



Operating Bases Rules and Conditions Supplier Development DESCUBRE Program

Productive Chain:
Cassava Subproducers



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1. OBJECTIVE

The Descubre Supplier Development Program identifies market opportunities for agricultural and agro-industrial products that will diversify the country's agricultural and agro-industrial exports, promoting innovation in agriculture and chaining production processes.

The Supplier Development Program selected, under technical criteria, "leading" companies with experience in the export of Descubre products to work alongside PROCOMER in the development of suppliers and agriculture production chains.

This document presents the Operational Bases, Rules, and Conditions of the first call for producers and agriculture companies to access non-reimbursable funds and technical assistance that will enable them to carry out productive transformations and export chains with these companies.

2. DEFINITIONS

For the purposes of this call, the following definitions will apply:

- i. **Descubre Seed Capital:** non-reimbursable funds for the implementation of agricultural or agro-industrial development, transformation, scalability, or innovation projects.
- ii. **Leading company:** agricultural or agro-industrial company with proven export experience leading the production and export of the fresh or processed product selected under the Descubre Supplier Development Program.
- iii. **Supplier Company:** micro, small and medium-sized producers, or groups of producers, and/or micro, small and medium-sized companies in the agricultural and agro-industrial industry, exporters or with export potential, which, through productive chains, complement the production of the product

selected under the Descubre Supplier Development Program, and seek to supply the leading company.

- iv. **Related companies:** companies that are part of a group, in which one of them has economic control over the other, are subject to a common control, or their legal representation answers to the same person.
- v. **Micro, small, and medium-sized producers and/or companies:** micro, small and medium-sized producers and/or companies are defined as agricultural or agro-industrial producers or companies with less than 100 workers.
- vi. **Micro, small, and medium producer groups:** micro, small and medium-sized producer groups are defined as cooperatives, associations, or any other form of formal collective organization of agricultural or agro-industrial producers with less than 100 workers.

3. BENEFICIARIES

Up to 9 micro, small and medium-sized producers, or groups of producers, and/or micro, small and medium-sized agricultural and agro-industrial companies that export or have export potential, that have land devoted to cassava production and submit productive transformation projects in accordance with the guidelines set forth in these Operational Bases¹.

Medium-sized producers, groups of producers or companies classified as medium-sized may not exceed 40% of the total number of beneficiaries.

The following are not eligible for this contest:

- i. Winning companies or companies, from the same line of business, related² to winning companies from other PROCOMER non-reimbursable funding



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¹There will be the possibility of extending to more beneficiaries if the distribution of funds for the projects submitted allows it.

²As defined in Section 2.

programs, such as Alivio, Descubre, The BluePrint or Green Growth.

- ii. Two companies simultaneously related.
- iii. A company related to any of the selected leading companies of the Descubre Supplier Development Program.

4. ADMISSIBILITY REQUIREMENTS

- i. To have a business identification (to be a company duly registered in the Registro Nacional or a national identification card.
- ii. To be registered as an employer (in case of having employees) or as an independent worker (in case of not having employees) with the Caja Costarricense del Seguro Social, and be up to date with the corresponding payments.
- iii. To be micro, small, and medium-sized producers or groups of producers and/or micro, small and medium-sized companies (up to 100 workers)³, in the agricultural and agro-industrial industry, exporters or with export potential through productive chains.
- iv. To be a cassava producer or group of cassava producers, with verifiable experience of at least two years and comply with:
 - a. An area of at least 1 hectare dedicated to this crop.
 - b. To own or lease land with a formal contract for a minimum of 3 years.
 - c. Do not produce with genetically modified seed (non-GMO).
 - d. Do not use pesticides banned or restricted by the SFE⁴ and EPA-FDA⁵.
 - e. Comply with the maximum residue levels allowed⁶.

³If there are related companies and under the same line of business, the total number of employees of all the companies should be summed up.

⁴Servicio Fitosanitario del Estado, Agrochemicals and Application Equipment Registration Unit. Prohibited and restricted products in Costa Rica. 2017.

⁵Banned or Severely Restricted Pesticides (U.S. Environmental Protection Agency EPA). EPA. INTERNET http://www.epa.gov/oppfead1/international/us-un_list.htm.

⁶Decree #25301-MAG-MEIC-S RTCR 424-2008: Technical regulation of pesticide MRLs in vegetables. <https://www.sfe.go.cr/SitePages/Residuosdeagroquimicos/LMR.aspx>.

