

# BLUE NATURAL CAPITAL FINANCING FACILITY

In close collaboration with the IUCN Green List

## FUNDING GUIDELINES

# CALL FOR PROPOSALS ON MPAs AND OECMs

MAKING PROJECTS INVESTABLE FOR PRIVATE FINANCE IN ORDER TO  
SCALE MARINE AND COASTAL PROTECTION AND CONSERVATION  
MEASURES

December 2022



**BNCFF**  
Blue Natural Capital Financing Facility



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

UBS Optimus  
Foundation



**UBS**

## Contents

|   |           |
|---|-----------|
| 1. About this CfP and its Funding Guidelines  | 4         |
| <b>SECTION 1</b>  | <b>5</b>  |
| 2. About the Blue Natural Capital Financing Facility                                  | 5         |
| 3. Blue Natural Capital   | 5         |
| 4. Global MPA targets   | 5         |
| 4.1. Target 3 of the CBD’s Global Biodiversity Framework                              | 5         |
| 4.2. SDG 14 - Conserve and sustainably use the oceans, seas and marine resources      | 6         |
| 5. Marine Protected Areas and Other Effective Area-based Conservation Measures        | 6         |
| 5.1.1. Marine Protected Areas   | 6         |
| 5.1.2. Other Effective Area-based Conservation Measures                               | 8         |
| 5.2. The IUCN Green List as the global Standard for the protected and conserved areas | 8         |
| 5.2.1. A Sustainability Standard for nature conservation                              | 8         |
| 5.2.2. Green List protected and conserved areas                                       | 9         |
| 5.2.3. The IUCN Green List of Protected and Conserved Areas Standard                  | 10        |
| 5.2.4. Implementation of the Green List process                                       | 11        |
| 5.2.5. The Gap Analysis tool under the IUCN Green List Framework                      | 12        |
| <b>SECTION 2</b>  | <b>13</b> |
| 6. Eligibility requirements   | 13        |
| 6.1. Eligible entities  | 13        |
| 6.2. Eligible Protected Areas categories  | 13        |
| 6.3. Eligible project locations and countries   | 13        |
| 6.4. Response to societal challenges  | 14        |
| 6.5. Eligible activities  | 14        |
| 6.6. Mandatory deliverable  | 15        |
| 6.7. Alignment with IUCN GL expectations  | 15        |
| 6.8. Eligible expenditures  | 16        |
| 6.9. Project duration and grant size  | 17        |
| 7. Selection criteria   | 17        |
| 7.1. Criteria List  | 17        |
| 8. Exclusion list   | 20        |
| 9. Review and approval process  | 21        |
| 9.1. Submission   | 21        |
| 9.2. Review   | 22        |
| 9.3. Additional information   | 23        |

|       |   |    |
|-------|---|----|
| 10.   | Implementation, monitoring and evaluation of projects | 24 |
| 10.1. | Project agreement                                     | 24 |
| 10.2. | Procurement and subcontracting                        | 24 |
| 10.3. | Reporting and funding payments                        | 24 |
| 10.4. | Impact report cards                                   | 24 |
| 10.5. | Acknowledgement                                       | 24 |
| 10.6. | Data protection                                       | 25 |
| 11.   | Expected timing                                       | 25 |
| 12.   | Questions during the application process              | 25 |

Cover picture: Island of Misool in Raja Ampat Indonesia (Source: Shutterstock)

## 1. About this CfP and its Funding Guidelines

The natural capital found in coastal and marine environments is the backbone for functioning ecosystems and thus crucial to the resilient development of coastal communities and sustainable global ocean economy. Blue Natural Capital (BNC) brings significant support to climate change adaptation and mitigation efforts. The protection, conservation and restoration of BNC ecosystems can help achieve the climate targets set forth by the international community, from implementing the SDGs, NDC targets under the Paris Agreement, as well as the targets to be adopted under the CBD's post-2020 Global Biodiversity Framework, in marine and coastal nature-based solution (NbS) are crucially needed to rise to the global climate and biodiversity challenges we face today.

This Call for Proposals (CfP) on MPA and OECMS by the Blue Natural Capital Financing Facility (BNCFF) is supporting the global efforts:

1. to accelerate and scale up the protective measures for blue natural capital ecosystems; and
2. to build a pipeline of investable NbS projects in MPAs and OECMs.

This is achieved by providing funding to innovative concepts and/or activities designed and implemented to advance sustainable investment in a MPA/OECM or a network of MPAs/OECMs (see chapter 6.2 for eligible management categories).

