



Common Fund for Commodities

15th Open Call for Proposals

1. The Executive Director presents his compliments and, for the information of Members, attaches details from the Common Fund for Commodities (CFC) on the 15th Open Call for Proposals inviting applications for support for commodity development activities in its member countries.
2. The attachments include a background to the call for proposals, along with an application form and instructions. Applications are to be made in English only as the CFC cannot provide for translations of proposals submitted in other languages.
3. The ICO Secretariat is available to assist Members in the process of preparation of proposals by contacting the Head of Operations, Mr Gerardo Patacconi at patacconi@ico.org.
4. The application form and any supplementary documents should be submitted to opencall@common-fund.org or by mail addressed to the Managing Director, Common Fund for Commodities, PO Box 74656, 1070 BR, Amsterdam, The Netherlands by **15 October 2019**.

FUNDING INNOVATION - SUPPORT FOR COMMODITY DEVELOPMENT

The CFC is inviting applications for support of commodity development activities in its member countries¹). Interested organizations are requested to submit their applications in the prescribed format.

The CFC provides a range of financial and technical instruments in support of business activities contributing to commodity sector development in Developing Countries. Examples include agriculture, commodity value addition and trade, minerals and metals. Besides generating a viable financial return, eligible activities should also deliver a measurable social and environmental impact.

To apply, please download and complete the **application form** according to **instructions**. Applications are to be made in English only as the CFC cannot provide for translation of proposals submitted in other languages.

OBJECTIVES OF CFC'S PROJECT FINANCING

CFC supports activities which promote the contribution of the commodity sector to achieving the SDGs in CFC member countries including the following aspects:

- (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**: Enhance production taking into account the environment and its long-term possibilities for the same, or increased use of productive resources while maintaining or reducing the impact on the environment.

The CFC supports implementation of activities along the value chain that:

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

¹) See the list of CFC member countries at www.common-fund.org/about-us/member-states.

- enhance the efficiency and effectiveness of agricultural value chains *inter alia* including climate change and energy related sensitive components as appropriate.

EXPECTED IMPACT

RELEVANCE TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The proponents should identify and specify the SDGs to which the project will contribute, explaining how it will help to advance each selected Goal, including the following:

- SDG 1: No poverty
- SDG 2: Zero hunger
- SDG 5: Gender Equality
- SDG 8: Decent work and economic growth
- SDG 10: Reduced inequalities

DIRECT DEVELOPMENT IMPACT

The proponent should present transparent and verifiable information concerning the baseline data and projections for:

(i) Economic impact:

- on the economic situation of the participating producer households;
- on the commercial /economic position of the applicant organization.

(ii) Social impact:

- on the position of the benefitting producer households;
- on the employment created and the wages paid by the applicant organization;
- on the welfare of special vulnerable groups such as women, youth and the poorest persons below the poverty line.

(iii) Environment impact:

- of the processing activities by the applicant organization;
- of the production practices of the project participants.

Please note that projects with adverse net environmental impact will not be considered by the CFC.

INDIRECT DEVELOPMENT IMPACT

To the extent relevant to the project, the proponent should describe the wider impact of the project:

- on the value chain in which the applicant operates;
- on the larger market system and commodity sector.

ELIGIBLE ENTITIES AND COFINANCING REQUIREMENTS

All legal public and private entities are eligible to apply under this Call for Proposals, provided they:

- operate in commodity value chains in CFC member countries or provide financial services to micro, small and medium sized businesses operating in these value chains,
- have a proven relevant track record of sound financial operations in their current and / or proposed activities over a period of at least 3 years, which can be documented by means of (audited) financial statements, and

- share CFC's values, including internationally recognized principles concerning human rights, labour, the environment and anti-corruption as reflected in the United Nations Global Compact.

The amount of finance requested from CFC should not exceed 50% of the total amount required to execute the project. The balancing amount of co-financing is to be provided by the applicant and/or by other co-financiers. Such co-financing should be relative to the new funding requirement for the (investment) project. Sunk cost are not eligible to be considered as a financial contribution.

A thorough assessment of the co-financing available will form part of CFC's final due diligence verification.

MONITORING AND EVALUATION

A suitable monitoring and evaluation system to assess the impact of CFC supported activity shall be an 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 the interim, results are to be reported as compared to the planned objectives.

**THE COMMON FUND FOR COMMODITIES
15TH OPEN CALL FOR PROPOSALS**

[PROJECT TITLE]

Submitted by [Organization Title] on [Date]

Part I. General Information

AFFIRMATIONS

The application is completed by the undersigned,

Full Name:	
Official Title:	
Date the application form was completed:	
I hereby confirm that:	Please confirm by marking "V"
I am duly authorized to represent the Applicant: [enter the official name of organization submitting the application]	
The country in which my project is to take place is a CFC member country ¹ .	
The Applicant is in compliance with all applicable social and environmental regulations and will remain complaint for the whole period of the requested CFC involvement.	
The Applicant is not the subject of, a defendant in, or respondent to any investigation, civil litigation, arbitration, or other action or proceedings related to their business activities. I will inform the CFC without delay if any such action or proceedings occur after the date of submission of this application.	
I warrant that the information provided in this application form is true and accurate.	<sign or type your full name here>

I.1. KEY INFORMATION ABOUT PROPOSAL

I.1.1 LOCATION OF OPERATIONS AND DEVELOPMENT RELEVANCE, INCLUDING SDGS

I.1.2 TARGET MARKET AND COMMODITY-ORIENTATION

¹ See for the actual list of CFC member countries www.common-fund.org/about-us/member-states/.

