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Joint Programme Document

Joint programme Title: PRO-CONGO: Catalytic Private Sector Investment in Congo Basin Natural Capital	**Implementing Organization(s):** UNEP (Climate Finance Unit, Climate Mitigation Unit) UNCDF Nature Assets Team (NAT)
Joint programme Contact - Implementing Organization:	**Name and position:** Ivo Head (ai), UNEP Climate Finance Unit **Address:** 13 Chemin des Anemones 1219 Geneva, Switzerland **E-mail:** ivo.mulder@un.org **Name and position:** Pierre Bardoux; Director UNCDF Nature Assets Team (NAT) **Address:** Palais des Nations, 1211 Genève, Switzerland **E-mail:** pierre.bardoux@uncdf.org
Country: Democratic Republic of the Congo (DRC), Republic of Congo (RoC), Gabon, Cameroon	**Joint programme location (provinces or priority areas):** National, depending on investment opportunities
Joint programme Description: Pro-Congo focuses specifically on supporting enterprises in targeted Congo Basin countries - the Democratic Republic of Congo (DRC), Republic of Congo (RoC), Gabon and Cameroon - through a combination of technical assistance, (reimbursable) grants, concessional loans, and/or guarantees - to create positive impacts in terms of tropical forest conservation and restoration, emission removals and reductions, job creation and biodiversity protection. Pro-Congo aims to create an "engine of growth" by contributing in tangible ways to green economic development in Congo Basin countries by facilitating sustainable foreign and domestic private investment.	**Total amount:** $29,568,320 Total for UNCDF: $21,308,590 Total for UNEP: $8,259,730 **Total expected leverage from the Investment Portfolio:** $90M (25/75 investment leverage target) In line with the performance-based funding allocation approach for private sector projects, adopted in decision EB.2024.42, this PRODOCs is approved for a phase I with a limited budget from CAFI with the option to amend this PRODOC to provide additional funding based results which will be independently verified in line with the requirements set out in Decision EB.2024.33 on the independent verification of projects. **Phase I amount financed by CAFI** : $14,996,738 Total 1st phase for UNCDF: $10,760,153 Total 1st phase for UNEP: $4,236,585 *Tranche 1 of $ 12,000,000 (UNEP: $3,399,806, UNCDF: $8,600,194)* *Tranche 2 of $ 2,996,738 (UNEP: $836,779, UNCDF: $2,159,959)* *with the following conditions: Achieve the validation of the performance-based payment methodology by an independent verification body selected by CAFI.*
	Joint programme Dates:

	Start[1]: March 1st, 2025 End: February 28, 2029 Total duration (in months): 48
Submission to the Secretariat **Independent Evaluation** **Approval of the CAFI Executive Board**	**Date: May 2024** **Date: July 2024** **Date: February 2025**

Signatures of Participating Organizations:

Pradeep Kurukulasuriya **Executive Secretary** **UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF)**	Date and signature DocuSigned by: [redacted] 08-Mar-2025
Martin Krause **Director, Climate Change Division** **UNITED NATIONS ENVIRONMENT PROGRAMME**	Date and signature 28.02.2025 [redacted] Digitally signed by Martin Krause Date: 2025.02.28 14:36:58 +03'00'
Berta Pesti **Head of the Secretariat** **CAFI**	Date and signature DocuSigned by: [redacted] DAFEBA0CC65A412... 10-Mar-2025

[1] Indicative dates: The official start date of any CAFI-funded joint programme is the date of transfer of funds by the MPTF Office.

CAFI OUTCOME	TOTAL CAFI (USD)	TOTAL PROJECT (USD)
1. Sustainable agricultural practices lead to less land conversion and increased food security;	$4,000,000	$4,000,000
2. Sustainable alternatives to current wood energy practices are adopted;	$7,000,000	$7,000,000
3. Forestry sector and protected areas institutions and stakeholders have the capacity and the legal framework to promote, monitor and enforce sustainable management of forests;	$2,000,000	$2,000,000
4. Future infrastructure and mining projects minimize their overall footprint;		
5. Land use planning decisions ensure a balanced representation of sectoral interests and keep forests standing, and better tenure security does not incentivize conversion by individuals, communities and companies;		
6. Population growth and migration to forests and forest fronts are slowed down;		
7. Better inter-ministerial coordination and governance resulting in a permitting, enforcement and fiscal regime of economic activities that do not push economic actors to forest conversion and illegal activities and a business climate favorable to forest-friendly investments.		
Total	**$13,000,000**	**$13,000,000**

Executive Summary

This UNEP/UNCDF joint programme aims at supporting enterprises through a series of de-risking investments, in line with CAFI's mandate and priorities.

First, established companies looking for capital to grow in a nature-positive way often have trouble accessing finance given the nascent financial markets in many Congo Basin countries. Pro-Congo will provide access to (subordinate) loans and/or guarantee instruments that can unlock and further attract co-financing from Development Finance Institutions (DFIs), impact investors and others.

Second, and crucially, this joint programme also seeks to foster a robust pipeline of new enterprises operating in CAFI-eligible sectors. This will be achieved through a combination of incubation and acceleration programs for ventures and MSMEs that are either at an earlier stage of development or are growing but struggling to implement robust sustainability principles. The joint programme aims to complement the improvement of these enterprises business and Environmental and Social Safeguards (E&S) skills with small and larger (reimbursable) grants, giving them a chance to find buyers for their products ('access to market') as well as capital providers ('access to finance').

This joint programme aims to directly support national priorities of the Congo Basin countries Democratic Republic of Congo (DRC), Republic of Congo (RoC), Gabon, and Cameroon, from several different angles. Not surprisingly, many of the country priorities and their overarching themes overlap substantially from country to country. Addressing poverty, promoting economic development, and protecting the environment are some of the most central priorities.

Congo Basin governments have been working to implement industrial programs and initiatives that involve supporting agriculture, forestry, mining, and infrastructure, among others. **Unfortunately, formalized industries are often extractive and do not or hardly take nature and climate considerations into account and/or are a direct cause of environmental degradation in some of the earth's most critical ecosystems.**

The joint programme will seek to **overcome the high-risk barriers and create an 'engine of growth' through private sector investment and building capacity of actors to adopt innovative business models around Nature-based Solutions (NbS).** The private sector is dominated by informal Micro, Small and Medium-sized enterprises (MSMEs) and SMEs in the region. Micro and small enterprises constitute the bulk of the economic activity, and there are significant barriers to growth and competitiveness. M(SME)s demonstrate the strongest dynamic in creating new jobs as compared to large enterprises. Small early-stage enterprises have higher annual employment growth rates.

However, the growth rate of existing (M)SMEs is sluggish, and (M)SMEs need to improve performance as an important contributor to economic development and job opportunities for young skilled workers. Among the factors restraining (M)SMEs from entering these sectors are weak market and governance structures including: (i) high barriers to entry including access to capital and markets; (ii) lack of vision and opportunism from entrepreneurs, (iii) lack of capacity and skills in the overall M(SME) sector. SMEs do not have much incentive to expand into high growth potential sectors, such as agribusiness, clean energy, and general/eco-tourism.

This joint programme will primarily seek to address the barriers by providing access to concessional capital, technical assistance, and creating access to networks of impact investors to companies that put NbS at the heart of their business models. In parallel, UNEP and UNCDF seek strategic engagement with relevant government agencies and to create political buy-in and support by highlighting where this joint programme has helped to create new/additional jobs, emission reductions, forest, and biodiversity conservation, as well as crowd in additional investments by DFIs, impact investors or other relevant entities.

To overcome the challenges outlined, this joint programme must lead where the traditional private sector shies away and public institutions often lack capacity. Thus, Pro-Congo's role is to **catalyze and structure the right incentives while working to create a market and support market functions.** The joint programme creates the initial pathways for incentives to move away from extractive, destructive, and polluting industries. Expected results include the creation of a small but effective *engine of growth* that can be leveraged to attract follow-on investments from the private sector. To do this, the joint programme must effectively establish the 'soft' infrastructure to support a green transition; namely with business and community to support the required changes for saving forests and critical ecosystems while boosting sustainable economic development.

The joint programme expects to create implicit 'pricing' of nature through a combination of technical assistance (TA), (reimbursable) grants and loans and/or guarantees that lead to emission reductions/removals, protection of biodiversity, jobs and economic growth, laying the groundwork for governments to catalyze this further.

Indicative Programme Targets for the 4 year project timeline

- Invest in 20-30 bankable companies within the target sectors that employs a business model around Nature-based Solutions (NbS) that can contribute to reducing deforestation.
- Stimulate the commercial development of more than 400 new enterprises in the Pro-Congo countries to become the future generation of bankable NbS enterprises and empower the ecosystem of local business support organizations to lay the groundwork for a robust and lasting pipeline of investable ventures aligned with CAFI objectives and requirements.
- Reach +/-7,000 beneficiaries, 50% of whom are female, from the most vulnerable segment of Congo Basin society (i.e. small farmers including women, young people, and indigenous populations). All the expected impactful results aim to directly contribute to achieving transformational change with respect to nature value, the private sector, and overall sustainable development.
- Overall, Pro-Congo see indirect contribution to around 113,000 hectares of forest conservation areas of both forest and agricultural lands, restore around 17,000 hectares of forest and forest lands, and improve land management practices on more than 25,000 hectares of landscapes (forest and agriculture). The programme will deliver loans to mature enterprises and reimbursable grants to SMEs over the 4 years of the programme cycle. Under this scenario, emission reduction estimates are up to a maximum of 6,163,114 tCO2e. With more budget and capacity, the joint programme could provide emission reduction estimates up to 10,774,916 tCO3e.

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Acronyms

BAU	Business as Usual
BATs	Best Available Technologies
CAFI	Central African Forest Initiative
CIFOR	Center for International Forestry Research
DFI	Development Finance Institution
DRC	Democratic Republic of the Congo
ESMS	Environmental and Social Management System
FONAREDD	REDD+ National Fund in RDC
GHG	Greenhouse Gasses
ICT	Information and Communications Technology
IMF	International Monetary Fund
IPLC	Indigenous Peoples and Local Communities
ISCC	International Sustainability and Carbon Certification
IUCN	International Union for Conservation of Nature
LDC	Least Developed Country
LOI	Letter of Intent
LPG	Liquid Petroleum Gasses
MDTF	Multi-Donor Trust Fund
MOU	Memorandum of Understanding
MSME	Micro, Small, and Medium Enterprises
NbS	Nature-based Solutions
NER	Net Emission Reduction
NGO	Non-Governmental Organization
PDF	Joint Program Development Facility
PES	Payment for Environmental Services
RbS	Results-based Payments
REC	Renewable Energy Credits
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RoC	Republic of the Congo
SIDA	The Swedish International Development Agency
SMART	Specific, Measurable, Attainable, Relevant, and Time-Bound
TA	Technical Assistance
UNDP	United Nations Development Programme
UNEP CFU	United Nations Environmental Programme Climate Finance Unit
UNEP FI	United Nations Environmental Programme Financial Initiative
UNESCO	United Nations Educational Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change

1) Introduction

The main objective of this joint programme is to support enterprises in different stages of their development, from very early state to mature, with financial incentives such as technical assistance, (reimbursable) grants and concessional capital if their business models positively contribute to forest conservation/restoration directly or indirectly, biodiversity conservation, job creation and economic development.

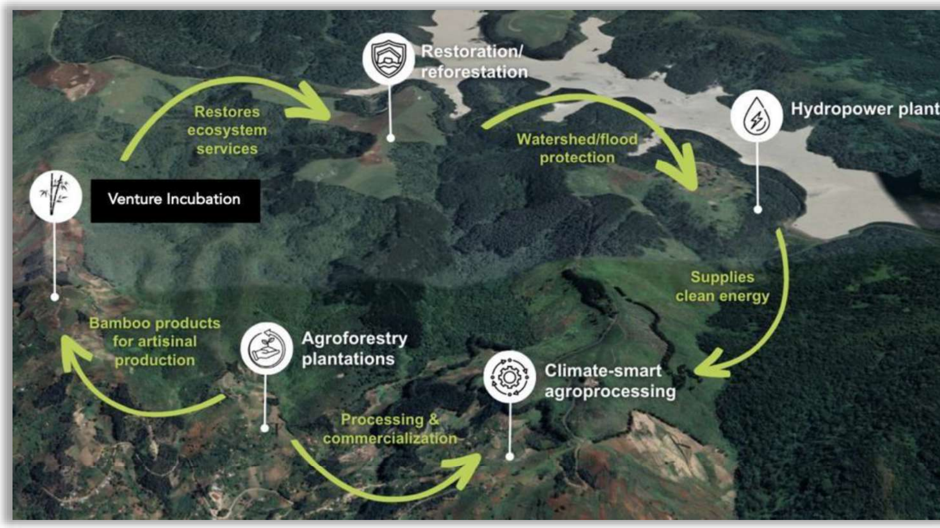
In the initial stages of Pro-Congo, a combination of instruments will be used to enhance capacity of early-stage enterprises with technical assistance (e.g. improving business/financial models), link with market access providers and grant funding to scale up, thereby reducing risks associated with the many challenges that MSMEs face to create financial stability (political, regulatory, information gaps, and financial risks). The other follow-on financial instruments will be utilized to catalyze and mobilize private sector capital for projects that accelerate growth and drive both financial and impact returns.

The analysis of the local situation revealed a **diversity of demand for financial products and services and thus calls for a more tailored and flexible approach in capital deployment modalities.** As an example of the kind of innovation and flexibility needed, MSMEs in the local context typically need longer-than-usual tenors, often coupled with credit-enhancing instruments to make up for the lack of sufficient collateral and improve their risk profile to become "bankable" clients for local financial institutions.

To create a new and potentially self-sustaining path towards green economic growth that values nature and its derivative services, the joint programme will focus on the following objectives for creating a paradigm shift in the most vulnerable ecosystems and communities of Central Africa:

1. **Build a bankable pipeline of enterprises aligned with CAFI's Private Sector Investment Framework and requirements**, to stimulate 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.
2. **Catalyze private finance and investments** by providing various forms of blended finance (e.g. concessional loans and/or guarantees), the joint programme aims to satisfy demand for capital by enterprises who want to expand and meet CAFI objectives of reducing deforestation. In addition, it is important to build linkages with impact investors, catalytic funds (e.g. Africa Agriculture Trade & Investment Fund, AATIF, &Green and others) as well as development finance institutions to crowd in co-finance from multiple parties and through that build an engine of growth, while creating synergies and ensuring a continuum of investment solutions.
3. **Actively promote sustainable land use management to efficiently and systematically manage reforestation** and track and mitigate deforestation activities while deploying sustainable agriculture and forestry practices and technologies.
4. **Accelerate the clean energy sector transition** with strategic anchor investments to improve access to renewable energy, thereby reducing emissions and forest loss directly and indirectly associated with unsustainable fuelwood extraction, charcoal production, and dependence on diesel generators by households and/or to power agroindustry activities.
5. **Strategically link joint programme activities to promote a market based virtuous cycle between investments, and people to self-sustain and compound overall impact.**

Table 1. High level overview on potential investment linkages.



2) Situational analysis specific to the programme context

a) Description of the general context in the geographical area

A mosaic of rivers, forests, savannas, swamps and flooded forests, the Congo Basin is teeming with life. Gorillas, elephants, and buffalo all call the region home. The Congo Basin spans across six countries - Cameroon, Central African Republic, Democratic Republic of the Congo, Republic of Congo, Equatorial Guinea, and Gabon - from which the current programme will initially target four countries. There are approximately 10,000 species of tropical plants in the Congo Basin and 30 percent are unique to the region. Endangered wildlife, including forest elephants, chimpanzees, bonobos, and lowland and mountain gorillas inhabit the lush forests. 400 other species of mammals, 1,000 species of birds and 700 species of fish can also be found here. These forests harbor 10,000 species of plants, trees, and wildlife- underscoring the richness of biodiversity and importance for conservation. These forests further are an essential source of food, shelter, energy, and spirituality for the 40 million people comprising forest dependent communities.[2]

The 200 million hectares (700,000 square miles) of forests in the Congo Basin represent the last significant land-based tropical carbon sink in the world, making the forests critically important in the global fight against climate change and forest loss. It is one of the last few regions on the planet that absorbs more carbon than emitted. The Congo Basin has great carbon sink capabilities and carbon market creation potential. It contains 8.1 billion metric tons of irrecoverable carbon – equivalent to more than 20 times Africa's annual emissions – and has some of the highest concentrations of irrecoverable carbon worldwide. The Congo Basin also contains 30% of the world's tropical peatland carbon, now known to be among Earth's most irreplaceable ecosystems for global climate security. The carbon sink in live aboveground biomass in intact African tropical forests has been stable for the three decades, in contrast to the long-term decline in Amazonian forests. Annually, these forests absorb 1.5 billion tons of CO2eq from the atmosphere representing 4% of the world's emissions.

At the country level, the forests like that of the DRC are an integral part of the vast Congo Basin, comprising 18 percent of the world's tropical forests and storing approximately 8 percent of the globe's forest carbon.[3] However, the forests in the DRC face various pressures that result in an annual net loss of 0.3 percent of forested area.[4] These forests, being the largest carbon stock, contain approximately 17 million tonnes of carbon. Alarming estimates suggest that under the worst-case scenario, complete deforestation in the country could unleash up to 140 billion tonnes of greenhouse gasses into the atmosphere, equivalent to nearly three years of the world's total current global GHG emissions.[5]

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[2] USAID, "Congo Basin Forest Partnership", 2005.
[3] **World Bank, 2021**
[4] UNEP, 2020
[5] African Development Bank, 2019

Balancing the competing demands for land and natural resources while promoting sustainable development and conservation is challenging in many countries, and especially in the Congo basin region. These countries heavily rely on natural resources for their national economic development plans, focusing on expanding agriculture, forestry, and infrastructure sectors. Additionally, there are growing efforts to modernize transportation, water, and energy systems. While the region's rich natural resources do provide substantial opportunities for economic development, when exploited without regulation they pose even greater risks to tropical forests and other natural ecosystems. This regional context makes it difficult to reconcile short-term economic activities with long-term sustainable use of natural resource. Accounting for and mitigating externalities is expensive, and Congo Basin countries face constraints in terms of financial resources, technical expertise, and institutional capacity to effectively implement policies and programs aimed at achieving these priorities. Limited funding often hampers simultaneous efforts to invest in sustainable forestry management, biodiversity conservation, and poverty alleviation.

As such, Congo Basin countries rich in natural resources face a decades-long resource curse, where poverty alleviation and conservation efforts are often at odds. Many, if not most, local communities rely on forest resources for their livelihoods, including subsistence agriculture. Across the programme's target countries, MSMEs play a dual role as both contributors to economic growth and drivers of deforestation. Their involvement in logging, mining, and agriculture, often in poorly regulated environments, leads to unsustainable practices. However, MSMEs also provide essential livelihoods, making it crucial to integrate them into sustainable development strategies. Efforts to reduce deforestation must include strengthening regulations, promoting sustainable practices among MSMEs, and providing economic incentives and alternatives that reduce reliance on forest exploitation. By addressing these challenges, the countries in the Congo Basin can work towards more sustainable management of their vast forest resources.

b) Forest cover change and description of direct and indirect drivers of deforestation and degradation in the joint programme area

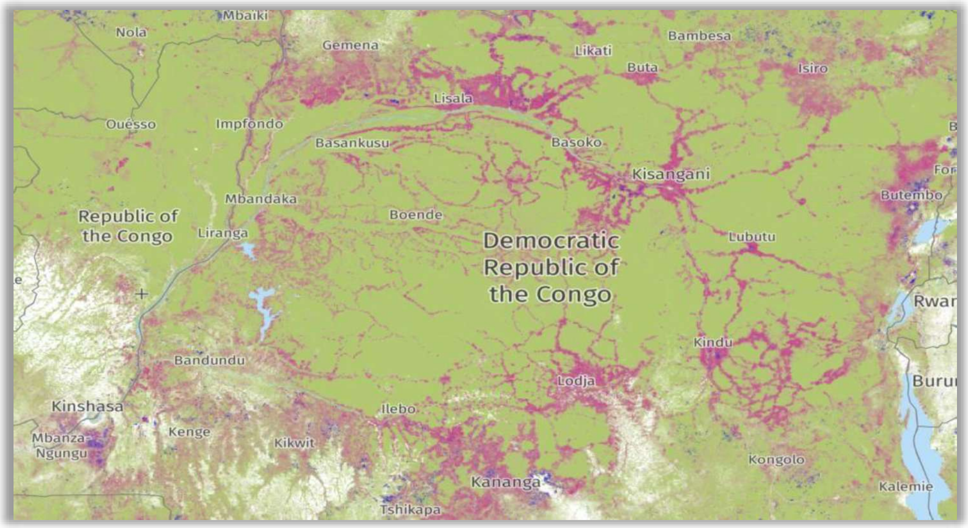
Recent data show that forest integrity has declined in some Congo Basin countries, with the greatest absolute reductions in forest integrity observed in the Democratic Republic of the Congo (DRC) among the programme's target countries. In addition to deforestation, forest degradation and fragmentation pose further risks to the Congo Basin's intact forest landscapes, weakening the integrity of these forests and their ecological processes. **From 2000-2016, the share of intact forests in the region decreased from 78 percent to 67 percent, representing a degraded area of about 23 million hectares.** Out of the target countries, the DRC has, after the Central Africa Republic, the largest annual ratio of undisturbed forest loss over a 5-year timeframe, going from -1.05% in 2000-2005 period to -1.46% in 2015-2020. Across the Congo Basin, the total deforestation has reached 1.79 million ha per year compared to 1.36 million ha per year during the previous decade (2005-2015)[6].

Country example: From 2000 to 2020, the DRC experienced a net change of -6.00 Mha (-3.6%) in tree cover. In 2010, the DRC had 198 Mha of natural forest, extending over 85% of its land area. In 2022, it lost 1.22 Mha of natural forest, equivalent to 821 Mt of CO_2 emissions[7]. **The math of the figures below as illustrated by the map paint a bleak picture of the future trends of forest cover loss without substantial financial and technological intervention.**

Stable Forest, 147 Mha; Forest Loss 7.59 Mha Tree Cover Gain Forest 1.59 Mha

[6] CIFOR, The Forests of the Congo Basin: State of the Forests 2021, 2022. Available at: https://www.cifor-icraf.org/knowledge/publication/8700/

[7] Global Forest Watch, Trends in Forest Loss Data, 2023. Available at: Trends in Forest Loss Data



Interactive Forest Maps, Global Forest Watch, 2024.

Indirect Drivers of Deforestation

Weak governance due to the lack of institutional capacity, particularly in terms of capacity to control and regulate the sectors influencing deforestation and management of natural resources. Poorly managed governance structures and institutions have also perpetuated insecure land tenure systems and increased subdivision of land, preventing farmers/landowners from exploiting economies of scale accruing from larger fields, leading to a lack of investment in erosion control and soil fertility improvement as well as overuse and degradation of land. In addition, on-going barriers to change and effective implementation due to instability, residual conflict, lack of legal enforcement, and resistance to change causing unacceptable levels of risk for large scale investments. Illegal trade in wildlife, timber, and minerals is a major challenge, which is compounded by a lack of control over the implementation of social and environmental safeguards. This has caused issues related to land grabs, displacement, and exclusion of Indigenous peoples and women from natural resource management.

Growing economic inequality and lack of economic opportunities have resulted in widespread and self-perpetuated poverty. Although the region is rich in natural resources, economic gains are often linked to destructive resource extraction with major externalities to the environment. Furthermore, the benefits of resource wealth are often concentrated among a small elite or illegal networks, and local communities often do not see the expected economic improvements which can lead to conflicts. Women are particularly exposed as they make up 70-80% of the agricultural workforce in the joint programme area and are 6.7 times more likely to be operating low-growth enterprises that leave them more exposed to shocks. These subsistence farmers have little to no access to best practices or technology to improve crop production and increase crop yields. Constraints to producing and commercializing crops include poor transport, storage, and transformation infrastructures (i.e. pest/drought resilient seed tech, crop rotations, fertilizers, modern irrigation, etc.).

The lack of an enabling market and business environment in the Congo Basin will require a comprehensive approach involving various stakeholders, including governments, civil society, international organizations, and the private sector. An enabling market and business environment is an important contributor to economic development, sustainability, and human development. Two key areas must be addressed; (i) Lack of access to the 'soft infrastructure' that include institutional policy support and the knowledge capacitation of stakeholders in the form of knowledge transfer and exposure to technical, entrepreneurial, and professional skills in financial services. This requires integrated ecosystem management strategies across production sectors, as well as capacity and knowledge of nature evaluation approaches and linkages to climate change impacts, conflict prevention and GDP growth. (ii) Lack of access to financial services and access to formal banking and financial services, making it challenging for entrepreneurs and companies alike to access credit and financial resources or business development which can hamper entrepreneurship and overall economic growth.

Direct Drivers of Deforestation

Deforestation in the DRC, Congo, Gabon, and Cameroon is influenced by various factors such as agricultural expansion, logging, mining, infrastructure development, and the demand for energy resources like wood and charcoal. In the target countries, the role of micro, small, and medium enterprises (MSMEs) in processes related to deforestation is significant, particularly in unregulated sectors. In the DRC, smallholder farmers frequently practice slash-and-burn agriculture, contributing to significant forest loss. Artisanal mining and logging, where MSMEs are particularly active, further exacerbate deforestation due to weak regulatory oversight. The high demand for charcoal as a primary energy source also plays a crucial role in forest degradation. In Congo and Gabon, although less densely populated, still face deforestation pressures from logging, particularly in the informal sector where MSMEs operate. Gabon has made strides in promoting sustainable forestry, including restrictions on raw timber exports, but challenges remain with small-scale logging and agricultural expansion. Palm oil plantations and other commercial agricultural ventures are increasing in both countries, driven partly by MSMEs[8]. Cameroon's deforestation is driven by both small-scale farming and large-scale agricultural projects, including cocoa and palm oil plantations. Logging, especially illegal logging facilitated by MSMEs, contributes significantly to forest loss. Infrastructure development, such as road construction, opens up new areas for agricultural and logging activities, further driving deforestation[9].

As such, the increased forest conversion in the target countries are mainly driven by slash-and-burn agriculture, commercial farming, wood energy production for cooking, and unsustainable forestry.

