

BLUE NATURAL CAPITAL FINANCING FACILITY

COASTAL NBS AND GREEN-GRAY INFRASTRUCTURE FUNDING GUIDELINES

May 2022



BNCFF

Blue Natural Capital Financing Facility



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Environment, Climate
and Sustainable Development



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1. About the Blue Natural Capital Financing Facility

The Blue Natural Capital Financing Facility (BNCFF) was designed to support financing opportunities for Nature-based Solutions (NbS)¹ in and around coastal and marine environments and to strengthen specific projects that combine likely bankability (closing the deal with a private sector investor) and positive environmental and social impacts. BNCFF started its work in early 2018 and offers project sponsors and developers technical advice and access to funding to support specific activities to get their projects over the financing hurdle.

The goal is to facilitate third-party private financing, whilst setting high standards of environmental, social, and economic sustainability. Project developers and impact investor sponsors can approach the BNCFF and request funding to clarify business, design, and/or conservation related project aspects. BNCFF helps to finalize the project preparation phase, supporting a project/business that combines a viable business model with quantifiable biodiversity, climate- adaptation and mitigation, and ecosystem

1.1. Blue Natural Capital

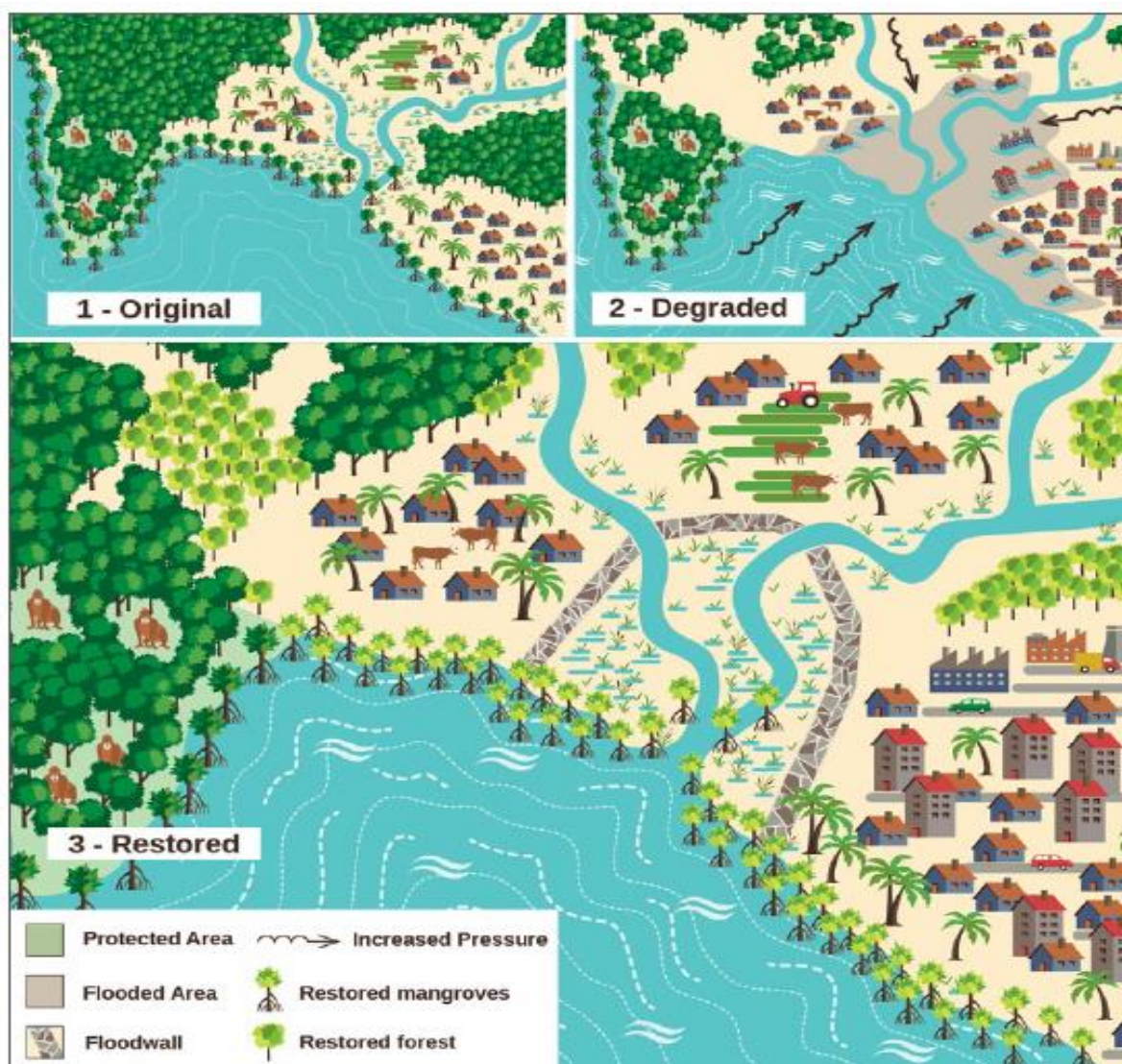
Blue Natural Capital (BNC) is the natural capital found in coastal and marine environments, critical to ecosystem function, resilient development of coastal communities, and a sustainable global ocean economy. It also brings significant support to climate change adaptation and mitigation efforts and serves as vital ground for biodiversity. Mangroves, for example, can substantially reduce the vulnerability of adjacent coastal land from inundation and erosion from extreme weather events and sea level rise (also referred to as green infrastructure) while supporting nursery grounds for various coastal and marine species. As Nature-based Solutions (NbS), mangrove restoration and conservation efforts can benefit communities, as well as businesses.

