

**CAFI Multi-Partner Trust Fund**

**CAFI Preparatory / Feasibility study grant**



**Project Title:** Sustainable intensification of smallholder palm oil production in southwest Cameroon

<p><b>Country:</b> Cameroon</p>	<p><b>Implementing Organization(s):</b> KfW Development Bank</p>
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<p><b>Project Description:</b> <i>One sentence describing the project's scope and focus.</i> The preparatory grant shall be used to finance a consultant assignment to conduct a feasibility study and develop a full project concept (ProDoc) in support of a smallholder scheme in cooperation with the private sector for a sustainable and deforestation-free oil palm production around Korup National Park/ Rainforest Biosphere Reserve.</p>	<p><b>CAFI Fund:</b> 400.000 USD <b>Other source:</b> n/A <b>Government Input:</b> n/A <b>Other:</b> n/A</p> <hr/> <p><b>Total Project Cost:</b> 400.000 USD <b>Proposed Project Start Date:</b> September 2025 <b>Proposed Project End Date:</b> June 2026 <b>Total duration (in months):</b> 10 months</p>
<p><b>Expected outputs:</b></p> <ul style="list-style-type: none"> <li>- Output 1: Feasibility study</li> <li>- Output 2: ProDoc development</li> </ul>	

<b>Recipient Organization: KfW Development Bank (2 pers.)</b>		<b>National Government counterpart</b>	
<i>Name of Representatives</i> <b>Stefan Zeeb</b>  <i>Signature</i> <b>KfW Development Bank</b> <b>Frankfurt</b>  <i>Date</i> <b>25<sup>th</sup> of July 2025</b>		<i>Name of Government Counterpart</i> <b>Alamine Ousmane Mey</b>  <i>Signature</i> <i>Title</i> <i>Date &amp; Seal</i> 	
<b>On behalf of the CAFI Executive Board</b>			
<i>Berta Pesti</i>  <i>Signature</i>  <i>Head of CAFI Secretariat</i>  <i>Date</i> <b>05-août-2025</b>		<i>Leslie Ouarzazi</i>   <i>Deputy Head, Policy and Dialogue - OIC, Head of CAFI Secretariat</i>	

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### Executive Summary

KfW Development Bank seeks a CAFI preparatory grant of USD 400,000 to finance a feasibility study and develop a full project document (ProDoc) for a sustainable, deforestation-free palm oil production initiative around Cameroon’s Korup National Park.

The study will analyze the feasibility and develop a project concept to support smallholder integration, assess environmental and socio-economic impacts, and align with national strategies and CAFI objectives. Outputs include a feasibility study and the detailed ProDoc development. The initiative aims to pilot sustainable palm oil models in partnership with PAMOL and local stakeholders, contributing to forest conservation, rural development, and climate resilience.

### List of Acronyms

CAFI	Central African Forest Initiative
CFC	Common Fund for Commodities
DIM	Direct Implementation Modality
EB2025	Executive Board Decision 2025
ESMF	Environmental and Social Management Framework
GIS	Geographic Information System
HVF	High Value Forests
MAB	Man and Biosphere (UNESCO program)
MRV	Monitoring, Reporting and Verification
NB	Nota Bene (Latin for “note well”)
NIF	National Investment Framework
NIM	National Implementation Modality
PAMOL	Pamol Plantations PLC (Cameroon-based agro-industrial company)
PES	Payment for Ecosystem Services
PQ	Pre-Qualification
PSMNR	Programme for Sustainable Management of Natural Resources
REDD	Reducing Emissions from Deforestation and Forest Degradation
RSPO	Roundtable on Sustainable Palm Oil
SHS	Smallholder Scheme
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization

## PROJECT COMPONENTS:

### **A. Context**

The Central African Forest Initiative (CAFI) is a unique initiative that catalyses high-level political dialogue and increased funding to support ambitious reforms and on-the-ground investments to help partner countries reduce emissions from deforestation and forest degradation while alleviating poverty. CAFI is funding partner countries to implement programs that enable them to achieve and increase their ambitions to preserve their forests, reduce poverty and move towards economic diversification.

