

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.

COVID-19 UPDATE AND OPEN CALL FOR PROPOSALS

The CFC is sentient to the particular vulnerabilities of the smallholders of the agricultural value chains in the face of COVID-19 pandemic. Problems facing vulnerable people in commodity value remain the focus of the CFC and the CFC is concerned that the economic livelihoods of smallholders are likely to be affected by the pandemic in multiple ways.

To ensure best level of support to its target groups, the CFC project cycle is running without interruption, and all proposals will be considered on schedule. The CFC is developing additional instruments of support to ensure that qualifying SMEs can maintain their operations despite the disruption caused by the pandemic.

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,

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

- 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
- 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 to demonstrate the “benefits to planet and people” principle . 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.

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,
- 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 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 and should be reflected in financial projections for the project, which will be subject to verification if the project is financed by the CFC. 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. Also, information on how the social and environmental risks of the project are being managed should be provided.

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 labor²/harmful child labor³;
- 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.

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

³ 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.