These Funding Guidelines are divided into two Sections.

**Section 1** provides background information on the BNCFF, the IUCN Green List as well as the definitions around MPAs and OECMs.

**Section 2** provides the details for the CfP and elaborates on the eligibility as well as assessment criteria and explains the review process.

This CfP is jointly funded by the Government of Luxembourg, Ministry of Environment, Climate and Sustainable Development and the UBS Optimus Foundation.

## SECTION 1

### 2. 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)<sup>1</sup> 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 promote investment – including from private sources – into blue natural habitats, 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 conservation and restoration.

### 3. Blue Natural Capital

Blue Natural Capital (BNC) is the natural capital found in coastal and marine environments, critical to the functioning of marine and coastal ecosystems, and contributing to 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.

### 4. Global MPA targets

The BNCFF is aligned with and works towards the achievement of several global targets, including in terms of biodiversity protection and sustainable development goals.

#### 4.1. Target 3 of the CBD's Global Biodiversity Framework

IUCN considers that to achieve the vision of living in harmony with nature, the Post-2020 Global Biodiversity Framework that is currently under negotiation must aim to halt and reverse the loss of biodiversity by 2030, and achieve recovery and restoration by 2050. To realise this, a set of specific targets should be agreed as part of the Global Biodiversity Framework, including the “30x30” target aimed at protecting or conserving at least 30% of the world's land and ocean by 2030. The 30x30 target is a global target which aims to halt the accelerating loss of species, and protect vital ecosystems that are the source of our economic security.

---

<sup>1</sup> 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.”

To garner momentum and support in that regard, the High Ambition Coalition (HAC) for Nature and People<sup>2</sup> was launched and as of today, over 100 Countries now formally support the global target to protect at least 30% of the planet's land and ocean by 2030.

This CfP will further support the ambition of the 30\*30 goals and that of the HAC for Nature and People.

#### 4.2. SDG 14 - Conserve and sustainably use the oceans, seas and marine resources

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

There are 17 SDGs, with SDG 14 dedicated to the ocean. In that regard, the UN explains: "Our oceans — their temperature, circulation, chemistry, and ecosystems — play a fundamental role in making Earth habitable. Our rainwater, drinking water, weather, climate, coastlines, much of our food, and even the oxygen in the air we breathe, are all ultimately provided and regulated by the sea. Throughout history, oceans and seas have been vital conduits for trade and transportation. Careful management of this essential global resource is a key feature of a sustainable future."

SDG 14 has 10 targets and 10 indicators. Targets specify the overarching goals (SDGS) and indicators represent the metrics by which the world aims to track whether these targets are achieved.

Of special relevance to this call for proposals are the following targets:

- Target 14.2: Protect and restore ecosystems
- Target 14.5: Conserve coastal and marine areas
- Target 14.7: Increase the economic benefits from sustainable use of marine resources

In addition, this call also contributes to **SDG 13<sup>3</sup> to take urgent action to combat climate change and its impacts**. The chosen NbS projects will not only address the biodiversity crisis, it will also have climate mitigation and/or adaptation impacts.

## 5. Marine Protected Areas and Other Effective Area-based Conservation Measures

### 5.1.1. Marine Protected Areas

IUCN defines a protected area as:

**A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values. Add reference please**

The definition is expanded by six management categories (one with a sub-division), summarized below.

---

<sup>2</sup> [HAC for Nature and People](#)

<sup>3</sup> [Goal 13 | Department of Economic and Social Affairs \(un.org\)](#)

- **Ia. Strict nature reserve:** Strictly protected for biodiversity and also possibly geological/geomorphological features, where human visitation, use and impacts are controlled and limited to ensure protection of the conservation values
- **Ib. Wilderness area:** Usually large unmodified or slightly modified areas, retaining their natural character and influence, without permanent or significant human habitation, protected and managed to preserve their natural condition
- **II. National park:** Large natural or near-natural areas protecting large-scale ecological processes with characteristic species and ecosystems, which also have environmentally and culturally compatible spiritual, scientific, educational, recreational and visitor opportunities
- **III. Natural monument or feature:** Areas set aside to protect a specific natural monument, which can be a landform, sea mount, marine cavern, geological feature such as a cave, or a living feature such as an ancient grove
- **IV. Habitat/species management area:** Areas to protect particular species or habitats, where management reflects this priority. Many will need regular, active interventions to meet the needs of particular species or habitats, but this is not a requirement of the category
- **V. Protected landscape or seascape:** Where the interaction of people and nature over time has produced a distinct character with significant ecological, biological, cultural and scenic value: and where safeguarding the integrity of this interaction is vital to protecting and sustaining the area and its associated nature conservation and other values
- **VI. Protected areas with sustainable use of natural resources:** Areas which conserve ecosystems, together with associated cultural values and traditional natural resource management systems. Generally large, mainly in a natural condition, with a proportion under sustainable natural resource management and where low-level non-industrial natural resource use compatible with nature conservation is seen as one of the main aims

The category should be based around the primary management objective(s), which should apply to at least three-quarters of the protected area – the 75 per cent rule.

