



Procedures and Criteria for Appraisal of Projects Submitted to the Common Fund for Commodities

Criteria

The International Cotton Advisory Committee, which has been designated as an International Commodity Body under the terms of the Agreement Establishing the Common Fund for Commodities, will sponsor projects for financing by the Common Fund under the following terms:

- (1) Projects will be commodity development measures having the aims specified by the Agreement Establishing the Common Fund for Commodities.¹
- (2) Projects will contribute to the development and maintenance of a sound world cotton economy and be of high priority and quality. Such projects could include measures to improve the functioning of the market, measures to reduce the cost of producing or utilizing cotton, and measures to strengthen cotton's competitive position and expand its market.
- (3) In considering sponsorship of a project, due regard will be given to priorities identified by the Common Fund and the Standing Committee, the extent of the potential benefits and the likelihood of success, the number of countries to benefit and the need to ensure, over a period of time, an equitable distribution of funds on a geographical basis.
- (4) Project proposals will only be considered if they are accompanied by statements of the legal and financial implications of the projects for the ICAC and for its member countries, if any.

Procedures

- (1) Project proposals should be submitted to the ICAC utilizing the Standard Format for Submission of Project Proposals for Financing Through the Second Account. All proposals should be complete and include all commitments of cofinancing or counterpart contributions and a description of the structural conditions applying to the industry and all information required to allow an assessment to be made of the economic, technical and financial aspects of the proposal.
- (2) Project proposals submitted to the ICAC for sponsorship will be reviewed by the Secretariat for completeness and compliance with the criteria for project appraisal.
- (3) In general, complete proposals will be circulated to members of the Standing Committee at least two months prior to discussion in the Standing Committee.
- (4) The Standing Committee will decide whether the project proposed is suitable and practicable for the furtherance of international collaboration directed towards developing and maintaining a sound world cotton economy. The Standing Committee will also consider any legal and financial requirements of sponsoring the project. Based on these considerations, the Standing Committee will decide whether or not to sponsor the project.²

(5) The Chairman of the Standing Committee will report to the Advisory Committee on the activities of the Standing Committee in relation to the Common Fund.

(6) In light of the criteria for project appraisal, the Standing Committee will also consider informally pre-proposals of projects.

(7) The Committee's criteria and procedures for the sponsorship of projects will be reviewed periodically.

¹ "The measures shall be commodity development measures, aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities."

² In making its decision, the Standing Committee will take the following steps:

1. A special meeting of the Standing Committee will be held on a yearly basis, in the month following the Plenary Meeting of the Committee, at which delegates will submit a list of priority areas of study or activity within the criteria for project appraisal.

2. As a result of this meeting, the Standing Committee will supply the Secretariat with a list of preferred study areas. The Secretariat will expedite the delivery of this list to all member countries.

3. Member countries will review the list and rank-order all study areas in which they have interest. Member countries will submit their ranking to the Secretariat within thirty (30) days.

4. The Secretariat will compile the rankings submitted within the deadline and will advise all member countries of the compiled rankings accordingly. The Secretariat will review these rankings in the next meeting of the Standing Committee.

5. The Secretariat will proceed to actively solicit project proposals which address the top three (3) areas of concern. Interested parties must submit specific proposals within one hundred twenty (120) days of the solicitations.

6. The Secretariat will screen all proposals received within the deadline set, for compliance with the general criteria for project appraisal. Any member country which wishes to submit proposals which fall outside of the priority areas may do so, but such proposals must be received within the 120-day deadline specified.

7. The Secretariat will distribute all qualifying proposals to all member countries for advance review.

8. A special Standing Committee meeting, dedicated solely to the discussion of the Common Fund proposals will be convened in sixty (60) days (or as soon thereafter as practicable following the 120-day deadline for submission of proposals). At this meeting it will be decided which project or projects will be referred to the Common Fund. If multiple projects are submitted, the Standing Committee will determine a rank order.