**REPORTING FORMAT FOR PROGRAMMES FUNDED BY THE CENTRAL AFRICAN FOREST INITIATIVE (CAFI)*[[1]](#footnote-2)***

**(including programmes funded through FONAREDD in DRC)**

**The reporting requirements (narrative and financial) for projects and programmes receiving CAFI funding are outlined in a publicly available note** [**here**](https://drive.google.com/drive/folders/1eMRYx2FFxMvLvy9qM1CBhcNfJKUHcAcc?usp=sharing) ***[[2]](#footnote-3)***

Period from January 2023 to December 2023

|  |  |  |
| --- | --- | --- |
| **Project/Programme Title & Reference**  |   | **Location, Sector/Theme(s)**  |
| Title of the REDD+ Programme: Scaling-up commercial investment in deforestation-free central African commodity supply chainsProject/Programme Ref. (if applicable): [00133946](https://mptf.undp.org/project/00133946)Project/Programme Reference Number/MPTF Office: 2 | (if applicable) Location : DRC, Cameroon, Gabon, CAR, Congo, Equatorial Guinea (provinces or priority areas to be determined during implementation)  |
| Sector/Theme(s): Agriculture |

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| **Participating organisations**  |   | **Implementing Partners**  |
| Organisations that have received direct funding from the MPTF Office under the Project or Programme: UN Capital Development Fund | National partners (governments, private sector, NGOs and others) and other international organisations: None |

|  |  |  |
| --- | --- | --- |
| **Project/Programme budget (US$**)  |       | **Project /Programme duration (months**)  |
| **Contribution from CAFI:** * *UNCDF $* 1,893,656
* *Initial contribution to AndGreen $* 51,106,345

**Agency(ies) Contribution:** * *if applicable, by* **organisation**

**Government contribution:** * *if applicable*

**Other Contributions [donor(s)]:** * *if applicable*

**TOTAL: $53,000,000** | Total duration (months): 60 months Start date3 (01.01.2023):  Original closing date*4 (31/12/2027*) Current closing date5 *(31/12/2024)*  |
|

|  |
| --- |
| **Evaluation**  |
| Evaluation - (*to be attached if applicable*) ☐Yes X No Date: dd.mm.yyyy) Mid-term evaluation *- (to be attached if applicable)* ☐ Yes X No Date: \_ dd.mm.yyyy):  |

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|  |  |
| --- | --- |
|  | **Submitted by:**  |
| o  | Name: Pierre Pascal Bardoux |
| o  | Title: Director Nature Assets Team |
| o  | Participating organisation: UNCDF |
| o  | E-mail address: pierre.bardoux@uncdf.org |

 |

**Abbreviations and acronyms**

AFD Agence Française de Développement Group

CAFI Central Africa Forest Initiative

DCF Development Capital Facility

EMTN Euro Medium-Term Note

FIRST Forest Investments for Responsible and Sustainable Transformation

GCF Green Climate Fund

IPO Initial Public Offering

LDCIP Least Development Countries Investment Platform

MPTF Multi-Partner Trust Fund

NBS Nature-based Solution

PDF Project Development Facility

PRODOC Project Document

SIDA Swedish International Development Cooperation Agency

UNCDF United Nations Capital Development Fund

RFA Request for Applications

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# Key project/programme data

|  |  |
| --- | --- |
| Programme Title & Reference | Scaling-up commercial investment in deforestation-free Central African commodity supply chains |
| Programme Reference Number/MPTF  | UNCDF project ID# 00134336 |
| Location, Sector/Programme Theme(s) | DRC, Cameroon, Gabon, CAR, Congo, Equatorial Guinea; Sustainable, zero-deforestation agriculture |
| Implementing Partners | UN Capital Development Fund; AndGreen |
| Participating organisations | N/A |
| Project/programme budget (USD) | USD 53,000,000 |
| Total project/programme duration (months):  | 60 months |
| Date of approval of the project/programme by the CAFI Executive Board (dd.mm.yyyy): | TBC |
| Date of transfer of funds by MPTF (dd.mm.yyyy): |  |
| Official start date/Effective start (dd.mm.yyyy):  | 01/01/2023 |
| Original closing date (dd.mm.yyyy)  | 31/12/2027 |
| Current closing date (dd.mm.yyyy) | 31/12/2024 |
| Disbursements December 31 for annual reports June 30 for the half-yearly reports | USD 53,000,000 |
| Global expenditures (USD) as of December 31.... | USD 0 |
| Consumption rate of the 1st tranche |  |
| Date of mid-term evaluation if applicable | N/A |
| Contact (Name, title, participating organisation email address): | Pierre Pascal Bardoux, Director Nature Assets Team pierre.bardoux@uncdf.org |

# Executive summary

The objective of the “*scaling-up commercial investment in deforestation-free Central African commodity supply chains”* program is to stimulate investments in sustainable, zero-deforestation agricultural projects in select jurisdictions in Central Africa. Several notable milestones have been achieved since the beginning of the project in January 2023. Among the key activities that have been advanced successfully in the first half of 2023 include the conclusion of the due diligence investment case for &Green by United Nations Capital Development Fund (UNCDF); Design to inform the structure and launch of a forest performance bond series mobilizing the Green Climate Fund, the French Development Agency (AFD) and a larger coalition of partners; and preliminary assessments and mapping of ecological and business factors to facilitate development of a project development facility that can promote climate and forest positive impact businesses.

UNCDF, in its initially foreseen role as the Investment Agent on behalf of CAFI, completed investment due diligence of the AndGreen investment in March 2023 as initially planned. UNCDF’s Least Developed Countries Investment Platform (LDCIP) team undertook a rigorous credit risk analysis process culminating in a positive recommendation for a loan to be advanced to AndGreen with robust conditions precedent and socioenvironmental safeguards in place. UNCDF recommended a sequential approach and direct contracting by CAFI due to the low risk assessed for this transaction.

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UNCDF also progressed the preparatory work for structuring of a forest performance bond series to mobilize resources from global capital markets for climate and forest positive impact in Central Africa. Significant strides have been made, including the joint submission of a concept note to the Green Climate Fund (GCF) in partnership with the Agence Française de Développement (AFD) Group, the French Development Financial Institution (DFI). UNCDF has continued to engage additional strategic partners in parallel, including Sida, DFC, Denmark, and others on a potential issuance with the objective of mobilizing capital from global capital markets.

Concurrently, UNCDF has conducted market research on the potentiality of Nature-based Solutions (NBS) in Central Africa using a two-pronged approach. First, UNCDF launched a Request for Applications (RFA) with the intention of identifying, engaging, and ultimately investing in a pipeline of nature positive businesses. Second, UNCDF engaged technical and investment experts to review, assess, and strengthen the NBS identified as part of the RfA. Over 60 businesses responded to the RFA, 20 of which are currently in various stages of engagement with UNCDF to refine their proposals ahead of possible investment consideration. The market research and technical engagement supports the cultivation of a viable pipeline of NBS in Central Africa, ultimately driving deal-flow for the Forest Performance Bonds (FPBs) series.

Finally, research and design of a Project Development Facility (PDF) commenced with initial design and conceptualization activities in partnership with UNEP Climate Finance Unit. The PDF will bridge the gap between project conceptualization (i.e., project development) and financial closure (i.e., investment) for aligned projects in the selected jurisdictions. UNCDF’s initial research has revealed that the ideal project development mechanism will make best use of grant or co-finance funds for investment in nature-based solutions that can conserve an environmental ecosystem and simultaneously grow an economic ecosystem that supports the former. Having successfully submitted an Expression of Interest to CAFI, UNCDF and UNEP are currently preparing a full proposal for consideration by CAFI.

