



Republic of the Philippines  
**OFFICE OF THE SECRETARY**  
Elliptical Road, Diliman  
1100 Quezon City

12<sup>th</sup> August 2020

**MEMORANDUM**

**FOR : ALL SERVICE AND BUREAU DIRECTORS, AND HEADS OF ATTACHED AGENCIES AND CORPORATIONS**

**FROM : THE CHAIR OF THE DA-WIDE PROJECT CLEARINGHOUSE TECHNICAL COMMITTEE (TECHCOM)**

**SUBJECT : CALL FOR PROPOSALS – COMMON FUND FOR COMMODITIES (CFC)**

The **Common Fund for Commodities (CFC)**, an intergovernmental financial institution, is inviting the Philippine Government as well as non-government organizations and enterprises engaged in commodity value chains to submit project proposals for its 17<sup>th</sup> Call for proposals. Project proposals are expected to incorporate innovative solutions for the commodity sector (e.g. new agritech applications, increase availability of renewable and affordable energy, expanding environmental services).

The CFC supports activities which promote the development of the commodity sector and contribute to sustainable development in 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 organizations 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.

In this regard, we are inviting your office to submit **project proposals** under this facility. Also, please note that the project proposals should be in line with Secretary Dar's eight paradigms on the "new thinking" for agriculture and current thrusts of the Department. Attached, for your reference, are the copies of the Call for Proposals and processing guidelines. Full details on the CFC guidelines, Balance Sheet and Income Statement, and the application form can be accessed on the CFC website under "Call for Proposals" at <http://common-fund.org/call-for-proposals/>. You are encouraged to submit your proposals to the DA Project Clearinghouse System Technical Secretariat (TECHSEC) c/o Project Development Service (PDS) on or before **15 September 2019**. For inquiries, your office may TECHSEC at tel. nos. 9200928 and-9288762 to 65 local 2229 or email at [pied@da.gov.ph](mailto:pied@da.gov.ph) and/or [piedclearinghouse@gmail.com](mailto:piedclearinghouse@gmail.com).

Thank you.

**RODOLFO V. VICERRA**  
Undersecretary  
Policy and Planning

*A food-secure Philippines*  
with prosperous farmers and fisherfolk



## **FUNDING INNOVATION - SUPPORT FOR COMMODITY DEVELOPMENT**

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.

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,

- 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.

<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).

## 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 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.

<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.



DEPARTMENT OF FOREIGN AFFAIRS  
KAGAWARAN NG LUHANG PANLABAN

OFFICE OF THE UNITED NATIONS AND INTERNATIONAL ORGANIZATIONS

05 August 2020

Sir:

Enclosed is the invitation of the Common Fund for Commodities (CFC) for the submission of proposals to the 17<sup>th</sup> Call for Funding Innovation - Making a Difference.

Full details including instructions, Balance Sheet and Income Statement and the related Application Form can be accessed on the CFC website under 'Call for Proposals' <http://www.commonfund.org/call-for-proposals>. All potential applicants are encouraged to submit their proposals as soon as possible and not later than **15 October 2020**.

CFC provides a range of financial and technical instruments to support projects proposed by enterprises, cooperatives and institutions along the entire commodity value chain of its member countries.

The support is offered mainly through loans to finance equipment, working capital or trade finance needs. The CFC seeks applications of projects that have reached a state of economic, social and environmental sustainability. These applications should clearly show operational and financial viability, with a proven track records. Women entrepreneurs are encouraged to apply.

Project proposals incorporating innovative solutions for the commodity sector (e.g. new agritech applications, increase availability of renewable and affordable energy, expanding environmental services) are especially expected to be submitted.

It may be recalled that in 2019, the Philippine Fiber Industry Development Authority (PhilFIDA) submitted proposals on the abaca processing project. The Department was informed by Mr. Jerome Bunyi, Agriculture Counsellor-Designate, Department of Agriculture-Brussels, that PhilFIDA will not push through with its application for this year's cycle of the CFC project proposal.

