

Terms of Reference



“CAFI”

Multi Partner Trust Fund

2015-2027

10 March 2023

Summary of Updates of the TOR

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Acronyms and definitions

AA	Administrative Agent
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
Eoi	Expression of Interest
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FLEGT	Forest Law Enforcement, Governance and Trade
FONAREDD	DRC National REDD Fund
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
Lol	Letter of Intent
LULUCF	Land Use, Land Use Change and Forestry
M&E	Monitoring & Evaluation
MoA	Memorandum of Agreement
MOP	Manual of Operations
MoU	Memorandum of Understanding
MPTF	Multi-Partner Trust Fund
NIF	National Investment Framework
NTFP	Non-Timber Forest Products

NUNOs	Non-UN Organisations
RBP	Results-based payments
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
SEAH	Sexual Exploitation, Abuse and Harassment
SES	Social and Environmental Safeguards
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNOs	UN Organisations
UN-REDD	United Nations Collaborative Initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD+) in developing countries
WB	World Bank
WBAA	World Bank Administrative Agreement

1. 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 reverse the unfolding climate and biodiversity crisis. In other words, by taking better care of forests we can make a major contribution to reducing the effects of climate change and saving biodiversity. Importantly, forests are also essential to 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 removes about 1.1 billion tons of CO₂ of the atmosphere or 3% of the world's emissions every year. It is also home to more than 10,000 plant and animal species, 30% of which are unique to the region, and the main source of food, energy, shelter and spirituality for more than 60 million people living in and around it.¹

In 2011, during the UN Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP) meeting in Durban, seven Central African nations² and eight donors³ 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 forest areas.

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 Declaration⁴ endorsed by the Central African and donor countries.

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

The Terms of Reference (ToR) describe, among others, the expected outcomes of the Initiative and its underlying Theory of Change, how the fund governance arrangement provides a forum for joint partnership and cross-country learning, and the programming cycle for National Investment Frameworks (NIFs) aligned with countries' overall development vision and objectives.

¹ [OFAC, The Congo Basin Forests - State of the Forests, 2021.](#)

² Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Republic of Congo, and Rwanda.

³ Australia, Canada, France, Germany, Norway, United Kingdom, United States of America, and the European Commission.

⁴ See Annex I.

2. 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 globalisation, the pressure on forests is increasing. Central African governments find themselves caught in the intertwined challenges 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 is typically slow. Sustained and concerted efforts are 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 to benefit forests at all levels. Internationally, negotiations under the UNFCCC are searching for better mechanisms to preserve forests and compensate countries for doing so. Multi- and bilateral programmes 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 (CBFP), have contributed to better regional dialogue, 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, uncoordinated and underfinanced. Activities often advance in isolation, separated by differences in scales of intervention, performance metrics and levers for shaping land use behaviour, while changing development trajectories requires substantially enhanced funding, long term sustained support and coordination to systematically deliver the same policy messages.

3. CAFI Rationale

Central Africa critically needs support to implement essential reforms and complex investments to effectively address the drivers of deforestation. 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 NIFs.

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 type of broad-based joint partnership 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 LED for the region and increased coherence between donor and partner country objectives on REDD+/LED are necessary to reach ambitious objectives.

A regional approach, as opposed to bilateral or global, was 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 spirit of South-South cooperation.

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 harmonised 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 harmonised support to NIFs;
- Strategic and coordinated allocations;
- Reduced transaction cost and streamlined implementation via a pass-through mechanism to accredited entities.

In addition, CAFI seeks to complement existing regional initiatives, such as COMIFAC, the Economic Community of Central African States (ECCAS), and CBFP, as well as regional components of global programmes such the Green Climate Fund (GCF), the Global Environment Facility (GEF), the Forest Investment Program (FIP), PROGREEN, UN-REDD or the EU-REDD Facility.

4. CAFI Theory of Change

4.1 Summary

CAFI seeks to significantly contribute to LED 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 CO₂ 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 growth⁵). In order to achieve the socio-economic transformation required for LED, co-benefits are also expected to be generated. Successful results addressing drivers

⁵“Drivers” refers to the drivers of deforestation and forest degradation as well as barriers to conserving, sustainably managing and enhancing forest carbon stocks.

constitute the outcomes of the Theory of Change. Not every country is expected to deliver all outcomes, since each NIF will depend on the country-specific dynamics of drivers.

