



Foundation

in partnership with Co-op

Carbon Innovation Fund Round Three - Guidance Notes

About the Co-op Foundation

We're the Co-op's charity and we're co-operating for a fairer world. We believe co-operation is at the heart of strong communities and this makes us a different kind of funder. We work closely with communities, we listen and we learn. We unlock communities' power by focusing on those who have most at stake. We asked young people to shape our vision, and now we're co-operating with them and others to turn this into reality.

Let's build communities of the future together.

About the Carbon Innovation Fund

Our three-year, £3.5m **Carbon Innovation Fund** is a partnership between The Co-op Foundation and the Co-op. It's funded through Co-op donations raised from the sale of compostable carrier bags in the UK and our own [Co-op Foundation funds](#).

For our pilot year of the Carbon Innovation Fund, we funded a broad range of amazing initiatives working to reduce the negative environmental impact of the food and farming sector. After review, reflection and advice from experts in the field, we decided that future rounds should take a more focused approach, allowing for better synergy between partners, and making it easier to share learning. As a result, the second round focussed on projects reducing the UK's reliance on soy-containing feed and synthetic fertilisers.

For our third round of funding (CIF3), we want to focus on sustainable ways to create a thriving food and farming sector, without the need to damage important peat soils across the UK.

Why focus on peat?

Co-op are proud to say that they were the first UK supermarket to ban peat-containing compost from shelves in 2021, focusing on peat-free alternatives only. But we know the work doesn't stop there. Peat is deeply embedded as a growing medium within food and horticultural systems for many growers and all supermarkets. To protect our environment, we need to find sustainable solutions to make sure that peatlands are no longer damaged for our food and farming system to thrive. We want to do this by funding ideas that help to reduce or remove the need for peat within our **food supply chains**.

Alongside the Carbon Innovation Fund, Co-op launched a large-scale, three-year [peatland restoration partnership](#) with RSPB in 2023.

Why is peat important?

Functioning peat bogs are an incredible 'carbon sink'; when healthy, they can store up to 30 times more carbon per hectare than a healthy rainforest (Forest Carbon, 2023). And it doesn't stop at carbon storage - protecting peatland also delivers additional environmental benefits including the protection of natural habitats for wildlife; improving water quality and reducing flood risk by regulating water flow.

In the UK alone, an estimated 3.2 billion tonnes of carbon are stored in peatlands. However, with almost 80% of UK peatland degraded, it is believed that without any intervention to repair and preserve UK peatlands, their greenhouse gas emissions could exceed the equivalent of 20 million tonnes of carbon dioxide (CO₂) each year (IUCN Peatland Programme).

Peatland is often drained for farming practices such as growing crops and/or broken up to put the peat into compost as a growth aid within food growing. We recognise that this is a major issue to address to halt natural landscape degradation. As a result, we want to focus our funding on ways to protect peatland while still providing the food we need to eat.

Fund aims

The fund will aim to protect peatland by reducing reliance on peat in food supply chains. To achieve this impact the fund will:

- Invest in testing and scaling up of alternative solutions to peat-free or peat-protecting food growing methods. This can include protecting peatland used for growing crops or for grazing livestock.
- Strengthen existing or create new networks and collaborations between farmers and other stakeholders that bring together solutions to common challenges
- Increase access to knowledge, techniques and skills for the UK farming community
- Increase farmers' confidence, skills and knowledge to transition successfully into a new era of peat-free and/or peat-protecting growing
- Reduce costs for farmers, consumers and have positive impact on the environment through the adoption of alternative solutions to protect peatland
- Support work that may feel 'risky' for other funders e.g. because of the size of the organisation or because they have only conducted a pilot so far

What types of projects would we support?

We are looking to fund a range of different initiatives which can do one or more of the following:

- Reduce the amount of peat needed to grow crops within food supply chains
- Remove the peat needed to grow crops within food supply chains

- Sustainable management / looking after peat soils by using alternative, non-damaging farming methods for crops and/or livestock grazing

What can't we fund?