This report provides further detail on UNCDF’s progress towards the above key activities as outlined in the Project Document (prodoc) and the MOU signed by CAFI/MPTFO and UNCDF. The results shared here factor in the revised scope of the initial project document proposed by UNCDF Senior Management in the course of 2023, which reduces UNCDF’s role to the implementation of (Outcome 3) on the Forest Performance Bond Series study.

# Brief presentation of the programme

## General objectives

In Q4 2022, AndGreen in partnership with UNCDF secured CAFI support to transform major tropical commodity supply chains in Central Africa to be deforestation free and socially inclusive in a way that is commercially viable and replicable at scale. To implement this project, UNCDF as a CAFI Participating UN Organization (PUNO), intended to collaborate with the AndGreen Fund as the responsible party for the design and implementation of the project (the “AndGreen Proposal”). The CAFI MPTF selected the AndGreen Proposal as part of a public call for proposal published from May to August 2022.

The programme was comprised of two main components implemented by &Green and a third component implemented by UNCDF.

* **Component One** provides origination support and technical assistance services that overcome the capacity and information barriers facing commodity producers and neighbouring communities, while building a community of practice for replication and scale-up for producers in target countries.
* **Component Two** focuses on the CAFI earmarked investment in the selected Central Africa countries, the establishment and operation of a ringfence mechanism with a dedicated investment vehicle which will secure co-financing and invest directly in commodity supply chain businesses that embrace no-deforestation production and forest protection.
* **Component Three** consists of a preparatory grant to design and structure a Forest Performance Bond for the Congo Basin which combine the market mechanics of green bonds with the performance-based model of impact bonds and carry out on behalf of the CAFI Secretariat a series of research activities to define technical investment models at the regional level in the key commodity supply chains.

As CAFI’s investment agent for this project, UNCDF was requested to conduct a robust investment due diligence and investment approval processes undertaken on behalf of CAFI to assess the credit risk and ascertain AndGreen’s capacity to deliver on its obligations. In this regard, UNCDF led the due diligence process on AndGreen for a proposed series of concessional loans totalling USD 32M provided to finance general junior investment tranche earmarked for CAFI countries.

UNCDF was well positioned to play this role on the basis of its strong investment operations which are governed by a Loan and Guarantee Policy, investment templates, credit scoring model, legal templates, and a process including an independent credit committee. UNCDF’s flexible toolbox of financial instruments includes both liquidity, risk-sharing instruments, as well as grants, and technical assistance.

Furthermore, UNCDF was requested to support the development of a strategy to unlock the potential of capital markets in central Africa by leveraging the granting capacity of CAFI and its upcoming payment for performance policy which could potentially play the role of an outcome payer in an impact bond model.

## Specific objectives and expected results of the project/programme

***Objectives***

The programme designs public/private financial innovation to address root causes of deforestation in the region by:

1. Accelerating the energy sector transition by improving access to renewable energy, thereby reducing emissions and forest loss associated with unsustainable fuelwood extraction, charcoal production and dependence on large diesel generators to power the agroindustry;
2. Scaling-up investment in inclusive, sustainable, and deforestation-free commodity supply chains and transformative agroindustry, thereby reducing deforestation driven by agricultural production and improving the adaptive capacities of regional food systems; and
3. Accelerating the growth of forest-positive SMEs that provide diversified and sustainable livelihoods for local populations and drive climate-smart innovations with the potential for replication.

***Expected Results***

For each of the sectors the proposed Project Development Facility and Forest Performance Bond will potentially generate the following impact:

1. Agriculture and food security: The project facilitates transformation towards climate resilient, low emission and zero-deforestation agriculture, scaling-up investment in agribusinesses that enhance climate resilience of local farmers and enable food systems adaptation.
2. Livelihoods of people and communities (Benefit >8M million forest-dependent people): The project generates livelihood opportunities for local people, promotes collaborative and inclusive decision-making with forest-dependent stakeholders, and training and capacity building.
3. Energy generation and access: Green energy projects to be financed will aim to provide renewable sources of energy to drive production while at the same time supporting alternatives to charcoal needed to meet the basic energy needs of the population with the potential to be scaled in the medium-long term. This will reduce residential emissions by up to 50% and avoid emissions from deforestation and forest degradation in selected priority landscape.
4. Ecosystems and ecosystem services: To secure the resilience and functionality of ecosystem services provided by the Congo Basin forests, the project improves forest-management practices and scales up the resilience and adaptive capacities of local farmers, producers, and communities at large. The PES programme will be an important mechanism to promote inclusive growth by transferring needed cash resources directly to impoverished groups.
5. Forests and land use: The project addresses leading drivers of deforestation, notably in agriculture and implements a cross-sectoral, landscape approach to reducing deforestation and forest degradation. Expected investment lifetime impact over the programme promises significant GHG reductions and removals per dollar invested.

## Background of the report

The reporting period spans January 2023 to December 2023. Implementation of the project began in this period, with key actions undertaken by UNCDF to:

|  |  |
| --- | --- |
|  | Key Actions Undertaken by UNCDF During Reporting Period |
|  | AndGreen Investment | Forest Performance Bonds |
| 1 | Activate and complete the investment due diligence of CAFI’s loan to AndGreen | Refine concept note and initial analysis on rationale, theory of change, and potential structures |
| 2 | Propose a structure and cadence for CAFI’s investment in AndGreen (both grant and loan) | Identify and engage partners for design of forest performance bond series |
| 3 | Revert back to CAFI Executive Board and MPTF Office with UNCDF ES a.i decision on way forward and revision of the project document | Conduct research, landscape analysis, and initial structural design of project development facility whose objective is to support pipeline development for forest performance bonds series |
| 4 | Ensure an aligned vision and complementary approach between the CAFI private sector strategy and the proposed Forest Perfomance Bonds series with the shared objective of identifying investment opportunities and building an ecosystem that can help achieve forest and climate positive impact |

UNCDF made important advancements on all the key actions listed above. A key focus for UNCDF was ensuring alignment between the CAFI investment strategy including &Green and the forest performance bonds series per the requirements of the project document. Across the design of the forest performance bonds series, UNCDF has maintained the shared emphasis on building economic and environmental ecosystems through complementary mechanisms that support forest and climate positive impact.

# Status of activities in the project/programme's Annual Work Plan (AWP) for the reporting period (full year)

UNCDF’s progress on key activities as summarized in the Annual Work Plan are contained below. Progress on Component One of the project was paused due to recommendation by UNCDF senior management regarding the disbursement of grant funds to AndGreen. Consequently, UNCDF’s Executive Secretary communicated to CAFI that UNCDF is more strategically placed to provide investment capital to AndGreen at later stages of the implementation of the project. Activities 1.1.1 to 1.3.2 of the work plan, all related to operationalizing AndGreen’s activities in Central Africa, building pipeline, and priming the ecosystem for investment, were revised in an amended project document and responsibility for Outcomes 1 and 2 of the project removed from UNCDF’s mandate with a recommendation to the MPTF Office to provide direct access.

Notwithstanding the delays described above, UNCDF made significant progress on several key elements and enabling factors that are critical for the forest performance bonds series including a project development facility. Activities 3.1.1 and 3.1.2 are in advanced stages, paving the way for progress on Activities 3.1.3 and 3.2.1 to 3.2.3. The sub-sections that follow describe the groundwork that has done to successfully conduct Activities 1.1.1 to 1.3.2 during the Q1 due diligence phase as well as the progress made in Activities 3.1.1 and 3.1.2.