I.1.3 FINANCIAL VIABILITY

Form of financing requested	
Total project cost (USD or EUR)	
CFC Financing requested (USD or EUR)	
Project IRR, %	

I.1.4 RELEVANT EXPERIENCE IN THE PROPOSED TYPE OF OPERATIONS

I.1.5 List of operating or emerging competitors in this field

I.2. DOCUMENTS SUBMITTED WITH THE PROJECT PROPOSAL

The proposal contains the following documents (check what applies):

	Indicate YES if included with the proposal
Application form of <u>less than 20 pages</u>	
Attached financial <u>projections</u> for the project (in Excel):	
Cash flow	
Income and expenditure	
Balance sheet	
Background information about the proponent	
Financial results of the proponent for the last three years	
Background information on key individuals	
Evidence of registration and good standing	
Evidence of relevant partner relations e.g. cofinancing agreements	
Evidence of collateral and/or other risk mitigation facilities	

I understand that any information supplied to the CFC in this application form and its attachments will be made available for consideration by the Consultative Committee and other Governing Bodies of the CFC. **If any of the documents contain sensitive financial or commercial information, please indicate this clearly.**

Part II. Request for Financing

CFC financing can be provided in either USD or EUR. Depending on the form of financing required for the project, please complete ONE of the tables below, as follows:

If loan or impact bond financing is requested, please complete Table II.1

If equity financing is requested, please complete Table II.2

If financing is requested under Fast Track procedure, please complete Table II.3.

TABLE II.1 TERM LOAN

CFC loan terms	Please describe your proposed terms
The loan amount, normally, is not less than USD 300,000 and up to USD 1,500,000; in exceptional cases amounts of around USD 2 million (or EUR equivalent) may be considered	Loan amount (in USD or EUR):
The loan amount requested from CFC is matched with at least the same amount of co-financing provided by the applicant and/or by other defined co-financiers.	Amount of co-financing (in your requested currency) provided by the applicant : Amount of co-financing (in your requested currency) provided by co-financiers:
The loan period can be up to 5 years with maximum grace period of up to 2 years, depending on the financing needs of the project to be financed.	Loan period:
The loan is to be collateralized with a pledge or mortgage over assets or with a third party guarantee.	Collateral:
CFC's indicative interest rates range between 5% and 10% per annum, depending on the risk profile of the project.	Interest rate:

TABLE II.2 EQUITY

CFC equity terms	Please describe your proposed terms
The equity amount is not less than USD 300,000 and not more than USD 1,500,000 (or EUR equivalent).	Equity (in USD or EUR):
The equity amount requested from CFC is matched with at least the same equity amount provided by the applicant and/or by other specified co-investors.	Amount of co-investment (in your requested currency) provided by the applicant: Amount of co-investment (in your requested currency) provided by co-investors:
The equity participation will not result in an ownership of more than 49% of the share capital.	Percentage of share capital ownership:
There is to be a clear exit / divestment strategy.	Exit / divestment strategy:

TABLE II.3 FAST TRACK

CFC Fast Track terms	Please describe your proposed terms
The amount is not less than USD 50,000 and not more than USD 120,000 (or EUR equivalent).	Amount (in USD or EUR):
Fast Track funding is in principle repayable, unless satisfying justification is provided for non-repayable funding.	Provide repayment terms or provide rationale for requesting non-repayable funding.
The amount requested from CFC is matched with at least the same amount of funds provided by the applicant and/or by other defined co-financiers.	Amount of co-financing (in your requested currency) provided by the applicant: Amount of co-financing (in your requested currency) provided by co-financiers:

Part III. Project Description

Please note that the CFC will withdraw its commitment to any projects failing to provide reasonably accurate and complete information about the project in this application form, e.g. regarding regulatory constraints or competitive challenges. All information for projects receiving approval of CFC financial support will be verified at the due diligence stage.

