

# Terms of Reference



*“CAFI”*

**Multi Partner Trust Fund**

**2015-2027**

Adopted 26 April 2016

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# 1. Acronyms and definitions

CAFI	Central African Forest Initiative
CBFP	Congo Basin Forest Partnership
COMIFAC	Central African Forest Commission
COP	Conference of the Parties
DRC	Democratic Republic of Congo
EB	Executive Board
ECCAS	Economic Community of Central African States
EITI	Extractive Industries Transparency Initiative
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FLEGT	Forest Law Enforcement, Governance and Trade
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse gases
HACT	Harmonized Approach to Cash Transfers
ICA	International Cooperation Agency
IFI	International Finance Institutions
LED	Low emission development
LULUCF	Land Use, Land Use Change and Forestry
MOP	Manual of Operations
MOU	Memorandum of Understanding
MPTF	Multi-Partner Trust Fund
NTPF	Non-Timber Forest Products
REDD+	Reducing Emissions from Deforestation and Forest Degradation; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
SAA	Standard Administrative Agreement
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Initiative on Reducing Emissions from Deforestation and forest Degradation (REDD+) in developing countries
WB	World Bank

## 2. Introduction

Climate change and biodiversity loss are the defining challenges of our generation. No other phenomenon has the potential to change the face of our planet forever. Rainforests are at the heart of both, they stock and absorb carbon and they are home to more than 50% of terrestrial biodiversity while only covering 6% of the Earth's surface. No other ecosystem or economic sector has the same capacity to revert the unfolding climate and biodiversity crisis. In other words, by taking better care of forests we can make a major contribution to fighting climate change and saving biodiversity. Importantly, forests are also key for the survival of people living in and around them.

Central Africa is home to the world's second largest rainforest. It is one of the few remaining regions of the world that absorb more carbon than they emit. More specifically, Central Africa sucks out about 1.5 billion tons of CO<sub>2</sub> of the atmosphere or 4% of the world's emissions every year and is home to more than 10,000 plant and animal species. It is the source of food, energy, shelter and spirituality for more than 40 million people living in and around it.

In 2011, during the UN Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP) meeting in Durban, seven Central African nations<sup>1</sup> and eight donors<sup>2</sup> signed the Joint Declaration of Intent on REDD+ in the Congo Basin, to boost policy and governance reforms to address deforestation in the region as well as to raise international finance to implement such reforms and to fund investments for sustainable development in the forest arena.

In the spirit of the Joint Declaration of Intent, and to respond to the complex and evolving challenges of deforestation, a group of donor countries and Central African countries have created the Central African Forest Initiative (CAFI) to coordinate their efforts and to deliver aid more efficiently through supporting the implementation of integrated, ambitious, high quality national low emission and/or REDD+ investment frameworks. The framework for this Initiative is defined by a Joint Declaration<sup>3</sup> endorsed by the Central African and Donors countries.

Within this context and in order to scale up funding support, a CAFI Multi-Partner Trust Fund (CAFI MPTF) is established to reduce aid fragmentation and increase predictability through multi-year country-based financing strategies. While this funding mechanism will be the largest investment vehicle for the Initiative, complementary parallel investments by private and public donors will be possible.

The Terms of Reference describe, among others, the expected outcomes of the Initiative and its underlying Theory of change, how the fund governance arrangement will provide a forum for joint partnership and cross-country learning, and the programming cycle for single, national investment frameworks aligned with countries' overall development vision and objectives.

## 3. Regional Context and Challenges

While annual deforestation rates have been low, the Central African rainforests are at a critical turning point. With population growth and globalization, the pressure on forests is increasing. Central African governments find themselves caught in the intertwined challenges

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<sup>1</sup> Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Republic of Congo, and Rwanda

<sup>2</sup> Donor Partner Countries: Australia, Canada, France, Germany, Norway, United Kingdom, United States of America, and the European Commission

<sup>3</sup> See Annex 1

of climate change, poverty reduction, food security and the conversion of tropical forests to new forms of industrial agriculture, mining concessions and infrastructure projects. Their capacity to respond is diminished by vulnerable economies and dwindling government revenues, contradicting international incentives, weak administrations and vested interests. For these reasons change typically will be slow. Sustained and concerted efforts will be required to achieve changes to policy.

Faced with these challenges and aware of the importance of Central African forests both for national development and the global environment, countries have been scaling up efforts at all levels. Internationally, negotiations under the UNFCCC are searching for better mechanisms to preserve the forests and compensate countries for doing so. Multi- and bilateral programs are providing support to Central African countries to address forest loss. Regional initiatives, such as the Joint Declaration on REDD+ in the Congo Basin, the Central African Forest Commission (COMIFAC) or Congo Basin Forest Partnership, have contributed to better regional dialog, as well as increasing awareness and action. At the national level, governments have been stepping up efforts either in the context of REDD+ or independently, by monitoring forest loss and developing strategies to address it without compromising development objectives.

Nevertheless, further efforts are needed: integrated reforms to orient Central African economies towards a low emission green economic development path are generally lacking, and action to save the forest is fragmented, non-coordinated and underfinanced. Activities often advance in isolation, separated by differences in scale of intervention, performance metrics and levers for shaping land use behaviour, while changing development trajectories will require substantially enhanced funding, long term sustained support and coordination to systematically send the same policy messages.

#### **4. CAFI Rationale**

Central Africa critically needs support to implement essential reforms and complex investments to effectively address deforestation drivers. None of the existing multilateral REDD+ initiatives allow for supporting strategic and holistic REDD+ and/or Low Emission Development (LED) investment frameworks in Central African high-forest cover countries. Key development partners in the field of REDD+ mapped existing funding mechanisms and found that they either lacked focus on the region or, if they did target the Congo Basin, they did not take a holistic, country-level approach with support to national investment frameworks.

The Central African Forest Initiative (CAFI) is a platform of coordination for like-minded partners that provides for substantially scaled-up international support to national REDD+/LED investment frameworks and includes a distinct CAFI MPTF to ensure the coherence and efficiency of the Initiative. Donors who are part of the Initiative can commit resources to the Fund or use, in a coordinated manner, bilateral or other channels to provide financial support.

This broad-based joint partner initiative is required because:

- Successful investments require considerable political commitment and reform willingness in partner countries
- Necessary structural reforms may require substantial and well-coordinated financial resources
- Far larger leverage of donor resources can be achieved when negotiating political roadmaps and specific milestones with a dedicated group of partner countries
- Risks can be shared among several donors and

- Donors' comparative advantages can be leveraged
- Shared understanding of low emission development for the region and increased coherence between donor and partner country objectives on REDD+/LED are necessary to reach the objectives of the initiative.

A regional approach, as opposed to bilateral or global initiatives, is adopted for CAFI because the Central African rainforest is spread across several countries who share certain common characteristics and increased performance can be expected by fostering learning across countries, in a South-South cooperation spirit.

The CAFI MPTF is hosted by the Multi Partner Trust Fund Office of UNDP (MPTF Office). It offers a coordination mechanism to donors who are part of CAFI by harmonized approval, disbursement, and monitoring and reporting processes. As such, the Fund provides the following services:

- Broadened funding base by pooling funding from different donors
- Alignment with national objectives through harmonized support to national investment frameworks
- Strategic and coordinated allocations
- Reduced transaction cost and streamlined implementation via a pass-through mechanism to accredited entities

In addition, CAFI seeks complement existing regional initiatives (such as COMIFAC, ECCAS and CBFP) as well as regional components of global programs such the Green Climate Fund, the GEF, Forest Investment Program, PROGREEN, UN-REDD or the EU-REDD Facility.

## 5. CAFI Theory of Change

### 5.1 Summary

CAFI seeks to significantly contribute to low emission development in partner countries through interventions in the land use and forestry sector because of the immense value forests represent for humans and the planet. Emission reductions and CO<sub>2</sub> removals will come from policies and measures that properly address drivers of forest loss. These are both direct/proximate drivers (such as agriculture, wood energy, forestry and infrastructure/mining) and indirect/underlying drivers (such as lack of land use planning and insecure land tenure, poor governance and rapid population growth)<sup>4</sup>. In order to achieve the socio-economic transformation required for low emission development co-benefits are also expected to be generated. Successful results addressing drivers constitute the outcomes of the theory of change. Not every country is expected to deliver all the outcomes since each national investment framework will depend on the country-specific dynamics of drivers.

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<sup>4</sup> "Drivers" refers to the drivers of deforestation and forest degradation as well as the barriers to conserving, sustainably managing and enhancing forest carbon stocks