## 4.1 AndGreen due diligence: Setting the Stage for Activities 1.1.1 to 1.3.2

UNCDF conducted due diligence of the AndGreen proposed investment, in fulfilment of its role as the Investment Agent in the project. The outputs of the due diligence process (see Annexes 2 to 8) provide the basis upon which origination support[[3]](#footnote-4), the DCF[[4]](#footnote-5), and the pre- and post-investment technical assistance facility[[5]](#footnote-6) can be actualized and was submitted to the CAFI Secretariat and the MPTF by the end of quarter 1 before the UNCDF Executive Secretary a.i requested a revision of the prodoc.

*Investment Thesis and Why UNCDF Opted to Recommend the Investment*

AndGreen was selected by CAFI through a public call for proposal focused on engagement with private sector for reduction of deforestation. AndGreen distinguished itself due to its investment strategy of investing early in ambitious projects run by influencers who are able to transform industries towards sustainable, deforestation-free production. AndGreen’s strategy has shown a relevant track record in geographies such as Indonesia, Brazil and Colombia and CAFI’s thesis was that there would be significant development gain against deforestation if this strategy could be extended to Central African jurisdictions.

Limited investors consider investing in the sustainable, long-term transformation of commodity sectors especially in markets such as Central Africa. As a result, specialized blended finance instruments are required to act as lead investors in transactions they consider. The lack of co-investors is due to mainstream investors’ risk perception of financing the transformational pathways that these sectors and jurisdictions require. These are challenging sectors for international investors, who are concerned about reputational risk, and who do not have the in-house knowledge and experience to properly assess credit risk for land-use investments in emerging markets.

AndGreen’s business model serves as a “first-mover” in this space, managing risks of perceived barriers and creating a blueprint for commercially viable and financially attractive no-deforestation investments that commercial investors can initially participate in, then replicate and scale to transformative levels.

Following a lengthy and exhaustive review process, UNCDF validated different instruments to support AndGreen’s investment thesis. The financing package and approach recommended by UNCDF addresses the difficult investment environment in CAFI countries, as well as the need for AndGreen to develop and build more local expertise and buy-in.

*Specifics of validated Investment by UNCDF*

|  |
| --- |
| **AndGreen Investment**  |
| Total funding request USD 5 million grant USD 10 million reimbursable grant USD 32 million loan | USD 47,000,000 |

The financing package recommended had three components.

First, origination support provided through a USD 5 million Performance-Based Agreement would create the right enabling environment, but at the same time incentivize the operational entities of AndGreen (i.e., the Investment Advisor Sail Ventures) to deploy capital rapidly and into quality projects.

Second, a USD 10 million Development Capital Facility (DCF) instrument would, in a complementary fashion, provide resources to increase the bankability of investment projects into which private sector investors of AndGreen will be included. Bankability requires incentives. DCF investments into prospective AndGreen investees through a dedicated resource pool, build on existing efforts of relevant stakeholders and potential investees, would create investable proposals in CAFI countries.

Third, a USD 32 million loan instrument would be critical to ensure de-risking of projects in the region.

The three tranches should be sequential and complementary to one another. In UNCDF’s view, this staged approach would optimize resources to CAFI countries while balancing risk and impact on the ground. UNCDF Project Appraisal Committee further recommended that CAFI issue directly the grant to &Green for component 1 and 2, while UNCDF could issue the loan for component 3 when the initial two components have demonstrated results and AndGreen has been able to structure a pipeline of investment opportunities.

*The Basis for UNCDF’s Recommendation*

UNCDF based its recommendation on the factors highlighted below. Prior to UNCDF’s recommendation, an independent credit appraisal exercise was undertaken by a separate team within UNCDF’s LDCIP team whereby legal risks, operational risks, as well as risks related to conflict of interests were examined and mitigating actions explored in significant depth (see risk memos in Annex 7 and 8).

* Scale and development impact of promoting a climate-resilient, deforestation-free and socially inclusive model for commercial tropical commodity supply chains
* Selection of AndGreen was completed by CAFI following a public call for proposal focused on engagement with private sector for reduction of deforestation. CAFI will also ensure alignment with relevant Governments in selected countries and existing engagement on deforestation and supply chains
* Track record and proven solid investment and monitoring process of AndGreen in previous jurisdictions (USD 140 million total investments completed in Indonesia, Brazil and Colombia)
* Strong environmental and social screening, due diligence and monitoring processes of AndGreen (see investment memo in Annex 2 and 3)- Several documents, such as the Landscape Protection Plan, Environmental and Social Action Plan, are required by &Green to be provided by each company as part of the investment. They are prepared in line with IFC Environmental and Social Performance Standards and become covenants in loan agreement
* Existing engagement between AndGreen and leading internationally recognized expert organizations on climate finance, social and environmental supply chain practices, such as FMO (provided more than USD 50 million of loans), IDH, NICFI (USD 100 million grant), UNEP (invested USD 2 million redeemable grant in 2020), including strong and experienced individuals at the levels of the Board of Directors, Advisory Board and Credit Committee
* Staged disbursement with strong monitoring and disbursement milestones for each tranche
* Additional measures requested on engagement with stakeholders, local communities, civil society and national governments at AndGreen and transaction level

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Activities planned in the AWP** | **Activities carried out** | **Expected results** | **Results Fulfilled** | **Degree of achievement in % if the target is numerical** | **Sources of verification**  | **Comments** |
| Component One |
| 1.1.1 Implement origination support | Out of scope for UNCDF, proposed for direct implementation through AndGreen direct accreditation to the MPTF | Out of scope for UNCDF |
| 1.2.1 USD 10 million Development Capital (DCF) |
| 1.3.1 Provide pre-investment technical assistance |
| 1.3.2 Post-investment technical assistance | Out of scope for UNCDF, proposed for direct implementation through AndGreen direct accreditation to the MPTF | Out of scope for UNCDF |
| Component Two |
| 2.1.1 Scalable investment vehicle established | Out of scope for UNCDF, proposed for direct implementation through AndGreen direct accreditation to the MPTF | Out of scope for UNCDF |
| 2.2.1 Promote AndGreen to private sector investors |
| 2.3.1 Fund capital disbursed to large scale sustainable agriculture projects in the CAFI countries with robust environmental and social covenants incorporated into lending agreements as events of default |
|  |  |  |  |  |  |  |

## 4.2 Forest Performance Bonds: Progress on Component 3

**Output 3.1: Forest Performance Bond Designed with the Support of Strong Coalition of Arranging Party for Bond Issuance**

*Background on Component 3: Forest Performance Bond Design*

UNCDF Nature Assets Team is supporting the design of a series of Forest Performance Bonds (FPBs or FPB Series) to help protect, conserve and enhance the Congo basin forests as part of Component 3 of this project. The desired long-run change is to transform the treatment of high-value forests by shifting the existing market models and economic drivers that depend on exploitation of forests as resources and instead treat forests as nature assets. Component 3 of the project aims to produce the outcomes and outputs shown below, with related activities summarized for ease of reference.

|  |
| --- |
| **Component 3 : Forest Performance Bond Design** |
| Outcome 3: Private Investment mobilized at scale to reduce deforestation, meet food security needs and legitimate industrial development aspirations of the Congo Basin Region |
| Output 3.1: Forest Performance Bond designed with the support of strong coalition of arranging party for bond issuance[[6]](#footnote-7) |
| Activity 3.1.1: Conduct studies to detail the bond structuring and design |
| Activity 3.1.2: Conduct studies to determine the best approach to bond issuance and credit enhancement |
| Activity 3.1.3: Identify and mitigate market risks, and explore suitable exchanges |
| Output 3.2: Research and Development for Technical investment models at the regional level in the key commodity supply chains[[7]](#footnote-8) |
| Activity 3.2.1: Conduct a multi-criteria mapping exercise of soil adaptability to identify suitable sites for key commodities including but not limited to palm oil, coffee, cocoa, and rubber with the introduction of the irrigation option in the savanna region (in addition to the studies already carried out in the past). |
| Activity 3.2.2: Develop the Business Case (profitability analysis) for the most promising models including but not limited to irrigated palm oil, rubber, cocoa, or coffee in the savannah zone ; and reduced impact logging. |
| Activity 3.2.3: Prepare advocacy materials for private sector partners to increase interest for investing in the most promising technical models identified |