Agriculture: Subsistence or artisanal agriculture activities carried out by smallholder farmers on fragmented plots (<5 ha), is a primary driver of deforestation and forest degradation across the region. Industrial agriculture occupies larger tracts of land with homogeneous crops (e.g. palm oil, rubber or coffee) and is also a leading driver of degradation in Cameroon and Gabon, and is increasing in DRC.[10] As the required expansion of agricultural production ensues, due to natural growth in populations and exogenous shocks to crops, the role of unsustainable practices in agribusiness and commercial agriculture will become increasingly significant. Agricultural production often involves inefficient land practices as farmers frequently resort to slash-and-burn techniques, leading to deforestation in the Congo Basin countries.[11] They clear large swaths of forest for cultivation to increase yields for food security and economic gains rather than sustainably farming the same plots of land with the latest ag-tech and practices to prevent soil erosion and other problems that drive even more unsustainable farmland expansion into forests. Agriculture is estimated to be responsible for around 70-80% of the worldwide deforestation and in Africa, both commercial and subsistence agriculture account for some of the most important drivers of degradation in large parts of Africa[12]. It is estimated that 84% of forest disturbance area in the region is due to small-scale, non-mechanized forest clearing for agriculture.[13]

Wood Energy Substitution: Biomass (wood) linked directly with forestry, accounts for most of the energy consumed in the region as many households rely on solid fuels for cooking and heating, with wood and charcoal as the primary fuel source.[14] The cutting and burning of timber for charcoal is a major contributor to watershed degradation and GHG emissions, which is very difficult to adequately regulate along the trade chain. Consequently, the illicit timber and charcoal trade continues to be a lucrative business, particularly in DRC. Insufficient energy supply is a major hurdle for individuals and enterprises, with only 28.4% of the total population, and 4.9% of rural residents, having access to electricity in Central Africa, driving the demand for charcoal. The governments of central African countries have engaged in a massive development of their energy production through Public Private projects (Hydropower, Biomethane). The main objective of this energy transformation is to increase the supply of clean energy to urban centers and industrial projects (mining, cements, fertilizer production etc.). If implemented at the detriment of the most fragile communities, those projects will reinforce inequalities and rural-urban divides, driving future potential conflicts linked to inequitable access to stable, sustainable, and affordable energy.

[8] FAO, Assessment of deforestation and forest degradation and related direct drivers, 2024. Available at: https://www.fao.org/redd/initiatives/central-african-forest-initiative/ddd/en/

[9] Global Forest Watch dashboard for Cameroon, 2024. Available at: https://www.globalforestwatch.org/dashboards/country/CMR

Forestry: The forestry sector that includes both industrial artisanal logging in the Congo Basin is a major contributor to the national economies of the region, but unsustainable logging practices have exacerbated deforestation, climate change risk, and the destruction of this critical ecosystem. Industrial forestry involves cutting large areas (>5 ha) and has the potential to become a significant driver of forest conversion in the target countries Cameroon, Gabon, DRC, and the Republic of Congo. In Gabon, industrial logging projects can disturb up to 50% of the forest, resulting in substantial structural modifications, microclimatic shifts, soil compaction, and erosion.[15] At the artisanal scale, forestry involves harvesting of smaller forest areas, including through logging for wood supply chains and the collection of fuelwood.[16] In the period between 2015 and 2020, 2.2 million hectares of Congo Basin forests were lost, and 1.5 million hectares of additional forest degraded[17], with Cameroon and the DRC among the countries experiencing the greatest reductions.

Each of the above issues are interlinked together, creating mutually reinforcing drivers of environmental destruction, local conflict, regional destabilization, and the overall fragility that has resulted in untenable economic gains. These interconnections highlight the need for comprehensive and integrated approaches to address the environmental and economic challenges in the Congo Basin. The joint programme's strategic investment and soft support strategies consider the interplay between these issues and aim to mitigate the negative impacts while promoting sustainable development in the focus sectors to break out of a Business AS Usual (BAU) scenario.

Table 2. Deforestation profiles in target countries

Country	Country Profile	Impacts
Cameroon	Cameroon has around 18 million ha of natural forest, covering approximately 43% of the country's area.[18]	**Current deforestation:** Since 1990 more than three million hectares of Cameroon's forest have been cleared – an area approximately the size of Belgium[19]. From 2001 to 2021, Cameroon lost 1.70Mha of tree cover, a 5.4% decrease[20]. **Key driver(s) of deforestation**: Cameroon's forests are under pressure from foreign investment in mining, agriculture and associated infrastructure development. Shifting agriculture is the dominant driver (at around 98%), but this includes cocoa and coffee, which are commodity driven agriculture.
Democratic Republic of Congo. (DRC)	The Democratic Republic of the Congo (DRC) is the 2nd largest country in Africa (spanning 2.3 million square km) and home to large swaths of arable land, vast quantities of natural resources and minerals, and critical habitats supporting rich biodiversity. In 2010, DRC had 198 million hectares of natural forest, making up a significant portion of the forests within the Congo Basin. Forests are a valuable natural resource for DRC for both the products extracted and for the services provided.	**Current deforestation:** In 2010, Democratic Republic of the Congo had 198 Mha of natural forest, extending over 85% of its land area. In 2022, it lost 1.22 Mha of natural forest, equivalent to 821 Mt of CO_2 emissions. The release of greenhouse gases due to deforestation and forest degradation are the country's principal emissions source[21]. In 2020, the DRC's deforestation rate was second only to Brazil.[22] **Key driver(s) of deforestation:** The primary drivers for deforestation and forest degradation in the country are subsistence agriculture, logging and road and urban infrastructure. Shifting agriculture is by far the largest driver of tree loss: in 2019 1.21 million hectares were lost and agriculture accounted for 1.2 million (~99%).[23]

[15] Forest Declaration Assessment, 2022
[16] Tegegne et al. 2016. WWF
[17] WFP, 2016.
[18] World Bank database. Cameroon – forest area. Available at https://data.worldbank.org/indicator/AG.LND.FRST.ZS?locations=CM
[19] Rainforest Foundation, Country Profile: Cameroon, 2024. Available at: https://www.rainforestfoundationuk.org/cameroon#:~:text=Forest%20cover&text=Approximately%2040%20per%20cent%20of,approximately%20the%20size%20of%20Belgium
[20] Global Forest Watch dashboard for Cameroon, 2024. Available at: https://www.globalforestwatch.org/dashboards/country/CMR
[21] Global Forest Watch, Trends in Forest Loss Data, 2023.
[22] Weisse, M. and Goldman, L. (2021). Primary Rainforest Destruction Increased 12% from 2019 to 2020. Global Forest Watch. URL: https://blog.globalforestwatch.org/data-and-research/global-tree-cover-loss-data-2020/
[23] Global Forest Watch. 2020. Democratic Republic of Congo – Annual tree cover loss by dominant driver. Available at: https://gfw.global/3lnF1HX

Gabon	The vast majority of Gabon's land area is forest – approximately 20 million of the country's 22.68 million hectares.[24] After petroleum and mining, agriculture and forestry sectors are the two largest in the country, with agriculture alone employing 20% of the population. Forestry is a major source of national revenue and the exploitation of timber is viewed as central to economic development, with logging increasing significantly.	**Current deforestation:** Deforestation rates have remained steadily around 25,000-30,000 hectares of loss annually over the last 5 years.[25] **Key driver(s) of deforestation:** The vast majority (> 99%) of deforestation is caused by shifting agriculture. In 2019, of 26,700 hectares of forest loss, 26,600 hectares were caused by shifting agriculture.[26]
Republic of Congo (RoC)	In Republic of Congo, forest covers about 64 percent of the country's area[27] and plays a major ecological and socio-economic role. 74% of the country's forest area is allocated to logging concessions, which is a major driver of forest degradation.	**Current deforestation:** Over 900kha of tree cover has been lost since 2001.[28] **Key driver(s) of deforestation:** The vast majority of tree cover loss throughout the country is caused by shifting agriculture. In 2021, of the 57.4 kha lost, shifting agriculture accounted for 56.8 kha, with commodity driven deforestation responsible for an additional 447ha.[29]

3) Programme Strategy

a) Past initiatives and lessons learned (national and international)

Developing a portfolio of commercially viable land use projects, such as sustainable agriculture, forestry, and conservation/restoration initiatives, presents a significant challenge. The financial structures, whether loans or investment products, must be enticing enough to justify the shift in production methods and adherence to sustainability standards. This challenge is pronounced in middle-income countries, like Brazil, and is even more daunting in the Congo Basin countries, often viewed as frontier markets by development finance institutions and, to a greater extent, commercial fund managers and banks. The difficulty in establishing such a pipeline stem from multiple factors.

Sustainable land use ventures are perceived as uncertain, more complex, and riskier than conventional Business-as-Usual (BaU) alternatives. Investors and lenders seeking to support enterprises that benefit people, the climate, and nature require stable, predictable returns. Moreover, off-takers and traders prefer working with producers who can ensure consistent production levels, quality, and stable pricing. Innovations that prioritize ecological and social considerations often incur higher initial costs and present unpredictability, with many new production methods untested on a large scale. The early stages of these projects frequently see negative cash flows, and securing collateral is challenging, especially when land tenure is uncertain, making early-stage and working capital financing scarce.

High issuance costs and strict risk assessments further limit access to financial instruments for projects focusing on SMEs and smallholders, confining them to a small number of larger-scale initiatives. At the producer level, a widespread lack of technical capacity hinders the adoption of sustainable practices. Smallholders, producer associations, and cooperatives face numerous obstacles, including limited business and financial literacy, a narrow understanding of market access, an underappreciation of the commercial viability of sustainable production, and inadequate knowledge of sustainability standards and protections.

These challenges are compounded by poor or costly access to essential inputs and technologies. These capacity issues are exacerbated by insufficient market signals that fail to reflect the true cost of sustainable production. This disconnect prevents farmers from accessing the financial and market support necessary for transitioning to sustainable methods. Agricultural commodity prices do not cover the transition costs to sustainability,

[24] The Rainforest Foundation. 2020. Gabon Profile. Available at: https://www.rainforestfoundationuk.org/gabon
[25] Global Forest Watch. 2020. Gabon – Tree cover loss. Available at: https://gfw.global/32MKr92
[26] Ibid
[27] World Bank data. 2022. Forest area (% of land area) – Republic of Congo. Available at https://data.worldbank.org/indicator/AG.LND.FRST.ZS?locations=CG
[28] Global Forest Watch. 2022. Republic of Congo. Available at: https://www.globalforestwatch.org/dashboards/country/COG
[29] Ibid.

necessitating a shift towards models that, while producing lower yields, offer greater resilience, such as transitioning from monoculture to agroforestry. The market has yet to meet the demand for premium pricing, leaving banks and investors wary of what they perceive as unfeasible business models in the near term. Additionally, unhelpful policies and misaligned norms exacerbate these challenges, manifesting in political instability, unpredictable regulations, weak judicial frameworks, and insufficient engagement from civil society. The lack of clear policies on carbon emissions reduction and removal further impedes the transition to commercially viable sustainable land use (SLU) projects. Despite a growing focus on carbon finance, the nascent state of jurisdictional approaches and scepticism around voluntary carbon credits slow progress towards developing a pipeline based on carbon or biodiversity credit sales. This situation is worsened by inadequate investment in infrastructure critical for sustainable transitions, such as storage, processing, and monitoring technologies, which increases business costs and hinders the development of advanced Agriculture, Forestry, and Other Land Use (AFOLU) value chains.

The indigenous communities across the Congo Basin are marginalized as their invaluable traditional knowledge and connection to the land are often overlooked in mainstream development initiatives. They face exclusion from economic opportunities related to NbS and suffer from ongoing conflicts in cross-border areas, further exacerbating their vulnerability. The lack of recognition of their rights, including land tenure, perpetuates poverty, weakens cultural heritage, and hinders their integration into sustainable growth pathways. Efforts by leading initiatives like the UN-REDD programme, UNEP CFU's market development program, Partnerships for Forests, and WRI's Land Accelerator Africa have led to a consensus: overcoming chronic underinvestment in profitable AFOLU ventures requires a comprehensive approach.

This starts with enhancing the capacities of a larger number of farmers, producers, and enterprises, who are currently too few to drive the region's sustainability transition or to capitalize on improvements in the business environment. Effective strategies should focus on nurturing projects from their inception, employing models that engage a broad array of stakeholder efficiently, and supporting their commercial development until they achieve market readiness and become fully bankable.

Engaging private sector entities and Development Finance Institutions (DFIs) in investments often requires a significant in-country presence or the commitment to develop one. For instance, within the AGRI3 Fund framework, Rabobank has leveraged its substantial presence in Brazil, a key emerging market. However, establishing the capacity to negotiate and finalize deals with clients has been a lengthy process. This delay stems partly from the inherent complexities and reduced profitability of blended finance transactions for banks. Currently, Rabobank is working on standardizing loan products to streamline this process. Another challenge includes the time it takes for commercial teams to fully grasp and market new loan products to clients, compounded by a lack of interest among clients in sustainable loans due to their stringent environmental and social (E&S) requirements.

Applying these insights to frontier markets, such as the Congo Basin, suggests that impact funds, DFIs, and Multilateral Development Banks (MDBs) need to either have an existing presence or decide to strategically develop one. This decision involves a significant allocation of time and resources, perceived as a high risk due to uncertain returns in terms of deal closures and underlying profits. Despite these challenges, the AGRI3 Fund's recent success in closing its first deal in Sub-Saharan Africa (Malawi) with a local financial institution showcases the potential to establish local partnerships, develop a joint programme pipeline, and execute transactions, albeit with the caveat of a lengthy +12-month materialization period. This achievement underscores CAFI's potential positive impact through encouraging private investment to establish more permanent in-country presences, likely yielding beneficial spin-offs beyond the lifespan of the private sector window itself.

Blended finance models, critical for pioneering business models or operating in frontier markets like the Congo Basin, are complex and not widely understood by commercial banks or institutional investors. These structures are indispensable yet time-consuming to establish, as evidenced by the AGRI3 facility and others like &Green, which typically take up to two years to become operational. Therefore, it is advisable for CAFI to leverage existing catalytic funds and foster robust partnerships with willing local or international DFIs and commercial banks. Such collaborations, supported by concessional capital from CAFI, can finance enterprises more efficiently in addition to starting new catalytic initiatives from scratch.

Demonstrating a 'proof of concept' through successful transactions by leading impact investors, companies, and banks that yield net positive environmental and social impacts serves as a critical catalyst for attracting further private capital. Many institutions adopt a 'wait and see' strategy; however, an initial US$ 11 million pilot in 2022, focusing on sustainable soy crop finance in Brazil, laid the groundwork for a larger US$ 47 million RCF window, financed by Rabobank, Santander, and AGRI3. This escalation was possible only because the pilot demonstrated viability, showing that farmers met their financial and E&S obligations and that the managing company (SIM) operated professionally, thereby earning the banks' trust to finance a significantly larger scheme. SIM now aims to expand its operations with more enterprises and banks, highlighting the effectiveness of starting with manageable, successful pilots to achieve scalability later.

UNEP's experience in developing environmental and social risk management and positive impact frameworks through initiatives like TLFF (Indonesia), RCF (Brazil), RSCF (impact investors), and AGRI3 (commercial banks/MFIs/DFIs) has produced valuable insights. A KPI directory, now accessible via the Land Use Impact Hub, encapsulates these learnings. This directory, alongside knowledge briefs and a Community of Practice linked to the hub, provides a robust foundation for this joint programme's own positive impact framework.

b) **Intervention strategy**

A countries' natural capital generally comprises of renewable assets such as forests, mangroves, fisheries, and land, and non-renewable assets including oil and gas deposits and minerals. While Congo Basin countries, like many other countries around the world, have relied on oil and minerals in past and current development strategies, there is a need to better reflect the value and contribution of these natural assets such as ecosystem services provided by tropical forests into national accounting systems such as Gross Domestic Product (GDP).

The concepts of natural assets, nature positive investments and enterprises[30], are introduced as a core element of the green economic transformation that Pro-Congo aims to contribute to, promoting a strategic shift from viewing nature as a resource to treating nature as an asset. The definition of natural assets are assets of the natural environment, consisting of biological assets (produced or wild), forest, land and water areas with their ecosystems, subsoil assets and air. This represents a very different view to natural resource investing wherein nature is commoditized for short term gain, while its long term economic and nature-based value is not taken into consideration. Deploying financing instruments and solutions anchored to natural assets and its services incentivize interventions that reduce drivers of forest degradation and biodiversity loss. creating financial incentives for enterprises to develop revenue models that do not lead directly or indirectly to deforestation ('decoupling') but which also positively contribute to economic growth (and hence value addition that can be counted towards GDP) and jobs can contribute to a paradigm shift for how we balance economic drivers with their unpriced externalities and present an alternative to presently unsustainable, extractive economic activities.

To leverage this opportunity, the joint programme will first identify, and source promising enterprises aligned with CAFI's Private Sector Investment Framework and requirements, aiming to create a pipeline of commercially viable enterprises capable of achieving and scaling CAFI's environmental, social, and economic objectives. This will be done through various UNEP capacity-building programs, including incubation, acceleration, and bespoke support, to address the evolving needs of these enterprises as they progress from idea to market. This process will be followed by grants and efforts to stimulate connections with market access providers. The financing will include incentives to adopt or co-opt nature positive business models, contributing to creating jobs and building a balanced and environmentally responsible economy in the region – with a strong profit incentive. Fostering M(SME)s in the region helps expand the use of new and sustainable technologies, boosting the emergence of innovative value chains and contributing to greater economic dynamism. The programme is a holistic effort that will seek to upscale our financing through novel financial instruments and nature positive approaches.

Blended finance mechanisms are often heralded as a panacea to crowd in private finance. However, in essence they are a symptom of our current unsustainable economic models whereby environmental externalities are not priced in the goods and services that people consume daily. That said, in a challenging social-economic and political context that many countries in the Congo Basin find themselves in, blended finance models are arguably needed for two important reasons:

[30] These concepts are defined under section 3) Joint programme strategy, a) Intervention strategy

1. Given the undeveloped nature of financial markets, getting access to finance is challenging; and
2. For those enterprises that want to move beyond 'business as usual' they have an additional difficulty of convincing creditors that their nature positive business models are financially viable.

For these specific reasons, this programme will, through UNCDF, facilitate and disburse *sub-ordinate (concessional) loans* and/or *guarantees* to enable access to finance and stimulate co-finance from impact investors and DFIs.

The key assumption of the joint programme is that higher dividends on nature positive activities with supplant and even dwarf extractive deforestation gains like wood fuel harvesting. Providing promising enterprises and projects access to capital, technology, know-how, and markets as well the performance-based incentives will arm private sector actors like farmers, communities, and MSMEs with the capacity to engage in a vast transformation of the rural economy and accelerate a needed sustainable intensification. As such, Pro-Congo adopts the following strategic methodology:

1. Utilize NbS models to internalize the value of ecosystem services, price nature products and services, and create a sustainable supply chain for commodities - thereby harnessing market forces to preserve nature.
2. Through investment, develop alternative clean/renewable energy sources to supplant energy sources like fuelwood and petrol, reversing extractive activities driving of forest logging decimation.
3. Develop a next generation of NbS agricultural/forestry MSMEs to deploy low carbon technologies and practices reducing forest loss drivers while boosting job creation in communities.

CAFI's objective and requirements align closely with the concepts of natural assets, nature positive investments, and nature positive enterprises by ensuring that investments are designed to contribute to emission reductions and protect, enhance, and sustainably manage the natural ecosystems of the Central African region. Through a combination of promotion of sustainable practices, incentivization of positive environmental outcomes, and stringent transparency and accountability measures, Pro-Congo will contribute to CAFI's objective of fostering an investment environment where economic activities contribute to the long-term health and resilience of natural ecosystems and people, while promoting the valuation of the Congo Basin's unique natural assets potential.

Table 3. Definition of key concepts

Natural Assets: The stock of natural resources and ecosystems that provide a multitude of ecosystem services
Natural assets refer to the stock of natural resources and ecosystems that provide a multitude of ecosystem services. They include wetlands, rivers, lakes, forests, fields, coastal marshes, coral reefs, dunes and soils. Under the wider scope of a nature asset class, investability presents itself through valuation of nature assets based on financial, ecological and social indicators, including assessed ecosystem services, threats and replacement cost.
Natural Capital Valuations and Accounting Assessments, Systems, Monitoring Plans that include Payment for Environmental/Ecosystem Services (PES) to establish and support nature value accounting of inherent value.
Nature Positive Investments: Investments that produce a measurable net gain in nature assets/natural capital.
Nature Positive is a global societal goal defined as 'Halt and Reverse Nature Loss by 2030 on a 2020 baseline, and achieve full recovery by 2050'. This is done by increasing the abundance, diversity, health, and resilience of species, populations, and ecosystems. In the context of investing, Nature Positive Investments refers specifically to investments that produce a measurable net gain in nature assets/natural capital.
Investing in nature-positive projects and Nature-based Solutions (NbS).
Nature-based Solutions (NbS): Address societal challenges through actions to protect, sustainably manage, and restore natural and modified ecosystems, benefiting people and nature at the same time.
Nature-based Solutions (NbS) is a broad term, but generally, it refers to initiatives or projects that seek to protect, manage and/or restore critical ecosystems, while addressing societal challenges and providing holistic benefits for both people and nature. This is often done with the intention of both preserving or improving the environmental integrity of the ecosystem itself and of the services and well-being that humans derive from it.
Ecotourism, agroforestry, regenerative agriculture, renewable/clean energy, export of sustainably sourced forest products, etc.
Nature Positive Entreprises/Projects: Investment in green and blue business models

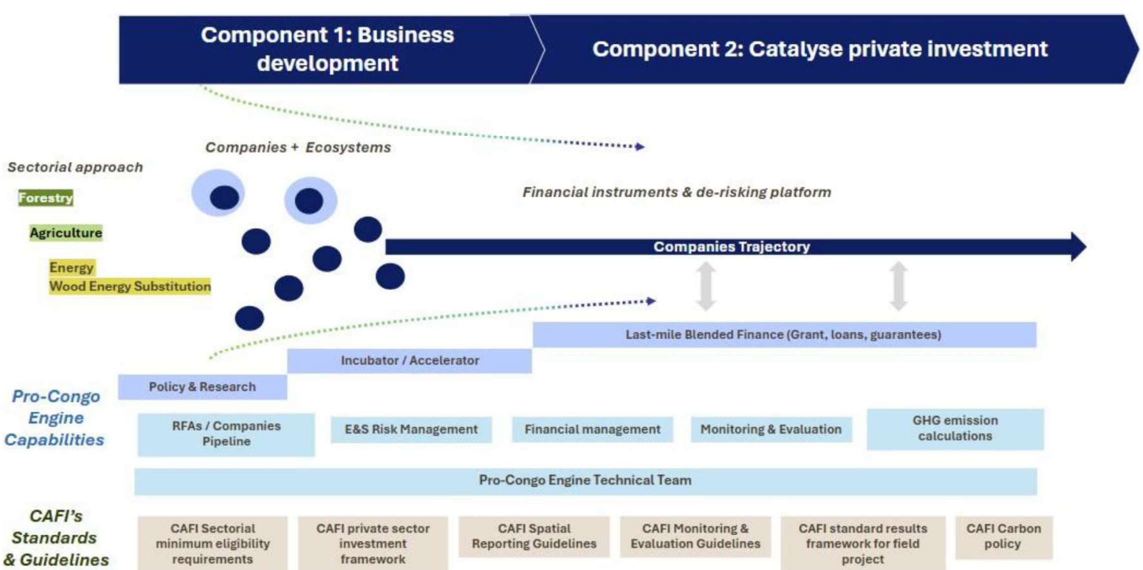
Investments in business models or investments to incubate or support nascent entreprises that comprise or enable a sustainable green or blue economy. Investing in these entreprises can be done in several ways including direct investment, public securities, and private funds to increase long run growth and NbS model conformity and performance.
Invest in entreprises/actors engaged in ecotourism, agroforestry, regenerative agriculture, renewable/clean energy, export of sustainably sourced forest products, etc.
Nature/Environmental/Ecosystem Services: Investment in the conserved or improved ecosystem function
Investment in ecosystem restoration, waste management, circular economy, carbon sink function, biodiversity bank mechanisms, etc. These interventions can increase the value of environmental/ecosystem services and provide expanded benefits to economies, environments, and human well-being.
Carbon and biodiversity-credits, ecosystem restoration and protection, payment for environmental services (PES), marine and land-based pollutant management etc.

c) Joint programme structuring (Outcomes, Outputs, and Activities)

See full Theory of Change APPENDIX 5 (Attached Excel).

The conceptual view below presents the mapping of the programme's and CAFI's capabilities along the Theory of Change (ToC), to ultimately enable a streamlined investment funnel sequencing. Along the ToC, the Pro-Congo strategic approach brings both the expertise and capacity, in line with CAFI's existing guidelines, standards and tools, to de-risk and scale a pipeline of private sector enterprises while injecting last-mile blended finance mechanisms.

Table 2. Pro-Congo's Strategic Approach and Theory of Change



The programme represents a consortium of professionals assembled to provide specialized expertise and services as part of Pro-Congo's strategic approach. It is a dynamic resource pool with experts from UNEP and UNCDF in various fields such as agribusiness, forestry, energy, carbon emissions, Environmental and Social Safeguards (E&S), Risk Mitigation, and Monitoring and Evaluation (M&E). It does not come with additional costs and is included in Pro-Congo's operational structure.

The programme will work in close collaboration with selected MSMEs, delivering tailored technical assistance that encompasses financial advice, sector-specific guidance, and support in E&S and M&E processes. This engagement is aimed at enhancing the capacity and performance of these MSMEs, ensuring they meet both the program's and CAFI's requirements, in alignment with Pro-Congo's objectives and Theory of Change (ToC).

The Joint Programme will collaborate closely with CAFI's team and will have access to CAFI's tools and solutions to ensure effective operational work.

The Pro-Congo programme brings the following capabilities:

- **Expert Network:** Consists of experts in diverse fields such as agribusiness, forestry, renewable energy, and specialists in Environmental and Social (E&S) standards, and financial modeling.
- **Operational Hub:** Serves as the central coordination and communication center for joint programming without requiring a physical location.
- **Adaptative Management:** Enables an approach utilizing learning to inform joint programme implementation, creating space away from activity and output-level measurement toward transformative change, over longer periods of time, and providing flexibility and adaptation.
- **Services Offered:** Delivers advisory services, builds capacities, and implements best practice tools and processes to enhance the efficiency and effectiveness of sub-projects.
- **Goals and Integration:**
    - Capacity Enhancement: Focuses on elevating the sustainability and efficiency of MSMEs to comply with international standards and deliver expected outcomes.
    - Strategic Alignment: Ensures all activities align with Pro-Congo's strategic goals and are closely integrated with CAFI frameworks and requirements.
- **Innovative Finance:** Leverages combined expertise and technology to develop innovative financing mechanisms, improve joint programme outcomes and secure sustainable funding.

Strategy Rationale per Outcome

Component 1 Outcome: Private enterprises transformed and capacitated to develop bankable nature-based solution business models.