- v. To be registered as an Agriculture Producer in the Ministerio de Agricultura y Ganadería (Ministry of Agriculture and Livestock, MAG), or to have the operating permits from the Ministerio de Salud (Ministry of Health) if applicable, or any other permit necessary for the operation or development of the project.
- vi. To have been diagnosed with the "PROCOMER's Unique Diagnosis".

5. DESCUBRE SEED CAPITAL AMOUNT

The maximum amounts of non-reimbursable funds to be granted are determined according to the size of the company as detailed below:

Table 1. Maximum funding amounts

Category	Maximum amount granted by PROCOMER (max. 80%)	Minimum amount contributed by the company (min. 20%)	Total project amount (100%)
Micro, small producers or companies (1-30 employees)	USD 12,000	USD 3,000	USD 15,000
Medium-sized producers or group of producers or companies (31- 100 employees)	USD 18,000	USD 4,500	USD 22,500

For all projects, and according to the above amounts, PROCOMER will grant up to 80% of the total budget established in the project and the company must contribute with at least 20% of the total project budget as a counterpart. The activities that can and cannot be financed with the seed capital and what will be accepted as counterpart are specified in Section 8 of these Operational Bases.

6. EVALUATION CRITERIA FOR PROPOSALS

The following table shows the criteria for the selection of projects.

Table 2. Evaluation criteria for the technical analysis of productive transformation projects

Criteria	Verification System	Score
There is coherence between the objectives, the activities proposed and the technical team assigned to the project.	Project Registration Form: - Project objectives, description, technical justification, and team: Project Description Section. - Activities: Schedule and Budget Section.	10 pts
There is consistency between the activities described and their goal on technical, budgetary and schedule terms.	Project Registration Form: - Activities and deadlines: Schedule and Budget Section.	15 pts
Experience of the producer or group of producers.	Project Registration Form and Affidavit: - Years of experience in the production of cassava.	5 pts
Project impact by hectares.	Project Registration Form and Affidavit: - Number of hectares targeted by the project's implementation.	15 pts
Level of crop technification.	Project Registration Form and Affidavit: - Adequate soil preparation, e.g., by harrowing. - The production area has appropriate drainage for the cassava cultivation.	10 pts
Risk level of the crop due to its location.	Project Registration Form, Google Earth or SIMOCUTE/CNE maps ⁷ : - The crop area is not prone to be affected by natural disasters (floods, mudslides, landslides).	10 pts
Risk level of the crop due to its location.	Project Registration Form, Google Earth or SIMOCUTE/CNE maps: - The crop area does not present a high risk of contamination from nearby operations (sewers, waste systems, industrial facilities, etc.).	10 pts

⁷<https://simocute.go.cr/> / https://www.cne.go.cr/reduccion_riesgo/mapas_amenzas/index.aspx

Traceability and safety.	Project Registration Form and evidence of records: - It has a record of crop history, seed origin, use of fertilizers, applications of phytosanitary products, among others. It has a program for the management of organic, chemical, and ordinary waste.	10 pts
PROCOMER's Unique Diagnosis Score	PROCOMER's Unique Diagnosis.	10 pts
The project will be carried out in one of the regions outside the Greater Metropolitan Area: Región Huetar Norte, Región Chorotega, Región, Huetar Caribe, Región Pacífico Central, or Región Brunca	Project Registration Form: - Project objectives, description, technical justification, and team: Project Description Section.	5 pts
Total		100 pts
There is a risk (high, medium, or low) that the project cannot be executed within the established schedule and under the criteria indicated in these Operational Bases.	Project Registration Form: All sections.	-10 pts

7. SELECTION OF BENEFICIARY COMPANIES

The companies' proposals will be evaluated by a technical team and a High-Level Jury that will select the projects with the highest score according to the evaluation criteria established in Section 6 of this document.

- [Submission of the project by the companies](#)

Companies wishing to take part as beneficiaries of the Descubre Supplier Development Program should visit the following website <https://www.descubre.cr/en/supplier-development-program>, enter the "Take Part Here" section, create a user, and complete the online forms as prompted. After completing the forms, you must download your submission, sign it physically or digitally⁸

⁸For all cases the valid digital signage is the one from the Sistema Nacional de Firma Digital of the Costa Rican Government.

and attach it to the system to complete your submission⁹. The period for submitting the information ranges from July 20, 2021 to August 12, 2021 inclusive.