*Overview and Objectives*

UNCDF has made substantial headway in conceptualizing a mechanism for the issuance of a series of forest performance bonds aimed at mobilizing resources from global capital markets for climate and forest positive impact in Central Africa.[[8]](#footnote-9) The proposed mechanism is known as Forest Investments for Responsible and Sustainable Transformation (FIRST).

|  |  |  |
| --- | --- | --- |
| **Date** |  | **Milestone** |
| March 2023 (Completed) |  | High Level Consultation on Forest Performance Bond Series |
|  |  | Participants: GCF, AFD, UNCDF, and CAFI |
|  |  | Location : Paris, France |
|  |  | Host : AFD |
| October 2023 (Completed) |  | FPB Workshop |
|  |  | Participants : SIDA, GCF, AFD, UNCDF, CAFI, Others (TBC) |
|  |  | Location : Stockholm, Sweden |
|  |  | Host : SIDA |

In the second half of 2023, UNCDF successfully convened strategic partners in Sweden to discuss pathways and strategies for the actualization of FIRST. This follows successful engagement with partners including CAFI, AFD, SIDA, and GCF in the preliminary stages of the design of FIRST. AFD initially hosted a workshop in Paris to kick off strategic engagement efforts for potential partners for FIRST in the first half of 2023 and successfully submitted a joint concept note with UNCDF to GCF.

UNCDF has engaged two Senior Capital Markets for Development Consultants to lead subsequent phases of the design and implementation of FIRST in 2024 in close collaboration with the partners mentioned above.

*Key Structural & Operational Elements of FIRST*

FIRST will borrow from capital markets, manage liquidity, and disburse loans. FIRST will be capitalized adequately to obtain and maintain an investment-grade issuer credit rating. Using its rating and employing tranching, FIRST will crowd private-sector investors into its bonds. Bond issuance will be supported by a Euro Medium-Term Note (EMTN) program with a USD 1 billion limit. Liquidity will be managed conservatively: liquidity management will not be viewed as a profit center. Loans will be priced on market terms; however, FIRST’s mission is to offer competitive pricing.

Development impact is generated on both the Assets side and the Liabilities side of FIRST’s balance sheet. On the Assets side, FIRST will finance high-impact projects using warranted and competitive loans. On the Liabilities side, FIRST will attract private-sector investors to Central Africa, raising the region’s profile and expanding the market’s knowledge. When FIRST’s business model is shown to be commercially viable, FIRST’s shareholders are expected to exit and channel their resources to other initiatives with significant development impact. A FIRST Initial Public Offering (IPO) would be ideal.

Initially, because it will operate in a challenging environment, both in terms of countries and in terms of sectors, FIRST will offer protection to some of its investors. This protection will decrease as FIRST’s operations grow. The investors who will receive protection are private-sector bondholders and FIRST’s shareholders. FIRST’s shareholders are to be protected because “commercial viability” means that returns to shareholders are commensurate with inherent risks. Therefore, risks that are associated with any new company, especially a company in FIRST’s region and FIRST’s sectors, will need to be mitigated for a fixed period of time. Some of these risks can be mitigated directly by guarantees and tranching, and indirectly by CAFI premium payments. Naturally, equity protects debt.

One critical risk and pre-condition—FIRST’s ability to identify and finance bankable projects—demands specific attention. For this reason, the Project Development Facility (PDF) will be created and managed by UNCDF. UNCDF anticipates PDF to commence its operations during the second quarter of 2024.

For more information on the structure of FIRST and alternative models considered, please see the annex 10 section.

**Output 3.2: Research And Development for Technical Investment Models at the Regional Level in the Key Commodity Supply Chains**

*Research into Nature-Based Solutions*

UNCDF published a RFA in July 2023 aimed at identifying and engaging businesses that are implementing nature positive solutions in Central Africa. The RFA closed in August 2023 with 60 applications, following which UNCDF conducted an initial technical and financial sustainability review of the submissions.

Following a comprehensive initial review, 11 NBS were identified for further exploration. Businesses implementing these solutions will work closely with UNCDF to sharpen their technical proposals, clarify their business models, and link their solutions to the project's objectives. UNCDF’s intent is to prepare qualified applicants for consideration for technical assistance and investment based on the strongest proposals possible. The selected NBS include:

|  |
| --- |
| Nature-based Solutions Identified by UNCDF RFA & Feasibility Study – Categories & Impact |
| **Aquaculture*** Food and nutrition security;
* Biodiversity support;
* Land preservation;
* Reforestation;
* Soil health and protection;
* Water resource management;
* Economic benefits
* Climate resilience
* Peace
 | **Hydropower & grid*** Reducing greenhouse gas emissions;
* Climate mitigation;
* Fighting deforestation;
* Contribute to the sustainable development of communities;
* Improve the health and livelihoods;
* Local economic development;
* Combating fragility and maintaining peace
 |
| **Bakeries*** Fighting deforestation and the transport of wood from peri-urban areas thanks new electric and gas oven;
* Improve health on the factory floor by eliminating smoke from wood-burning stoves
* Food security;
* Local economic development.
 | **Ecotourism*** Land and aquatic ecosystem restoration;
* Biodiversity support;
* Soil protection and erosion control;
* Water resource management;
* Well-being of local communities and indigenous;
* Economic development;
* Peace
 |
| **Bamboo*** Land restoration and reforestation;
* Biodiversity support;
* Soil protection and erosion control;
* Carbon sequestration;
* Water resource management;
* Economic benefits;
* Climate resilience.
 | **Forest & savannah restoration*** Reducing greenhouse gas emissions;
* Climate mitigation;
* Fighting deforestation;
* Food security;
* Biodiversity conservation;
* Soil conservation and water management;
* Contribute to the sustainable development of communities;
* Sustainable land use;
* Local economic development.
 |
| **Centers of excellence & agroparks*** Land and aquatic ecosystem restoration;
* Biodiversity support;
* Soil protection and erosion control;
* Water resource management;
* Well-being of local communities and indigenous;
* Economic development;
* Peace
 | **Value-added crops processing*** Food security
* Green energies deployment ;
* Land restoration and reforestation
* Biodiversity support:
* Soil protection and erosion control
* Carbon sequestration:
* Water resource management;
* Economic benefits:
* Climate resilience
* Peace
 |
| **Organic fertilisers & amendments*** Poverty reduction and economic growth in rural communities.
* Soil fertility and nutrient availability,
* Food security
* Health and well-being improvements by reducing exposure to harmful substances (pesticides, chemical fertilizers)
* Water management & marine ecosystems protection;
* Carbon sequestration in the soil.
* Mitigate climate change
 | **Biomethane & cooking solutions*** Prevents methane emissions and explosions;
* Carbon capture and sequestration systems;
* Preservation of the nature environment by reducing land degradation, deforestation, and biodiversity loss;
* Climate mitigation;
* Provide renewable source of energy and gas for thousands of households and small businesses in the surrounding areas;
* Preserve the the health and livelihoods of women and children;
* Contribute to the sustainable development of communities;

Local economic development. |

In processing the 60 proposals received, UNCDF discovered notable variations in the degree of maturity and stage of implementation of the solutions listed above. This notwithstanding, approximately USD 100 million in funding was requested across the 60 proposals received by UNCDF from nine Central African countries broken down as follows:

|  |
| --- |
| Nature-based Solutions Identified by UNCDF Feasibility Study |
| Aquaculture | $8.7MM |
| Bakeries | $11.2MM |
| Centers of excellence & agroparks | $2.8MM |
| Biomethane & cooking solutions | $23.9MM |
| Hydropower & grid | $30.8MM |
| Forest & savannah restoration | $14.2MM |
| Value-added crops processing | $6.8MM |

Going forward, future work will focus on catalyzing the transition from 'systems' sectors to NBS-related sectors via an ecosystem approach with different tools and methods. Elements under this approach may include ecological intensification, governance stakeholder participation, integrated land and forest management, global value chain analysis, etc.

