

## **WHO SHOULD PARTICIPATE IN THIS CALL**

The CFC is inviting applications for support of commodity development activities in its member countries<sup>1</sup>). Interested organizations are requested to submit their applications in the prescribed format.

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

- operate in commodity value chains 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,
- 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, and
- do not fall under the exclusion criteria, as defined on CFC's Exclusion list contained in Annex I.

The amount of finance requested from CFC should in general be up to 2 million USD, but 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.

The CFC provides primarily loan financing support in the following areas:

- Working capital and trade finance
- Financing of capital expenditures
- Development impact related finance in form of development impact bonds

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. Please avoid to send incomplete proposals, missing the relevant representations as to the information required, as formulated in the next session.

## **INFORMATION REQUIRED ON PROJECTS TO APPLY FOR SUPPORT OF CFC'S PROJECT FINANCING**

CFC supports activities which promote the contribution of the commodity sector to achieving the SDGs in CFC member countries and helps post-COVID-19 recovery. Our principal aim is productivity gain for enhanced income to the producers/smallholders and subsequent value chain upgradation, with innovations and creativity.

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<sup>1</sup>) See the list of CFC member countries at [www.common-fund.org/about-us/member-states](http://www.common-fund.org/about-us/member-states).

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

- have a potential measurable **positive socio-economic and environmental impact** on the stakeholders in commodity value chains as compared to the prevailing baseline situation, measured by indicators in the following sectors:
  - (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/ Climate: 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, by solar/biogas energy and/or providing evidence on carbon footprint or a proxy to it

List of relevant representative impact indicators needs to be provided along with the funding request.

- **are financially sustainable**, represented
  - o by audit reports provided for 2 to 3 years together with the application
  - o by a financial plan going forward, provided by excel spread sheet to be delivered with the application showing a planned P&L and planned balance sheet for the time horizon to be financed

Proposals may in particular provide impact in the subsequent areas, which should be mentioned in the application:

**Innovation by**

- providing application of ICT tools in agriculture production, processing, or management support
- providing scalability, traceability, and replicability of the operating model in other areas and/or countries
- Adding transparency and accountability to the value chain with “Blockchain’ and distributed ledger technology (DLT)
- develop stronger connections with existing markets or create new markets along the value chain,
- increase and innovate financial or other services available for commodity producers and commodity-based businesses,
- enhancing the efficiency and effectiveness of agricultural value chains *inter alia* including climate change and energy related sensitive components as appropriate.

**Partnership by**

- building effective and cost-efficient collaboration between producers, industry, governments, civil society organisations and other stakeholders for commodity based development, and
- contributing to partnership models in the sector of financing

**Additionality by**

- enhancing knowledge generation and information dissemination,
- Encourage and ensure nutrition security without harming people or planet.

- enhance the efficiency and effectiveness of agricultural value chains *inter alia* including climate change and energy related sensitive components as appropriate.
- In a post pandemic era, by continuing and promoting green recovery in the commodity sector

#### RELEVANCE TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

CFC is especially following up on the subsequent SDGs, which are in particular represented by the direct economic impact indicators in the subsequent section.

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 7: Affordable and clean energy
- SDG 8: Decent work and economic growth
- SDG 10: Reduced inequalities
- SDG 13: Climate action

In case an intervention focuses on an SDG not mentioned in the list above, please add this one to the impact sheet and represent the indicator this SDG is intended to be measured on.

#### DIRECT DEVELOPMENT IMPACT

The proponent should present transparent and verifiable information to demonstrate the “benefits to planet and people” principle (already mentioned above in the impact indicator sheet) . This includes 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, the wages paid and the working conditions offered 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.

## **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. Also, information on how the social and environmental risks of the project are being managed should be provided. The CFC will expect monitoring and evaluating impact data in a suitable form.

The existence of such monitoring system prior to the application to the CFC would be a distinct advantage, including the availability on proven baseline data.

## Annex I: CFC's Exclusion list

The CFC Exclusion List reflects the types of projects that CFC does not finance. The list is presented in the format consistent with the IFC Exclusion list.

The CFC does not finance projects which match one or more of the following exclusion rules:

- production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES;
- production or trade in weapons and munitions;
- gambling, casinos and equivalent enterprises;
- production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where CFC considers the radioactive source to be trivial and/or adequately shielded;
- pose an international recognized public health hazard, such as production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- exploit natural resources in a way that contravenes national or international law, such as drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

A reasonableness test will be applied when the activities of the project company would have a significant development impact but circumstances of the country require adjustment to the Exclusion List.

All financial intermediaries supported by the CFC, must apply the following exclusions, in addition to CFC's Exclusion List:

- production or activities involving harmful or exploitative forms of forced labor<sup>2</sup>/harmful child labor<sup>3</sup>;
- commercial logging operations in primary tropical moist forest;
- production or trade in wood or other forestry products other than from sustainably managed forests;
- production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products;
- production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without following the applicable legislation including full documented consent of such peoples.
- practices that may encourage deforestation or desertification or deglobalisations.

CFC endeavours to cater to the queries of all applicants. Therefore, please feel free to let us know if you have any query about any aspect of this call for proposals. CFC shall continue to provide funding for your businesses so that we can work together for formidable impacts for our people and planet.

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<sup>2</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>3</sup> Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.