III.1 PROJECT OPERATIONS

III.1.1 OPERATIONAL MODEL

Current operational practices

Intended Operational Model

III.1.2 OPERATIONAL CAPACITY

III.1.3 MARKET SYSTEM IMPACT/INNOVATION

III.1.4 COMPETITIVE CHALLENGES

III.1.5 SWOT ANALYSIS

	Positive Factors	Negative Factors
Internal	Strengths	Weaknesses
External	Opportunities	Threats

III.2 PROJECT DEVELOPMENT IMPACT

III.2.1 EXPECTED IMPACT AND RELATED SDGS

III.2.2 NET ECONOMIC IMPACT

III.2.3 SUSTAINABILITY OF THE PROJECT MODEL

III.2.4 POVERTY PROFILE OF THE END BENEFICIARY

III.2.5 ENVIRONMENTAL IMPACT

III.2.6 MONITORING AND EVALUATION ARRANGEMENTS

III.3 FINANCIAL VIABILITY OF THE PROJECT

III.3.1 SUMMARY FINANCING STRUCTURE AND ADDITIONALITY OF CFC FINANCING

III.3.2 PAST FINANCIAL TRACK RECORD

III.3.3 FINANCIAL PROJECTIONS

III.3.4 EXIT STRATEGY AND SUSTAINABILITY AFTER COMPLETION

III.3.5 RISK MITIGATION FACILITIES

Part IV. Other Information

IV.1 ORGANIZATIONAL DATA:

Registered name of the organization	
Type of organization: (private company, cooperative, investment fund, NGO, governmental organization)	
Registration data	
Year of incorporation / registration	
Country and address	
Name (contact person)	
Email (contact person)	
Cell phone (contact person)	
Website	

IV.2 HOW DID YOU FIND OUT ABOUT THE CFC CALL FOR PROPOSALS?

Advertisement – please name the publication	
CFC's website	
Any other – please specify	

ANNEX I.1 IMPACT INDICATORS: SUGGESTED IRIS METRICS

The impact indicators the CFC expects proponents to monitor and report are:

- Total beneficiaries of the project, indicating what type of stakeholder they represent (clients, suppliers, distributors or others);
- Income creation per beneficiary, such as additional client income for using the product/service of the organization; payments to supplier; payments to distributors; others;
- Total employees of the organization, by gender;
- Wage level paid by the organization;
- Area of land impacted by the project;
- Productivity yield: Average agricultural yield per hectare on the area impacted by the project.

The table below shows a list of IRIS metrics associated with the minimum impact indicators required by the CFC. They are presented according to the SDG they help to advance. Please, select the most appropriate metrics for your organization, according to its business model and fill in the Excel spread sheet.

Please, bear in mind that this list is not exhaustive and the proponents are encouraged to select additional metrics and SDGs, if relevant to demonstrate their organization's impact. The complete list of IRIS metrics and SDGs can be found at:

- IRIS platform: <https://iris.thegiin.org/>
- List of SDGs: <https://sustainabledevelopment.un.org/sdgs>

IMPACT INDICATORS	Baseline Situation Year 0 2018	Projection <i>Duration</i> 20XX	IRIS ID (in brackets) and metric definition
SDG1: No poverty			
Total individuals impacted (e.g. smallholders): suppliers, clients or distributors	<i>Please, fill in the Excel spreadsheet</i>		Depending on the business model of the company, it can refer to suppliers (PI5350), clients (PI4060) or distributors (PI2758) of the organization.
Income of the individuals impacted by the project			Depending on the business model of the company, it can refer to the value of the Average Payment made to suppliers (PI1492), Clients income (No IRIS metric) or Earnings of distributors (PI4881), <i>per annum</i> .
SDG2: Zero Hunger			
Average Agricultural Yield	<i>Please, fill in the Excel spreadsheet</i>		Average agricultural yield per hectare, <i>per annum</i> . Depending on the business model of the company, it can refer to suppliers (PI2046) or clients (PI3468).
Total hectares cultivated			The land can be directly controlled (OI5408) or Indirectly Controlled (land that the organization supports or influences but does not directly cultivate or manage) (PI3789).
Total volume produced			Total volume of the produce sold by the organization <i>per annum</i> . Specify the unit of reference. (PI1263)

Producer Price Premium (in %)		Price premium (in %) that the supplier selling to the organization obtains from its goods or services.
SDG5: Gender Equality		
% of women among the individuals impacted	<i>Please, fill in the Excel spreadsheet</i>	Depending on the business model of the company, it can be suppliers (PI1728), clients (PI8330) or distributors (PI6659) of the organization.
Full-time Employees: Female		Number of paid full-time female employees at the organization. (OI6213)
SDG8: Decent work and economic growth		
Number of Full-time Employees	<i>Please, fill in the Excel spreadsheet</i>	Full-time paid employees work year round and typically work 35-50 hours per week. If local definitions of full-time equivalency differ, use the appropriate standard. (OI3160)
Value of the Full-time Wages		Value of wages paid to all full-time employees of the organization. Specify the currency. (OI5887)
Number of Individuals Trained		Number of individuals who received training offered by the organization. (PI2998)
SDG10: Reduced Inequalities		
Poverty profile of the individuals impacted	<i>Please, fill in the Excel spreadsheet</i>	The individuals can be very poor , poor , or low income (the IRIS id will depend if the individual is a supplier, client or distributor of the company).

