

**THE COMMON FUND FOR COMMODITIES
17TH 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 proposal 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 17TH OPEN CALL FOR PROPOSALS

1 May 2020 to 15 October 2020:	Applications received by the CFC
16 October to mid-December 2020:	Screening of applications by the CFC
End-December 2020:	Submission of project proposals to the Consultative Committee
End January 2021:	Consideration of project proposals by the Consultative Committee
1 February to 10 March 2021:	Negotiation of the key terms and conditions and preparation of recommendation to the Executive Board
April 2021:	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 2021.

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 INCLUDING SDGS

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.

If any of the documents contain sensitive financial or commercial information, please indicate this clearly.

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 (i.e. term loan or trade finance) or Development 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.

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.

TRADE FINANCE

- loan amount between USD 300,000 and USD 1,500,000 (or EUR equivalent);
- loan period up to 12 months, annually renewable for up to 5 years in total;
- the loan will be disbursed based on sales contracts from eligible buyers. The buyers agree to make full payment under the sales contract directly into the account of the CFC;
- 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.

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

COVID-19 EMERGENCY LIQUIDITY FACILITY²

Can be considered for projects by Small and Medium Enterprises (SMEs) to sustain the operations of an existing project otherwise eligible for CFC support, in the event of unforeseen emergency circumstances threatening the termination of operations due to depletion of working capital. Please complete the Table II.3 and indicate that consideration under ELF is requested. The following conditions apply:

- financing amount of up to USD 120,000 (or EUR equivalent);
- project previously assessed as eligible according to the prevailing screening criteria of the CFC;
- project previously recommended for approval by the Consultative Committee.

For all forms of finance, 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 total 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;
- 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.

² The ELF is currently under consideration by the CFC's Executive Board (EB) and its operationalization is conditional on the decision by the EB.

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.
- Intended 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;
 - company has the capacity to manage the social and environmental risks and impacts in their operations (e.g. working conditions, resource use and conservation, pollution prevention).
- (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 **PROJECT 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 RELATED SUSTAINABLE DEVELOPMENT GOALS (SDGS)

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 AND SOCIAL IMPACT

The CFC would normally expect projects to be environment-neutral, with minimum 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 the environmental risks associated with the project (e.g. set up of new plantations, use of hazardous substances) and the activities conducted to prevent them. Please also 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;
- Area of Land Sustainably Managed;
- Product/Service Certifications: Describes third-party certifications for products/services sold by the organization.

Please indicate the potential negative social impacts of the project and how these are being managed (e.g. working conditions, type of contracts with smallholder farmers).

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.

For trade finance, the loan will be disbursed based on sales contracts from eligible buyers. The buyers agree to make full payment under the sales contract directly into the account of the CFC. Please provide the main details of the buyer(s): name, country of operations, history of relationship (e.g. number of years) and other additional relevant information.

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.