



**INTERNATIONAL  
COFFEE  
ORGANIZATION**

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English only

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**Common Fund for Commodities (CFC)**

**Extension of deadline for 5<sup>th</sup> Call for Proposals  
Funding invitation**

The Executive Director presents his compliments and, for the information of Members, attaches a document received from the Common Fund for Commodities extending the deadline for the 5<sup>th</sup> Call for Proposals until 24 October 2014.

# COMMON FUND FOR COMMODITIES

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Ref. no: PPMEU/14/031

**The Managing Director a.i.**

19 September 2014

- To: - All Governor and Alternate Governors  
of Member Countries of the CFC
- Cc: - All Executive Directors and Alternate Executive Directors of CFC  
+ Observers of GC and EB  
- Members of the Consultative Committee  
- Heads of International Commodity Bodies (ICBs)

Your Excellency,  
Dear Madam,  
Dear Sir,

**Re: Extension Fifth Call for Proposals – Funding Innovation**

The deadline for submission of proposals in the 5<sup>th</sup> Open Call has been extended to 24 October 2014.

A copy of the guidelines for the call for proposals and the application form are attached and can also be accessed on the CFC website ([www.common-fund.org](http://www.common-fund.org)) under *Call for Proposals – Funding Innovation*.

You may like to make the call for proposals known to interested parties in your country/organisation to submit their applications.

Please accept the assurances of my highest consideration.

Parvinder Singh

Encls.

## 5<sup>th</sup> CALL FOR PROPOSALS

### FUNDING INNOVATION

#### COMMON FUND FOR COMMODITIES (CFC) SEEKS APPLICATIONS FOR SUPPORT OF COMMODITY DEVELOPMENT ACTIVITIES

#### Application Process

1. The CFC is seeking applications for support of commodity development activities in its member countries. Interested organisations are requested to submit their applications in the prescribed format. The application form may be downloaded, completed and sent by email to [psc@common-fund.org](mailto:psc@common-fund.org) or by mail addressed to Managing Director, Common Fund for Commodities, P.O. Box 74656, 1070 BR Amsterdam, The Netherlands.

#### Timelines

2. The deadline for receipt of applications is **24 October 2014**. Any applications received after this date will not be considered.
3. The following timelines will apply for consideration of applications:
  - a) Screening of proposals - 1 December 2014
  - b) Review by the technical advisory committee of the CFC i.e. the Consultative Committee (CC) - 2 February 2015.
  - c) Consideration for formal approval by the Executive Board - 24 April 2015.
  - d) Notification of successful applicants no later than 8 May 2015.

**CFC will only contact proponents of proposals that are deemed suitable for further consideration. Unfortunately the CFC is unable to respond to queries on individual applications.**

4. The applicants of proposals being placed for consideration of the Executive Board may be required to provide further information, in the formats provided by CFC, for the proposed intervention together with supporting documentation by 27 February 2015.

#### Objectives of CFC's project financing

5. The CFC supported activities promote the development of the commodity sector and contribute to sustainable development e.g. in terms of:
  - (i) Social: Create employment particularly for youth and women, provide sustained increase in household incomes, reduce poverty, and enhance food security.
  - (ii) Economic: Enhance production and productivity, achieve higher local value addition; improve competitiveness of producers, producer organisations and small and medium sized industries, support the financial sector development.
  - (iii) Environmental: enhances production taking into account the environment and long term possibilities for the same of increased productive use while maintaining or improving the impact on the environment.
6. The CFC's aim is to realize the potential of commodity production, processing, manufacturing, and trade for the benefit of the poor. The CFC supports implementation of activities that:
  - (i) are innovative and target new opportunities in commodity markets leading to commodity based growth, employment generation, increase in household incomes, reduction in poverty, and enhancement of food security,

- (ii) are scalable, replicable and financially sustainable<sup>1</sup>,
- (iii) have a potential measurable positive socio-economic and environmental impact on the stakeholders in commodity value chains as compared to the prevailing baseline situation,
- (iv) develop stronger connections with existing markets or create new markets along the value chain,
- (v) increase financial or other services to commodity producers and commodity based businesses,
- (vi) enhance knowledge generation and information dissemination, and
- (vii) build effective and cost efficient collaboration between producers, industry, governments, civil society organisations and other stakeholders for commodity based development.