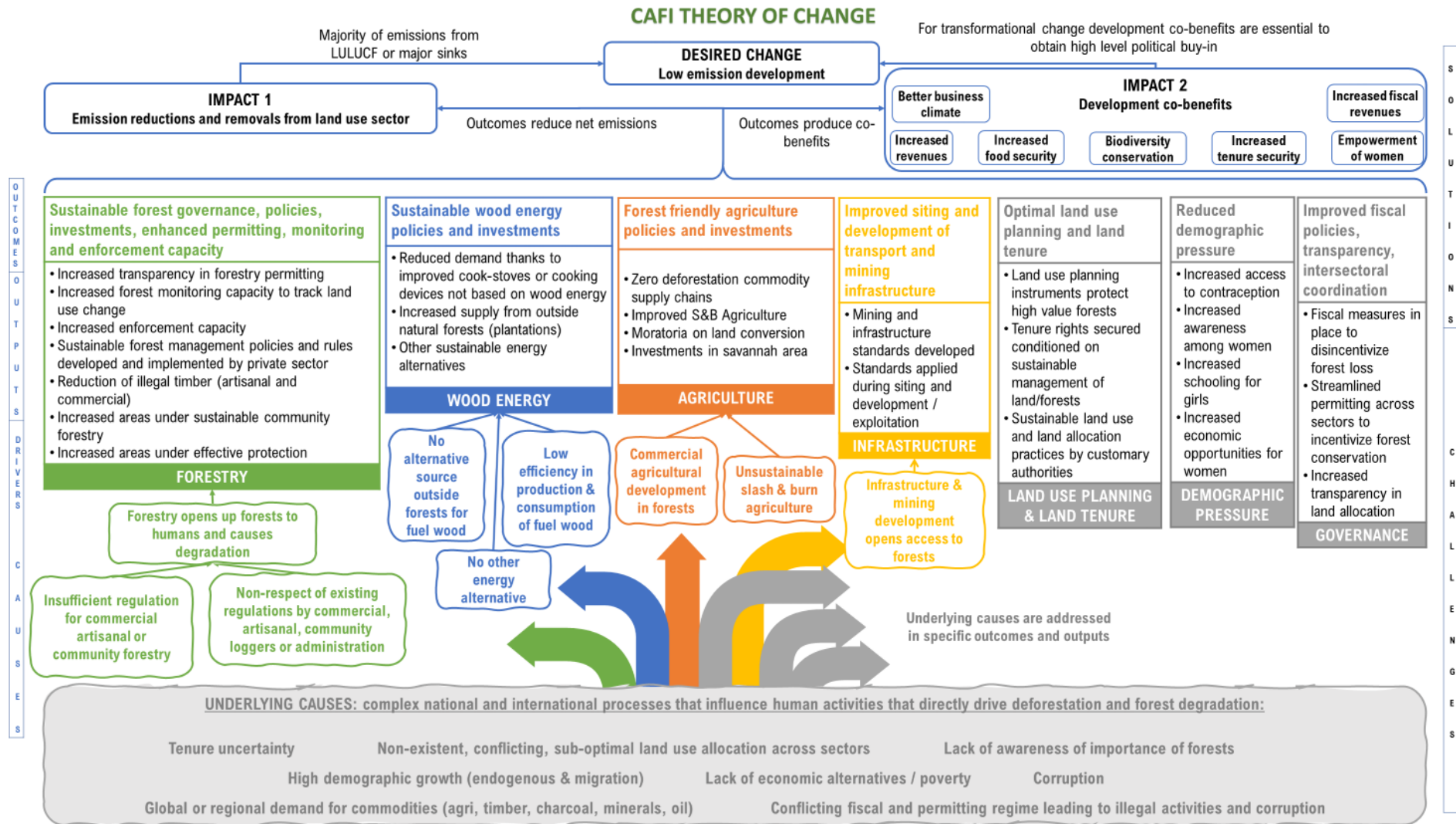


Figure 1: CAFI Theory of Change

4.2 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 reverse the unfolding climate and biodiversity crisis. In other words, by taking better care of forests we can make a major contribution to reducing the effects of climate change and saving biodiversity. Importantly, forests are also essential to 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 removes about 1.1 billion tons of CO₂ of the atmosphere or 3% of the world's emissions every year. It is also home to more than 10,000 plant and animal species, 30% of which are unique to the region, and the main source of food, energy, shelter and spirituality for more than 60 million people living in and around it.⁶

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 agricultural expansion (cropland and pasture) as the largest direct cause of global deforestation⁷. 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 Africa⁸. 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 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 2015⁹. 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 that 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

⁶ [OFAC, The Congo Basin Forests - State of the Forests, 2021.](#)

⁷ (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)

⁸ (Hosonuma et al., 2012; Kissinger et al., 2012)

⁹ A notable exception is the Forest Reference Level of Gabon. To address the issue of outdated data CFI launched a regional study of deforestation and forest degradation dynamics in 2020.

and the intact forest. At the same time, they estimated that 10% of forest loss occurred within 5 kilometres of mining, logging or plantations, illustrating the need to contextualise this process to understand the dynamics of deforestation and degradation.

Agricultural activities have been predominantly linked to village agriculture, which mainly supplies local markets and nearby urban centres. 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 agribusiness, 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, aside of the negative impact logging has on forest ecosystems in general¹⁰. Furthermore, artisanal logging that is often insufficiently regulated, is also a major contributor to forest loss. Artisanal **charcoal** production, mainly to supply urban centres, creates a circle of degradation around major cities in the region (Kinshasa, Douala and Yaoundé, among others).

Mining and oil sectors do not cause major deforestation, at least in terms of surface area, but they open access to pristine forests (and as such can also be categorised 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 peatlands in the Republic of the Congo.

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, new infrastructure development, 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 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 in the region, with structural issues often including weak institutions and low capacity (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 a poor business

¹⁰ Several recent studies have shown this negative impact: see for example [Funk et al. 2019](#).

climate (due to weak or non-existent legal frameworks, governance, institutions, reform processes and physical infrastructure). On the other hand, the region is endowed with an exceptional wealth of natural resources (forests, biodiversity, minerals, oil, land) thus making the exploitation of natural resources an obvious path to economic growth.

Both reducing the pressure on forests and achieving the nation-wide emission reductions expected by the Paris Agreement require a systemic response led by governments in coordination with relevant stakeholders. This is because the drivers of deforestation span several economic sectors. As a result, focusing exclusively on one sector is insufficient in tackling 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 emissions 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. Response measures must therefore address both the historical causes as well as the new trends.

In sum, 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 incentivise sustainable economic activities outside forests. 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, wood fuel, logging, non-timber forest products) and in economic activities outside forests (savanna-based agriculture, reforestation, agroforestry, etc.).

These proposed solutions are structured in three levels of results: Outputs, Outcomes and Impacts below and in Figure 1 above.

Proposed solutions: CAFI's expected Outputs and Outcomes

To ensure that emissions are reduced while development objectives are met, the NIFs 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 CFI ToR and NIFs are to provide full details on expected Outputs as well as any country-specific Theory of Change. the Outcome level, these aforementioned 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 minimise 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 incentivise 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, 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 marginalised, such as women, youth, indigenous people, disabled and elderly. Additionally, as women typically rely more on forests than men do, and 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 NIFs 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. Only measures that provide social and economic development benefits to these groups as well, or more generally at the macro-level, will therefore be supported by CAFI.

Examples of development benefits include:

- programmes aiming to intensify agricultural production¹¹ 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.¹²
- Increased **tenure security** will be reached by securing collective and some individual rights (to both men and women) conditioned on respecting certain forest-friendly behaviours.
- 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, thereby resulting in more trust in government agencies.

¹¹ 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 labour 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)

¹² 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 projects/programmes designed for CAFI should include: labour and capital intensity of new technology, farmer characteristics, output markets, technology, labour 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) can also be used to incentivise desired practices.

