

Leverage Fund “Organic & Fairtrade for Development”

Guidelines for the submission of project proposals

Concept and objectives

For new organic and fairtrade commodity projects in least developed countries (LDCs) where the Swiss development cooperation is engaged, SECO reserved potential contributions through a leverage fund. Contributions are only available to initiatives which follow a development-oriented value chain approach (poverty reduction goals, proven market potential, convincing business case, partnerships with private sector, aiming to establish entire supply chains), and in which development cooperation organisations and the private sector provide the main funding ($\geq 50\%$). The SECO-contribution therefore shall have a leverage effect to mobilize other funds.

Following Seco's strategic approach to promote three key commodities (cotton, coffee, cocoa) the leverage fund initially (in 2009) will mainly provide co-funding to projects to develop organic and FT cocoa value chains. Projects in LDCs that are submitted for co-funding from the leverage fund need to fulfil the conditions specified below.

Eligible organisations

Swiss NGOs and companies that organize or implement organic value chain projects in eligible countries (see definition below).

Eligible countries

Projects in least developed countries (LDCs) with engagement of the Swiss development cooperation are eligible for co-funding. Primarily, countries of the official Swiss development cooperation (SDC list of priority countries, see www.deza.ch/en/Home/Countries) shall be considered. In second priority, countries in which Swiss NGOs are active that receive a programme contribution from SDC, can be considered.

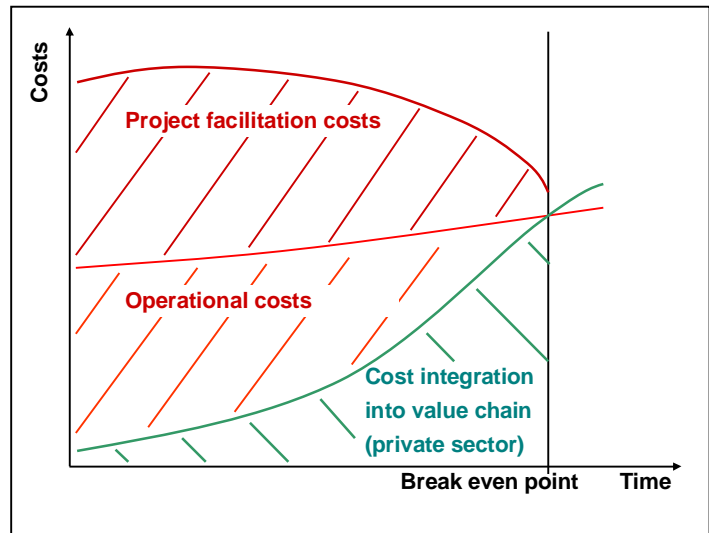
Extent of the contribution from the leverage fund

Eligible organisations can request a contribution from the leverage fund to cover a maximum of 50% of the total project costs. The upper limit of the contribution per project is CHF 500'000 over a project phase of maximum 3 years. The organisation implementing the project, other development agencies and/or private sector partners need to contribute the remaining funds required to cover development and project facilitation costs (see figure below).

Minimum requirements for an eligible project

- The commodity is of strategic importance for the development of OFTCs and has a proven market potential;
- The project design ensures economic, ecological and social sustainability;

- A viable business case exists (draft business plan), demonstrating that the value chain can reach a break-even point within max. 5 years (all operational costs covered from the value chain, see figure below);
- Long-term engagement of private sector is ensured (letters of intent to enter into a partnership and to purchase the product);
- Value chain partners are ready to pay prices that allow covering the operational costs once larger volumes are reached (break even point), and to cover the development costs occurring at their side (management costs, product development, quality management, market introduction etc.).



Content of proposals

Project proposals submitted for funding from the leverage fund shall cover the following aspects (max. 10 pages):

1. Executive summary
2. Context and approach
 - a. Local context
 - b. Market situation
 - c. Approach and innovativeness
3. Detailed description of the project
 - a. Objectives and expected results
 - b. Description of planned activities
 - c. Beneficiaries
 - d. Private sector partners
 - e. Organisational set-up
4. Budget overview over the project period + 1 year, specifying operational costs, revenues (from margins), profit/loss (positive in 4th year), project facilitation costs, contributions from other donors and private sector, and the amount requested from the leverage fund.
5. Assumptions and risk analysis
6. Annexes:
 - a. Logical framework
 - b. Detailed budget for the project duration

Submission of proposals

Each year, proposals can be submitted by the following dates:

- 31 January
- 30 April
- 31 July
- 31 October.

Proposals are submitted by e-mail to the Organic & Fairtrade Competence Centre (OFTCC) hosted by Helvetas (see below).

Evaluation of proposals

Decisions on contributions from the leverage fund are taken by SECO. The Organic & Fairtrade Competence Centre supports initiatives in preparing project proposals in line with the criteria outlined above. The OFTCC forwards submitted project proposals to SECO, along with a technical assessment by its Steering Committee.

Further information is available from:

Organic & Fairtrade Competence Centre

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