



CALL FOR EXPRESSIONS OF INTEREST (EOI)

Capital Acceleration Providers

2024/02/CAP

Source of funding: [Central African Forest Initiative Trust Fund \(CAFI\)](#)

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1. RATIONALE

Central Africa faces a pressing environmental challenge: deforestation. The extensive logging activities in the region contribute significantly to carbon dioxide emissions, exacerbating climate change and endangering vital ecosystems. The urgent need to curb deforestation underscores the importance of initiatives like CAFI. Deforestation in Central Africa has significant implications for carbon dioxide emissions and climate change.

Central Africa is a carbon-negative emitter, and DRC alone is capable of absorbing up to two-thirds of African carbon emissions annually. Despite its vital role as a carbon sink, deforestation rates have been alarming, with an estimated loss of about half a million hectares of forest annually. The country's forests are the second largest carbon reservoir globally, storing between 25-30 billion tons of carbon¹². However, land-use change and forestry activities have led to increased carbon emissions, with 91% of total emissions in 2018 attributed to these activities. Small-scale agriculture, particularly by smallholder farmers, is identified as the primary driver of deforestation in Central Africa, emphasizing the need for tailored solutions that address the unique challenges posed by small-scale deforestation activities rather than focusing solely on large corporations³.

The Congo Basin forests, including those in the DRC, play a crucial role in global carbon sequestration. Protecting these forests could preserve significant amounts of carbon and contribute to mitigating climate change. The value of carbon removal from these forests is estimated at billions of dollars annually, highlighting the importance of conservation efforts in the region⁴⁵. These challenges persist due to lacking alternatives to slash-and burn agriculture and charcoal, population growth, weak forest governance, illegal logging practices, and the failure of existing policies to prevent deforestation effectively.

2. BACKGROUND

Efforts to combat deforestation include initiatives like the Central African Forest Initiative (CAFI). CAFI was established in 2015 and is a multi-stakeholder initiative aimed at reducing emissions from deforestation, preserving biodiversity, and improving living standards for rural populations in the Congo Basin. It takes the shape of a collaborative partnership between donors and partner developing countries, convening a wide range of stakeholders.

The Initiative involves a Multi-Partner Trust Fund (MPTF), the CAFI Fund, which is funded through donations from bilateral donors, with the UN Multi-Partner Trust Fund

¹ https://wwfeu.awsassets.panda.org/downloads/congo_forest_cc_final_13nov07.pdf

² <https://www.cgdev.org/publication/how-much-should-world-pay-congo-forests-carbon-removal>

³ <https://www.sciencedirect.com/science/article/pii/S026483723003885>

⁴ <https://www.elibrary.imf.org/view/journals/002/2022/211/article-A001-en.xml>

⁵ <https://www.washingtonpost.com/climate-environment/interactive/2021/congo-peatlands-carbon-emissions/>



Office (MPTFO) currently acting as the secretariat for the fund, providing staff, administration, and other secretariat services. Additionally, the MPTFO functions as a trustee (administrative agent; AA) for the Fund. As a pass-through fund, projects are implemented by various implementing organizations (IOs), including UN agencies, the World Bank, bilateral donor agencies, and international NGOs. Both the secretariat and trustee are overseen by the Executive Board (EB), but they work within the MPTFO rules on UN hosted MPTFs.

CAFI’s theory of change defines two impacts that CAFI seeks to contribute to:

- 1) Emission reductions and removals from the forest and land use sector, measured in tons of CO2 equivalents,
- 2) Development co-benefits, measured through various proxies⁶.

The program funding ranges from agriculture and land use planning, through energy, to more indirect factors such as family planning.

