





CAFI Preparatory / Feasibility study grant

Project Title: Preparatory Grant Project - Shaping deforestation-free agricultural value chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs of different size and loan absorption capacity	Implementing Organization(s): Common Fund for Commodities
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Project Description: Preparatory Grant to support the development of a project shaping deforestation-free agricultural value chains and sustainable timber supply chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs and forestry companies of different size and loan absorption capacity.	Country: Regional (Central African Republic, Democratic Republic of the Congo, Republic of Cameroon, Republic of Congo, Republic of Equatorial Guinea, and Republic of Gabon)
	Total Cost: 500,000 USD Total amount funded by CAFI: 500,000 USD Other funding sources:
	Start date¹ : 01 January 2025 End date: 31 December 2025 Total duration (in months): 12 Months
	Nicolaus Cromme <div style="display: flex; align-items: center;"> <div style="flex: 1;"> <i>Signature, date, seal</i> Chief Operations Officer Common Fund for Commodities </div> <div style="flex: 1; text-align: center;">  </div> <div style="flex: 1;"> Nicolaus Cromme 2024.12.10 15:12:19 +01'00' </div> </div>
On behalf of the CAFI Executive Board	
Berta Pesti <div style="display: flex; align-items: center;"> <div style="flex: 1;"> <i>Signature, date</i> Head of CAFI Secretariat </div> <div style="flex: 1; text-align: center;"> DocuSigned by:  DAFEB40CC65A412... 12-Dec-2024 </div> </div>	

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



Executive Summary

In 2023, the Central African Forest Initiative (CAFI) announced the launch of a \$100M Regional Private Sector Facility to complement the growing portfolio of national and regional projects supported by CAFI. The Common Fund for Commodities (CFC) expressed its interest in developing a project “shaping deforestation-free agricultural value chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs of different size and loan absorption capacity” (the “Project”).

The components in the Project encompass different instruments as part of an integrated approach to halting deforestation while enhancing livelihoods in the Congo Basin region. Debt-financing and related technical assistance instruments will be delivered through the Congo Basin Sustainable Land-Use Facility (CB-SLF), leveraging CFC deal flow from the region, and a dedicated investment window in the Agricultural Commodity Transformation (ACT) Fund, a blended finance impact investment fund, managed by the CFC. A performance-based Outcomes Fund will be designed in collaboration with the CAFI Secretariat that will leverage the other instruments.

On October 26, 2023, the CAFI EB approved the selection of the CFC as the Implementing Organization for the Project, requested the CFC to develop a project document (“PRODOC”), and invited the CFC to submit a \$500,000 preparation grant request. The preparatory grant will ensure the timely and qualitative delivery of the PRODOC and will provide all necessary elements for informed decision making by the CAFI EB.

The preparatory grant will be used by the CFC to:

- initiate desk research and stakeholder outreach;
- analyze key agri-commodity value chains in the Congo Basin region;
- assess the feasibility of including a forestry component, and outline a promising approach;
- further develop the performance-based Outcomes Fund;
- develop M&E and Results frameworks and align S&E tools with CAFI requirements;
- compile a concrete pipeline of investment opportunities;
- deliver a comprehensive PRODOC for approval by the CAFI EB.

The further development of the performance-based Outcomes Fund will continue in close collaboration with the CAFI Secretariat to ensure its alignment with the CAFI PES Framework and projects. We will define verification and payment calculation methodologies, which will be validated by an independent verification body.

The compilation of a concrete pipeline of investment opportunities for the different financing mechanisms will demonstrate investment potential and enable kick-starting the program with rapid disbursements once approved.

The CFC will collaborate with the International Tropical Timber Organization (ITTO) for the further development of the forestry component of the Project, including, amongst others, the feasibility study on the forestry sector in the Congo Basin.

In line with CAFI EB instructions, the feasibility studies and the design of the Project will place strong emphasis on gender inclusion, human rights and non-discrimination, land tenure issues, alignment with the CAFI frameworks, opportunities for scale-up, forest conservation and sustainable use of tropical forests and risks of corruption / conflicts of interest.



Acronyms

ACT Fund	Agricultural Commodity Transformation Fund
Agri-SME	Agricultural value chain small and medium-sized enterprise
CAFI	Central African Forest Initiative
CAR	Central African Republic
CB-SLF	Congo Basin Sustainable Land-Use Facility
CGIAR	Consultative Group on International Agricultural Research (CGIAR)
CFC	Common Fund for Commodities
CPIC	Coalition for Private Investment in Conservation
DEF	Dealfow Enhancement Facility
DRC	Democratic Republic of the Congo
EB	Executive Board
E.-Guinea	Equatorial Guinea
EUDR	European Union Deforestation Regulation
ES	Ecosystem Services
FAO	Food and Agriculture Organization of the United Nations
FSC	Forest Stewardship Council
FPIC	Free, Prior and Informed Consent
GIZ	Gesellschaft für Internationale Zusammenarbeit
HACT	Harmonized Approach to Cash Transfers
ICCO	International Cocoa Organization
ICRAF	International Centre for Research in Agroforestry
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ICO	International Coffee Organization
IITA	International Institute of Tropical Agriculture (IITA)
ITTO	International Tropical Timber Organization
LoI	Letter of Intent
M&E	Monitoring and Evaluation
NIF	National Investment Framework
NGO	Non-governmental organization
PES	Payment for Environmental Services
PEFC	Programme for the Endorsement of Forest Certification
PRODOC	Project Document
REDD	Reducing emissions from deforestation and forest degradation in developing countries
ROC	Republic of the Congo
SES	Social and Environmental Standards
SME	Small and medium-sized enterprise
TA	Technical Assistance
TAF	Technical Assistance Facility
UNCDF	United Nations Capital Development Fund
UNDG	United Nations Development Group

Tables and Figures

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1) Introduction

In 2023, the Central African Forest Initiative (CAFI) announced the launch of a Regional Private Sector Facility to complement the growing portfolio of national and regional projects supported by CAFI. The facility aims to reinforce capacities and attract new investments to drive sustainable development in Central Africa. The Facility has set aside \$100M in grants to support projects focused on Energy, Agriculture, Forestry and Ecotourism.

The terms of reference of the CAFI Regional Private Sector Facility were approved by the CAFI Executive Board (EB) on June 30, 2023 (EB.2023.12). The CAFI secretariat prepared a CAFI Private Sector Investment and Performance Framework, and a call for expressions of interest for implementing organizations to access the CAFI Private Sector Facility, which were approved on September 14, 2023 (EB.2023.24).

The Common Fund for Commodities (CFC) expressed its interest in developing a project "shaping deforestation-free agricultural value chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs of different size and loan absorption capacity" (the "Project").

