

BIODIVERSITY AND AGRICULTURAL COMMODITIES PROGRAM

REQUEST FOR GRANT APPLICATIONS No. 2008-1/PO

JULY 25, 2008

Date of issue of the Request for Grant Applications	25 July 2008
Deadline for submission of questions	31 August 2008, 4PM Washington DC time
Deadline for submission of grant applications	30 September 2008, 4PM Washington DC time
Electronic submissions of questions and grant applications	bacppmu@chemonics.com

Applicants conferences	
Kuala Lumpur, Malaysia	5 August 2008
Jakarta, Indonesia	7 August 2008

The Biodiversity and Agricultural Commodities Program (BACP), a program of the International Finance Corporation (IFC) and managed by Chemonics International Inc., is seeking grant applications from NGOs, private companies, public or private research institutions, or a consortium of any of the above to implement its strategy for the palm oil sector in cooperation with the Roundtable for Sustainable Palm Oil (RSPO).

Grants awarded in response to this Request for Grant Applications (RFA) will fall within one of the four components of BACP and within the broad parameters established in the BACP Market Transformation Strategy for Palm Oil (the Strategy). The latter is summarized in the Eligible Activities and Interventions section of this RFA, presented in full in Annex A, and available for download from the BACP website (www.bacp.net). Four sections within the Strategy have been further detailed in this RFA for guidance purposes only.

The BACP Implementation Procedures Manual (Annex B) contains all the necessary information about the grant applications submission process and review process. Applicants must submit their project concept by the date indicated above. The grant applications review committee will select those project concepts that best respond to the goals of the BACP, the Strategy and the criteria presented in the BACP Implementation Procedures Manual, and will then invite the selected applicants to submit full proposals. More details about this second phase of the grant application process will be provided in the invitation for full proposal submission.

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Applicants conferences will be held in Kuala Lumpur, Malaysia and in Jakarta, Indonesia, to provide applicants with the opportunity to ask any questions regarding the BACP, the RFA process and the eventual implementation of the projects funded by the BACP. Participation in the applicants conference is optional and for information purposes only, but is highly encouraged. It will not, however, have any bearing in any selection decisions. A full report of the issues and questions raised, and answers provided will be made available by the BACP PMU and will be posted on the BACP website.

This RFA package consists of this cover letter and the following information:

1. Eligible Activities and Interventions
2. Preparation Guidelines
3. Annexes
 - A. Market Transformation Strategy for Palm Oil
 - B. BACP Implementation Procedures Manual

As indicated above, all grant applications must be submitted electronically only to the following email address: bacppmu@chemonics.com and must be received by the date and time indicated above. All grant applications must be submitted in English.

Issuance of this RFA does not constitute a grant award commitment on the part of the BACP, nor does it commit the BACP to pay for any costs incurred in the preparation and submission of a grant application. Final award of any resultant grant cannot be made until funds have been fully appropriated, allocated, and committed.

Any questions concerning this RFA should be submitted by email only to bacppmu@chemonics.com and should reference the RFA number (2008-1/PO). All questions must be submitted in English and received no later than the date and time indicated above.

Thank you for your interest in BACP and in this RFA process.

We look forward to reviewing your grant application.

Sincerely,

CARLOS E. QUINTELA
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ELIGIBLE ACTIVITIES AND INTERVENTIONS

The Biodiversity and Agricultural Commodities Program (BACP) aims to help the Roundtable on Sustainable Palm Oil (RSPO) and its members achieve their sustainability objectives and product certification targets, with regards to biodiversity standards, metrics, better management practices (BMPs) and their replication. This RFA targets interventions that will result in the effective conservation of globally significant biodiversity and ecosystems by promoting improvements in every aspect of the production, marketing and financing of palm oil. As such, the BACP Market Transformation Strategy for Palm Oil (the Strategy) will guide the selection of grant applications. The Strategy, which is summarized below, is attached to this RFA as Annex A, and can be downloaded from the BACP website (www.bacp.net).

STRATEGY SUMMARY

As a BACP strategic planning document the Strategy has been designed to further the goals of the BACP's four overarching components, whose respective objectives are:

1. Support activities for an enabling environment
2. Support better production
3. Support increased demand for products with positive biodiversity impacts
4. Encourage the development of financial services to support biodiversity-friendly practices

The Strategy addresses each one of these components in detail, listing specific interventions and objectives for an approximate initial two-year period.

The Strategy establishes the following activities and interventions within each of the four BACP components:

Component 1. Support activities for an enabling environment

- *Landscape Level High Conservation Value Assessments.* Promote landscape-level assessment using the High Conservation Value (HCV) concept to help protect biodiversity-rich areas from further expansion of the palm oil agricultural footprint.
- *Participate in Policy Dialogue.* Engage with national governmental entities and other institutions to promote regulation and action that support sustainable palm oil.

Component 2. Support better production

- *Prevent Expansion into Natural Habitat.* Find acceptable alternatives to prevent palm oil producers from expanding into new natural habitat.

- *HCV Assessments on Existing Plantations.* Develop a simple biodiversity assessment toolkit to be used in individual plantations.
- *Smallholder Support.* Help smallholders implement Better Management Practices (BMPs).
- *Biodiversity Training.* Help establish a biodiversity training program, aimed at providing plantation managers with the knowledge and tools needed to implement biodiversity-friendly practices.
- *Testing Better Management Practices (BMPs).* Work with producers to test BMPs that address production and expansion impacts on biodiversity and disseminate results.