The management categories are applied with a typology of governance types – a description of who holds authority and responsibility for the protected area. IUCN defines four governance types.

- **Governance by government:** Federal or national ministry/agency in charge; sub-national ministry/agency in charge; government-delegated management (e.g. to NGO)
- **Shared governance:** Collaborative management (various degrees of influence); joint management (pluralist management board; transboundary management (various levels across international borders)
- **Private governance:** By individual owner; by non-profit organizations (NGOs, universities, cooperatives); by for-profit organizations (individuals or corporate)
- **Governance by indigenous peoples and local communities:** Indigenous peoples' conserved areas and territories; community conserved areas – declared and run by local communities

### 5.1.2. Other Effective Area-based Conservation Measures

Other Effective Area-based Conservation Measures (OECMs) are defined as geographically defined areas other than a Protected Areas, which are governed and managed in ways that achieve positive and sustained long-term outcomes for the in-situ conservation of biodiversity, with associated ecosystem functions and services and where applicable, cultural, spiritual, socio-economic, and other locally relevant values<sup>4</sup>.

OECMs fall into three categories:

- **Ancillary conservation.** Areas that deliver in-situ conservation as a by-product of management activities, even though biodiversity conservation is not a management objective. Examples may include sacred natural sites, shipwrecks, or industrial and military areas that conserve important biodiversity long-term.
- **Secondary conservation.** Areas where biodiversity conservation may be a secondary objective. For example, protection and management of watersheds or wetlands to protect biodiversity in addition to protection of water resources. Sites managed to provide ecological connectivity between protected areas or other areas of high biodiversity, thereby contributing to their viability, may also qualify as OECMs.
- **Primary conservation.** Areas governed by government agencies, private actors or Indigenous peoples and local communities that conform to the IUCN definition of a protected area, but which are not currently designated and reported as protected areas. Some of these areas may later be recognised as protected areas if the governance body agrees.

To operationalize the OECMs concept, IUCN and its World Commission on Protected Areas (WCPA) develop the Site-level assessment tool for identifying other effective area-based conservation measures (OECMs)<sup>5</sup> which is a simple tool that enables users to determine if an individual site qualifies as an 'other effective area-based conservation measure' (OECM) by assessing it against the CBD definition and criteria (CBD decision 14/8) and IUCN-WCPA technical report on OECMs. OECMs can contribute to a country's reporting against global area-based conservation ambitions including the 30x30 target.

## 5.2. The IUCN Green List as the global Standard for the protected and conserved areas

### 5.2.1. A Sustainability Standard for nature conservation

The IUCN Green List is a global campaign for successful nature conservation. At its heart is the Green List Sustainability Standard that provides a global benchmark for how to meet the environmental challenges of the 21<sup>st</sup> century. The IUCN Green List offers locally relevant expert guidance to help achieve fair and effective nature conservation results in protected and conserved areas. It can help guarantee that wildlife and ecosystems can survive, thrive and bring value to communities everywhere.

---

<sup>4</sup> [Protected areas and other effective area-based conservation measures \(cbd.int\)](https://www.cbd.int/protected/areas/other-effective-area-based-conservation-measures/)

<sup>5</sup> [Microsoft Word - OECM assessment tool 2.0 04may2022.docx \(iucn.org\)](https://www.iucn.org/protected-areas/other-effective-area-based-conservation-measures/microsoft-word-oecm-assessment-tool-2.0-04may2022.docx)

### 5.2.2. Green List protected and conserved areas

A protected or conserved area (including OECMs) that reaches the IUCN Green List Standard is certified and recognised as achieving ongoing results for people and nature in a fair and effective way. Any site can join, and work its way towards achieving verified success, and then maintain the Standard or further improve.