On October 26, 2023 (EB.2023.27), the CAFI EB approved the selection of the CFC as the Implementing organization for the Project and requested the CFC to develop a project document ("PRODOC") with an initial detailed budget of \$30M for a period of 3 to 5 years. The CAFI EB equally invited the CFC to submit a \$500,000 preparation grant to assure that CFC will develop a comprehensive PRODOC.

The components in the Project encompass different instruments as part of an integrated approach to halting deforestation while enhancing livelihoods in the Congo Basin region. Debt-financing and related technical assistance instruments will be operationalized through the Congo Basin Sustainable Land-Use Facility (CB-SLF), leveraging CFC deal flow from the region, and a dedicated investment window in the Agricultural Commodity Transformation (ACT) Fund, a blended finance impact investment fund. A performance-based Outcomes Fund will be designed in collaboration with the CAFI Secretariat that will leverage the other instruments.

On January 25, 2024, (EB.2024.01), the CAFI EB invited the CFC to expand the scope of the project under development to include the forestry sector in partnership with the International Tropical Timber Organization (ITTO) and to expand the scale of the same project to include CAFI funding of up to \$60M.

The below table provides a high-level overview of the intended contribution of the Project to the Letters of Intent (LoI) with CAFI member countries. The relationships with National Investment Frameworks (NIFs) are not presented given the regional nature of this Project.

Country	Contribution to milestones in LOI
DRC	<ul style="list-style-type: none"> - Sustainable agriculture, restoring degraded land and agro-industrial development on savannas. - Mobilization of private investments to finance sustainable development of natural resources.
ROC	<ul style="list-style-type: none"> - Sustainable development of the agricultural sector directing agro-industrial plantations to savannas - Promoting zero-deforestation agroforestry for small-scale farming practices in forest areas.
Gabon	<ul style="list-style-type: none"> - Alignment / compliance with the elaborate S&E (including FPIC) guidelines as adopted in the LOI. - Land use planning specifically related to the development of a sustainable oil palm sector.
Cameroon CAR E.-Guinea	<ul style="list-style-type: none"> - Cameroon: deployment of performance-based financing and (sustainability-linked) loans as described in the recently signed LoI - CAR, E.-Guinea: no signed LOIs. CAFI Secretariat to guide potential alignment with initiatives related to the CAFI partnership with the countries, when and where possible.

Table 1: High-level overview of contribution to milestones in LOIs with CAFI member countries.



2) Context

Rainforests play a crucial role in mitigating two of the most pressing challenges of our time: climate change and biodiversity loss. Despite covering only 6% of the Earth's surface, these ecosystems have the capacity to absorb and store vast amounts of carbon and support more than 50% of terrestrial and coastal biodiversity. No other ecosystem possesses the same potential to address the unfolding climate and biodiversity crises.

However, the Congo Basin rainforest still faces a range of threats. Since 2001, and despite significant conservation efforts, the region has lost over 6 million hectares of primary rainforest. This alarming trend shows no signs of abating and requires immediate attention and action. Deforestation and forest degradation in the Congo Basin, like in other parts of the world, have complex causes. Next to mining concessions, infrastructure projects, and fuelwood collection, agricultural expansion is one of the main leading drivers of deforestation.

Deforestation and agriculture in the Congo Basin

The expansion of agriculture is one of the engines of economic development in the region. However, deforestation and adverse impact on biodiversity are negative externalities not accounted for in agricultural value chains. The result is 'a market mispricing of natural forest assets and a disincentive to sustainable production'. Without sufficient market incentives for loggers, agro-industrial players and small-holder farmers to adopt sustainable or regenerative practices and to create deforestation-free value chains, the problem is expected to worsen.

Shifting cultivation (short-cycle slash-and-burn, rotational farming) by smallholder farmers remains the main driver of deforestation in the Congo Basin. As farmers have a low adoption rate of good agricultural practices, productivity remains low which leads to even more deforestation. Smallholder farmers play a key role in securing food security (maize, rice, cassava) and in driving the economic potential of cash crops (cocoa, coffee, palm oil, soy). Providing smallholder farmers with alternative approaches for sustainable production is essential in establishing deforestation-free value chains. These interventions can be coupled with the development of sustainable agro-industrial plantations and processing facilities (palm oil, rubber, timber).

A comprehensive shift in perspective and practice within the agricultural value chains necessitates adopting a more holistic landscape approach that considers the environmental and social impacts of agricultural activities alongside economic gains. Implementing sustainable land-use practices, such as agroforestry systems, can help mitigate the adverse effects of deforestation and promote biodiversity conservation. As the Congo Basin rainforest crosses borders, and regional trade drives production and consumption, a regional approach is essential.

Private Sector Investments

Efforts to combat deforestation in the Congo Basin by CAFI and other stakeholders have made progress in various areas, such as capacity building for public institutions, raising awareness, policy strengthening, forest management, rural development, research, and civil society support. However, insufficient expertise to implement innovative business models and the lack of access to affordable finance to invest in transformative plans often undermine the effectiveness of these regular grant interventions, while unlocking investments is essential.

CAFI has started scaling up 'commercial investment in Central African agricultural supply chains while making them deforestation-free and socially inclusive at a landscape, jurisdictional and ultimately national level'. The engagement of CAFI in blended finance and investment projects (e.g., CPIC, &Green and UNCDF) marks a new phase in CAFI's approach, that so far had mainly been characterized by REDD+ programming.



Complementary to the other regional investment programs, this Project will specifically target agricultural value chain SMEs (agri-SMEs) varying in size, with annual revenues ranging from \$250K to well over \$10M. Agri-SMEs form a critical bridge between smallholders and global markets, transmitting market demand signals down the value chain and transforming commodity dependent countries from basic raw material producers to added value exporters, and providing various other benefits, such as job creation and tax contributions. They are also key players in securing domestic and regional food security. Investing in agri-SMEs and strengthening their capacities to foster inclusive development is a solid but unaddressed solution in combatting deforestation and biodiversity loss in the Congo Basin.

Shaping deforestation-free value chains

The Project seeks to finance agri-SMEs that purchase crops from hundreds or thousands of individual farmers and then aggregate, process, and sell those crops or their value-added products into domestic or global markets. Dedicated funds and financing mechanisms will be established that provide affordable and accessible financing options specifically tailored to the needs of agri-SMEs contributing to CAFI Outcomes. The investments will be geared towards sustainable, deforestation-free, and inclusive development of agri-commodity value chains.

Accompanying investments, the Project aims to provide technical assistance to agri-SMEs and smallholder farmers. Smallholder farmers can be reached through outgrower schemes focused on increasing yield and shaping deforestation-free value chains, by introducing improved sustainable agricultural practices, agroforestry systems, and reliable offtake opportunities linking them to domestic, regional and export markets.