ANNEX I.2 FINANCIAL RATIOS

PLEASE INDICATE THE BELOW RATIOS FOR PLANNING HORIZON OF THE PROJECT

FINANCIAL RATIO	Current				After project completion	
	Year -3	Year -2	Year -1	Year 0	Year 1 Year 7
1) Equity ratio (%)						
2) Leverage ratio						
3) Interest Cover Ratio (ICR)						

To be computed as follows*:

1) Equity ratio (in %): Total Equity / Total Assets

2) Leverage ratio: Total Debt / EBITDA

Total Debt should include: Bank overdrafts and short-term loans + Current portion of long term debt + Long term bank loans + Subordinated / Shareholder loans + CFC loan/ Enhanced equity

3) Interest Cover Ratio (ICR): EBITDA / Interest expenses

Interest expenses should include all interest and other finance charges in respect of Total Debt.

** Please make sure that the calculation base of the financial ratio's shall have the same meaning as given in Annex II (Financial model of the project).*

ANNEX II. FINANCIAL MODEL OF THE PROJECT

Please provide the financial model including Profit and Loss and Balance Sheet projections as Excel files based on the template included in the application package.

ANNEX III. PLANNED FINANCING STRUCTURE

Year / in USD	0	1	2	3	4	5	6	7
Expenditure to be financed (CF)								
Capital expenditure (mobile)								
Capital expenditure (immobile)								
Net Total Capital Expenditure								
Net Cash Flow working Capital								
Net Cash Flow								
Financed by CFC								
In %								
Co-financier A								
In %								
Co-financier B								
In %								
Grant financing								
In %								
Counterpart contribution								
In %								
Total Financing								

**THE COMMON FUND FOR COMMODITIES
15TH OPEN CALL FOR PROPOSALS**

**Instructions for completing the
CFC Application Form**

CFC does not charge any fees during the application stage. However, on approval of CFC financing, successful proponents are expected to cover a fair share of the applicable legal and due diligence costs in connection with the applicability and use of the CFC financing.

**PLEASE SUBMIT THE COMPLETED APPLICATION FORM AND ANY SUPPLEMENTARY
DOCUMENTS TO**

opencall@common-fund.org

or by mail addressed to the

**Managing Director, Common Fund for Commodities,
P.O. Box 74656, 1070 BR, Amsterdam, The Netherlands**

PLEASE DO NOT SUBMIT THIS DOCUMENT TO THE CFC WITH THE APPLICATION

Information on the process of consideration of applications received through the open call

Proposals must be submitted by completing the prescribed application form.

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

The applications passing the screening process will be subjected to a detailed approval process commencing with an evaluation by the Fund's external technical advisory committee, the "Consultative Committee".

Upon positive review by the Consultative Committee, the applicant will receive a term sheet stipulating the key terms and conditions of the CFC financing. Upon acceptance of the term sheet by the applicant, the CFC Secretariat will prepare a recommendation for a decision by the Executive Board. In case a communication of such an acceptance of the term sheet is not received, the application will not be considered by the CFC.

The Executive Board approves or rejects the proposal. The Secretariat will communicate the decision by the Executive Board to the applicants. The Executive Board may approve the proposal along with additional conditions to be met by the applicant.

During the whole process, the applicant may be required to provide further information and documentation. In the period between the positive review by the Consultative Committee and the final approval, the applicant may be visited by CFC representatives for due diligence purposes.

Please note that the CFC will withdraw its commitment to any project failing to provide reasonably accurate and complete information about the project in the application form, e.g. regarding regulatory constraints or competitive challenges. All information for projects receiving approval of CFC financial support will be verified at the due diligence stage.

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

SELECTION CRITERIA

Each application will be assessed against:

- the CFC objectives as stated in the Open Call;
- the track record of the applicant and its technical, managerial and financial capacity to execute the project and reach the targeted goals in stipulated time;
- the quality of the application in terms of completeness and the logic of the project design;
- the quality and transparency of the underlying financial information provided.

Every proposal needs to substantiate and quantify its projections and demonstrate a financially sustainable business plan.

PROCESS AFTER APPROVAL BY THE EXECUTIVE BOARD

As soon as all conditions for final approval have been fulfilled, the applicant will receive one or more agreements governing the CFC finance. For disbursement of the CFC finance the agreement(s) need(s)

to be duly signed by both parties and certain conditions precedent need to be fulfilled. The conditions precedent normally include a legal opinion on the compliance and effectiveness of the CFC agreements under the law and regulations of the country of the applicant.

CALENDAR OF THE 15TH OPEN CALL FOR PROPOSALS

15 May to 15 October 2019:	Applications received by the CFC
16 October to 20 December 2019:	Screening of applications by the CFC
27 December 2019:	Submission of project proposals to the Consultative Committee
27 to 31 January 2020:	Consideration of project proposals by the Consultative Committee
01 February to 10 March 2020:	Negotiation of the key terms and conditions and preparation of recommendation to the Executive Board
April 2020:	Consideration of financing recommendations by the Executive Board

The final decision of the Executive Board will be communicated shortly after the Board meeting in April 2020.

