

Biodiversity and Agricultural Commodities Program

Project Selection Criteria

Preamble - Program Goals

The Biodiversity and Agricultural Commodities Program (BACP) is a program funded by the Global Environment Facility (GEF), the government of Japan, and the IFC, and executed by the IFC. The ultimate goal of the program is to contribute to the preservation of global genetic, species, and ecosystem diversity within agricultural production landscapes by using market forces to transform selected commodity markets. BACP will work in four commodities: palm oil, soybean, sugarcane, and cacao, while targeting the three major groups of market actors in each commodity: producers (supply), traders and purchasers (demand), and financial institutions. In addition, where policy-related barriers have been identified, the program will work with regulatory institutions and policy-makers in target countries to support a better enabling environment. BACP aims at reaching the targets set in its Logical Framework (see Program Appraisal Document dated April 12, 2007, approved by the GEF and IFC).

As a market-based program, BACP will support projects in four components:

- **Support activities for an enabling environment**, including dialogue between industry groups and governments, research and case studies to define and document the economic benefits of biodiversity, and capacity building of public institutions.
- **Support better production**, through industry-sponsored better management practices (BMPs) programs that include the testing of BMPs and training programs for farmers that emphasize biodiversity-friendly practices.
- **Support increased demand for products with positive biodiversity impacts** through, for example, support to certification or verification schemes.
- **Encourage the development of financial services to support biodiversity-friendly practices** by farmers and all actors along the supply chain. This would include projects to support financial institutions in adapting their policies and procedures to encourage biodiversity-friendly supply chains and discourage others.

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General

- All projects submitted to BACP PMU for funding must offer a minimum ratio of 2:1 (two dollars of co-finance for every BACP dollar).

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- All projects must fit within the categories and directions given in the relevant Market Transformation Strategy, as prepared by the BACP PMU and approved by the BACP Steering Committee, for each commodity
- All projects must follow a format and other to guidelines set forth in the Implementation Manual
- All projects must comply with the IFC's Policy and Performance Standards on Social and Environmental Sustainability, which can be obtained from the IFC Web site (www.ifc.org/ifcext/enviro.nsf/Content/EnvSocStandards).
- All project proponents that are in any of the relevant roundtable member categories will need to be actual members to benefit from BACP funding. Exceptions (such as governmental institutions) will be examined and accepted on a case by case basis by IFC in collaboration with the relevant roundtable.
- In general, BACP funds will go to third parties such as nongovernmental organizations (NGOs); small, local, specialized agricultural or environmental consulting firms; associations; applied research institutions; field schools; foundations; and others that can implement technical assistance. Funds can be channeled via a private company only when these funds can be clearly segregated as directed towards an eligible BACP project.

Reduced impact of production on biodiversity of global significance

- Project proposals must clearly demonstrate how they will reduce the negative impact of production on biodiversity. Impact reduction can be direct (such as through the implementation of specific production or milling practices) or indirect (through studies to generate information for better decision making, financing, and other activities).
- Projects must target biodiversity of global significance, including high conservation value (HCV) habitat, habitat for threatened species (those listed by the International Union for Conservation of Nature and Natural Resources - IUCN), areas listed in a country's national biodiversity strategy and action plan, and areas that provide critical ecosystem services.
- All projects must be supported by a recognized biodiversity conservation specialist (individual or organization), such as a local or international NGO or research entity.

Incrementality

- Proposals must demonstrate that without BACP funding, the projects would not have taken place, or would have taken place at a later date, on a smaller scale, or with fewer benefits to biodiversity of global significance.
- Proposed activities must contribute to a transformation of the impact on biodiversity of producing or processing the target commodity, or a transformation in the market uptake of commodities with less impact on biodiversity.
- BACP funds will only support performance levels that are beyond compliance with national or local laws and regulations and the IFC's Policy and Performance Standards on Social and Environmental Sustainability.

Clear and measurable outputs, outcomes, and indicators

- Proposals must present expected outputs and outcomes that are consistent with the goals described.
- Proposals also need to include indicators to monitor implementation progress and performance (intermediary outputs and milestones) towards achieving their final outputs and goals.
- Chosen projects will be required to include outcome measures at the project and landscape levels, in addition to proxy measures, to demonstrate their impact on achieving stated biodiversity conservation targets.
- Proposals must state clear, causal relationships between the adoption of better management practices (BMPs) and biodiversity conservation, and their underlying assumptions, as a prerequisite for financial support. At a minimum, these outcomes should focus on changes in habitat area and quality, if species-level M&E is not practical or appropriate.

Co-financing

- Proposals must clearly document sources of co-financing at a ratio of 2:1 (two dollars of co-finance for every BACP dollar). All else being equal, BACP will give priority to projects with higher co-financing ratios. In-kind co-financing is acceptable but can form no more than one-quarter of total co-financing proposed, and must concern expenses strictly related to the proposed project. Separate accounting will be required in order to verify this.

Social impacts and local engagement

- Proposals must identify and address potential social issues by demonstrating a partnership with a relevant local community or social organization. At a

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minimum, the proposed project must prove that it does not have any adverse social impacts. BACP will look favorably on projects that promise a measurable, positive social impact, all other things being equal.

Country-drivenness

- Although BACP is a global program which utilizes global markets forces, individual projects must be country-driven and in line with national development priorities.

Sustainability

- Projects must show that their practice or approach is ultimately based on a sound business practice and its benefits will be maintained and improved upon over the long term, even when BACP funds are terminated.

Replicability/Adaptability

- Proposals should give concrete examples of how projects results can or will be replicated. All else being equal, BACP will favor projects with high replication value.
- In the interest of replicability, preference will be given to projects that include a private-sector partner committed to scaling-up practices developed or tested via BACP.
- All projects must include an information dissemination component to share lessons learned.

Restrictions

- Proposals must concern only BACP target commodities: palm oil, soybeans, sugarcane, and cocoa.
- BACP will not promote production changes that merely meet local, legal, or regulatory requirements.