### **Areas of Support**

7. The CFC supports commodity based activities along the entire commodity value chain which extend across local, national, regional and international markets. Specifically targeted areas are:

- Production, productivity and quality improvements
- Processing and value addition
- Product differentiation
- Diversification
- Marketing
- Technology transfer and up gradation
- Introduction of measures to minimise the physical marketing and trading risks
- Facilitation of trade finance
- Risk Management

### **Partner Institutions**

8. The CFC could partner with public and private institutions, bilateral and multi-lateral development institutions, cooperatives, producer organisations, small and medium enterprises, processing and trading companies, and local financial institutions that:

- operate in commodity value chains or provide financial services to small business operators, SMEs, cooperatives, producer organisations,
- have a proven track record in the proposed activities,
- have the ability to invest in the value chain to reduce transaction costs or increase revenues of producers / processors/ storage / marketing,
- have a clear plan focusing on developing and/or diversifying their production / services,
- have a clear plan to expand their markets at local, national, regional and international level,
- have the technical, managerial and financial capacity to effectively and efficiently implement its activities,
- include social-, economic- and environmental aspects in their work programmes,
- share CFCs values, including internationally recognized principles concerning human rights, labour, the environment and anti-corruption as reflected in the United Nations Global Compact, and

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<sup>1</sup> Financial sustainability is demonstrated by obtaining commercial financing (equity or debt) and being current on all repayments.

- Can use CFC funding to extend their core activities in ways that create additional opportunities for commodities and the stakeholders in the commodity value chains

### Financing Instruments

9. The CFC finance will be mainly in form of loans. Support in form of equity, quasi equity, lines of credit and guarantees can be considered on exceptional basis. Limited amount of grants may be provided, e.g. to support specific new activities or support the loan based projects through activities such as capacity building, technical assistance etc.

### Outlays

10. The financial support for any individual intervention would normally be in the range of USD 250,000 to 1,500,000. The CFC funding will normally be up to a maximum of 7 years (2 years for disbursement of CFC funds and a further 5 years for repayment of debt/loans/ repayable grants etc.). The duration of equity investments can be tailored to the specific needs of the project.

### Expected Impact (to be clearly stated in the application)

11. (a) Essential development impact indicators:

(i) *Beneficiaries and Incomes, e.g.:*

- Number of low income people that will benefit as a result of the intervention, and/or
- Benefit per person in additional cash income or savings, by the end of the proposed intervention compared to ex ante, if the intervention would not have been implemented.

(ii) *Impact on the environment:*

- identify, predict, evaluate and mitigate (if required) the environmental effects of proposed intervention,
- compliance with the local environmental laws and standards.

12. (b) Additional development Impact Indicators, as applicable for the proposed activity

(i) *Impact on value chain:*

- New relationships/links between different actors in the value chain created;
- How many small businesses in existing supply chain affected and what benefits have they received;
- Extent and impact of replication of intervention elsewhere and by others.

(ii) *Impact on the market system*

- Wider availability of market information,
- Improvements in physical infrastructure,
- Increase in services (including access to finance) - either from the private or public sector,
- Development of skills - technical, business or management competencies.

### Selection Criteria

13. The CFC has limited resources and hence each application will be assessed to determine its development impact and effectiveness. The quality of the proposal and not the financial outlay is the overall guiding principle for assessment of suitability of the intervention for support from the CFC. The intervention should accelerate growth and/or, increase employment, enhance livelihood opportunities and income and reduce poverty.

14. The objectives must be achievable within a specified period of time. Past track record of the applicant, including technical, managerial and financial capacity to execute the intervention and reach the targeted goals in stipulated time is an important consideration in selection.

15. The CFC will select the best applications based upon the proposed activity that contributes the most towards the CFC's aims and objectives. Specifically each activity shall be assessed with respect to:

- Commodity orientation
- Innovation
- Development impact
- Financial sustainability
- Management and implementation strategy
- Beneficiary focus
- Cost effectiveness
- Track record
- Scalability/replicability, and potential for growth, including replication to other areas and markets
- Environmental and social sustainability
- Quality of the proposal

#### **Contribution by the Applicant Organisation**

16. The applicant organisation must provide matching funds from their own resources (and those of their partners or third parties, e.g. bank loans) **at least equal to, or greater than, 50% of the total cost of the project**. The matching funds provided by the organisation should be auditable and at least half must be in cash; the remaining can be measurable and verifiable in-kind contributions. In kind contributions may include staff salaries, equipment, vehicles and other items that are already owned by the organisation and specifically dedicated for the proposed activity. Details included in the proposal will be verified by the CFC and if found incorrect, the proposal will be rejected.

#### **Monitoring and Evaluation**

17. A suitable monitoring and evaluation system to assess the impact of CFC supported activity shall be integral part of CFC financing. The baseline data for each activity is to be available or collected to demonstrate the effectiveness and impact of the activities before the activity or cooperation starts. At the completion of the activity an assessment of the outputs and development impact shall be made. In interim, results are reported as compared to the planned objectives.

#### **Approval Procedure**

18. Proposal must be submitted by completing the prescribed **application form**.

19. The applications received will be screened internally by the CFC Secretariat for their completeness and for meeting the basic criteria as given above.

20. The applications passing the screening process will be subjected to a detailed approval process commencing with an evaluation by the CC and leading to a recommendation for a decision by the EB.