OUTCOME 2	
Key capabilities of Pro-Congo Engine of Growth	**Alignment with CAFI**
• Business Capacity Building including Incubator / Accelerator and Enterprise Support Ecosystems	• CAFI Sectorial minimum eligibility requirements • CAFI private sector investment framework • CAFI standard results framework for field joint programme

The programme aims to address the structural capacity inadequacies in the Congo region that are hindering ventures and SMEs aligned with CAFI's Private Sector Investment Framework from achieving commercial success. Various training solutions focused on technical, business, and financial capacity will be offered to forest- and climate-conscious entrepreneurs to support their commercial development, starting with ideation and planning. This support will be tailored to maximize these companies' ability to align with and benefit from Pro-Congo's finance lines, thereby creating the conditions for a robust business pipeline that supports CAFI's overarching objectives. The intervention strategy is built around interconnected technical assistance programs, each addressing a critical stage of business development:

Each year, Pro-Congo will host a regional ideation program, giving community members and business actors the opportunity to explore and test the potential of new forest- and climate-friendly business ideas through the Pro-Congo's Explorer Program. In parallel, the joint programme will host annual regional incubation programs for early-stage cooperative and community ventures operating in CAFI-eligible sectors. These programs aim to improve their business viability, refine business models, and strengthen alignment with CAFI's E&S objectives, including forestry and land use, carbon, gender, and IP and LCs. The incubator will introduce key concepts underpinning the CAFI's eligibility requirements, improving entrepreneurs' chances of accessing the scheme.

Recognizing that not all companies applying for a Pro-Congo grant and/or loan have developed sufficient capacity to meet CAFI's requirements, the joint programme will offer several acceleration programs. These programs will address any remaining training gaps to help companies conform to CAFI's and Pro-Congo's expectations. These accelerators primarily target established companies entering their growth stage and will focus on critical "go-to-market" skills, including expertise in negotiation, contracting, and pricing. Where possible, the programs will build bridges with existing regional initiatives, such as WRI's Land Accelerator Africa.

The joint programme anticipates that some companies selected by the RFAs may still require bespoke training on specific topics, alongside the technical assistance provided by UNCDF for the operationalization of their investment plans. This support will be delivered by regional and international experts under UNEP's leadership and quality review, in close coordination with UNCDF's technical assistance team. Ventures and enterprises receiving support will be eligible for encouragement grants. The size of the grant and whether it is repayable or not will be determined based on the enterprise's needs and the type of support received.

Each capacity-building program will be delivered jointly with local enterprise support organizations (ESOs), which will contribute to the scouting and selection of entrepreneurs and the daily management of entrepreneur cohorts. These ESOs will receive specific training and additional resources, in the form of grants, to enhance their long-term technical and managerial capacity. Finally, the joint programme intends to financially support eco-conscious market intermediaries in their efforts to improve market accessibility for companies adhering to Pro-Congo and CAFI principles. Along with the work with ESOs, this will create the conditions for a thriving, sustainable private sector ecosystem that will outlast the joint programme.

SMART Output 1.1: Capacity-building programs to strengthen the technical capabilities of ventures and companies to meet CAFI's and Pro-Congo's Private Sector Investment Framework and requirements; long-term training capacity and market opportunities established. Implementing Organization; IO: UNEP

Business capacity-building will be provided to green ventures at various stages of commercial development to enhance their viability, align with CAFI's E&S objectives and investment framework, and prepare for potential linkage to the program funding window. The deployed training will cover the first four stages of business development: pre-incubation (via the Explorer program), incubation (through the Factory program), pre-growth acceleration, and market validation (through bespoke coaching and support to off-takers). The joint programme targets a minimum of 450 entrepreneurs/ventures over the course of the program, including 400 early-stage ventures identified at the ideation stage and a minimum of 50 established SMEs with pre-eligibility for one of the Pro-Congo support schemes. The most promising ventures and SMEs will then receive encouragement/seed grants and access to bespoke coaching to amplify the benefits of the training programs. To support long-term business development capacity in the Pro-Congo countries, capacity building and grant allocation will be provided to Enterprise Support Organizations (ESOs) to help them develop and run sustainability/eco- preneurship programs. Finally, a grant facility will be established to provide catalytic grants to off-takers committed to sourcing from and working with these green ventures, further fostering market opportunities.

Activities

1.1.1 Capacity building for Early-stage Cooperatives and Community Ventures in CAFI-eligible sectors to improve their business viability, strengthen their alignment with CAFI E&S objectives (on forestry and land use, carbon, gender, IPLC etc.) and prepare a possible linkage to the programme's funding window. Assistance is deployed through one yearly regional incubation program targeting a minimum of 100 entrepreneurs/ventures each year from the Pro Congo countries

1.1.2 Advanced capacity building provided, in the form of regional accelerator cohorts, to established SMEs in CAFI eligible sectors to specifically ensure their alignment with CAFI E&S objectives. The accelerators will target SMEs interested in Pro-Congo's funding window, either loans or grants, and who have already applied or consider applying for one of Pro-Congo's finance schemes

1.1.3 Bespoke training capacity addressing critical business and sustainability gaps for companies selected for one of the Pro-Congo schemes

1.1.4 Encouragement/seed grants (provided to top-10% participants in each of the Restoration Factories (activity 2.1.1) provided; target of 40 top-ventures supported).

1.1.5 Preparation grants to support cost of submission or resubmission to Pro-Congo's investment window for 10 applicants enrolled in the Pro-Congo accelerator programs

1.1.6 Capacity building and grant allocation to contribute to the development of local Enterprise Support Organizations (ESOs); up to 5 ESOs supported and capacitated as IPs under this programme.

Component 2 Outcome: Impact financial mechanisms capitalized with nature positive investments creating self-sustaining growth.

OUTCOME 4	
Key capabilities of Pro-Congo Engine of Growth	**Alignment with CAFI**
• Financial collaboration network established through public-private initiatives • Last-mile Blended Finance (Grant, loans) for de-risking • Exploration of Innovative Finance instruments	• CAFI Monitoring & Evaluation Guidelines • CAFI standard results framework for field joint programme • CAFI Carbon policy • CAFI invited to provide recommendations of companies which will feed into UNCDF's database of potential bankable local enterprises, systematically identified and assesses through the RFAs

Strategic investments will be the main driver of change. The initial strategy will be to finance anchor investments in key areas of agricultural production, forestry, energy and other sectors that both catalyze and structure the right market incentives to defy the drivers of forest destruction or degradation through both informal and formal actors. The Pro-Congo programme will adopt an adaptative approach for RFAs to strategize the sourcing of opportunities with CAFI's team and pre-define sectors/targeted landscape to build upon existing capacity in the field and enable possible synergies with other financial instruments (e.g., IDH Farmfit Fund, Common Fund for Commodities, &green). Beyond those synergies, the objective will be to capitalize on the added value of each potential partners to enable an investment continuum that minimize potential gaps, be it sectorial or maturity wide, addressing therefore the 'missing middle' of small and medium-sized enterprises with a suite of complementary financial solutions.

To boost local agribusiness and green energy infrastructure development, this will entail targeting a diverse array of value chains to increase value addition and employment opportunities while creating essential backward and forward linkages across sectors (e.g. boosting access to clean energy through small-scale renewable energy investments in areas with high agro-ecological potential to simultaneously improve production). As a complementary strategy, after initial successful investments, the joint programme expects to mobilize the economic incentives and institutional capacity behind an energy policy for the sustainable management of wood energy and a divergent pathway to renewable energy sources.

As a follow-on to initial investments and development of a pipeline of bankable nature solutions, the joint programme will seek broader opportunities to finance strategic larger projects that potentially can stimulate co-financing and access capital markets. This include supporting CAFI in the potential integration of a Capital Acceleration Provider to unlock Innovative finance mechanisms.

SMART Output 2.1: Financial collaboration network established through public-private initiatives (1 network / min 5 LOIs/MOUs); IO: UNEP

The initial step for capital deployment will be to conduct a research and mapping of the financial and market ecosystem to tailor financial products, services, and instruments to the local context. The joint programme team is currently building a partnership coalition for resource mobilization and best technical application that includes interested impact investors, institutional investors, DFIs, MDBs that are interested to potentially co-finance investments and providing non-financial services.

Activities

2.1.1 Research, mapping, and design best financial and market ecosystem model applicable to local context (1 comprehensive study completed outlining types of financial / market products that are best tailored to countries in the region).

2.1.2 Build partnership coalition for resource mobilization and best technical application (#1 coalition built of interested impact investors, inst investors, DFIs, MDBs interested to potentially co-finance investments + #LOIs/MOUs completed).

SMART Output 2.2: Catalytic blended financial instruments deployed into anchor investment opportunities; IO: UNCDF.

The first investments will set the foundation for driving the desired impact. The strategy is to invest between $1M - $3M in 4-6 selected larger anchor investments over the 4 year project timeline that can address both an investment and impact thesis for strategic companies and sectors. Investments in core sectors such energy, ecotourism and/or larger agro-entreprises will constitute the foundation of nature based economic transformation in the targeted ecosystems. The long-term goal is to support the development of an extended pipeline of bankable nature solutions that is attractive to the private sector and capital markets.

For driving a sizable impact on the private sector, one of the first steps will be to conduct Request for Applications (RFAs) to systematically identify, assess, and build a pipeline of at least 20-30 potential bankable nature-based local enterprises over the 4 year project duration, leveraging CAFI's track record (Agroforestry, Reforestation, Perennial crops, Forest regeneration) and existing processes. Once a pipeline is identified, vetted, and negotiated, the joint programme team will pursue investments between $250k - $1,000,000k in 10-20 SMEs directly or through local investment vehicles e.g. SPVs, Facility Blended (first- loss, mezzanine, senior), and Bonds, over the 4 year project timeline. Each vehicle will mobilize and structure transactions for best performance scenarios. By linking investment to impact pathways, the joint programme aims to drive the paradigm shift in the focal sectors with nature-based models.

Activities

2.2.1 Conduct up to 3 Request for Applications (RFAs) to systematically identify, assess, and build a comprehensive database of at least 20-30 potential bankable nature-based local enterprises, through an adaptative approach.

2.2.2 Provide (reimbursable) grants of between $250k - $1,000,000k to 10-20 SMEs directly or through local investment vehicles.

2.2.3 Provide loans (and/or guarantees) of between $1M - $3M to 4-6 selected companies, sufficiently mature and able to absorb concessional debt (and potentially as larger anchor investment to stimulate co-finance by 3rd parties).

2.2.4 Support the pipeline of bankable nature solutions accessing capital markets and technical support to CAFI catalytic capital provider. [31]

d) Contribution of Outputs to CAFI Outcomes

The financial model and the sub-project profiles presented here are built based on real demand identified by UNCDF in target countries in alignment with CAFI's key thematic and sectoral outcomes (Agriculture, Energy, Forestry). It should be noted however, that the pipeline is indicative, and represents possible, but not yet secured, underlying sub-projects as the RFA went out to the public earlier than CAFI's call for proposals (RFA identified projects in June-August 2023). In accordance with the eligibility criteria, UNCDF will seek the most innovative sub-projects with scalability and will look to prioritize transactions entering the Pro-Congo pipeline based on the degree of potential to address the targeted outcomes of the programme and alignment with CAFI's objectives, Private Sector Investment Framework, and Sectoral Minimum Eligibility Requirements.
As part of the preparation of each sub-project, each executing agency will undertake financial management and regulatory compliance due diligence before the enterprise is deemed eligible to receive financing. Financial conditions of each specific financial instrument offered by Pro-Congo at sub-project level will be determined on a case-by-case basis at the time of pipeline structuring. Disbursements will be linked to performance, maintaining financial control and oversight of results-based management and funding.

In year 1 and 2 of the programme, the stage will be set to make the case for follow-on investments and co-financing by IFIs and DFIs. The aim is to scale up the initial portfolio and innovative investment models piloted and proven by the Pro-Congo programme team. To do this, the team will conduct up to 3 RFAs to systematically identify, assess, and build a comprehensive database pipeline of next round targets while also partnering with FIs to access their portfolios and position the Pro-Congo portfolio for further co-investment opportunities.

[31] Pro-Congo will not consider potential carbon revenues as they analyse investment opportunities until the CAFI carbon policy is finalized.

The first investments will set the foundation for driving the desired impact. The strategy is to invest between $1M - $3M in 4-6 selected larger anchor investments that can address both an investment and impact thesis for strategic companies and sectors over the 4 year project timeline. Investments in core sectors such energy, ecotourism and/or larger agro-entreprises will constitute the foundation of nature-based economic transformation in the targeted ecosystems. This targeted output will deploy a total of $7,9 million. The programme's RFAs will systematically identify, assess, and build a pipeline of at least 20-30 potential bankable local enterprises with business models around NbS. Once a pipeline is identified, vetted, and negotiated, the joint programme team will pursue investments through the provision of (reimbursable) grants of between $250k - $1,000,000k to 10-20 SMEs directly or through local investment vehicles and deploy a total of $4.5 million under the 4 year project timeline.

Indicative Company Profiles

Given that the UNCDF RFA went out to the public earlier than CAFI's call for proposals, the RFA applicants' profiles are largely consistent with addressing natural capital valuation. Typical activities include landscape restoration, sustainable forestry, sustainable agriculture. None is offering ecotourism solutions or sustainable woodfuel technologies (unless through partners, hence not directly attributable to this joint programme). In future RFAs, we expect a higher number of proposals suggesting cooking energy and alternative energy solutions more in line with CAFI's objective, frameworks and requirements. Only 3 companies are already using, or expect to use, carbon finance as a revenue generation. Assumptions and requirements of the CAFI guidelines have been discussed with RFA applicants at the time of writing the original joint programme document. All applicants falling under the “mature companies” category are already applying the requirements. Most applicants falling under “SMEs” are new to these. At the time of contract, RFA companies will have to submit and commit to an Environmental and Social Action Plan (ESAP), as a path to meet CAFI requirements. UNEP and UNCDF will support them with guidance (E&S framework), capacity building and technical assistance.

Table 4. Indicative Pipeline CAFI Pro-Congo + Leverage. The projections are indicatives and illustrative at this stage. Investment decisions are taken by respective UN Investment Committee and UN Senior Management only following selection and full due diligence according to UN RR.

Indicative Pipeline CAFI Pro-Congo + Leverage		Indicative investment targets	Alignment with CAFI
Agriculture		**Total Investment: $12M**	Investments will ensure alignment to CAFI Private Sector Investment Framework and sectoral minimum eligibility requirements as part of the functions under the programme's Technical Team.
Value-added crops: Agroindustry for both local consumption and export, product premium with zero deforestation, organic, fairtrade certification. Improved transport, processing, storage infrastructure and commercialization of agri-products (oil extraction, juicing, canning, drying, etc.).	***Value-added crops 1:*** Cooperative tea plantation that buys back the daily harvest of tea leaves by small-scale farmers for processing into Black Tea, which can be either exported or marketed locally for consumption in DRC. Link with hydropower for stable and affordable supply of clean energy to the cooperative of tea farmers.	**$3M**	As part of the measures under Pro-Congo's Technical Team to ensure investments are aligned with CAFI requirements, companies selected through the RFA processes will be supported to: Provide proof that land was not in forest in 2020 (forest non-forest map in 2020); a contractual commitment to eliminate deforestation from value chain will be included in the Performance Based Financing Agreement (PBFA); credible traceability system will be put in place or be included in the joint programme investment; GIS verification systems will be established as part of the programme aligned with CAFI guidelines on spatial data reporting; and the programme team's Monitoring Specialist will continuously monitor compliance with requirements. Breach of terms will be dealt with according to the PBFA. Add 20M$ deployed and leveraged in different value chains.
	Value-added crops 2: Coffee company that sources coffee through farmer cooperatives and processes it for exporting on local and international markets. Support to ensure compliance with deforestation-free regulations for EU markets.	**$3M**	
	Value-added crops 3: Cluster key supply chain services and infrastructure to provide farmer-market linkages and improve rural agricultural modernization and sustainability in agro-industry poles in Cameroon (cocoa, pepper, oil palm, banana-plantain, cassava, livestock, improved seeds)	**$4M**	
	Value-added crops 4: Development of innovative technological solutions for high	**$2M**	

	quality sustainable agricultural production, landscape regeneration and sustainable livelihoods in key value chains through agroforestry, food crops, agro-processing and fish farming.		
Energy (Wood Energy Substitution)		**Total Investment $40M**	Investments will ensure alignment to CAFI Private Sector Investment Framework and sectoral minimum eligibility requirements as part of the functions under the programme's Technical Team
Kivu Bio-Methane: Aim to reduce reliance on and competition for charcoal for energy. Lake Kivu contains substantial amounts of methane and CO2, which pose a major threat to the local environment and population – need to ensure extraction integrates the highest E&S safeguards and links to clean cooking stove initiatives.	***Biomethane 1:*** Responsible methane gas extraction from Lake Kivu to generate clean electricity through a PPP with the state-owned utility in DRC. Comprises offshore gas extraction facilities, 30 MW onshore power generation plant, and transmission line to distribute power to households/clean cooking solutions in Goma region. Additional: Bio-methane compressed gas bottling facility for gas-fired cooking. (Target: Have 1 Kivu bio-methane joint programme in the RDC which has secured funding and has started construction/execution phase. Kick-start the Kivu bio-methane industry within the DRC)	**$10M**	The business case for the Kivu Bio-methane will be power generation. To ensure alignment with CAFI requirements, the objective is that a fraction of the produced bio-methane is made available for clean cooking application. The target would be to have at least 10% of the produced bio-methane made available for clean cooking. Depending on the status of the investment this money can be used for studies or for joint programme financing. The $11M could be provided as a subordinate load, reimbursable grant, or a grant on the condition that 10% of the bio-methane is made available for clean cooking. A grant of $11M could enable a bio-methane joint programme since it would significantly improve the equity vs debt ratio.
Renewable Energy: involves responsible planning, environmental assessments, mitigation measures, and community engagement to balance energy needs with the preservation of natural assets and well-being of local populations.	***Renewable Energy 1:*** Enabling an increase in small-scale hydro power production. Investments in run-of-river hydropower plants, HV power distribution equipment and new households connections to the grid. (Target: 30MW, 15000 new household connections)	**$10M**	This will be linked to the electrical pressure cookers. 50'000 electrical pressure cookers would need roughly an additional 30MW of power generation. To ensure alignment with CAFI requirements, this would be conditional funding where the receiving company would have to commit to commercialize the 50'000 electrical pressure cookers. Successful pilot with 1000 electrical pressure cookers has shown a good uptake by households. On average 32 meals are cooked per month with is equal to a reduction of 100kg of charcoal per year. Using electricity also results in a yearly saving for the households in energy costs vs using charcoal. Hence, a good uptake is expected and the 50'000 electrical cookers is deemed realistic.
	Renewable Energy 2: Boosting the uptake of electrical pressure cookers. (Target: 50'000 households)cr	**$2M**	Renewable Energy 1 and Renewable Energy 2 are a combined action.
	Renewable Energy 3: Credit scheme to incentivize uptake of clean energy solutions for local communities based on granting of microcredits and awareness building, such as Solar Home Systems in DRC	**$5M**	In line with CAFI Private Sector Investment Framework.
	Renewable Energy 4: A series of medium and large scale solar-hybrid mini-grid projects that aim to generate and commercialize electricity using photovoltaic installation and battery energy storage systems, in conjunction with a medium and low voltage distribution network.	**$3M**	To ensure alignment with CAFI Private Sector Investment Framework and requirements, this will be linked to electrical cooking, namely measure "Renewable Energy 2". However, for small mini-grids the risk is that all produced electricity is used for other primary needs such as refrigeration, although micro-grid with solar energy could provide energy at a lower cost as charcoal. If this sub-project cannot ensure alignment to CAFI requirements, it will be excluded from the pipeline.
Liquid Petroleum Gas: LPG is a clean burning fuel which can be quickly scaled up. It is the ideal solution to	***LPG 1:*** *Subsidize the acquisition of a safe and reliable LPG cooker for poorer households to reduce the entry hurdle for adopting LPG.* (Target: 250'000 households)	**$5M**	In line with CAFI Private Sector Investment Framework.

create a significant switch in fuel consumption in the short term. The target is to have 400'000 households using LPG within the DRC. This corresponds to a yearly LPG consumption of 50'000tons per year, which represents a reduction of charcoal consumption of 200'000 tons per year. On the long term, LPG can be replaced with Bio-LPG or large-scale hydro power (ex. Grand Inga Dam).	***LPG 2:*** *Increase the LPG bottling capacity in the DRC Make sure that the distribution can follow the growing demand (Target: 7000 tons per month of bottling capacity)*	**$2.5M**	In line with CAFI Private Sector Investment Framework.
	LPG 3: *Construction of at least 1 LPG storage of more than 5000tons in the DRC Essential to enable the growth in LPG consumption within the DRC. Important that all market players have access to this storage facility.* *(Target: Enable a growth to 50'000 tons of LPG consumption per year)*	**$2.5M**	In line with CAFI Private Sector Investment Framework.
Forestry		**Total Investment: $8M**	Investments will ensure alignment to CAFI Private Sector Investment Framework and sectoral minimum eligibility requirements as part of the functions under the programme's Technical Team.
REDD+ Forest Management: Jurisdictional approaches to land restoration and reforestation linked with REDD+ schemes for revenue from carbon credits. $50/tonne of carbon represents a service with an annual value of some $55 billion or 36% of GDP of the Congo Basin (DRC representing the largest potential share).	***Forest Management 1:*** Involves setting up an R&D platform to select and produce germplasm best suited to the planted sites, for the various species (forest and agroforestry, agro-industrial) concerned as well as deployment of village and entrepreneurial plantations, in supply basins, around existing agro-industrial plantations.	**$1.5M**	As part of the measures under Pro-Congo's Technical Team to ensure investments are aligned with CAFI requirements, companies selected through the RFA processes will be supported to: Provide proof that land was not in forest in 2020 (forest non-forest map in 2020); a contractual commitment to eliminate deforestation from value chain will be included in the Performance Based Financing Agreement (PBFA); credible traceability system will be put in place or be included in the joint programme investment; GIS verification systems will be established as part of the programme aligned with CAFI guidelines on spatial data reporting; and the programme team's Monitoring Specialist will continuously monitor compliance with requirements. Breach of terms will be dealt with according to the PBFA.
	Forest Management 2: Jurisdictional approach to scaling up conservation areas and integration of agro-forestry practices. Aim to generate carbon credits with revenues to be reinvested in the field to perpetuate this virtuous cycle of reducing GHG emissions and improving communities' livelihoods and resilience.	**$6.5M**	In line with CAFI Private Sector Investment Framework. Alignment with CAFI Carbon Policy currently under development will be considered when the policy is finalized.
Business Venture Development (Forestry, Agriculture, Wood Energy Substitution)		**Total Investment: $5M**	Capacity building support will ensure alignment to CAFI Private Sector Investment Framework and sectoral minimum eligibility requirements and directly contribute to the development of a pipeline of eligible investments to support the Pro-Congo's investment strategy.
Business Venture Development:	**Cookstove Venture**: The company produces energy-efficient cookstoves and plans to use insights from the incubation program to inform its strategy for reducing production costs, making the cookstoves more affordable and increasing market share. The company is also exploring the potential of selling carbon credits to generate a complementary revenue stream, which could attract more investors and enable further investment in efficient manufacturing capacities.	**$2M**	To ensure continued alignment with CAFI requirements, the focus on cooking energy will be expanded to include other promising technologies that focus on point-of-use improvements and value chain transformation, like electrical pressure cookers for households or innovative LPG delivery models and Pay-as-you schemes for the value chain.
	Agroforestry Venture: Support revenue-generation models of agroforestry for farmer groups managing local community forest concessions that combine cocoa or coffee with other tree species in mixed land-use systems. The incubation program will assist with market research for the introduced commodities, including market demand, price analysis, and product positioning.	**$1M**	To ensure continued alignment with CAFI requirements, the critical sector focus on agriculture will be focused affordable local agricultural supply aligned with CAFI sectoral minimum eligibility requirements.
	Climate and Environmental Tech Venture : Provide geo-spatial technologies to identify, assess, and measure the environmental and social impacts of companies' sustainability programs, with the goal of	**$2M**	In line with CAFI Private Sector Investment Framework.

	aligning their business plans with nature-positive principles for sustainable and resilient transformation.		
Total Potential Investment: (Includes CAFI plus leveraging)		**$65M**	

Target Geographic Area and Programme Scope in alignment with CAFI Outcomes

The geographical scope for Pro-Congo includes DRC, Congo, Gabon and Cameroon as target countries within the Congo basin area. The target countries were selected based on the past and current sectoral and geographical joint programme presence and expertise of UNCDF and UNEP, which is further explained under section 4. A) in the ProDoc, and a pre-programme RFA which was launched by UNCDF in June-August 2023. Although the RFA went out to the public earlier than CAFI's Call For Proposals (CFP) and was not fully aligned with CAFI's objectives, it demonstrated that a pipeline of companies capable of absorbing catalytic capital existed in the CAFI-eligible target sectors in the current target countries. As such, Pro-Congo has adopted a broad sectoral scope, including the forestry, energy (wood energy substitution), and agriculture sector. However, the programme employes an adaptive approach to the scope of Pro-Congo's activities. The RFA processes (Activity 2.2.1) will be used to strategically source investment opportunities, with recommendations from CAFI, to define exact location and sector for sub-projects. In this process, building upon existing capacity in the field and enable possible synergies with other financial instruments (e.g., IDH Farmfit Fund, Common Fund for Commodities, &Green) will be prioritized. To aid this collaborative and dynamic process, a representative from the CAFI secretariat is invited to sit in the programme's steering committee. CAFI is also invited to provide recommendations of companies which will feed into UNCDF's database of potential bankable local enterprises, systematically identified and assesses through the RFAs.

Mobilizing Capital Markets and alignment with CAFI

In alignment with Pro-Congo's Activity 2.2.4, the long-term goal is to support the development of an extended pipeline of bankable solutions that is attractive to the private sector and capital markets by co-designing and launching innovative forest-positive financing mechanisms. Through this partnership, UNCDF, UNEP and CAFI will be strategically positioned to create the demonstration effects needed to support wider shifts in forest-positive financing across Central Africa. This foresees applying the lessons-learned from Pro-Congo's implementation to:

1. Pilot innovative financing solutions such as the CAFI Capital Acceleration Provider (CAFI 2.0)
2. Build strategic financing partnerships with DFI and others financing institutions capable to capture capital markets flows.
3. Solidify joint offering to the UN system and create an investment continuum across the CAFI continuum (from &Green to ICUN to IDH to Catalytic Finance and this UN Joint Programme).