Component 3. Support increased demand for products with positive biodiversity impacts

- *Define Cooperation with RSPO.* Formalize a formal working agreement with the RSPO Secretariat to coordinate efforts on biodiversity-friendly practices, including future collaboration on monitoring and evaluating the RSPO's principles and criteria and training RSPO members.
- *Develop Traceability Elements for Sustainable Palm Oil.* Support the process for selecting the optimal traceability system for sustainable palm oil.

Component 4. Encourage the development of financial services to support biodiversity-friendly practices

- *Need for Further Research.* Support projects that develop screening and reward practices adapted to investments in the sustainable palm oil sector.

DETAILED SECTIONS (FOR GUIDANCE ONLY)

Component 1 and 2. High Conservation Value Habitat Assessment. Definition of High Conservation Value (HCV) Habitat landscape-level assessment and methodological framework including the development a biodiversity toolkit, and development of policy documents on HCV at the smallholder and plantation level.

- a. Develop and establish a training program on biodiversity, aimed at providing plantation managers with practical tools to implement biodiversity-related provisions of the RSPO Principles and Criteria (P&C).
- b. Investigate the value and feasibility of developing a simple and practical biodiversity assessment toolkit, and, if appropriate, support the development of such a toolkit.

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- Review of existing methodologies for conducting HCV
 - Identify appropriate generic methodology for conducting RSPO HCV
 - Identify appropriate HCV assessment criteria based upon generic methodology for national interpretations of RSPO standard
- c. Support HCV landscape-level assessment to prevent future expansion of palm oil into areas containing biodiversity of global significance.
- Identify the feasibility of preparing a simplified biodiversity assessment methodology for use at plantation and smallholder level
 - Simplify the HCV assessment methodology to consider biodiversity at the plantation and smallholder level
 - Plan for testing the methodology
 - Prepare and publish a biodiversity assessment toolkit for use at plantation and smallholder level
 - Prepare and publish a training module to enable the use of the biodiversity assessment tool at plantation and smallholder level
- d. Develop a policy document on HCV including procedure for defining HCV and what should occur if HCV is identified
- Develop country specific national policies for HCV assessments for use within the palm oil sector
 - Develop country specific procedures for the implementation of the generic/country specific methodology for use within the palm oil sector

Component 1. *Biodiversity Policies.* Enhanced policies for biodiversity for grant application in the palm oil (and possibly other) sectors.

- a. Identify existing relevant policies within the context and scope of RSPO, especially in Malaysia and Indonesia, that affect RSPO's success. Discern between policies that are promote biodiversity and those that are a barrier to biodiversity (these can be macro, or regional, or sectoral policies in any sector).
- b. Identify geographic areas or economic sectors where specific policy instruments would enhance biodiversity in oil palm production landscapes.
- c. Develop (new) policies and revise existing ones to effectively address barriers or enhance biodiversity.
- d. Pilot and ground-truth draft policies.
- e. Work within National and ASEAN frameworks to gain agreement on the measures necessary to promote biodiversity-enhancing policies.
- f. Draft appropriate legislation and gain approval for national use through ASEAN

Component 2. BMP for Plantations and Small Holders. Promotion of biodiversity friendly better production practices for oil palm production at the smallholder and plantation level.

- a. Improved production methods identified which include improved plantation and smallholder management practices, milling efficiency, improved varietals plantings, replanting cycles, and the profitability of farming in marginal areas.
 - Identification of existing production methods that have positive/negative/neutral impacts on biodiversity at plantation and smallholder level and assess the profitability of farming in marginal areas
 - Identify production methods that provide improved biodiversity at plantation and smallholder level and farming in marginal areas
 - Plan for trial implementation of improved production methods, including marginal areas
 - Prepare and publish a training module on improved production methods, including marginal areas

Component 2. Small Holder Certification Model. Elaboration of a smallholder group certification model for oil palm, concerning biodiversity.

- a. Common approach to smallholder group certification process
 - Review existing methods of smallholder group certification models for oil palm
 - Identify optimal model(s) for smallholder group certification for oil palm
 - Plan for trial of model(s) for smallholder group certification model
 - Develop guidance for certification bodies on smallholder group certification

PREPARATION GUIDELINES

Grantee eligibility criteria, grant application forms, and detailed grant application preparation and submission instructions for this RFA can be found in the BACP Implementation and Procedures Manual in Annex B of this RFA and can also be obtained from the BACP website (www.bacp.net).

All grant application materials should be submitted in English and electronically to bcppmu@chemonics.com. The applicant will be notified electronically of the receipt of the grant application.

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All grant applications should state that they are valid for a period of ninety (90) days, starting from the submission date.

All grant applications should be submitted to BACP no later than the time and date indicated on the first page of this RFA. Late submissions will not be considered by the BACP.

Any questions pertaining to the RFA will be addressed during the Grant Applicants' Conference. Written inquiries can be forwarded to bacppmu@chemonics.com.

Annexes

All of the annexes listed below are available for download from the BACP website (www.bacp.net).

Annex A: Market Transformation Strategy for Palm Oil

Annex B: BACP Implementation Procedures Manual

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