21. The applicants of proposals being recommended for consideration of the Executive Board may be required to provide further information along with supporting documentation, as required by the CFC. At this stage, the CFC may engage with the organisation and assist in obtaining desired information to complete the proposal which may include visits to the proponents and activity sites. Engagement of the CFC in the process does not guarantee funding by the CFC of the proposal.

22. The Executive Board approves or rejects the proposal. The Secretariat will communicate the decision by the Executive Board to the applicants.

**Process after Approval by the Executive Board**

23. Once a proposal is approved by the Board, a legal agreement will be negotiated based on conditions and terms reached during the appraisal, and subsequently signed by the Common Fund, and the Project proponent. A Loan Agreement is negotiated and signed between the borrower(s) and the Fund. In addition, a Guarantee Agreement may be signed with the guarantor(s) for each loan. The Agreement must be signed within 12 months after the Board's approval.

## FUNDING INNOVATION

### COMMON FUND FOR COMMODITIES (CFC) - APPLICATION FORM

#### General Guidelines for filling out the Application Form

The CFC provides a range of financial instruments for business activities in the fields of commodities including agriculture and minerals and metals in Developing Countries that, besides a sound financial return, also provide for a measurable social and environmental return.

This set of questions has been compiled in order to enable the CFC Secretariat to make a general assessment on the proposed activity, its financial viability and its economic, social and environmental relevance, and the implementing organisation's ability to implement the activity. In your responses to the questions, kindly focus and limit yourself to information that is relevant for such an assessment.

Please note that at this stage you are not required to provide information in detail. However, if your application is recommended for approval of the Executive Board, you may be required to provide further information along with supporting documentation, as required by the CFC.

The completed application form may not exceed 20 pages (single spacing, font size 12) excluding tables and annexes. Application forms not meeting this requirement will not be considered.

**CFC will only contact proponents of proposals that are deemed suitable for further consideration. Unfortunately the CFC is unable to respond to queries on individual applications.**

Please provide all information in English language.

#### WHERE DID YOU GET INFORMATION ABOUT THE CFC'S CALL FOR PROPOSALS?

- (i) Advertisement – please name the publication
- (ii) CFC's website
- (iii) Any other – please specify

1. **Title of the proposed intervention for which you seek finance, and place of implementation** (CFC funds activities in its Member countries only. List of member countries can be accessed at the CFC website)
2. **Name of the organisation(s) and contact details/ Type of incorporation (company, cooperative, NGO, etc. please specify)/ Indicate year of establishment/ Location/ No. of Years in business**
3. **Describe the organisations core business activities (500 words maximum) and specifically enumerate achievements of last three years in quantitative and financial terms.**
4. **Amount of financing sought in USD (please specify funding requirements from the CFC, total financing needs for the proposed intervention and how they are being met)**

The applicant organisation must provide matching funds from its own resources (and those of their partners or third parties e.g. bank loans) at least equal to, or greater than, 50% of the total



cost of the project. The matching funds provided by the organisation should be auditable and at least half must be in cash; the remaining part can be measurable and verifiable in-kind contributions. In-kind contributions may include staff salaries, equipment, vehicles and other items that are already owned by the organisation and dedicated specifically for the proposed intervention. Matching funds may also come from third parties e.g. a bank loan.

<b>Total funds needed for intervention</b>	<b>USD</b>
Of which:	
CFC funds	
Organization own funds	
Co-financing	
In kind contribution	
<b>Total</b>	

5. **Kind of financing sought (loan, equity, any other form of financing)**

<b>Total CFC funds requested</b>	<b>USD</b>
Of which:	
Loan	
Equity	
Grant	
Other form of financing	
<b>Total</b>	

6. **Summary description of your proposed intervention**

**Please provide an executive summary of the proposed activity not exceeding 1 page.**

Please note that the proposal will be evaluated based on the following questions.

- (i) What business opportunity is being addressed?
- (ii) Describe the intervention and its main purpose.
- (iii) Provide brief explanation of the proposed business model.
- (iv) What will be the major impact on your business - increase turnover or to reduce costs or to enlarge supply base or technology transfer? Any other? Please specify.
- (v) List the key activities that will be undertaken.
- (vi) Breakdown of Projected Costs by major Categories

(vii) Target Product and market

- (i) Which products produced, for which markets – basic market orientation: local, national, regional, global;
- (ii) Which is the potential market for your product/service and how large is that market? Who are the customers?
- (iii) Potential uses of the product, distribution channels proposed to be used;
- (iv) Past performance of the organisation- quantum of sales, number of customers etc.;
- (v) Present sources of supply of the product. Who is currently and who will be the main competitors for your product/service?
- (vi) Which commodity(ies) is targeted?