- i. Admissibility requirements: proof of compliance must be submitted for each of the requirements listed in Section 4 below:
 - a. For the requirement i) a copy of the legal status and national identification card of the legal representative, if applicable, or the national identification card of the participant.
 - b. For the requirement ii) the information provided through the CCSS platform must be attached.
 - c. For the requirement iii) enter in the form the number of employees of the company and of the related companies under the same line of business, if any.
 - d. For the requirement iv):
 - Submit evidence of at least 2 years of experience in cassava production, including at least one of the following: crop records, invoices of sales to other companies, formal references from purchasing companies, or records of visits from MAG, for the specified period.
 - Attach the property registration under the name of the beneficiary or the proof of the legal business between the registered owner of the property and the beneficiary, whether it is an affidavit or a contract.
 - Sign the affidavit that it does not produce with modified seed (non-GMO) nor pesticides banned or restricted by the SFE and EPA-FDA, and in compliance with the maximum residue limits allowed.

If the target area is divided into several properties, the property registry in the name of the beneficiary or proof of the legal transaction between the registered owner of the

⁹Those forms that are physically signed must, in addition to the above steps, be sent in original



format to PROCOMER's central offices for the submission to be valid.



property and the beneficiary must be attached for all the properties included. In the case of producer groups, if one or more of the targeted lands by the project are owned by an associate, a document certifying this association must be attached in addition to the registration or legal business in the name of the corresponding associate.

- e. For the requirement v) copy of the Agriculture and Livestock Producer's certificate from MAG, or copy of the operating permit from the Ministerio de Salud (Ministry of Health) and any other permit necessary for its operation or the execution of the project.
 - f. For the requirement vii) is applied by PROCOMER, the verification will be done internally. Those companies that do not have the new PROCOMER's Unique Diagnosis applied, will have until July 28, 2021 to request its application to the following email address descubre@procomer.com or via the online platform.
 - ii. Project information using the form for submitting productive transformation projects¹⁰ found at the website <https://www.descubre.cr/en/supplier-development-program>, signed physically or digitally.
- [Project evaluation](#)

The evaluation of the projects will be carried out in 2 stages according to the evaluation criteria in Section 6.

The technical evaluation team will be appointed by PROCOMER and will be made up of experts related to the different areas of productive transformation.

The jury will be made up of senior PROCOMER officials as detailed below:

¹⁰A sample of the form to be completed on the online platform is included as part of Appendix

- a. The director of the Strategic Planning Department of PROCOMER, or whoever is appointed in this position.
- b. The director of the Chain Department of PROCOMER, or whoever is appointed in his or her place.
- c. A representative of the Ministry of Foreign Trade, appointed by the Minister of Foreign Trade.

Of the total number of projects submitted, only projects whose beneficiaries are those indicated in Section 3, that have complied with the eligibility requirements of Section 4 and that comply with the categories, activities, amounts, and reimbursement schedule indicated in these Operational Bases will be evaluated.

The projects that obtain the highest rating according to the distribution of beneficiaries in Section 3 and the evaluation criteria in Section 6 will be the winners of the contest.

The winning companies will be announced on September 3, 2021 by PROCOMER.

Once the companies have been selected, they must sign a contract (Appendix 11.3) with the institution where they commit to complete the project submitted as indicated in these Operational Bases. They must also sign a contract with the leading company that sets out the commitment between the parties.

In addition, an affidavit (Appendix 11.4) must be submitted stating that there are no conflicts of interest or similar situations that could affect PROCOMER's objectivity during the project. Likewise, the companies must declare that they are not in any of the cases established in Article 22 bis of the Law on Administrative Contracting.

With the signed contracts and the affidavit, the company must submit the legal status (if applicable) and a certification issued by a bank of the National Banking System of an

IBAN account number in dollars under the name of the beneficiary of the project.¹¹

During the project implementation, the beneficiary company must be willing to be evaluated in accordance with the monitoring indicators defined by PROCOMER.

The beneficiary company must submit progress reports to PROCOMER along with the request for each reimbursement for its approval, as stated in Section 8 below.

The beneficiary company must be willing to be evaluated at the end of the project and participate in a process of exchange of experiences and learning, as defined by PROCOMER.