- **Better fiscal revenues** can be expected, thanks to formalised 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 an **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 goals of the Initiative

The overall Impact of the Outcomes formulated in comprehensive, ambitious NIFs 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 LED 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-forest 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 NIFs 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 programme 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 development and carbon co-benefits are generated. As mentioned above, to develop and implement these complex investment plans spanning different sectors presupposes a high-level political commitment and capacity of a government institution with a 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, (iii) the high political profile of such an initiative, (iv) the coordinated and synergetic approach allowed by pooling support from several donor countries through a single facility, (v) 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 Impacts, 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 projects/programmes 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 the private sector, among others. This is especially important in 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.

The weak institutional capacity described above needs 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. through 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.

5. 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 initiative, fund design and administration (MPTF Office), and fund implementation (Implementing Organisations, or IOs, and national governments). In order to ensure flexibility, the governance arrangements combine nimble oversight by an Executive Board (EB) 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 IOs are UN Organisations (UNOs); International Cooperation Agencies (ICAs) and International Non-

Governmental Organisations, also referred as NUNOs (Non-UN Organisations), and the World Bank (WB).

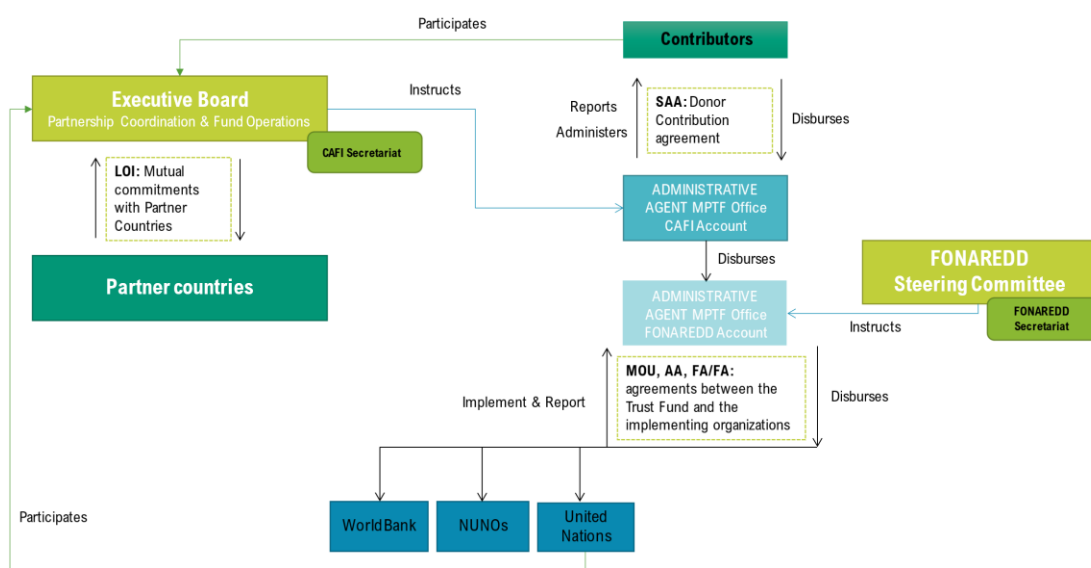


Figure 2: CAFI Governance arrangements

5.1 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 CAFI;
2. Approving any modification of the strategic direction of CAFI 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 NIFs;
6. Concluding Lols¹³ with Partner countries as a mutual commitment with associated performance targets;
7. Approving country funding allocations to NIFs with a multi-year disbursement plan¹⁴ by the CAFI MPTF taking into consideration parallel funding¹⁵;
8. Approving Manuals of Operations (MOP) for projects/programmes;
9. Approving Terms of Reference (ToR) for calls for Expressions of Interest (Eoi) and calls for ideas;
10. Requesting fund transfers by the Administrative Agent (AA):

¹³ The Letters of Intent (LoI) 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 Letters of Intents are not legally binding agreements and are specific to each partner country.

¹⁴ Disbursement plans will be based on cash balance, signed commitments and schedule of payments by contributors as regularly communicated to the EB by the AA.

¹⁵ Parallel funding to NIFs 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 programmes. Project/programme documents should follow the same independent review as described in Chapter 10.

- a. to the AA's National Fund account based on the approved disbursement plan and available cash balance in the CAFI MPTF account¹⁶;
 - b. to IOs of CAFI projects based on the approved disbursement plan and available cash balance in the CAFI MPTF account, applicable when funds are not disbursed through an MPTF-administered National Fund;
 - c. to IOs to support partner countries in developing their NIFs or developing full CAFI project proposals, applicable when funds are not disbursed through an existing National Fund.
11. Reviewing Fund status and overseeing the overall progress against expected results as reported by National Funds/CAFI projects consolidated by the Secretariat (through a Risk Dashboard and M&E Framework);
 12. Reviewing performance targets with partner countries based on each Lol and adjusting disbursement plan when necessary¹⁷;
 13. Approving any necessary programmatic or budgetary CAFI project revisions (when funds are not disbursed through a national fund);
 14. Commissioning mid-term and final independent evaluations on the overall performance of the fund;
 15. Approving direct costs for Secretariat functions; and
 16. Approving fund extensions and revisions of the fund ToR, as required;
 17. Approving and revising the MOP;
 18. Delegating roles and functions to committees, working groups and the Secretariat;
 19. Accrediting IOs.

The contributors, signatories of the Joint Declaration, are eligible to be members of the Executive Board. In addition, the UNDP on behalf of Participating UN Organisations is a member of the EB. A rotational system will be in place if more than one Participating UN Organisation is 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 rights for decisions concerning the trust und and in particular on its financial allocations. In case a contributor who is an EB 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 EB.

Observers can participate in EB sessions but do not possess voting rights.

The WB, FAO and the facilitator of the CBFP are invited to participate as permanent observers.

When 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 NUNOs and partners can be invited on a case-by-case basis to the meeting or to selected sessions.

¹⁶ Only possible for DRC in accordance with the Memorandum of Agreement (MoA) signed on 30th of August 2013.