To prepare this ecosystem approach, UNCDF initiated a feasibility study focused on investigating viable NBS and models spearheaded by two experts specialized in Agro-Industry, Agri Food Systems, and Crop Diversification. To ensure a synergistic approach, the experts led the initial technical review of the applications received through the RFA. This approach allowed insights from the feasibility study to be applied and integrated into the technical review of proposed solutions, further aligning selected solutions within the context of Central Africa.

This feasibility study was carried out from July to September 2023 was based on a number of fundamental considerations, namely:

* It is essential to endorse a new strategic vision in which nature is no longer seen as a resource, but as an asset. This is a very different point of view from that of investment in natural resources, where nature is transformed into a commodity for short-term gain and its long-term economic value and natural value are not taken into account;
* In a context of multi-crisis that is bound to become more acute, only solutions that take account of the complex and its management at a regional level stand a chance of succeeding. Dealing with the "systemic", this territorial approach has proved its worth
* The urgency of climate security issues (which will require the deployment of an economy with a positive impact on nature) must be approached as a "solution" rather than a "problem“;
* Resilient farming practices, "doing things differently", making full use of local agricultural and forestry production to create added value throughout the value chain and promoting local economic development of processing companies are essential.
* Companies cannot be successful on a planet that is going bankrupt. Companies must be the driving force behind other economic models that reflect the value of the ecosystems that produce the goods and services. Preserving natural ecosystems is a collective responsibility;

This study provided the elements needed to accelerate the deployment of the most promising nature-based solutions for the strengths and challenges of these 3 Central African countries that contribute to community progress and take into account the value of natural assets.

These selected NbS are detailed in the study and highlight the benefits they bring from the point of view of natural ecosystems and the positive impact on communities in the various possible aspects: food security, nutrition, climate, and local economic development. In that respect :

1. Bamboo (for its ecosystem services and as a material that can replace wood, plastic, chemical products and steel for construction (and ecotourism), pellets, green fertilizers, packaging and crafts),
2. Ecotourism,
3. Returning value to nature by producing amendments and organic fertilizers locally,
4. Sustainable an innovative aquaculture (as part of the region's circular economy),
5. Growing and transforming key crops with high added value in agroforestry with local processing: tea, herbal tea & medicinal plants (which should guarantee zero deforestation for exports, with water recycling and proven energy efficiency) & Honey,
6. Adding industrial value to vegetable production for the local market: vegetable crisps, etc.
7. “Innovation in tradition” for handcraft (jewelry, pottery, ironwork -working on translation processes, raw materials, recycling for new uses) have been highlighted from the point of view of natural ecosystems and the positive impact on communities in the various possible aspects: food security, nutrition, climate and local economic development.

This study highlights the potential for implementing solutions, provided the necessary conditions are met and a one-size-fits-all approach is avoided, as it never aligns with the complex dynamics of the natural world. For each of these nature-based solutions, the reason for their interest (added value created), their contribution to achieving the sustainable development goals, the prerequisites, key points, and challenges to be overcome were explained. All the value chains into which these solutions fit were also studied, such as the level of technology required, training needs, and regulations and certifications.

Beyond the specificities described and the particular needs presented for each of these nature-based solutions, they have a common basis:

* The "reprogramming of mindsets" is a must. All stakeholders must change their way of thinking in order to ensure that nature is at the heart of economic models. The value of companies must be realised in terms of their impact on nature and local communities, which means reinventing economic models based on territories. Entrepreneurs must not overlook the importance of humanitarian values. They must take the initiative and work collectively to be a formidable force for change. The same objective must be shared by all: to "redesign" the world to ensure a sustainable future. Breaking down the barriers between different entities, including public institutions, financial institutions, local authorities, states and citizens, is essential to this transformation;
* Creating social and environmental value: Encouraging companies to generate social and environmental value, in addition to economic value, requires instilling a long-term perspective and a sense of responsibility towards future generations. This means turning capitalism away from excessive consumerism and strengthening its links with local communities;
* The viability of these new models must be demonstrated. Pilot projects followed by large-scale demonstration projects should serve as tangible proof of concept, enabling all stakeholders to embrace and adopt these approaches. While initial public funding may support these pilot initiatives, their success must demonstrate that they can generate sufficient revenues and profit margins through the creation of added value to support these new business models.

The main objective is to ensure that these initiatives not only protect the Congo Basin, but also set an inspiring example for widespread adoption, thereby safeguarding natural resources and promoting a habitable future. The preservation and effective management of natural assets is vital not only for the well-being of the region, but also for the health of our planet.

For the full research paper, see the annex 10 to access folder containing report and other prepared background documents.

*Project Development Facility Research*

UNCDF is continuing the research into the central components for an Ecosystem Services Model with a view to demonstrating the integration of Ecological Services, Carbon Credits, with a comprehensive Natural Asset Valuation. The model demonstrates how these elements can be supported by a project development facility and become self-reinforcing along the value chain.

The comparative analysis outlines the best practices and examples of financial mechanisms and instruments that could be applied to achieve the transformational change envisioned in the Central African region. It provides relevant case studies including the key attributes for an ideal financing mechanism that achieves project goals within anticipated constraints.

More specifically, initial research indicates that the market, business, and political backdrop will need to be primed and prepared for several years in order to build a sustainable economic and ‘peaceful’ ecosystem that can support the conservation and financial goals of this project. As a result, future emphasis throughout the design and implementation of a PDF is to establish a clear and logical framework with a well-articulated pathway to mobilize capital markets for local and private sector investment.

Finally, research shows the need for a broad slate financing mechanism and instrument options as well as an effective methodology for deploying said instruments. The analysis suggests that the PDF should consider complementary use of a variety of instruments that can cover the local demand and the business capacity for finance. There is also scope to work collaboratively with and/or augment other existing projects within and outside of CAFI’s portfolio in as far as such projects remain complementary with overlapping goals that can combine to create a nature-positive investment ecosystem.

For the full research paper, see the annex 10 to access folder containing report and other prepared background documents.

# Project/Programme Results

## 5.1 Contribution to the impacts of CAFI’s results framework

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Outcome** | **Number of direct beneficiaries (indicate % male and female)** | **Description and intensity of support** | **Number of indirect beneficiaries** | **Description and intensity of support** | **Comments**  |
| Total number | Research study and preparatory work only, no investment deployed to date | N/A |
| Agriculture |
| Energy |
| Forests |
| Land use planning |
| Land |
| Mining and infrastructure |
| Demographics |
| Governance |

## 5.2 Progress by Outcome and programme Outputs

**Outcome 1:** Technical Facility supports an enabling environment for forest protection and climate resilient commodity production

**Progress Summary:**

UNCDF has conducted investment due diligence on AndGreen and provided an investment recommendation, effectively setting the stage for operationalization of AndGreen activities in Central Africa (i.e., through realization of Output 1.1. Origination Support, Output 1.2 Development Capital Facility, and Output 1.3 Pre- and Post-Investment Technical Assistance Facility).[[9]](#footnote-10)

Due to a requested project revision by UNCDF Executive Secretary a.i, there is no progress to report on the specific targets envisioned under Outcome 1 for the current reporting period. See the UNCDF proposed revision and recommendation for direct access of AndGreen to the MPTF.