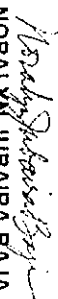
**HON. WILLIAM D. DAR**  
Secretary  
Department of Agriculture  
Elliptical Road, Diliman, Quezon City

(gmv/bgc/ba) UNIO-1-3932-2020

The Department has also sent requests to Malagos Chocolate to submit a proposal to the Fund. DFA encourages your agency to consider submitting a project proposal in line with the CFC's guidelines and priorities.

With my best regards.

Very truly yours,  
For the Secretary of Foreign Affairs:

  
**NORALYN JUBAIRA-BAJA**  
Assistant Secretary



Ref no : CFC/2020/0180/MDO

16 July 2020

To: All Governors and Alternate Governors of Member Countries of the CFC

CC: All Executive Directors and Alternate Executive Directors of CFC

- Observers
- Members of the Consultative Committee
- Heads of International Commodity Bodies (ICBs)
- Institutional Members

Your Excellency,  
Dear Madam,  
Dear Sir,

As you may be aware, the 17<sup>th</sup> Call for Proposals by the CFC is currently open and we are inviting interested parties to submit their projects proposals prior to 15 October 2020.

The CFC provides a range of financial and technical instruments in support of business activities contributing to sustainable development of the commodity sector in Developing Countries. The intervention should, besides giving a sound financial return, also provide for a measurable social and environmental return consistent with the SDGs.

From the past experience we recognize that many institutions having potentially investable proposals find it difficult to present their projects to the CFC. For this reason, we organize a series of webinars explaining the required steps for the interested organizations to submit their proposals.

The second webinar of this year will be held on **Wednesday, 22 July 2020 from 14:00 to 16:00hrs CET**; it will be most appreciated if you could communicate this to any interested party seeking information about submitting a proposal under the Open Call.

To join in the webinar, register in advance for this meeting:

<https://www.zoom.us/j/6631662464> or [open@common-fund.org](mailto:open@common-fund.org)

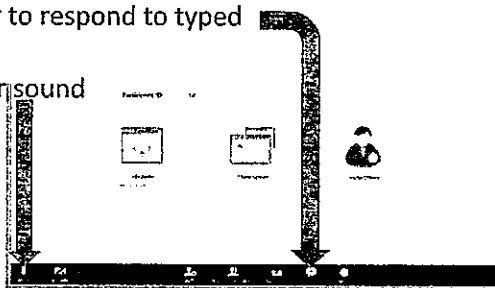
After registering, you will receive a confirmation email containing information about joining the meeting.

For further enquiries please contact the CFC Secretariat on the email [OPENCALL@COMMON-FUND.ORG](mailto:OPENCALL@COMMON-FUND.ORG).

Yours sincerely,  
CFC Secretariat

## Technical note

1. IF the broadcast is interrupted, please log in again in a few minutes with the same credentials
2. It is easier to respond to typed questions
3. Mute your sound when not speaking



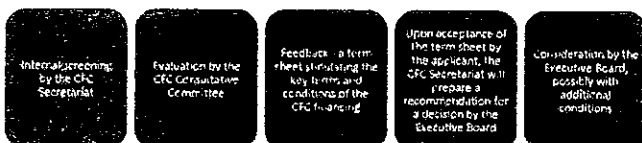
## CFC's Open Call for Proposals

Webinar presentation  
22 July 2020

## The Common Fund for Commodities

- International financial institution
- An impact investment fund.
- Headquarters: Amsterdam, The Netherlands
- Secretariat established in 1989
- 101 member countries
- Institutional Members - EU, AU, COMESA, SADC, ECOWAS, UEMOA, CARICOM, EAC, Andean Community
- Technical competence in commodity sector:
  - 30 years of project experience
  - > 520 projects
  - Total cost over USD 770 million

## Consideration of applications received through the open call



During the whole process, the applicant may be required to provide further information and documentation

## Selection Criteria

- The project has been aligned to get the impacts as stated in the objectives of the CFC as well as in the road map towards achieving the SDGs as stated in the Open Call;
- track record of the applicant for demonstrated impact and financial prudence, proven technical, managerial and social skills
- 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.
- substantiate and quantify any projections, be clear about assumptions, demonstrate a financially sustainable business plan with visible impact.

