CALL FOR TENDERS:

A. Development of the Crop Trust’s Financing Strategy
B. Food Security Bond (FSB) design and implementation plan

IMPORTANT NOTE: As part of these calls for tenders there are two distinct and separate work programs which service providers can tender for (i.e. A and B or A or B). One service provider may be selected for A and B or a separate provider may be selected for each (i.e. either A or B). At all times, the work programs will have their own separate costs and contracts.

1. Introduction

The Global Crop Diversity Trust (“Crop Trust”) was established to provide sustainable, long-term funding to operate a rational, effective and efficient global system to secure crop diversity forever, through ex situ conservation. The current main funding mechanism of the Crop Trust is the endowment fund which will provide long term support to the following elements of such a global system:

- International crop collections under Article 15 of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA)
- Globally important national and regional collections
- The Svalbard Global Seed Vault, including ongoing operation of the Vault and support to genebanks in sending back-up collections to the Vault
- Secretariat Operations of the Crop Trust in Bonn
- Information Systems to improve the availability and use of all crop collections

These five core activities of the Crop Trust should be funded through sustainable investment income generated from the endowment fund, and conventional, unrestricted grant contributions to the endowment fund will always be the preferred financing source for the global system of ex situ conservation. However, for the Crop Trust to successfully fulfill its mission, the financial resources at its disposal need to increase significantly. Specifically, in order to provide long-term funding for the essential operations of key genebanks around the world and the Svalbard Global Seed Vault, the Crop Trust’s endowment must grow to USD 850 million. In addition, there must continue to be a solid basis of short-term project financing for the further development of the global system of ex situ conservation of crop diversity.

The current estimated value of the Crop Trust endowment fund is USD 386 million as of 30 June 2021 which includes USD 249 million of contributions, primarily from government donors, a EUR 50 million concessional loan from the German Government and accumulated investment returns. In order to meet the USD 850 million funding target, it is necessary and urgent to tap novel sources of finance on a large scale in order to generate the funding required to protect crop diversity now. This will require considerable conceptual preparatory work. There is a very wide range of options to choose from, from mobilizing capital market funds (i.e. issuing a bond) to crowd-funding to new forms of campaign-based cooperation with various companies in the food and agricultural sector.

While the Crop Trust seeks to now develop its financing strategy, the Crop Trust also wishes to move forward with developing and implementing a possible FSB in parallel. The FSB would be an innovative, financial mechanism with two major benefits for the Crop Trust: (i) the FSB typically has a tenor of >15 years and hence would secure long term funding upfront to support national, regional
and international crop collections and (ii) the size of the FSB would ideally be a minimal amount of USD 300m which would allow the endowment fund to grow substantially in the short term. However, for the Crop Trust to unlock this private funding, the FSB would require strong Government support to attract investors given that the Crop Trust does not currently have a credit rating.

To Note:
A study was conducted on the feasibility of the FSB in October 2020 and will be provided to the successful bidder as well as the Crop Trust’s current Concessional Borrowing Framework (CBF) policy that is in place. Further details about existing funding vehicles/affiliates will also be provided.

2. Objectives and Scope of the Assignment

The Crop Trust seeks a service provider(s) to conduct either, or both, of the following work programmes:

A. Development of the Crop Trust’s Financing Strategy Tender

The Crop Trust is seeking a service provider with experience in resource mobilization and innovative finance to deliver a comprehensive financing strategy across all funding possibilities as part of a new chapter in the strategic development of the organization. The main goal is to explore in greater depth the best ways to support the global system as well as innovative forms of project acquisition and (recurring) fundraising to either fill the Crop Trust’s endowment fund or to establish a funding stream on its own as a second pillar.

This strategic development of the Crop Trust will be supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) through a three-year, EUR 4.5 million project that will run until the end of 2023. Further information on this project can be found in the press release in annex 1 and in the project description in Annex 2. The service provider should also have a strong understanding of the ‘green-financing’ landscape including ESG and EU taxonomy rules and regulations and should be able to build on the Crop Trust’s previous experiences in innovative finance to fully capitalize on new financing opportunities. The service provider will report to the Project Manager, Hannes Dempewolf, the Director of External Affairs and a Senior Scientist, and work closely with the Crop Trust’s External Affairs and Finance Teams to develop a financing strategy for the strategic development of the Crop Trust in the next 10-years.