¹⁷ Based on independent verifications commissioned by the Secretariat and consistent with programmatic delivery and documented financial need.

To ensure and foster the strategic dialogue with partner countries, the EB organises annual reviews, where respective national government, civil society and indigenous peoples' and private sector representatives are invited to discuss progress toward performance targets as agreed in the Lols and review CAFI financial commitments in the disbursement plan. In addition, an annual forum with all stakeholders is organised to update progress, share experiences and obtain inputs. The annual forum is also an opportunity to explore further collaboration with other Central Africa regional initiatives such as COMIFAC, ECCAS and CBFP.

The EB adopts and applies rules of procedure to complement and/or clarify the ToR. The rules of procedure will be part of the MOP¹⁸ and may be amended as needed from time to time.

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

The EB meets periodically and makes decisions by consensus. It 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 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 these groups during monthly EB calls and at regular EB meetings. The country group members (donors) may invite observers and IOs.

5.2 Country level arrangements

Partner countries that have signed the Joint Declaration can present their National REDD+ and/or LED 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 Lol.

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 committee¹⁹ is in charge of providing strategic direction and oversight, coordinating the implementation of the portfolio of CAFI projects as set out in the NIF. To fulfil this function, it assumes the following responsibilities:

1. Approving programme/project preparatory grants based on pre-selected concept

¹⁸ See Chapter 8

¹⁹ Leadership by a cross-sectorial ministry in a national fund is encouraged, as is a representation of multiple key stakeholders such as civil society, indigenous peoples and the private sector.

notes;

2. Requesting the AA to transfer preparatory funding to IOs;
3. Approving project/programme documents;
4. Requesting the AA to transfer funding to IOs based on available cash balance in the national fund account;
5. Approving programmatic or budgetary revisions to projects, as appropriate, within the limit of the NIF allocation;
6. Approving consolidated annual progress reports of the national fund to the EB.

Any existing roles and responsibilities of the national fund in terms of monitoring & evaluation (M&E), risk management and safeguards will be applicable to the NIF allocations. If any clauses in the national fund ToR contradict any governance arrangements established by the CAFI MPTF, the EB will assess 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 EB has approved a funding allocation to the NIF and subsequently a CAFI project/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 IOs with the CAFI EB;
4. Review implementation progress;
5. Address challenges and risks;
6. Review implementer annual progress reports to the CAFI Executive Board.
7. Jointly conduct the review of the Lols with the CAFI EB.

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

The governance arrangements for each CAFI project/programme should be fully described in the CAFI /project document submitted to the CAFI EB for approval.

To support the partner country, one of the IOs will be designated by the CAFI Executive Board in consultation with the country as the organisation responsible to support the government coordinate and convene relevant stakeholders. The IO shall be entitled to recover its direct costs related to its role, and should be included in the CAFI /project framework budget.

5.3 Secretariat

The Secretariat is provided by the UN MPTF-Office. It supports the EB 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 submission and reporting processes. It advises and supports the EB in strategic

planning, and consolidates narrative progress reporting, using tools such as the M&E scorecard and the risk management dashboard. It also coordinates the review process for NIFs and CAFI projects²⁰, and it facilitates collaboration and communication between IOs 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.

5.4 Implementing Organisations (IOs)

The CAFI fund is implemented through three types of fund implementation modalities, namely:

1. UN Organisations (or UNOs),
2. The World Bank (WB),
3. Non-UN Organisations (or NUNOs invited by the Executive Board to sign a Framework and Financing Agreements with the MPTF Office. Their selection and follow-up will be based on a set of assessments which include: (i) the HACT Micro-Assessment (UN Harmonized Approach to Cash Transfer - with only NUNOs qualifying as Low Risk will be allowed access to the fund by the EB²¹; (ii) the Social and Environmental Safeguards (SES) conformity assessment outlined in the MOP; (iii) the Assessment on Sexual Exploitation, Abuse and Harassment (SEAH) whereby NUNOs are requested to meet most of the SEAH requirements²² Additional Access Requirements are in place to complement the assessment process, and are described in detail in CAFI's MOP.

The choice of IOs is based, among others, on existing international capacities required for supporting the implementation of the NIFs of the CAFI countries.

As per the UNDG MoU for MPTFs, each IO shall assume full programmatic and financial accountability for the funds disbursed to it by the AA. Each IO 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 AA. This separate ledger account shall be administered by each IO in accordance with its own regulations, rules, directives and procedures. Specific provisions will apply to the "NUNO" category of IOs, which are detailed in the agreements and the MOP.

Each IO 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 modalities²³. Specific provisions will apply to the "NUNO" category of IOs, which are detailed in the agreements and the MOP.

²⁰ Not applicable to the DRC National Fund where the projects/programmes are approved by the National Steering Committee and the independent review commissioned by the National Fund Executive Secretariat.

²¹ 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 organisation's ability to execute the project/programme in accordance with the workplan.

²² UN SEAH Protocol for IOs determines an assessment ranging through 8 criteria. NUNOs are requested to comply to at a minimum 6 out of 8 of the established criteria, with the remaining non-compliant ones to be addressed by the NUNO via Quality Assurance Plans.

²³ Described in section III and IV of the MoU, Sections III. 3.7, IV. 4.1, IV. of the Framework Agreement.

In doing this, each IO shall demonstrate framework consistency with the SES framework described in MOP and its 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 IOs commit to zero tolerance for fraud, corruption²⁴ and sexual exploitation and abuse²⁵; protection of whistleblowers, public disclosure, gender and social inclusion and use of adequate complaints mechanisms. Annexes to the present ToR and the MOP outline the policies and principles that CAFI and its partners seek to uphold. In addition, IOs commit to managing all other contextual and programmatic risks identified by the EB with the utmost care. The IOs are expected to be proactive in reporting risks to the CAFI MPTF.

6. Fund Administration and Legal Instruments

The trust fund shall be terminated on December 31, 2027.

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

The AA will conclude a MoU with Participating UN Organisations; a Framework Agreement and a Financing Agreement with the NUNOs; and an Administrative Agreement with the World Bank (WBAA) and standard administrative arrangements or equivalent in the case of the European Union with contributing partners.