1.2. Nature-based Solutions

The IUCN definition for NbS is as follows: “Actions to protect, manage and restore natural or modified ecosystems, which address societal challenges, effectively and adaptively, providing human well-being and biodiversity benefits”.

In its simplest form, a NbS example with a coastal focus is provided in the picture sequence below- Graph 2. Picture 1 shows an ecologically mostly intact landscape with low-impact human settlement. Picture 2 shows an aggravated state of degradation of the coastal ecosystem. Critically, the depletion of the natural habitat and biodiversity goes hand in hand with higher risks of storm surges, waves and flooding for the human settlements. Picture 3 provides a NbS in the form of restoration of the coastal mangrove forest, which decreases the risk of disasters and provides additional benefits in terms of economic development. NbS are complementary and work in synergy to other types of solutions as exemplified in this picture by the floodwall, which has been used in addition to mangrove restoration, done in such a way so as not to negatively affect biodiversity.

¹ There is also the recently adopted UNEA definition which states NbS are “actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services and resilience and biodiversity benefits.”



Source: Cohen-Shacham et al. 2016²

1.3. Coastal Green-Gray infrastructure

There is a critical need to find preemptive, innovative, and scalable climate adaptation solutions that protect, manage, and restore nature - now and for future generations. Green infrastructure, in many cases NbS, such as wetlands and forests can provide ecosystem-based approaches to adaptation solutions for flood control and water security, alongside a host of co-benefits to biodiversity, livelihoods, and more, including protecting infrastructure assets and improving their resilience. However, for some communities exposed to extreme climate and disaster risks, green infrastructure alone may not provide adequate protection. Gray infrastructure, in the form of seawalls and dams, can provide immediate protection but is often expensive to build, maintain, and replace, and can create unintended negative impacts. Moreover, conventional core infrastructure assets such as roads, bridges and ports, may lack resilience and can cause negative impacts as a result of being built without consideration of their surrounding ecosystem. By blending “green” conservation with “gray” engineering

² Cohen-Shacham, E., Walters, G., Janzen, C. and Maginnis, S. (eds.) (2016). Nature-based Solutions to address global societal challenges. Gland, Switzerland: IUCN. xiii + 97pp.

techniques, communities can incorporate the benefits of both solutions, while minimizing the limitations of using either green or gray infrastructure individually.