The UNCDF Geneva Team has engaged in the design and development of the concept of Forest Performance Bonds (FPBs or FPB Series) based on an underlying portfolio of assets that leverages the economic, social, and environmental value of "forest assets," to drive the sustainable management, transformation, and protection of the Congo Basin forests.

The concept was initially to combine the market mechanics of green bonds with the performance-based model of Impact bonds. Similar to green bonds, the FPBs is issued to investors in conventional bond markets, or as debenture notes and will make coupon payments and principal repayments until their retirement. The bond proceeds will be used to disburse loans to an underlying portfolio of forest positive businesses (zero deforestation agro-industry, clean energy, water, sustainable forest management, etc.). Additionally, like impact bonds, the underlying portfolio will also receive payments for forest positive outcomes achieved. The premium payments will be distributed to businesses and local forest-dependent communities to support their sustainable transition to forest-positive models.

Aligned with the Pro-Congo investment rationale, the proposed FPB Series aims to mobilize private capital for financing businesses and sub-projects that will create a new forest-positive economic system and simultaneously enhance climate resilient ecosystem management and preservation of high-value forests in the Congo Basin region. Pro-Congo is the first 'proof of concept' project to leverage UNCDF and UNEP capabilities and build an underlying portfolio of nature-positive companies and projects (assets) to support a larger capital deployment intervention in the Congo basin countries. Under Output 2.2, the Geneva Team will be directly developing the investment case for scaling up private sector investment to a level that can unlock the potential of capital markets in support of the potential CAFI capital acceleration provider.

As the UN's flagship catalytic financing platform, UNCDF will leverage its unique capability to crowd-in finance for the scaling of development impact in Central African markets where other finance players typically overlook. CAFI is currently limited to financing through grants only. There could potentially be more efficient ways of spending the funds which can include: blending funds with private capital at the Fund level, deploying de-risking instruments (First loss in junior tranche), or others and Payment for results combining funding instruments with bond issuance or debt swaps.

In order to achieve this, CAFI stakeholders are looking to partner with nonprofit and for 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 to support activities related to the CAFI mandate. In July 2024, following more than a year of internal and external consultations, CAFI launched a call for expressions of interest to identify capital acceleration providers. The call aims to lead to developing new partnerships and new types of blended finance solutions, providing funding to private sector stakeholders to guide their investments and expertise towards CAFI's goals. Should CAFI choose to engage with a selected Capital Acceleration Provider, UNCDF recommends establishing a dedicated workstream to ensure alignment with the Pro-Congo investment strategy and the larger CAFI private sector portfolio. This would involve assisting CAFI in developing an operational model with the selected partner and providing expert advice to ensure the process adheres to UN standards throughout and create a CAFI investment continuum.

This workstream will also aim to explore Innovative Finance mechanisms to maximize positive and sustainable impact by creating strategic coordination between this Joint Programme and the CAFI selected Capital Acceleration Provider (CAP):

CAFI Capital Acceleration Provider[32]'s Role

- Facilitating Investment Flows: The CAP would specialize in accelerating the mobilization of capital by creating partnerships between public, philanthropic, and private actors. They would use their expertise to channel funding into blended finance vehicles that de-risk projects, making them attractive to private investors.
- Project Pipeline Development: The CAP would identify and develop a pipeline of investable projects that align with CAFI's mandate. Pro-Congo Engine investment funnel could support sourcing, focusing on forest conservation, carbon sequestration, and community development in the Central African region while ensuring synergies and complementarities.

Blended Finance Vehicles

- Tailored Investment Structures: Blended finance vehicles created with the support of Pro-Congo would combine grants, concessional finance, and commercial capital, aimed at achieving both environmental impact and financial returns. These vehicles which could include FPBs would be designed to align with the risk profiles and investment mandates of various stakeholders (e.g., foundations, development finance institutions, and private investors).
- Risk Mitigation Mechanisms: The CAP and its partners could create guarantees, first-loss capital structures, or insurance schemes to reduce the risk for private sector participation. Pro-Congo and the UNEP/UNCDF team will support the financial engineering design.

Engaging the Private Sector

- Public-Private Partnerships (PPP): Pro-Congo would foster PPP models that align with CAFI's goals, providing both financial and operational frameworks that attract investment while ensuring that private

[32] As per CAFI Executive Board September 2024 decision, the Capital Acceleration Provider could potentially be Catalytic Finance.

sector actors contribute to sustainable development goals.

Outcome Alignment with CAFI Mandate

- Sustainability and Impact: By combining the expertise of the CAP, non-profits, and private sector, the model would ensure that financial returns are aligned with CAFI's goals of preserving forests, reducing emissions, and supporting local communities.
- Monitoring and Evaluation: The CAP could benefit from UNEP/UNCDF rigorous monitoring, reporting, and evaluation policies to track the environmental, social, and financial outcomes, ensuring transparency and accountability for investors and donors.

Scalability and Innovation

- Scaling Impact: Pro-Congo, with its expertise in capital mobilization and partnership management, would help scale successful investment across regions, creating replicable models that attract further investment and broaden impact.
- Innovative Finance Solutions: Pro-Congo would continuously explore innovative finance mechanisms, such as impact bonds or environmental credit trading platforms, to enhance the financial sustainability of the CAFI investment portfolio and further crowd in private capital.

This Joint Programme will act as a bridge in support to the CAFI Capital Accelerator Provider, leveraging expertise from non-profit entities, de-risking projects through blended finance vehicles, and engaging private sector actors to scale impactful environmental projects.

NB: Pro-Congo will not consider potential carbon revenues as they analyse investment opportunities until the CAFI carbon policy is finalized.

Emission Reduction Potential

The below estimates show the indicative potential of Pro-Congo to significantly contribute to emission reductions in line with CAFI's objective. The Baseline Scenario is projected through a proportional method however the actual figures are more likely to be exponential due to the multiplier effects of exponentially scaling of capital deployment, technology adoption, and tree carbon sequestration. The leveraged (1:4 to CAFI ratio) and FPB (1:10 to Pro-Congo) scenario figures are for the scenario planning to demonstrate the magnitude of impact for the proposed interventions and can conceivably be applied to other target areas including hectares planted/conserved, MW generated etc.

The estimates were achieved using the following process:

- Sharing and explaining the CAFI guidelines for ex-ante estimation of emission reduction potential to all RFA applicants.
- Collecting data shared by companies per sector (i.e; total area of perennial crop in the agriculture sector, productive area of certified forest in the forest sector, total area under conservation for forest conservation).
- Running the figures using the formulas made available in the CAFI guidelines.
- Discussing the requirements, through interviews with 12 companies, applicants to the UNCDF August 2023 RFA cycle. Applicants have different levels of readiness, and some will need support in complying with the requirements. When contracted, RFA companies will have to submit and commit to an ESAP, as a path to meet CAFI requirements. UNCDF will support them with guidance and technical assistance, throughout the investment cycle.
- From the 12 companies that were interviewed, 3 mature and 4 SMEs provided acceptable figures, from which we draw an average ER profile per company size.
- All ERs were drawn from activities that would directly be attributable to UNCDF in case of funding through the RFA.

Under Pro-Congo's Outcome 2, the programme will deliver loans to mature enterprises (4-6 enterprises = average 5), and reimbursable grants to SMEs (average of 15) over the 4 years of the joint programme cycle. **Under this scenario, ERs estimates are up to a maximum of 6,163,114 tCO2e.** With more budget and capacity, the joint programme could provide up to 8 loans to mature companies + 30 grants to SMEs over the 4 years of the joint programme cycle. **Under this scenario, ERs estimates are up to a maximum of 10,774,916 tCO3e.**

NB: Within the limited budget of $14,996,738, ERs will likely be on the low scenario end. The high scenario nevertheless helps project what ER could look like if grants and loans increase as a result of an amended project document increasing funding based on results achieved.

Table 6. Estimated GHG emission reduction in tCO2e (ERs) Scenarios

Pro-Congo: Year 0-10 Scenario Estimates							
	RFA Basis			SME G Sub-Joint programme investments		Low	High
	All Applicants	Top 3	4 SMEs	Avg. per Loan	Avg. per Grant	5 L & 15 G	8 L & 30 G
Baseline Scenario*							
Per Year	734,065	581,742	152,322	193,914	38,081	1,540,779	2,693,729
4 years Pro-C Duration	2,936,260	2,326,968	609,288	775,656	152,324	6,163,116	10,774,916
Leveraged Scenario**							
Per Year	2,936,260	2,326,968	609,288	775,656	152,324	6,163,116	10,774,916
3 years Pro-C Duration	8,808,780	6,980,904	1,827,864	2,326,968	456,972	18,489,348	32,324,748
FPBs Scenario***							
Per Year	29,362,600	23,269,680	6,092,880	7,756,560	1,523,240	61,631,160	107,749,160
2 years Pro-C Duration	58,725,200	46,539,360	12,185,760	15,513,120	3,046,480	123,262,320	215,498,320
10 year FPB Duration	293,626,000	232,696,800	60,928,800	77,565,600	15,232,400	616,311,600	1,077,491,600
Unit: tCO2e							

*BASELINE Scenario: Based on Current Pipeline
Leverage Scenario: Portfolio, Sector, and Leverage Potential

Indicative Targets - Contribution to CAFI Outcomes for the 4 year project timeline

The table below table provides an overview of Pro-Congo's potential contribution to the Outcomes of CAFI's ToC, in which the numbers and targets are indicative. The indicative targets presented in the table are mainly estimates extrapolated from the stated intended impact of companies, generated from interviews with 12 companies identified through UNCDF's RFA in June-August 2023 (that went out to the public earlier than CAFI's call for proposals). Assumptions behind indicative targets for the energy sector were also estimated based on Pro-Congo's potential to create a clean energy investment pipeline that can be implemented in synergy with the DRC Energy Programme Phase II (under development by UNCDF, see section 5 of prodoc), and projections provided by Cambridge Econometrics (2020). Cambridge Econometrics (2020) estimates that the impact of 60MW of additional clean energy generation would have a significant impact on job creation in the Kivu Region. With increasing amount of clean energy solutions (clean cooking applications, LPG, hydropower) available to (rural and urban) communities around Virunga Park, there is an assumed acceleration in the growth of employment impacts associated with enterprises utilizing these. In 2029, operations of enterprises utilizing and providing clean energy solutions are estimated to increase employment throughout the DRC by 72,000, with around 2000 direct jobs in the value chain of LPG[33].

Considering that the numbers are mainly estimated from the earlier RFA that went out before CAFI's Call for Proposals, the future RFAs will enable more accurate joint programme targets and estimates as UNCDF will seek innovative sub-projects with scalability potential and look to prioritize transactions entering the Pro-Congo pipeline based on the degree of potential to address the targeted outcomes of the programme in alignment with CAFI's objectives, Private Sector Investment Framework, and Sectoral Minimum Eligibility Requirements.

[33] Cambridge Econometrics (2020) The Economic Impact of Virunga National Park 2020-2030. Available at: https://www.camecon.com/

Baseline and target data will be submitted to CAFI following the first phase of implementation as Pro-Congo implements activities, sources and invests in the deals that will form the backbone of the programme's results. Considering the importance of Pro-Congo to contribute to the CAFI ToC, RFA companies will have to submit and commit to an Environmental and Social Action Plan (ESAP), part of the Results Based Financing Agreement (RBA), as a path to meet CAFI requirements. UNCDF will also support them with guidance and technical assistance throughout the investment cycle. In the future and as part of Pro-Congo's ESAP, UNEP's Land Use Impact Indicators on job creation (LG 03) will be used, which addresses the employment associated with the sub-projects, whether through direct employment, or as tied to independent producers. This indicator is of particular value where projects are targeting smallholders, and/or looking to develop new employment opportunities to benefit joint programme participants and the local community. The proportion of job creation varies considerably by region but with a standardized base income there is opportunity for job creation measurement, especially those participating in the supply chain of the funded joint programme, e.g. jobs involved in the production of goods. The indicator is calculated as the sum of the number of jobs created that are attributable to the joint programme, with data collected with reference to gender and other protected characteristics where relevant (eg. population group, age, members of indigenous groups).

CAFI OUTCOMES 1-7	INDUSTRY	OUTPUTS	KEY INDICATORS	Units	INDICATIVE JOINT PROGRAMME TARGETS
3) Forestry sector and protected areas institutions and stakeholders have the capacity and the legal framework to promote, monitor and enforce sustainable management of forests; 5) Land use planning decisions ensure a balanced representation of sectoral interests and keep forests standing and better tenure security does not incentivize conversion by individuals, communities or companies; 4) Future infrastructure and mining projects minimize their overall footprint on forests; 6) population growth and migrations to forests and forest fronts are slowed down;	Forestry	Outcome 1, Outputs 1.1, 1.2 Outcome 2, Outputs 2.1, 2.2 Outcome 3, Outputs 3.1, 3.2	Reforested / planted	hectares (ha)	17,040
			Emission Reduction for landscape restoration	MtCO2e	706,687
			Land Use Plans Covered	hectares (ha)	24,000
			Direct (*50% of whom are female*)	# of jobs	2,000
4) Land use planning decisions ensure a balanced representation of sectoral interests and keep forests standing, and better tenure security does not incentivize conversion by individuals, communities, or companies; 1) Sustainable agricultural practices lead to less land conversion and increased food security;	Agriculture	Outcome 1, Outputs 1.3 Outcome 2, Outputs 2.1, 2.2 Outcome 3, Outputs 3.1, 3.2	Indicative Pipeline Investments	# of sub-projects	5
			GHG emissions reduced from farm practices	MtCO2e	27,378
			Out-grower schemes created	# schemes	1
			Indirect Forest Conservation (ha)	hectares (ha)	101,000
			Direct job Creation (*50% of whom are female*)	# jobs	3,500
2) Sustainable alternatives to current wood energy practices are adopted;	Wood Energy Substitution	Outcome 1, Outputs 1.3, Outcome 4, Output 4.1, 4.2	Indicative Pipeline Investments	# of sub-projects	3
			Energy Generation	megawatts (MW)	60MW
			LPG uptake	Tons per year	50'000 tons per year
			Charcoal substitution	Tons per year	225'000 tons per year
			Emission Reduction	MtCO2e	1,100,000
			Indirect Forest Conservation (ha)	hectares (ha)	12'000ha
			Cookstove Conversions	# conversions	475'000
			Direct and indirect job Creation (*50% of whom are female)*	# jobs	80'000
7). Better inter-ministerial coordination and governance resulting in a permitting, enforcement and fiscal regime of economic activities that do not push economic actors to forest conversion and illegal activities; and a business climate favorable to forest-friendly investments.	Institutional	Outcome 1, Outputs 1.2, 1.3 Outcome 2, Outputs 2.2. Outcome 4, Output 4.2	Congo Basin Countries	# number of countries	4
			Capacity-building Workshops and Training (*50% of whom are female)*	# of workshops	12
			Land Use, Carbon Policy Integration	# of integrations	4

e) Description of beneficiaries' capabilities

Investment Target Beneficiaries

The majority of the enterprises that this programme will be sponsoring are in an early stage, from a seed stage to growth and expansion stages, more explicitly (M)SMEs in need of strategic capital and know-how, and technologies. For this level of maturity, several key areas of capacity building are crucial in order to develop (or shift to) nature-positive business models that generate revenues and attract funding while being able to comply with quality assurance (QA), reporting and programme standards. Enterprises need to have a comprehensive understanding of what constitutes a nature-positive business model and how to effectively integrate these principles and strategies into a profit-generating model that can drive and support the intended outcomes of Pro-Congo. To accomplish this, the companies must have access to technical expertise in fields such as conservation biology, nature-based solutions, forestry management, business/market acumen, sustainable agriculture, and the corresponding BATs.

This capacity building knowhow will support enterprises to develop and implement effective nature-positive strategies that align with their own core competencies and capabilities. However, to scale, enterprises must not only demonstrate revenue generation but also financial viability to potential investors. Thus, scalability is essential to achieving the intended nature-positive long-term outcomes of the programme. Capacity building in the form of training in investment readiness will also be required in order to prepare enterprises to articulate their business plans, investment and impact returns, and their overall value propositions to attract future funding and partners. Pro-Congo's support to enterprises will also entail building these relationships with local communities, indigenous groups, government agencies, NGOs, private sector entities, and other stakeholders (with a gendered approach) which will be essential for fostering the partnerships that align strategic goals of company growth and contribution to CAFI outcomes.

In addition, enterprises will need robust monitoring and evaluation systems to track and assess progress towards nature-positive goals, and report on outcomes to programme investors, donors, and stakeholders. The capacity building in monitoring and evaluation will educate enterprises to design effective metrics, collect relevant data, and analyze results to continuously improve their performance. Enterprises need to understand and comply with relevant environmental regulations, reporting standards that incentivize transparency and performance while enhancing their credibility and overall attractiveness to investors. Another clear capacity provided by the programme will be the exposure to technologies and innovation. Leveraging technology will enhance the efficiency, effectiveness, and scalability of nature-positive business models. Knowledge and access to technology equips enterprises with the capabilities to adopt and adapt emerging technologies, such as remote sensing, blockchain, digital payments, and data analytics, Ag-tech, and other BATs to support their nature-positive goals.

Community and Workforce Beneficiaries

To drive a paradigm shift, capacity building will be essential at the community and individual workforce level to support the mindset and activities shift with respect to new economic incentives that run counter to long-held traditional approaches to economic gain and the environment. Training and skills development by by portfolio enterprises will be required to the local communities to enable them to participate in the newly created economic opportunities. Training should integrate indigenous perspectives into joint programme design and implementation and take ownership of nature-positive initiatives by building their capacity to manage natural resources sustainably. Formalized capacity building shall include training business models around NbS along with sustainable agriculture techniques, agroforestry practices, natural resource management, biodiversity conservation, and eco-tourism initiatives. Training programs should be designed in collaboration with local stakeholders, business, and delivered in accessible formats, such as workshops, field demonstrations, and experiential learning activities. Improve access to information, resources, and technologies that can enhance the livelihoods and well-being of local communities. This may involve providing access to market information, agricultural inputs, renewable energy technologies, and financial services to support income generation activities and economic empowerment.

Indigenous Peoples and Local Communities

Indigenous people and local communities (IP and LCs) possess generations of traditional knowledge about sustainable resource management and are deeply connected to their natural environment. Leveraging this expertise is essential for unlocking sustainable development pathways that are harmonious with nature and culturally sensitive. Secondly, these communities are often marginalized and excluded from mainstream development plans, leading to missed opportunities for inclusive economic growth. By investing in green skills and integrating indigenous communities into NbS projects, not only are we tapping into valuable knowledge resources but also promoting social equity and empowerment within these communities.

Moreover, many indigenous communities in the Congo Basin are located in cross-border areas prone to conflicts. Incorporating these communities into regional NbS initiatives not only builds resilience within them but also contributes to overall regional stability by reducing resource-related tensions and promoting collaborative approaches to natural resource management. Lastly, the current economic models often overlook the non-monetary values that indigenous communities bring, such as cultural heritage preservation and sustainable practices. By recognizing and valuing these contributions within NbS economies, we not only enhance economic opportunities but also foster innovation and creativity within the green economy, paving the way for more holistic and sustainable development in the region. Engagement with IP and LCs will be done by companies receiving support from the Pro-Congo programme.

f) National ownership and sustainability of the joint programme

The joint programme strategy is designed to prioritize national ownership and ensure the long-term sustainability of joint programme outcomes. Additionally, the joint programme will promote stakeholder engagement and collaboration to foster a sense of ownership and collective responsibility for sustaining joint programme activities. This approach aims to institutionalize joint programme initiatives, integrate them into existing systems and structures, and create a supportive environment for ongoing operation and maintenance, thereby ensuring the continuation of benefits and impact over the long term.

- **Technology Transfer:** Providing investment in companies that boosts access to essential technologies, equipment, and tools necessary for joint programme implementation and maintenance. This may involve transferring hardware, software, and technical know-how to local stakeholders, enabling them to independently manage and sustain joint programme activities.
- **Energy and Power Infrastructure:** Developing energy and power infrastructure, including renewable energy sources, grid connectivity, to ensure reliable access to electricity for joint programme activities. Energy infrastructure investments enhance productivity, support economic growth, and reduce dependency on external energy or non-renewable sources, contributing to long-term sustainability. 'Soft' infrastructure to include energy policy advisory complete with supportive impact data and other KM products.
- **Agricultural and Agro-processing:** Establishing agricultural infrastructure, such as capex on smart irrigation systems, storage facilities, processing plants, and market linkages, to support agricultural productivity, value addition, and market access. Investing in agricultural infrastructure enhances food security, increases rural incomes, and fosters economic resilience, contributing to the sustainability of rural livelihoods.
- **Soft infrastructure and mechanisms for environmental protection and monitoring;** including protected forest areas, land use and management plans (forestry and agricultural) that included defined biodiversity corridors, defined buffer areas etc. for sustainable land management. To be accompanied by monitoring systems equipment and a trained workforce.

4) Results framework

a) Results Frame

See full Results Framework in APPENDIX 6 (Attached Excel)

Some of the exact targets and baselines cannot be provided at the stage of programme approval as they will be dependent on the outcomes of the RFA processes (2.2.1). CAFI's mandatory indicators require additional details on the specific landscapes where the programme will be implemented. As the portfolio takes shape, a clearer understanding of the specific investments and their impacts in the selected landscapes will emerge, allowing for more precise targets and baselines to be established.

The results framework will also be revised based on the detailed verification methodology, which will be developed in the context of this CAFI funded joint programme. This methodology will be developed jointly by CAFI, UNCDF, UNEP and the independent auditor during the first 6 months following programme start. The revision will be conducted in accordance with ISO 14064 standards. The methodology will specify detailed performance indicator(s), baselines and targets, methodology for monitoring, reporting and verifying the results, the periodicity of verification and the recommended level of payment per unit of results.

Given that verified results will inform CAFI's decisions regarding the possible amendment of this projects to increase funding, the programme team will ensure that the verification methodology's indicators are systematically incorporated into the RFA design and investment term sheets. This will ensure that the intelligence gathered from companies is not only aligned with CAFI's reporting metrics but also contributes to the accumulation of useful market intelligence to support CAFI's work. Baseline and target data will be submitted to the independent auditor and Included In the verification methodology following the first phase of implementation as Pro-Congo implements activities, sources and invests in the deals that will form the backbone of the programme's results.

b) **Letter of Intent milestone fulfilment matrix**

See full Letter of Intent milestone fulfilment matrix in APPENDIX 7 (Attached Excel)

5) Coherence and synergies with existing projects

Since 2018, UNCDF, in partnership with UNDP, has been implementing the joint programme *Sustainable Consumption and Partial Substitution for Wood Energy in the DRC*, with support from CAFI under the FONAREDD portfolio. This program will conclude by 2025. UNCDF's proposed second phase energy program currently under development, *DRC Energy Investments to Reduce Deforestation/DRC Energy Programme II* is an expansion based on achievements and lessons learned during the first phase of implementation, while responding to improving market dynamics for the scale up of alternative energy solutions. Pro-Congo, with its broader sectoral scope and geographical target area, will work as a regional platform to strategically link joint programme activities between Pro-Congo and the DRC Energy Programme II in DRC, ensuring coherent and complementary coordination of interventions. Pro-Congo will support the enabling environment in DRC for follow-on and complimentary catalytic energy investment by DRC Energy Programme II.

Addressing CAFI's LOI 2 to the government of DRC, to reduce by 50% the share of unsustainable wood-fuel used for cooking in the main urban centers (Kinshasa, Mbuji-Mayi, Lubumbashi, Kisangani, Goma and Bukavu), the DRC Energy Programme II will employ an integrated approach with the following key components:

1. Electrification to support value chains with reduced impact on forests, including agroforestry in special economic zones and community solar panels linked to PIREDD and PES work.
2. Investment in industrial and semi-industrial cookstove production plants and Clean biomass production facilities.
3. Catalyze the LPG market (Kinshasa) and support Biomethane production (Kivu) through import, storage, distribution and filling infrastructure (consortium), and support consumers to access cooking equipment (ANSER, Banks).

As part of Pro-Congo's strategy to lay the foundation for driving the desired impact, the programme will utilize selected larger anchor investments that can address both an investment and impact thesis for strategic companies in the target sectors, including the clean energy sector. Investments in the core sectors will constitute the foundation of nature-based economic transformation in the targeted ecosystems. The aim is to support the development of an extended pipeline of bankable nature solutions that is attractive to the private sector and capital markets, creating an 'engine of growth' in the long-term.

As such, both Pro-Congo and the DRC Energy Programme II aim to make nature-positive enterprises more investable by focusing on different aspects. Pro-Congo will support a range of sectors, **including clean energy**, to build a bankable pipeline of nature positive enterprises and scale investments in deforestation-free commodity supply chains. The DRC Energy Programme II will provide targeted technical assistance to local clean energy producers to enhance their investment readiness. Together, their efforts complement each other by improving the investment landscape in the clean energy sector and an enabling environment for nature positive enterprises, thereby amplifying the collective impact.

Programmatic and Economies of Scale synergies

- **Combined Investment Readiness:** Pro-Congo and the DRC Energy Programme II both enhance the investment readiness of nature-positive and clean energy enterprises. By aligning their efforts, they create a more robust investment landscape to attract both foreign and domestic capital. This integrated approach reduces duplication of efforts and leverages CAFI's resources to maximize impact across sectors.
- **Streamlined Access to Financial Instruments:** The DRC Energy Programme's II focus on clean energy investment readiness complements Pro-Congo's broader goals of creating a bankable pipeline for nature positive enterprises with nature-based solution (NbS) business models. By combining their financial tools – such as loans and/or guarantees, and grants – both programs can provide more comprehensive financial support, reducing barriers for SMEs and amplifying their growth potential.
- **Integrated Development Strategies:** By aligning Pro-Congo's focus on sustainable commodity supply chains and transformative agroindustry with the DRC Energy Programme's clean energy solutions, both programs create a unified approach to sustainable development. Pro-Congo will strategically link joint programme activities to create a self-sustaining virtuous cycle of nature-based solutions (NbS) by integrating investments, policies, and communities to amplify overall impact. The DRC Energy Program supports this cycle by focusing on generating and supplying clean energy, which powers NbS initiatives like agro-processing and agroforestry, which are integral to the DRC Energy Programme's II electrification activities. This integrated strategy ensures that investments in clean energy not only reduce deforestation but also support broader NbS initiatives, leading to greater developmental and nature positive impact.

Cost Reduction Potential

- Programmatically, there are opportunities for Pro-Congo to develop an energy investment pipeline that can be implemented by the DRC Energy Programme II, alongside other investors. Practically, this means that instead of carrying out separate RFA processes and engaging two separate investment teams, UNCDF's regional investment specialist will work across both programs to develop and execute investments in a cost-effective manner. This will ensure that both programs can focus resources on investment transactions versus operational costs, when opportunities overlap.
- In terms of timeline, as Pro-Congo is anticipated to start implementation earlier than the DRC Energy Programme Phase II, advanced RFAs could lay the groundwork for some of the pipeline development and market scans that are required at the start-up of the DRC Energy Programme II. That way, the programme can focus on specific transaction feasibility and environmental studies, or technical assistance that would be required pre-investment, for opportunities identified by Pro-Congo.