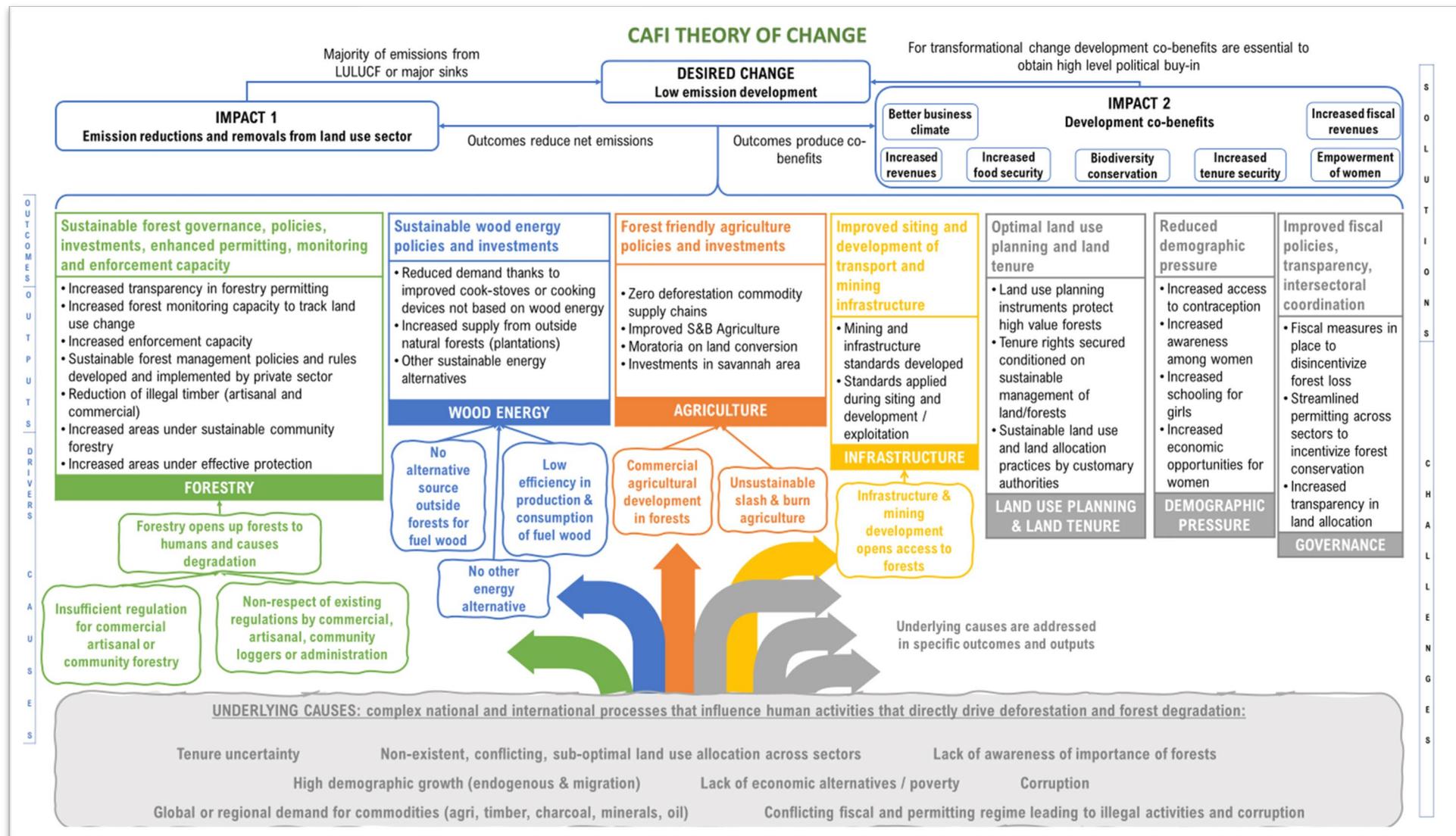


Figure 1: CAFI Theory of Change

## 5.2 Narrative

### The value of Central African Forests

Climate change and biodiversity loss are the defining challenges of our generation. No other phenomenon has the potential to change the face of our planet forever. Rainforests are at the heart of both, they stock and absorb carbon and they are home to more than 50% of terrestrial biodiversity while only covering 6% of the Earth's surface. No other ecosystem or economic sector has the same capacity to revert the unfolding climate and biodiversity crisis. In other words, by taking better care of forests we can make a major contribution to fighting climate change and saving biodiversity. Importantly, forests are also key for the survival of people living in and around them.

Central Africa is home to the world's second largest rainforest. It is one of the few remaining regions of the world that absorb more carbon than they emit. More specifically, Central Africa sucks out about 1.5 billion tons of CO<sub>2</sub> of the atmosphere or 4% of the world's emissions every year and is home to more than 10,000 plant and animal species. It is the source of food, energy, shelter and spirituality for more than 40 million people living in and around it.

### The challenges: causes of forest loss, development and political economy issues in the region

Deforestation and forest degradation are complex and intricate processes that have many direct and underlying causes. The direct drivers of deforestation and forest degradation vary both regionally and temporally. Different studies refer to agriculture expansion (cropland and pasture) as the largest direct cause of global deforestation<sup>5</sup>. Agriculture is estimated to be responsible for around 70-80% of the worldwide deforestation and in Africa, both commercial and subsistence agriculture account for similar importance in terms of deforestation, while fuel wood collection, charcoal production, and, to a lesser extent, livestock grazing in forests are the most important drivers of degradation in large parts of Africa<sup>6</sup>. More recently, [Tyukavina et al. \(2018\)](#) estimated that 84% of forest disturbance area in the region is due to small-scale, non-mechanized forest clearing for agriculture.

Historically, rates of deforestation have been low in Central Africa, primarily driven by small scale deforestation phenomena such as slash-and-burn agricultural activities, artisanal timber logging, artisanal charcoal production, and firewood harvesting. However, it is important to note that most studies (as well as existing national studies on the drivers of deforestation and forest degradation in the Central African region) only build on data acquired up to 2015<sup>7</sup>. More importantly they take into account neither the recent upward trend in observed tree cover loss ([Hansen et al., 2013](#); V6 updated for 2000-2018), nor the assessment of historical processes operating in these areas and which may have contributed to current deforestation.

For instance, [Molinario et al. \(2020\)](#) showed that the impact of commercial operations is dwarfed by a reliance on smallholder shifting cultivation in DRC, both in the rural complex and the intact forest. At the same time, they estimated that 10% of forest loss occurred within 5km of mining, logging or plantations, illustrating the need to contextualize this process to understand the dynamics of deforestation and degradation.

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<sup>5</sup> ([Nepstad et al., 2008](#); [Gibbs et al., 2010](#); [Guitierrez-Velez et al., 2011](#); [Hosonuma et al., 2012](#); [Kissinger et al., 2012](#); [Sandker et al., 2017](#))

<sup>6</sup> ([Hosonuma et al., 2012](#); [Kissinger et al., 2012](#))

<sup>7</sup> A notable exception is the Forest Reference Level of Gabon (not yet published at the time of the revision of these TORs). To address the issue of outdated data CAFI launched a [regional study](#) of deforestation and forest degradation dynamics in 2020.

**Agricultural** activities have been predominantly linked to village agriculture, which mainly supplies local markets and nearby urban centers. This agricultural production often involves inefficient land practices as farmers lack access to capital and technology to sustainably increase yields. To date, industrial agriculture has had limited impact on forest cover with the exception of oil palm and rubber plantations set up near large transportation axes. Due to growing local, regional and international demand and the increasing role of agro-business, commercial agriculture has an increasing impact on forests in all CAFI countries. Industrial **logging** is not currently considered to be an important direct factor in deforestation. Most industrial logging in the region involves low logging densities concentrated on a few high-value species. However, the concurrence of high population densities with the opening of logging roads promotes access to forests and substantial forest degradation. In addition, degradation due to logging can constitute a major source of land use emissions in countries where deforestation is low besides its negative impact on forest ecosystems in general<sup>8</sup>. Furthermore, artisanal logging that is often not sufficiently regulated, is also a major contributor to forest loss. Artisanal **charcoal** production mainly to supply urban centers creates a circle of degradation around major cities in the region (Kinshasa, Douala and Yaoundé, among others).

**Mining and oil** sectors do not cause important deforestation, at least in terms of surface area, but they open access to pristine forests (and as such can also be categorized as an indirect driver – see below) and encourage migrations. Numerous new projects are being considered in these sectors, for example, most of DRC's primary rainforest has been included in exploration concessions, while exploration contracts were issued in the Republic Congo in the peatland area.

**Underlying causes** of forest loss are complex national and international processes that influence human behaviour that directly drives forest loss. The main underlying causes are poverty, rural and urban demographic pressure, weak and inadequate land use planning and land tenure rules, the development of new infrastructure, and inadequate governance. Commercial activities are driven by global, regional or national commodity demand (for agricultural produce, timber, charcoal, minerals and oil) and facilitated by access to markets. In cases when activities are banned without

### Country zoom

Historically, Central Africa has contributed little to global emissions from deforestation and forest degradation and it is home to countries that are still net sinks. However, in some countries forest loss is accelerating (DRC, Cameroon). In DRC, the region's forest giant, most of the forest loss is attributed to small scale farming and wood energy, while in Cameroon it is both subsistence and commercial agriculture that are driving it. In these cases where small scale human activities are predominant, action should focus on meeting human needs more sustainably by improving production systems and helping societies benefit from the demographic transition.

Because of the sheer size of DRC, the main cause of deforestation in the region is slash-and-burn agriculture combined with wood energy and artisanal logging. This system results in the "rural complex," a mosaic of forest patches, cleared land, active fields, fallow fields and land used for other purposes, such as logging. Slash-and-burn agriculture does not necessarily impact forests negatively if population densities are low and fallow periods are long enough. However, in the DRC, fallow periods are shortened because of high population growth and increasing demand for food. Under these circumstances, the land cannot regain its productivity and requires more surface area to produce the same. The impact of this dynamic on forests have been shown by several recent studies pointing to expansion of the rural complex into intact forests (see main text for references).

In other countries such as Gabon and the Republic of Congo very little deforestation has been observed so the objective is to support this trend and provide incentives to good forest stewards as well as prevent future risks. Because of large areas under forest concessions, forestry contributes to emissions through forest degradation.

<sup>8</sup> Several recent studies have shown this negative impact: see for example [Funk et al. 2019](#)

alternatives or when they require permits in countries with low enforcement capacity, they lead to illegal activities and corruption.

Most of these challenges are exacerbated by the complex political economy context in the region, with structural issues often including weak institutions and low capacity (in terms of lack of institutional performance, adaptability, stability and inter-ministerial collaboration), compounded by vested interests preventing the needed institutional and policy reforms. Numerous studies have documented these obstacles in various countries in the region, and mention issues such as close ties between the political and economic elites, or lack of national ownership over reform processes and inclusiveness of policy processes.

The main development challenges of the region are poverty, inequality, food security, insufficient or non-transparent government revenues, gender inequality and poor business climate (due to weak or non-existent legal frameworks, governance, institutions, reform processes and physical infrastructure). On the other hand, the region is exceptionally endowed with natural resources (forests, biodiversity, minerals, oil, land) thus making the exploitation of natural resources an obvious path to economic growth.

Reducing the pressure on forests and achieving the nation-wide emission reductions as expected by the Paris Agreement, require a systemic response led by governments in coordination with different stakeholders. This is because the drivers of deforestation span several economic sectors. As a result, focusing exclusively on one sector will not be sufficient to tackle forest loss. Intensifying slash-and-burn agriculture without considering land use and land tenure issues can result in rebound-effects and increased expansion into forests. Small scale project-based approaches to REDD+ do not deliver results at the national level as they cannot prevent leakage of emission to nearby areas.

Furthermore, the Central African forests are at a crossroads, whereby the historically present small-scale activities are now compounded by existing or planned agro-industrial plantations. So response measures must address both the historical causes as well as the new trends.

To sum up, a systemic response is required through the coordination of a government entity with a multi-sector coordination mandate (thus capable of convening and influencing all sectors behind forest loss). This systemic response should aim to preserve high value stable forests, limit existing deforestation and degradation and incentivize sustainable economic activities outside forest. This can be achieved through policies and reforms on land use and allocation (such as land use planning, forest governance, sustainable agriculture and mining, protected areas etc.) as well as ambitious investments in sustainable productive activities in deforestation hot-spots (agriculture, woodfuel, logging, non-timber forest products) and in economic activities outside forests (savanna-based agriculture, reforestations, agroforestry etc.).

These proposed solutions are structured in three levels of results: outputs, outcomes and impacts below and in **Error! Reference source not found.** above.

### ***Proposed solutions: CAFI's expected outputs and outcomes***

To ensure that emissions are reduced while development objectives are met, the national investment frameworks need to resonate with the direct and indirect drivers described above. More specifically, the expected outputs will depend on the specific context of the country and the dynamics of the driver. As a result, only an indicative list of outputs is provided in the

CAFI Terms of Reference and national investment frameworks are to provide full details on expected outputs as well as country-specific theories of change.