Green-Gray Infrastructure highlights the importance of NbS as it combines conservation and/or restoration of ecosystems with the selective use of conventional engineering approaches to provide people with solutions that deliver climate change resilience and adaptation benefits. An example of green-gray infrastructure is where BNC ecosystems – such as mangroves, salt marshes, inter-tidal flats, seagrasses, and coral reefs – are combined with gray infrastructure such as breakwaters, to combine the values of wave attenuation and flood control of natural ecosystems with the benefits of engineered structures. In addition, the conservation and restoration of natural coastal ecosystems can extend the lifespan of gray infrastructure, while also supporting fisheries, regulating water quality, and sequestering carbon. The combined solution can therefore be more comprehensive, robust, and cost-effective than either solution alone. A review of hundreds of ‘nature-based infrastructure’ (NBI) projects concluded that NBI can be up to 50% cheaper than traditional gray infrastructure and provide 28% better value for money. Replacing just 11% of current global infrastructure needs with NBI could save USD 248 billion each year.³



Figure (1). The combination of Nature-based Solutions (NbS) and built infrastructure (termed “green-gray infrastructure”) balances the challenges of investing in either separately while maximizing the positive effects on climate resilience, biodiversity conservation and human well-being. (c) Conservation International.

A broad range of potential solutions exist across the spectrum from green to gray infrastructure, where different combinations can be matched to the political, social, cultural, economic and natural systems at a site. On one end of the spectrum, as an example, mangrove restoration and conservation, as a purely green infrastructure solution may be the most appropriate, or the best-fit approach for coastal protection. At the other end of the spectrum, in our most urban and built environments, a gray-only approach, such as seawalls,

³ <https://nbi.iisd.org/report/investment-in-nature-close-infrastructure-gap/>

may be the best or only alternative. Green-gray infrastructure is an innovative approach drawing upon expertise and solutions from both ends of this spectrum.

The type of solution selected will generally depend upon (1) the project goal(s); (2) land use(s) in the vicinity; and (3) the ecosystem(s) native to the site. Other considerations such as the project cost, desired performance, and local policy and regulations, will also affect the decision about what type of solution to select. Monitoring, maintenance, and adaptive management are also integral to green-gray infrastructure project financing, design, and implementation.

Green-Gray for Storm Protection in the Philippines



The Philippines is one of the most vulnerable nations in the world to the effects of climate breakdown. Tropical storms are happening more frequently and with greater intensity (Typhoon Haiyan, killed more than 6,000 people in 2013), leading to devastating storm surges along the country's coasts.

Conservation International is working to minimize future storm damage by constructing green-gray projects, especially in the country's most isolated and vulnerable regions. Four pilot project sites in Iloilo province combine wetlands with engineered structures to stabilize the coastal zone, reduce wave heights, and build-up beach sands. The combined solution is more comprehensive, robust, and cost-effective than a purely conventional approach. It provides numerous co-

benefits that enhance the economic efficiency of infrastructure investments.

To date, this CI-Philippines green-gray initiative has employed approximately 380 people (350 men and 30 women) in construction activities, with a capital investment of approximately USD300,000. The four green-gray project sites are projected to benefit some 4,800 individuals and restore approximately 12.5 hectares of mangroves. We are also working with the government to replicate these kinds of approaches across the country.