(viii) Operations

- (i) Brief description of operations;
- (ii) Stability of availability of inputs : Whether inputs for production processes are available;
- (iii) What are the applicable / relevant social and environmental regulations covering the proposed intervention? Please provide details;
- (iv) Potential environmental effects or opportunities that may arise. Please provide a description of these and the mitigation plans you have in place;
- (ix) How the project will use the funds to deliver financial and socio-economic and/or environmental returns?
- (x) Why will the proposed intervention work? How is your business model better than those of your competitors?
- (xi) Indicate a timeframe including proposed start date (the maximum engagement of CFC funding is normally 7 years; 2 years for disbursement + 5 years for repayment).

**7. Provide the historical and projected financial performance of your organisation**

Please annex the relevant tables and the balance sheet.

- (i) Provide information of the organisation and (i) balance sheet of last three years, and (ii) bank references and last three year bank statements showing annual debits and credits.
- (ii) Specific information on projected impact of proposed intervention on financial performance, incl. projected return on investment, payback period.
- (iii) Provide projected cash flows for the proposed interventions. Please specify key assumptions

and basis for projections? Market research, etc.

- (iv) List critical factors determining profitability and measures that will be undertaken to address them.
- (v) What assurances/guarantees can be provided by your organisation for repayment of the financing being sought? Please give details.

**8. Organisation and Management**

- (i) Operational capacity and experience of the company and management.
- (ii) Size of Proposed Operations in Comparison to Current Operations.
- (iii) What are the growth plans of the proponents with CFC involvement?

**9. Provide an organogram, incl. management and ownership structure of your organisation**

Please annex the relevant diagrams.

- (i) Background information of project sponsors and management team. Include number of employees and education level; full time/part time involvement, include casual labor.
- (ii) What relevant experience does your organisation/staff have in the implementation of the proposed intervention?

**10. Tariff Protection or import/export policy affecting products intended to be produced. Any other relevant information on possible impediments to operations due to trade restrictions?**

**11. Regulations regarding external borrowings in foreign exchange and Government policy regarding repatriation of interest and principal of borrowings**

**12. Commodity Sector Relevance**

Please provide details of the relevance of the project proposal to the development of the commodity sector (at national level).

**13. Coordination with national policies and international actions**

What are the national policies affecting/encouraging your business? Please specify.  
**How are they involved or taken into account?**

**14. Innovation and Development Impact**

What is innovative about your proposed intervention?  
"Innovation" is a new product, service or business model in an existing country and/or an existing product, service or business model being introduced in a country or to a target group where it has not been tried before.

Please annex the list of development impact indicators, i.e. social, economic and environmental.

**15. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis**

What are the threats/risks to the success of the proposed intervention? How are they being addressed?

**16. Sustainability of operations and Exit strategy**

How will the business intervention remain profitable and be sustainable when CFC funding/involvement comes to an end?

**17. Up-scaling and Multiplier Effect**

How will the project be up scaled or replicated?

**18. What is the potential development impact of the proposed intervention? How does company plan to realize the development impact Expected Impact (to be clearly stated)**

- (i) economic,
- (ii) social, and
- (iii) environmental sustainability

Description should include category of beneficiaries, projected number of beneficiaries and the precise relationship of your organisation with these beneficiaries. (Farmers reached, estimated productivity gains, expected benefits to small holders etc.)

**Please note that information for 18(a) below is obligatory. The CFC will not consider application in which this information is not provided.**

**18(a) Essential development impact indicators:**

*(i) Beneficiaries and Incomes, e.g.:*

- Number of low income people that will benefit as a result of the intervention, and/or
- Present income levels and expected benefit per person in additional cash income or savings, by the end of the proposed intervention compared to ex ante, if the intervention would not have been implemented.

*(ii) Impact on the environment:*

- identify, predict, evaluate and mitigate (if required) the environmental effects of proposed intervention,
- compliance with the local environmental laws and standards.

**18(b) Additional development Impact Indicators, as applicable for the proposed activity**

*(i) Impact on value chain:*

- New relationships/links between different actors in the value chain created;
- How many small businesses in existing supply chain affected and what benefits have they received;
- Extent and impact of replication of intervention elsewhere and by others.

*(ii) Impact on the market system*

- Wider availability of market information,
- Improvements in physical infrastructure,
- Increase in services (including access to finance) - either from the private or public sector,
- Development of skills - technical, business or management competencies.

Indicate your willingness to record, monitor and report certain social performance indicators throughout the intervention.

**19. State reasons why the proposed intervention cannot be implemented without CFC support or why specifically support from CFC would lead to maximum result of the proposed intervention**

Please give reasons why the proposed intervention is not being funded by banks / governments / other agencies? (make clear that without support of the CFC the activity will not be feasible)

**20. Provide any other information that you consider useful and relevant towards assessing your organisation or the proposed intervention**