Table 7. Synergies and linkages – Pro-Congo and DRC Energy Programme II

	PRO-CONGO: Catalytic Private Sector Investment in Congo Basin Natural Capital	DRC Energy Investments to Reduce Deforestation/ DRC Energy Program II

Implementing agencies	UNCDF, UNEP	UNCDF, UNDP
Status and implementation period	Start: 2025 End: 2028 Total duration (in months): 48	Start: 2025 End: 2030 Total duration (in months): 60
Service area and countries	Forestry, Agriculture, Energy DRC, Congo, Gabon, Cameroon (Central African Republic, Equatorial Guinea)	Energy DRC
Objective(s) and expected results	Create a new and self-sustaining path towards resilient, equitable, and green economic growth that values nature and its derivate services creating a paradigm shift in the most vulnerable ecosystems and communities in Central Africa.	Create the conditions for self-sustaining economic growth of clean energies which will reduce the demand for non-sustainable wood energy as fuel. This will ultimately reduce deforestation rates and improve the quality of life and health of the local population.
Relevance for synergies	**Pro-Congo Regional Platform Initiation** De-risking and Enabling for follow-on Catalytic Energy Investment • Market intelligence studies for developing economic case and overcoming inherent country risk, business ecosystem development, and risk mitigation approaches and systems; • Anchor investments in energy supply chain infrastructure and alternative energy projects including 4 potential energy projects for wood energy substitution w/ total estimated 60MW, each energy joint programme is integrated with all other sector investments to become off-takers • Build 2nd generation of ventures of alternative energy companies, projects and industry professionals including 50 potential NbS entrepreneurial ventures; • Integrate investment and sector linkages of alternative energy to other projects/enterprises and enabling critical energy chain nodes.	**Pro-Congo + DRC Energy Impact Scaling** • Conversion of informal industry/jobs of wood energy harvesting opportunities with strong short-term extractive incentives to NbS business and job creation; • Continued integration of investment and sector linkages of alternative renewable energy to other projects/company off-takers.
Description of proposed operating procedures for relevant and effective synergies promoting cost reductions for CAFI fund and FONAREDD	• Pro-Congo has the potential to create an energy investment pipeline that can be implemented alongside the DRC Energy Programme II, allowing UNCDF to coordinate investments across both programs, reducing operational costs and maximizing resource allocation. • The anticipated start of Pro-Congo provides an opportunity to use advanced RFAs to prepare pipeline development and market scans for the DRC Energy Programme II, allowing the program to focus on transaction feasibility, environmental studies, and technical assistance for identified opportunities.	

6) Joint programme governance

a) Governance bodies

Ensuring the successful implementation of any complex joint programme requires a strong and well-defined governance structure. The Steering Committee will be comprised of representatives from UNCDF, UNEP, and CAFI. The exact composition and number of members will be determined based on the final joint programme scope. A transparent selection process will be established to ensure a balanced and representative committee with the necessary expertise and commitment. The steering committee will seek advice and input from the Advisory Board, comprised of key Government representatives and members from civil society identified through the stakeholder engagement strategy. The Steering Committee will play a pivotal role in shaping the joint programme's strategic direction. Their critical responsibilities in this area include:

- **Setting Long-Term Vision:** Defining the joint programme's long-term vision and objectives, ensuring alignment with overarching development goals and the Theory of Change.
- **Charting the Course:** Providing high-level strategic guidance to inform the development of Investment Plans, identifying priority areas and ensuring efficient resource allocation.
- **Cultivating Collaboration:** Fostering partnerships between stakeholders, advocating for the joint programme's objectives, and promoting transformative change within the target sector.
- **Monitoring Progress:** Conducting annual reviews of the joint programme's progress, assessing achievements against goals, and identifying areas for improvement.
- **Evolving Together:** Reviewing and endorsing revisions to the Theory of Change, ensuring it remains relevant and adaptable to changing circumstances.
- **Guiding Implementation:** Provide a Programmatic Decision & Oversight function to the Programme Management Unit.
- **Resource Mobilization:** Spearhead resource mobilization efforts towards the programme and network.

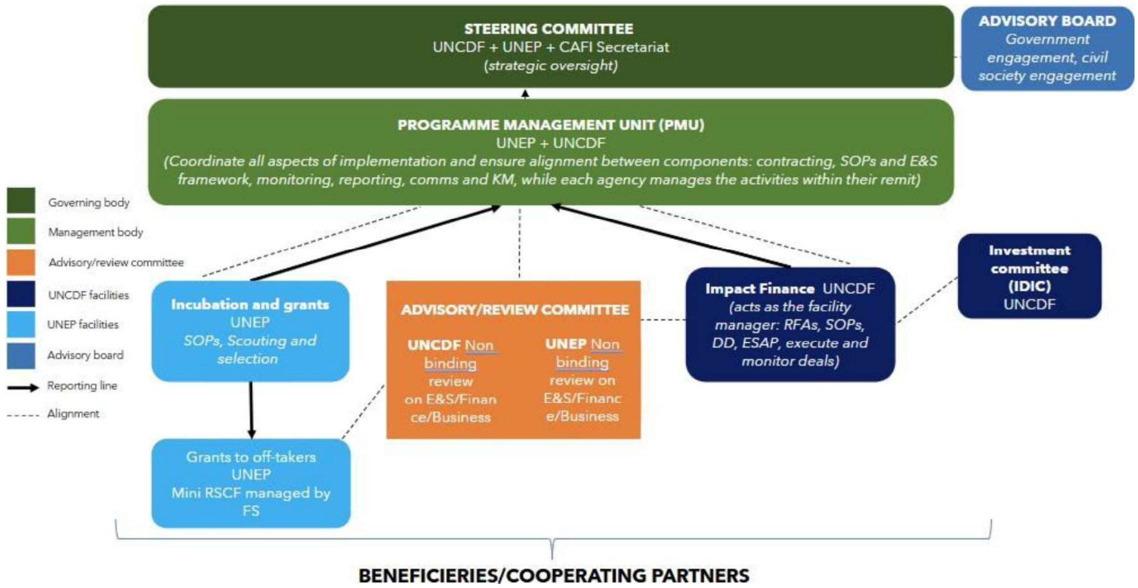
Effective communication and transparent decision-making are crucial for the Steering Committee's success. The committee will convene at least twice annually, either in person or virtually, to discuss key issues and make informed decisions. Quorum will require two-thirds of members to be present, and decisions will be reached through consensus. The Steering Committee is committed to operating with transparency and accountability. All joint programme reports and meeting minutes will be readily available to stakeholders, and the committee will regularly present its findings and recommendations to CAFI's Executive Board and Secretariat. This level of transparency ensures that all stakeholders are kept informed and involved, fostering trust and confidence in the joint programme's governance.

In support of the Steering Committee and to oversee the management of the joint programme, a joint UNCDF-UNEP senior management team will meet on a regular basis to actively oversee the joint programme's day-to-day operations and programmatic aspects. Key responsibilities in this domain include:

- **Program Management:** Overseeing the implementation of the Explorer and Factory Accelerator programs, reviewing performance, and approving necessary portfolio revisions.
- **Setting the Rules:** Reviewing and approving the joint programme's policies and procedures, ensuring clarity and transparency in decision-making and operations.
- **Investment Guidelines:** Defining investment criteria and eligibility requirements, establishing allocation limits, and approving the overall investment strategy.
- **Expert Reviews:** Reviewing and approving/rejecting technical investment reviews presented by the UNCDF Investment Committee.
- **Risk Management:** Regularly reviewing the risk matrix, providing guidance on risk mitigation strategies, and ensuring proactive management of potential challenges.
- **Financial Accountability:** Reviewing annual and final financial reports, ensuring responsible fiscal management and adherence to budgetary guidelines.
- **Learning and Adapting:** Commissioning independent evaluations and lessons learned exercises to capture valuable insights and inform future improvements.

By adopting this robust governance structure, the joint programme aims to ensure clear roles, responsibilities, and communication channels. This collaborative approach will ultimately maximize the joint programme's impact and achieve its intended goals.

Table 8. Pro-Congo Governance Structure



b) Joint programme management

The joint programme management unit (PMU) will build on UNCDF's growing regionally based team with relevant support in DRC, where UNCDF has an office based in Kinshasa and has been implementing a series of projects, including *Sustainable Consumption and Partial Substitution for Wood Energy in the DRC*. The P5 Deputy Director of UNCDF NAT is currently deployed in the region with additional staff, including finance specialists and programme support staff. The UNCDF investment specialist based in the region will work across both Pro-Congo and the DRC Energy Programme Phase II, currently under development, allowing UNCDF to coordinate investments, reducing operational costs, and maximizing resource allocation as well as scale of impact. The Director of Nature Assets and the UNCDF global/regional Financing and Investment Team - together with the Head of UNEP's Climate Finance Unit - provides the overall oversight and technical financial support for current programme implementation.

The programme will draw on the support of selected experts from UNEP and UNCDF, including specialists with the requisite qualifications and experience in technical assistance, as well as in assessment, monitoring, and evaluation, and Social and Environmental Safeguards (E&S), including but not limited to:

- **Programme manager** - Responsible for overall programme coordination, compliance and reporting.
- **Sectoral NbS Investment specialists** - Three experts with the requisite qualifications and experience in technical assistance and investments in target sectors (energy, agriculture, forestry), to support with TA.
- **UNCDF Investment specialist** - coordinating investments on clean energy pipeline across Pro-Congo and the DRC Energy Programme Phase II.
- **RFA manager** - To oversee and coordinate RFA processes, drawing on expertise from technical experts on NbS investments.
- **Capital market specialist** - To provide tailored support to the pipeline of bankable companies in accessing capital markets.
- **E&S specialists** - UNEP E&S staff supervising E&S work, coordinating with CAFI on safeguards and gender, and regionally based staff to develop the programme's E&S framework (including safeguards, gender analysis and action plan, IPLC engagement plan, companies screening tool, due diligence, Environmental and Social Action Plan, monitoring templates).
- **Risk Management and Compliance officer** - To support with review, compliance, and oversight of companies, and ensure operationalization of the Environmental and Social Action Plan (ESAP).

- **M&E specialists** - Two UNEP M&E specialists, and one UNCDF M&E specialist for assessment, monitoring, and evaluation.

Investment process

UNCDF fully digitalized and streamlined its investment sourcing, screening, and decision-making procedures, while maintaining or even enhancing its level of due diligence, cost-effectiveness, accountability, and control. The grant architecture is now designed to have a rapid turnaround time from application to delivery to inject much-needed capital to selected grantees and ensure their sustainability and protection of jobs and livelihoods in the targeted countries and sectors.

The finalized investment packages are presented to UNCDF's **Investment and Disbursement Impact Committee (IDIC).** The committee reviews the proposal, considers the due diligence outcomes, and provides a recommendation on whether to proceed with the investment. Upon receiving a positive recommendation from the IDIC, UNCDF proceeds to formalize the investment through the signing of a financing agreement. This agreement outlines the terms, conditions, and responsibilities of both parties - UNCDF and the joint programme beneficiary.

UNEP’s Climate Finance Unit market development team has various mechanisms to disburse funds to private entities. For one of the proposed mechanisms, the Restoration Factory, a procurement process is currently taking place to select one or several preferred implementing entities. The chosen entity(ies) will also contract local enterprise support organizations to help with the facilitation of the Restoration Factory. For Enterprise for Nature, UNEP CFU aims to use the existing financial and governance structure that was set up for the Restoration Seed Capital Facility, whereby a) a 3rd party Trustee was selected (Frankfurt School Financial Services); b) an agent (Frankfurt School UNEP Collaborating Centre; c) an independent Investment Advisory Committee; as well as d) an executive Steering Committee. Such a structure enables a lean process to contract private entities that meet the eligibility and impact criteria.

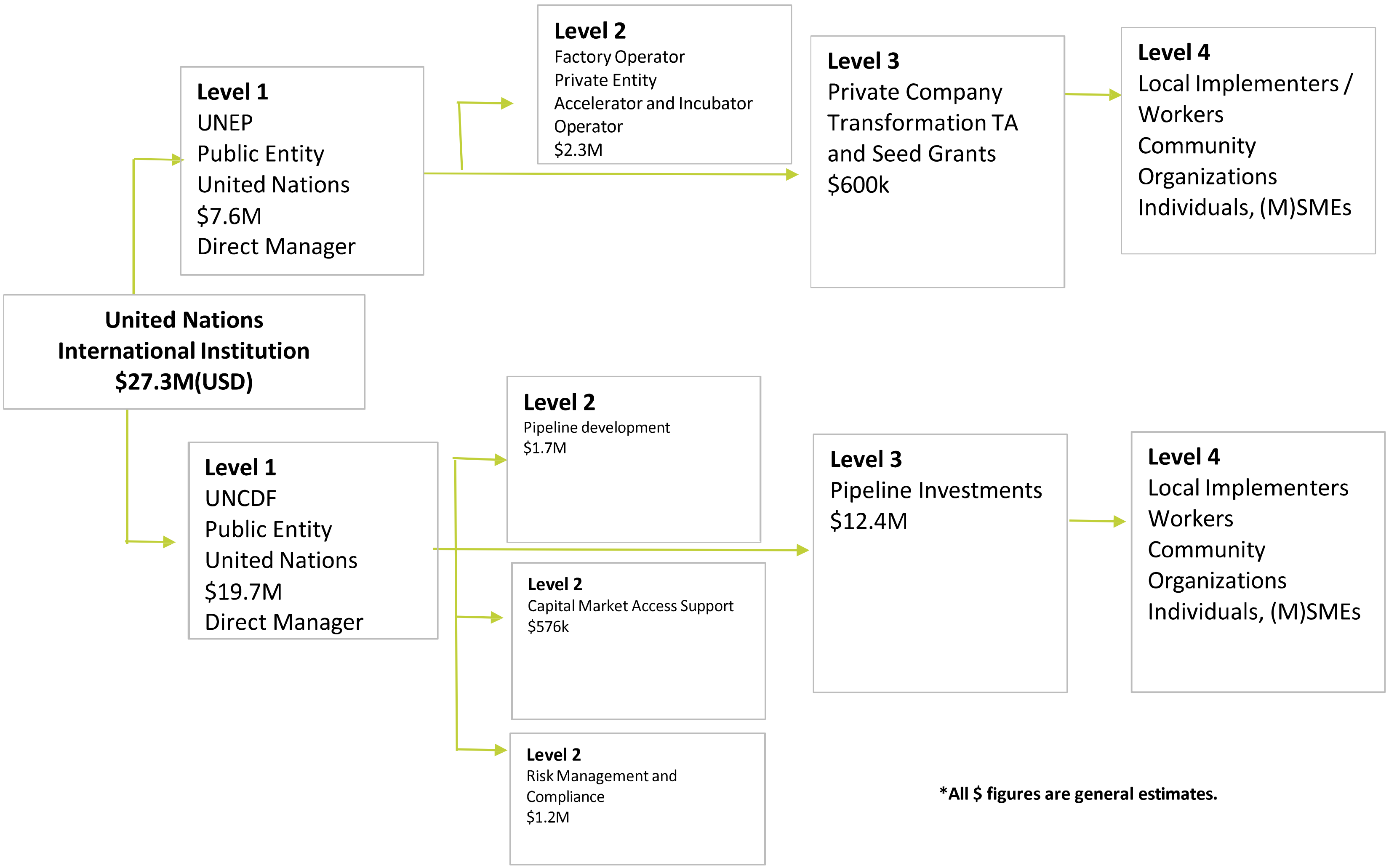
UNEP/UNCDF Advisory/Review Committee

The lead organizations will source beneficiaries including enterprises/sub-projects, and Financial Intermediaries (FIs) through Request for Applications (RFAs) in line with UNCDF’s rules and procedures for a competitive selection process. The screening and shortlisting processes will be conducted internally within the PMU through an Advisory/Review Committee. At a minimum, such a committee will include two manager-level (P4 or higher) reviewers from UNCDF and UNEP, two UNCDF technical experts from within or outside the PMU. Upon review, the committee will forward its decision to the Head of NAT for clearance at the unit level before the submission to UNCDF Investment Disbursement and Impact Committee (IDIC). Investment Decisions are at the sole discretion of UNCDF. Through the Advisory/Review Committee, UNEP will provide a non-binding technical opinion, focused on safeguards and E&S impacts related to RFA applicants, and UNCDF will provide a non-binding technical opinion on UNEP's Incubation and Venture Growth activities.

The Adaptative Management principles will specifically applied to the RFA processes as a way to improve and expand Proc-Congo delivery, learning from each RFA and bringing this into the next process in a dynamic way consistent with the long term vision and ambition of CAFI.

Appendix 12 of this document is the **UNCDF NAT Investment Policy** that details out the Request for Applications (RFA) process, the complete Due Diligence (DD) including the Credit Risk Analysis, E&S review, and analysis, as well as the overall internal approval process. Each of which, all align with the UNCDF Standard Operation Procedures (SOPs) within the overall Programme and Operations Policies and Procedures or POPP.

Graphic Flow of Funds 4 year project timeline



***All $ figures are general estimates.**

c) **Capabilities and experience of implementing organization and its partners**

UNEP

In this joint programme, UNEP will take on multiple roles to support resilient, equitable, and environmentally conscious economic development that prioritizes the value of nature and its associated benefits, catalyzing transformative change within the most fragile ecosystems and communities of the Congo Basin countries.

UNEP's Climate Finance Unit (UNEP-CFU) actively works to develop innovative (blended) finance and business solutions to shift capital towards more sustainable forest and agri-food systems with verifiable positive impact on nature, climate and local communities. In doing so, we aim to develop into a leading hub, facilitator and public-private platform to generate an inclusive social and economic paradigm shift towards making sustainable land use ultimately the 'new norm'.

In line with UNEP's Programme of Work and its Medium-Term Strategy UNEP-CFU aims for public and private capital to increasingly and systematically finance projects and enterprises that achieve 'net zero, nature positive' and social impact across the forest and agri-food value chains. Overall, awareness of the financial materiality of biodiversity loss is rising. Enterprises and finance institutions can make a significant contribution to accelerating the transition to net zero, nature positive and equitable investments required by 2030.

This requires vision and willingness by governments, enterprises, and civil society to put nature and climate investments at the heart of future economic growth. Additionally, governments through regulation, economic incentives and standard setting can advance the transition towards greening finance. UNEP's Climate Finance Unit contributes to this much-needed acceleration with results obtained in six impact areas across the sustainable land-use finance value chain:

1) **Innovative Financial Solutions**
2) **Impact investing and early-stage business development**
3) **Scaling up sectoral commitments**
4) **Fiscal incentives**
5) **Positive indicators and targets**
6) **Finance risks and opportunities**

UNEP has an extensive track record of successfully managing multilateral-funded programs, including GEF. UNEP-CFU currently has one full-time staff focused on joint programme management, finance and administration, supported by finance and HR teams in Geneva and Nairobi. Additional joint programme management support and technical expertise will be hired for this joint programme, where required. CFU has experience contracting private sector and finance partners: Frankfurt School Financial Services for RSCF, Bridge for Billions for the Restoration Factory. The unit has developed and implemented the operational structure for the Restoration Seed Capital Facility and advised Rabobank on the design of the Agri3 fund. These facilities have rigorous environmental & social impact and risk management frameworks, a solid governance structure and 'standard operating procedures' (SOPs) to facilitate professional roll out.

UNCDF

The United Nations Capital Development Fund (UNCDF) is the UN's impact investment agency. Unique in the UN system, UNCDF can deploy a spectrum of financing solutions and technical assistance to enterprises that have a positive impact on achieving the Sustainable Development Goals. To ensure development and financial additionality, the UNCDF looks to invest in niche market opportunities where finance is not yet flowing predictably because of real and perceived risks; the recipient can make productive use of the capital and ensure repayment, UNCDF has the potential to mobilize additional capital flows. UNCDF aims to accelerate financing for development in the LDCs by supporting them to achieve three interlinked strategic game-changers:

1. **Catalyze additional private and public flows of capital;**
2. **Strengthen market systems and financing mechanisms;**

3. Accelerate inclusive, diversified, green economic transformation.

To fulfil the vision outlined in the UNCDF Strategic Framework that nature must become a central pillar of economic and financial decision-making, UNCDF is dedicated to achieving a strategic shift from viewing nature as a resource to treating nature as an asset. As part of this new era of action for nature, UNCDF's nature finance flagship – **the Nature Assets Team (NAT)** – works to structure and deploy tailored financial mechanisms and leverage innovative blended finance approaches that protect biodiverse ecosystems while facilitating nature-positive economic transformation.

To accelerate a strategic shift in the way financial markets and their participants engage with nature, the NAT is creating market pathways and demonstrating replicable solutions that both protect and harness the power of nature assets for long-term conservation, stability, food security, climate adaptation, and economic development. Through multi-partner, blended financing structures, the NAT plays a key role in de-risking private investment and mainstreaming nature-positive business models across sectors in emerging and frontier markets. NAT works with development partners and relevant domestic and regional stakeholders to identify investment opportunities that are aligned with national development plans, priorities, and needs, bear high SDG impact, and offer strong potential for private capital mobilization. Engagement is further underpinned by the need to galvanize innovations from groups who understand the complex regional dynamics of biodiversity and habitat loss and are most affected by its repercussions, especially women, youth, Indigenous peoples and local communities.

To achieve its mandate, NAT implements through its growing suite of blue and green catalytic investment vehicles and innovative methodologies. The formed Nature Asset Class will transparently and equitably create financial incentives for ecosystem guardianship among investors, communities, entrepreneurs, and governments. Through a wide range of investable nature-positive solutions, developing countries will be supported to diversify their economies and make substantial gains towards achieving the Sustainable Development Goals.

Relevant Experience and Capacity of Implementing Organizations

UNEP and UNCDF together possess the complementary regional and sectoral expertise needed to execute a programme targeting the Congo Basin countries, specifically in the sectors of forestry, agriculture, and energy.

UNEP's experience with the UN-REDD programme highlights its capability in managing large-scale forest conservation and restoration initiatives, while the Restoration Seed Capital Facility, which mobilizes private finance for forest restoration, further demonstrates UNEP's expertise in promoting sustainable forestry practices that contribute to climate change mitigation and biodiversity conservation. UNCDF's initiatives, such as the Kahuzi-Biega Park initiative in the DRC and the Kibira Peace Sanctuary in Burundi, which aim to create enabling environments for forest conservation while promoting peace and sustainable livelihoods, underscore UNCDF's capacity to integrate forestry conservation with socio-economic development. This experience is crucial for addressing the intertwined challenges of deforestation, poverty, and conflict in the Congo Basin.

Furthermore, alongside UN-REDD, UNEP plays a critical role in the Congo Basin through a range of initiatives focused on forest conservation, sustainable land management, and community-based approaches. *The Congo Peatlands Joint programme* works to secure the biodiversity and carbon stores of the peatlands, while *The Great Apes Survival Partnership (GRASP)* focuses on ensuring the survival of great apes and their habitats. *The Transformational Change in Sustainable Forest Management in Transboundary Landscapes of the Congo Basin* and *Community-based forested landscape management in the Grand Kivu and Lake Tele-Tumba projects* aim to enhance land use planning and promote sustainable forest practices. Additionally, *Community-based management of forests in the Monkoto Corridor and Salonga National Park* emphasizes the integration of community-based approaches to support conservation and improve local livelihoods. The *Interfaith Rainforest Initiative (IRI),* meanwhile, demonstrates UNEP's commitment to social governance by mobilizing religious and indigenous communities to advocate for rainforest protection. Together, these efforts reflect UNEP's comprehensive approach to preserving the Congo Basin's vital ecosystems while empowering communities to participate in sustainable development.

UNEP's *AGRI3 Fund* is a prime example of its expertise in sustainable agriculture. The fund provides catalytic financing that de-risks agricultural investments, ensuring that agricultural practices are both economically viable and environmentally sustainable, aligning with the need to promote sustainable agricultural practices in the Congo Basin. Since 2011, UNEP's *Africa Agriculture & Trade Investment Fund (AATIF)* has helped unlock Africa's agricultural potential through sustainable investments across the agricultural value chain. By 2021, AATIF had disbursed $343 million, directly benefiting over 272,000 smallholder farmers and creating more than 20,000 jobs. This initiative supports the mission of boosting sustainable agricultural practices while enhancing food security in Africa, including in the Congo Basin.

UNEP's &Green Fund seeks to decouple deforestation from major commodity supply chains, supporting enterprises that are transforming these supply chains into sustainable models. By December 2022, the fund had protected 3.7 million hectares of forest and sequestered 6.6 million metric tons of CO_2e, with over $390 million in deals closed. The fund's work includes approval of Gabon within the fund's jurisdiction, which is particularly relevant for the Congo Basin's efforts in sustainable agriculture and forestry. UNEP's Restoration Factory expansion into the Congo Basin countries will further enhance the region's capacity for sustainable agriculture restoration, with 36 ventures graduating from the Kenya cohort alone.

UNCDF's *Africa Adaptation Initiative (AAI) Food Security Accelerator* focuses on channeling capital to support nature-positive agricultural investments. This initiative is particularly relevant for the Congo Basin, where agriculture must be adapted to enhance food security while preserving the region's rich biodiversity. UNCDF's *Digital Agriculture Solutions for Food System Sustainability initiative* promotes the use of digital solutions to enhance food system sustainability, with activities like the digital agriculture assessment in Cameroon. Additionally, the Support to *Agricultural Revitalization and Transformation (START) Facility Phase II* aims to promote growth and job creation by investing in sustainable agribusiness SMEs in Burundi and Uganda. These projects further complement UNEP's efforts in sustainable agriculture across the Congo Basin.

UNCDF's experience in promoting energy efficiency and renewable energy, as seen in projects like the *Sustainable Consumption and Partial Substitution for Wood Energy in the DRC* joint programme and the *DRC Energy Programme Phase II,* demonstrates its ability to lead initiatives that reduce reliance on unsustainable energy sources such as wood fuel. UNCDF's work in energy policy development and clean cooking solutions is critical for addressing the energy challenges in the Congo Basin, where deforestation is often driven by the demand for wood fuel. Their expertise in structuring blended finance for energy projects ensures that investments are both impactful and sustainable.