1.4. The need for climate resilient, coastal infrastructure

Time is running out to close the financing gap for climate-resilient infrastructure. By 2050, nearly 20% of the world's population will be at risk of floods, and up to 5.7 billion people will live in water-scarce areas.⁴ As the pressure to adapt mounts, infrastructure costs are expected to account for up to 80% of total climate change adaptation spending globally – estimated at USD 150 billion to USD 450 billion per year in 2050.⁵ The demand for new infrastructure is also significant. An estimated USD 94 trillion in global infrastructure investment is needed by 2040, an average of USD 3.7 trillion per year.⁶ Despite the demands of climate-resilient infrastructure, it is estimated that about 70% of the increase in future

⁴ <https://openknowledge.worldbank.org/handle/10986/31430/WWWAP2018>

⁵ <https://unepdttu.org/wp-content/uploads/2019/04/agr-final-version-2018.pdf>

⁶ <https://www.oxfordeconomics.com/recent-releases/Global-Infrastructure-Outlook>

greenhouse gas emissions will come from infrastructure that is yet to be built.⁷ Much of this will be required in emerging economies, those countries with the biggest infrastructure finance gap, and the most to lose from climate change.

1.5. BNCFF support for Coastal NbS and Green-Gray infrastructure

The BNCFF is already a touchpoint for multiple technology innovations in this space, ranging from coral farms to ecological substrates for port development, yet it is crucial that local ecosystem managers, technology innovators and large-scale coastal infrastructure and asset protection developers cooperate to promote coastal restoration and conservation efforts, such as coastal NbS, that can include green-gray infrastructure solutions. As outlined in the 2020 Blue Infrastructure Finance report⁸, once this thinking becomes mainstream it will allow for roll-out across the public sector and development bank finance landscape.

In addition, multilateral development banks (MDBs) can play a critical role to unlock financing for these approaches⁹, if they are structured and presented in a format that makes them eligible to this approach. This call will target such opportunities and work with MDBs, as well as climate-focused funds like the Subnational Climate Fund (SCF), that the BNCFF team has already nurtured to deliver case studies for successful implementation.

1.6. Global Green-Gray Community of Practice

The Global Green-Gray Infrastructure Community of Practice, launched in 2020 by Conservation International, is a forum for collaboration across the conservation, engineering, finance, and construction sectors to generate and scale green-gray climate adaptation solutions. Our goals are to: Innovate and pilot new green-gray approaches; Expand science, engineering, and policy activity; Increase awareness of green-gray's potential applications in a multitude of geographies and settings; and Build a community to increase broad acceptance and use of these ideas and enable access to finance.

The Community of Practice has grown to over 300 individual members spanning the globe, including AECOM, Bechtel, Deltares, Arup, Caterpillar, World Resources Institute, IUCN, TNC, RARE, and many academic partners. This multi-disciplinary community is addressing specific issues related to green-gray economics and finance, identifying case studies, and defining science-based engineering guidelines. The Community of Practice has completed a flagship Practical Guide to Implementing Green-Grey Infrastructure together, with other products on the horizon. Interested project proponents of this CfP are encouraged to access relevant materials from the Community of Practice and join as a member. Membership to the CoP is not a requirement.

⁷ <https://www.pwc.com/gx/en/capital-projects-infrastructure/pdf/global-infrastructure-trends.pdf>

⁸ <https://bluenaturalcapital.org/knowledge-centre/innovative-bnc-finance-blue-infrastructure/>

⁹ <https://bluenaturalcapital.org/wp2018/wp-content/uploads/2021/05/BNCFF-MDB-FINAL-web.pdf>

2. Eligibility requirements

This section briefly outlines the main eligibility criteria for this BNCF funding window.

2.1. Eligible entities

Eligible legal entities for this funding window:

- Non-governmental organizations (NGO)¹⁰ as advisors or investors in NbS and infrastructure projects
- Private sector entities that develop or own infrastructure projects or advise infrastructure developers or owners.
- Eligible entities should be well established in the target country and area of implementation and have experience with the project type proposed. Proposed projects must demonstrate municipal or state level government support and engagement, but government entities will not receive funds directly.