To address the issue of market mispricing of ecosystem and environmental services, the Project will encompass an outcomes-based financing mechanism. This Outcomes Fund will pay only for ecosystem services delivered and thereby transfer the risk of not achieving desired outcomes to third-party Investors. This could result in improved impact monitoring efforts, increased focus on outcomes vis-à-vis inputs and an overall more efficient use of resources. The Outcomes Fund will be co-developed with the CAFI Secretariat, and will make use of already existing guidelines, definitions and modalities provided by CAFI projects on Payment for Environmental Services (PES) in DRC and Cameroon. This mechanism could be used to introduce agroforestry systems and to shift perennial crop establishment to savannah areas. Outcome-based funding will be intertwined with the other financing mechanisms to create the intended incentives.

Project components

The below table indicates the Project components. We refer to the Expression of Interest for a more detailed outline of these components. The below-mentioned project components do not include yet the forestry component, which will be further developed in the preparatory phase.

Component 1: Congo Basin Sustainable Land-Use Facility (CB-SLF)
Output 1.1: Establishment of the Congo Basin Sustainable Land-Use Facility (CB-SLF)
Output 1.2: CB-SLF - Technical Assistance Facility
Component 2: ACT Fund - Congo Basin investment Window
Output 2.1: Establishment of the Congo Basin Investment Window in the ACT Fund
Output 2.2: ACT Technical Assistance (TA) Facility
Component 3: Outcomes Fund
Output 3.1: Implementation and management of the Outcomes Fund

Table 2: Project components



3) Purpose of the preparation grant and expected outputs

The Preparatory Grant of CAFI will be used by the CFC to prepare and design a comprehensive and practically implementable PRODOC focusing on shaping deforestation-free agricultural value chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs of different size and loan absorption capacity.

The proposed preparatory trajectory will ensure the timely and qualitative delivery of the project document and will provide all necessary elements for informed decision making by the CAFI EB. It will equally provide the CFC and CAFI Secretariat with a roadmap to develop all necessary aspects of the project document, that will be the main deliverable of this project. The Preparatory Grant will also enable the CFC to address two aspects that have been highlighted by the CAFI EB:

- the further development of the Outcomes Fund as proposed by the CFC in the Expression of Interest and aligning with CAFI's Private Sector Investment framework on performance-based grants and Payment for Ecosystem Services (PES) projects;
- the compilation of a concrete pipeline of investment opportunities for the different financing mechanisms, to demonstrate investment potential, analyze the feasibility and to enable kick-starting the program with rapid disbursements once approved.

The CFC will consult a wide range of stakeholders throughout the preparation of the full project proposal, with a specific emphasis on the collaboration with the CAFI secretariat on the further development of the Outcomes Fund.

CAFI Outcomes

The Project will contribute to the CAFI Outcomes: 'agriculture encroaches less on forest lands' and 'forest governance and management are improved'. Targeted outputs and output-level indicators as formulated by CAFI in the CAFI Results Framework are indicated in the table below.

Targeted CAFI Outputs and Indicators
<p><u>CAFI Output: rural development is better supported and structured.</u></p> <ul style="list-style-type: none"> - establishment of (georeferenced hectares of) agroforestry, perennial, sustainable crops - improved food agriculture in savannah and forest areas. - Social & Environmental Due Diligence and impact studies. <p><u>CAFI Output: support to the agricultural sector reduces poverty.</u></p> <ul style="list-style-type: none"> - support to households in receiving food agriculture support.
<p><u>CAFI Indicators on Outcome level (agriculture)</u></p> <ul style="list-style-type: none"> - A.E. 1: Forest surface area converted to agriculture (hectares) - A.E. 3: Productivity on surface areas supported by the programs. - A.E. 4: Share of imported foodstuffs. - A.E. 5: SMEs change practices to address deforestation caused by agriculture.
<p><u>CAFI Indicators on Outcome level (forestry)</u></p> <ul style="list-style-type: none"> - F.E. 1: Surface areas (in ha) and percentage of forests with management plans. - F.E. 2ab: share of illegal wood on domestic / export markets. - F.E. 2cd: illegal logging in forests with sustainable eland use plan / type 2 forests. - F.E. 3: Surface areas (in ha) under legal or formal artisanal operation. - F.E. 5: Percentage of hectares of certified forests. - F.E. 6: SMEs change practices to address deforestation caused by forestry. - F.E. 7: Surface of community forestry establishes (hectares)

Table 3: Targeted CAFI Outputs and Indicators



4) Description of activities covered by the Preparatory Grant:

The use of the Preparatory Grant is divided in the following outputs, each providing a necessary step towards developing the main deliverable: the final PRODOC. The different outputs of this Preparatory Grant project will be implemented in parallel, where possible, to be able to meet deadlines set forth by CAFI.

Output	Deliverable
Output 1: Initiation of desk research and stakeholder outreach	- Stakeholder Engagement
Output 2: Feasibility study	- Report: Feasibility Study
Output 3: Design of the Outcomes Fund	- Report: Design of the Outcomes Fund - Validation report by independent body
Output 4: S&E tools and policy development	- S&E tools and policies - M&E and Result Frameworks
Output 5: Pipeline development	- Concept notes - Pipeline spreadsheet
Output 6: Project document development	- Draft and Final PRODOC

Table 4: Preparatory Grant project Outputs

Output 1: Initiation of desk research and stakeholder outreach

CAFI and other stakeholders have produced a lot of insights in combating deforestation in the Congo Basin region. CFC will start with an analysis of existing literature and initiatives.

The desk research would assess the projects and programs developed under CAFI and understanding their interventions, accomplishments and the difficulties experienced in implementation. It is of key importance to the CFC and the ITTO to understand the positioning of the Project into the broader efforts of CAFI in accomplishing its mission. It is expected that the CAFI Secretariat will provide orientation during this start-up phase shaping the Project and that the CFC, ITTO and CAFI Secretariat will work closely together to determine the best possible positioning and approach of the CFC project in the CAFI framework.

The CFC will reach out to stakeholders within the CFC, ITTO and CAFI networks to start consultations on the topics of agriculture-driven deforestation in the Congo Basin and private-sector interventions, investments in the agricultural sector across the region and the development of innovative financial mechanisms. This could include:

- International commodity bodies, with which the CFC has longstanding partnerships: e.g. the International Tropical Timber Organization (ITTO), the International Coffee Organization (ICO) and the International Cocoa Organization (ICCO);
- International research institutions, building, where possible, on existing Memoranda of Understanding: e.g. CGIAR, ICRAF, CIRAD and IITA.
- Local governments ministries, of the six countries that will be included in this regional project. The CFC will reach out to the CFC Executive Directors or Governors of these Member States to liaise and initiate dialogue. The ITTO will reach out to the focal ministries of their respective member countries.
- CAFI implementing partners, such as KFW, GIZ, **FAO** and IFAD. This also includes partners that also aim to make private sector investments in agriculture, such as &Green Fund, IUCN, and the World Bank.