IN THE CASE OF BOARD APPROVAL

The Board will consider and approve/reject project proposals based on the information supplied to the CFC in the application form and responses to questions raised by the CFC Secretariat and the Consultative Committee.

The proponents of projects receiving positive conclusion by the Executive Board will be expected to meet the conditions specified by the Board and facilitate the conclusion of the necessary legal documentation to enable the CFC to provide its financial support. The key steps in the process will be as follows:

The non-binding term sheet will be provided to the project proponent after desk due diligence, which includes preliminary conditions of the final loan contract, to be verified during an onsite due diligence by CFC.

On-site due diligence by the representative of the CFC will be undertaken which the project proponent is expected to support.

The draft contract and a draft security pledge agreement is finalised containing all conditions proposed to the project proponent after the onsite due diligence.

THE "SUNSET CLAUSE". All projects approved by the Executive Board must complete the relevant legal and due diligence process and become operational within 24 months after the date of approval. The CFC will withdraw its financial commitments to projects failing to meet this condition.

The CFC envisages to finalize a project with the above-mentioned documents within 12 months after the project approval, if no extraordinary circumstances inhibit the finalization of these key steps.

Instructions for completing Part I: General Information

AFFIRMATIONS

Please complete all fields in this section. The application may only be considered by the CFC if all statements are positively confirmed.

I.1. KEY INFORMATION ABOUT PROPOSAL

I.1.1 LOCATION OF OPERATIONS AND DEVELOPMENT RELEVANCE

Please indicate the primary and any secondary geographical location(s) where project operations would take place and how the proposed operations would relate to the development issues prevailing in those locations. The CFC expects that projects receiving financial support are implemented in the Member Countries of the CFC (see the website of the CFC for a complete list). The proponents are expected to be aware of the need for achievement of Sustainable Development Goals (SDGs) and to relate the development impact of the proposal to achieving specific SDGs.

I.1.2 TARGET MARKET AND COMMODITY-ORIENTATION

Please characterise the target market from which the project would generate income stream(s) and how these are related to the commodity sector. The CFC expects that projects primarily take advantage of opportunities in commodity value chains.

I.1.3 FINANCIAL VIABILITY

Please complete all cells in the table provided in this section. The CFC expects to finance projects with recoverable forms of financing, e.g. loans, equity, quasi-equity etc. Projects with a CFC contribution not exceeding USD120,000 are eligible to be financed under the Fast Track Facility.

I.1.4 RELEVANT EXPERIENCE IN THE PROPOSED TYPE OF OPERATIONS

Provide a short summary of the most relevant past experience in the implementation of the type of operations envisioned in the project proposal.

I.1.5 LIST OF OPERATING OR EMERGING COMPETITORS IN THIS FIELD

Provide a short summary of the most relevant competitors operating or currently emerging in this field of business.

I.2. DOCUMENTS SUBMITTED WITH THE PROJECT PROPOSAL

Please complete the table indicating which documents are submitted to support the proposal. The completed Application Form may not exceed 20 pages. Please do not include documents unless they contain information directly relevant to the proposal.

PLEASE MAKE SURE TO PROVIDE COMPLETE FINANCIAL DATA AND A FINANCIAL PLAN. For all financial projections it is strongly recommended to use the model Excel worksheets provided with this Call for Proposals. To facilitate any analysis of data, the files containing completed financial worksheets should be submitted electronically together with the application form. Please provide the original Excel worksheets rather than pdf or screenshot versions of the same. Absence of such original worksheets will lead to rejection of such a proposal.

Instructions for completing Part II: Request for Financing

CFC financing can be provided in either US Dollars (USD) or Euro (EUR). Depending on the form of financing required for the project, please complete and include only ONE of the tables in this Section II, as follows:

If loan or Development Impact Bond financing or is requested, please complete Table II.1

If equity financing is requested, please complete Table II.2

If financing is requested under Fast Track procedure, please complete Table II.3.

TERM LOANS:

- loan amount between USD 300,000 and USD 1,500,000 (or EUR equivalent);
- loan period up to 5 years with maximum 2-year grace period;
- collateralized with pledge / mortgage over fixed assets or with third party guarantees;
- indicative interest rate between 5% and 10% depending on CFC's assessment of risk and local market rates.

DEVELOPMENT IMPACT BONDS:

The CFC is behind the first Development Impact Bond in the commodity sector and will consider participating as investor in projects financed under DIB model¹. If applying for DIB financing, please complete Section III.2 in full.

EQUITY STAKE IN IMPACT INVESTMENT FUNDS AND OTHER FORMS OF IMPACT FINANCING:

- equity amount between USD 300,000 and USD 1,500,000 (or EUR equivalent);
- minority stakes only;
- clear exit divestment strategy;
- board representation by a CFC nominated delegate may be required.

