

BACKGROUND

- ComMark aims to support and promote policy, institutional and operational initiatives that facilitate the development and improved operation of commodity and service markets for the benefit of the poor in Southern Africa. ComMark's primary focus is on a number of high growth sub-sectors which offer clear potential to make a major impact on pro-poor growth and poverty reduction. Within selected sub-sectors, ComMark's operation are based on the identification of areas of distortion or 'market failure', which inhibit the growth of sub-sector markets and economic activity, and which restrict the ability of the poor to benefit from them.
- Much of the work funded under ComMark is targeted at improving policy, legal and regulatory frameworks in specific commodity and service markets, investigating and overcoming barriers to entry for emerging businesses, facilitating business linkages between large and small enterprises (many of the latter being from previously disadvantaged communities), and enabling the establishment of commercial public-private partnerships.

FUNDING ELIGIBILITY

- To achieve its development goals, ComMark invests its funds primarily, although not exclusively, through grant disbursements to project partners. Such grants are mediated by a legal contract which details the terms of the grant, the disbursement schedule and all associated narrative and financial reporting obligations.
- Eligibility for ComMark funding will be determined by an initiative or applicant's adherence to stated legal, developmental and generic criteria.
- Initiatives and applications from non-priority sectors which are innovative and conform to ComMark's criteria will be considered on their merits. ComMark is receptive to funding policy, research and operational initiatives which lie outside of its priority sub-sectors, and which demonstrate a strong potential for pro-poor impact through sustainable market development. To be financed, such initiatives would need to demonstrate clear conformity to ComMark's market development principles and criteria.

PROJECT PROPOSAL

To be considered for funding from ComMark, a funding proposal must be prepared which demonstrates conformity to the following criteria:

- **ComMark Legal, Financial and Governance Criteria:**
 - The applicant must have a valid legal persona which should be clearly defined, and the applicant must be registered in terms of all applicable laws.
 - If it is already a recipient of grant funding of any kind, the applicant must define the sources and the extent of such funding.
 - The applicant must be able to furnish financial accounting records and audit reports relevant to its operations, if possible, for three years prior to the submission of a funding application, or since the organisation's establishment.
 - If the applicant is a new entity which has no audit history, records of its legal-founding documentation and its governance arrangements will need to be provided.

- The applicant must demonstrably conform to accepted standards of good governance in all aspects of its institutional and operational practice.
 - The applicant must designate an accounting officer who will take full responsibility for the proper usage of ComMark funds in accordance with the signed contract, for all narrative and financial reporting associated with the contract, and for the fulfilment of all statutory and contract-related auditing requirements.
- **ComMark Development Principles and Funding Criteria:**
- **High growth:** The applicant must demonstrate that the ComMark-funded initiative is located in a sub-sector associated with high and sustainable growth prospects.
 - **Pro-poor:** The applicant must define how the ComMark-funded initiative will contribute to the realisation of substantial, sustainable benefits for large numbers of poor households, producers and/or consumers, and over what time-scale. ComMark defines four broad categories of 'pro-poor benefit':
 - Employment generation;
 - Integration of poor producers and SMEs into viable markets (e.g. through commercial linkages);
 - Empowerment of asset-poor individuals through productive ownership and income opportunities;
 - Improved access to, and use of, business services and related information by poor producers and emerging SMEs.

Within each category ComMark is concerned to ensure that market participants include women.
 - **Market development:** ComMark-supported initiatives must be conducive to the improved operation of existing or emerging markets and value chains; they should complement, rather than displace or duplicate private investment or public sector provision; they should enable private sector partnership potential; and should offer a clear view of how existing markets in the area of the proposed intervention will improve over the longer term as a result of the intervention.
 - **Catalytic role:** ComMark supports the operation of existing stakeholders (government, private sector, regulatory agencies, etc.) to realise shared market development objectives. Using a variety of funding instruments and interventions (policy research, institutional reform, technical assistance, R&D, etc.), ComMark seeks to catalyse, facilitate and leverage pro-poor market development in high potential sub-sectors. As a general rule, ComMark does not fund the establishment or operating costs of project partners.
 - **Sustainability:** ComMark-financed initiatives should be sustainable beyond the period of funding and external intervention. Thus applicants and interventions must have an explicit vision of their long-term sustainability and be able to define an effective exit strategy that will be deployed as part of their operation.
 - **Risk & cost-sharing:** ComMark-financed initiatives should build on, or contribute towards the establishment of inclusive, risk- and resource-sharing partnerships between all the players in a particular sub-sector or market. The extent to which an initiative will result in resource commitment by key stakeholders will be an important determinant of ComMark's support.
 - **Co-funding for-profit initiatives:** Where the ComMark funding applicant is a profit-distributing entity which will derive material benefit from ComMark funding or will retain the intellectual property created by the initiative, the amount of the

ComMark grant may not exceed 50% of the total cost of the proposed initiative. ComMark reserves the right to retain part or full ownership of the intellectual property that derives from initiatives co-financed with private companies, depending on individual circumstances.

PROPOSAL APPRAISAL AND PROJECT IMPLEMENTATION

- A structured appraisal and justification procedure will be followed in support of all funding applications and sub-sector investment plans which conform to ComMark's criteria.
- Following the approval by ComMark of a project proposal, a letter of grant will be issued along with ComMark's standard contractual terms and conditions. Project implementation plans and terms of reference will be appended to the letter of grant, and will form an integral part of the grant agreement.
- The project implementation plan will include a project-specific log frame, the *purpose* of which will relate directly to the fulfilment of one or more of the *results* of the overall ComMark logframe. The implementation plan will further define the strategy, partners and key initiatives to be adopted over a defined period to fulfil the aims of the project logframe, as well as a budget and action plan for implementation. The plan must clearly demonstrate conformity to ComMark's stated development principles and operational criteria (i.e. it must be conducive to high growth and be pro-poor in nature, must facilitate sustainable market development and should reflect appropriate risk- and/or cost-sharing). In addition, the project implementation plan should also indicate the project implementor's proposed exit strategy and factors ensuring the intervention's sustainability.
- Structured monitoring, reporting and impact assessment arrangements are linked to the contractual and reporting arrangements that underpin ComMark grants. Such reporting will comprise both narrative and financial reports, and may include public presentations. Narrative reports will detail the progress of the initiative towards fulfilling the key results and log frame outcomes in the time-scale defined in the project application. Financial reporting will account for the disbursement and use of ComMark funds in relation to the disbursement schedule defined in the application.

INTELLECTUAL PROPERTY

- Where ComMark funds 100% of the project costs: any intellectual property generated vests in ComMark (which shall in general seek to place this in the public domain)
- Where ComMark funds a portion of the project costs: intellectual property shall vest in the applicant provided that the property is used within a pre-defined time frame. ComMark shall have the right to publicise the findings of any evaluation of the initiative to create a demonstration effect.