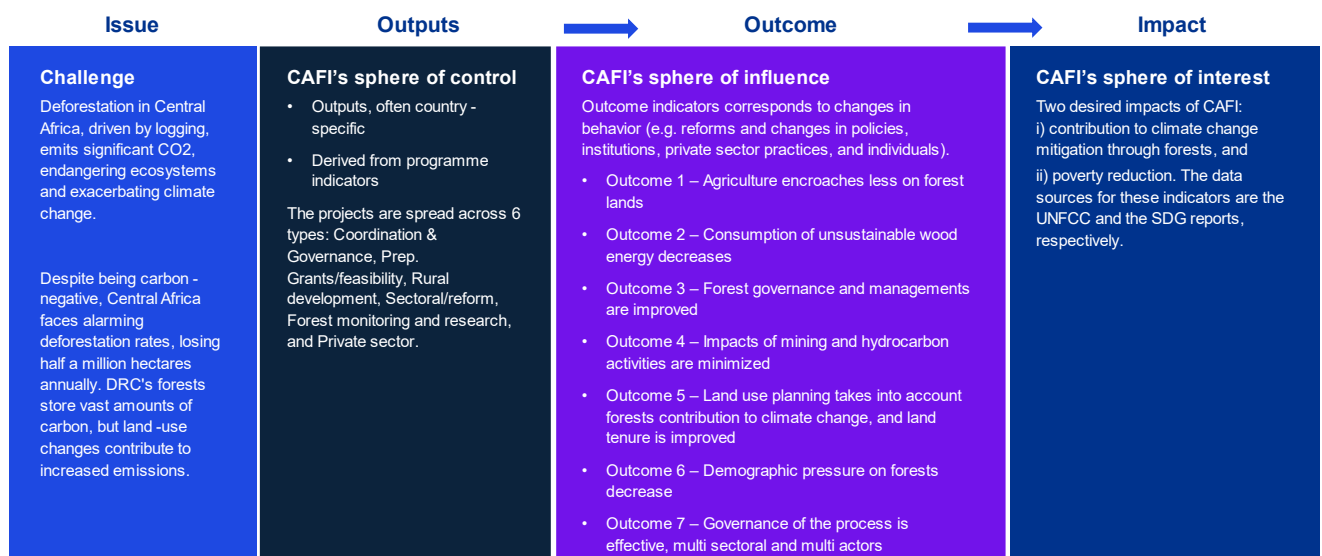


Figure 1: Overview CAFI Theory of Change⁷

3. CAFI BLENDED FINANCE SOLUTIONS

Since its inception in 2015, CAFI has gone through considerable changes in scope and level of ambition. CAFI now has a larger number of donors, which have pooled an increasingly large amount of funds, and the number of implementing partners has grown, along with the range of projects being implemented. By working with implementing

⁶ CAFI 2022 Annual Report - September 2023

⁷ Information adapted from CAFI Results Framework 2019



partners, CAFI has been able to expand into new types of operations such as funding a challenge fund⁸, and funding the private sector fund &Green.

Going forward, CAFI has plans to expand further, in particular within the area of private sector engagement. In order to improve accountability, efficiency, performance and ultimately the impact of the fund, CAFI wants to expand the types of activities implemented, the types of implementing partners, and expand the role of the private sector in CAFI operations. CAFI stakeholders have come to the realization that the expertise and financing of the private sector is crucial in meeting CAFI's objectives. With this in mind, a Private Sector Window of USD 100 million was launched in 2023, with a separate call for proposals dedicated to projects engaging the private sector⁹.

Expanding the involvement of private sector stakeholders. The private sector plays an important role in the deforestation challenge, both as contributing towards the issue (logging, deforestation), and potentially providing solutions (providing funding, improving productivity of farmland, offering alternative cooking energies instead of charcoal etc.). While working with the government and civil society is important, changing the private sectors' incentives and opportunities ensures long-term sustainability and new patterns. CAFI wants to provide funding to private sector stakeholders to guide their investments and expertise towards CAFI's goals. This could take the form of for-profit investments, de-risking through blended finance, grants, or other modalities. It could also imply supporting social enterprises which apply commercial strategies to maximize social impact alongside profits for co-owners or plough its profits back into a strong social or environmental mission to create benefits for people and planet and deliver on CAFI's objectives. Potential mechanisms could include:

- a. **Providing investments**, loans, grants or other instruments directly to private companies and social enterprises.
- b. **Providing support** through development finance institutions (DFIs) or other public intermediaries.
- c. **Funding the enabling environment.**
- d. **More efficient use of donor resources.** CAFI is currently limited to financing through grants only. There could potentially be more efficient ways of spending the funds which can include:
 - i. **Blending funds with private capital, funding de-risking instruments**, or others¹⁰. By de-risking or leveraging private finance (or for-profit development finance institution (DFI) funding), CAFI could mobilize

⁸ <https://www.uncdf.org/fr/article/5769/le-programme-dincubation/fonds-de-dfis-pour-la-cuisson-propre-en-rdc>

⁹ <https://www.cafi.org/cafi-launches-call-expressions-interest-regional-private-sector-facility>

¹⁰ <https://www.ifc.org/content/dam/ifc/doc/mgrrt/2023-03-dfi-bcf-joint-report.pdf>



additional private financing, which in practice means getting more value out of each donor funded dollar. One concrete proposal involves Forest Bonds¹¹.

- ii. **Payment for results.** Funding instruments such as Payment for Environmental Services (PES) have been proposed, whereby CAFI only pays out upon proven achievement of objectives. The effect of this is transferring the risk of implementation to the partner as opposed to CAFI.
- iii. **Investments with financial returns.** Non-grant instruments such as debt and equity can be employed by funds in order to get more out of each dollar spent¹².

In order to achieve the objectives and meet the requirements listed above, CAFI stakeholders are looking to partner with non-profit entities that have the expertise and track record establishing and managing blended finance vehicles as well as a range of private sector and social enterprises supporting activities, as described above.

4. TERMS & CONDITIONS

Applications are open to non-profit organizations, including non-governmental (NGOs) and intergovernmental organizations (IGOs). Applicants will be evaluated on their capacity to:

- Develop new funds and innovative financing mechanisms (25 points) – Part A and B
- Establish credible, efficient and inclusive governance and fiduciary systems (25 points) – Part A and B
- Procure and deploy technical assistance and services in a timely manner responding to the needs of the in accordance with UN standards (10 points) – Part C
- Deploy capital through reimbursable or convertible grants in order to provide patient capital into CAFI strategic initiatives (20 points) – Part C
- Establish mechanisms to deploy concessional finance (loans, equity, and guarantees) to social enterprises or for-profit entities. (20 points) – Part C

¹¹ See for example <https://www.ifc.org/content/dam/ifc/doc/2022/article-forests-bond-doc.pdf>

¹² See for example how GEF has employed non-grant instruments: <https://www.thegef.org/what-we-do/topics/non-grant-instrument>



Submission Schedule and Process

Steps	Dates /Process
1. Publication of the Call for Expressions of Interest	4 July 2024
2. EOI submission deadline	4 August 2024
3. Examination of expressions	August-September 2024
4. Transmission of selection results	October 2024

Interested parties are invited to submit any clarification questions to eoi.cafi@undp.org. Questions and answers will be posted on the CAFI website.



Annex 1

Expression of Interest Form

Questionnaire for organisations interested in submitting an Expression of Interest (Eoi)

I. Overall presentation:

Name of Organisation	
Organization's Mission Statement	
When and where were you registered as a non-profit organisation?	
Describe the governance structure of your organization	
Have you been assessed as a low-risk organization by the United Nations or other relevant donors?	

2. Does your organisation have experience in any of the six countries covered by the Central Africa Forest Initiative and does your organization have legal capacity to operate in any of those countries:

Africa	
Democratic Republic of Congo	<input type="checkbox"/>
Republic of Congo	<input type="checkbox"/>
Equatorial Guinea	<input type="checkbox"/>
Central African Republic	<input type="checkbox"/>
Cameroon	<input type="checkbox"/>
Gabon	<input type="checkbox"/>