**Outcome 2:** Scalable replicable commercial models developed for deforestation and peat free commodity production

**Progress Summary:**

Due to UNCDF request for project revision, there is no progress to report on the targets envisioned under Outcome 2 for the current reporting period. More substantive reporting on the primary beneficiaries of the project and any such progress made through the project’s interventions will be provided in the framework of the respective revised documents.

**Outcome 3:** Private investment mobilized at scale to reduce deforestation, meet food security needs and legitimate industrial development aspirations of the Congo Basin Region

**Progress Summary:**

UNCDF concluded the due diligence of AndGreen by March 2023 as scheduled in the project document. The due diligence full report was submitted to UNCDF Senior Management and CAFI secretariat.

UNCDF has commenced the design of a forest performance bonds issuance mechanism and has engaged with AFD to jointly submit a concept to the GCF, in addition to strategic engagement with other potential partners in parallel.

So far, UNCDF has enlisted the participation of CAFI partners, AFD, GCF, and SIDA in high level consultations to explore optimal pathways and structures to achieve the aims of the forest performance bonds series (i.e., Output 3.1. Forest Performance Bond designed with support of strong coalition of arranging party for bond issuance).

For the full GCF UNCDF/AFD concept note, see the annex 10 to access folder containing report and other prepared background documents.

5.3 Assessment of project/programme performance based on results framework indicators

Table 2 – Project/Programme Results Framework

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Results**  | **Indicators** | **Baseline** | **End of project/****programme target and 1st phase target****(indicate if target revision)** | **Current progress of the indicator over the reporting period (year for annual report, half-year for semi-annual report)[[10]](#footnote-11)** | **Cumulative progress of the indicator since the beginning of the project/ programme**  | **Reasons for delays or changes** | **Target adjustment (if applicable)** | **Are GPS coordinates available?** |
| Outcome 1: Origination support and technical assistance services to support an enabling environment for forest protection and climate resilient commodity production | # Projects which enter the &Green portfolio in Central Africa | 0 | 5 (target after 5 years) | 0 | 0 | No disbursement to &Green approved by UNCDF Senior Management a.i |  |  |
| Outcome 2: Scalable, replicable commercial models developed for deforestation and peat free commodity production  | Progress towards transformational change | N/A | N/A | N/A | N/A | No disbursement to &Green approved by UNCDF Senior Management a.i | N/A – TBC following first disbursement | N/A |
| #ha of forest protected | 0 | 2.05 million ha | 0 | 0 | No disbursement to &Green approved by UNCDF Senior Management a.i | N/A – TBC following first disbursement | To be provided following first disbursement |
| #tCO2e of climate benefits | 0 | 44.8 MtCO2e | 0 | 0 | No disbursement to &Green approved by UNCDF Senior Management a.i | N/A – TBC following first disbursement | To be provided following first disbursement |
| #ha of ecosystems with improved resilience | 0 | 2.05 million ha | 0 | 0 | No disbursement to &Green approved by UNCDF Senior Management a.i | N/A – TBC following first disbursement | To be provided following first disbursement |
| # of people with increased resilience | 0 | 256,000 people | 0 | 0 | No disbursement to &Green approved by UNCDF Senior Management a.i | N/A – TBC following first disbursement | To be provided following first disbursement |
| # of people benefitting | 0 | 256,000 beneficiaries | 0 | 0 | No disbursement to &Green approved by UNCDF Senior Management a.i | N/A – TBC following first disbursement | To be provided following first disbursement |
| USD of capital mobilized | 0 | USD 128 million | 0 | 0 | No disbursement to &Green approved by UNCDF Senior Management a.i | N/A – TBC following first disbursement | To be provided following first disbursement |

## 5.4 Contribution of the project/programme to the fulfilment of the Indicators of CAFI’s results framework

*In accordance with the decisions of the CAFI Executive Board, please fill in the CAFI indicators for which you are responsible according to the tables 3.*

Table 3 - Progress toward CAFI indicators covered by the program.

**Table 3.1. Harmonised CAFI indicators for projects/programmes that provide field support**

|  | **Baseline**  | **Anticipated final targets in the project /programme document** | **Targets fulfilled over the reporting period *[[11]](#footnote-12)*** | **Targets cumulatively fulfilled since the beginning of the project** | **Remarks**  | **Are GPS coordinates of these activities available? (yes/no) - Specify** |
| --- | --- | --- | --- | --- | --- | --- |
| **Impact: Poverty reduction** |
| **Total number of direct beneficiaries*[[12]](#footnote-13)* , broken down by gender** | **Pending**No data to report in current reporting period |
|  **Total number of indirect beneficiaries, broken down by gender** |
| **Outcome 1: Less agricultural encroachment**  |
| Number of direct and indirect beneficiaries by gender | **Pending**No data to report in current reporting period |
| Outcome Indicator: Crop productivity (kg/ha) for each variety |
| Output indicator: Number of hectares supported in agroforestry  |
| Output indicator: number of hectares supported in perennial crops |
| Output indicator: Number of hectares in subsistence agriculture  |

Table 3.2: **Harmonised Indicators for Sector or Enabling Projects/Programmes**

|  | **Baseline**  | **Anticipated final targets in the prodoc** | **Targets fulfilled by (date)** | **Remarks**  |
| --- | --- | --- | --- | --- |
| **Existence, implementation and monitoring of sectoral policies that include limiting forest conversion as an objective**  | **Pending**No data to report in current reporting period |

Table 3.3: Indicators for Investment Programs

|  | **Baseline**  | **Anticipated final targets in the project/ programme document** | **Targets fulfilled by (date)** | **Remarks**  |  |
| --- | --- | --- | --- | --- | --- |
|  |
| **Co-financing mobilised**  | **Pending**No data to report in current reporting period |
| **Funds allocated to new projects** |
| **Number of new projects**  |
| **Number of jobs created along the value chain, disaggregated by age and gender** |

**If the previous year's annual report called for a baseline to be completed in 2022 and this was not done, please explain why.** Not applicable

## 5.5 Project/programme’s contribution to the fulfilment of the milestones in the Letter of Intent

*In the framework of CAFI funding, the country has committed to the achievement of milestones as defined in the Letter of Intent. Thus, all projects and programmes funded by CAFI integrate the LOI milestones into their programming and are required to report on the progress of the various milestones. The simplified matrix below (Table 4) provides information on the project/programme's contribution to the various milestones.*

Table 4 - Progress Towards the LOI Milestones

|  |
| --- |
|  |
| **N°** | **Description of the Milestone** | **Objectives** | **Progress made**  | **Points of particular attention** | **Proposed solutions** |
| **Over the Reporting Period**  | **Cumulatively since the beginning of the project/programme** |
|  |  |  |  |  |  |  |

# Financial execution

## 6.1 Disbursements

On transfers received, indicate the level of overall disbursement as well as the level of annual disbursement by including the projected budget for the year and the actual disbursement.

Amounts committed but not disbursed can be added in the last column of the table.

Table 5.1 - Programme Disbursement Rates

Only expenditures have occurred on outcome 3, funding for outcome 1 and 2 + Management costs have been reimbursed to the CAFI MPTF by UNCDF in Q3 2023.