- Local organizations: Consultations with local organisations beyond government ministries will be included in the preparatory phase of the project. CFC will focus its outreach efforts to the private sector: agricultural and forestry SMEs, processors, trading companies, cooperatives and cooperative unions, as well as governmental bodies representing the private sector (chambers of commerce, etc.), to build a pipeline of investment opportunities.

The orientation and consultation outreach will be conducted mostly through virtual calls, supported by in-person visits to five of the partner countries: Cameroon, Gabon, Republic of Congo, Democratic Republic of Congo, and Equatorial Guinea. Any outreach towards actors in the Central African Republic will be done virtually. We will also hold in-person meetings in the Netherlands and expects to travel to Geneva to meet with the CAFI Secretariat and other Geneva-based institutions on several occasions throughout the project development phase.

The consultation outreach will include a particular attention to ensure the Project's alignment with the Cameroon Letter of Intent (LoI), signed recently on 07 October 2024. This will include visiting and discussing the Project with MINEPAT, FODECC and other CAFI partners operating in the country, such as IFAD and IDH.

The main activities are formulated as follows:

- Analysis and synthesis of existing relevant literature and initiatives focusing on combatting deforestation in the Congo Basin region;
- Consultations with relevant stakeholders: international commodity bodies, international research institutions, local ministries, and CAFI, including its stakeholders and implementing partners.

Output 2: Feasibility study

An assessment of agricultural value chains in the region will serve as a basis to cluster, initiate and guide the specific interventions that the Project aims to put forward through the implementation phase. The agri-commodity value chains to be analyzed are oil palm, rubber, coffee, cocoa, cassava, maize, and soy. The list may be expanded based on findings during the PRODOC development phase.

An assessment of the forestry sector will serve as a basis to design a forestry component of the project and to support the CFC and ITTO Secretariats in the design of investment funds and facilities targeting the forestry sector in the Congo Basin.

Following the two sectoral assessments, foundations for an intervention strategy will be developed that regards the overall Project, including both agriculture and forestry components. This is to ensure coherence and comparability of this feasibility study with other projects, and entails, amongst others, a theory of change, a detailed results framework, and a fund management strategy.

Component 1: Assessment of agri-commodity value chains

The CFC Project focusses in particular on shaping deforestation-free value chains in the Congo Basin region. Analyzing (the drivers of deforestation in) agricultural value chains in the region will therefore serve as a basis to cluster, initiate and guide the specific interventions that the project aims to put forward through the implementation phase. The study will have a regional focus on the six Central-African CAFI member states.



These commodities have a large overlap with the EUDR regulated commodities, The CFC aims to make us of the window of opportunity that the EUDR has provided to make a regional push towards deforestation-free value chains by accompanying value chain actors to achieve compliance.

The following activities need to be performed to assess the identified value chains:

- Regional scoping of value chains - including, but not limited to:
describing main actors, challenges, opportunities, providing a comprehensive, data-driven, overview of production, processing, and export volumes in the different geographical areas (tables and maps), analysis of the economics national policies, and sector growth targets.
- Regional scoping of deforestation - including, but not limited to:
Based on analysis and data provided by CAFI, summarizing and assessing deforestation caused by shifting agriculture and agro-industrial expansion (tables and maps) in different value chains and geographies, main challenges, opportunities and lessons learned in halting deforestation in the region, reforestation / agroforestry initiatives and the outlook / impact of the EUDR.
CFC will reach out to the FAO for input and alignment on the approach, ensuring that the above assessment will build upon previous and ongoing research by the FAO in this field. The assessment described above should provide insights segmenting deforestation drivers by value chains as to inform project design.
- Analysis of PES economics in agricultural value chains - including, but not limited to:
modelling implementing costs of delivering on outcomes metrics (e.g. the cost per hectare of establishing agroforestry in the cocoa value chain) and verifying outcomes (based on the CAFI PES information management system).
- Assessment / recommendations - describing the potential of the Project to:
 - o provide loan financing to agri-SMEs, including a compilation of investment opportunities;
 - o deploy PES mechanisms to deliver outcomes as defined by the CAFI PES Framework;
 - o drive the sustainable development of value chains through farmer outreach programs;
 - o generally achieve its objectives, targets and intended results.

Component 2: Assessment of the forestry sector in the Congo Basin region

The forestry industry is one of the main sectors targeted by CAFI, aiming to promote, monitor and enforce sustainable management of forests, and to expand forest industries creating added value and jobs. CAFI interventions to support the forestry sector are aimed at developing the sector “in a way, and at a rate, that maintains the forests biodiversity, productivity, regeneration capacity, vitality, and their potential to fulfil, now and in the future, relevant ecological, economic, and social functions, at local, national, and global levels” (CAFI Private Sector investment Framework, 2023).

CAFI has requested the CFC to explore the feasibility expanding the Project to include financing mechanisms in support of the forestry sector in the Congo Basin region. Such expansion would build upon the proposed financing mechanisms of the Project and the existing institutional relation between the CFC and the International Tropical Timber Organization (ITTO).

The Project could be expanded to include financing mechanisms to assist companies managing forest concessions to achieve forest certification/legality verification. This can be legal and/or sustainable management certification (Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), or others). The feasibility of expanding the Outcomes



Fund to include forestry-related outcomes, such as ‘hectares of sustainable certified forestry management concessions’, which is also an indicator in the CAFI Results Framework, should equally be assessed. Additionally, the feasibility of assessing the number of Chain-of-Custody holders or legal/sustainable supply chains under the various schemes should also be assessed.

The sustainable development of forest industries can be supported by targeted investments in companies aiming to create or expand local processing activities. This could include, e.g., investments into i) biochar production with sawmill waste, ii) cogeneration of electric power with sawmill waste to support wood transformation and rural electrification, iii) processing facilities or equipment for sustainably sourced wood, and more.