2.2. Eligible project locations and countries

The underlying infrastructure Project must be located in or near coastal and marine ecosystems, which have the potential to present and be included in the overall project endeavor and investment case as Nature-based Solutions. Such ecosystems include, but not limited to:

- Seagrass meadows;
- Mangroves;
- Estuaries
- Lagoons
- Tidal marshes (saltmarsh); and/or
- Coral reefs.

The BNCF funding window will focus on countries in Latin America and the Caribbean Region and South-East Asia, plus SIDS in the Pacific. The project must be located within one of these "Eligible Countries":

South-East Asia: Brunei, Cambodia, Timor-Leste, Indonesia, Laos, Malaysia, the Philippines, Thailand, Vietnam

Latin America and the Caribbean Region: Antigua and Barbuda, Argentina, Belize, Bolivia, Brazil, Caribbean, Colombia, Chile, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Vincent and the Grenadines, St. Lucia, Suriname, Trinidad and Tobago, Uruguay

SIDS in the Pacific: American Samoa, Northern Marianas (Commonwealth of the), Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia (Federated States of), Nauru, New Caledonia, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu

¹⁰ IUCN Offices and Conservation International Country Programs are not eligible to be primary recipients of the funds; though they can be project partners or collaborators where a project counterpart is the primary applicant.

Proposals will receive a higher score if they can show how the project collaborates and is grounded with local and/or national authorities.

2.3. Eligible activities

The following activities can be funded under this BNCFF funding window:

- Project feasibility assessments, including related engineering studies and designs
- Environmental, economic and social cost benefit analyses
- Environmental Impact Assessment (EIA) studies
- Environmental and Social Management Plans
- Legal, technical, and commercial consultancies
- Project cash flows modelling (Costs (CAPEX, OPEX) and revenue forecasts)
- Business plan refinement and/or public-private partnership RFP development
- Stakeholder mappings and engagement (meetings etc)
- Preparation of regulatory filings and related public processes
- Preparation of sustainability related documentation needed by investors for investment decisions and sustainability disclosure requirements (SFDR, TCDF¹¹)
- Project monitoring and implementation planning

2.4. Eligible expenditures

Project budgets should be proposed following the main categories, such as:

- Consulting services
- Capacity development, trainings, workshops
- Communication
- Travel (if applicable)
- Staff costs
- Management costs /overhead

Staff costs of the project developer/proponent can be included up to a max of 10% of BNCFF funding. No more than 10% overhead are allowed. Kindly consult [the budget template available for download on our website.](#)

2.5. Project duration and grant size

Grants issued will be up to 250.000 EUR per project and these may be implemented during maximum period of 18 months, unless otherwise indicated in the grant agreements. Additional justification is required for projects seeking longer implementation periods.

¹¹ Sustainable Finance Disclosure Regulation, Task force for Climate Related Financial Disclosures, Task Force for Nature Related Financial Disclosures

3. Selection criteria

Submissions will be checked against the following characteristics:

Key elements of coastal NbS and green-gray infrastructure projects:

1. Ecosystems are conserved and/or restored to provide measurable social, environmental, and economic benefits;
2. Provides a climate resilience and/or risk reduction benefit; and
3. Includes, for green-gray infrastructure, selective integration of a conventional engineering approach;

Critical elements that define coastal NbS and the green-gray approach¹²:

1. Using science and engineering to produce operational efficiencies;
2. Using natural processes to maximize benefits (i.e. ecosystem services);
3. Increasing the value provided by projects by including social, environmental, and economic benefits; and
4. Using collaborative processes to organize, engage, and focus interests, stakeholders, and partners.