There is a potential to scale up commercial investment in tropical commodity supply chains while making them “deforestation-free” and socially inclusive at a landscape level. To yield the greatest results, investments should target the major supply chains driving deforestation, including palm oil, maize, cassava, rubber, cocoa, coffee, charcoal, and timber amongst others. The sought outcome of the CAFI Fund is that sustainable agricultural practices lead to less land conversion and increased food security. The CAFI private sector investment framework seeks to translate this overall objective into clear guidelines for investment decisions.

Based on an open call to submit additional proposals besides the pilot phase in Cameroon, KfW Development Bank has submitted an initial proposal that targets small and medium-scale palm oil producers associated with the private sector in the development of sustainable business in support of sustainable and deforestation-free oil palm production within the Korup National Park which was designated as UNESCO Rainforest Biosphere Reserve in 2023. It should guide the rehabilitation of the production in existing plantation area (10,000ha) and inclusion of the smallholder outgrower scheme (20,000 ha) providing a perspective for sustainable oil palm production for both industrial concessions and small-scale producers.

KfW has been requested by CAFI to develop a respective Project Document (ProDoc). In order to conduct the required feasibility study and assessment of implementation details, a preparatory grant is herewith applied for.

### **B. Purpose of the preparation grant and expected outcome:**

*Rationale for this proposal: This section summarizes briefly why this project is the best way to achieve/contribute to the relevant Outcome/Outputs.*

The purpose of the preparation grant is to assign a consultant to conduct a feasibility study and to develop the ProDoc to be submitted to the CAFI Board in the second trimester of 2026. The study shall analyse the context for the implementation of the planned project, including associated risks and develop a full project concept (ProDoc) including all required annexes.

The overall objective of the project is to support small and medium scale producers in the sustainable intensification of palm oil production within the Korup Rainforest Biosphere Reserve Landscape. This shall be done in cooperation with the private sector entity PAMOL which plans to abandon its concession in the Korup National Park and retrocede concessions to the smallholders. While addressing critical production barriers, the project design shall build on a sustainable long-term

strategy to develop replicable and scalable production and business models for zero deforestation palm oil production. Thereby it shall offer the opportunity to pilot the National Sustainable Oil Palm Strategy, that commits to the reduction of deforestation and forest degradation (REDD+) and national interpretation of the RSPO standard drafted in 2021.

The ProDoc shall provide an in-depth context analysis, risk analysis, identification of key stakeholders and their roles as well as the elaboration of the project design (activities and costs). The implementation and monitoring structures and the cooperation mechanisms with other implementation partners (e.g. PSMNR) shall also be developed and proposed as part of the ProDoc.

The design of the ProDoc has to take into account KfW rules and procedures, official CAFI requirements as well as the aspects enumerated in the CAFI Board Decision **EB2025.21** for form and content. The ProDoc that will be prepared, will include a funding proposal for 20 million USD and the related estimated results for this scenario. Kindly note, that according to KfW directives KfW cannot develop projects below 20 million USD.

The expected results are:

Output 1: Feasibility study

Output 2: ProDoc development

### **C. Coherence with existing Initiatives:**

*This section lists any other projects which are supporting the same Outcome, outputs and activities and explains how coherence/ complementarity between them will be ensured. Using Table 1, the section then provides a list of other (Non-CAFI) activities in the same outcome area and identifies any gaps.*

**Table 1 – Mapping of complementary initiatives and gaps based on NIF or programming framework**

<b>Output/activity</b>	<b>Source of funding (Government/ development partner)</b>	<b>Key Projects</b>	<b>Duration of Projects</b>	<b>Budget</b>	<b>Expected synergies</b>
Management of protected areas and surrounding landscapes in the SWR in an integrated manner to enhance biodiversity conservation and the livelihood on forest dependent communities	Federal Government of Germany / KfW Development Bank	Programme for Sustainable Management of Natural Resources Cameroon, South-West Region (PSMNR-SWR)	since 2006, currently phase VI	10 million EUR (phase VI)	PSMNR has a strong collaboration with local actors and support collaborative management institutions and multi stakeholder platforms at landscape level in the area. PSMNR intends to support the preparation of 'green economy' Local Land Use Plans in concerned municipalities. Such an approach would allow integration of the PAMOL development strategy into