UNEP's involvement in the Congo Basin also extends to cross-cutting projects that, while less focused on agriculture, forestry, and energy, still demonstrate a significant role in policy development and environmental governance in the region. *The Ozone Action: DRC - HCFC Phase-Out Management Plan* and Preparation of a HFC Phase-Down Plan for Gabon are part of global efforts under the Montreal Protocol to phase out ozone-depleting substances, showcasing UNEP's commitment to reducing harmful emissions and supporting environmental health. Additionally, the *11th Umbrella Programme for Biennial Update Reports (BURs)* and *National Communications (NCs) to the UNFCCC* and the *7th Umbrella Programme for the Preparation of National Communications (NCs) and Biennial Update Reports (BURs) to the UNFCCC* demonstrate UNEP's leadership in enhancing climate transparency and reporting, which is crucial for informed policymaking and fulfilling international climate commitments in countries like the DRC, Cameroon, and Gabon.

UNEP's focus on environmental sustainability and UNCDF's emphasis on financial inclusion and investment in local communities create a synergy that is well-suited for the complex challenges of the Congo Basin. UNEP's Climate Finance Unit and UNCDF's Nature Assets Team both specialize in leveraging innovative financial solutions to support sustainable development. By pooling their expertise, they will create robust financial mechanisms that attract public and private capital to the forestry, agriculture, and energy sectors in the Congo Basin, ensuring long-term sustainability and resilience. Both UNEP and UNCDF have a strong track record of engaging with local communities, governments, and the private sector to build capacity and foster collaboration. This is essential for the success of any program in the Congo Basin, where local buy-in and multi-stakeholder cooperation are critical. As such, and as the table below highlights, UNEP and UNCDF together provide a powerful combination of regional expertise, sectoral knowledge, and financial innovation necessary to execute a comprehensive program in the Congo Basin.

Table 9. Relevant UNCDF and UNEP Past and Current Projects/Programme's

UN Capital Development Fund (UNCDF)						
Forestry Sector						
Name & Details	**Brief description**	**Results**	**Budget**	**Donors**	**Partners**	**Target countries**
PBF DRC Kahuzi-Biega Park 2022 -2027	The main goal of PBF's Kahuzi Biega Park joint programme is to Create an enabling environment for sustaining peace in the Kahuzi Biega National Park by deploying a combined and sequenced Protection, Investment and REDD+ strategy aimed at building trust within and between local communities and with national authorities, reducing drivers of deforestation, providing alternative livelihood models for local communities, fostering longer-term conservation and peace and at minimum financing and enabling national authorities to enhance forest and community security. ***Target Areas:*** Restoration, peace, tourism, hydropower, indigenous livelihoods	• Developed the Kahuzi-Biega National Park (PNKB) Management Plan • Testing 2-3 pilot projects directly related to land restoration and mitigation of forest degradation in conflict areas with the support of local partners. • 67 new eco-guard trained. • Workshop conducted with 61 indigenous peoples (IP) leaders from different villages bordering the park. • The Great Lake Tea Plantation identified for investment that will improve tea production and processing practices, develop agroforestry production models and the installation of renewable energy production, capacity building for small local producers and job creation for members of the local community.	USD 3M	PBF, Nature Investment Facility, Cartier for Nature	Government of DRC, Wildlife Conservation Society, UNESCO	DRC
PBF Burundi - The Kibira Peace Sanctuary 2021 - 2027	The Kibira Peace Sanctuary programme addresses instability in the Great Lakes Region by using blended finance to support peacebuilding and conservation efforts targeting conflict drivers related to Kibira Forest exploitation. The programme supports the government in deploying new Rangers/Eco-guards, implementing a REDD+ strategy to reduce deforestation, accessing the carbon market, providing alternative livelihoods for communities, and promoting lasting conservation and peace. ***Target Areas:*** Restoration, peace, tourism, hydropower, indigenous livelihoods	• Creation of a dedicated foundation, the Kibira Foundation and signature of co-management agreement with Government of Burundi, In June 2023. • Over 170,000 trees planted to secure the park boundaries and restore degraded areas in and around the Kibira National Park • Economic integration of 8258 people (including 2294 women and 888 Batwa). • 700 local people involved in community nurseries and 161,000 plants cultivated. • 122 Batwa people (64 women) have acquired formal land rights for housing and agricultural pursuits. • Selection of hydropower PPP for $1.5M investment	USD 3M	PBF, Cartier for Nature, Nature Investment Facility	Communities of Hope and Conservation, Government of Burundi, UNESCO	Burundi

		• Mobilization of $2.25M in additional funds from private sector				
Agriculture Sector						
Name & Details	**Brief description**	**Results**	**Budget**	**Donors**	**Partners**	**Target countries**
Africa Adaptation Initiative (AAI) Food Security Accelerator 2023 -2028	The AAI Food Security Accelerator in Africa (FSA) aims to channel capital to de-risk nature-positive investments, supporting the transformative adaptation of food systems and addressing food insecurity in Africa. It will provide comprehensive solutions to engage the private sector in adapting African food systems, valuing nature assets, and enhancing the resilience of key ecosystems crucial for food security and nutrition. ***Target Areas:*** Women's economic empowerment, peace, and climate adaptation.	• Selection process underway for pipeline Investments from the Request for Applications (RfA) launched in March 2024 to identify high-potential entreprises (especially micro, small, and medium enterprises (MSMEs) that the FSA can support to implement and scale up nature-positive adaptation solutions for Africa's food systems.	USD 44M from US USD 3.6M from Canada	US, Canada	Africa Adaptation Initiative (AAI) Sustainable Solutions for Africa (SSA)	Africa
Digital Agriculture Solutions for Food System Sustainability 2020 - 2027	The initiative aims at promoting digital agriculture solutions leading to food system sustainability. It is a global partnership with FAO Investment Center to support partner IFIs to increase focus on digital solutions in their programing and investments. ***Target areas:*** Sustainable food systems, climate adaptation, economic development.	• Digital agriculture assessment in Cameroon as part of the Agriculture Sector Review (ASR) requested by the World Bank. The assessment proposes 6 pathways to increase digital solutions to transform agriculture sector in Cameroon and related investments opportunities (finalized) • Digital agriculture assessment in 14 Pacific SIDS countries to produce a tailored package of policy, investment, and financing solutions to transform their agrifood systems (underway) • Other potential market assessment and design activities in the pipeline in Bhutan, PNG, Tanzania, Rwanda, Uganda	USD 600k	FAO	FAO IC, World Bank, EU	Global (Cameroon, Tanzania, Rwanda, Uganda)
Support to Agricultural Revitalization and Transformation (START) Facility Phase II 2023 -2027	START Facility aims to Promote growth and job creation by investing in fully integrated and sustainable agribusiness SMEs that improve food system; transformation and create and retain wealth within Africa. ***Target areas:*** Sustainable food systems, sustainable agriculture, economic development.	• Improved institutional and technical capacity of Transformative Food System SMEs and FSP and unlocking affordable finance from domestic and IFI for agribusiness SMEs in Burundi and Uganda	USD 11,1 M	European Commission	WFP, UNDP	Regional, Africa (Burundi, Uganda)

Energy Sector

Name & Details	Brief description	Results	Budget	Donors	Partners	Target countries
Sustainable Consumption and Partial Substitution for Wood Energy in the DRC 2018-2025	The programme aims to reduce the demand for wood energy by developing alternative energy sources to reduce the preponderance of wood energy in the national energy mix, and by increasing the efficiency of wood energy consumption through the large-scale dissemination of more energy-efficient cook stoves. Areas of intervention include Kinshasa, Kivu, and Katanga provinces. Kisangani is targeted in the context of micro-hydroelectricity and in synergy with the PIREDD Oriental programme. These national clean cooking hubs will serve as models of success for expanding coverage to the rest of the country. ***Target areas:*** Climate mitigation, energy efficiency, deforestation reduction.	• National Energy Policy launched in July 2021 • The programme has launched four challenge fund cohorts and has a portfolio of 16 companies. • Improved access to diversified clean cooking solutions: More than 250,000 improved stoves, 26,000 stoves and gas kits, 2,500 tons of LP gas and 2,400 tons of briquettes for cooking. • This has created more than 1000 jobs, 53% of which are women.	USD 15M	CAFI	UNDP, Government of DRC, CIRAD, Global LPG Partnership	DRC
DRC Energy Programme Phase II 2025 -2030	DRC Energy Investments to Reduce Deforestation/DRC Energy Programme II is an expansion of *Sustainable Consumption and Partial Substitution for Wood Energy in the DRC* based on achievements and lessons learned during the first phase of implementation, while responding to improving market dynamics for the scale up of alternative energy solutions. The programme will address CAFI's LOI 2 to the government of DRC, to reduce by 50% the share of unsustainable wood-fuel used for cooking in the main urban centers (Kinshasa, Mbuji-Mayi, Lubumbashi, Kisangani, Goma and Bukavu). ***Target areas:*** Economic development, clean energy, energy efficiency, climate mitigation.	• Final joint programme document to be submitted to CAFI 30 September 2024	USD 50M	CAFI, FONAREDD	Government of DRC, UNDP	DRC

UN Environment Programme (UNEP)

Forestry Sector

Name & Details	Brief description	Results	Budget	Donors	Partners	Target countries

Restoration Factory 2021 - present	6 months intense business incubation programme (virtual & in-person) focused on enterprises that place restoration/conservation at the heart of their business model	• Results achieved by the Kenya cohort: • 53 entrepreneurs selected; 47 ventures, representing 53 entrepreneurs joined the program • 36 ventures graduated, 59 mentors mobilized and trained • Average revenues increased by 25% • 37% of the ventures raised funds, with an average of USD 45,000 raised per venture • Graduates raised a total of USD 634,106 to support commercial development	USD 300-500K per year	Belgian, Korean, German (BMZ) Governments, GEF, UNREDD	Bridge for Billions, Partnership for Forests, FAO	DRC (planned), RoC (planned),Cameroon (planned), Gabon (planned), Tanzania (ongoing), Cambodia (ongoing), Lao PDR (ongoing), Bhutan (planned),Vietnam (ongoing), Thailand (completed), Brazil (ongoing), Kenya (completed)
Restoration Seed Capital Facility] 2020-present	Support impact investors that aim to invest in forest & landscape restoration through cost-sharing fund-, pipeline- and joint programme development costs with the idea to get more funds to market and to get more deals to be closed in this nascent domain. Aims to boost the contribution of private finance to forest restoration, helping to unlock their immense potential for climate change adaptation	• 4 impact investors approved for support (and another 2 impact investors going through contracting stage) • USD 56 million mobilized in terms of joint programme development funding having led to equity investments by fund managers supported through RSCF (2,500 ha protected/restored)	EUR 25M	BMUV / IKI (German Government), Luxembourg Government	Frankfurt School for Finance and Management, Onboarded impact investors: SharedWood, Ecotierra, Arbaro	Any ODA-eligible countries.

	and mitigation, conservation of biodiversity and provision of sustainable livelihoods.				Fund, New Forests, sWC, Campo Capital, impactearth	Deals recently closed in Peru, Ecuador, Guatemala, Honduras

UN REDD
 	
2008-present
	In the Congo Basin, UNEP UN REDD provides Technical Assistance i) on safeguards and nesting systems to DRC and Republic of Congo governments towards demonstrating their readiness to generate high integrity credits at jurisdictional or national level to meet the Architecture for REDD+ Transactions' The REDD+ Environmental Excellence Standard (ART TREES), ii) on upfront financing supporting the governmental strategy to involve the Private Sector in the REDD+ process of MSMEs via the launch of the "Restoration Factory", a 6 months intense REDD+ oriented business incubation programme (to be launched Q4 2023 – 2024).	• Both Republic of Congo and Democratic Republic of Congo' s proposal are among 8 countries in Africa (and 26 worldwide) who had proposals approved in the process towards accessing Results based Finance from the LEAF Coalition.
		• **Democratic Republic of Congo (DRC):**
		  ◦ **National REDD+ Strategy:** Developed and adopted a comprehensive strategy to reduce deforestation and promote sustainable development.
		  ◦ **Capacity Building:** Strengthened national and local institutions to implement and monitor REDD+ activities.
		  ◦ **Forest Monitoring System:** Established a system to track deforestation and degradation, aiding in decision-making and reporting.
		  ◦ **Community Engagement:** Involved local communities, particularly indigenous peoples, in forest management and REDD+ activities.
		  ◦ **Pilot Projects:** Implemented sustainable land management projects across various provinces, demonstrating scalability.
		
		Republic of Congo:
		  ◦ **National REDD+ Strategy:** Developed a strategy aligning with global REDD+ goals.
			USD 4M	Norwegian, German, Swiss Governments + EU	FAO, UNDP, National Governments, indigenous organisations + Civil Society	Democratic Republic of Congo, Republic of Congo
						
						ODA-eligible countries with significant forest cover, high rates of deforestation or forest degradation, and a strong commitment to reduci

		• **Legal and Policy Frameworks:** Progress in establishing frameworks for sustainable forest management and conservation. • **Sustainable Land Use:** Supported practices that reduce deforestation and promote reforestation, including agroforestry. • **Carbon Stock Assessments:** Conducted assessments to inform REDD+ activities and emissions reporting. • **Stakeholder Engagement:** Facilitated inclusive decision-making involving government, civil society, and local communities.				ng emissions through sustainable forest management
Congo Peatlands Joint programme 2022 - 2027	The Congo Peatlands Joint programme aims to secure the biodiversity, carbon, and water stores of the Congo Basin Peatlands by promoting evidence-based decision-making and good governance. Covering the recently mapped Cuvette Centrale, this peatland complex is the largest in the world and stores around 30 gigatons of carbon, equivalent to two years of global greenhouse gas emissions. The joint programme focuses on the Lac Télé/Lac Tumba (LTLT) landscape, which is central to these peatlands, and addresses threats like deforestation, drainage, and conversion for agriculture and infrastructure development.	• **Policy Integration:** Results integrated into planning and policy at all levels in RoC and DRC, improving governance of the Central Congo Basin Peatlands. • **Strengthened Livelihoods:** Local communities benefit from sustainable livelihood options that support conservation goals. • **Monitoring and Conservation Impact:** Enhanced monitoring and data collection preserve biodiversity, carbon stores, and water resources	USD 34M	IKI (German Government)	DHI, FAO, Wildlife Conservation Society, WWF, University of Leeds	Democratic Republic of Congo (DRC), Republic of Congo
Interfaith Rainforest Initiative (IRI) 2021-2024	A global, multi-faith alliance that brings together religious leaders, indigenous communities, governments, civil society organizations, and entreprises to protect rainforests and the rights of indigenous peoples. The initiative works to raise awareness, mobilize faith-based action, and influence policies to address the deforestation crisis. The initiative builds upon the foundation laid during its first phase (2018-2021) and focuses on expanding its efforts globally and in key rainforest countries, particularly Brazil, Colombia, Democratic Republic of Congo (DRC), Indonesia, and Peru.	• **Increased Faith Leader Engagement:** Greater involvement of faith leaders in advocating for rainforest protection • **Expanded Interfaith Networks:** Strengthened networks across different faith traditions that are actively working on rainforest protection • **Policy Influence:** Impactful advocacy at national and international levels, leading to enhanced protection of rainforests and indigenous communities.	$13.4M	Norwegian Ministry of Climate and Environment	Religions for Peace, GreenFaith, Parliament of the World's Religions, Rainforest Foundation Norway (RfN), World Council of Churches (WCC), Yale University's Forum on	Democratic Republic of Congo (DRC)

					Religion and Ecology	
The Great Apes Survival Partnership (GRASP) 2022-2024	Launched in 2001 by UNEP and UNESCO, the joint programme is dedicated to ensuring the survival of great apes (gorillas, chimpanzees, bonobos, and orangutans) and their habitats across Africa and Asia. GRASP is a unique alliance involving national governments, research institutions, UN agencies, conservation organizations, and the private sector. The initiative focuses on addressing threats such as habitat loss, illegal hunting, disease, and illegal trade through high-level political intervention, policy work, and direct support for development planning in great ape range states.	• **Increased Protection:** Strengthened legal frameworks and policies to protect great apes and their habitats. • **Capacity Building:** Improved capacity for monitoring and enforcement among governments and local communities. • **Enhanced Awareness:** Raised global awareness about the importance of great ape conservation and the threats they face.	$2.27M	Governments of Germany (GIZ), France and Sweden	UNESCO, Wildlife Conservation Society (WCS), WWF International, ReWild, Northern Arizona University	Republic of Congo
Transformational Change in Sustainable Forest Management in Transboundary Landscapes of the Congo Basin 2021-2026	To catalyze transformational change at a regional level by scaling up best practices and innovations originating from sustainable forest management in transboundary landscapes. This will be realized through the following joint programme components.	• Land use planning decisions in transboundary landscapes in the Congo Basin are based on enhanced integrated land use management plans (ILUMPs) developed in a consultative manner and based on natural capital accounting and systems thinking. • Enhanced regional capacity for addressing wildlife crime, with local communities, forest-dependent people, and the private sector implementing and scaling up Sustainable Forest Management (SFM) investments in the Congo Basin	USD 58.1M	GEF	National Goverments	Cameroon, CAR, DRC, Equatorial Guinea, Gabon, RoC
Community-based management of forests and the promotion of sustainable development alternatives support and enhance biodiversity conservation, and strengthen livelihoods in the Monkoto	Promoting the effective management of Salonga National Park through creation of community forests and improving the well-being of local communities	• 2,000 households in the Monkoto Corridor increase their income from food and cash crops, Non-Timber Forest Product (NTFP)-based enterprises, and other income-generating activities. • 225,000 hectares of community forests within the Monkoto Corridor formalize land tenure, define rules governing access and use of resources, and create an ecological continuum between the Park's North and South blocks.	USD 28.5M	GEF	DRC Government	DRC

Corridor and Salonga National Park 2020-2025						
Community-based forested landscape management in the Grand Kivu and Lake Tele-Tumba 2021-2026	To scale up and improve forest landscapes through community-based natural resources management in targeted trans-boundary landscapes	• Land Use and Conservation: Implemented zoning plans in 3 provinces, enhanced management of 400,000 hectares, and strengthened Indigenous land rights. • Climate-Smart Practices and Wildlife Monitoring: 25% of communities adopted climate-smart practices; improved monitoring of wildlife trafficking and land use in 3 provinces.	USD 90.2M	GEF	Ministry of the Environment and Sustainable Development (MEDD)	DRC
Agriculture Sector						
Name & Details	**Brief description**	**Results**	**Budget**	**Donors**	**Partners**	**Target countries**
AGRI3 Fund 2021 - present	Catalytic fund that can de-risk transactions by banks to clients through credit guarantees and TA if focused on improving livelihoods, sustainable agricultural production and forest protection/restoration.	• Deals completed in China (1x), Brazil (6x), Nicaragua (1x) w/ Rabobank & Oikokredit for a total of USD 75 M to date. Pipeline includes several countries in Sub-Saharan Africa with European & African banks.	USD 88M (in deals to-date)	Dutch Government, Luxembourg Government	Cardano Development, FOUNT, Rabobank, IDH, FMO	Any ODA-eligible countries.
Africa Agriculture & Trade Investment Fund (AATIF) 2011 - present	The Fund's Mission is to realize the potential of Africa's agricultural production, related manufacturing, service provision and trade through sustainable investments across the agricultural value cahin	• First disbursement of 10M USD in 2011 • By 2021, AATIF had cumulatively disbursed 343M USD • >272,000 smallholder farmers reached by AATIF investees • >20, 000 people employed by AATIF PIs	USD 400M (in deals to-date)	European Commission, German Government (BMZ)	KfW, Cygnum Capital, ILO, Common Fund for Commodities	Africa
&Green Fund 2020- present	&Green is a thematic investor looking for entreprises which fit squarely within the core mission of delinking deforestation from major commodity supply chains. It finances the transition of these supply chains from extractive to truly sustainable blueprints for others to adopt, replicate and scale. &Green identifies those entreprises directly or	• Over USD 390M in deals closed to-date • Since December 2022 : • 3.7Mha of forest protected • 6.6MtCO2e sequestered	USD >390M (in deals to- date)	GEF, Ford Foundation, K Department for Business, Energy,	IDH, Unilever, Norwegian International Climate and Forest Initiative	Gabon

	indirectly involved in commodity production, downstream and upstream in the supply chain in our Approved Jurisdictions (which includes Gabon)	• Over USD8bn in capital mobilised		and Industrial Strategy (BEIS)	(NICFI, FMO, CAFI	

7) Stakeholder commitment strategy

For full Stakeholder Engagement Analysis see APPENDIX 8: Stakeholder Engagement (Attached Excel)

Government

UNEP and UNCDF will be involving governments in the 4 Congo Basin countries in an ongoing basis through a monthly or quarterly call through the programme's Advisory Board which includes representatives from the 4 governments. The joint programme will engage government at the Ministerial levels, as well as sub-national authorities, when applicable. The engagement will channel through existing CAFI political dialogue.

Donors and development partners

UNEP and UNCDF aim to first of all continuously inform the CAFI Secretariat throughout the lifetime of this programme. This is further specified in the governance structure of the programme. Through the CAFI Secretariat, the CAFI board and the key donors will be kept up-to-date on the progress of the programme. Besides regular oral and written updates to the CAFI Secretariat, the secretariat will be involved as well in key topics such as the creation of a Carbon Markets Policy for this joint programme. A representative from the CAFI secretariat is also invited to sit in the programme's Steering Committee. In addition, the programme will put in (operational) links with development partners and other donors, who are working in the same region. This includes for example the 'Global Peatlands Initiative', but e.g. also the GEF 8 Congo Joint programme, in addition to other projects that may be approved by CAFI under the Regional Private Sector Facility.

Private sector

As part of the CAFI Regional Private Sector Facility - under which this joint programme falls - mobilizing private entities is a core part of the execution of this joint programme. Specifically, the programme focuses on supporting private entities that are willing to change their business models towards being more climate- and nature positive in the following sectors: a) forestry; b) agriculture; c) energy (e.g. biomass, biomethane); d) landscape restoration. Achieving this transformation at the scale necessary to foster lasting resilience, will require a systematic shift focused on: (1) Unlocking investment in opportunities that enable communities and enterprises to capture the value of ecosystem services through financing nature-based solutions, and (2) redirecting capital flows away from projects with a negative impact on the forests and forest-dependent communities. (3) Providing the catalytic investment in infrastructure and key actors to bridge the gap to private sector financing as the sustainable driver of growth.

The actual engagement with private sector entities happens in the following ways:

- **Requests for applications (RFAs)**: UNCDF runs requests for applications to enterprises operating in the Congo Basin in the above-mentioned sectors, meeting eligibility requirements outlined in the RFA process by UNCDF.

- **Restoration Factory**: UNEP will run a regional business incubator programme targeting the 4 Congo Basin countries, by working with a social enterprise (Bridge for Billions) as implementing partner and by working with local enterprise support organizations (ESOs) in each of the countries. Through online advertisement and through ESOs in the countries, UNEP aims to gather interest from relevant 'ecopreneurs' interested in the Restoration Factory mentoring programme.

- **Building a network of impact investors**: Through the Restoration Seed Capital Facility (RSCF) UNEP has built a network with relevant impact investors. Moreover, through UNEP FI, UNEP can gauge interest from commercial banks and DFIs in this programme. These are ways through which a network of DFIs, MDBs and impact investors could potentially be mobilised to become more active in the Congo basin region.

UNEP and UNCDF aim to transparently provide a list of companies being supported through the various lines of support to be provided (TA, grants, reimbursable grants, loans and/or guarantees) in order to showcase which companies are being supported and in what capacity.

Civil society

Civil society organizations will be involved in an ongoing basis throughout the lifetime of this joint programme. This can include but is not limited to involve relevant organizations to perform monitoring and evaluations functions for specific project lines, to invite NGOs for relevant meetings taking place throughout the lifetime of the programme. This also includes vulnerable groups such as women, the youth and Indigenous People and Local Communities (IP and LCs) who will benefit from specific engagement and action plans, namely a gender action plan, and an Indigenous People Plan. The programme will also adopt participatory approaches where possible to include all relevant social groups, including marginalized people (e.g. unemployed youth), with specific attention to the participation and inclusion of women and IP and LCs. The programme pursues the engagement of women, youth and Indigenous People in decision-making, training, participatory mapping, and ensures that there are both direct and indirect programme beneficiaries. See next section on "risks and safeguards" for further details.

The implementing organizations aim to ensure longevity of the results of Pro-Congo, including by developing knowledge management products that could be adopted by other organizations, including research and educational organizations, to take this forward during and especially after the lifetime of the programme.

8) Risks management and Safeguards

See APPENDIX 9: Risk Management (Attached Excel)

The implementing agencies will deploy risk management and investment policies throughout the Programme lifecycle, with due diligence processes for vetting and assessing risks of potential investment opportunities through UNCDF's Invesment and Disbursment Impact Committee (IDIC) and investment monitoring systems, and dedicated capacity to manage a portfolio of capital investments and ensure robust accountability. A detailed Environmental and Social safeguards Action Plan (ESAP) for enterprises will be developed at the design phase of the programme.

Anticipated risks are captured in Appendix 9: Risk Management, including risk management activities, risk identification, mitigation, and monitoring measures. This includes dedicated resources, such as:

- **RFA Team** - To oversee and coordinate RFA processes, drawing on; expertise from RFA manager and technical experts on NbS investments; and a capital market specialist, to provide tailored support to the pipeline of bankable companies in accessing capital markets.

- **Programme Risk and Impact Team** - UNEP E&S staff supervising E&S work, coordinating with CAFI on safeguards and gender, and regionally based staff to develop the programme's E&S framework (including safeguards, gender analysis and action plan, IPLC engagement plan, companies screening tool, due diligence, Environmental and Social Action Plan, monitoring templates); a UNCDF Risk Management and Compliance officer, to support with review, compliance, and oversight of companies, and ensure operationalization of the Environmental and Social Action Plan (ESAP); and two UNEP M&E specialists, and one UNCDF M&E specialist for assessment, monitoring, and evaluation.

These resources will align with and build upon CAFI guidelines, particularly the Sectoral Minimum Eligibility Requirements, the CAFI carbon policy, and the CAFI guidelines on emission reductions. For initial implementation, the Programme is designed to include a comprehensive Risk Management System that is robust enough to identify, measure, monitor and report on risks and safeguards, and that will include the following components:

(1) Design risk management tool and establish a governance mechanism for risk review and reporting and/or Risk Committee with dedicated Risk and Security Officer(s);
(2) Design and implementation of Technical Assistance to fill informational and risk gaps. This will be captured in ESAP (E&S Action Plan) and form an integral part of the contract with investees.
(3) Undergo operational, financial, institutional, reputational risk identification and baseline assessments for each investment;
(4) Create risk ratings methodology and rating assignment for each risk category/sub-category to be

updated during periodic monitoring and reporting;

(5) Deployment of mitigation analysis and strategies at all levels during implementation for example at the portfolio level, to understand the actual risks of these projects instead of relying on perceived risks. In some cases, the repayment performance of first mover transactions will generate the requisite statistics to appropriately assess actual credit risk in future transactions;

(6) On-going oversight from Risk Committee to approve governance structure and operations as well as monitor and decide on high-risk level events;

(7) Physical risk support for Staff will be provided with the use of government/official security forces and additional contractors. Mitigation strategies could entail outreach and awareness campaigns with training in situational awareness, emergency response, etc.