To better understand the current dynamics and financing needs of the forestry industry in the Congo Basin region, and in particular forestry certification/legality verification, the following activities need to be performed:

- Regional analysis of the forestry sector - including, but not limited to: overview of key timber value chain actors, organization of the value chain, governance and national/regional policies, frameworks, and the sustainable development of local forestry industries.
- Assessment of forestry management - including, but not limited to: forestry concessions held by private firms (main players, production and processing volumes, certification, hectares under management and turnover, financing needs), community forest management and artisanal logging.
- State and outlook on certification and legality verification - including, but not limited to: state of certification of forestry concessions (tables and maps), state of illegal logging and legality verification, national policies and incentive mechanisms, financing needs and pricing/economic models for certification, data-driven overview of Chain-of-Custody holders.
- Analysis of PES economics in the forestry value chain - including, but not limited to: modelling implementing costs of delivering on outcomes metrics (e.g. the cost per hectare of achieving certification or legality verification of privately held forestry concessions) and verifying outcomes (based on the CAFI PES information management system).
- Assessment / recommendations - advising on the structuring of financial mechanisms:
 - o a blended finance impact investment fund targeting forestry SMEs;
 - o loan products for forestry certification and the development of forestry industries;
 - o PES mechanisms to incentivize forestry certification / legality verification.

Component 3: Development of an evidence-based intervention strategy

Following the two sectoral assessments (Component 1 and 2), recommendations and deliverables will be provided in an intervention strategy that regards the overall Project, including both agriculture and forestry components. This section of the feasibility study will contain the following elements:

- Theory of Change - that aligns with CAFI objectives and the CAFI Letters of Intent and builds on lessons learned from past projects.
- Results Framework - containing at least the expected emissions reductions potential as well as the associated detailed estimation methodology and details on the job creation potential.
- Fund Management Strategy - including evidence that grants are imperative to unlock the co-financing and make the projects viable in the form of a thorough financial analysis, a remuneration policy, finance mobilization, and a risk management plan.



The final deliverable from the activities as described above will be annexed to the PRODOC.

Output 3: Design of the Outcomes Fund

The Outcomes Fund will function as a vehicle for CAFI to make payments toward ecosystem service (ES) providers that do currently not receive payment for their services delivered. Building on economic theory, this seeks to correct so-called 'market failures' stemming from the 'mispricing' of ecosystem services whereby the public good quality of ecosystem services is not (fully) remunerated. In theory, this leads to under-provisioning of these services, which the Outcomes Fund seeks to correct for.

This intervention will be complementary to the efforts of the envisioned investment and TA activities of the project. It has the potential to increase returns on ACT or CB-SLF investments that have high delivery on the desired outcomes and act as a replenishment mechanism for high-outcome TA interventions. Both enhance the incentive alignment between ACT, CB-SLF, and the TAFs. In addition, the Outcomes Fund may engage with third parties and activities which are not eligible for financing or technical assistance, but which still deliver on the desired outcomes and whose activities may be enhanced by such payments. As such, the Outcomes Fund has the potential to achieve much greater reach in directing the efforts of relevant actors towards contributing to the CAFI objectives.

The day-to-day operations of the Outcomes Fund will be managed by the CFC Secretariat, building on the CFC's existing experience with impact investing, TA implementation, and performance-based based. It will have suitable checks-and-balances in place to ensure full alignment with CAFI objectives.

The PRODOC will specify the intentioned Outcomes Fund design. This design will set out necessary steps for the practical and legal setup, appropriate governance and checks-and-balances, development, and validation of the methodologies according to which payments will be made, preparation for deployment of the information management system, definition of sectoral priorities and preferred modes of intervention according to assessed efficiency, and similar.

For the design phase, the following activities can to be undertaken and may be done so by (a) consultant(s) or by the CFC Secretariat in consultation with the CAFI Secretariat, as appropriate:

- Comparative analysis of similar initiatives regionally and globally.
- Design of Fund structure and governance building on the comparative analysis mentioned immediately above and the value chain analysis specified under Output 2. This will include specification of Fund management responsibilities, governing bodies, and guidelines and procedures for ensuring that the necessary social and environmental safeguards are met for contracted interventions.
- Legal advice for developing the agreements governing the functioning of the Outcomes Fund as well as the necessary arrangements for contracting PES interventions in the six member states involving a diverse range of actors and activities.
- Outreach to stakeholders in conjunction with the outreach activities specified under Output 1. The focus of the outreach will be to identify possible implementation partners that may act both as investors or service providers involved in the setup of ES activities (ES Aggregators in the CAFI PES programme design), the communities, agri-SMEs, NGOs, and other beneficiaries directly involved in the delivery of ES (ES Providers in the CAFI PES



programme design), as well as other potential outcome sponsors who may be interested to supplement CAFI funds for increased outcome payments.

- Analysis of the economics of deploying and operating the PES information management system for both the Outcomes Fund manager as well as the various actors for a better understanding of how to prioritize interventions for maximum verified outcome.
- Development of the outcome verification methodology including for verification of different outcomes achieved under different modalities of actors and activities and data quality requirements.
- In conjunction with the above, establishment of payment calculation methodology including eligible payment levels per achieved outcome and payment calendars.
- Validation of the methodologies by an independent verification body.

The design of the Outcomes Fund as described in the activities above will be captured in a report that will be annexed to the PRODOC.

Output 4: Social and Environmental tools and policy development

The operations of the CFC are guided by an investment policy that establishes the key parameters of investment activities. Social and environmental considerations of the investment activities are operationalized through a robust Social and Environmental Management System (SEMS), developed in collaboration with the ILO. The SEMS is a framework comprised of several policies and tools that are deployed pre- and post-investment.

The CFC will build on and adapt the existing investment policy and SEMS framework to provide a fit-for-purpose set of policies and tools to be used for CAFI earmarked / ringfenced investment activities of the CB-SLF and the ACT Fund and ensure its alignment with CAFI requirements, as well as the design of the Outcomes Fund. (The TA Facilities will be guided by TA Facility Guidelines that set out issues such as governance, procurement, and mandate.) ITTO will provide the necessary input for the S&E tools and policies applicable to investing in the forestry sector.

The following activities need to be undertaken and may be done so by the CFC Secretariat and expert consultants, in consultation with the CAFI Secretariat, as appropriate:

- Re-definition of investment criteria and guidelines for CAFI co-funded investments.
- Adapt and develop of the following tools:
 - o S&E Screening Tool;
 - o S&E Due Diligence Tool;
 - o Draft Environmental and Social Action Plan;
 - o Exclusion List;
 - o Draft Terms of Reference where applicable.
- Develop the following frameworks specifically for the CAFI-CFC project:
 - o Develop a results framework with performance indicators;
 - o Develop a M&E Framework to monitor the implementation of the project and the performance indicators (including spatial tracking of all project activities).

This output will further ensure alignment of above with CAFI Manual of Operations, M&E Framework and Policy, PES Manuals, Private Sector Investment Framework, EU Deforestation Regulation definitions and framework, and other relevant guiding documents.

The design of the tools and policies as described in the activities above will be integrated in or annexed to the PRODOC, as applicable and as needed by the CAFI Secretariat and Executive Board.