At the outcome level, these outputs will ensure that:

- Sustainable agricultural practices lead to less land conversion and increased food security;
- Sustainable alternatives to current wood energy practices are adopted;
- Forestry sector and protected areas institutions and stakeholders have the capacity and the legal framework to promote, monitor and enforce sustainable management of forests;
- Future infrastructure and mining projects minimize their overall footprint on forests;
- Land use planning decisions ensure a balanced representation of sectoral interests and keep forests standing, and better tenure security does not incentivize forest loss by individuals, communities or companies;
- Population growth and migration to forests and forest fronts are slowed down;
- Better inter-ministerial coordination and governance resulting in a permitting, enforcement and fiscal regime of economic activities that do not push economic actors to forest conversion and illegal activities; and a business climate favourable to forest-friendly investments.

Beyond the impacts on forest, all of these efforts are equally connected to the livelihoods of rural populations that are often the most vulnerable and the poorest including those that are also more marginalized, such as women, youth, indigenous people, disabled and elderly. Additionally, as women typically rely more on forests than men do, and that rural women engage in multiple economic activities that are key to the survival of households, integrating gender equality considerations within results framework of the present TOR and the national Investment Frameworks is critical. This should also ensure that women's and men's differentiated roles in forest use and management are acknowledged and their roles in reducing deforestation and forest degradation are accounted for. This means that only measures that provide social and economic development benefits to these groups as well, or more generally at the macro-level will be supported by CAFI.

Examples of development benefits include:

- programs aiming to intensify agricultural production<sup>9</sup> and increase investments in perennial crops has been shown to result in enhanced **food security and increased revenues** to households since the green revolution. Because of the dangers of the rebound effect this will be done while controlling agricultural expansion into forests, including through various additional incentives.<sup>10</sup>

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<sup>9</sup> Short-term improved fallows with nitrogen-fixing trees allow small-scale farmers to restore depleted soil fertility and improve crop yields without buying fertilizers or expanding land under cultivation. Especially in Africa, short-rotation (2-3 years), improved agroforestry fallows with nitrogen-fixing trees/shrubs (e.g., *Sesbania sesban* and *Tephrosia vogelii*) can increase maize yield 3-4 fold on severely degraded soils (Cooper et al., 1996; Kwesiga et al., 1999). Unlike hedgerow intercropping, which has a high labor demand, these fallows are well adopted (Jama et al., 2006). Similar results can be achieved with legume trees and rice production in marginal, non-irrigated, low yield, conditions. (Buresh and Cooper, 1999; Sanchez, 2002)

<sup>10</sup> Several models and empirical studies have shown that the issue of intensification of agriculture and its relationship to deforestation is complex and that agricultural policy could be modified in such a way as to promote forest-preservative policies rather than policies that, however unintentionally, actually promote more deforestation with "improved" agricultural technologies. The main factors influencing the intensification-deforestation axis to be accounted for in the agricultural programs designed for CAFI should include: labor and capital intensity of new technology, farmer characteristics, output markets, technology, labor market, sector experiencing technical change, scale of adoption and time horizon. (McNally et al. 2014). In addition, land use planning and compensation schemes (such as payment for environmental services) will also be used to incentivize desired practices.

- Increased **tenure security** will be reached by securing collective and some individual rights (to both men and women) conditioned on respecting certain forest-friendly behaviour.
- The **empowerment of women and girls** will happen through access to contraception and education, or to agricultural extension services and their inclusion in resource and land use planning and management.
- Interventions are also expected to generate **better governance locally** thanks to green development plans developed in a participatory (including indigenous peoples) and gender equitable manner and result, in turn, in more trust in government agencies.
- **Better fiscal revenues** can be expected thanks to formalized wood energy production or timber harvesting and perennial crop development, increased revenues from increased access to markets (such as through the Forest Law Enforcement, Governance and Trade - FLEGT) while better share of fiscal revenues by improved coordination across sectors and levels of government, between state and customary authorities and through more participatory resource management planning.
- Another expected co-benefit would be **improved business climate** thanks to better land management and better accountability
- while **biodiversity and watershed protection, rainfall regulation** can result from better forest management.

***CAFI seeks to trigger transformational change: impact and development goal of the Initiative***

The aggregate impact of the outcomes formulated in comprehensive, ambitious National Investment Frameworks will be both emission reductions from deforestation and forest degradation and increased removals, as well as development co-benefits. Considering that (i) the LULUCF sector represents by far the majority of emissions in the target countries, endangering the massive carbon sink that Congo Basin forests represent, and that (ii) addressing this sector requires both direct investment as well as structural reforms to tackle the direct as well as underlying drivers of deforestation, interventions supported through CAFI will directly contribute to low emission development in the region, helping countries shift towards a green economy development pathway.

Addressing emissions from the LULUCF sector and shifting the development pathways towards a green economy require managing diverse and sometimes conflicting interests among various actors and sectors, as well as complex coordination among the different sectors behind the drivers of land use change. While securing significant financial commitment towards the support of proposed reforms and interventions is an important enabling factor, the promotion of explicit win-win development-forests interventions - or at least win-“lose-less-forest” ones – and tracking their actual development contributions is essential for such transformational REDD+/LED interventions to gather the high-level political support as well as broad support base necessary to achieve this. The Investment Frameworks are expected to develop alternative sustainable development models based on the dynamics of deforestation and forest degradation both at the macro-economic level, as well as at a more local level in deforestation and forest degradation hotspots.

The success of achieving the desired results depends on the capacity of Central African governments to combine and sequence the different sectoral interventions together in order to mitigate rebound effects (such as agricultural investments triggering further forest clearing) and create mutually enabling conditions that will facilitate sectoral investments. This is why CAFI will not support project-based approaches or a stand-alone program that only concentrates on one direct driver of forest loss without simultaneously addressing other interconnected direct

drivers (such as wood energy, timber and slash-and-burn agriculture on the same plot) or improving the enabling environment (land use and tenure rules, governance or fiscal policies). The latter are important not only to ensure the sustainability of the results but also to avoid or reduce the rebound effect and make sure that both development co-benefits are generated in addition to carbon. As mentioned above, to develop and implement these complex investment plan spanning over different sectors presupposes a high-level political commitment and capacity of a government institution with broad inter-sectoral mandate to effectively manage inter-sectoral coordination. This will be facilitated by (i) the rules of CAFI requiring national institutional arrangements supported by a cross-sectoral entity (see institutional arrangements below), (ii) the significant total amount of funding committed, (ii) the high political profile of such an initiative, (iii) the coordinated and synergetic approach allowed by pooling support from several donor countries through a single facility, (iv) the alignment on a national framework defining clear priorities even for non-CAFI funding and activities including, the GCF, the FIP, FCPF, bilateral support, support from IFIs, EITI and FLEGT.

A further assumption behind the theory of change is that response measures sufficiently resonate with both current forest loss dynamics (mainly dispersed small scale direct drivers) as well as future drivers (foreshadowed by increasing population and economic growth, globalized commodity markets). This means the investment plans should rely on historical assessments of forest loss but also on robust models to present possible future scenarios.

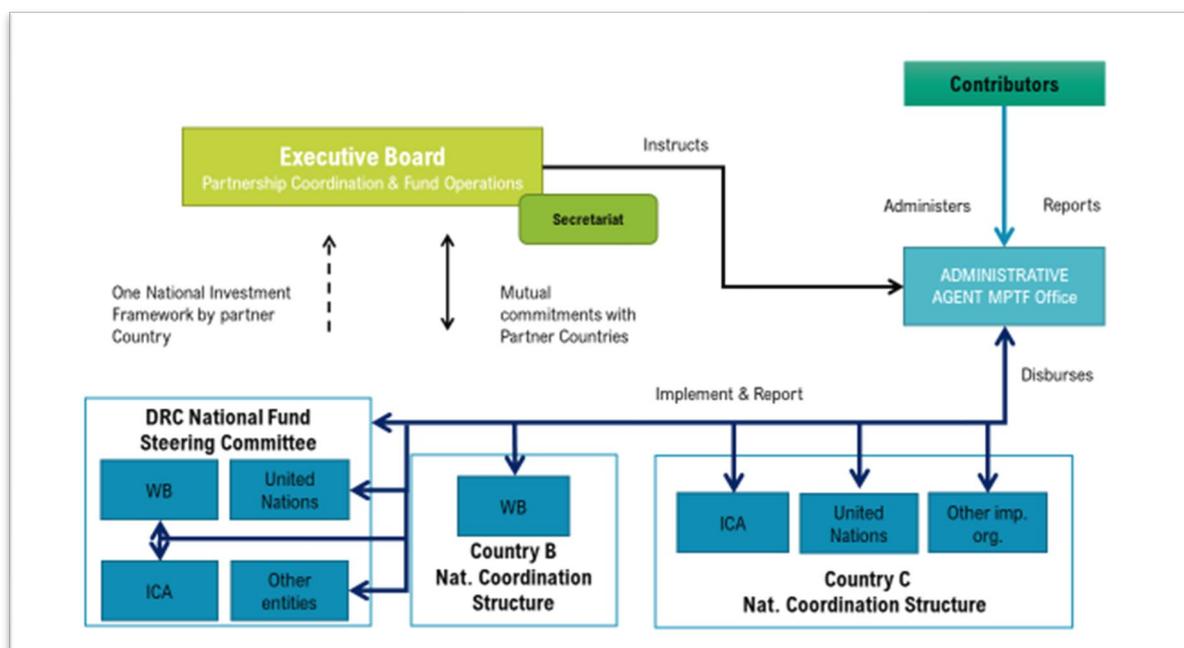
In addition, in order for the outcomes to result in the expected impact, governments will have to coordinate not only across sectors but across different levels of government and thus manage possible conflicts of interest between the different agents of the State. Thus, the investment frameworks and the subsequent programs will need to demonstrate that their development and future implementation involves the relevant government bodies. Furthermore, they are also expected to be developed in a participatory and equitable manner with the effective contribution of non-government stakeholders including women, youth groups and indigenous peoples as well as private sector among others. This is especially important in those countries of the region where because of recent conflicts and little government presence many roles and functions of government have been taken over by civil society.

Weak institutional capacity described above need to be remedied through a combination of both political and technical solutions. At the political level, collaborative capacities in particular can be enhanced through simultaneous top-down and bottom-up engagement, i.e. impetus from the leadership/presidential level as well as upward interest and demand for accountability from an informed civil society. From a technical standpoint, collaborative capacities can be developed through the deployment of various strategies and tools, and collaboration is considered more likely to be sustained when common interests are not only identified from the initial phase but also widely communicated and owned internally, and when information is openly and systematically shared between concerned ministries. Improving issues of collaborative capacities and information exchange can also mitigate some issues related to vested interests. In addition, the engagement of other actors, such as oversight institutions (e.g. Court of Accounts or audits), parliamentary groups or commissions, individual “champions” or the free media has also been shown, in the medium to long term, to counter these risks.