Any protected and conserved area that gains 'Green List' status demonstrates:

- Respect: for the local community through fair and meaningful engagement of rights-holders and stakeholders
- Design: planning that identifies the needs to secure the important values of the area
- Effective management: monitoring of the status of these important values
- Successful conservation results: for nature and for people
- Clear contribution: to climate change responses, health and well-being and other challenges

The IUCN Green List Standard therefore comprehensively covers the key aspects of Aichi Target 11 from site- to systems-level and can be applied in a voluntary manner by Parties to the Convention on Biological Diversity. This was recognised by the 13th Conference of the Parties in 2016 by requesting Parties to the Convention to “promote the IUCN Green List of Protected and Conserved Areas as a voluntary standard to encourage protected area management effectiveness” (CBD COP Decision XIII/2).

### **BNCFF and the Green List**

The Blue Natural Capital Financing Facility (BNCFF) and its IUCN's implementing team is closely working with the IUCN Green List as part of this Call for Proposals (CfP). Therefore this BNCFF Funding Guidelines and selection criteria not only closely align with the IUCN Global Standard on Nature-based Solutions (NbS) but also with the IUCN Green List Sustainability Standard (as outlined in chapter 5.2).

What we expect from the winning proposals:

- Inclusion of the Green List Gap Analysis (self-assessment) as a deliverable to be funded by BNCFF (see 5.2.5 and 6.6); and
- General alignment of their application with the objectives of the IUCN Green List Standard and criteria.

What we don't expect from the winning proposals is:

- To enter into a formal process with the IUCN Green List as this is a separate process.

What you as project proponents will get from the IUCN Green List team as part of this CfP:

- An information webinar during the application period where the GL team responds to any questions applicants may have around the Green List; and
- Technical assistance to the selected project proponents in the forms of:
  - A detailed presentation about the Green List, including its criteria and application process; and
  - Technical assistance during the implementation of the BNCFF funded project activities, notably on the completion of the Green List Gap Analysis (see 5.2.5 and 6.6).

**BNCFF**  
Blue Natural Capital Financing Facility



#### **5.2.3. The IUCN Green List of Protected and Conserved Areas Standard**

At the heart of the IUCN Green List initiative is a globally applicable Standard. The IUCN Green List of Protected and Conserved Areas Standard consists of 17 globally applicable criteria categorized under four components, supported by 50 generic indicators. It provides an international benchmark for quality that motivates improved performance and achievement of conservation objectives. The seventeen criteria collectively describe the efforts needed to fully achieve the global Sustainability Standard and all must be achieved for green-listing. The indicators can be adapted to suit the national and local context.