The below financial figures are not final and exclude the GMS 7%. Refer to official expenditure submitted to the MPTF via UNEX platform.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **A) Results** | **B) Total budget (USD) as in the project/programme document** | **C) Planned budget for the reporting period (semester or year)** | **D) Expenses 1st semester or annual** | **E) Balance as of 31 Dec 2023** | **F) Disbursement rate over the reporting period** | **G) Cumulative disbursement rate since the beginning of the project/programme** | **H) Amounts committed but not spent** |
| Outcome 3 | $1,695,002 | $1,532,125 | $343,022 | $1,351,980 | 22.39% | 20.24% | $401,660 |
| Output 3.1 | $1,000,002 | $837,125 | $139,613 | $860,388 | 16.68% | 13.96% | $205,000 |
| Activity 3.1.1 | $400,002 | $337,125 | $70,436 | $329,565 | 20.89% | 17.61% | $60,000 |
| Activity 3.1.2 | $350,000 | $300,000 | $34,588 | $315,412 | 11.53% | 9.88% | $85,000 |
| Activity 3.1.3 | $250,000 | $200,000 | $34,588 | $215,412 | 17.29% | 13.84% | $60,000 |
| Output 3.2 | $695,000 | $695,000 | $203,409 | $491,592 | 29.27% | 29.27% | $196,660 |
| Activity 3.2.1 | $305,000 | $305,000 | $99,828 | $205,172 | 32.73% | 32.73% | $59,540 |
| Activity 3.2.2 | $315,000 | $315,000 | $68,992 | $246,008 | 21.90% | 21.90% | $99,620 |
| Activity 3.2.3 | $75,000 | $75,000 | $34,588 | $40,412 | 46.12% | 46.12% | $37,500 |
| **Total Result Costs** | **$1,695,002** | **$1,532,125** | **$343,022** | **$1,351,980** | **22.39%** | **20.24%** | **$401,660** |

Table 5.2

Download and complete the table outline 5.2 [in this folder](https://drive.google.com/drive/folders/1eMRYx2FFxMvLvy9qM1CBhcNfJKUHcAcc?usp=sharing) and submit it with this report[[13]](#footnote-14) . **This report will be considered incomplete without this document**.

The certified financial report based on the UNSDG budget lines is sent directly by the financial services to the MPTF via the UNEX system, with an electronic copy to the Secretariat of CAFI.

**Important note**: The financial figures in this narrative report are not final and exclude the GMS 7%. Refer to official expenditure submitted to the MPTF via UNEX platform.

Table 6 - Cost Effectiveness: Table of Progress and Disbursements by Outcomes and Outputs

|  |  |  |  |
| --- | --- | --- | --- |
| **Results**  | **Current progress of the indicator[1]** | **Cumulative expenses in US [2]** | **Comments**  |
|
| Outcome 3 |   |  |   |
| Output 3.1 |   |  |   |
| Activity 3.1.1 | Not specified | $70,436 | Ongoing (within budget) - Design of FIRST  |
| Activity 3.1.2 | Not specified | $34,588 | Ongoing (within budget) - Approach for launch of bond series  |
| Activity 3.1.3 | Not specified | $34,588 | Pending (within budget) - Activity will follow 3.1.1 and 3.1.2 |
| Output 3.2 |   |   |   |
| Activity 3.2.1 | Not specified | $99,828 | Ongoing (within budget) - Agri Systems & Crop Diversification expert engaged |
| Activity 3.2.2 | Not specified | $68,992 | Ongoing (within budget) - Viability of business models  |
| Activity 3.2.3 | Not specified | $34,588 | Ongoing (within budget) - Feasibility studies and business cases  |
| Total |   | $343,022 |   |

## 6.2 Contracts

List the entities with contracts over $100,000, indicating the subject matter, responsibility and budget assigned to each. If your procedures allow, attach a copy of the contract (which will not be made public).

Not applicable – no contracts over $100,000.

Table 7 - Contract Monitoring

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Contract number** | **Title and theme** | **Type** **(int’l NGO, national NGO, public entity, private sector, other)** | **Subtype (see list below)** | **Contract amount** | **Date of contract signature** | **Start date of activities** | **Contract end date** | **Expected time of completion** | **Comments** |
| Not applicable |

Subtype

|  |  |  |
| --- | --- | --- |
| **National NGO** | **Public entity** | **Private Sector** |
| National non-governmental organisation (NGO) | National public administration | National company |
| Local Development Committee (LDC) | Provincial Government | Design office |
| Local Management Committee (LMC) for Local Community Forest Concessions (LCFC) | University | Cooperative |
| Other | Research Center | International company |
|  | Rural Agricultural Management Council (CARG) | Other |
|  | Other |  |

## 6.3 Financial management, procurement and human resources

Project financial expenditures are in line with projections.

## 6.4 Resource mobilisation

Not applicable/none to report.

## 6.5 Audits

Not applicable/none to report.

##

## 6.6 Budget revisions

Programme Document Revision submitted to the CAFI Trust Fund in November 2023: The scope of the initial project document reduced to include only the due diligence of AndGreen by UNCDF LDC Investment Platform team and the development cost of the Forest Performance Bond Series study (Outcome 3). Result Framework and budget revised accordingly.

## 6.7 Cost Analyses

Provide an analysis of the cost of the project/programme for the fiscal year as shown in Table 7, to assess the ratio of structural to operational costs for the period under review. The below financial figures are not final and exclude the GMS 7%. Refer to official expenditure submitted to the MPTF via UNEX platform.

Table 8 - Breakdown of project/programme costs.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N°** | **Description** | **Amount in USD** | **%** | **Comments** |
| 1 | Staff and other personnel  | $227,744 | 50% | Programme staff costs |
| 2 | Contractual services | $99,644 | 22% | Programme related contracted services |
| 3 | Travel | $15,634 | 3% | Programme related travel |
| **Total in USD (Excluding 7% indirect costs)** | $343,022 | 100% |  |

# Participatory management

No consultation processes to report.

# Cross-cutting themes

## Governance

No steering committee meetings to report.

## Type

Table 9 - Monitoring of gender aspects.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Criterion** | **Actions taken to integrate gender**  | **Results** | **Cost in USD** | **Challenges faced** |
| Implementation/Activities | **Pending**No data to report in current reporting period |
| Monitoring and evaluation |

## Indigenous peoples

No data to report in current reporting period.

## Other social groups (youth, minors, etc.)

No data to report in current reporting period.

## Compliance with environmental and social standards

No data to report in current reporting period.

### a. Environmental and Social Impact Assessment

No data to report in current reporting period.

## Measures taken to ensure compliance with safeguards

Table 10- Monitoring of Safeguards Measures/Principles.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Achievements | Cost in USD | Challenges encountered |
| Principle 1: REDD+ activities should protect natural forests, enhance environmental services, and strengthen biodiversity conservation.(Cancun a; IFC standard 6) | PendingNo data to report in current reporting period |
| Principle 2: REDD+ activities should promote transparency and good governance. (Cancun b) |
| Principle 3: REDD+ activities should minimise loss and damage, provide for redress, and establish mechanisms for fair and equitable redress of any loss and/or damage suffered by communities and other stakeholders(IFC standard 4) |
| Principle 4: Economic and social benefits generated by REDD+ activities should be shared equitably and proportionately by interested stakeholders(Cancun f; IFC standard 1) |
| Principle 5: REDD+ activities should foster the emergence of new economic opportunities to contribute to the sustainable development of local communities and indigenous peoples |
| Principle 6: REDD+ activities must ensure the effective and efficient participation of all stakeholders, including local and indigenous communities in their local specificities(Cancun d) |
| Principle 7: REDD+ activities must respect the human rights of the workers they employ and the land and natural resource rights of the riparian communities involved(Cancun c  |
| (a) That the actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements; |
| (b) Measures to reduce emissions displacement. |
| C) Performance Standard 2: Workforce and Working Conditions |

## Complaints and Appeals Management

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N°** | **Village** | **Description of the complaint** | **Date of issue** | **Resolution taken** |
| PendingNo data to report in current reporting period |