## **6. Fund Governance**

The management of the CAFI MPTF is carried out at three levels: partnership coordination & fund operations (Executive Board and Secretariat) serving the overall CAFI initiative, fund

design and administration (MPTF Office), and fund implementation (implementing organizations and national governments). In order to ensure flexibility, the governance arrangements combine nimble oversight by an Executive Board with country-specific arrangements, either through the existing relevant MPTF-administered National Fund or directly national coordination structures. A small secretariat ensures the operational support for the CAFI MPTF. The CAFI MPTF is administered by the MPTF Office. The fund's Implementing Organizations are the World Bank, International Cooperation Agencies (ICAs), UN agencies and international non-governmental organizations.



**Figure 2: CAFI Governance arrangements**

## 6.1 The Executive Board

The Executive Board is the decision-making authority responsible for policy dialogue and fund management by:

1. Providing the partnership platform and coordination functions for the CAFI initiative;
2. Approving any modification of the strategic direction of the CAFI Initiative and its overall results framework;
3. Providing general oversight of the CAFI MPTF;
4. Approving the Fund's risk management strategy;
5. Approving quality criteria for the eligibility assessment of National Investment Frameworks;
6. Concluding Letters of Intent<sup>11</sup> with Partner countries as a mutual commitment with associated performance targets;
7. Approving country funding allocations to National Investment Frameworks with a multi-

<sup>11</sup> The Letters of Intent set out the respective responsibilities of the parties within the CAFI partnership, in which beneficiary countries commit to milestones to reduce emissions or increase removals of greenhouse gases (GHG) from deforestation and forest degradation while CAFI donors commit to securing funding for the achievement of milestones. The LOIs are not legally binding agreements and are specific to each partner country.

- year disbursement plan<sup>12</sup> by the CAFI MPTF taking into consideration parallel funding<sup>13</sup>;
8. Approving terms of reference for calls for expressions of interest and call for ideas
  9. Requesting fund transfers by the Administrative Agent:
    - a. to the Administrative Agent's National Fund account based on the approved disbursement plan and available cash balance in the CAFI MPTF account<sup>14</sup>;
    - b. to implementing organizations of CAFI Programmes based on the approved disbursement plan and available cash balance in the CAFI MPTF account, applicable when funds are not disbursed through MPTF-administered National Fund;
    - c. to implementing organizations to support partner countries in developing their National Investment Framework or developing full CAFI Programme proposals, applicable when funds are not disbursed through existing National Fund.
  10. Reviewing Fund status and overseeing the overall progress against expected results as reported by National Funds/CAFI Programmes consolidated by the Secretariat (through a Risk Dashboard and M&E Framework);
  11. Reviewing performance targets with Partner Countries based on each Letter of Intent and adjusting disbursement plan when necessary<sup>15</sup>;
  12. Approving any necessary programmatic or budgetary CAFI Programme revisions (when funds are not disbursed through National Fund);
  13. Commissioning mid-term and final independent evaluations on the overall performance of the Fund;
  14. Approving direct costs for Secretariat functions; and
  15. Approving Fund extensions and revisions of the Fund TOR, as required;
  16. Approving and revising the Manual of Operations;
  17. Delegating roles and functions to committees, working groups and the Secretariat;
  18. Accrediting implementing organizations.

The Contributors signatories of the Joint Declaration are eligible to be members of the Executive Board. In addition, UNDP on behalf of Participating UN Organizations is a member of the Executive Board. A rotational system will be in place if there is more than one Participating UN Organization willing to participate as a member. The MPTF Office is an *ex-officio* member.

Only board members that have directly contributed to the CAFI MPTF and the UN board member will be granted voting right for decisions concerning the Trust Fund and in particular on its financial allocations. In case a contributor who is an Executive Board member has earmarked its contribution to one or several specific partner countries of CAFI, this contributor would sit without voting rights when financial allocation decisions relating to other partner countries are made by the Executive Board.

Observers can participate in the sessions of the EB but without voting rights.

The World Bank, FAO and the facilitator of the Congo Basin Forest Partnership are invited to participate as permanent observers.

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<sup>12</sup> Disbursement plans will be based on cash balance, signed commitments and schedule of payments by contributors as regularly communicated to the Executive Board by the Administrative Agent.

<sup>13</sup> Parallel funding to National Investment Frameworks will be presented by Contributors highlighting their expected contributions to common outcomes. Parallel funding should come from new allocations and not from alignment of current pledges or programs. Program documents should follow the same independent review as described further in Chapter 10.

<sup>14</sup> Only possible for DRC in accordance with the MOA signed on 30<sup>th</sup> of August 2013.

<sup>15</sup> Based on independent verifications commissioned by the Secretariat and consistent with programmatic delivery and documented financial need.

When International Cooperation Agencies (ICAs) participate as advisors to EB members, they do not do so as an observer. In these cases, the rules regarding the conflict of interest apply to ICAs.

Other ICAs implementing CAFI Funds, other implementing non-governmental organizations and partners can be invited on a case-by-case basis to the meeting or to selected sessions.

To ensure and foster the strategic dialogue with Partners Countries, the Executive Board will organize annual reviews, where respective national government, civil society and indigenous peoples' and private sector representatives will be invited to discuss progress toward performance targets as agreed in the Letters of Intent and review CAFI financial commitments in the disbursement plan.

In addition, an annual forum with all stakeholders will be organized to update progress, share experiences and obtain inputs. The annual forum will also be an opportunity to explore further collaboration with other Central Africa regional initiatives such as COMIFAC, ECCAS and CBFP.

The Executive Board will adopt and apply rules of procedures to complement and/or clarify the Terms of Reference. The rules of procedure will be part of the Manual of Operations<sup>16</sup> and may be amended as needed from time to time.

To ensure high-level policy dialogue with partner countries, the EB will strive to hold on a regular basis, and preferably once a year, one session of the EB at a representation equivalent to director's level, or above.

The Executive Board meets periodically and makes decisions by consensus. The Executive Board is chaired by one contributor on an annual rotational basis, extended automatically for one year on a no-objection basis. The Chair will represent the EB.

### **Country working groups**

Country working groups are established to support CAFI's engagement in the six CAFI partner countries. The groups are composed of interested CAFI EB members (donors only) and are mandated to make decisions between the EB meetings and prepare proposals for EB decision at regular board meetings or by email through the procedure of non-objection. The mandate of the groups is approved by the EB in a decision. The Secretariat provides regular updates to the EB on the work of the country groups during the monthly EB calls and at regular EB meetings. The country group members (donors) may invite observers and implementing organizations.

## **6.2 Country level arrangements**

The Partner Countries that have signed the Joint Declaration can present their National REDD+ and/or LED Investment Frameworks (NIFs) to the Executive Board for funding. Due to the cross-sectorial character of such investments, NIFs are expected to be submitted to the CAFI Secretariat by a high-level national entity responsible for the national development planning process such as the Prime Minister's Office, the Ministry of Finance/Planning/Economy or similar cross-governmental office. Similar high-level inter-ministerial arrangements for overseeing the implementation of the NIF should be set out in the agreed Letter of Intent.

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<sup>16</sup> See Chapter 8

In cases where an MPTF-administered National Fund for REDD+ or climate change exists, the funds may be channelled directly to the MPTF account of said fund. The National Fund Steering Committee<sup>17</sup> is in charge of providing strategic direction and oversight, coordinating the implementation of the portfolio of CAFI Programs as set out in the NIF. To fulfil this function, it assumes the following responsibilities:

1. Approving Program/Project Preparatory Grants based on pre-selected concept notes;
2. Requesting the Administrative Agent to transfer preparatory funding to implementing organisations;
3. Approving Programme/Project documents;
4. Requesting the Administrative Agent to transfer funding to Implementing Organizations based on available cash balance in the National Fund account;
5. Approving programmatic or budgetary revisions to Programs/Projects, as appropriate, within the limit of the National Investment Framework allocation;
6. Approving consolidated annual progress reports of the National Fund to the Executive Board.

Any existing roles and responsibilities of the National Fund in terms of Monitoring & Evaluation, Risk Management and Safeguards will be applicable to the National Investment Framework allocations. If any clauses in the National Fund terms of reference contradict any governance arrangements established by the CAFI MPTF, the Executive Board will be assessing the risks, make recommendations to the country and may request additional controls or performance benchmarks for disbursements.

For funds not disbursed through an MPTF-administered National Fund, where the Executive Board has approved a funding allocation to the NIF and subsequently a CAFI programme (with single or multiple implementers), the Country's government establishes or uses an existing coordination mechanism. This mechanism is the central point of entry for the dialogue between CAFI and the country. The government defines its responsibilities, but it should among others:

1. Provide strategic direction and oversight;
2. Negotiate the programming framework with the CAFI EB;
3. Negotiate the selection of the implementing agencies with the CAFI EB;
4. Review implementation progress;
5. Address challenges and risks;
6. Review implementer(s)' annual progress reports to the CAFI Executive Board.
7. Jointly conduct the review of the letters of intent with CAFI EB.

It is recommended that countries use existing structures and create a common platform to facilitate the coordination of the overall National Investment Framework. Multi-sectorial and multi-stakeholder representation is encouraged.

The governance arrangements for each CAFI Programme should be fully described in the CAFI Programme document submitted to the CAFI Executive Board for approval.

To support the Partner Country one of the Implementing Organizations will be designated by the CAFI Executive Board in consultation with the country as the organization responsible to support the government coordinate and convene relevant stakeholders. The organization

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<sup>17</sup> Leadership by a cross-sectorial ministry in the National Funds is encouraged, as is a representation of multiple key stakeholders such as civil society, indigenous peoples and the private sector.

shall be entitled to recover its direct costs related to its role, and should be included in the CAFI Programme framework budget.

### 6.3 Secretariat

The Secretariat is provided by the UN MPTF-Office. It supports the Executive Board and facilitates the overall operations of the Fund.

The Secretariat is the central point of contact for CAFI and coordinates with countries with regards to the different submission and reporting processes. It provides the EB advice and support in strategic planning, and consolidates narrative progress reporting, using tools such as the M&E scorecard and the risk management dashboard. It also facilitates the review process for National Investment Frameworks and CAFI Programs<sup>18</sup>. It also facilitates collaboration and communication between Implementing Organizations, when necessary.

The budget required to perform the tasks of the Secretariat is agreed and approved by the Executive Board, and charged to the Fund account as direct costs not exceeding 2.5% of the overall fund capitalisation.