					local planning instruments. The pilot project will create strong synergies with integrated approaches at the landscape level of the PSMNR-SWR, particularly in the area of negotiation of local land use plans, sustainable intensification of agricultural production, collaborative management of protected areas and corridors, as well as the construction of rural infrastructure.
tbd	United Nations (UN)	Common fund for commodities (CFC)	N.A.	N.A.	It will be assessed how CFC can assist in establishing and operating financial mechanism for grant funding windows for smallholders and possibly support PAMOL in strengthening their business plan.
Schéma Régional d'Aménagement et du développement durable du Territoire dans le Sud-Ouest	Federal Government of Germany / KfW Development Bank	Projet d'appui au PSFE-Fonds Commun	2025-2026		The SRADDT specifies the fundamental and medium-term guidelines for the sustainable development of a regional territory and its planning principles.

#### **D. Description of activities covered by the preparatory Grant:**

*Provide an overview for each of the intended project outputs and activities, including the following: expected content of the support, including the scope and scale of support, target groups, geographical scope, focus of support, envisaged modalities of support/ implementation approach, with a justification for the proposed approach.*

The assigned Consultant shall review the existing relevant data and collect and assess all information required for preparing a Feasibility study as well as the Project Design Document (ProDoc). The process of the feasibility study and ProDoc preparation shall be highly participative with the relevant stakeholders in Cameroon. To this end, intensive field work and consultations will be required. This structure of the CAFI ProDoc will be used as guidance for the development of a methodology and the establishment of a work plan but may be modified or enhanced as deemed necessary, e.g. to also take into account requirements according to KfW rules and procedures.

##### Output 1: Feasibility study:

With regards to the Analysis and Assessment of the framework conditions and context of the project the following activities are foreseen:

- Assessment of the current framework for oil palm production and out grower schemes

- Assessment of the current predominant land use management practices in the region as well as identification of barriers and underlying drivers
- Verification of the relevance of the initial project concept note (EoI) in addressing the existing environmental, social, and economic challenges obstructing integrated and sustainable land use management targeting the preservation of high value ecosystems and identification of alternative project concepts, if required.
- Conducting a detailed target group analysis (including a socio-economic assessment and gender assessment) with a particular focus on both small-scale non-industrial and industrial producers.
- Conducting a detailed sector analysis of the agriculture (i.e. oil palm), forest, as well as environmental and conservation sectors of Cameroon.
- Conducting a detailed institutional assessment of the public and private entities involved in agricultural production (particularly oil palm production), infrastructure development as well as the management of forests and protected areas. Further relevant stakeholders at local and regional level that may support the implementation of the project as well as existing cross-sectoral coordination mechanisms should be assessed as well.

The detailed assessment of the technical, economic and financial (cost and financing table), institutional and managerial as well as environmental and socio-cultural feasibility of the proposed project in addressing the identified economic, social and environmental problems in the area will include the following activities:

- Identify all potential risks, including legacy issues attached to the proposed intervention and determine mitigation measures, and define clearly all roles and responsibilities of the different stakeholders involved
- Detailed review of the PAMOL master and business plan based on current costs, expected costs and incomes to identify the funding gap of PAMOL. The review should include an assessment of the existing smallholder schemes as well as investment and maintenance needs;
- identify clear commitments which PAMOL is willing to make with regard to the elimination of deforestation from its supply chain and the adoption of social and environmental management plans.
- Exploration how PAMOL's operations and sustainable palm oil smallholder support scheme are impacted by conflict and any measures that are in place, or could be established, to adapt to the volatile operating context
- Detailed review of local planning instruments including financial gap analysis for targeted Councils and associated Protected Areas- MAB ("Man and Biosphere) (sustainable intensification, wildlife protection, conservation, community engagement...).
- Establishment of a baseline of High value forests for conservation (HVF-C) and livelihood assets to allow subsequent monitoring and evaluation of impact of intervention aligned with CAFI objectives & propose MRV protocol

aligned with CAFI requirements to assess PAMOL concession, SHS and environmental performance.