The Financing strategy should include, but is not limited to, the following:

A1) Preparatory Work

When preparing for the development of the financing strategy, the service provider, in close consultation with Crop Trust management, will identify the Crop Trust’s financing needs through a systematic review incl. comparisons with peer organisations and strategic consideration of existing analyses, costing studies and estimations. This exercise could include:

- Setting the scene and review of the basic concept of the capitalization target and other financing targets;
• The definition of financing targets for the costs of the Crop Trust’s core activities outlined in the introduction;
• Modelling of different financing scenarios to reach capitalization targets;
• An assessment of the risk and feasibility of different financing scenarios;
• The development of additional analyses, costing studies, and estimations as needed.

**A2) Exploration of Financing Instruments**

The exploration of financial instruments will play a big part in the development of the financing strategy. The slow growth of official development assistance (ODA) and declining endowment fund contributions from Governments, make it necessary and urgent for the Crop Trust to explore new, more innovative funding channels to achieve the current financing targets. While the Crop Trust has previous experience in innovative finance, including concessional loans and the FSB, the service provider is asked to consider other financing instruments to capitalise the endowment fund or to establish a funding stream on its own as a second pillar.

This process is expected to include:

- The exploration and prioritization of financing instruments suitable for the Crop Trust considering the financing targets
- The development of a broader 'landscape analysis' to survey current donors and potential donors and gauge their appetite for different types of financing instruments and innovative finance mechanisms;
- A summary overview of funding options for the costs of the Crop Trust’s core activities outlined in the introduction.

**A3) Development of Financing Strategy**

- Development of draft financing strategy as input document for a workshop of the Crop Trust Executive Board at its 2022 spring meeting
- Presentation of draft Financing Strategy together with Crop Trust management to the Crop Trust Executive Board for discussion as part of a special workshop at its 2022 spring meeting. This presentation should include (i) a selection of suitable financing instruments including a landscape of potential funding providers. (ii) a risk-reward analysis per financing instrument and (iii) outline an estimation of the costs associated with such financing arrangements.

**B. Design and Implementation Plan for the FSB Tender**

The service provider will present to the Crop Trust management and the Executive Board an objective, unbiased and comprehensive assessment of the Crop Trust's FSB proposal, the step-by-step process to implementation and the possible (financial) institutions, investor base and other stakeholders to partner with to issue the FSB. The study should ultimately identify new and existing donor support and their requirements to bring the FSB to the implementation phase. It will include the following major activities:

1) Conducting a thorough analysis of the FSB, which will include a review of the concept presented in the feasibility study, an assessment of whether such an instrument has
previously been brought to market, what experiences and lessons have been learned by others, and recommendations for the design and structure of the FSB and amount of funding that could be raised, whether in a single placement or in tranches.

2) Consideration should be given to the Crop Trust’s current Concessional Borrowing Framework (CBF), with the full details to be provided to the successful bidder, and recommendations on whether this policy should be amended.

3) Detailed assessment of identified risks, recommendations on resolutions to reduce these risks, and definition of residual risks the FSB might create against the background of our corporate governance, in particular potential risks related to obligations, responsibilities and benefits expressed in our Constitution and in our Headquarters Agreement with Germany. Development of scenarios related, but not limited to, the following:
   a. the nature of our endowment fund and its potential liability within a bond framework. As per our Constitution, our Endowment can be used exclusively to support ex situ conservation, and it has to be fully returned to donors in case of dissolution of the Crop Trust.
   b. independence of the Crop Trust and potential relationship to a governmental Guarantor and/or FSB investors;
   c. immunity status of the Crop Trust in Germany and potential effects of the contractual set up the establishment of an FSB will imply
   d. international status of the Crop Trust and its independence from any national system of law and freedom of choice of jurisdiction.

4) Engaging with existing and potential donors (e.g. Governments, multilateral organizations, development banks etc.) and other (financial) institutions, of at least investment grade that could provide support for the FSB issue. The analysis should include, but not be limited to, a landscape analysis of parties to be considered, a detailed overview of the support mechanisms (e.g. structure, tenor etc.), the possible risks and exposures for new and existing donors, including stochastic analysis of possible investment outcomes, based on the Crop Trust’s investment strategy as described in its Investment Policy Statement. Exploring the optimal trade-offs between any covenants that could be given on the risks taken within the endowment’s investment strategy versus the need to generate sufficient returns to make it worthwhile.