FAST TRACK FINANCING

Can be considered for activities yielding immediate results towards CFC objectives as stated under the Call for proposals document and / or the development of innovative products and services in a pre-commercial phase:

- financing amount of between USD 50,000 and USD 120,000 (or EUR equivalent);
- in principle, Fast Track financing concerns returnable funding with flexible financing and security conditions, under a simplified approval procedure.

Please bear in mind that:

- the CFC will only consider proposals where its share of financing does not exceed 50% of the total amount of financing required for the project;
- the CFC expects that financing provided from other sources will be shown in the financial projections. Assets which cannot be shown in financial statements would not normally be accepted as co-financing and should not be included in the cost estimates;
- the term of the loan should normally be 3 to 5 year duration. In an exceptional case, reasons the same to be provided by proponents at the proposal submission stage, may be extended but should not exceed 7 years;
- the applicable interest rate will be determined by the CFC based on the risk profile of the project;

¹ For details, see <http://www.developmentbookshelf.com/doi/abs/10.3362/1755-1986.16-00029>

- equity financing is mainly intended for projects where equity is explicitly required, e.g. impact investment funds;
- in the case of equity investments, the CFC usually owns a minority stake only, and never more than 49 % of equity capital.

Please ensure that a financial plan including a consistent balance sheet is provided. The CFC will not be able to consider project proposals without clearly stated financial projections.

Instructions for completing Part III: Project Description

III.1. OPERATIONS

III.1.1 OPERATIONAL MODEL (UP TO 700 WORDS)

- Current operational model:
 - Description of the critical elements of the current business activities.
 - Information on track record and management experience in the target market.
- Target operational model:
 - Please clarify if the targeted operational model is a modification of the business model or a growth strategy only;
 - Please elaborate on the critical elements of the intervention for project operations:
 - target product(s) and market(s);
 - activities required to reach the market(s);
 - availability of inputs, human resources and skills for business operations;
 - positioning of the enterprise in operational/competitive environment;
 - competitive advantage of the enterprise in the target market;
 - intended growth model.
- Operational plan: Please explain what specific actions are expected to be financed and implemented to execute the transition from the current to the new operational model.

III.1.2 OPERATIONAL CAPACITY

Please provide information concerning the operational and financial management capacity of the organization which will implement the project. Please elaborate on any change of operational structures required due to the anticipated growth or modification of the business model. The financial model will be assessed and evaluated based on the assumptions provided.

The following information should be provided.

- (i) operational management capacity:
 - company can demonstrate documentation concerning day-to-day operational management processes;
 - company monitors its inventory levels;
 - company has established/repeated relations with its buyers. This means that the company does not rely on one-off sale contracts for major part of its operations;
 - company executives have track record of running a profitable operation in the same or related sector;
 - company is aware of its obligations regarding legal practices, can demonstrate licenses, certificates, anti-fraud and anti-corruption policies;
- (ii) financial management capacity:
 - ability to manage the financial resources available to be evaluated based on financial ratios of profitability, EBITDA, gross profit margin, return on assets, debt ratio, asset turnover, average collection period etc.;
 - how many years of audited financial reports are available for the company or its parent companies;

- evidence of past payment of corporate taxes, and bank references;
- references from existing financiers and operational partners of the company.

III.1.3 MARKET SYSTEM IMPACT/INNOVATION

Please explain any innovation impact of the proposed project and indicate its expected multiplier effect, and/or demonstrate the possibility for expansion/replication. The section should clearly demonstrate the relevance of the project to the broader mandate of the CFC, e.g. how the project would contribute to addressing the adverse consequences of commodity dependence and/or improve the position of commodity producers in the value chain. The following questions may be considered:

- Will the project lead to any positive changes in legislation and policies?
- Will the project lead to any changes in physical or market infrastructure to support other farmers?
- What is the potential for upscaling of the project, or for crowding-in of other businesses (e.g. value chain), or other forms of replication of success? This question can be evaluated based on the estimates of the market size which can be captured using the operational model of the project;
- Whether the project contains sufficient element of innovation in terms of implementing a new model, or adapting an existing model to new circumstances.

III.1.4 COMPETITIVE CHALLENGES

Please clearly indicate the competitive environment in which your interventions take place:

- Description of the competition the company / operation is facing
- List of companies/ operations competing with your organization
- Competing suppliers
- Competing buyers
- Other relevant facts

III.1.5 SWOT Analysis

Please complete the Strengths, Weaknesses, Opportunities and Threats (SWOT) table indicating positive and negative factors, both external and internal, potentially affecting the implementation of the project.

III.2 **DEVELOPMENT IMPACT**

The CFC operates as part of the global development community and finances interventions which are consistent with the agreed global development priorities. In this regard, the CFC looks at the Sustainable Development Goals (SDGs) as its impact measurement and management framework and expects that all proponents present the estimated impact for the project according to the SDGs it helps to advance. Also, the involvement of any special vulnerable groups, such as Least Developed Countries, Landlocked Developing Countries, needs to be clearly stated.