# Risk management

## 9.1 Update your risk management matrix based on the analysis performed.

Table 10 - Risk Management

|  |  |  |
| --- | --- | --- |
| **Identification of risks** |  | **Treatment of the risk** |
| Description of the risk | Identification period | Risk category | Change in risk (stable, increased, decreased) from last report  | Action(s) | Responsibility | Deadline |
|  |   |   |  |   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |  |   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |  |   |   |   |

## 9.2 Transparency and Integrity Assessment

|  |  |  |
| --- | --- | --- |
| **Cases of fraud, misuse of funds and corruption** | Yes (how many for the reporting period and a brief description of each)  | No |
| Claims | PendingNo data to report in current reporting period |
| Investigations |
| Penalties (including recoveries made and their amounts) |
| **Cases of sexual exploitation, abuse and harassment**  |
| Claims |
| Investigations |
| Sanctions  |

|  |
| --- |
| **Fraud, misuse of funds and corruption: Training:** *Please detail the training provided to staff, consultants and subcontractors on fraud, misuse of funds and corruption since the beginning of the project/programme*  |
|  | For the reporting period | Since the beginning of the project/programme |
| Number of trained staff / number of total staff | PendingNo data to report in current reporting period |
| Number of trained consultants / total number |
| Number of trained subcontractors / total number |
| **Sexual exploitation, abuse and harassment** |
| *Please detail the training provided to staff, consultants, and subcontractors on sexual exploitation, abuse, and harassment* | For the reporting period | Since the beginning of the project/programme |
| Number of staff trained/number of total staff | PendingNo data to report in current reporting period |
| Number of consultants trained / total numberNumber of trained subcontractors / total number |

# Specific narrative illustration

None to report.

# Follow-up procedures

Table 11 - Status of the project/programme monitoring plan

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Monitoring and evaluation activity** | **Expected number** | **Number realised** | **Achievement rate** | **Costs in USD/Budget** | **Results and lessons learned**  |
| Field monitoring missions | PendingNo data to report in current reporting period |
| Meetings |
| Reports |
| Technical reviews |
| External evaluations |
| Data collection |
| Holding of the COPIL |
| Consideration of Steering Committee recommendations |
| Meeting of different platforms |

# Programmatic revisions (if any)

None to report.

# Communication and promotion

None to report.

# Project/programme self-evaluation

*Based on the performance criteria, please review your program's evaluation for the period under review.*

# Difficulties encountered, actions taken and lessons learned

# Conclusion and recommendations

# Summary of deliverables

*List the deliverables discussed in the report* ***and provide hyperlinks to the finalised deliverables*** *or, if applicable, to the files containing them.*

# Annexes

|  |  |
| --- | --- |
| 0 | All documents – click [here](https://drive.google.com/drive/folders/1eMRYx2FFxMvLvy9qM1CBhcNfJKUHcAcc) |
| 1 | Budget (Table 5.2, prepared by UNCDF)  |
| 2 | Investment memo for AndGreen loan (prepared by UNCDF) – click [here](https://drive.google.com/file/d/11e6Li4M6AAFtrzmBQLwxuO1SJf2Zse5N/view?usp=sharing) |
| 3 | Investment memo for AndGreen DCF (prepared by UNCDF) – click [here](https://drive.google.com/file/d/1IAJL32a9pU-CfiMjr3bW5y3AuogeRW1M/view?usp=sharing) |
| 4 | Financing agreement for AndGreen grant (prepared by UNCDF) – click [here](https://docs.google.com/document/d/186GmGvZkvnCprC4bLvGqdjoTBJ96JGwK/edit?usp=sharing&ouid=117484200073766784680&rtpof=true&sd=true) |
| 5 | Financing agreement for AndGreen loan (prepared by UNCDF) – click [here](https://docs.google.com/document/d/1vsSz1E7y60vJT31rzU726PvIsShzuXJd/edit?usp=sharing&ouid=117484200073766784680&rtpof=true&sd=true) |
| 6 | Financing agreement for AndGreen reimbursable grant (prepared by UNCDF) – click [here](https://docs.google.com/document/d/11DJfncNl8Z0j_zyuewZY0K9_DHfRc-ki/edit?usp=sharing&ouid=117484200073766784680&rtpof=true&sd=true) |
| 7 | Risk memo for AndGreen loan (prepared by UNCDF) – click [here](https://drive.google.com/file/d/17ezE9gLgPEcraJcE7xiRjLn-jA6O5DdY/view?usp=sharing) |
| 8 | Risk memo for AndGreen DCF (prepared by UNCDF) – click [here](https://drive.google.com/file/d/1xNRhmop53TN2g0pBYX2G5_IrckmuIcd3/view?usp=sharing) |
| 9 | Forest Performance Bonds (FBPs) Series Vehicle Structure – [here](https://docs.google.com/document/d/1c-IcrXLbTU3WM5G4QpAzySx5JzJARZzB/edit?usp=share_link&ouid=117484200073766784680&rtpof=true&sd=true) |
| 10 | Feasibility Studies - [here](https://drive.google.com/drive/folders/1RqsN91qgZanULP_zbPcWacewlZ2dJqmy?usp=share_link) |
| 11 | Project Development Facility (PDF) Research |

1. This outline is for the presentation of annual and semi-annual reports of organisations implementing programs funded by CAFI, including through FONAREDD in DRC. erThe annual reports cover the period from January 1 to December 31. The semi-annual reports cover the period from January 1er to June 30. [↑](#footnote-ref-2)
2. <https://drive.google.com/drive/folders/1eMRYx2FFxMvLvy9qM1CBhcNfJKUHcAcc?usp=sharing> [↑](#footnote-ref-3)
3. Output 1.1 Origination Support, Activity 1.1.1 Origination Support [↑](#footnote-ref-4)
4. Output 1.2 Development Capital Facility, Activity 1.2.1 Development Capital Facility [↑](#footnote-ref-5)
5. Output 1.3 Pre- and Post-Investment Technical Assistance Facility, Activity 1.3.1 Pre-Investment Technical Assistance Facility as well as Activity 1.3.2 Post-Investment Technical Assistance [↑](#footnote-ref-6)
6. This output is implemented directly by UNCDF through a combination of in-house expertise and specialized firm to carry out the studies. Activities are foreseen to be implemented in the course of two years for a budget of USD 500,000 annually. The year 2 budget will be subject to performance and progress made in structuring the bond. [↑](#footnote-ref-7)
7. This last output is commissioned by the CAFI Secretariat, UNCDF will recruit a specialized firm to carry out the studies, the estimated total budget by the secretariat is USD 695,000. [↑](#footnote-ref-8)
8. Output 3.1 Forest Performance Bond, Activities 3.1.1 Studies to details the bond structuring and design and Activities 3.1.2 Studies to determine the best approach to bond issuance and credit enhancement [↑](#footnote-ref-9)
9. See investment due diligence outputs in Annex 2 to 8. [↑](#footnote-ref-10)
10. Consistent with the reporting frequency of this indicator [↑](#footnote-ref-11)
11. From January 1 to December 31 for annual reports; from January 1 to June 30 for semi-annual reports. [↑](#footnote-ref-12)
12. Direct beneficiaries: are the target of support, can be identified by the project and receive high intensity support. Example of high intensity support: regular accompaniment, access to new inputs (equipment, improved seeds, improved stoves).

Indirect beneficiaries: receive non-targeted (e.g., number of people in a household of which one person receives direct support) or targeted but medium-intensity support. Example of medium intensity support: trainings. Examples of low-intensity support: people who have been reached by massive awareness campaigns, people who have participated in workshops. [↑](#footnote-ref-13)
13. [↑](#footnote-ref-14)