²⁴ Described in Section VIII of the MoU, Section VIII of the Framework Agreement.

²⁵ Described in Section IX of the MoU, Section IX of the Framework Agreement.

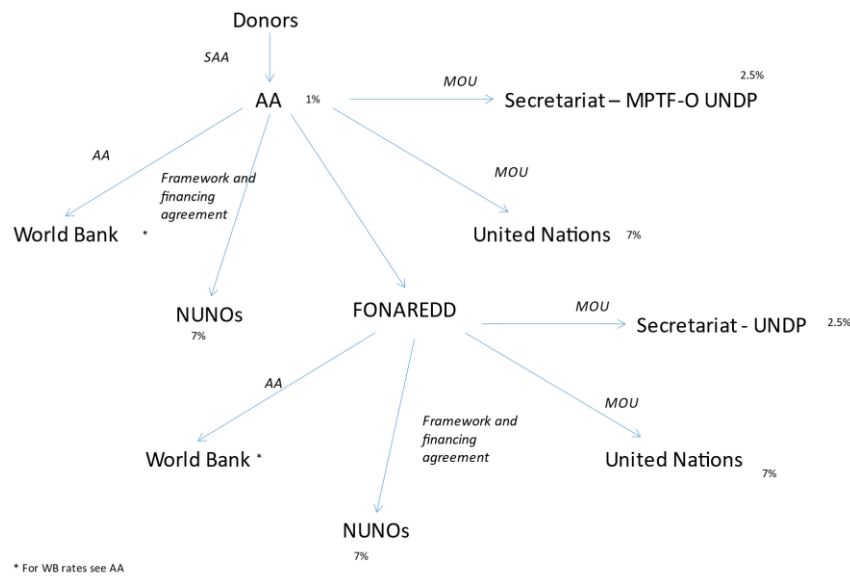


Figure 3: CAFI Legal Architecture and Fees²⁶

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 IOs, upon instructions from the EB 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 IOs;
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 EB may decide to allocate.
7. Provide fund management tools to ensure transparency and accountability.

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

7. Manual of Operations (MOP)

The present ToR 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 ToR and the MOP, the text of the ToR prevails.

²⁶ In the case of the DRC National Fund (FONAREDD), it was established upon a request of the government through a MoA. The legal architecture and fees remain the same.

8. Contributions to the Fund

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

Contributors may earmark their contribution by country or by IO category (UNOs, WB or NUNOs) 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 utilised. 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 AA.

9. Programming Cycle

Definition of programmes vs projects: A CAFI programme is defined as a set of interlinked individual projects or phases, unified by an overarching vision, common objectives and contribution to strategic goals, which will deliver sustained climate results and impact in the CAFI results areas efficiently, effectively and at scale. CAFI programmes could be of various scopes, including “thematic” or “sectoral” as well as “geographic” or “regional/national”, or a combination of these. “Thematic” or “sectoral” programmes can be defined following the sectors included in CAFI Lols as well as according to regional priorities. “Geographic”, or “regional/national”, programmes can involve coverage within a country, in several countries simultaneously or through results-based modalities.

All “sub-projects” under the programme are subject to the same eligibility and selection criteria; procedures for approval and triggering disbursements; as well as protocols and guidelines to report, monitor and verify the achievement of targets.

CAFI’s main focus is policy dialogue with partner countries and the funding of programmes and projects that support the achievement of jointly agreed objectives during the policy dialogue. Exceptionally, CAFI also supports regional programmes or programmes that cover more than one country. For the latter, the modality “Country programmes without a national fund” (Figure 4) apply from Step 4.

9.1 Funding Allocations

The procedure to develop and submit a NIF and subsequent programmes/projects to the EB is summarised 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 Lol.