- Using funding to purchase or use ready-made peat-free compost to use on your crops
- Projects which do not support food and farming of food (i.e. we cannot support projects focussing on bedding or pot plants)
- Projects focusing on peatland restoration only (with no element of farming for food involved. We do recognise the importance of this, and [Co-op have partnered with RSPB](#) on a large-scale peat restoration project).
- Policy and lobbying initiatives
- Brand new ideas, before any initial pilot or proof of concept
- Projects that cannot commit to open-source sharing. This includes any work on patenting or intellectual property which leads to private gain
- Retrospective projects and costs
- Projects taking place outside of the UK

How many grants can we award, and how much is each grant?

Applicants can apply for between £50,000 and £150,000 for their project. We encourage applications on a 'full cost recovery' basis, i.e., including all associated core and overhead costs within the project budget. Projects must start within six months of the grant being awarded, but thereafter can be spent over any time period.

We plan to fund 6-10 organisations from across England, Scotland, Wales and Northern Ireland. Applications will be assessed and shortlisted with others from the same nation/region. Often the England shortlist is the most competitive due to a higher number of applicants.

Who can apply?

Any type of organisation, of any size based in the UK is welcome to apply for the Carbon Innovation Fund. However, to be funded, they must:

- Evidence that work does not lead solely to private gain of wealth
- Commit to open source sharing of information, processes and learnings (i.e. work is not protected by intellectual property rights)
- Be legally constituted, have a bank account in the organisation's legal name
- Be able to evidence a pilot of the work they plan to carry out for their funded project. The organisation does not need to have carried out this pilot themselves.
- Carry out their proposed project in the UK

We prefer that the funded organisation has at least two unconnected people on the board or management committee.

- By 'unconnected', we mean people who are not related or married.
- By 'board or management committee', we mean your directors or trustees as listed with your organisation's governing body, e.g., Companies House, the Charity Commission, FCA etc.

We would recommend getting in touch with the team prior to applying if your organisation does not meet this criteria.

If any Co-op suppliers or producers are doing eligible work according to our criteria, they are welcome to apply for funding. However, Co-op suppliers will not automatically be prioritised over any other application.

We welcome applications from organisations working in partnership, including projects joining up with statutory organisations and involving voluntary, public, and private sectors. One organisation must act as the lead applicant and legal recipient of the grant.

Funding criteria

We have split our criteria into 'essential' and 'desirable'.

Essential:

Awareness of how your work both reduces and emits greenhouse gasses (i.e. net GHG emissions)

By preserving peatland, we know your work will be reducing greenhouse gas emissions and protect an essential natural landscape. However, the work you deliver is likely to also emit greenhouse gases, for example through imports of raw materials or energy use. Therefore, we would like to see an awareness of **net** greenhouse gas emissions if possible. If you only have some of this information, please just provide what you can.

You may want to detail plans to reduce greenhouse gases further in the future/mitigation plans - having this information will result in a stronger score for your answer.

Awareness of negative knock-on effects: We are conscious that often in the quest to solve one problem, there is a risk of creating another. Aside from GHG emissions (above) we would like to get an idea of any adverse social or environmental consequences that you anticipate your work may have. We know that most projects will have some knock-on consequences and ask that you are open and honest in sharing these challenges alongside potential mitigation techniques. Applicants who can demonstrate strong mitigation plans are likely to score more highly.

Collaboration and co-operation: You can demonstrate how you will co-operate with others. This could be at any **or** every stage of your project. We are most interested in the inclusion of the target audience in the work you do, for example involving farmers in the production of a peat-alternative, but it could also look like engaging an academic centre or research institute to gather data.

Please note, it is your responsibility as the lead applicant to carry out necessary due diligence checks on any partners you may work with. Please get in touch if you need support to do this.

Sharing learning: It is essential that your learnings are made open-source, and your project does not involve any patent / intellectual property that will lead to private gain. We are looking for projects with a robust and extensive dissemination plan to share their work widely. We would like to get an idea of your plan to share learning throughout and/or at the end of your project.