### 6.4 Implementing Organizations

The Fund will be implemented through four types of fund implementation modalities, namely

1. Participating UN Organizations
2. The World Bank
3. International Cooperation Agencies<sup>19</sup> (ICAs)
4. International non-governmental<sup>20</sup> organizations invited by the Executive Board to sign an administrative support services agreement with the MPTF Office. Their selection and follow-up will be based on two assessments: (i) the HACT Assessment (Harmonized Approach to Cash Transfer), and only organizations qualifying as low risk will be allowed access to the fund by the Executive Board<sup>21</sup>; and, (ii) the environmental and social safeguards conformity assessment outlined in the Manual of Operations.

The choice of implementing organizations is based, among others, on existing international capacities required for supporting the implementation of the National Investment Frameworks of the CAFI countries.

As per the UNDG MOU for MPTFs, each implementing organization shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent. Each implementing Organization shall establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent. This separate ledger account shall be administered by each Implementing Organization in accordance with its own regulations, rules, directives and

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<sup>18</sup> Not applicable to the DRC National Fund where the programs are approved by the National Steering Committee and the independent review commissioned by the National Fund Executive Secretariat

<sup>19</sup> ICAs are bilateral cooperation agencies of donor countries. ICAs may be invited by the Executive Board to sign an administrative support services agreement with the MPTF-O.

<sup>20</sup> Including research institutions

<sup>21</sup> As per current UNDG rules, low risk indicates a well-developed financial management system and functioning control framework with a low likelihood of potential negative impact on the organization's ability to execute the program in accordance with the workplan.

procedures. Specific provisions will apply to the “international non-governmental organizations category” which are detailed in the agreements and the Manual of Operations.

Each Implementing Organization shall carry out its activities defined in the approved proposal in accordance with the regulations, rules, directives and procedures applicable to it, using its standard implementation modalities<sup>22</sup>. Specific provisions will apply to the “international non-governmental organizations category” which are detailed in the agreements and the Manual of Operations.

In doing this, each implementing organization shall demonstrate framework consistency with the Cancun safeguards described in Annex 4 and their key issues as guidance. This framework consistency may be demonstrated through a gap analysis and description of measures it will undertake, according to its rules and procedures, if a gap is identified.

While respecting their rules and regulations implementing organizations commit to zero tolerance for fraud, corruption<sup>23</sup> and sexual exploitation and abuse<sup>24</sup>; protection of whistleblowers, public disclosure, gender and social inclusion and use of adequate complaints mechanisms. Annexes to the present terms of reference and the Manual of Operations present the policies and principles that the participants of the Central African Forest Initiative seek to uphold. In addition, implementing organizations commit to managing all other contextual and programmatic risks identified by the Executive Board with the outmost care. The implementing organizations are expected to be proactive in reporting those risks to the CAFI MPTF.

## **7. Fund Administration and Legal Instruments**

The Trust Fund shall be terminated on December 31, 2027.

The CAFI Multi-Partner Trust Fund is administrated by the UNDP Multi-Partner Trust Fund Office using a pass-through modality, where each Implementing Organization applies its own set of procedures, provided that it meets the minimum requirements set up by the CAFI TF in terms of safeguards and fiduciary principles.

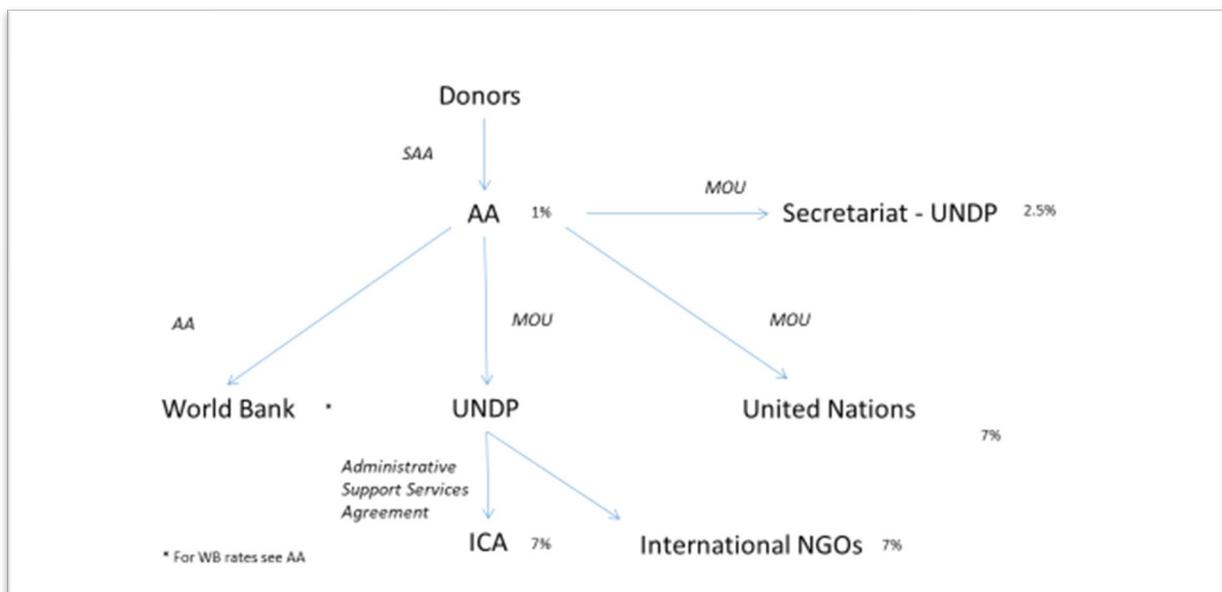
The Administrative Agent will conclude a Memorandum of Understanding with Participating UN Organizations, an Administrative Support Services Agreement for the ICA and Financing Agreements with other implementing organizations, an Administrative Agreement with the World Bank and Standard Administrative Arrangements or equivalent in the case of the European Union with contributing partners.

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<sup>22</sup> Described in section III and IV of the Memorandum of Understanding, Sections II. 2, III., IV. of the SAA.

<sup>23</sup> Described in section VIII of the Memorandum of Understanding, Section IX of the SAA.

<sup>24</sup> Described in Section IX of the Memorandum of Understanding, Section X. of the SAA signed after January 2020



**Figure 3: CAFI Legal Architecture and Fees<sup>25</sup>**

The MPTF Office is responsible for the following fund administration functions:

1. Receive contributions from donors that wish to provide financial support to the Fund;
2. Administer such funds received including closing the Fund and related matters;
3. Subject to availability of funds, transfer such funds to implementing Organizations, upon instructions from the Executive Board or the National Fund Steering Committee in the case of an allocation to a National Fund administered by the MPTF Office;
4. Provide to donors an annual consolidated report based on narrative reports consolidated by the secretariat and financial reports provided by implementing Organizations;
5. Provide to donors a final consolidated report, including notification that the Fund has been fully expended or has been closed;
6. Disburse funds for any additional costs of the tasks that the Executive Board may decide to allocate.
7. Provide fund management tools to ensure transparency and accountability.

The Administrative Agent will charge a one-time fee of one per cent (1%) on each donor contribution to cover the Administrative Agent’s costs of performing the Administrative Agent’s functions. The Administrative Agent will disburse direct cost for Secretariat functions based on Executive Board’s decisions.

## 8. Manual of Operations

The present TORs are complemented by a manual of operations (MOP) approved by the EB to assemble all operational guidelines of the Fund. In case of contradiction between the provisions of the TORs and the MOP, the text of the Terms of Reference prevails.

<sup>25</sup> In the case of the DRC National Fund, the DRC National Fund was established upon a request of the government through a memorandum of Agreement. The legal architecture and fees remain the same.

## 9. Contributions to the Fund

Contributions to the CAFI MPTF may be accepted from governments, inter-governmental or nongovernmental organizations. Contributors are encouraged to provide un-earmarked contributions, which will be programmed by the Executive Board, supported by the Secretariat.

Contributors may earmark their contribution by country or by implementing organisation categories (WB, UN, ICA or implementing organisations) to facilitate contributions in case of specific requirements. The earmarking will be reflected in the contribution agreement.

Contributions may be accepted in fully convertible currency or in any other currency that can be readily utilized. Such contributions will be deposited into the bank account designated by the MPTF Office. The value of a contribution payment, if made in other than US dollars, will be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Gains or losses on currency exchanges will be recorded in the UN MPTF account established by the Administrative Agent.

## 10. Programming Cycle

CAFI's main focus is policy dialogue with partner countries and the funding of programs that support the achievement of jointly agreed objectives during the policy dialogue. Exceptionally CAFI also supports regional programs or programs that cover more than one country. For the latter the modality "Country programs without a national fund" (*Figure 4*) apply from step 4.

### 10.1 Funding Allocations

The procedure to develop and submit National Investment Framework and subsequent programmes to the Executive Board is summarized in the figures below.

In exceptional cases and with the objective of supporting partner countries to reach joint objectives based on needs, funding can be approved before the signature of a letter of intent.