Without National Fund modality

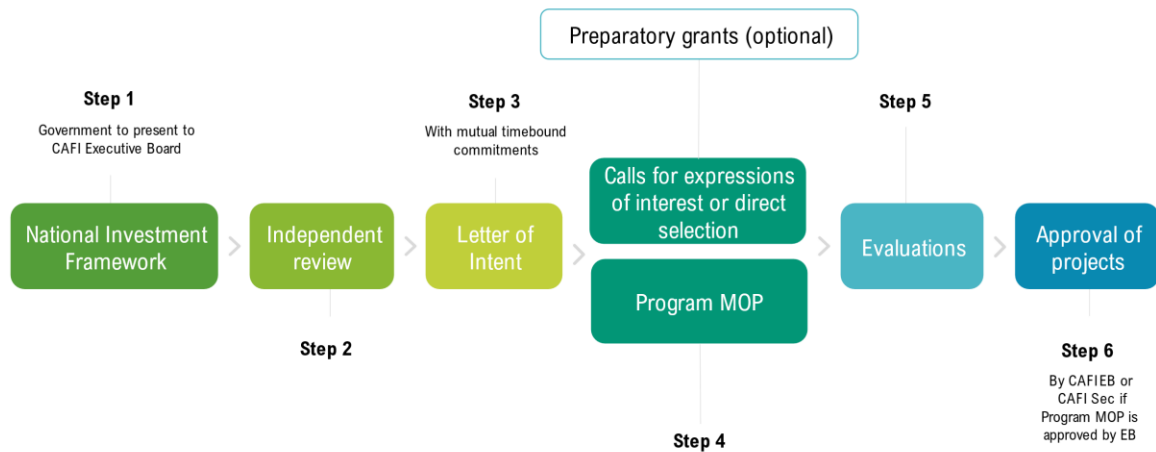


Figure 4: Investment Phase: funding without a national fund modality

MPTF managed National Fund modality

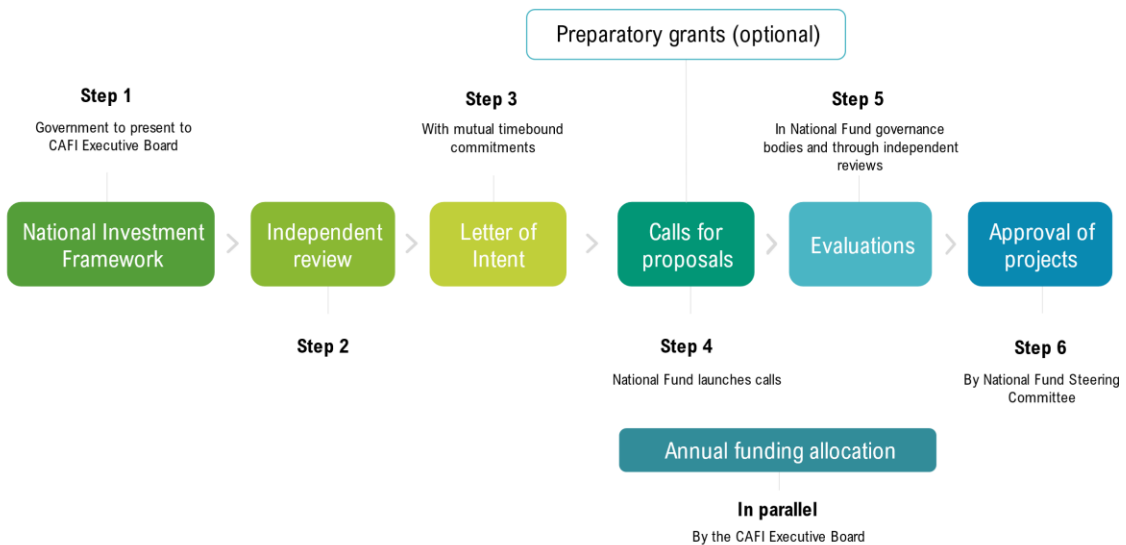


Figure 5: Investment Phase: funding through an MPTF national fund modality

Results-based modality

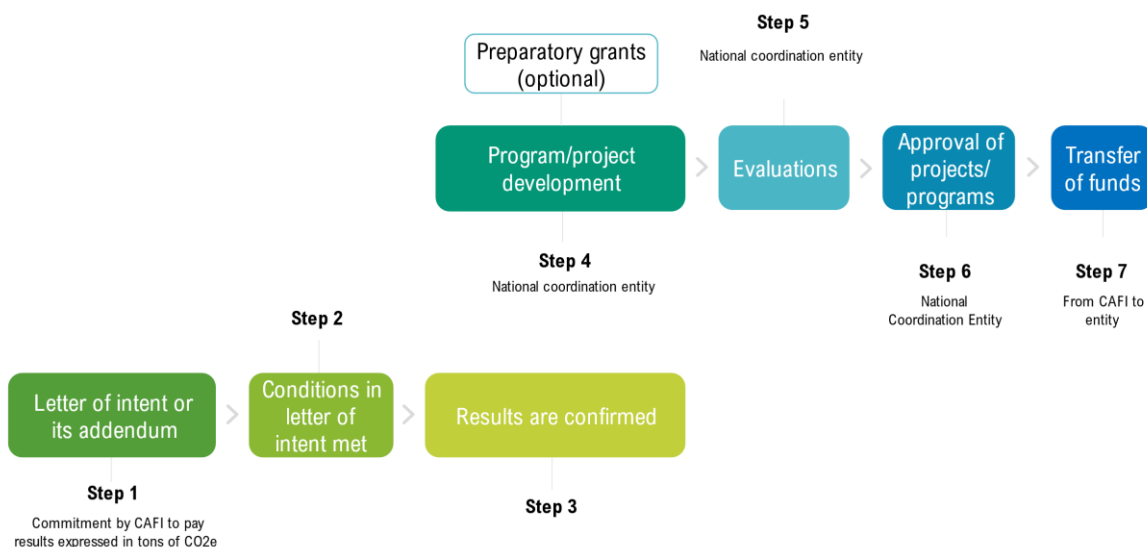


Figure 6: Results-based modality

The following sections explain each step in detail.

Investment phase

STEP 0	Preparation or revision of NIF	Preparatory phase
<p>Partner countries can request a preparatory grant from the EB, which would support the development or revision of their investment frameworks. Once a country has signed the Joint Declaration and officially joined to Initiative, it may enter in a partnership with one of the Implementing Organisations and submit a preparatory grant request to the EB.</p> <p>Such a 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 EB.</p>		
STEP 1	Countries	Submit NIF
<p>The NIF defines REDD+/LED country priorities at the sector and geographical level. Based on their existing strategies, countries will identify key reforms and transformative changes the government intends to promote over a period of 5-10 years, with associated performance targets. The NIF describes the expected outcomes through a result matrix aligned with the CAFI objectives. The NIF is approved and submitted to CAFI by the national government with the support of the IOs.</p>		
<p>The Secretariat commissions two separate assessment reports (double-blind process) on</p>		

each proposed NIF by two independent international experts with proven experience and expertise. Their assessments are based on criteria previously approved by the EB covering, the following aspects, among others:

- 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 prioritisation of response measures that resonate with the drivers.
- Expected direct or indirect contribution to the stabilisation 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 Cancún agreement;
- Proposed budget in accordance with implementation capacities.
- Demonstrated multi-stakeholder and inter-sectoral buy-in in the development and future implementation of the NIF.

STEP 3	CAFI EB & Country	Mutual commitments – Lol
<p>Based on the independent review, the EB reviews the NIF and decides whether or not to engage in a strategic dialogue with the country. A Lol is agreed upon between the country and the EB as a mutual commitment with associated timebound targets reflecting the expected transformative changes proposed by the NIF²⁷.</p> <p>The EB 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.</p> <p>As mentioned above in exceptional cases (for example when political commitments are 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 Lol.</p>		

Funding without a national fund

The steps below apply *mutatis mutandis* to regional programmes and projects as well.

