective agreement and will follow regular intervals.

Progress reports must:

- include information about progress toward agreed activities and outcomes;
- show the total eligible expenditure incurred to date; and
- be submitted by the report due date.

Payments will be conducted based on technical reports provided to and approved by IUCN.

5.4 Impact report cards

All entities are required to submit a final technical report and contribute to the development of a project impact report card, similar to these: https://bluenaturalcapital.org/impactreports/.

5.5 Record Keeping

IUCN may also inspect the records the entity is required to keep under the funding agreement.

5.6 Acknowledgement

The entity is required to acknowledge support by adding the logo of the BCAF to all publications, reports, banners, press materials and other products that the grants help produce.

If making a public statement about the project or a project activity, the contracted entity is required to acknowledge the funding by using the following text:

'This project received funding from Blue Carbon Accelerator Fund – an Australian Government initiative – implemented by IUCN'.

If appropriate, BCAF, IUCN and the Australian Government should also be acknowledged on the funding recipient's social media posts and website.

5.7 Communication

The entity is required to provide IUCN with electronic copies of photographs, video material as well as any articles, reports, media interviews or other publication directly relating to activities covered under the project agreement.

For IPBC partners, there will also be opportunities to promote activities through IPBC social media and website www.bluecarbonpartnership.org.

5.8 Data protection

The BCAF, under the auspices of the BNCFF, takes data protection and management seriously and is committed to safeguarding and protecting Personal Data of individuals. The BCAF is aware of the risks involved, and of the importance of having appropriate data protection standards in place.

In the scope of the mission of BCAF will need to gather and use certain information about individuals. Safeguarding the personal data of all these persons is an essential aspect of protecting people's lives, integrity and dignity. The Processing of Personal Data touches all areas of the BCFA's activity, whether operational or administrative.

As such, the entirety of BCFA, including the application submission process, is in accordance with the IUCN Data Protection Policy.

7. Link to other funding opportunities

The BCAF builds on the strong work and templates for success of the Blue Natural Capital Financing Facility (BNCFF).

Project proponents who have received, or will apply for new funding under the BNCFF, can also apply for funds under the BCAF.

Projects who have recently applied for funding and/or support of other related call for proposals, such as the ORRAA Innovation Challenge, the WEF Uplink Blue Challenge, and related blue carbon calls are welcome to apply and indicate so in their application form.

8. Expected timeline

Activity	Timeframe*
BCAF Readiness Opens	May 2nd – July 7th 2023
Assessment of applications	4 - 6 weeks
GAC approval	end of Q3 2023
Announcements of successful applicants	Q4 2023
Negotiations and award of funding agreements	Q4 2023
Earliest expected start date of grant activity	January 2024

* Subject to change

9. Questions during the application process

If you have any questions about the grant or process during the application period, please contact info@bluenaturalcapital.org.

If you have any questions about the International Partnership for Blue Carbon, please contact the IPBC Coordinator Team at ipbc@dcceew.gov.au or visit the website https://bluecarbonpartnership.org/