Output 5: Pipeline development

The CAFI EB and Secretariat have indicated the specific need for investment criteria and a tentative pipeline to reinforce the Project. This will not only capacitate the CAFI EB to make an informed decision, in case of approval it can also kickstart the project with a clearcut approach to start implementing and disbursing.

The CFC will start compiling and assessing the existing dealflow of CFC and CFC stakeholders in the Congo Basin. The CFC receives a significant number of proposals from agri-SMEs in the region through its bi-annual call for proposals. The CFC will put efforts in boosting applications from the region for its upcoming Call for Proposals, closing in April 2025. Origination and pre-due diligence efforts to enhance the dealflow for the different investment mechanisms will be based on the previously mentioned outputs, and intensified through travels in the region, reach out to stakeholders and the engagement of local and international expert consultants with various experiences, geographies, and networks.

Typical investees will be agri-SMEs with an annual turnover between USD 250k and USD 10Mn. The pipeline of investees will be refreshed and revisited regularly during the run up to the first close of the CAFI mandate. A concrete pipeline and a complete list of targeted projects will be provided in the PRODOC, which builds upon the pipeline generated from CFC's ongoing Call for Proposals. This will be further detailed during the feasibility study.

Examples of potential investees can include:

- Primary producers of agricultural commodities;
- Processors that add value to primary commodities. These could be businesses purchasing agricultural produce from farmers (directly or indirectly);
- Entities addressing the productivity of farmers such as suppliers of agricultural inputs or equipment;
- Entities providing crucial market services such as information, warehousing, marketing and distribution;
- Entities offering financial services tailored to the needs of farmers and other key actors in the agricultural sector.

Below, a non-exhaustive, exemplary list of project examples is provided:

- working capital for sourcing commodities;
- trade finance for exporting commodities;
- sustainable intensification projects to improve yields in existing plantations;
- expansion of agro-industrial development in savannah areas through irrigated perennial crop plantation projects;
- expansion of deforestation-free out-grower schemes for domestic, regional, and export markets, particularly targeting industries like coffee, cacao, rubber, and palm oil;
- CAPEX investments (e.g., palm oil processing mills, drip irrigation systems and sustainable energy for processing/storage, value addition, ...)
- landscape restoration projects to rehabilitate degraded lands / enhance ecosystem services;
- the establishment, expansion or co-financing of agroforestry projects;

The deliverables of these efforts will be presented in two forms. 'Concept notes' of specific investment opportunities for which Investees or Investors have shown material interest and pre-due



diligence efforts have been carried out to assess the opportunity against the defined investment criteria. Besides the concept notes, a spreadsheet will be developed containing a pipeline of investment opportunities that are less defined and provide a basis for origination and engagement with the potential Investees or, in case of the Outcomes Fund, Investors.

The deliverables stemming from the activities as described above will be annexed to the PRODOC.

Output 6: PRODOC Development

The Project Document (PRODOC) will be established based upon the previously described outputs and related deliverables. In addition, the following activities will be undertaken for which the products, deliverables and descriptions will be integrated in the PRODOC:

- Developing a Theory of Change explaining the integrality of the financing mechanisms and their contribution to CAFI Outcomes shaping deforestation-free value chains;
- Structuring of CAFI funding into the ACT Fund - Congo Basin Investment Window and the Congo Basin Sustainable Land-Use Facility, including:
 - Investment Committee, Board;
 - Cycles, tranches, waterfall, fundraising, draw downs and, ringfencing;
 - Origination and Financial model;
 - Fee structures and legal arrangements.
 - track record information including mandate performance.
 - Guarantee structure provided through SIDA.
- Structuring of the potential forestry component to the Project;
- Defining governance, fiduciary and fee structures, approach, and mandate of the technical assistance and deal flow enhancement mechanisms of the Project.
- Developing clear guidelines on the use of reflows and the management of revolving structures to avoid returns on ODA;
- Legal advice for structuring the funds and facilities as proposed in the Project.
- All other activities to deliver a comprehensive project document.

If needed, a hybrid (online and in-person) workshop can be organized to validate the PRODOC and intervention strategy with relevant stakeholders and in consultation and collaboration with the CAFI Secretariat.



5) Modalities

The outputs and activities described in this preparatory grant application will be implemented and / or managed directly by the CFC Secretariat, for which the team description and qualifications of key experts are attached in chapter 8.

The CFC proposes to select and contract suitably qualified consultants or consultancy firms to undertake part of the activities as described in chapter 4. None of the individual assignments for contractual services provisioned under the preparatory grant are expected exceed the limit of USD 100,000. A procurement plan for the deployment of the preparatory grant funds has been annexed (Annex 1). The allocated resources for each output and budget category are indicated in the provided tables in chapter 6.

An accent will be put on the collaboration with the CAFI Secretariat, specifically on the development of the Outcomes Fund, to ensure alignment with CAFI's Private Sector Investment framework on performance-based grants and Payment for Ecosystem Services (PES) projects, programs, and methodologies.

Other stakeholders will be engaged through the described stakeholder outreach approach.



6) Work Plan and Budget

Provide the envisaged project Work Plan and budget, using the table below: (1) output/activity (2) timeframe (3) by activity budget. Please include a list of deliverables and timeline for submission.

Table 5: Work Plan

Outputs	Indicative activities for each Output	Indicative time frame				Resource allocation
		Q1	Q2	Q3	Q4	
Output 1: Initiation of desk research and stakeholder outreach	Analysis and synthesis of existing relevant literature and initiatives focusing on combatting deforestation in the Congo Basin region.					\$ 35,000
	Consultations with relevant stakeholders: international commodity bodies, international research institutions, local ministries and CAF partners.					
Output 2: Feasibility study	Assessment of agri-commodity value chains in the Congo Basin region (oil palm, rubber, coffee, cocoa, cassava, maize, and soy)					\$ 140,000
	Assessment of the forestry sector in the Congo Basin region					
	Development of an evidence-based intervention strategy					
	Provide recommendations on the design of the Project and propose intervention axes to shape the further implementation.					

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**Table 6: Project budget by UN categories**

CATEGORIES	Amount to recipient agency	TOTAL
1. Staff and other personnel	\$ 185,000	\$ 185,000
2. Supplies, Commodities, Materials	-	-
3. Equipment, Vehicles, and Furniture (including Depreciation)	-	-
4. Contractual services	\$ 207,290	\$ 207,290
5.Travel	\$ 35,000	\$ 35,000
6. Transfers and Grants to Counterparts	\$ 40,000	\$ 40,000
7. General Operating and other Direct Costs	-	-
Sub-Total Project Costs	\$ 467,290	\$ 467,290
8. Indirect Support Costs*	\$ 32,710	\$ 32,710
TOTAL	\$ 500,000	\$ 500,000

* The rate shall not exceed 7% of the total of categories 1-7, as specified in the [CAFL ToR](#) and should follow the rules and guidelines of each recipient organization. Note that agency-incurred direct project implementation costs should be charged to the relevant budget line, according to the agency's regulations, rules and procedures.