Note: The current Programme team has been operating in two of the priority areas for more than two years working with local organizations.

a) Safeguards

All programmes endorsed by UNEP are in line with UNEP's Environmental and Social Sustainability Framework (ESSF) as well as related policy frameworks, including UNEP's policy and strategy on gender equality and its policy guidance on Indigenous Peoples. The ESSF is recognized by UNEP as having substantive material equivalence to GCF safeguards. It respects human rights and aims to protect people and the environment from potential adverse impacts of joint programme interventions and to ensure that stakeholders actively participate in programmes and projects and have effective channels to voice their concerns. The ESSF sets out UNEP's commitment to sustainable development and E&S standards that are designed to promote human well-being and the protection of the environment.

UNCDF applies UNDP's Social and Environmental Standard (SES) framework. The SES ensures that social and environmental sustainability is mainstreamed across all programming. The SES policy requires that all programming maximizes social and environmental opportunities and benefits as well as ensures that adverse social and environmental risks and impacts are avoided, minimized, mitigated and managed. Through application of the SES, UNCDF enhances the consistency, transparency and accountability of its decision-making and actions, improves performance, and strengthens achievement of sustainable development outcomes. The SES assist staff, implementing partners and responsible parties to manage social and environmental risks and impacts of programmes and projects.

Safeguards and compliance are usually passed on to cooperating partners, in this case recipients of grants and loans, with the conditions that they have strong safeguards policies, with clear operating procedures that are directly tied to their decision-making processes. This will be assessed for each cooperating partner as part of the due diligence carried out by the Programme in the approval process. The scale and complexity of the means through which the cooperating partner meets this commitment may vary according to the size, sector, operational context, ownership, and structure, and with the severity of the enterprise's adverse human rights impacts. This is in recognition of SMEs not being well-resourced to comply with international frameworks.

i. Gender mainstreaming

Gender equality is a fundamental human right and a necessary foundation for a peaceful, prosperous and sustainable world. In the context of a forest ecosystem however, women's and men's specific roles, rights and responsibilities, as well as their particular use and knowledge of forests, shape their experiences differently. They also often respond differently to corresponding incentive measures and public policy interventions, have different relationships with institutions, and use the forests differently[34]. For example, while men tend to focus on timber and profitable non-timber forest products, women likely focus on firewood and fodder. Additionally, women tend to rely more on natural resources for their livelihoods and are often the primary users of forests—their practices can include traditional agroforestry systems, gathering wild plants for food and medicinal purposes, collecting nontimber forest products (NTFPs), and forest patrolling and monitoring.

[34]Gender and REDD+, UNDP, 2016.

As a result of social, economic, and cultural inequalities and legal impediments within the forest sector, women (and other marginalized groups such as youth, indigenous, poor and/or disabled people, etc.) continue to experience societal exclusion. As result, while women in forest-dependent communities contribute considerably to the management of forests, they do not often benefit from forest-related investments and/or are excluded in relevant decision-making. They also face inequalities regarding forest and land tenure and possess fewer assets to overcome such hurdles. It is then crucial that the Programme endorse a gender sensitive approach to address these inequalities. The promotion of gender equality and the empowerment of women are intrinsic to the Programme human rights-based approach. This effort includes advocating for women's and girls' human rights, combating discriminatory practices, and challenging the roles and stereotypes that create inequalities and exclusion.

The Programme will be informed by a gender analysis in its design and implementation, through which both agencies will identify and integrate specific needs, constraints, contributions and priorities of women, men, girls and boys into its programming. Although the full analysis and action plans are not yet available, the implementing agencies have started to consolidate a number of policies and strategic actions that will serve as a base for the gender action plan. Additionally, upon implementation, the agencies will have an occasional expert /Gender Specialist that will further define/refine the plan, and ensure action is encapsulated in the monitoring and reporting phase.

In particular, the programme and its projects will apply the following UNCDF and UNEP gender safeguards:

- Uphold human rights principles of accountability and rule of law, participation and inclusion, and equality and non-discrimination, noting that prohibited grounds of discrimination include race, colour, ethnicity, sex, age, language, disability, sexual orientation, gender identity, religion, political or other opinion, national or social or geographic origin, property, birth or other status including as an indigenous person or as a member of a minority;
- Support Governments and other State actors to adhere to their obligations and duties to respect, to protect, and to fulfill human rights; and
- Refrain from supporting activities that may contribute to violations of a State's human rights obligations under international law.

Regarding gender equality and women's empowerment, the Programme and its projects will[35]:

- Ensure supported activities do not discriminate against women and girls, reinforce gender-based inequalities and exclusion, or have disproportionate adverse gender-related impacts;
- Conduct gender analysis of each investee to promote the design and implementation of gender responsive and gender transformative programmes and projects that addresses different needs and constraints of women, men, girls, and boys, considering the effects of multiple forms of discrimination;
- Promote equal access to and control over productive resources and programme and joint programme benefits;
- Conduct gender-sensitive stakeholder analysis and provide equal opportunities in terms of participation and decision-making;
- Raise awareness and build capacity on gender. Gender mainstreaming relies on stakeholders having proper knowledge of gender equality and women's empowerment concepts.
- Ensure gender-responsive participation: Ensuring that consultations, committees, platforms, task forces, decision-making bodies, etc., equitably involve women and women's groups and take their perspectives into account is part of a socially inclusive policy process.
- Exchange knowledge on gender: Systematizing good practices and lessons learned for gender-responsive action is critical for demonstrating how to move from policy to action in integrating gender equality and women's empowerment concepts into all investees projects.
- Identify and address risks of potential exposure of affected people to gender-based violence and other abuse that may occur in connection with any of UNEP's supported activities.

[35] Extracted from UN-REDD and gender, UNEP ESSF.

Among others, the Programme gender action plan will get inspiration from what is currently implemented under the GEF 7 joint programme "Transformational Change in Sustainable Forest Management in Transboundary Landscapes of the Congo Basin", managed by UNEP: adopting participatory approaches where possible to include all relevant social groups, including marginalized people (e.g. unemployed youth), with attention to the participation and inclusion of women. The Programme pursues the engagement of women and youth in decision-making, training, participatory mapping, and ensures that there are both direct and indirect women joint programme beneficiaries.

ii. Sexual exploitation, harassment and abuse (SEAH)

The Programme follows UNEP and UNCDF respective ESS frameworks to identify and address any risk of potential exposure of affected people to gender-based violence (GBV), harassment and other abuse that may occur in connection with any of its supported activities. This includes a zero-tolerance policy for sexual exploitation and abuse involving their personnel as well as personnel of implementing partners and responsible parties. Appropriate measures will be taken to prevent and address any form of violence and harassment, bullying, intimidation and/or exploitation, including any form of gender-based violence (GBV), including designing activities to prevent and address potential exposure of joint programme-affected people to GBV risks; screening of personnel; provision of training on prevention and response to GBV; effective reporting and response protocols; referrals for safe and confidential survivor assistance; and prompt investigation of allegations of GBV related to joint programme activities.

iii. Cancún Safeguard Measures

As per the CAFI carbon policy (still under refinement at the time of writing), the Programme supports private sector joint programme level initiatives willing to access carbon markets, including the VCM, if they are designed and managed with high integrity and plan to be embedded in a jurisdictional approach, when available (the policy defines what integrity means). In the context of this Programme, aligning individual projects with national or jurisdictional systems as they develop will be crucial to guarantee environmental and social integrity, on top of the Cancun safeguards.

Finally, it is worth specifying that UN-REDD UNEP currently supports two countries in the Congo Basin (DRC and RoC) on strengthening the countries' safeguards framework.

- In DRC, the support focuses on safeguards to get the country TREES-ready, more specifically on advancing towards the TREES registration document and capacity building on safeguards implementation and monitoring.
- In RoC, the support currently focuses on the completion and submission of the country's first SOI on safeguards to the UNFCCC.

Table 10. Cancun Safeguard

Cancún Safeguard	Consideration in the implementation of the joint programme	Description of specific monitoring and evaluation measures
Complementarity and compatibility with the objectives of national forestry projects and international agreements	REDD joint programme: as described in the carbon policy. Others PS initiatives: part of the RFA scoring system	Tracking progress, assessing impacts on biodiversity and ecosystem services, and evaluating adherence to relevant guidelines and protocols established by these initiatives and agreements.
Transparency and effectiveness of governance structures	REDD: as described in the carbon policy. Other PS initiatives: part of the RFA scoring system	Regular audits and reviews of decision-making processes, stakeholder engagement mechanisms, and resource allocation procedures within the joint programme.
Respect for the knowledge and rights of indigenous peoples	REDD: as described in the carbon policy.	Regular consultations with indigenous communities to gather feedback on joint programme activities and ensure

	Other PS initiatives: to be included in next RFA scoring system	their perspectives are considered. Partner reports from indigenous organizations.
Full and effective participation of stakeholders, in particular indigenous peoples and local communities	REDD: as described in the carbon policy. Other PS initiatives: to be included in next RFA scoring system	Monitoring the diversity of representation throughout the joint programme. Regular consultations with groups. Community survey work.
Compatibility of activities with the preservation of natural forests, biodiversity and ecosystem services/implementation of activities that provide socio-economic benefits	REDD: as described in the carbon policy. . Other PS initiatives: part of the RFA scoring system	GIS monitoring. Establish baseline indicators and regular data updates on forest, biodiversity and ecosystem. Community socio-economic indicators included in partner reporting.
Measures to address the risk of reversal	REDD: a requirement as described in carbon policy. Others: to be included in next RFA scoring system	Community survey and consultations in addition to local partner reporting. Risk log to provide signaling for reversal.
Measures to reduce emissions displacements	REDD: a requirement as described in carbon policy. Others: to be included in next RFA scoring system	Community consultations and partner reporting will provide indicators of whether displacements are occurring. If so, a deep-dive consultations into negatively impacted communities.

iv. Complaint Management

Stakeholders who may be adversely affected by the Programme that is either in preparation or under implementation can communicate their concerns about the environmental and social performance of the activity through various entry points, scaled appropriately to the nature of the activity and its potential risks and impacts. Stakeholders are informed about available grievance redress processes/mechanisms as part of the stakeholder engagement process.

When necessary, a local redress mechanism is made available (either through an existing mechanism or one created for the joint programme/programme). These mechanisms aim to be fair, inclusive, readily accessible, culturally appropriate, and transparent, with due consideration for confidentiality of potential complainants. Such mechanisms are to outline clear roles, responsibilities, and procedures to ensure the handling of stakeholder concerns in a prompt and effective manner, free of charge[36]. Measures will be undertaken to identify, address and reduce the risk of retaliation or reprisals against people accessing local grievance redress processes.

Local grievance redress processes and mechanisms are to be the first point of contact for stakeholders who may be adversely affected by a UNEP joint programme or programme. In the event that such concerns are not resolved at the local level, such stakeholders may access UNEP's Stakeholder Response Mechanism which undertakes both compliance review and grievance redress functions. The UNEP Stakeholder Response Focal Point is responsible for receiving and addressing potential grievance issues.

v. Fraud, embezzlement

Thanks to the dual implementing framework, both agencies provide strong policies and tools to counter-act on fraud, misuse of funds and corruption.
UNEP upholds the highest standard of accountability in the use of its resources and is committed to preventing fraud and corruption, and to acting when fraud and corruption occur. In order to effectively address fraud and corruption, UNEP complies with the applicable UN regulations and rules, its internal policies and works hand in

[36] Grievance redress mechanisms should be designed to the extent possible according to the effectiveness criteria for non-judicial grievance mechanisms outlined in the UN Guiding Principles on Business and Human Rights, 2011. See http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

hand with the Office of Internal Oversight Services (OIOS)1 to report fraud and corruption and ensure that the necessary actions are taken.

As per the Anti Fraud and Anti Corruption Framework of the United Nations Secretariat (to which UNEP responds), the Secretariat takes a zero tolerance approach to fraud and corruption involving its staff members, other personnel and third parties in relation to their work with the Secretariat. This means that all allegations of fraudulent acts committed by any individual or entity involved in a contractual relationship with the Organization will be vigorously pursued.

Staff members and other United Nations personnel have the duty to report any and all possible cases of fraudulent acts either to the Head of Office/ Mission or responsible officer, the Assistant Secretary General for Human Resources Management or the Office of Internal Oversight Services (OIOS). OIOS has a dedicated hotline whereby cases may be reported in a confidential manner. The UNEP Corporate Services Division shall provide advice and assistance regarding the implementation of the anti-fraud and Anti Corruption Framework. UNEP public website on Misconduct and Anti-Fraud policies also includes relevant information.

Finally, OIOS is the main entity typically responsible for conducting investigations of high-risk cases involving complex matters and/or serious criminal cases, including serious or complex fraud. Lower risk cases are typically handled by programme managers or other dedicated investigative bodies.

UNCDF on its end follows and is compliant with the 2018 UNDP Policy against Fraud and other Corrupt Practices. The UNCDF Deputy Executive Secretary and Head of Finance and Management Services (FMS) are designated custodians of implementation of the anti-fraud policy and other measures within UNCDF. In line with the best practices and UNCDF's Risk Management Policy, everybody has a responsibility to prevent fraud and hence each unit plays a role consistent with its functional responsibilities in working to implement the anti-fraud policy, including maintaining an adequate control environment and preventing, detecting and reporting on fraud.
UNCDF contracts and agreements with vendors already include provisions relating to anti-fraud and the obligation to UNCDF for audits and investigations. UNDP's new Anti-Fraud Policy further provides expanded coverage on implementing partners.

In its efforts to improve its systems and tools, UNCDF 2020 Anti-fraud plans include working towards implementing the e-tendering module; effective utilization of Grants Module in Atlas; and introducing a process of digitizing its grant sourcing, application and review processes.

The Office of Audit and Investigations (OAI) has established an Investigations Hotline and other measures to ensure that persons wishing to report fraud may do so, free of charge, using a number of different options.

9. Monitoring and evaluation

The monitoring and evaluation (M&E) implementation plan for this joint programme incorporates the requirements set forth by CAFI, which emphasizes result-oriented monitoring. Given the often-unavailability of baseline data, the joint programme will develop key performance indicators (KPIs) based on Letters of Intent and the CAFI results framework. Data collection for these indicators will occur at varying frequencies, with most requiring at least annual data collection for reporting purposes. Sources of data include partner reports, verified surveys and questionnaires, GIS data, among others. To ensure standardization and harmonization across Pro-Congo sub-projects, the programme has budgeted a third-party specialized firm that will leverage CAFI's GIS verification systems for baselining and areas delimitation and deliver M&E reporting in this frame.

CAFI imposes specific elements regarding monitoring and evaluation, which the joint programme must adhere to. These include the of Budgeted Annual Work Plans (BAWP), which must be approved by joint programme steering committees annually. The progress of BAWP implementation is reviewed at least annually by the joint programme steering committee. The CAFI Secretariat, along with FONAREDD Secretariat in the DRC, must receive meeting agendas and working documents, including BAWP, at least 15 working days before meetings. Additionally, a multi-year monitoring and evaluation plan is mandatory and must be shared with CAFI during the first year of the joint programme. The joint programme must allocate resources, both human and technical, for the collection and analysis of spatial and georeferenced data linked to joint programme activities, as explained in the joint programme document. Moreover, the programme has integrated certain CAFI indicators into the programme results framework prior to funding approval, ensuring adequate monitoring and aggregation of results.

Key areas of interest to CAFI in monitoring and evaluation include the estimation of Pro-Congo's contribution to the reduction of emissions and poverty reduction/sustainable development. Territorial projects are expected to estimate their contributions to both impacts. The definition of beneficiaries is crucial and must consider the type and intensity of support they receive. Beneficiaries are classified based on the type of support they receive (targeted or untargeted) and the intensity of support (low, medium, or high). This classification ensures that support reaches those in need and allows for effective monitoring of impact across different beneficiary groups. The programme will rigorously test the ToC underpinning this projects results framework by examining the assumptions regarding the linkages between achieved outputs and their actual contributions to the intended outcomes and impacts. Central to the CAFI ToC are two primary impacts: first, reducing emissions stemming from deforestation and forest degradation while enhancing carbon removals, and second, fostering sustainable development co-benefits. These overarching impacts are pursued through eight specific outcomes, namely sustainable agricultural investments, sustainable clean energy investments, sustainable forest governance and investments coupled with enhanced permitting, monitoring, and enforcement capacity, sustainable siting and development of infrastructure and mining investments, optimal land use planning and land tenure, reduced demographic pressure on forests, and improved governance, inter-ministerial coordination, and transparency encompassing permitting and fiscal policies. Through comprehensive data collection, analysis, and evaluation, the programme will assess the extent to which the achieved outputs align with the intended outcomes and contribute to the broader impacts envisioned by CAFI's ToC, thus providing critical insights into the effectiveness and validity of the program's strategies and interventions.

The programme will provide CAFI with all data, information, technical analyses, methodologies, and all photos and videos generated on a regular basis. This includes all raw and processed data from surveys and studies (e.g.household surveys, deforestation driver studies, value chain studies, etc.), data from monitoring and evaluation of activities, including associated spatial information (i.e., GPS coordinates). For robust and efficient monitoring and evaluation of activities and results, the joint programme will collect and process spatial data (geo-referenced) of relevant joint programme activities leveraging CAFI’s GIS verification systems for baselining and areas delimitation. When certain information is not of public nature, the relevant data can be communicated via links to dedicated secure digital files, providing protected access to CAFI.

UNEP's monitoring and evaluation (M&E) policies necessitate that all cooperating partners establish or commit to establishing an environmental and social impact reporting framework before investment decisions are made. This framework is crucial for monitoring progress against pre-defined key performance indicators (KPIs) and targets. Cooperating partners must include forest protection, climate mitigation, biodiversity, sustainable production and livelihood KPIs, and, if feasible, climate adaptation KPIs in their environmental and social impact reporting framework, as guided by the UNEP Land Use Impact Hub resources. UNEP provides best practice KPIs for each impact objective, ensuring alignment with sustainability goals. These KPIs are expected to be specific, measurable, ambitious, realistic, and time-bound (SMART). Notably, UNEP emphasizes gender equality by incorporating a specific KPI on gender, utilizing the 2X challenge framework to address gender disparities. Furthermore, UNEP emphasizes transparency in reporting and communication. The organization ensures that program performance against KPIs and targets is transparently reported annually, or more frequently where possible. This reporting occurs through public-facing online portals or as part of UNEP's annual sustainability report. Such transparency fosters accountability and facilitates stakeholder engagement in the monitoring and evaluation process.

In year 1 of the programme, a multi-year monitoring and evaluation plan will be produced and shared with CAFI, along with a monitoring and evaluation methodological guide that will orient the work teams, experts and consultants as well as partners involved in data collection and monitoring of the programme in accordance with the expectations in terms of CAFI's Manual of Operations, the Monitoring and Evaluation Policy and Guidelines including the **spatial reporting guidelines** (cf. Decision EB.2023.31),

Independent Verifications

As per_Decision EB.2024.33 this project will be subject to periodic independent verification of a sample of the results reported. The cost of independent verifications will be borne by CAFI. This verification is intended to guarantee the accuracy and quality of the results reported and to ensure the overall integrity of the project monitoring and evaluation system, and hence of CAFI, to identify opportunities for improvement and to make the chain of stakeholders responsible for results fulfilment more accountable.

These verifications will be carried out in accordance with a methodology defined between CAFI and the independent auditor, considering ISO 14064 standards. This methodology will include at a minimum performance indicator(s), methodology for monitoring, reporting and verifying the results, the periodicity of verification and the recommended level of payment per unit of results. UNEP and UNCDF will anticipate and facilitate the conduct of these verifications by the independent verifier. This will include, in particular, making information available, answering questions raised, supporting verifications in the field, etc.

Most importantly, the independent verifications will inform CAFI's decisions regarding the possible amendment of this projects to increase funding in line with the *performance-based funding allocation approach* adopted in Decision EB.2024.42. The amount of funding that could be added to the project budget through such an amendment will be determined by the amount of results verified through the independent verification of project results and the level of payment per unit of results established in the independent verification methodology for a total amount funded by CAFI of up to $29,568,320 and conditional to the availability of funding.

The multi-year monitoring and evaluation plan will Include all the relevant details pertaining to this Independent verification process Including the_schedule for carrying out these independent verifications.

Table 11. Overview of the monitoring activities that will be taken.

Monitoring Activity	Purpose	Frequency	Data Collection	Expected Action	Responsib ility
Monitoring & Evaluation Plan	The provide a detailed, multi-year monitoring and evaluation plan to CAFI	Once (within first year of joint programm e)	Partner Reporting		UNCDF
Independent verification of results	Mandatory and will inform CAFI's decision to amend the prodoc to increase funding	Periodicall y	Performance data from dashboard, partner reporting	Performance data, risks, lessons, and quality will be discussed by the joint programme Steering Committee, leading to further funding.	UNCDF, UNEP
Track Results Progress	Evaluate the joint programme's progress in achieving the agreed outputs from the results framework.	Bi-annual, or as required for each indicator.	Partner Reporting, GIS, Surveys & Questionnaire	Joint programme management will collect and analyze progress data against the results indicators in the Results Framework (RRF). Slower than expected progress will be addressed promptly. A dashboard will be produced to show program progress.	UNCDF
BAWP	PTBAs must be approved by the joint programme steering committees at the latest during the first quarter of the year, and ideally during the last quarter of the previous year. The examination of the half-yearly report and the	Bi-Annually		This is to be implemented and approved by the joint programme steering committee at least once per year.	UNEP, UNCDF

	annual report of the joint programme represent opportunities for review of this state of progress				
Monitor and Manage Risk	Identify and manage risks that may threaten intended results as well as safeguard of communities and marginalized groups. This will also include monitoring in regards to UNCDF's social and environmental standards and financial audits.	Bi-Annual	Partner reporting, stakeholder engagement, risk log	Joint programme management will identify specific risks, monitor actions using a risk log, and conduct audits to manage financial risk. The risk log will be actively maintained.	UNCDF
Learn	Capture knowledge, good practices, and lessons from the joint programme and external sources. Share this knowledge through KM disbursement.	At least Annually	Knowledge management, research reports, partner reporting	Relevant lessons will be captured by the joint programme team and used to inform program decisions. It will also be disseminated to other stakeholders to help support other programs.	UNEP, UNCDF
Joint programme Quality Assurance	Assess joint programme quality against UNCDF's E&S standards to identify strengths and weaknesses.	Annual	Report on joint programme quality derived from all data sources	Joint programme management will review areas of strength and weakness to inform decisions for improving joint programme performance.	UNCDF
Review and Make Course Corrections	Internal review of data, evidence and market conditions to inform decision-making.	At least annually	Performance data from dashboard	Performance data, risks, lessons, and quality will be discussed by the joint programme Steering Committee, leading to course corrections and changes to the joint programme.	UNEP, UNCDF
Joint programme Report	Present progress data, quality rating, risk summary, and evaluation reports to stakeholders.	Bi-annual update from dashboard, annual report, end of joint programme lifespan	Performance data from dashboard, partner reporting	Provide bi-annual performance narrative and financial updates to CAFI. Provide more in-depth analysis of joint programme performance annually. Third-party will verify assessment and progress.	UNEP
Joint programme Work Review	Regular joint programme reviews to assess performance and review the workplan as well as the progression of the work plan.	Bi-annual and end of joint programme review	Bi-annual updates and dashboard	The joint programme implementers will assess joint programme performance, review the work plan, and conduct an end-of-joint programme review to capture lessons learned and joint programme effectiveness.	UNEP

Evaluations

The UNCDF and UNEP take evaluation of projects seriously and the UNCDF have developed an Evaluability Assessment Tool aimed at joint programme and program managers to ensure projects are designed correctly to achieve results, monitoring and evaluation systems are fit for purpose, and projects are ready for evaluation in the short, medium, or long term. This tool focuses on improving joint programme design at both the joint programme and corporate levels to enhance joint programme management, reporting, accountability, and learning objectives.

The tool assesses three broad areas: adequacy of joint programme design, availability of information, and conduciveness of the context. Each area is evaluated based on control points that summarize mandatory elements and recommended elements necessary for a joint programme to be considered evaluable. Clear and actionable recommendations are provided to improve joint programme design, existing M&E systems, and the usefulness of evaluations.

Each evaluation will emphasize the importance of specific components based on CAFI’s monitoring and evaluation frameworks:

1. **Relevance Assessment:** Evaluations assess whether joint programme objectives remain relevant and realistic in relation to the context, problem, needs, and priorities. They also examine the validity of the Theory of Change and joint programme interventions, ensuring alignment with broader impacts.
2. **Effectiveness:** Evaluations determine the extent to which projects address implementation issues and risks effectively, utilize resources efficiently, and achieve their objectives. They assess the functionality of joint programme governance mechanisms and the utilization of monitoring and evaluation tools for performance management.
3. **Efficiency:** Evaluations analyze the timeliness of joint programme outputs, progress towards achieving overall impacts, and the factual basis for achievements. They assess the joint programme's contribution to creating an enabling environment and its ability to demonstrate changes from the baseline.
4. **Consistency with Other Entities:** Evaluations evaluate the strategic alignment of projects with other actors and initiatives in the field of forests and climate change, assessing complementarity and coherence.
5. **Gender Equality Assessment: Evaluations** examine the extent to which projects incorporate sex-disaggregated data, allocate resources to marginalized groups, consider local power dynamics, and ensure transparent and inclusive decision-making processes.
6. **Country Ownership Evaluation:** Evaluations assess the alignment of projects with national development plans, climate change action plans, and partner priorities. For territorial projects, evaluations examine the effectiveness of technical services in monitoring activities and supporting beneficiaries.
7. **Operational Evaluation Procedures and Guidelines:** Evaluations consider the extent to which country ownership is reflected in joint programme governance and consultation mechanisms, the use of national monitoring systems, and the relevance of joint programme delivery modes to local challenges and goals.
8. **Innovation in Results Areas:** Evaluations analyze the joint programme's role in providing thought leadership, innovation, or unlocking additional climate finance, with a focus on strengthening these roles in the future.
9. **Replication and Scalability Assessment:** Evaluations identify lessons learned, missed opportunities, and factors influencing joint programme achievements, sustainability, scalability, and replication of results.
10. **Impact Assessment Regarding CAFI’s Priorities:** Evaluations measure the joint programme's contribution to reducing deforestation and forest degradation, improving income and food security, and provide evidence for these conclusions.
11. **Assessment of Unexpected Results:** Evaluations examine the joint programme's capacity to adapt based on lessons learned, observe unexpected positive or negative effects, and identify contributing factors to unintended outcomes.