5) Evaluation of the impact of the due diligence considerations on the Crop Trust’s internal and external resources before FSB issuance i.e. technical, operational, legal, taxation, timeline, economic, governance, political and reputational considerations etc.

6) Creating a credible “investment and credit story”.

7) Uncovering the ongoing internal and external resources required (financial / investor relations, controlling, HR, other actors etc.) once the FSB is issued;

8) Conducting interviews to identify target fixed income investors and assess their appetite for the FSB. Consider whether “impact” should be a key component of the FSB and advise on how the Crop Trust would quantify and report on the FSB’s impact.

9) The total costs of a FSB should be considered as part of the study (commission, placement/underwriting fees, custodian fees, listing fees etc) and any analysis should be conducted on a net basis.

10) Consideration of critical conditions that must be in place from the start of the process to ensure openness, transparency and a successful FSB issue.
3. Qualifications

The service provider(s) is/are required to meet the following criteria:

- Proven experience working on financing strategies using innovative finance/ blended finance and other funding mechanisms for social/impact investments.
- Proven and demonstrable experience in working with governments in bringing funding opportunities to fruition;
- Thorough understanding of suitable financial mechanisms that provide support for innovative financing opportunities;
- Track record in investment consulting roles with other international organisations and the non-profit sector.
- A proven track record in debt capital markets.
- Access to a diversified network of institutional investors
- Strong communication skills.

4. Timeframe

The Crop Trust wishes to move swiftly with the conclusion of both work programs and expects the majority of the work to be concluded by 17 December 2021. The RFP should contain a detailed breakdown for each work program, of the scope of activities and a detailed timeline of when these will be expected to be completed. In particular, please highlight the activities that can be presented to Crop Trust management and the Executive Board by the following dates - by 15 October 2021, 17 December 2021 and 1 March 2022 - along with indicating a final completion date for the work program(s).

5. Offer

As highlighted above, it is expected that this work will be performed remotely with virtual meetings and workshops, so the offer should exclude travel and related costs. If there are to be meetings held in-person in Bonn, Germany, please separately indicate the travel costs associated with any proposed in-person meetings included in your proposal.

The Crop Trust has tax exempt status in Germany and is eligible to claim back VAT directly from the Government. Please indicate clearly in your proposal if you will accept our tax exempt status by not charging VAT, and please budget accordingly. If you are not able to accept our tax exemption, the assessment of your offer will be based on gross amounts in EURO only. Assessments of quotes from German companies are generally based on offers excluding VAT.

The document should not exceed 15 pages in length; however, additional information can be included as appendices. Please include in your offer:

- The names and biographies of those who would be responsible for the work described
- Examples of previous work in each of the activities listed in your offer
- An explanation of how the provider would like to conduct the feasibility study
- References and testimonials
- The signed Declaration of Undertaking
- The signed and filled out Supplier Self-Assessment
The Offer for both work programs will be evaluated separately and will consider at least the following points:

- Cost
- Quality of previous work
- Relevant previous experience working with international organizations who raised funds in capital markets for sustainable/social/impact investments
- Availability and ability to conclude most of the activities in 2021
- Technical capabilities

Please note also that this Request for Proposal is not an offer and that the Crop Trust is under no obligation to accept any proposal submitted under this RFP, nor is it obliged to select or appoint any service provider pursuant to this RFP. All costs and expenses associated with or incurred in responding to this RFP shall be borne by the Bidder. The Crop Trust shall not be liable for any such costs or expenses or any claim for reimbursement of such costs or expenses.

6. Submission

Proposals are due via email as a PDF file to procurement@croptrust.org by midnight (CEST) on 10 September 2021. Questions on the RFP can be emailed to the Procurement Officer (procurement@croptrust.org) prior to 3 September 2021. Shortlisted candidates will be asked to present their proposals and answer questions virtually.

7. General Bidder Information

Please note: for information or feedback on the procurement process, please address your email to procurement@croptrust.org.