Desirable:

Environmental benefits: We would like to know how your project might contribute environmental benefits beyond a reduction in greenhouse gas emissions, and how you might measure this.

For example, increased local biodiversity measured using the biodiversity metric calculator tool.

Human benefit: We are interested in projects that also benefit people. This section could relate to the general community, or a specific group of people.

For example, providing employment, volunteering opportunities or a reduced cost of inputs for farmers.

Scalability: We would be interested to understand how your work **could** be scaled up to increase impact and benefit, perhaps within retail food supply chains. We would be especially interested to see how initiatives take affordability into account when scaling up.

What can we offer as a funder?

We can offer grants and access to peer learning networks for successful partners. For those that make the shortlist, but are ultimately unsuccessful, we hope to be able to share applications with other funders who may be able to support. We would ask your permission before sharing your application further.

Potential to partner with a Co-op Food supplier

We will facilitate collaboration by bringing together Co-op Foundation-funded partners and Co-op Food suppliers. We feel this could be mutually beneficial, as a Co-op supplier may have technical or practical insights while funded partners may bring fresh ideas and knowledge to support with common challenges related to peat.

For example, a Co-op supplier and funded partner could work together to enhance or scale the funded project - or work together to explore different, future opportunities (separate to the Carbon Innovation Funded project). Co-op Foundation would simply act as the 'broker service' between successful partners and suppliers with the hope of future collaboration and sharing.

How does this work?

Organisations will be asked if they would consider the option of collaborating with a current Co-op supplier in the initial application stage. No preference will be given to those who are interested.

Those that do consider this option, and are successful with a Carbon Innovation Fund grant, will have their details sent to Co-op Food and their supplier network. Please note, it is ultimately the applicant's choice whether to proceed with a partnership opportunity - there is no expectation.

If the opportunity feels mutually rewarding, the supplier and funded partner can then work on developing a partnership which flourishes as a separate entity. We understand that if a Carbon Innovation Fund proposal turns into a collaboration with a Co-op supplier, there may be changes to the plan and timings. Co-op Foundation cannot award additional funding for working with suppliers, nor can we guarantee that successful applications will each obtain a collaborative opportunity.

Learning and Evaluation

Co-op Foundation will commission a consultancy to work with funded partners to measure impact and evaluate their projects. Funded partners will have the opportunity to be involved in the commissioning of the consultancy to ensure the appointed expert meets their needs. It is anticipated that the partners will be supported to examine whether their approach works but also why and how, addressing both strengths and challenges and produce their own project evaluation report. The hope is that evaluation tools and a public, final overall programme evaluation report (produced by the consultancy) will give projects clear success measures and create an interesting resource for any future funders/interested parties.

The Carbon Innovation Fund team will also provide opportunities to learn from each other and share learning together. We have learned from our previous funding rounds that our partners benefit from connecting with one another. Partners have been surprised by "the synergies between projects" and "how helpful it was speaking with other project members" as they now "feel part of a bigger picture". We recommend that 5% of your budget is allocated to learning and evaluation work for your project. We'd advise you to consider this when producing your budget.

Timeline

Guidance notes and questions shared publicly	31 st January
Launch webinar	14 th February
Stage one applications open	14 th February
Stage one applications close	15 th March
Outcome of stage one applications shared; shortlisted applicants invited to share additional information ahead of their assessment calls	15 th April
Deadline to share additional information	29 th April
Co-op Foundation team to perform due diligence checks	29 th April - 6 th May
Assessment calls with shortlisted applicants	13 th May - 31 st May
Funding panel	26 th June
Funding decisions shared with shortlist	28 th June
Grant agreements sent to successful partners	1 st July
Public announcement of funded partners	July onwards
Referrals to Co-op supply chain for funded partners interested in further collaboration opportunities	September

The online application form will open at midday on 14th February 2024 and close at midday on 15th March 2024

If you have any questions, please contact foundation@coop.co.uk