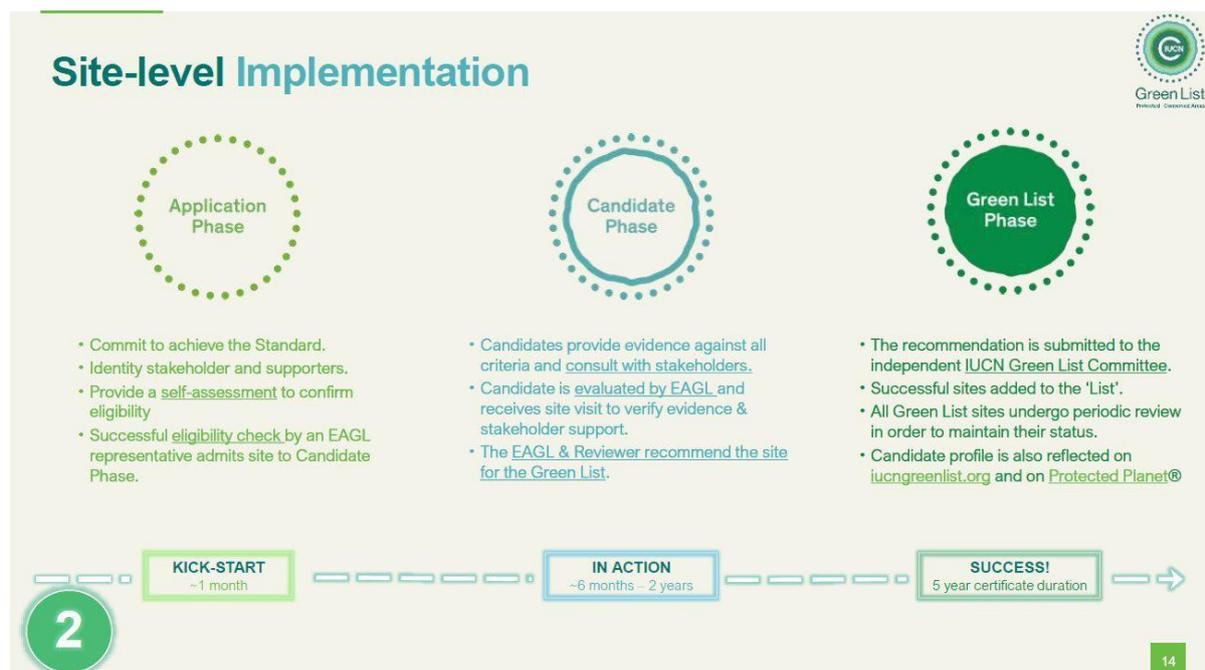


Overview of the IUCN Green List Standards

#### 5.2.4. Implementation of the Green List process

Implementation of the Green List process includes the following steps:

- Commit at jurisdictional level:
  - Voluntary commitments at a national/jurisdictional level
  - Convene local experts to form an Expert Assessment group for the Green List (EAGL)
- Adapt the indicators at jurisdiction level:
  - Adapt by the EAGL of the IUCN Green List Green list global indicator to the jurisdictional context generic indicators can be adapted to the jurisdictional context
    - Conduct a public consultation to seek stakeholder feedback
    - Approve adapted indicators
- Implement at site-level, in three phases:
  - Application phase sites provide initial evidence for five indicators. A self-assessment is undertaken to identify the Green List pathways by using the new 'Improvement Benchmarking and Evaluation Index' IBEX tool
  - Candidate phase: sites consider the full set of criteria, provide evidence for meeting all indicators and address any identified shortcomings over a period of time
  - Green List phase: when achieving all criteria, candidate sites are awarded IUCN Green List status. The focus shifts towards supporting the site to maintain and enhance that status.



*IUCN Green List site-level implementation overview*

### 5.2.5. The Gap Analysis tool under the IUCN Green List Framework

In order to establish a benchmarking system for establishing global equivalence with conservation significance across the globe, IUCN developed a universally applicable site gap analysis system for measuring the impact, monitoring and improving the progress of any Protected and Conserved Areas under the IUCN Green List Framework.

The Green List Gap Analysis can be conducted using a self-assessment and analysis tool, which has four key functions:

- **IMPROVEMENT:** it identifies areas for improvement and investment, by incorporating many different assessment methodologies, reports and data into one index to aid diagnosis.
- **BENCHMARKING:** It measures performance against all criteria of the Standard through a benchmarking report that allows tracking of site progress over time, and linked to investment.
- **EVALUATION:** it standardizes the site review process and helps the evaluation of site justifications, evidence provided, and assurance for assessment results and consultations.
- **INDEX:** as performance progressively improves, candidate sites meet evaluation thresholds that help streamline the certification process for sites willing to engage in Green List Certification and non- participating sites, as a baseline site-based tool.

The gap analysis is usually conducted by site managers, and takes up to two weeks.

The gap analysis tool (excel file) will be presented at the BNCFF CFP MPA and OECMs Q&A webinar (add date) and later shared with interested proponents. It can be requested via [bluenaturalcapital@iucn.org](mailto:bluenaturalcapital@iucn.org).

## SECTION 2

### 6. Eligibility requirements

This section outlines the main eligibility criteria for this BNCFF CfP.

#### 6.1. Eligible entities

Eligible legal entities for this funding window:

- Non-governmental organizations (NGO)<sup>6</sup> as managers, advisors or funders/investors in MPAs;
- Private sector entities that develop, manage or have an essential stake in MPAs;
- Not-for-profit community groups; and
- Universities and other research-focused institutions.

Applying entities should be well established in the target country and area of implementation. Proposed projects must demonstrate municipal or state level government support and engagement (see chapter 6), but government entities will not receive funds directly.

**MPAs and OECMs (or the applying entity) that do not attempt to attract private sector finance are not suited for this CfP.**

#### 6.2. Eligible Protected Areas categories

Eligible project type must fall within one of the stages of establishment as follows:

- Proposed/Committed MPA/potential OECMs
- Designated MPA/recognised OECMs
- Implemented MPA/OECMs
- Actively managed and governed MPA/OECMs

More details on each step of establishment can be accessed on [The MPA Guide \(protectedplanet.net\)](https://protectedplanet.net/)<sup>7</sup>.

Networks of MPAs/OECMs are eligible if they are managed under one governing body/entity.

#### 6.3. Eligible project locations and countries

The BNCFF is looking for proposal linked to an on-the-ground project location. It 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;

---

<sup>6</sup> IUCN Offices 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.