The projects which will be supported by the preparation funding under this funding window of the BNCF must demonstrate a clear and direct improvement of the target ecosystems and fit into at least one of the following categories:

- Targeted coastal restoration and/or conservation efforts that serve a clear purpose of green (NbS) infrastructure and reducing climate vulnerability.
- Conventional core infrastructure that is designed as a green-gray NbS to simultaneously improve the surrounding natural ecosystem condition and the infrastructure assets' resilience. The greenfield or brownfield infrastructure type is a road, bridge, port, renewable wind or water/wastewater management asset-type.
- Green-Gray coastal and asset protection solution that integrates ecosystem restoration and/or conservation with conventional infrastructure (e.g., seawalls, embankments, or breakwaters). The greenfield or brownfield asset benefiting from the coastal protection measures may include core infrastructure assets such as roads, bridges, ports, renewable wind assets or water/wastewater management assets.

The planned coastal NbS and green-gray infrastructure project must demonstrate a clear and direct climate mitigation and/or climate adaptation impact potential and must demonstrate net positive impact on biodiversity in the project area.

Examples include:

- Mangrove or coral reef conservation and restoration efforts functioning as coastal NbS infrastructure for coastal protection and shoreline stabilization.

¹² Adapted from Bridges, T.S., Bourne, E.M., King, J.K., Kuzmitski, H.K., Moynihan, E.B. and Suedel, B.C. (2018). *Engineering With Nature: an atlas*. Vicksburg, MS, USA: U.S. Army Engineer Research and Development Center. <http://dx.doi.org/10.21 079/11681/27929>.

- Mangrove, coral reef or other coastal ecosystems conservation and restoration efforts where these ecosystems provide coastal protection and shoreline stabilization benefits to, for example, renewable wind assets.
- Retrofit of existing road systems located in or near mangrove areas, that will improve the hydrology and contribute significantly to the restoration of the mangroves.
- Breakwaters installed near coastlines alongside mangrove areas, which jointly reducing wave energy to buffer impacts of weather events on coastal infrastructure and people.

The main selection criteria include:

1. Team experience and track record

- Experience of the sole applicant or partnerships by demonstrating appropriate team composition and details of past projects
- Demonstrated experience working in the project location, including relationships with relevant government authorities and communities on-the-ground.

2. Positive environmental and social impacts of the project

- Planned coastal and/or marine habitat conservation and/or restoration with associated ecosystem service benefits.
- Additional, clear, quantitative and measurable social and environmental impacts preferred. Showing that the positive impacts are beyond business as usual (additionality).
- Expected improvement of local biodiversity from the planned NbS activities
- Low or reduced environmental, social and governance risks (including gender aspects)

3. Preliminary business plan concept, including risk management, path to financial viability preferred

- Identified potential income streams/revenue sources
- Potential financing structure identified, with a path to financial sustainability / profitability
- Clear and inclusive asset ownership and stakeholder engagement. Letters of interest or other types of initial indications of commitment preferred
- Initial assessment of legal and regulatory environment and risks
- Private sector/investor interest preferred

4. Market level impact / scalability

- Clear description of long-term sustainability actions for the project
- Clear description of the potential for replicability and scalability beyond the intervention
- Partnerships for increased scale and reach outlined
- Willingness to share experience and learning to broadly synthesize and socialize lessons learned from the project

5. Matching funds and investment partners

- The project has identified other sources of grant funding and/or in-kind support to develop the project beyond BNCFF. A minimum of 50% of the total grant in matching funds is desirable, although not mandatory.
- Identification of a committed private sector investment partner (as an investor into the project/company) is not mandatory. However, letters of interest, or other types of initial indications of outreach to potential private investors may be submitted as evidence of preliminary commitments on the ground.

6. Collaboration with respective local and/or national government authorities

- The project plans to collaborate or engage with respective local and/or national authorities; and
- Available documentation, e.g., building permit process and E&S assessments requested by authorities, or an MOU or letter of engagement from a government authority.

3.1. Exclusion list

The BNCFF will not fund activities which include/may lead to:

Adverse impacts on biodiversity

- Projects need to show a net positive impact on biodiversity.