## Calendar of the 17th Open call for proposals

15 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**

- meet the conditions specified by the Board
- conclusion of legal documentation:
  - Non-binding term sheet, after a desk due diligence: preliminary conditions of the loan
  - On-site due diligence
  - Draft contract and security pledge agreement based on due diligence results
  - Final contract
- The CFC expects to start the project within 12 months after approval
- THE "SUNSET CLAUSE". The CFC will withdraw its financial commitments to projects failing operationalize 24 months after EB.

## Part I: General Information

## Affirmations

- The country is a CFC member country
- Applicant is duly authorized, legally, to represent the organization and eventually submitting on behalf of the organizations<sup>1</sup>.
- The Applicant is and will remain in compliance with all applicable environmental, social and governance regulations
- The Applicant is not the subject of, a defendant in, or respondent to any legal action
- Swear that the information provided in the application form is true and accurate.

## Key information about proposal

- Location of operations and development relevance
- Impact outcome as much visible as possible.
- Alignment with the SDGs, where applicable.
- **Form of financing requested**
- **Total project cost (USD or EUR)**
- **CFC financing requested (USD or EUR)**
- **Project IRR, %**
- Relevant Experience in the proposed type of operations
- List of operating or emerging competitors in this field

## Documents submitted with the project proposal

- Application form of less than 20 pages
- **Financial projections (in Excel):**
  - Cash flow
  - Income and expenditure
  - Balance sheet
- Background information about the proponent
- Financial and impact outcome 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
- Good collateral and/or sovereign guarantee improves the chances of success.

## Part II: Request for Financing

## Forms of financing offered by CFC

- **Term loans**
  - USD 300,000 to USD 1,500,000 (or EUR equivalent);
  - up to 7 years with maximum 2 year grace period;
  - collateralized with pledge / mortgage over fixed assets or with third party guarantees;
  - Indicatively 5% to 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.
- **Equity stake in impact investing funds and other forms of impact financing**
  - USD 300,000 to USD 1,500,000 (or EUR equivalent);
  - minority stakes only
  - clear exit / divestment strategy
  - board representation by a CFC nominated delegate may be required.
- **Development Impact bonds** – see web reference in application form for details
- **Fast track financing**
  - USD 50,000 to USD 120,000 (or EUR equivalent);
  - funding is returnable, with flexible financing and security conditions, under a simplified approval procedure

## COVID-19 Emergency Liquidity Facility

Established to sustain the operations of existing projects otherwise eligible for CFC support

- 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

- CFC share of financing does not exceed 50%
- Financing from other sources must be shown in the financial projections. Assets not shown in financial statements are not be accepted as co-financing
- Normal term of the loan 3 to 5 year duration
- Interest rate determined by CFC based on risk profile
- equity financing only where equity is explicitly required, e.g. impact investment funds
- With equity investments, CFC aims for a minority stake only, never more than 49 %

## Term loans

CFC loan terms	Please describe your proposed terms
The loan amount is not less than USD 300,000 and not more than USD 1,500,000 (or EUR equivalent).	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 7 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:

## Equity stake in impact investment funds and other forms of impact financing

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:

## Fast Track financing

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

### III.1. Operations

- Operational model (up to 700 words)
  - What the company does now
  - What the company intends to do
  - What is the transition plan
- Operational capacity
  - operational management capacity:
  - financial management capacity:
- Market system impact/innovation
- Competitive challenges
- SWOT analysis