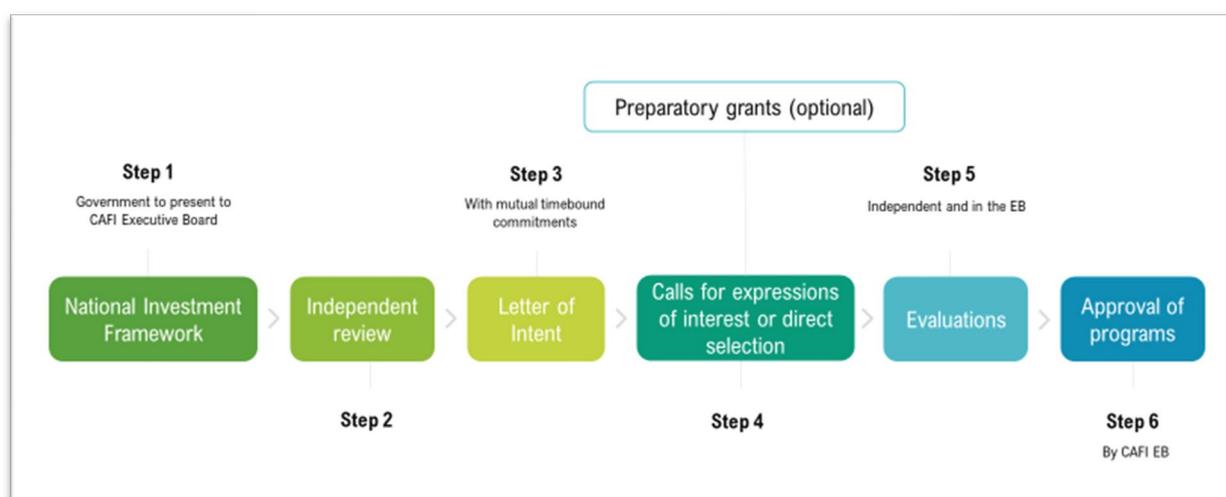


Figure 5: Investment Phase: funding through an MPTF national fund modality

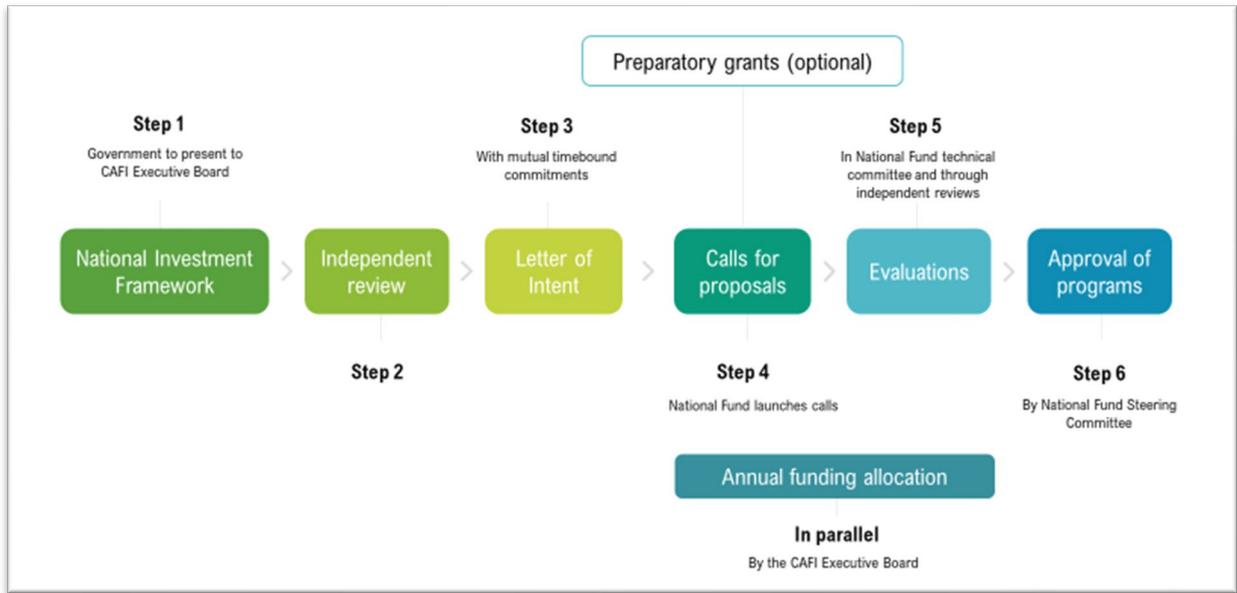
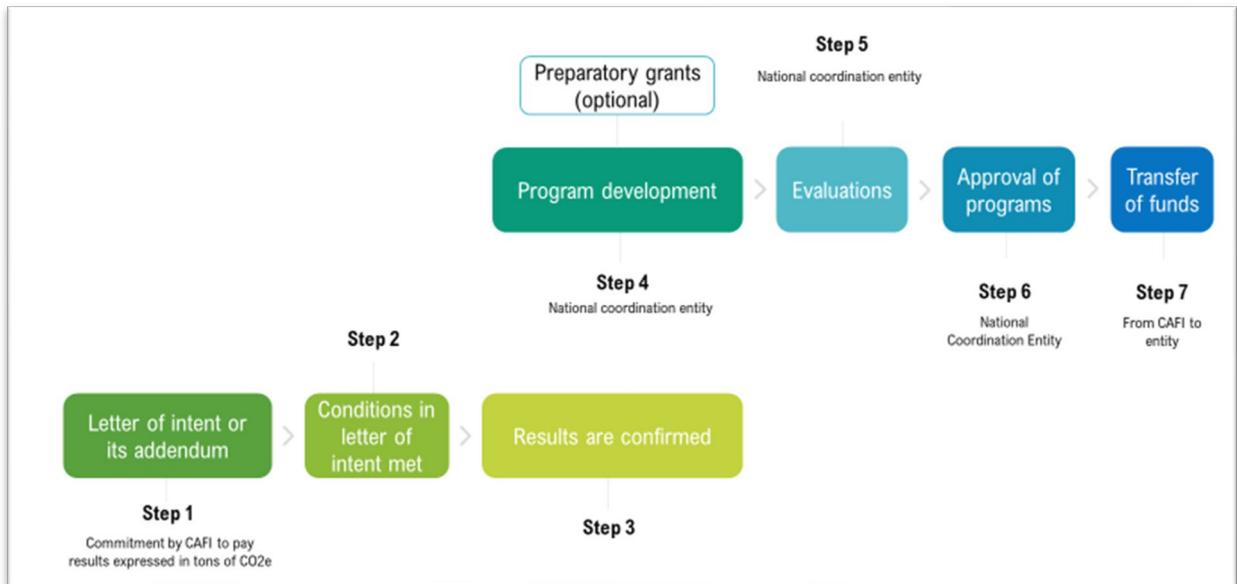


Figure 6: Results-based modality



The following sections explain each step in detail.

### Investment phase

<b>STEP 0</b>	<b>Preparation or revision of National Investment Framework</b>	<b>Preparatory phase</b>
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Partner countries can request the Executive Board a preparatory grant to support the development or revision of their investment framework. Once the country has signed the Joint Declaration and officially joined to initiative, it may enter in a partnership with one of the implementing organization and submit to the Executive Board a preparatory grant request.

Such request will be presented in a project document format (template to be provided by the secretariat). The proposal will be reviewed directly by the secretariat and submitted to the Executive Board.

<b>STEP 1</b>	<b>Countries</b>	<b>Submits National Investment Framework</b>
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**The National Investment Framework defines REDD+/LED country priorities at the sector and geographic level.** Based on their existing strategies, countries will identify the key reforms and transformative changes the Government intends to promote during the next 5-10 years, with associated performance targets. The National Investment Framework describes the expected outcomes through a result matrix aligned with the CAFI objectives. The National Investment Framework is approved and submitted to CAFI by the National Government with the support of the implementation organizations.

<b>STEP 2</b>	<b>CAFI Secretariat</b>	<b>Independent review</b>
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The Secretariat will commission two separate assessment reports (double blind process) on the proposed National Investment Framework by two independent international experts with proven experience and expertise. Their assessment will be based on criteria previously approved by the Executive Board covering, among others, the following aspects:

- Robust analysis ensuring identification and to the extent possible quantification of drivers of deforestation and forest degradation in a spatially explicit manner including the analysis of the political economy of land use change
- Identification and prioritization of response measures that resonate with the drivers
- Expected direct or indirect contribution to the stabilization or enhancement of forest carbon stocks
- Targeted geographical areas with high risk of deforestation
- Development co-benefits resulting from response measures supported by evidence and in line with priorities identified in National Strategies;
- Respect for the safeguards listed in Paragraph 2 of Annex 1 of the Cancun agreements;
- Proposed budget in accordance with implementation capacities.
- Demonstrated multi-stakeholder and inter-sectoral buy-in in the development and future implementation of the national investment framework

<b>STEP 3</b>	<b>CAFI Executive Board &amp; Country</b>	<b>Mutual commitments – letter of intent</b>
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Based on the independent review, the Executive Board will review the National Investment Frameworks and decide to engage in a strategic dialogue with the Country. A Letter of Intent will be agreed upon between the Country and the Executive Board as a mutual commitment

with associated timebound targets reflecting the expected transformative changes proposed by the National Investment Framework<sup>26</sup>.

The Executive Board will approve the Lol and the funding allocation to the Country with a multi-year disbursement plan. From this point the programming cycle differs between funding that goes through a national fund and one that does not.

As mentioned above in exceptional cases (for example when political commitments and not mature enough but CAFI's support could contribute to increasing political support and commitment) and with the objective of supporting partner countries to reach joint objectives, based on needs, funding can be approved before the signature of a letter of intent.

### Funding without a national fund

The steps below apply *mutatis mutandis* to regional programs as well.

STEP 4	Countries and Implementation Partners	Calls for expressions of interest or proposals
<p>Once a funding allocation has been confirmed by the Executive Board, the CAFI Secretariat prepares programming notes for each program idea identified in the NIFs and selected as priority for CAFI. The EB will decide which program ideas are priority to CAFI and instruct the Secretariat to develop the programming notes. Programming notes will be developed and reviewed through the lifetime of the country programming cycle based on programming needs and available funding. Based on the programming notes approved by the EB, the program documents will be developed either by</p> <p>a. <b>direct selection</b> (if the programming note does not recommend a call). In this case preparatory funding can be awarded to selected agency to conduct a feasibility study and develop the program to be submitted to the EB for approval. The preparatory funding will be approved by the EB.</p> <p>b. Or a two-step <b>call for expressions of interest</b> process:</p> <ul style="list-style-type: none"> <li>i. Expression of interest to be submitted by interested and eligible agencies with criteria to allow the selection of the agency</li> <li>ii. Based on the expression of interest and with the Government's consent, preparatory funding can be awarded by the CAFI Secretariat to selected agency(ies) to conduct a feasibility study and develop the program to be submitted to the EB for approval. Feasibility grants cannot exceed 500,000 US\$ per grant.</li> </ul> <p>Program documents will be jointly submitted to CAFI by the country and implementing partner(s). In order to ensure coordination across the programs and projects in one country, each project or programme will make sure that sufficient financial and human resources are available for coordination among the projects. The Executive Board may make further</p>		

<sup>26</sup> Funding approved to implementing partners can only exceed fully committed amount as described in the LOI with the approval of a corresponding programming framework by the EB.

decisions regarding monitoring, evaluation and coordination that will be incorporated in the project document.

<b>STEP 5</b>	<b>CAFI Secretariat</b>	<b>Evaluations</b>
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The Secretariat of CAFI will commission two separate evaluation reports (double blind process) on the proposed programmes by independent international experts with proven experience. Support projects to coordination structures are not subject to evaluation as they are not technical in nature and they directly support the costs of the agreed coordination structure.

The review will be based on criteria previously approved by the Executive Board covering the following aspects:

- Alignment with National Investment Framework;
- Social and Environmental Evaluation;
- Design and objectives;
- Management and Monitoring;
- Sustainability and National Ownership;
- Budget

The conclusion of the independent review will be shared and discussed with the country and/or implementing organization(s) with a view of improving the proposed Programme.

<b>STEP 6</b>	<b>CAFI Executive Board</b>	<b>Approves CAFI Programs</b>
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On the basis of the independent review, the Executive Board will approve, return with comments or reject the Investment Program document and when applicable request the release of funds to the Implementation Organization(s) in accordance with the available resources allocated to the National Investment Framework and as scheduled in the disbursement plan.

***Funding through an established national fund structure***

<b>STEP 4</b>	<b>National Fund Steering Committee</b>	<b>Request partners to develop programmes</b>
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In accordance with the disbursement plan and the LOI, the MPTF Office will be requested by the Executive Board to transfer annual funding allocation to the National Fund account. Based on the funding allocation received in its account, the National Fund Steering Committee will review its programming priorities and request implementation organizations to develop programme documents (individually or jointly). Implementing organizations can recover funds used to develop the full program document, up to an amount approved by the National Fund Steering Committee.