7. Attachments

Annex 1 - Press release “Strategic development of the Global Crop Diversity Trust”
Annex 2 - Project description

The Crop Trust governance documents can be found on our website (https://www.croptrust.org/resources/#governance-policy).

The feasibility study of the FSB and the CBF will be provided to the successful bidder.
Annex 1

Press Release

“Germany Supports the Crop Trust to Safeguard and Use Crop Diversity Globally”, The Crop Trust, 2021.
Annex 2
Project description

Background

The Crop Trust is an international organization with a mission to ensure humanity conserves and makes available the world’s crop diversity for future food security. It was founded in 2004 by the Food and Agriculture Organization of the UN (FAO) and Bioversity International on behalf of the CGIAR. It provides: financial support for the key international genebanks that make the diversity of our most important food crops available to all under the International Treaty; tools and support for the efficient management of genebanks; coordination between conserving institutions to ensure that all crop diversity is protected, accessible and used; and final backup of crop seeds in the Svalbard Global Seed Vault.

For the Crop Trust to successfully fulfill its mission, the financial resources at its disposal need to increase significantly. According to current goals, in order to guarantee long-term funding for the essential operations of key genebanks around the world and the Svalbard Global Seed Vault, the Crop Trust’s endowment must grow to around USD 850 million. In addition, there must continue to be a solid basis of short-term project financing for the further development of the global system of ex situ conservation of crop diversity.

So far, payments into the endowment have been made almost exclusively by a relatively small number of traditional government donors such as Australia, Germany, Norway and the USA. Such contributions are still urgently needed. But it would be an illusion to believe we can rely solely or even primarily on government donors for the proposed capital increase from the current $360 million to $850 million. Rather, it will be increasingly necessary to tap novel sources of finance on a large scale. This will require considerable conceptual preparatory work. There is a very wide range of options to choose from, from mobilizing capital market funds (issuing a bond) to crowd-funding to new forms of campaign-based cooperation with large retail chains and companies in the agricultural and food industries.

The pursuit of the strategic and financial goals of this growth strategy has to go hand in hand with a significant enhancement of the Crop Trust’s communications efforts. Raising awareness of the importance of agricultural genetic diversity and representing its interests in international bodies are therefore high on the Crop Trust’s future agenda.

Overall Objective, Implementation Modalities and Synergies

The project ‘Strategic Development of the Global Crop Diversity Trust’ will support the Crop Trust in its institutional development and strategic repositioning, particularly with regard to sustainable financing. The main objective of the Overall Project as stated in the Overall Project agreement is: “The role of the Crop Trust in the conservation and use of agrobiodiversity is strengthened.”

A major focus of the project will be developing a sustainable financing strategy for the Crop Trust, including the further development of innovative financing instruments. Support mechanisms for the CGIAR genebanks and other key genebanks will be further strengthened. The institutional capacity development strategy will be based on networking, particularly with private sector and civil society groups, especially in Germany. Strategic communications will be strengthened to increase public awareness of the Crop Trust, again with Germany as a priority. This project will pay special attention
to gender equality, assisting the Crop Trust in considering gender aspects more strategically in its work with genebanks and in the context of fundraising and communications.

To achieve this, the project objective, the following outputs were set:

1. The Crop Trust has a new financing strategy at its disposal, including new financing instruments
2. The support framework of the Crop Trust primarily for international genebanks (as defined under article 15 of the Plant Treaty) has been expanded
3. The conditions for better networking and awareness of the Crop Trust with a focus on Germany are created

As part of the project, the Crop Trust will receive direct financial support for its independent institutional development, complemented by demand-oriented GIZ expertise. This grant agreement will focus on Output 1 on innovative financing, but also cover contributions to Output 2 and 3, as described below. This grant agreement will cover only the activities for which the Crop Trust receives financial support directly. However, the overall project activities will be implemented jointly with GIZ and all activities described here are fully complementary. The objectives of the project are fully complementary to other types of support the Crop Trust receives through the German government and other partners. In particular, the support provided by KfW for project-based activities, the endowment and innovative finance work synergistically in support of the institution.

The Crop Trust, together with GIZ, is one of the lead implementation partners in the joint project and specifically responsible for a set of activities, as described below. These activities are carried out in harmony with complementary activities and advisory services that are directly implemented or provided by GIZ.