STEP 4	Countries and IOs	Calls for Eol or proposals OR programme MOP
<p>Once a funding allocation has been confirmed by the EB, the CAFI Secretariat prepares notes for each project identified in the NIFs and selected as priority for CAFI. The EB will decide which projects are priority to CAFI and instruct the Secretariat to develop the programming framework, which will be reviewed through the lifetime of the country programming cycle based on needs and available funding. Then, based on the</p>		

²⁷ Funding approved to IOs can only exceed fully committed amount as described in the Lol with the approval of a corresponding programming framework by the EB.

programming framework approved by the EB, the project documents will be developed by:

a. **direct selection** (if the programming framework does not recommend a call). In this case preparatory funding can be awarded to selected implementing organization to conduct a feasibility study and develop the project to be submitted to the EB for approval. The preparatory funding will be approved by the EB.

b. Or a two-step **call for Eol** process:

i. Expression of interest to be submitted by interested and eligible organisations with criteria to allow the selection of the agency.

ii. Based on the Eol and with the government’s consent, preparatory funding can be awarded by the CAFI Secretariat to selected IOs to conduct a feasibility study and develop the project to be submitted to the EB for approval. Feasibility grants cannot exceed 500,000 US\$ per grant.

c. A **programmatic approach**:

- i. The CAFI Secretariat prepares a MOP for a new programme;
- ii. the EB reviews and approves a programme’s MOP with an associated financial envelope; and
- iii. The Secretariat proceeds with the selection of sub-projects, provided that they meet the prerequisites and other rules of the programme laid out in the approved MOP.
- iv. Sub-projects and disbursements are approved by the EB based on a simple decision document prepared by the Secretariat.

Project documents must be jointly submitted to CAFI by the country and IOs. In order to ensure coordination across the programmes and projects in one country, each project or programme must make sure that sufficient financial and human resources are available for coordination among the projects. The EB may make further decisions regarding monitoring, evaluation and coordination that will be incorporated in the project document.

STEP 5	CAFI Secretariat	Evaluations
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The CAFI Secretariat commissions two separate evaluation reports (through a double-blind process) on proposed projects 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 is based on criteria previously approved by the EB covering the following aspects:

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

The conclusion of the independent review is shared and discussed with the country and/or

IOs with a view of improving the proposed project.

Projects presented under the programmatic approach will be evaluated according to the programme MOP as approved by the EB.

STEP 6	CAFI EB	Approves CAFI Projects
<p>On the basis of the independent review, the EB approves, returns with comments or rejects the project document and, when applicable, requests the release of funds to the IOs in accordance with the available resources allocated to the NIF and as scheduled in the disbursement plan.</p> <p>For programmes, in a programmatic approach, the Secretariat proceeds with the selection of sub-projects provided that they meet the prerequisites and other rules of the programme laid out in the approved MOP.</p> <p>Sub-projects and disbursements under the programmatic approach are approved by the CAFI Board based on a simple decision document prepared by the Secretariat.</p>		

Funding through an established national fund modality

STEP 4	National Fund Steering Committee	Request partners to develop projects
<p>In accordance with the disbursement plan and the Lol, the MPTF Office will be requested by the EB to transfer annual funding allocation to the national fund account. Based on the funding allocation received in its account, the national fund steering committee reviews its programming priorities and requests IOs to develop project documents (individually or jointly). IOs can recover funds used to develop the full project document, up to an amount approved by the national fund steering committee.</p>		
STEP 5	National Fund Executive Secretariat	Evaluations
<p>The Secretariat of the national fund commissions two separate evaluation reports (through a double-blind process) on the proposed projects by independent international experts with proven experience. Their review is based on harmonised criteria previously approved by the EB and the national fund steering committee covering the following aspects:</p> <ul style="list-style-type: none"> ● Alignment with NIF; ● Social and Environmental Evaluation; ● Design and objectives; ● Management and Monitoring; ● Sustainability and National Ownership; ● Budget <p>The conclusion of the independent review is shared and discussed with the IOs with a view</p>		

to improve the proposed project.

STEP 6	National Steering Committee	Approves projects
<p>On the basis of the independent review and the recommendation of the Technical Committee the National Steering Committee approves, returns with comments or rejects each of the submitted project documents and, when applicable, requests the release of funds to the IOs in accordance with the available resources allocated to the NIF and as scheduled in the disbursement plan.</p>		

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 (COP). The specific modalities and payment conditions are described below. Other results-based payment (RBP) mechanisms (either based on carbon or another metric) may be developed in the future.

STEP 1	CAFI EB & Countries	Letter of Intent
<p>The RBP agreement is formalised in a Lol or in an addendum to an existing Lol. It is approved by the EB. The RBP modality may only be made available to countries with a CAFI approved NIF.</p>		
STEP 2	Country	Conditions in the Lol met
<p>Among the conditions the following elements are mandatory:</p> <ul style="list-style-type: none"> ● Compliance with UNFCCC decisions to access RBPs ● A NIF is revised if necessary, after the Lol but before the payments²⁸. 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. <p>The Lols can contain other conditions mutually agreed between CAFI and the countries.</p>		
STEP 3	CAFI Executive Board	Results are confirmed
<p>The EB confirms the results and the meeting of the conditions in the Lol and makes a decision to compensate for emission reductions and removals (based on the available funding in the CAFI trust fund and up to the maximum level of commitment in the RBP agreement or Lol).</p>		
STEP 4	Country	Programme or project development
<p>The EB informs the country that it can start the development of programmes and projects</p>		

²⁸ In the investment cycle the NIF precedes the Lol.

according to the NIF.		
STEP 5	Country	Evaluations
The National Coordination structure, as defined in the NIF, assesses projects/programmes in accordance with the criteria established in the NIF.		
STEP 6	Country & CAFI	Approve projects/programmes
The national coordination structure, as defined in the NIF, approves projects/programmes in accordance the criteria established in the NIF. The CAFI Secretariat signs project/programme documents to attest that the programme/project is aligned with the approved NIF.		
STEP 7	CAFI	Disbursement of funds to projects/programmes
Disbursement to IOs is based on signed project/programme document.		

9.2 CAFI cross-cutting perspectives

Gender

As described in the Theory of Change, there is an important potential for women's empowerment and improvement of women's living conditions through CAFI's activities. Women play a central role in the sectors covered by CAFI and are key drivers for change. If the gender dimension is neglected, CAFI-funded activities could have a negative effect on women's empowerment and living conditions.