Risk of affecting vulnerable groups¹³

- Adverse impacts to women, girls, IPLCs, youth or against other vulnerable groups potentially discriminated for any reason;
- Adverse impacts on the enjoyment of human rights (civil, political, economic, social or cultural);
- Working conditions that do not meet national labor laws and regulations and/or are not consistent with International Labor Organization's (ILO) Declaration on the Fundamental Principles and Rights at Work (e.g., discriminatory working conditions, lack of equal opportunity, lack of clear employment terms, failure to prevent harassment or exploitation, failure to ensure freedom of association etc.);
- Involvement or implication in forced labor (e.g., any work or service which someone has not volunteered for and is forced to do) or harmful child labor.

Resource efficiency, pollution, wastes and chemicals

- Releasing pollutants (chemicals and other hazardous materials) to the environment due to routine or non-routine circumstances (e.g., accidental releases) with the potential for adverse local, regional, and/or transboundary impacts.

¹³ IUCN defines Gender-Based Violence (GBV) as any harm or potential of harm perpetrated against an individual or group on the basis of gender. GBV has many expressions, including physical, sexual, psychological and economic, which can be underpinned by legal, social and institutional norms and systems. Examples include but are not limited to: physical assault; sexual violence including sexual exploitation / abuse, forced prostitution and rape; domestic violence; trafficking; early/ forced marriage; female genital mutilation; honour killings; property grabbing; and widow disinheritance.

Additionally, BNCFF follows the exclusion list of Grand Duchy of Luxembourg's International Climate Finance Strategy 2021 – 2025.¹⁴ The strategy prohibits funding for:

- Production or activities along value chains involving harmful or exploitative forms of forced labour³¹ and/or child labour;
- Production of or trade in any product or activity deemed illegal under host country laws or regulations;
- Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Production of or trade in pesticides/herbicides, or ozone-depleting substances subject to international phase outs or bans;
- Transboundary trade in waste or waste products, except for non-hazardous waste destined for recycling;
- Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net-fishing, harmful to unwanted vulnerable and protected species in large numbers and damaging to the marine biodiversity and habitats;
- Intensive farming of monocultures such as soy and genetically engineered plants;
- Agricultural activities carried out on land that is or previously has been deemed to be “of high carbon stock” (including organic soils);
- Palm oil and timber production, unless the applicant can clearly demonstrate that they are not associated with deforestation, forest degradation, or negative biodiversity impacts;
- Production of or trade in weapons and munitions, including paramilitary materials;
- Production of or trade in radioactive materials, including nuclear reactors and components thereof;
- Nuclear projects as well as any direct and indirect support to companies operating nuclear projects without a clear, near-term nuclear phase-out strategy;
- Prospection, exploration, and mining of coal, oil, and natural gas;
- Infrastructure projects for coal, oil, or gas exploration, transport, storage, and distribution;
- Power generation from coal, oil, or natural gas; activities by companies that derive more than 30% of their revenues from coal-related operations;
- Generally, investments that have a high risk of locking in significant future greenhouse gas emissions; based on this principle, fossil fuel-based lower-carbon and energyefficient generation transactions, such as financing for efficiency retrofits of coal-fired power plants, are excluded;
- Large dam and hydropower projects that do not incorporate good international practices such as those laid down by the World Commission on Dams;

¹⁴ [International Climate Finance Strategy 2021 - 2025 \(gouvernement.lu\)](https://www.gouvernement.lu/en/government/climate/strategy/2021-2025)

- Injection and geologic sequestration of carbon dioxide in relation to the burning, extraction, or production of fossil fuels.

4. Review and approval process

The BNCFF funding window for Coastal Nature-based Solutions and Green-Gray infrastructure will undergo two rounds of review and assessment. The assessment will be done by IUCN (as BNCFF Facility Manager) and Conservation International, in consultation with an external pool of experts, as per the below:

4.1. Submission

Before applying, applicants must read and understand these guidelines.

Entities interested to apply for funding under the BNCFF funding window for Coastal Nature-based Solutions and Green-Gray infrastructure are asked to fill out the respective BNCFF Support submission form and address all the eligibility criteria and selection criteria.