3. Does your organization have experience with setting up and hosting investment facilities/instruments with dedicated governance structure on behalf of external donors/investors in the space of social enterprises and/or for-profit impact investments? (High level summary 250 words)
4. How long would it take to set up such a facility, with a small team of around 5 people, plus admin resources. French and English-speaking team members are a must. (High level summary 250 words)
5. What are the range of management costs your organization charges for (a) technical assistance services, (b) fund design cost, or (c) deploying financial instruments (quasi-equity, loans, guarantees)? Do you have a price list for services/transactions provided?
6. Has your organisation developed in-house and implemented blended finance solutions such as impact investment Funds or Special Purpose vehicles or in any way been involved in such initiatives? Have those been developed with / for different asset managers? If your organisation has not yet implemented innovative financial solutions, you can alternatively describe solutions at the concept stage. (High level summary 250 words)
7. Has your organisation developed in-house and implemented innovative payment solutions such as results-based payments or payment for ecosystem services? If your organisation has not yet implemented innovative financial solutions, you can alternatively describe solutions at the concept stage. (High level summary 250 words)



II. Description of relevant specific area of expertise

** When not relevant to your core expertise, specific questions can be left blank.*

A. Framework for Fund/SPV Development

8. Provide an overview of the criteria and steps your organisation apply when designing new blended finance solutions (Funds or Special Purpose Vehicles). (250 words max)
9. Provide an overview of the criteria your organisation applies to assessing the technical assistance needs of companies or social enterprises, including correcting ESG deficiencies, and maximizing value creation opportunities through impact and/or capital acceleration (concessional finance) needs. (250 words max)
10. Provide an overview of the organisation's experience in sourcing pipelines of business solutions addressing drivers of deforestation. (250 words max)
11. Provide an overview of proven existing networks of experts and partners to eventually implement innovative blended finance solutions. (250 words max)

B. Experience in innovative solutions and pipeline development that are relevant to the CAFI Approach

To demonstrate your capital acceleration past experience please complete Table 2. Provide information on the types of funds, special purpose vehicle or concessional finance solution (e.g., loans, guarantees, equity investments) the organization has structured. This can include current pipeline.

Table 1: Experience with Fund/SPV design

Sector	Country	Month, Year supported	Number of Employees	Revenue (USD)	Investment Achieved or Sought (USD)
Fund #1					
Description of Design and Technical Assistance support (150 words max)					
<p><i>Provide a description of a solution (in 1-2 sentences). Follow with a detailed list of the specific technical assistance provided to increase environmental and social impact, as well as increasing business and investment viability. Indicate any partner organization that may have supported technical assistance. A link to the solution website can also be included. Delete this guidance text upon submission.</i></p>					
SPV #2					
Description of Design and Technical Assistance support (150 words max)					
Business #3					
Description of Design and Technical Assistance support (150 words max)					

Table 2: Experience with Concessional Finance deployment

<p>Concessional Loans (200 words max)</p> <ul style="list-style-type: none">• Describe your organization's history of providing concessional loans directly or indirectly to for-profit entities, including the types of projects funded, total loan portfolio, and any key performance indicators such as financial returns, default rates and loan recovery.• If the organisation does not have experience with this form of concessional finance, this section can be left blank.
<p>Equity (200 words max)</p> <ul style="list-style-type: none">• Provide an overview of your organization's experience directly or indirectly with equity investments in for-profit entities. Include details about the types of businesses and sectors invested in, typical investment sizes, and how equity has been used as a tool to increase positive impact and mitigate risk.• Describe your organization's approach to managing an equity portfolio, including processes for selecting, monitoring, and supporting portfolio companies. How does your organization engage with management teams and provide value-add services to enhance the success of investments?• If the organisation does not have experience with this form of concessional finance, this section can be left blank.
<p>Guarantees (200 words max)</p> <ul style="list-style-type: none">• <i>Guarantee Portfolio and History:</i> Describe your organization's experience directly or indirectly in offering financial guarantees to for-profit entities, including the types of guarantees provided, sectors covered, and total guarantee exposure. Include key performance indicators such as default rates and claim history.• <i>Impact and Value-Added Services:</i> Outline how your organization supports for-profit entities beyond providing financial guarantees. Include any additional services offered to enhance the impact of guarantees, such as technical assistance, capacity building, or networking opportunities.• If the organisation does not have experience with this form of concessional finance, this section can be left blank.