CAFI uses a gender marker and assesses its projects. Based on these assessments, the EB can make specific recommendations to IOs. In addition, and in order to implement a gender-sensitive vision:

- The fund's governing principles promote equitable access and benefits for women and men.
- Gender mainstreaming is included within CAFI's operational guidelines.
- Gender analysis is included in the development of investment frameworks and investment projects.
- Women stakeholders must be consulted in the development of projects.
- Technical, social and gender expertise is included throughout the 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, projects 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 IOs will be expected to respect.

9.3 Reporting, Monitoring and Evaluation

For each project approved for funding and as agreed upon in the legal agreements signed with the AA, each IO provides the Secretariat and the AA with narrative progress reports and annual financial statements.

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

Further details regarding reporting requirements are provided in the MOP.

Output level

The Output indicators are specific to each project 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 IOs are responsible for the achievement of this first level of results and responsible for collecting and reporting data.

Outcome level

The Outcome indicators are agreed upon in the CAFI Result Framework and NIF. They monitor implementation of national reforms and the effects of the interventions on drivers of deforestation and forest degradation. The performance targets associated with each Outcome indicator must be defined and mutually agreed in the Lol between CAFI and each partner country. The M&E Framework is part of the M&E Policy and Guidelines presented in the CAFI MOP.

Every project funded by the CAFI MPTF has the responsibility to collect data associated with indicators of the Outcome they contribute to. While many factors beyond the control of the IOs may influence the results of the interventions at the Outcome level, it is expected that the mutual commitments agreed in the Lol 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 NIFs.

Overarching reporting on safeguards, transparency and integrity

IOs establish appropriate programmatic safeguarding measures in the design and implementation of its activities, thereby promoting the shared values, norms and standards of the United Nations system as expressed by the UN Charter²⁹. Such 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

²⁹ See the Framework Agreement, Section IV paragraph 4.3, and the MoU Section III paragraph 3.

international conventions on the environment, on children's rights, and internationally agreed core labour standards.

For the activities funded by CAFI, all recipient organisations must provide information on how their activities address and respect the social and environmental safeguards outlined in the MOP as part of the CAFI requirements for monitoring and reporting. These safeguards were endorsed by the COP of the UNFCCC and constitute the Annex of the COP decision 1/CP/16.

In addition, IOs 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 fund. Beyond reporting, they are encouraged to provide information proactively to the EB to facilitate the appropriate resolution of the cases³⁰ and will be required to share with the CAFI Secretariat on a quarterly basis any issues that may arise and how the IOs have addressed them.

For IOs under the category of NUNOs, further safeguards reporting requirements are provided in the MOP.

Performance Assessment

The CAFI Secretariat is responsible for consolidating data reported by the IOs along with financial reports as described in the M&E Policy and Guidelines. This is used by the EB to review the overall progress against expected results and assess the achievement of performance targets define in the Lol. This assessment is conducted through a dialogue with each country partner and the concerned IOsm and may result in revisions to a project's disbursement plan or EB decisions (or National Fund Steering Committee for Projects approved by the DRC National Fund)³¹.

For IOs under the category of NUNOs, the Secretariat will monitor the implementation of the projects according to the quality assurance plan developed based on the HACT, SEAH and Safeguards assessment.

In addition, the EB 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 Change. The mid-term evaluation will consist of specific recommendations to the EB for the review of the fund result matrix and its underlying Theory of Change if necessary.

9.4 Risk Management

A Risk Management Strategy is maintained by the Secretariat and takes into account the nature of risks and extend of potential losses. It defines the fund's risk tolerance,

³⁰ Further details of this reporting process are described in the MOP.

³¹ The procedures for project/programme revisions are fully defined in the MOP within the limits of the legal arrangements of the MoU, Framework and Financing Agreements, and AA.

establishes policies in relation to identified risks, and determines the risk treatment through mitigation measures or adaptation.

At the first level of risk management, the monitoring of risks will be done by the IOs 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 annually to the EB for approval.

Particular attention is paid to risks arising from conflict situations and insecurity in several of the countries supported by CAFI. These risks should be first dealt with at the portfolio level (i.e., balancing the portfolio so that delays in implementation in areas affected by conflict do not greatly impact 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 situations can be volatile and subject to abrupt changes. Furthermore, in many contexts, the security situation drives migration and puts additional pressure on nearby forests. Thus, it is inevitable that certain projects/programmes will be affected by conflict situations or indirect impacts. With respect to results at the project/programme level, IOs are expected to ensure proper implementation arrangements in line with the capacities of local authorities and the security situation, and exercise a duty of care to guarantee the safety and security of staff, suppliers and contractors involved in the implementation of projects in unstable areas.

9.5 Conflicts of interest

Members of the EB or the national coordination structures should not participate in the decision on the approval of any projects/programmes under which their organisation 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 EB 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 interest³² should be disclosed to the Chair of the EB prior to decisions that are potentially affected. The process for informing the EB is described in the MOP.

Conflicts of interest declared or brought to the attention of the EB after a decision has been made will trigger its prompt re-examination.

³² 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 EB or National Steering Committee/national coordination structure conflicts with the personal interests, financial or otherwise, of an EB/Committee/structure member, an immediate family member or that of the EB/Committee's employer.

10. Public Disclosure

CAFI recognises 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 has been adopted as part of the MOP.

The EB and AA ensures that the fund's operations are disseminated on the website of the AA (<http://mptf.undp.org>). Information posted on the website include: contributions received and from whom, EB decisions, funds transferred, annual expenditures, summaries of proposed and approved projects/programmes and fund progress reports including relevant information on fund operations. Furthermore, the website www.cafi.org provides updated and user-friendly information on CAFI's governance structures, key decisions made, updates on the portfolio and dedicated country information.

Each IO must 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 AA must ensure that the role of the contributors and national governments is fully acknowledged in all external communications related to the fund.

Once per year, the CAFI Secretariat presents 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: Monitoring, Evaluation & Learning Policy

Available on: https://drive.google.com/file/d/1Gq6kfjQQCI3kIQnRLiprcIRBiCm651ud/view?usp=share_link

Annex 3: Interagency Policy on Sexual Exploitation and Harassment and relevant provisions.

https://www.un.org/en/pdfs/UN%20Victim%20Assistance%20Protocol_English_Final.pdf