<sup>7</sup> <https://mpa-guide.protectedplanet.net/>

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

The BNCF funding window will focus on ODA eligible countries<sup>8</sup>, except for Democratic People's Republic of Korea (North Korea), Syria, Nicaragua, China, Iran, Iraq. We withhold the right amend this list based on potential changes in political situations.

#### 6.4. Response to societal challenges

In addition to addressing **climate change impacts, and providing solutions to climate change mitigation and/or adaptation as well as biodiversity loss**, projects must address at least one other societal challenges, ideally challenges as defined by the IUCN Global Standard on NbS<sup>TM9</sup> including:

- disaster risk reduction
- ecosystem degradation
- food security
- human health
- social and economic development and water security

#### 6.5. Eligible activities

The overarching goal of the CfP is to identify bankable NbS solutions in MPAs and OECMs that require additional support on their development path towards bankability and attractive private sector capital (including blended finance). BNCF aims to support the project developers in this endeavor by covering a wide range of activities that might still be needed in order “to close the deal”. There is an understanding that some projects are still in early stages and primarily require support for feasibility assessments.

**MPAs and OECMs (or the applying entity) that do not attempt to attract private sector finance are not suited for this CfPs.**

Under that premise, the following activities are eligible to receive funding under this BNCF CfP:

##### **Feasibility assessments, including**

- Environmental, economic and social cost benefit analyses
- Project cash flows modeling (Costs (CAPEX, OPEX) and revenue forecasts)
- Business model activities (design, strengthening, diversifying)
- Business plan refinement and/or public-private partnership RFP development
- Legal studies

##### **Management plans and EIA**

---

<sup>8</sup> [DAC List of ODA Recipients for reporting 2022 and 2023 flows - Nov 2021.xlsx \(oecd.org\)](#)

<sup>9</sup> <https://portals.iucn.org/library/sites/library/files/documents/2020-020-En.pdf>

- Environmental Impact Assessment (EIA) studies
- Environmental and Social Management Plans
- General innovation to improve overall management effectiveness in MPA, MPA networks or OECMs

#### **Stakeholder engagement efforts, including**

- Stakeholder mappings, discussion on free, prior and informed consent
- Capacity building activities

#### **Other preparatory work**

- Preparation of regulatory filings and related public processes
- Project monitoring, implementation planning and enforcement activities
- Data collection, process and integration for MRV activities

#### **Pilot/implementation activities**

- Are not eligible under this CfP unless the proponent can make a clear and relevant case of why such activities/efforts/investments are needed for the development of the project towards bankability.

### **6.6. Mandatory deliverable**

**Designated, Implemented and Actively managed** MPAs and OECMs are expected to complete a gap analysis towards adherence to the Green List under this CfP **as a mandatory deliverable**. Time to complete this assessment should be included in the proposed budget as part of the wider request for BNCFF support.

**Proposed/Committed MPA/OECM** are not expected to complete it under this CfP, but should nonetheless align with GL objectives and criteria.

As a reminder, the Green List processes, including the self-assessment gap analysis tool, will be presented at a webinar during the application period. Support to complete the said self-assessment will also be provided by the IUCN Green List team to awarded applicants at the beginning of the grant period.

### **6.7. Alignment with IUCN GL expectations**

In your proposal, beyond showcasing the MPA/OECMs contribution to climate mitigation and/or adaptation, as well as biodiversity loss, please consider and elaborate how your proposed activities align with the IUCN Green List Standard, especially with:

- Activities in support of effective governance, including:
  - transparent governance arrangement and decision-making process
  - integration of best available knowledge, ecological and social contexts in planning and management

- Activities in support of long-term conservation goals and objectives (based on a sound understanding of their natural, cultural and socio-economic values and context), including:
  - site design that supports long-term maintenance of a site's major natural, cultural and socio-economic values
  - planning and management of threats to long-term conservation objectives, including climate mitigation and adaptation activities
  - planning and management of positive and negative social and economic impacts
- Activities in support of effective management, including:
  - development and implementation of long-term management strategies
  - management of ecological attributes and processes
  - management within a site's social and economic contexts (i.e. recognition and right-holders and stakeholders, integration of their interests, promotion and maintenance of social and economic benefits)
  - enforcement of laws and regulations
  - management of threats, including climate mitigation and adaptation activities
  - management of site access, resource use and visitation
  - measurement of success through monitoring, evaluation and learning
- Activities that support successful long-term conservation outcomes of major natural values, and associated cultural and ecosystem service values; as well as the achievement of social and economic goals and objectives; including:
  - conservation of major natural values
  - conservation of major associated ecosystem services
  - conservation of major cultural values

## 6.8. Eligible expenditures

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

- Staff costs of the applying entity
- Staff costs of relevant partner entities (already identified as part of the project proposal)
- External consulting services (to be additional hired following IUCN procurement policies)
- Trainings, workshops, meetings
- Communication
- Travel (if applicable)
- Overhead

Staff costs of the project developer/main proponent (applying entity) can be included up to a max of 20% of BNCFF funding. No more than 10% overhead are allowed. Kindly consult the [budget template available for download on our website](#).