7) Risk management:

This section sets out the main risks that may jeopardize project implementation, their likelihood, severity, and risk management, including responsibility for risk management/ mitigation. Risks should include those of a political and external nature as well as those of programmatic nature. Use the table below for risk mapping.

Table 7 - Risk management matrix

Risks to the achievement of the outcome	Likelihood of occurrence (high, medium, low)	Severity of risk impact (high, medium, low)	Mitigating Strategy (and Person/Unit responsible)
Political Instability - One of the risks to the achievement of the project's outcome is the potential for political instability in the region. This instability could manifest as changes in policies or regulations, impacting the project's operational framework, and could also hinder travel.	High	Low	To mitigate this risk, a CFC will continuously monitor political and security developments. The CFC Secretariat will liaise with CAFI Secretariat in case of uncertainty.
Misallocation of resources / fiduciary responsibilities.	Low	High	The CFC will apply financial controls to ensure transparency in financial transactions and will procure contracted services from parties that comply with strict procurement standards in line with AML/CTF regulations.
Availability of experts on short notice - the challenge of finding qualified experts on short notice poses a risk to the timely execution of the project.	Medium	Medium	Mitigating this risk involves building a pool of pre-qualified experts who can be quickly deployed when needed. Additionally, developing contingency plans for key procurement contracts will provide a strategic framework for managing unexpected gaps in expertise, ensuring the project's continuity and success.



8) Description of team and qualifications of key experts

JOS DE BEST

Jos has been an integral part of the Technical Assistance (TA) Facility Management team at the CFC since 2022. In his capacity as a TA Facility Manager, Jos has been entrusted with the management of a diverse portfolio of TA projects supporting agri-businesses and financial institutions in >15 countries in Africa. These projects encompass a broad spectrum, ranging from value chain analyses and feasibility studies to the setup of large-scale agroforestry and out grower schemes, the establishment of local processing facilities, and climate risk/finance projects.

Jos is a seasoned project and country office manager with extensive experience living and working in Africa. Before joining CFC, Jos held the position of project manager and grant writer for an NGO in Brussels, where he focused on Francophone West Africa. Additionally, he established and managed the country office of the Dutch NGO Agriterro in Cote d'Ivoire, specializing in agricultural cooperative development. Prior, Jos took on the responsibility of establishing the country office of Holland Greentech Kenya, a horticultural input and service provider.

Jos holds a Master's degree in Global Business and Sustainability, as well as a Bachelor's degree in Business Administration from Erasmus University Rotterdam, where he graduated with a thesis on developing business cases for ecosystem restoration. Jos is proficient in English, French, and Dutch.

Jos will serve as the project coordinator for the preparatory grant project and lead the development of the PRODOC.

PETER NIELSEN

Peter currently holds the position of Impact Investment Manager at the CFC, a role he has fulfilled since 2017. He is dedicated to aligning capital with purpose and delivering both financial returns and measurable social and environmental impact. Peter has extensive expertise in carbon finance and outcomes-based financing mechanisms. He has been leading the CFC investments in several innovative projects, amongst others, in Development Impacts Bonds (DIBs).

Before joining the CFC, Peter served as a consultant at Greenland Perspective, University of Copenhagen, where his responsibilities included evaluating export potential for fertilizers. His professional journey includes roles such as an Econometrics Research Assistant at the SOAS Department of Economics and independently constructing a comprehensive model elucidating the significant decline in cocoa prices for Complete Commodity Solutions in London.

Possessing a diverse range of experiences, Peter holds an MPhil in Economics from the University of Cambridge, complemented by a BSc in Economics from the School of Oriental and African Studies (SOAS), University of London. During the initial year of his BSc in Economics and Management, he spent a year at Aarhus University before transferring to SOAS. Additionally, Peter participated in the prestigious Minsky Summer School at the Levy Institute in New York, immersing himself in advanced economic theories and financial practices, alongside various other academic and professional endeavors.

Peter is not only fluent in English and Danish but also proficient in Spanish, French, Norwegian, and Swedish.



MICHAEL VAN DEN BERG

Michael has joined the CFC in 2023 as ACT Fund Director and Investment Manager, working closely with key stakeholders, including CFC's member states, investors, legal teams, and financial advisors. His main responsibility is to firmly establish this innovative fund, driving positive impact in for smallholder farmers and natural capital across commodity value chains globally.

During 20 years of impacting investing across Asia, Africa and Latin America, Michaël has developed a comprehensive skillset. He has experience in inclusive finance fund management from his time at Triple Jump and in capacity development of SME business associations from SNV Vietnam, he was also fund manager of the Triodos Emerging Markets Sustainable Agriculture Fund. On top of this, he holds Board and Investment Committee positions at several impact funds. Throughout his career, Michaël has worked and lived in various countries in Asia, including India, Laos, and Vietnam.

Michael holds a Master's degree in International Relations and Development Economics from the University of Twente, where he graduated with a thesis on public-private partnerships in the apparel sector in Gujarat, India. He also has qualifications from Harvard, the School of Oriental and African Studies (SOAS) London, and the Indian Institute of Management (IIMA).

Michael is fluent in English and Dutch.

EVA M JOHANSSON

Since joining in 2018, Eva has assumed the leadership role for the Technical Assistance Facility (TA) team at the CFC. She is a seasoned project management specialist with a robust background in project design, implementation, monitoring, follow-up, and reporting. Eva currently oversees two distinct TA facilities at CFC, namely the Africa Agriculture and Trade Investment Fund (AATIF) Technical Assistance Facility and the Moringa Investment Fund Agroforestry Technical Assistance Facility (ATAF), managing a portfolio of 130+ projects spanning across Latin America and Africa.

With over a decade of experience, she has actively collaborated with governments, donors, NGOs and public-private partnerships in the development sector. She has project management and research experience centered around public-private collaboration in the agriculture and water, sanitation, and hygiene sectors.

Eva has previously worked with project management at the Swedish International Development Cooperation Agency (SIDA), analyzed public-private collaboration for sanitation markets in Ethiopia for IRC International Water and Sanitation Centre, researched innovation eco-systems in different countries for a USAID-funded Technical Assistance Facility ('Securing Water for Food'), and consulted for Technopolis Group (Swedish branch), Swedish Development Advisers, and Erasmus University Rotterdam.