<b>STEP 5</b>	<b>National Fund Executive Secretariat</b>	<b>Evaluations</b>
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The Secretariat of the National Fund will commission two separate evaluation reports (double blind process) on the proposed programmes by independent international experts with

proven experience. Their review will be based on harmonized criteria previously approved by the Executive Board and the National Fund Steering Committee covering the following aspects:

- Alignment with National Investment Framework;
- Social and Environmental Evaluation;
- Design and objectives;
- Management and Monitoring;
- Sustainability and National Ownership;
- Budget

The conclusion of the independent review will be shared and discussed with the implementing organization(s) with a view of improving the proposed Programme.

<b>STEP 6</b>	<b>National Steering Committee</b>	<b>Approves Programmes</b>
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On the basis of the independent review and the recommendation of the Technical Committee the National Steering Committee will approve, return with comments or reject each of the submitted programme documents and when applicable request the release of funds to the Implementation Organizations in accordance with the available resources allocated to the National Investment Framework and as scheduled in the disbursement plan.

### Results based payment modality

This modality offers payments to partner countries based on emission reductions or removals as defined by the UNFCCC and the decisions of its Conference of the Parties. The specific modalities and payment conditions are described below. Other results-based payment mechanisms (either based on carbon or another metric) may be developed in the future.

<b>STEP 1</b>	<b>CAFI EB &amp; Countries</b>	<b>Letter of Intent</b>
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The results-based agreement is formalized in a letter of Intent or in an addendum to an existing letter of intent. It is approved by the EB. The result-based payment modality may only be made available to countries with a CAFI approved NIF.

<b>STEP 2</b>	<b>Country</b>	<b>Conditions in the LOI met</b>
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Among the conditions the following elements are mandatory:

- Compliance with UNFCCC decisions to access Results-based payments
- A National Investment Framework is revised if necessary, after the LOI but before the payments<sup>27</sup>. If a revision of the NIF contains significant changes CAFI may commission a new independent review of the revised NIF. The NIF corresponds to use of proceeds/benefit sharing plan.

The LOIs can contain other conditions mutually agreed between CAFI and the countries.

<b>STEP 3</b>	<b>CAFI Executive Board</b>	<b>Results are confirmed</b>
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<sup>27</sup> In the investment cycle the NIF precedes the LOI

The EB confirms the results and the meeting of the conditions in the LOI and makes a decision to compensate for emission reductions and removals (based on the available funding in the CAFE Trust Fund and up to the maximum level of commitment in the RBP agreement or LOI).		
<b>STEP 4</b>	<b>Country</b>	<b>Program development</b>
The EB informs the country that it can start the development of programs according to the NIF.		
<b>STEP 5</b>	<b>Country</b>	<b>Evaluations</b>
The National Coordination structure, as defined in the NIF, assesses programs in accordance with the criteria established in the NIF.		
<b>STEP 6</b>	<b>Country &amp; CAFE</b>	<b>Approve Programmes</b>
The National Coordination structure, as defined in the NIF, approves programs in accordance the criteria established in the NIF.		
CAFI Secretariat signs program documents to attest that the program is aligned with the approved NIF.		
<b>STEP 7</b>	<b>CAFI</b>	<b>Disbursement of funds to programs</b>
Disbursement to implementing agencies based on signed program document		

## 10.2 CAFE cross-cutting perspectives

### Gender

As described on the Theory of Change above, there is an important potential for women's empowerment and improvement of women's living conditions through CAFE's activities. Women play a central role in the sectors covered by CAFE so they are key drivers for change. If the gender perspective is neglected, there is a major risk that activities can have a negative effect on women's empowerment and living conditions.

CAFE uses a gender marker and assesses its programs. Based on these assessments, the EB can make specific recommendations to implementing organizations. In addition, and in order to implement such gender-sensitive vision:

- The Fund's governing principles promote equitable access and benefits for women and men.
- Gender mainstreaming will be included within the initiative's operational guidelines.
- Gender analysis will be included in the development of investment frameworks and investment programs.
- Women stakeholders will be consulted in the development of programs.
- Technical, social and gender expertise is included throughout the whole planning and implementation process.
- Sex-disaggregated baselines and indicators to measure effect on women are established.
- Sufficient financial resources are allocated to adequately implement and follow up the gender perspective.

## Social Inclusion

In addition to the gender focus, programs supported by CAFI aim to ensure social inclusion and the protection of vulnerable groups, such as indigenous people, youth and people with disabilities. A specific social inclusion policy will be developed that implementing organizations will be expected to respect.

### 10.3 Reporting, Monitoring and Evaluation

For each programme approved for funding, each Implementing Organization will provide the Secretariat and the Administrative Agent with narrative progress reports and financial annual statements, as agreed upon in the legal agreements signed with the Administrative Agent.

The annual and final reports will be results and evidence based. The reports will give a summary of results and achievements compared to the expected result in the programme document. Both programmatic and financial performance indicators will be monitored at the Outcome and Output level.

Further details regarding reporting requirements are provided in the Manual of Operations.

#### *Output level*

The output indicators would be specific to each programme and reflect changes in skills or abilities, or the availability of new products and services that have been achieved with the resources provided by the CAFI MPTF. The evaluation of the performance against each output indicator will take external factors into account as well as the pre-identified assumptions and risks. The Implementing Organizations are responsible for the achievement of this first level of results and responsible for collecting and report data.

#### *Outcome level*

The outcome indicators are agreed upon in the CAFI Result Framework and National Investment Framework. They monitor implementation of national reforms and the effects of the interventions on drivers of deforestation and forest degradation. The performance targets associated to each Outcome indicator will be defined and mutually agreed in the letter of Intent between CAFI and the Partner Country. The Monitoring and Evaluation Framework is presented in Annex 2: M&E framework.

Every programme funded by the CAFI MPTF will be assigned the responsibility to collect data associated to indicators of the outcome they contribute to. While many factors beyond the control of the implementing organizations may influence the results of the interventions at outcome level, it is expected that the mutual commitments agreed in the Letter of Intent will provide the highest level of accountability of all stakeholders that they are working together toward the shared REDD+/LED outcome of the CAFI MPTF and National Investment Frameworks.

#### *Overarching reporting on safeguards, transparency and integrity*

Implementing Organizations will establish appropriate programmatic safeguard measures in the design and implementation of its Fund activities, thereby promoting the shared values, norms and standards of the United Nations system as expressed by the UN Charter<sup>28</sup>. Such

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<sup>28</sup> See the Standard Administrative Agreement, Section III paragraph 8 and the MoU Section III paragraph 3.

safeguarding measures must address cross-cutting issues such as anti-corruption, climate and environment, gender equality and human rights. The measures should also include, as applicable, the respect of international conventions on the environment, on children's rights, and internationally agreed core labour standards.

For the activities funded by the CAFI Trust Fund, all recipient organizations will provide information on how their activities are addressing and respecting the social and environmental safeguards outlined in Annex 3 as part of the CAFI requirements for Monitoring and Reporting. These safeguards were endorsed by the Conference of the Parties of the United National Framework Convention on Climate Change and constitute the Annex of the COP decision 1/CP/16.

In addition, implementing organizations provide regular updates in their reports on fraud, misuse of funds and corruption, sexual exploitation, abuse and harassments cases reported, investigated and sanctions applied according to their procedures and rules. They are also requested to report on any other complaints received and treated in their complaints management systems that impact the financial, programmatic or safeguarding integrity of the CAFI Trust Fund. Beyond reporting, they are encouraged to provide information proactively to the Executive Board to facilitate the appropriate resolution of the cases<sup>29</sup> and will be required to share with the CAFI Secretariat on a quarterly basis any issues that may arise and how the implementing organization has addressed them.

For International Non-Governmental Organizations, further safeguards reporting requirements are provided in the Manual of Operations.

### *Performance Assessment*

The Secretariat will be responsible for consolidating the data reported by the implementing organizations together with the financial reported expenditure into a single M&E scorecard. This tool will be used by the Executive Board to review the overall progress against expected results and assess the achievement of performance targets define in the Letter of Intent. This assessment will be done through a dialogue with the Country Partner and the concerned Implementing Organization(s) and may result in Disbursement Plan or Programme revision's decisions by the Executive Board (or National Fund Steering Committee for Programmes approved by the DRC National Fund)<sup>30</sup>.

For international non-governmental organizations, the Secretariat will monitor the implementation of the programs according to the quality assurance plan developed based on the HACT and safeguards assessment.

In addition, the Executive Board will commission two independent reviews/evaluations on the overall performance of the Fund. These evaluations will take place at mid-term (2020) and at the closure of the Fund (2027) respectively. The aim of these evaluations, to be spelled out in further detail in the TORs for the evaluations, will be to study the various performance measurements of the Fund, to confirm or to annul them, and to test the theory of the change. The mid-term evaluation will consist of specific recommendations to the Executive Board for the review of the Fund Result Matrix and its underlying theories of the change if necessary.

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<sup>29</sup> Further details of this reporting process are described in the MOP.

<sup>30</sup> The procedures for Program revision are fully defined in the Manual of Operations within the limits of the legal arrangements of the MOU, SAA and AA.

## 10.4 Risk Management

A risk management strategy is developed by the Secretariat taking into account the nature of risks and extend of potential losses. It defines the Fund's risk tolerance, establish policies in relation to identified risks, and determine the risk treatment through mitigation measures or adaptation.

At the first level of risk management, the monitoring of risks will be done by the implementing organizations as part of their regular reporting, highlighting in particular the key mitigation or adaptation measures taken in accordance with the risk management strategy and their direct influence on achieving the expected results.

At the second level of risk management, the Secretariat will consolidate the risk mitigation measures and the reporting in a Risk Dashboard which will be presented to the Executive Board for approval annually.

A particular attention will be given to risks arising from conflict situations and insecurity in several of the countries supported by CAFI. First, these risks will be dealt with at the portfolio level (i.e. balancing the portfolio so that delays in implementation in conflict affected areas do not impact greatly the overall performance of the portfolio). The objective of CAFI is not resolve conflicts, so it is expected that activities will concentrate in areas where implementation is possible. However, security situation can be volatile and subject to abrupt changes. Furthermore, in certain countries, it is the security situation that drives migration and puts pressure on nearby forests. So it is inevitable that certain programs will be affected by a conflict situation or its indirect impacts. As results at the program level, implementing organizations are expected to ensure proper implementation arrangements in line with the capacities of local authorities and the security situation as well as exercise a duty of care to guarantee the safety and security of staff, suppliers and contractors involved in the implementation of programs in areas with volatile security situation.

## 10.5 Conflicts of interest

Members of the Executive Board or the national coordination structures should not participate in the decision on the approval of any programme under which their organization will receive funds or act as a technical partner.