Table 12. Documents that will be produced throughout the joint programme.

Documents Produced	Description	Estimated Submission	Responsibility
2-3 Research studies on market dynamics	Using data from 12 workshops with stakeholders as well as desk research, these papers will provide robust market analysis on sectors, companies and policies regarding NbS.	6 month post approval	UNEP
Independent Evaluation report	Mandatory and will inform CAFI’s decision to amend the prodoc to increase funding.	Periodically	UNCDF
Annual Joint programme Report	The annual joint programme reports provide an update on the progress of the performance of the joint programme, risk assessments, quality and an evaluation of the joint programme components.	End of each year	UNCDF

Evaluation of NbS SME Business incubation programs	This report will provide an overview of the incubator program and focused on whether the SMEs made changes to include NbS after the technical assistance.	One-year post-incubation completion	UNEP
Learnings from Congo Basin 'Eco-preneurs'	Using surveys and focus groups, this report will review the technical assistance provided to these micro entreprises and co-ops, learnings across the different regions, and recommendations for future programs.	6 months post final TA	UNEP
Final Joint programme Performance Report	The final joint programme report evaluates the performance and quality of the joint programme throughout its entire lifespan. This report is used to find major lessons learned and recommendations for other CAFI programs in the future.	End of Joint programme	UNCDF

Risks

UNCDF employs a comprehensive Risk Register system to monitor all levels and categories of risk, facilitating adaptive management and informed decision-making. Regular risk monitoring informs management decisions and course corrections, with results recorded and reported to guide program and joint programme management. This system allows for customization to specific risks, with updates made as new information arises. Real-time monitoring enables proactive responses in rapidly changing contexts, ensuring the effectiveness of treatment measures for various risk levels. UNCDF's Enterprise Risk Management (ERM) system aids in identifying, analyzing, and reporting on existing and emerging risks across all organizational levels. The Risk Register serves as a standard tool for managing financial, programmatic, and other risk categories. It not only enhances risk monitoring and reporting but also strengthens overall risk management practices. The Risk Register is tailored to reflect risks at the joint programme, portfolio, and corporate levels, ensuring comprehensive risk management across the organization. Mandatory Risk Registers are maintained within UNCDF's dedicated risk management platform, with options for registering country-level risks within associated Program risk registers as needed.
In addition, specific mitigation methods will be employed to decrease risks within the monitoring process which follow the guidance from CAFI. This includes the following methods:

- Contracting a team trained in formulating questions.
- In the Democratic Republic of Congo (DRC), the process will be piloted by FONAREDD, with a clear role in suggesting experts and implementing a capacity-building component on monitoring and evaluation. In Gabon and other countries, the national entity in charge of the process will lead it without the possibility of influencing outcomes.
- To address timing concerns, the joint programme may begin monitoring in sectors where significant progress has been observed, using clear criteria.
- The identification process for experts will be conducted carefully, with a cross-cutting approach that enrolls experts recommended by two or more independent actors.
- Variance meetings will be held to adjust sample sizes, and the joint programme will have the flexibility to exclude outlier data if selected "experts" do not appear reliable in focus group discussions.
- Survey questions will not be disseminated in advance, and respondents will reply individually on tablets to ensure unbiased responses. Additionally, focus group discussions can be organized per stakeholder groups to avoid intimidation, and surveys will be kept short and targeted for better engagement and accuracy.

Data Collection and Processes

The data collection process for the joint programme will involve a multifaceted approach drawing from the policies and practices of both CAFI and UNCDF. Initially, a desk approach will be adopted, leveraging existing research and data; however, caution will be exercised due to the novelty of research in these regions, potentially leading to less accurate data. Additionally, engaging with key stakeholders will be prioritized to gain deeper insights into the areas of interest and identify sources of data or individuals who may possess relevant information. In cases where primary data collection is necessary, CAFI's approach, established in a 2016 Executive Board decision, will be considered. While CAFI initially delegated data collection, including baselines, to funded programs, experiences in the DRC highlighted the insufficiency of this approach, with baseline availability dropping to 66% for outcome indicators. Hence, an ongoing effort to collect baselines and coordination with CAFI will be emphasized, enriching data as it emerges from programs or other sources. When required, CAFI's methodology for data collection will be implemented, focusing on assessing change over time and constructing narratives about the observed impacts of interventions, particularly related to VPA implementation. This methodology involves a systematic process of desk review, questionnaire development, engagement with a diverse pool of experts, data collection workshops, real-time compilation and adjustment of responses, and comparative analysis to build narratives of impacts and evaluate VPA contributions. Through this comprehensive approach, the joint programme aims to gather robust and insightful data to inform its monitoring and evaluation processes effectively.

The joint programme will provide CAFI with all data, information, technical analyses, methodologies, and all photos and videos generated by the joint programme**, at least once per year**. This includes all raw and processed data from surveys and studies (household surveys, deforestation driver studies, value chain studies, etc.), data from monitoring and evaluation of activities. including associated spatial information (i.e., GPS coordinates). For robust and efficient monitoring and evaluation of activities and results, the joint programme has the capacity to collect and process spatial data (geo-referenced) of relevant joint programme activities. When certain information is not of public nature, the relevant data can be communicated via links to dedicated secure digital files, providing protected access to CAFI. In year 1 of the joint programme, a multi-year monitoring and evaluation plan will be produced and shared with CAFI.

10) Communication and visibility

Communication and visibility will have two main objectives: i) to influence perceptions and bring about change ii) to increase the visibility of the programme's work and results, and of its funders.

Compliance with CAFI strategy on communication and visibility

All national and regional communication and visibility efforts by UNEP and UNCDF will be aligned with CAFI's plan for communication and visibility and rolled out by the implementing organizations to ensure CAFI's visibility in line with its strategy, as well as to raise awareness among targeted audiences about how the joint programme addresses forest loss, climate change, and poverty in the region.

The joint programme will use the logos and funding designation "funded by CAFI" in all communications and dissemination activities, on infrastructure, equipment, vehicles, procurement, and any funded outputs.
The logos and the words "funded by CAFI" will be displayed prominently to the public. They should appear in all types of public-facing communications, including publications and presentations, and the funding should be mentioned in all media relations and social media.

Knowledge management

The joint programme will include an element whereby private sector entities and government agencies across the 4 Congo basin countries will be invited for a number or learning events to understand how certain business models being applied in a one countries could be replicated in another country or how a favorable sustainable investment policy environment created by one government could be replicated by other governments in the Congo Basin. Such South-South exchanges can facilitate longer-term positive impact beyond the individual enterprises being supported through grants, loans and guarantees. In other words, we need to make sure that the *'sum of the joint programme's achievements is larger than the individual parts'*.

Visibility and social media

UNEP and UNCDF aim to create a list of key government, business, civil society and research contacts, who can be informed in a periodic basis either through newsletters, social media or other means. The joint programme teams will identify the best ways to inform key constituents about progress of the joint programme, be it in the form of infographics, videos, testimonials, newsletters and social media outreach.

11) Fiduciary transparency

The value of the payment is always made in United States dollars. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations and rules. Should an Audit Report of the Board of Auditors of UNEP contain observations relevant to the contributions, such information shall be made available to the Donor. Any procurement required for the Joint programme must be acquired by UNEP pursuant to the UN regulations, rules and directives. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNEP. Nothing in this document shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNEP.

UNEP is a subsidiary organ of the United Nations and is governed by UN Regulations, Rules, and policies (For more information please see: https://www.unenvironment.org/about-un-environment/policies-and-strategies/reporting-wrongdoing) , including the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat For more information please see: https://www.unenvironment.org/about-un-environment/policies-and-strategies/reporting-wrongdoing). UNEP's Anti Fraud and Corruption Guidelines provide guidance on policies and procedures related to money laundering or financing of terrorism.

UNEP undertakes screening of Executing Entities and Procurement vendors through the following processes:

1. **Executing Entities:** Under the UNEP Partnerships Policy and Procedures (attached as 4.1.4f_UNEP Partnership Policy and Procedures), the first level due diligence process includes checks on exclusionary criteria such as UN Security Council sanctions. Prior to selection of any Executing Entity, UNEP Task Managers check whether the prospective partner has been involved in activities that violate the United Nations Security Council Sanctions List, or with entities/individuals on the United Nations Ineligibility List. Accordingly, any entity which violates sanctions established by the UN Security Council would be automatically disqualified from selection as a UNEP Executing Entity.
   For specific details on the assessment of AML/KYC capabilities please see 4.1.4f UNEP Implementing Partner capacity assessment and 4.1.4f UNEP Implementing Partner Capacity Assessment_Guidance note. For evidence of due diligence please see 4.1.5h. Sample UNEP Fiduciary risk assessment report 1 and 4.1.5h. Sample UNEP Fiduciary risk assessment report.
2. **Procurement vendors:** all UN vendors are required to register with the UN Global Marketplace. The pre-requisites for eligibility will exclude any entity which violates sanctions established by the UN Security Council. For more information on monitoring payments to procurement vendors please see the UN Procurement Manual chapter 13.
   https://www.un.org/Depts/ptd/sites/www.un.org.Depts.ptd/files/files/attachment/page/pdf/pm.pdf)

Monitoring for AML/KYC is embedded in the UN financial monitoring procedures. For more information on monitoring the processing of payments and fund transfers, please see attachments labelled 4.1.2f_UNON Standard Operating Procedures Vendor Payments; 4.1.2f UNON Standard Operating Procedures Joint programme payment and expenditure. Also see the IPSAS accounting manual chapter 14: https://www.un.org/ipsas/Chapter14.html

For vendor registration and related KYC processes please see:
https://www.un.org/Depts/ptd/bulletins/vendor-registration-process-un-global-marketplace

12) Budget, workplan and timeline

a) Work plan and budget by output/activity

For detailed Work plan and budget by output/activity, see APPENDIX 10 Budget (A) (Attached Excel).

Output	Activity	Activity Title	IO	IP	Period (min. per year)				Phase 1	CAFI Budget Phase 1 and 2	TOTAL Budget Phase 1 and 2	%
					A1	A2	A3	A4				
A. PROJECT OUTPUTS COSTS												
Output												
1	1.1	Ventures/companies capacitated with higher readiness levels	UNEP	UNEP + ESOs	x	x	x	x	$ 1,775,000	$ 4,127,150	$ 4,127,150	100%
Output												
2	2.1	Financial collaboration network established through public-private initiatives	UNEP	UNEP + ESOs	x	x	x	x	$ 199,998	$ 399,996	$ 399,996	2%
2	2.2	Catalytic/blended financial instruments deployed into anchor investment opportunities	UNCDF	UNEP + ESOs	x	x	x	x	$ 7,776,405	$ 16,169,850	$ 16,169,850	98%
TOTAL PROJECT OUTPUTS COSTS									**$ 9,751,403**	**$ 20,696,996**	**$ 20,696,996**	**75%**
B. M&E COSTS												
N/A	N/A	Risks, safeguards & impact specialist (International)	UNEP	N/A					$ 428,600	$ 857,200	$ 857,200	5%
N/A	N/A	Risks, safeguards & impact specialist (Regional)	UNEP	N/A					$ 320,000	$ 640,000	$ 640,000	12%
N/A	N/A	Risks, safeguards & impact specialist (Consultant)	UNEP	N/A					$ 92,215	$ 92,215	$ 92,215	5%
N/A	N/A	Monitoring Travels (International)	UNEP	N/A					$ 22,500	$ 45,000	$ 45,000	3%
N/A	N/A	Monitoring Travels (Regional)	UNEP	N/A					$ 18,000	$ 36,000	$ 36,000	2%
N/A	N/A	Independent 3rd party evaluation	UNEP	N/A					$ 40,000	$ 80,000	$ 80,000	5%
N/A	N/A	Independent 3rd party evaluation	UNCDF	N/A					$ 80,000	$ 160,000	$ 160,000	13%
N/A	N/A	Monitoring Specialist Based in the Region	UNCDF	N/A					$ 320,000	$ 480,000	$ 480,000	40%
N/A	N/A	Risk management and compliance officer	UNCDF	N/A					$ 360,480	$ 540,720	$ 540,720	45%
N/A	N/A	Travel	UNCDF	N/A					$ 10,000	$ 20,000	$ 20,000	2%
TOTAL M&E									**$ 1,691,795**	**$ 2,951,135**	**$ 2,951,135**	**11%**
		Total M&E for IO 1							**$ 921,315**	**$ 1,750,415**	**$ 1,750,415**	**59%**
		Total M&E for IO 2							**$ 770,480**	**$1,200,720**	**$1,200,720**	**41%**
C. PROJECT MANAGEMENT COSTS (PMC)												
N/A	N/A	Project oversight UNEP CFU	UNEP	N/A					$ 83,594	$ 166,407	$ 166,407	12%
N/A	N/A	Project Coordinator UNEP: CAFI Private sector facility	UNEP	N/A					$ 308,900	$ 308,900	$ 308,900	21%
N/A	N/A	Market development lead	UNEP	N/A					$ 191,371	$ 380,954	$ 380,954	26%
N/A	N/A	Administrative support	UNEP	N/A					$ 100,775	$ 200,608	$ 200,608	14%
N/A	N/A	Office rental	UNEP	N/A					$ 6,472	$ 12,944	$ 12,944	1%
N/A	N/A	Travel	UNEP	N/A					$ 72,000	$ 72,000	$ 72,000	5%
N/A	N/A	Project communications & Knowledge management	UNEP	N/A					$ 300,000	$ 300,000	$ 300,000	21%
N/A	N/A	Project Oversight	UNCDF	N/A					$ 309,333	$ 464,000	$ 464,000	18%
N/A	N/A	Project Coordination	UNCDF	N/A					$ 640,000	$ 960,000	$ 960,000	38%
N/A	N/A	Travel	UNCDF	N/A					$ 60,000	$ 120,000	$ 120,000	5%
N/A	N/A	Direct Project cost	UNCDF	N/A					$ 400,000	$ 800,000	$ 800,000	31%
N/A	N/A	Office Cost	UNCDF	N/A					$ 100,000	$ 200,000	$ 200,000	8%
TOTAL PMC									**$ 2,572,445**	**$ 3,985,813**	**$ 3,985,813**	**14%**
		Total PMC for IO 1 : UNEP							**$ 1,063,112**	**$ 1,441,813**	**$ 1,441,813**	**36%**
		Total PMC for IO 2: UNCDF							**$ 1,509,333**	**$ 2,544,000**	**$ 2,544,000**	**64%**
TOTAL PROJECT DIRECT COSTS									**$ 14,015,643**	**$ 27,633,944**	**$ 27,633,944**	**93%**
TOTAL PROJECT INDIRECT COSTS (cannot exceed 7.00%)									**$ 981,095**	**$ 1,934,376**	**$ 1,934,376**	**7%**
TOTAL COSTS									**$ 14,996,738**	**$ 29,568,320**	**$ 29,568,320**	**0%**

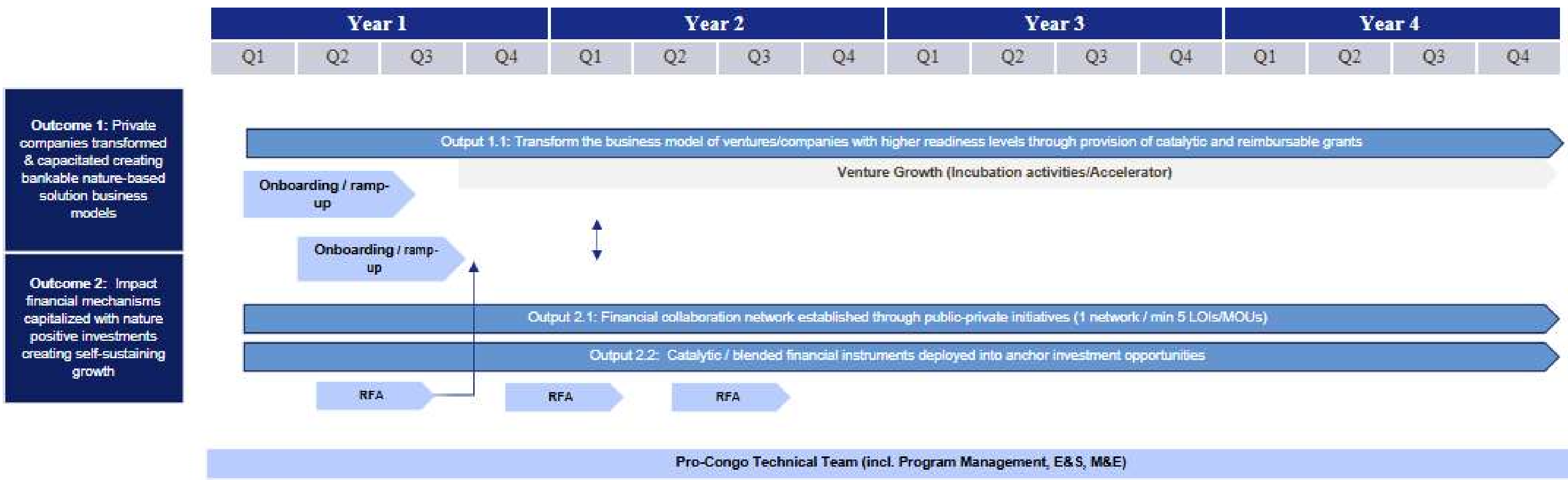
b) Budget by UNDG categories

For budget by UNDG categories, see APPENDIX 10 Budget (C) (Attached Excel).

UNDG BUDGET CATEGORY	UNEP (IO 1)				UNCDF (IO 2)				TOTAL USD			
	Phase 1			Remaining	Phase 1			Remaining	Phase 1			Remaining
	Tranche 1	Tranche 2	Total		Tranche 1	Tranche 2	Total		Tranche 1	Tranche 2	Total	Total
1. Staff and other personnel	$ 1,805,960	$ 444,493	$ 2,250,453	$ 1,545,827	$ 2,540,525	$ 625,288	$ 3,165,813	$ 1,582,907	$ 4,346,486	$ 1,069,781	$ 5,416,266	$ 3,128,734
2. Supplies, Commodities,	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3. Equipment, Vehicles, and	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4. Contractual services	$ 32,099	$ 7,901	$ 40,000	$ 40,000	$ 64,199	$ 15,801	$ 80,000	$ 80,000	$ 96,298	$ 23,702	$ 120,000	$ 120,000
5.Travel	$ 90,280	$ 22,220	$ 112,500	$ 40,500	$ 56,174	$ 13,826	$ 70,000	$ 70,000	$ 146,454	$ 36,046	$ 182,500	$ 110,500
6. Transfers and Grants to Counterparts	$ 1,243,856	$ 306,144	$ 1,550,000	$ 2,127,150	$ 4,975,422	$ 1,264,982	$ 6,240,405	$ 7,625,445	$ 6,219,278	$ 1,571,127	$ 7,790,405	$ 9,752,595
7. General Operating and Other Direct Costs	$ 5,194	$ 1,278	$ 6,472	$ 6,472	$ 401,244	$ 98,756	$ 500,000	$ 500,000	$ 406,437	$ 100,035	$ 506,472	$ 506,472
Total Direct Costs	$ 3,177,389	$ 782,036	$ 3,959,425	$ 3,759,949	$ 8,037,565	$ 2,018,654	$ 10,056,218	$ 9,858,352	$11,214,953	$ 2,800,690	$ 14,015,643	$ 13,618,301
8. Indirect Support Costs (Max. 7%)	$ 222,417	$ 54,743	$ 277,160	$ 263,196	$ 562,630	$ 141,306	$ 703,935	$ 690,085	$ 785,047	$ 196,048	$ 981,095	$ 953,281
TOTAL Costs	$ 3,399,806	$ 836,779	$ 4,236,585	$ 4,023,145	$ 8,600,194	$ 2,159,959	$ 10,760,153	$10,548,437	$12,000,000	$ 2,996,738	$ 14,996,738	$ 14,571,582

c) Programme operationalization plan overview

See detailed Operationalization Plan in APPENDIX 11 (Attached Excel).



13) APPENDICES

APPENDIX 1: Stakeholder Engagement in the Programme Development Process

A detailed stakeholder engagement strategy will be developed in the first six months of programme implementation. **See APPENDIX 8 Stakeholder Engagement (Attached Excel).**

Table 13. Overview of stakeholder engagement during the programme proposal development process

Type of consultation (national launch workshop, mid-term review, validation workshop for joint submission, etc.)	Country	Date(s)	List of participating organizations and number of participants	Summary of recommendations
Resource Mobilization, Thematic Consultation	DRC	Several meetings in person and online from November 2022 to Feb 2024	Philippe NGWALA; National Coordinator Office of the President; DRC social funds	Development of regional investment funds between Eastern DRC and CAR - Development of proposal to support Nature based solutions in DRC and CAR
Resource Mobilization, Thematic Consultation	DRC	Several meetings in person and online Between November 2022 and March 2023	Ginette Nzau; Deputy head of cabinet; Office of the Minister of Finances	Development of regional investment funds between Eastern DRC and Burundi
Resource Mobilization, Thematic Consultation	DRC	22, November 2022	Jude BADIBANGA; General Director; Office of Industrial corridor	Development of regional investment funds between DRC, Gabon, Congo and CAR
Resource Mobilization, Thematic Consultation	DRC	29 September and 5 October 2023	Yves Milane Ngangayi; General Director; Ministry of Environment, Congolese Institute for Nature Conservation	Opportunities to fundraise and invest in Nbs around National Parks Potential opportunities to fundraise for underfunded protected areas in DRC
Resource Mobilization, Thematic Consultation	DRC	26 September, 2023	Eve Bazaiba; Ministry of Envionment	Funding for protection for biodiversity
Thematic Consultation	DRC	2 March, 2023	Olivier Mondonge; Deputy head of the presidency cabinet; Office of Presidency	Information on UNCDF activities for the protection of Nature Assets in DRC
Resource Mobilization, Thematic Consultation	Gabon	Q1 2023 -Q3 2023	Tanguy Gahuma Bekale; Advisor to President	Strategies to unlock capital markets and FPB
Thematic Consultation	CAR	Q4 2023	Hervé Ndoba; Minister Finance and Budget	Briefed on Nature Assets approach for Central Africa and released a support letter in the framework of our partnership with AfDB to value nature assets in country based economic strategies.

APPENDIX 2: Gender Analysis and Action Plan

As described in the safeguards section, the promotion of gender equality and the empowerment of women are intrinsic to the programme human rights-based approach. Although the full analysis and action plans are not yet available, the implementing agencies have started to consolidate a number of policies and strategic actions that will serve as a base for the gender action plan. Additionally, upon implementation, the agencies will have an occasional expert/Gender Specialist that will further define/refine the plan, and ensure action is encapsulated in the monitoring and reporting phase.

APPENDIX 3: Communication Strategy

Table 14. Description of the main communication actions

Communication objectives, description, and output Linkage	Target audience	Activities and communication tools	Manager	Approximate implementation period
Gather market intelligence on sectors, companies, market and value chain structures, technologies, best practices and enabling economic policies	Local market participants in 4 Congo Basin Countries	Market and field surveys	UNEP	1 year
Engage with industry stakeholders for insights in each country]	4 Congo Basin Countries	Stakeholder Workshops:	UNEP	4 years
Technical Assistance for Early-stage Cooperatives and Community Ventures to support adoption of environmental best practices, improve business acumen, and support environmental sustainability.	Entrepreneurs, Youth, in 4 Congo Basin Countries	Capacity building trainings, TA	UNEP	4 years
Build partnership coalition for resource mobilization and best technical application; coalition built of interested impact investors.	FIs, DFIs, MDBs interested to potentially co-finance investments	Workshops, forums, meetings for fundraising	UNCDF, UNEP	4 years
Identify, assess, and build a comprehensive database of at least 20-30 potential bankable nature-based local enterprises.	(M)SMEs, joint programme finance sub-projects	Conduct 3 calls for proposals	UNCDF	4 years

Each communication activity is included in the estimated joint programme budget

APPENDIX 4: Procurement Plan

Thresholds and procurement methods (goods, works and services)

Table 15. The following table applies to goods, works, services and human resources contracts:

Acquisition method	Contract value thresholds	Type of contract	Method of solicitation	Type of competition	Pre/post review by the agency	Agency
Informal	≤USD $10,000	UN Purchase Order	Low-Value Acquisition (LVA)	Lowest priced, technically acceptable offer		UNEP
Informal	≤USD $150,000	UN Purchase Order	Request for Quotation (RFQ)	Lowest priced, technically acceptable offer		UNEP
Formal	> USD $150,000	Customized UN Contract	Invitation to Bid (ITB)	Lowest priced, substantially conforming bid	Both	UNEP
Formal	> USD $150,000	Customized written Contract	Request for Proposal (RFP)	Cumulative/weighted analysis; award based on the most responsive proposal	Both	UNEP
Formal	Below US $5,000	Purchase order	Micro-purchasing	Lowest priced, technically acceptable offer		UNCDF
Formal	US $5,000 to $199,999	Contract for services or/and goods	Request for quotation	Lowest priced, technically acceptable offer		UNCDF
Formal	US $200,000 and above	Contract for services or/and goods	Request for proposal	Cumulative/weighted analysis; award based on the most responsive proposal		UNCDF

Formal	Up to $199,999	Contract for services or/and goods	Request for Proposal –for low value	Cumulative/weighted analysis; award based on the most responsive proposal		UNCDF

Consulting Services Procurement Plan

Below procurement will be done by UNEP.

Table 16. Procurement by UNEP

Description	Type of contract	Value (USD)	Source of finance	Acquisition method	Start of the acquisition process	Estimated start and end of the contract	Type of competition
Provision of technical assistance provider of Enterprise Incubation Programme for UNEP	UN Purchase Order	USD 1M	Joint programme funding	Informal	At joint programme's inception	Procurement plan covers joint programme's duration (max. 5 years), each incubation contract is 12 months	Lowest priced, technically acceptable offer

APPENDIX 5: Theory of Change Diagram and Problem Tree Analysis (Attached Excel)

APPENDIX 6: Results Framework (Attached Excel)

APPENDIX 7: LOI Milestones Contributions (Attached Excel)

APPENDIX 8: Stakeholder Engagement Strategy Analysis (Attached Excel)

APPENDIX 9: Risk Management Matrix (Attached Excel)

APPENDIX 10: Budget Tables per Output, Work Plan, Per UNDG Category (Attached Excel)

APPENDIX 11: Operationalization Plan (Attached Excel)

APPENDIX 12: UNCDF NAT Investment Policy (Attached pdf)