8. GRANTING OF FUNDS

8.1 Financing Activities

The resources to be invested in Descubre Supplier Development projects must consider the following types of financing activities, which must be strictly conducive to the fulfillment of the objectives of each beneficiary project:

- a. Purchase of supplies, materials, licenses, equipment, and accessories to produce the goods¹².
- b. Purchase of supplies, materials, equipment, and accessories for developing prototypes or expanding the production of goods.
- c. Environmental, quality, safety, and good agricultural and manufacturing practice certifications.
- d. Professional services to obtain certifications, process efficiency, product improvement (studies of soil analysis, nutritional levels, among others), which may not exceed 45% of the budget established for each project.

¹¹Individual or legal companies may participate, as long as all the documentation mentioned in this section is in the name of the company and not in the name of its legal representative.

¹²Pesticides banned or restricted by the SFE and EPA-FDA are excluded for both items a) and b).

It is expressly understood that payment for professional services will be made up to the amount defined in the corresponding fee schedule. Any surplus over the amount indicated in the fee schedule will be the sole responsibility of the beneficiary company.

8.2 Non-financial Activities

The following activities and/or expenses cannot be financed with funds granted by the Program:

- i. Construction, retrofitting, expansion and/or remodeling of facilities.
- ii. Payment of debts, loans, credit card balances, and any other similar items.
- iii. Legal expenses, stamps or professional fees not directly related to the execution of the beneficiary project.
- iv. Sharing of profits.
- v. Acquisition of shares or capital increases.
- vi. Corporate law.
- vii. Investment in bonds and other securities.
- viii. Acquisition of vehicles.
- ix. Payment of salaries, duties (taxes, fees, and special contributions), or social charges.
- x. Compensations of any kind.
- xi. Rentals of real or personal property.
- xii. Acquisition of real estate.
- xiii. Administrative expenses such as: basic services (electricity, water, gas, cleaning, internet, telephony, and mobile telephony), accounting services and administrative support personnel.
- xiv. Travel and per diem expenses.

- xv. Any other that is not strictly related to the fulfillment of the objectives of the program.

In addition, activities that could be considered as Research and Development projects at the level of undergraduate, postgraduate, master's or doctorate thesis, and other studies, publications, documents of academic nature, unrelated, or that do not directly contribute to the objectives of the project, will not be financed.

8.3 Activities that can be included as a Counterpart of the Company

The company may include as counterpart of the green productive transformation project the following aspects, as long as they are strictly conducive to the fulfillment of the project's objectives:

- i. Acquisition of relevant knowledge to start implementing the project.
- ii. Professional Services.
- iii. Diagnostic of certifications or previous studies (such as soil analysis, water analysis, nutritional levels) necessary for the project proposal¹³.
- iv. Certifications from regulatory entities and quality entities.
- v. Commercial packaging of product or service.
- vi. Purchase of supplies, materials, licenses, equipment, and accessories to produce goods¹⁴.
- vii. Design of services and development of prototypes, pilots, or solutions.
- viii. Preparation of the land to expand production, such as earthworks, creation of drainage systems, soil tracing, among others.
- ix. Construction, retrofitting, expansion and/or remodeling of facilities and machinery so long as it is relevant to the start-up of the project.

¹³Invoices of up to 3 months prior to the date of signing the contract, for studies for the planning of activities, will be accepted as long as they comply with the supporting information of the price reasoning of these Operational Bases.

¹⁴Pesticides banned or restricted by SFE and EPA-FDA are excluded.

- x. Acquisition of vehicles so long as it is relevant to the implementation of the project.
- xi. Acquisition of real estate if it is relevant to the implementation of the project.
- xii. Salaries of new personnel hired for the execution of the project.
- xiii. Pre-audits of the certifications to be financed as part of the funds¹⁵.

8.4 Expense Verification System

Proof of expenses (both for financing activities under Section 8.1 and counterpart activities under Section 8.3) must be provided by original invoices authorized by the Dirección General de Tributación (General Directorate of Taxation), in case the goods or services are acquired in Costa Rica. If the good or service is purchased abroad, invoices proving the purchase must be submitted. If the good or service is purchased online on an international platform, its acquisition must be documented through the transaction backups received, proof of payment and proof of nationalization of the product, if applicable.

In all cases the vouchers must be in the name of the beneficiary who signed the contract for the use of funds with PROCOMER¹⁶. These must be free of crossing outs, erasures, alterations, or tears, and must be approved by PROCOMER and available for verification by PROCOMER, or any other control entity that may be designated.