The CFC expects the development impact of the project to be quantified, wherever possible. This should be based on the clear identification of the target beneficiary group(s), indicating the nature of development gains and the numbers of people expected to benefit from the project. This includes both the direct and indirect and/or secondary effects of the project operations in the context of the current situation in the relevant commodity value chain(s).

III.2.1 EXPECTED IMPACT AND SUSTAINABLE DEVELOPMENT GOALS (SDGS) RELATED

As a development finance institution addressing a broad range of commodities issues, the CFC contributes for the advancement of all the 17 SDGs (Sustainable Development Goals). Nonetheless, there are some SDGs that are more directly aligned with the vision and mission of the Fund. In this regard, the CFC work is focused in five specific goals and the CFC expects the investees to monitor and report on them:

- SDG 1: No poverty,
- SDG 2: Zero hunger,
- SDG 5: Gender Equality,
- SDG 8: Decent work and economic growth,
- SDG 10: Reduced inequalities.

Acknowledging the challenges, the private sector faces to report their contributions for the SDGs, the CFC takes advantage of Impact Reporting and Investment Standards (IRIS) as its reporting guide. The IRIS is a catalogue that pulls together the most useful metrics from across the impact investing industry, allowing the different stakeholder to have a common language to report on their impact.

All proponents are encouraged to navigate the IRIS online platform (<https://iris.thegiin.org/>) and select the metrics that will be monitored according to each SDG they help to advance.

The selected IRIS metrics, together with the baseline situation and expected impact at the end of each year of the life of the project, should be filled in the Excel spread sheet in the tab "3. Impact Indicators". Annex I.1 of the Application Form presents a list of suggested IRIS metrics, including the minimum required indicators. Please, bear in mind that this list is not exhaustive and the applicant can and should add others relevant SDGs and metrics, if they contribute to demonstrate the impact of the project.

After selecting the appropriate indicators and filling in the projections on the Excel spread sheet, the proponents should clearly explain the underlying assumptions for the estimated impact. Also, the connection between the impact indicators and the SDGs should be properly justified.

During the negotiation phase, the CFC will support the proponent on the selection of the final list of metrics that should be monitored. At this stage, will also be decided the frequency of the reporting.

III.2.2 NET ECONOMIC IMPACT

As part of the impact evaluation all applicants are also asked to evaluate the expected Net Economic Impact (NEI) of the project. The NEI is evaluated on the basis of a beneficiary model, resulting in a financial indications of the impact created by the project. The calculation of the NEI should at least include:

- net additional income earned by the beneficiaries for the entire duration of the project,
- additional income from the new jobs created by the project,
- any additional metric that the applicant finds relevant to be considered.

The suggested methodology and instructions to calculate the NEI is presented on the tab "4. Net Economic Impact" of the Excel spread sheet. All the key assumptions used on the calculation should be clearly identified.

III.2.3 SUSTAINABILITY OF THE PROJECT MODEL

The economic sustainability of the project is assessed from the point of view of the end beneficiaries. The following questions illustrate typical challenges to the sustainability of a project:

- Is this a long-term productivity gain for the household? Productivity gain is NOT long-term if, inter alia:
 - it depends on a non-renewable resource;

- it depends on one-time contribution e.g. of skill/capital/labour;
- does the project depend on technology which cannot be supported by the beneficiaries without further external subsidies;
- are there potential competitive threats to the development gain? If yes, would they be serious enough to impede the operational model introduced by the project?
- are there external threats, e.g. market prices, natural risks which can undermine the project model? If known, how many years since the most recent critical event in prices, weather?
- are there challenges to the rate of participation of the target beneficiary group(s) in the operational model of the project, e.g. social, cultural impediments to sustained involvement in the project?
- any other considerations impeding the sustainability of the project activities for the end beneficiaries.

If any measures can be taken to mitigate the challenges to project sustainability, these need to be mentioned in this section.

III.2.4 POVERTY PROFILE OF THE END BENEFICIARY

Please provide the reference information about the poverty situation of the target group(s) participating in the project, quoting sources where relevant. The information should provide sufficient background for the evaluation of other measures of the project impact. The poverty profile is evaluated based on the public statistical information; the typical indicators which can be provided in this section include:

- the poverty line in the target **country**;
- the income distribution data for **the country/region**, including average, median incomes, average GDP per capita and income inequality score;
- the income data of the **target project group**, including any special vulnerable group considerations e.g. gender, or marginal region;
- the project connection to any special vulnerable groups, such as women or unemployed youth or persons below the poverty line.

III.2.5 ENVIRONMENTAL IMPACT

The CFC would normally expect projects to be environment-neutral and would not consider projects with negative environmental impact. At the same time, any clear evidence indicating that the project would generate positive environmental impact can be considered an additional factor in support of the project. Please list any factors creating positive environmental impact in the project, using the appropriate IRIS metric. In this case, you should add the relevant SDG on the Impact Indicator Excel spread sheet. Examples of environmental IRIS metrics include but are not limited to:

- Greenhouse Gas Reductions due to Products Sold: Amount of reductions in greenhouse gas (GHG) emissions over the lifetime of products sold;
- Waste Reductions from Products Sold: Amount of reductions in waste over the lifetime of products sold by the organization;
- Product/Service Certifications: Describes third-party certifications for products/services sold by the organization.