## 6.9. 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.

Up to 6 projects will be selected.

## 7. Selection criteria

The submission from will require you to clearly and distinctly describe the overarching goals of the project and bankable MPA/OECM endeavor, as well as the more specific objectives, planned activities/expenses as well as expected results/deliverables (for the use of the requested project funds). You will also be asked to differentiate between these deliverables (e.g. feasibility study so and so under an IUCN grant agreement) and the long-term KPIs you expect the project to measure over time.

### 7.1. Criteria List

The project proposals will be assessed against the following criteria:

#### 1. Team experience and track record

- Experience of the sole applicant or partnerships by demonstrating appropriate team composition and details of past projects.

Based on your proposed goals, activities and expected outcomes, we want to understand whether you have the right expertise in-house, in partner organization or whether you will acquire this externally (through consultants).

- Demonstrated experience working in the project location, including relationships with relevant government authorities and communities on-the-ground.

We want to understand how grounded the applying entity (and/or its partners) are on site.

#### 2. Positive environmental and social impacts of the project

- Quantifiable / demonstrable / underpinned by science / proven improvement of climate change mitigation and/or adaptation from the planned activities
- Planned coastal and/or marine habitat conservation and/or restoration with associated ecosystem service benefits.
- Expected improvement of local biodiversity from the long-term implementation of the bankable solution.
- Clear, quantitative and measurable social and environmental impacts (based on proposed indicators) preferred. Showing that the positive impacts are beyond business as usual (additionality) and that they can be achieved as a direct result of the proposed activities with demonstrated clear links.

We want to understand what positive environment and social impacts you expect to deliver with this project intervention in the long-term (ideally, but not necessarily measurable during the duration of BNCF fund implementation). But we want to understand your plans for long-monitoring needs and efforts.

### **3. Anticipated environmental, social, political, legal or financial risks**

- Clear description of environmental, social and governance risks (including gender aspects)
- Understanding of climate risks and identification of mitigation/adaptation measures
- Understanding of legal and regulatory risks concerning the project location, and potentially any political risks in the proposed country/province

Every project has risks, some more, some less. We want to understand what risks you have already identified, and how you plan to mitigate those.

### **4. Strengthening and implementing governance and financial strategies (including business plan and path to financial viability)**

- Clear description of the already identified or the potential for new or diversified income streams/revenue sources for financing the MPA / OECM
- Clear description of the available, or envisioned financing structure, with a path to financial sustainability / profitability and how the proposed activities will lead there.
- Clear description of the existing or planned inclusive asset ownership and stakeholder engagement. Letters of interest or other types of initial indications of commitment preferred
- Clear description of the potential to engage with the IUCN Green List assessment process
- Status of management plans, if existing
- Status of enforcement mechanisms, if existing

The BNCF funds are meant to help you on your path to bankability. We would like to understand the status of your thinking and whether any activities have already started. BNCF funds are there to support feasibility work – yet we would like to get a sense that some thinking, and even better, some initial activities have already started/happened regarding e.g. business model planning, financial viability.

### **5. Market level impact / scalability**

- Clear description of long-term sustainability actions for the project
- Clear description of the potential for scalability and replicability beyond the proposed location
- Clear description of available or planned partnerships for increased scale, replication and reach
- Willingness to share experience and learning to broadly synthesize and socialize lessons learned from the project

Scalability is a key word you hear in relevant finance fora and meetings. Yes, we want to see how your project idea, business plan and partnership arrangement can be scale (to potential reduce transactions costs etc), but also be replicated in other locations. We aim for quality in terms of long-term, positive environmental and social impacts. Ensuring this could in itself put a limit to scale, such also the idea of replication and, potentially aggregating a successful model if of key interest to us.