8.5 Acquisition of Goods and Services

For both the funds granted as seed capital and the counterpart provided by the company, in

¹⁵Invoices of up to 9 months prior to the date of signing the contract, for pre-audits necessary to obtain the certification, will be accepted providing they comply with the supporting information of the price reasoning of these Operational Bases.

¹⁶If the good or service is purchased online, the vouchers may be in the name of the



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beneficiary who signed the contract for the use of funds with PROCOMER or his/her legal representative.

the event that acquisitions are required whose cost exceeds USD 4,000,00¹⁷ (four thousand dollars, legal currency of the United States), the company must submit to PROCOMER at least two quotations and a justification of the good or service selected. If there are not two quotations, a rationale must be presented as to why there is only one supplier. This rationale must be approved by PROCOMER before the purchase is made.

Likewise, it will be the obligation of the beneficiaries to keep a clear and verifiable record of the tangible and intangible assets acquired with the project funds. The assets acquired will be the property of the beneficiary.

Finally, the beneficiary company must keep the assets acquired and use them during the execution of the project. In case it is proven that the funds have been used inappropriately, the beneficiary will be requested to reimburse the reimbursements granted.

Contracting must comply with the prohibitions set forth in Article 22 bis of the Law on Administrative Contracting (Appendix 11.5).

9. PROCEDURES FOR THE GRANTING OF REIMBURSEMENTS

The green seed capital funds will be granted through 3 reimbursements after the beneficiary company has obtained and paid for the good or service, according to the dates and percentages indicated below and through the online form available on the following website <https://www.descubre.cr/en/supplier-development-program>.

- i. First reimbursement: must be requested no later than November 5, 2021. This amount should be between 25% and 30% of the total project budget granted by PROCOMER.

¹⁷For any exchange conversion, the purchase exchange rate of the Banco Central de Costa Rica of the day should be used, as applicable, both for the funds granted as seed capital and for the



counterpart provided by the company.



- ii. Second reimbursement: must be requested no later than April 1, 2022. This amount should be up to 40% of the total project budget granted by PROCOMER.
- iii. Third reimbursement: must be requested no later than September 2, 2022. This amount should be up to 35% of the total project budget granted by PROCOMER.¹⁸

When preparing the budget, the company should consider the percentages and deadlines mentioned above. Likewise, as part of the third reimbursement, 10% of the budget requested to PROCOMER must be allocated to the contingency item, which may be used during the entire project execution period, as justified.

For each reimbursement, the following must be submitted:

- i. Progress report in accordance with the Action Plan specified in the project form. This report should contain the project follow-up logs kept by the advisors appointed by PROCOMER, and the register of assets.
- ii. Signed reimbursement request form (physical or digital), indicating the amount to be requested and the project to which it corresponds.¹⁹
- iii. Expense settlement and supporting documents of this expense settlement for the corresponding period.
- iv. Quotations or rationales for the acquisition of goods and services, if applicable.

The beneficiary company will request reimbursements of invoices after they have been paid, and the good has been delivered or the service rendered. These will be approved by a responsible person designated by PROCOMER before the requested funds are disbursed to the beneficiary, according to the procedures established by PROCOMER for such purpose.

¹⁸The sum of the 3 reimbursements cannot exceed 100%.

¹⁹The procedure must be carried out through the Virtual Platform of the Supplier Development



Program, which can be accessed through the following website
<https://www.descubre.cr/en/supplier-development-program>.



The period of request for reimbursements is limited to the period from November 5, 2021 to September 2, 2022. After this date, no reimbursements can be made for project expenses.

All reimbursements will be made in US dollars and within 30 working days after receipt of the request and the additional documents mentioned in this section.

10. MAXIMUM DEADLINES FOR PROJECT IMPLEMENTATION

The following table summarizes the maximum deadlines for the implementation of projects.

Table 3. Project Deadlines

Activity	Date
Opening of the contest for the project submission	7/20/2021
Deadline to request a diagnostic application	7/28/2021
Deadline for submission of projects	8/12/2021
Winners announcement	9/3/2021
Deadline for the first reimbursement request	11/5/2021
Deadline for the second reimbursement request	4/1/2021
Deadline for the third reimbursement request	9/2/2022
Deadline for project completion	9/2/2022

11. APPENDIX

11.1 Project Submission Form

11.2 Section 6 Guide: "Schedule and Budget"

11.3 Draft Contract

11.4 Affidavit on the Non-existence of Conflicts of Interest

11.5 Article 22 Bis of the Administrative Contracting Law