Furthermore, CAFI participates in decision-making bodies of a National Fund or other national coordination structures as a donor where certain entities (members or observers of the EB) have no membership. The CAFI Executive Board will develop joint CAFI positions that will be presented in the national decision-making bodies. When developing these CAFI positions, the entities excluded from the national decision-making bodies will be excluded from the CAFI decision-making process as well.

Apart from these general requirements, any potential conflict of interest<sup>31</sup> should be disclosed to the Chair of the Executive Board prior to decisions that are potentially affected. The process for informing the Executive Board is described in the Manual of Operations.

Conflicts of interest declared or brought to the attention of the Board/Committee after a

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<sup>31</sup> A real, perceived or potential conflict of interest can arise whenever a transaction, or an action, with respect to the function and responsibilities of the Executive Board or National Steering Committee/national coordination structure conflicts with the personal interests, financial or otherwise, of a Board/Committee/structure member, an immediate family member or that of the Board/Committee's employer.

decision has been made will trigger its prompt re-examination.

## **11. Public Disclosure**

The Central African Forest Initiative recognizes the importance of and reaffirms its commitment to transparency and accountability in all aspects of its operations and the need to ensure public access and stakeholder participation. CAFI will ensure the highest standard of transparency in all its activities through the effective dissemination of information to stakeholders and the public at large. To this end, an Information Disclosure Policy will be adopted as part of the Manual of Operations.

The Executive Board and the Administrative Agent will ensure that the Fund's operations are disseminated on the web site of the Administrative Agent (<http://mptf.undp.org>). Information posted on the web site will include: contributions received and from whom, Executive Board decisions, funds transferred, annual expenditures, summaries of proposed and approved programmes and Fund progress reports including relevant information on Fund operations. Furthermore, the domains [www.cafi.org](http://www.cafi.org) and [www.cafi.net](http://www.cafi.net) will provide updated and user-friendly information on CAFI's governance structures, key decisions made, updates on the portfolio and dedicated country information.

Each Implementing Organization will take appropriate measures to promote the Fund. Information shared with the press regarding fund beneficiaries, official notices, reports and publications will acknowledge the Fund's role. More specifically, the Administrative Agent will ensure that the role of the contributors and National Governments is fully acknowledged in all external communications related to the Fund.

Once a year, CAFI Secretariat will present CAFI's progress and achievements at the CBFP meeting and at a COMIFAC Council of Ministers.

**Annex 1: Signed CAFI Declaration (inserted in pdf version)**

## **Annex 2: M&E framework**

Available on the CAFI website <https://www.cafi.org/sites/default/files/2021-01/CAFI%20M%20and%20E%20Framework%20-%20Revised%20version%20adopted%20by%20the%20EB%20-%2025%20October%202019%20-%20ENG.pdf>

## **Annex 3: Guidance for Reporting on how CAFE-supported Activities are Addressing and Respecting Social and Environmental Safeguards**

### **Reporting Requirement**

As part of the CAFE requirements for Monitoring and Reporting, it is expected that all recipient organizations will provide information on how CAFE-supported activities are addressing and respecting the social and environmental safeguards outlined below. While taking into account national context, the reports should include information on each of the key issues associated with the safeguards.

### **Types of Information (see reporting template below)**

- A. An assessment of the social and environmental benefits and risks of the CAFE-supported activities:** the Report should outline the specific benefits and risks anticipated from the CAFE-supported actions. See the benefits and risks tool to support such an assessment: [BERT tool](#).
- B. Information on how relevant safeguards below have been addressed and respected during the implementation of CAFE-supported activities:** The Report should provide information on: a) the country's policies, laws and regulations (PLRs) and associated institutional arrangements which are in place to deal with the potential benefits and risks associated with CAFE-supported activities; and b) how the PLRs, through the associated institutional arrangements, are implemented in practice. Information should also be provided on the recipient organization's policies and procedures in place to address and respect the same.

### **Sources of Information**

Recognizing that many CAFE-supported activities will be aligned with and drawing from national REDD+ strategies and action plans, which may have already undergone social and environmental assessment processes, resulting in management plans, it is expected that Reports will draw from and reference existing sources of information, such as a country's strategic environmental and social assessments (SESA); environmental and social management plans (ESMF); specific management plans (e.g. related to indigenous peoples, resettlement, biodiversity, etc.); safeguard information system (SIS); and or summary of information on how safeguards are being addressed (UNFCCC submissions).

NB: The framework below will also be used by those commissioned by the CAFE Secretariat to undertake the eligibility assessment of the proposed National Investment Frameworks.

<b>Part A. Narrative Report: An assessment of the social and environmental benefits and risks of the CAFE-supported activities</b>		
<b>Safeguard</b>	<b>Key Issues</b>	<b>Part B. Information on how relevant safeguards below have been addressed and respected during the implementation of CAFE-supported activities</b>
<b>Actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements</b>	<ul style="list-style-type: none"> <li>• Consistency with international commitments on climate; contribution to national climate policy objectives, including those of mitigation and adaptation strategies</li> <li>• Consistency with the achievement of the Millennium Development Goals and post-2015 Sustainable Development Goals; contribution to national poverty reduction strategies</li> <li>• Consistency with international commitments on the environment; contribution to national biodiversity conservation policies (including National Biodiversity Strategies and Action Plans) and other environmental and natural resource management policy objectives</li> </ul>	

	<ul style="list-style-type: none"> <li>● Consistency with State's human rights obligations under international law, including the core international human rights treaties<sup>32</sup> and ILO 169, where applicable</li> <li>● Consistency and complementarities with the objectives of the national forest programme</li> <li>● Coordination among agencies and implementing bodies, national forest programmes and national policy(ies) that enact the relevant international conventions and agreements</li> <li>● Consistency with other relevant international conventions and agreements</li> </ul>	
<b>Transparent and effective national forest governance structures, taking into account national legislation and sovereignty</b>	<ul style="list-style-type: none"> <li>● Access to information</li> <li>● Accountability of governance structures</li> <li>● Land tenure arrangements</li> <li>● Enforcement of the rule of law</li> <li>● Adequate access to justice, including procedures that can provide effective remedy for infringement of rights, and to resolve disputes (i.e., grievance mechanisms)</li> <li>● Gender equality</li> <li>● Coherency of national/subnational legal, policy and regulatory framework for transparent and effective forest governance</li> <li>● Corruption risks</li> <li>● Resource allocation/capacity to meet institutional mandate</li> <li>● Participation in decision-making processes</li> </ul>	
<b>Respect for the knowledge and rights of indigenous peoples and members of local</b>	<ul style="list-style-type: none"> <li>● Definition/determination of indigenous peoples and local communities</li> <li>● Recognition of rights to lands, territories and resources</li> <li>● Right to compensation and/or other remedies in the case of involuntary resettlement and/or economic displacement</li> </ul>	

32 These include the following: International Convention on the Elimination of All Forms of Racial Discrimination (1969), International Covenant on Civil and Political Rights (1976), International Covenant on Economic, Social and Cultural Rights (1976), Convention on the Elimination of All Forms of Discrimination against Women (1981), Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1987), Convention on the Rights of the Child (1990), International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (2003), International Convention for the Protection of All Persons from Enforced Disappearance (2010), Convention on the Rights of Persons with Disabilities (2008).

<p><b>communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples</b></p>	<ul style="list-style-type: none"> <li>● Right to share in benefits when appropriate</li> <li>● Right to self-determination</li> <li>● Right to participate in decision making on issues that may affect them</li> <li>● Free, prior and informed consent (FPIC)</li> <li>● Recognition and protection of indigenous peoples' and local communities' traditional knowledge, cultural heritage, intellectual property</li> <li>● Activities related to Indigenous Peoples should be singled out in a specific section of the safeguard report, and show the alignment with REPALEAC's Strategy for the Sustainable Development of Indigenous Peoples. If possible, a break-down per strategic axis would be very helpful for a future consolidation at CAFI level. See: <a href="https://pfbc-cbfp.org/actualites-partenaires/PACL-repaleac.html?file=files/docs/partners/Repaleac%202020/REPALEAC%20Strategy_EN_final.pdf">https://pfbc-cbfp.org/actualites-partenaires/PACL-repaleac.html?file=files/docs/partners/Repaleac%202020/REPALEAC%20Strategy_EN_final.pdf</a></li> </ul>	
<p><b>The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities</b></p>	<ul style="list-style-type: none"> <li>● Identification of relevant stakeholders</li> <li>● Legitimacy and accountability of bodies representing relevant stakeholders</li> <li>● Mechanisms or platforms to facilitate participatory processes during design, implementation and monitoring of actions</li> <li>● Functional feedback and grievance redress mechanism</li> <li>● Recognition and implementation of procedural rights, such as access to information, consultation and participation (including FPIC) and provision of justice</li> <li>● Transparency and accessibility of information</li> </ul>	
<p><b>Actions are consistent with the conservation of natural forests and biological diversity, ensuring that actions are not used for the conversion of natural forests, but are instead</b></p>	<ul style="list-style-type: none"> <li>● Definition of natural forest and understanding of the spatial distribution of natural forest</li> <li>● Addressing potential impacts on biodiversity and forest ecosystem services</li> <li>● Conservation of natural forests; avoiding degradation, or conversion to planted forest (unless as part of forest restoration)</li> <li>● Identification of opportunities to incentivise enhanced environmental and social benefits through design, location and implementation of actions</li> <li>● Conservation of biodiversity outside forest</li> </ul>	

<p><b>used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits</b></p>		
<p><b>Actions to address the risks of reversals</b></p>	<ul style="list-style-type: none"> <li>● Analysis of the risk of reversals of emissions reductions, also referred to as 'non-permanence'</li> <li>● National Forest Monitoring System (NFMS) designed to detect and provide information on reversals.</li> </ul>	
<p><b>Actions to reduce displacement of emissions</b></p>	<ul style="list-style-type: none"> <li>● Actions that address the underlying and indirect drivers of deforestation and land use change rather than only direct drivers at specific locations</li> <li>● Actions to reduce displacement of emissions from specific actions at: local (e.g. across project boundaries) and national (to other jurisdictions within the country) levels</li> <li>● Selection and design of actions taking into consideration the risk of emissions displacement; displacement risk analysis for the selected actions, including risk of emission displacement to other ecosystems.</li> <li>● National Forest Monitoring System (NFMS) designed to detect and provide information on displacement at national and local levels.</li> </ul>	

**Annex 4: Interagency Policy on Sexual Exploitation and Harassment and relevant provisions of the Standard administrative agreement and the Memorandum of Understanding**

[https://www.un.org/en/pdfs/UN%20Victim%20Assistance%20Protocol\\_English\\_Final.pdf](https://www.un.org/en/pdfs/UN%20Victim%20Assistance%20Protocol_English_Final.pdf)