She holds a Research Master of Science (ResM.Sc.) in International Development Studies, University of Amsterdam, and a Bachelor of Science (B.Sc.) in Political Science and Latin American Studies from University of Gothenburg.

Eva is fluent in English, Swedish and manages well in Spanish.



FATIMA ZOHRA YAAGOUN

Zohra joined the Common Fund for Commodities in 2023 after a decade-long career in development. As the Impact Strategy Officer, she is responsible for systematic reporting, monitoring, measurement, and presentation of impacts across the CFC's project portfolios. This includes impact-based assessment, measurement, and prioritisation of project proposals, including the analysis of social and environmental risks.

Before joining the CFC, Zohra held various positions at the GIZ, UNECE, OECD, IFAD and Cambridge University CISL on global development issues and impact. She is an expert in impact quantification, measurement, and development finance. At UN/IFI IFAD, she broke ground in expanding the organization's outreach to prospective like-minded partners in Europe, such as multinationals, ministries, NGOs and foundations. This entailed building a refined understanding of various actors across sectors and their respective responsible investment needs, in particular inclusive value chain development in smallholder agriculture.

She holds a Master of Science in Psychology from Leiden University, Master's in Public Policy from Sciences Po Paris and Hertie School of Governance, and postgraduate qualifications from Cambridge University and INSEAD.

Zohra is proficient in English, and Dutch.

HECTOR BESONG

Since joining the CFC in 2016, Hector has been responsible for the Risk and Portfolio management framework. He is an integral part of the entire lending process from loan origination to final repayment and restructuring. He ensures risk awareness at every stage of the process and manages the loan portfolio to achieve financial stability and sustainable operations in the dynamic landscape of agri-SME lending. This involves implementing robust credit risk management frameworks, setting appropriate loan terms, and continuously monitoring and evaluating the performance of the loan portfolio. The risk manager at the CFC aims to strike a balance between extending loans to the underserved SMEs and maintaining a healthy loan portfolio to minimize default risks.

Hector has over 20 years of experience in the financial sector, in particular in the areas of project finance, export finance, SME finance and risk management.

Prior to joining the CFC, Hector worked as Risk Manager for Siemens Bank GmbH in Munich, Germany. He held various other positions at Siemens Financial Services in France and the USA where he advised and executed financing structures to support business development and sales efforts of the Siemens operating companies. These included infrastructure project finance for rail and power projects, ECA-backed export finance, and supplier financing. Hector began his professional career in 2001 with FGI Finance in the USA – a boutique working capital financing company specialized in cross-border financing for SMEs. He was one of the founding partners of the company and was responsible for business development during the startup phase of the company.

Holding a Master's degree in Finance from Drexel University, Philadelphia (PA), USA, and a Bachelor's in International Business Administration from United States International University, Nairobi, and San Diego (CA), USA, Hector brings a robust educational background to his role.

He is fluent in English and French.



Annex 1: Procurement

Contractual services procured out of the preparatory grant funds provided to the Common Fund for Commodities (CFC) by the Central African Forest Initiative (CAFI) through this preparatory grant project are subject to the following procurement guidelines:

Activities below USD 100,000

1. Establishment of Terms of Reference (ToR)

The detailed ToR for the assignment shall be specified by the CFC.

2. Identification of eligible consultants

Consultants eligible according to their technical expertise are identified by the CFC.

3. Issuance of Request for Proposals (RfP)

The CFC compiles a RfP including relevant information to consultants to be considered for the assignment. However, it is also sufficient for the CFC to request from the consultant(s) only a CV and comments on the ToR, and when deemed necessary, a brief technical proposal. Instead of a complete budget, the consultant(s) may be asked to submit the consultant(s) daily fee only. Deadlines and work plan can be negotiated individually. The proposal of the consultant is binding.

4. Evaluation and selection of the consultant

The proposals (or the consultant profile including daily fee) are evaluated by the CFC using set tools for a transparent evaluation. Where deemed appropriate by the CFC, the CAFI Secretariat can be invited to provide their input to the evaluation. The evaluation is documented and appropriately filed.

The proposal shall demonstrate the understanding of the objectives to be reached in the assignment, the approach to be followed, the activities to be performed in the frame of the requested services, and the ability to implement the requested consulting services professionally, cost-efficiently and within the proposed time frame.

The received proposals will be evaluated on their technical merit and cost estimates by the CFC. Proposals will be rated based, amongst others, on the following factors: responsiveness to the requirements set forth in these ToR; relevant past performances/experience; cost; technical expertise/experience of bidder and bidder's staff.

5. Negotiations and award of the contract to the selected consultant(s)

The successful consultant(s) identified by the CFC is contacted and contract negotiations start. These negotiations shall not substantially alter the original ToR or the terms of the contract, lest the quality, cost and the relevance of the initial evaluation be affected.



Cost increases during the planning and implementation phase can be authorised by the CFC, using contingencies of up to 10% of the proposed budget. Higher cost adjustments are not permitted at this stage. If negotiations are not successful, the candidate who came second in the overall evaluation is invited to negotiate.

Generally, contracts are two-party agreements. Contract parties are the consultant and the CFC. Payments to the consultant, according to the contract, generally follow milestones of the activity implementation. While exceptions are permitted, a maximum of 25% of the contract value should be a guiding principle for advance payments, and a final payment of no less than 20% is only released upon successful completion of the project.

6. Information on the evaluation result to all applying consultants

The evaluation outcome (award or non-award) is made available to the consultants. No details on the evaluation procedure or information on competing offers is disclosed. Upon request, information on main weaknesses of the respective proposal may be disclosed to non-awarded consultants. There is no right of appeal for the applicants.

Activities above USD 100,000

The CFC does not foresee any procurement of contractual services with a contract value above USD 100,000 in the scope of this preparatory grant project. In case this changes, for any reason, the CFC will need to submit an assignment-specific procurement plan for approval by the CAFI Secretariat before launching a competitive tendering process.

Anti-Money Laundering/Countering the Financing of Terrorism (AML/CTF)

In compliance with applicable Anti-Money Laundering/Countering the Financing of Terrorism (AML/CTF) regulations, the CFC will conduct an AML/CTF verification check of the selected consultant. To facilitate this process, all interested tenderers are required to submit the following documentation as part of the technical proposal.

In case the consultant(s) is an individual:

- Proof of personal identification (certified true copy of ID or passport);
- A proof of address;

In case the consultant(s) is a legal person/entity, the following documents shall be provided:

- A proof of address;
- The last coordinated or up-to-date articles of incorporation (or an equivalent incorporation document);
- A recent and up-to-date extract from the companies register or equivalent supporting evidence, including official identification number;
- Proof of identification of managers/directors and beneficial owner;
- Signed and dated organisational structure chart including beneficial ownership declaration.