## **6. Matching funds and investment partners**

- The project has identified other, ideally committed sources of co-finance for the overall goals of becoming a bankable MPA/OECM. This can be other grant funding, in-kind or private sector finance. We request a minimum of 20% secured co-finance by the time of contract signature.
- 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 (including for a blended finance mechanism and or other type of public-private partnership) may be submitted as evidence of preliminary commitments on the ground.
- Description of current interest from private investors in the MPA, risks and barriers perceived by them and how the activities will reduce risks and foster private sector / investor interest.

BNCF understands the moving pieces of project development while applying for different project funds. Yet we want to understand who are the committed and potential other funding and finance sources for this MPA/OECM. If you are selected, we do not require you to report in all detail on the co-finance spent. But we request details on co-funding/finance (including in-kind) regarding the overall project budget during the application phase.

## **7. 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.

It is key that the project and activities you describe are rooted and aligned with the local authorities' plans and expectations.

## **7. Integration within the local, sub-national, national and international contexts**

- Advancement towards local, sub-national, national, and international targets

You don't need to be a policy expert here, but kindly indicate how this effort, and the long-term goals of the proposed bankable NbS will help the country in question to achieve climate, biodiversity and/or sustainable development targets.

## **8. Alignment with the IUCN Green List**

- The project is working toward adherence to the IUCN Green List e.g. project conducts a gap analysis, where relevant.

**As a reminder, application to IUCN Green List process is not mandatory, however alignment in terms of overall objectives and criteria is expected from proponents.**

## 8. 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 groups<sup>10</sup>**

- Adverse impacts to IPLCs including women, girls, 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 on biodiversity and/or human health.

Additionally, BNCFF follows the exclusion list of Grand Duchy of Luxembourg's International Climate Finance Strategy 2021 – 2025.<sup>11</sup> The strategy prohibits funding for:

- Production or activities along value chains involving harmful or exploitative forms of forced labour<sup>31</sup> 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 not 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;

---

<sup>10</sup> 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.

<sup>11</sup> [International Climate Finance Strategy 2021 - 2025 \(gouvernement.lu\)](https://www.gouvernement.lu/en/government/economy/energy-climate-environment/energy-climate-environment-strategies/2021-2025-international-climate-finance-strategy)

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

## 9. Review and approval process

The BNCFF CfP for Strengthening and Scaling Marine and Coastal Protection and Conservation Measures will undergo two rounds of review and assessment. The assessment will be done by IUCN (as BNCFF Facility Manager) in consultation with an external pool of experts, as per the below:

### 9.1. Submission

Before applying, applicants must read and understand these guidelines.

Entities interested to apply for funding under the BNCFF funding window for Strengthening and Scaling Marine and Coastal Protection and Conservation Measures 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 20 February 2023

## 9.2. Review

The BNCFF CfP for Strengthening and Scaling Marine and Coastal Protection and Conservation Measures 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<sup>TM12</sup> and IUCN Green List Standard;

### **Assessment of selected applications (round 2)**

- If deemed suitable, selected applicants will be requested to submit additional information to BNCFF. This step will include a careful review of responses to the IUCN 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
- This will also include a financial capacity and due diligence questionnaire.
- We will request a 1hr call with the selected proponents.
- Finally, we review the suite of information received in this second round and prepare the proposals for approval by the BNCFF Grants Approval Committee.

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

---

<sup>12</sup> [IUCN Global Standard for Nature-based Solutions: first edition | IUCN Library System](#)

## Grants Approval Committee

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

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

### 9.3. 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.

## 10. 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.

### 10.1. 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.

### 10.2. 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 BNCF within the full proposal, the contracting party will not be subject to tendering under IUCN's Procurement Policy.

### 10.3. 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.

### 10.4. 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/>.

### 10.5. Acknowledgement

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

The entity is also 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.

## 10.6. 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.

## 11. Expected timing

| Activity  | Timeframe        |
|---|------------------|
| Call for proposals open                             | 20 December 2022 |
| Application deadline                                | 20 February 2023 |
| 1 <sup>st</sup> round of assessment of applications | February 2023    |
| Request for 2 <sup>nd</sup> round of information    | Mid-March 2023   |
| 2 <sup>nd</sup> round of assessment of applications | End-March 2023   |
| GAC approval  | Early April 2023 |
| Announcements of successful applicants              | Mid-April 2023   |
| Negotiations and award of funding agreements        | May 2023         |
| Earliest start date of grant activity               | June 2023        |

## 12. Questions during the application process

If you have any questions about the grant or process during the application period, please email [bluenaturalcapital@iucn.org](mailto:bluenaturalcapital@iucn.org).