C. Operational set-up to provide services to CAFI and its partners

Provide an overview of your organization's processes and operational set-up to provide technical assistance to, not-for profit organizations, social enterprises and/or for-profit entities in an efficient, responsive and timely manner.

Overview of Procurement Processes (200 words max):
<ul style="list-style-type: none">• Describe your organization's process for procuring diverse expertise and services. What criteria do you use to identify and engage experts?• Outline the timelines typically involved in procuring services for a for-profit entity from the initial request to the delivery of services.
Quality Assurance and Evaluation (200 words max):
<ul style="list-style-type: none">• How does your organization ensure the quality and relevance of the services provided?• Describe your process for evaluating the impact and outcomes of those projects.
Partner Organizations (200 words max):
<ul style="list-style-type: none">• Provide a list of partner organizations you have worked with in delivering technical assistance and services.• Describe the roles and contributions of each partner organization in your projects.
Project Management and Coordination (200 words max):
<ul style="list-style-type: none">• What type of internal governance your organization can set-up for Fund or SPV?• How does your organization coordinate with partner organizations and stakeholders in the implementation of projects?• Describe your approach to managing multiple projects and partnerships simultaneously.
Adaptability and Responsiveness (200 words max):
<ul style="list-style-type: none">• How does your organization adapt to changing needs or unexpected challenges during technical assistance projects?• Describe an instance where you had to adjust your processes or timelines to accommodate a client's specific needs.

Provide an overview of your organization’s pathway to providing concessional finance to for-profit entities, processes for assessing risks and operational set-up to provide technical assistance to for-profit entities in an efficient, responsive and timely manner.

Overview of Concessional Finance Services (200 words max):
<ul style="list-style-type: none"> • Describe the types of concessional finance services your organization offers (e.g., loans, guarantees, equity investments). • What are the eligibility criteria for for-profit businesses seeking concessional finance services from your organization?
Capacity and Funding Sources (200 words max):
<ul style="list-style-type: none"> • What is your organization's current capacity for providing concessional finance services (e.g., annual lending capacity, funds under management)? • Describe your funding sources. How does your organization maintain a stable pool of funds to support concessional finance services? What are your fundraising capabilities for new blended finance initiatives?
Risk Assessment and Management (200 words max):
<ul style="list-style-type: none"> • Outline your approach to assessing and managing risks associated with providing concessional finance services. • Describe the due diligence process your organization uses when evaluating for-profit businesses for concessional finance services.
Efficiency and Timeliness (200 words max):
<ul style="list-style-type: none"> • Describe the process and timeline for applying for concessional finance services from your organization. • How does your organization ensure efficient and timely processing of applications and disbursement of funds?
Partner Organizations (200 words max):
<ul style="list-style-type: none"> • List any partner organizations you work with to implement concessional finance services. • Describe the roles and contributions of these partners in your projects.
Client Support and Advisory Services (200 words max):
<ul style="list-style-type: none"> • What support and advisory services does your organization offer to for-profit businesses during the life of a concessional finance project? • Describe your approach to building long-term relationships with clients and supporting them beyond the initial financing phase.
Compliance and Ethical Standards (200 words max):
<ul style="list-style-type: none"> • How does your organization ensure compliance with legal and ethical standards in providing concessional finance services? • Describe any certifications or accreditations your organization holds related to concessional finance services.
Organigram

- *Provide a visual representation of the organization's pathways, partners and financial flows for the provision of concessional finance.*

D. Capacity to monitor environmental and social impact

Provide an overview of how your organisation monitors environmental, social and financial impact. (250 words max)

- *Describe the organization's experience in conducting baseline and monitoring environmental, social and financial impact indicators.*
- *CAFI has developed over the past eight years a series of environmental and social impact policies, list relevant examples where you have integrated specific partners policies and their role in monitoring and evaluation of the portfolio.*

E. Sponsorship by or relationship with a CAFI Strategic Partners

Provide an overview of collaboration with existing CAFI Strategic Partners (250 words max)