III.2.6 MONITORING AND EVALUATION ARRANGEMENTS

Please list any specific arrangements in operation/practice for monitoring and evaluation of the proposed project, based on the relevant key performance indicators. Please, indicate if the proponent has or intends to have external monitoring by a third party.

III.3. FINANCIAL VIABILITY

III.3.1 SUMMARY FINANCING STRUCTURE AND ADDITIONALITY OF CFC FINANCING

Please indicate the total project cost and all sources of financing including the total investment over the course of CFC involvement. Do not miss to please complete table in the Annex III providing a budget break-down and a description of the sources of financing.

Why is financing sought from the CFC: The *additionality* of CFC financing refers to the challenges to the feasibility of the project in the absence of CFC involvement. Please indicate any specific reasons, if any, why locally available financing cannot replace the CFC involvement. The CFC aims to enable and supplement various sources of financing including from commercial sources, but not to compete with them.

III.3.2 PAST FINANCIAL TRACK RECORD

Please attach the financial statements (balance sheet and profit and loss statement) of the proponent for the past three years indicating whether these statements have been audited. Please also attach the evidence of good financial standing e.g. references from the bank, evidence of tax payments.

III.3.3 FINANCIAL PROJECTIONS

In this section of the document please provide a financial projection of a profit and loss statement and of a balance sheet. Cash flow statements for the planned implementation period (has to be identical with the life time of the loan requested, up to the maximum of 5 years) as stated in Annex II of the project document. All information provided in the financial projections should be in line with the statement about the operational model in Section III.1.

The following information is required:

- Please provide all key assumptions underlying the financial projections;
- Please provide supporting information illustrating that these assumptions are realistic (historic data, market research etc.);
- Please fill in financial ratios (equity ratio, debt coverage ratio, and interest coverage ratio according to Annex I.2);
- Please complete Annexes II and III of the application form. The financial projections should assume the realization of the operational model presented in this application and should cover the full period of CFC's involvement.
- Please also provide cash-flow projections explicitly demonstrating the anticipated schedule of disbursements of CFC funding as well as the projected repayment / exit of CFC.
- For all financial projections it is strongly recommended to use the model Excel worksheets provided together with this Call for Proposals. To facilitate further analysis, the files containing completed financial worksheets should be submitted electronically together with the application form. Please provide the original Excel worksheets only rather than pdf or screenshot versions of the same.

In case of a loan request please include the requested amount of the CFC loan into the line item i.e. "long term bank loans" as provided in the excel spread sheet delivered. As the final interest rate is only determined after full due diligence of the project please use 7.5 % as the mid-rate between 5 % and 10%.

In case of an equity investment, please include in the requested amount of the equity into the line item "equity".

For impact investment funds, please attach a full-term sheet or an investment memorandum, showing

- the target projected rate of return
- details on management fees
- other costs, fees and charges
- hurdle for carried interest and distribution of return (net return) between investor and management, or the “waterfall” of income distribution in the fund.

III.3.4 EXIT STRATEGY AND SUSTAINABILITY AFTER COMPLETION

This refers to equity structures only: "Exit" means the end of financial support by the CFC upon completion of the project, including the recovery of any funds advanced for the project. The CFC expects its exit to be planned in a way that it would not undermine the continuation of the operations established by the project.

Please provide any details concerning the plans for the future exit by the CFC from the project, and any factors which may affect the actual exit.

III.3.5 RISK MITIGATION FACILITIES

Please describe the guarantees and collateral arrangements the project may be able to provide to the CFC. Please indicate which collateral will be available, or if there may be a negative pledge clause or other similar arrangements, which could limit the potential for providing securities. As a minimum please indicate if guarantees by governmental or non-governmental institutions or by individuals may be available. Other provisions will be considered if required by the CFC.

For each risk mitigation measure, please indicate the relevant type of risk and the amount of security available. Please indicate the conditions for the use of the risk mitigation facilities, if any.

Instructions for completing Part IV: Other Information

Please supply additional information concerning your organization and this application:

Registered name of the organization: please indicate all names under which the organization is publicly known.

Type of organization: please indicate whether the submitting organization is a private company, cooperative, investment fund, NGO, governmental organization or another type of organization.

Registration data: please indicate the reference data under which the organization is known in the official registration records. Copies of the registration documents may be attached.

Year of incorporation / registration: Please indicate when the company has been registered under its current trading name.

Country and address: Please provide a postal address for the company. If the company has a postal address which is different from its street address (e.g. a P.O. Box), please indicate both the postal and the street address.

Name contact person: please provide the name and official title of the person(s) who can be contacted with regard to this application.

Email contact person: please provide one or more email addresses where we could send enquiries regarding this application.

Cell phone contact person: please provide a telephone number including the full international and regional codes.

Website: if the company has a web site, please provide its address here.