To apply, you must:

- complete the online application form available here;
- provide all the information requested;
- address all eligibility criteria and selection criteria;
- include all necessary attachments; and
- submit your application by xxxx

4.2. Review

The BNCFF funding window for Coastal NbS and Green-Gray infrastructure will undergo two rounds of review.

Assessment of all applications (round 1):

- First, all projects will be assessed against eligibility criteria;
- Second, eligible projects will each be reviewed by an assessment panel against the selection criteria, reflecting the IUCN Global Standard on NbS^{TM15};

Assessment of round 2 applications

- If deemed suitable, be requested to submit a BNCFF full assessment form. This step will include a careful review of responses to the Environmental and Social Risk System (ESMS). The said section includes questions on:
 - Stakeholder engagement, including from local communities, during project development;
 - Potential Impacts Related to ESMS Standards;
 - Other Social and Environmental Impacts; and
 - Climate Change Risks; and

¹⁵ IUCN Global Standard for Nature-based Solutions: first edition | IUCN Library System

- Finally, re-assessed against a dedicated assessment grid using the additional information received.

The projects will each be reviewed by a minimum of three reviewers (one from IUCN, one from Conservation International (CI) and one external expert). Each project will receive an average score based on the reviewer's individual scores.

The 6 highest ranked projects will be submitted to the dedicated Grants Approval Committee (GAC) of the BNCFF.

Taking IUCN & CI's recommendations into account, the GAC will make the final funding decision. IUCN and CI will be available to answer any questions of the GAC regarding the proposals. Based on the GACs decision, IUCN and CI will inform the applicant entities of the results and proceed to contract with the selected entities.

4.3. Additional information

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.

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

- Basis for legal establishment or recognition and legal right to work in targeted country/countries, if any
- Governance structure, including names of governing body members, officers and key personnel
- Description of at least three recent relevant programs/projects/activities
- Publications
- Annual budget (last completed year, current year)
- Sources of revenues
- Audited financial statements for most recently completed fiscal year
- Administration, accounting and control procedures
- Current auditing arrangements or equivalent (tax documents)
- Procurement practices for purchasing goods, works and services
- Environmental and social safeguard policies
- Years of experience with the proposed intervention
- Presence or local partnerships in targeted geographic region, if any

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.

5. Implementation, monitoring and evaluation of projects

IUCN enters into a funding agreement with the 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 agreement

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

The contractual agreement will follow standard templates provided by either.

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 grantee or subgrantee 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 BNCFF 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 and financial report. Mid-term reports are subject to re-approval of the Grant Approval Committee.

5.4. Impact report cards

All entities are requested 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. Acknowledgement

The entity is required to acknowledge BNCFF's support by adding the logo of the Government of Luxembourg, IUCN and Conservation International on all publications, reports, banners, press materials and other products that the grants help produce. If appropriate, BNCFF should also be acknowledged on the grantee's social media posts and website.

The entity is also required to provide IUCN and Conservation International 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.

5.6. Data protection

The BNCFF takes data protection and management seriously and is committed to safeguarding and protecting Personal Data of private individuals. The BNCFF 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 BNCFF 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 BNCFF's activity, whether operational or administrative. As such, the entirety of BNCFF, including the application submission process, is in accordance with the IUCN Data Protection Policy.

6. Expected timing

Activity	Timeframe
Call for proposals open	19 May 2022
Application deadline	3 July 2022
1 st round of assessment of applications	July – mid August
Request for 2 nd round of information	Mid-August – early September (3 weeks)
2 nd round of assessment of applications	September to early October
GAC approval	Mid/late October
Announcements of successful applicants	Early November
Negotiations and award of funding agreements	Mid November
Earliest start date of grant activity	1 Dec 2022

7. Questions during the application process

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

Your contact people for this call for proposal are:

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