- Scoping for environmental and social risks and impacts and development of detailed recommendations for an Environmental and Social Management Framework (ESMF).
- Scoping for Climate risks (adaptation and mitigation) following KfW's sustainability guideline (climate mainstreaming)

#### Output 2: Development of the ProDoc

The intervention strategy and the project concept will be developed based on the outcome and the results of the Feasibility study (Output 1). The project concept and strategy will be presented in the ProDoc according to the CAFI ProDoC template.

- Development of a Theory of Change based on a sustainable long-term strategy.
- Detailed project activities and investments, including a detailed list of measures which can be implemented without prolonged planning process ("quick start measures").
- Verification or adjustment of success indicators for project objectives and results following the CAFI logic and the draft result matrix/ Logframe in the EoI,
- institutional structure for implementation, stipulating the roles and responsibilities of various bodies,
- identifying and aligning with the other initiatives, projects and stakeholders in the region as well as other sub-projects under the CAFI funding, especially related to the CAFI Regional PES programme and national PES roadmap Cameroon;
- identify how the CFC project under development with CAFI-funding could be used to rapidly channel credit for the sustainable palm oil smallholder support scheme and identify cooperation potentials and explicit cooperation models with the &Green fund and other relevant financing organisations or mechanisms
- Elaboration of a gender action plan (and other annexes as per CAFI ProDoc template)
- Detailed project time schedule,
- Detailed cost and financing plan.
- Draft of the detailed ProDoc including annexes as financing proposal for KfW to CAFI, combining both, CAFI and KfW requirements.
- Finalisation of the ProDoc after comments from KfW and the validation workshop, and if necessary, by CAFI.

### ***E. Modalities:***

*For example: country executed activities, national implementation (NIM), Bank executed activities, direct implementation (DIM)*

In accordance with KfW regulations, KfW will conclude a grant agreement with Cameroon for the amount of the prep grant to be used for Output 1 and 2. A specialised consulting company will be recruited via direct awarding procedure as indicated in the procurement plan (annexe 1).

The feasibility study shall assess and identify all relevant implementing partners and their role in the future project. The activities related to the feasibility study will be executed by an experienced consultancy team, that has the required expertise and comprises international, regional and national staff.

The study team will be comprised of the following experts:

- Team leader
- Expert(s) for National resources and landscape management
- Expert(s) for sustainable Agriculture/ (*specifically palm oil*)
- Expert(s) for smallholder/ outgrower schemes and value chain analysis
- Expert for Environmental and Social Safeguards (incl. gender and social analysis/ inclusion):
- Further specific inputs may be required from short-term specialists, such as for land tenure issues and development of land registry, assessment of infrastructure development and equipment needs), GIS-based mapping and remote sensing

**Table 3: Project budget by UN categories**

<b>PBF PROJECT BUDGET</b>		
<b>CATEGORIES</b>	<b>Amount Recipient Agency</b>	<b>TOTAL</b>
1. Staff and other personnel	0	
2. Supplies, Commodities, Materials	0	
3. Equipment, Vehicles, and Furniture (including Depreciation)	0	
4. Contractual services	373,382	373,832
5. Travel	0	
6. Transfers and Grants to Counterparts	0	
7. General Operating and other Direct Costs	0	
<b>Sub-Total Project Costs</b>	<b>373,382</b>	<b>373,832</b>
8. Indirect Support Costs*	7%	26,168
<b>TOTAL</b>	<b>400,000</b>	<b>400,000</b>

\* The rate shall not exceed 7% of the total of categories 1-7, as specified in the CAFI TORs 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.

**g. Risk management:**

This section sets out the main risks that may jeopardize project preparation/ feasibility study, 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 4 – Risk management matrix**

<b>Risks to the achievement of the outcome</b>	<b>Likelihood of occurrence (high, medium, low)</b>	<b>Severity of risk impact (high, medium, low)</b>	<b>Mitigating Strategy (and Person/Unit responsible)</b>
Lacking availability of the stakeholders and interlocutors, particularly in October during election period or possible effects afterwards	medium	high	Early involvement of the relevant stakeholders; contingency timeframe; Adapting work schedule around the election period

### F. 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.

**Table 2: Work Plan**

Outputs	Indicative activities for each Output	Indicative time frame				Resource allocation
		Q3/25	Q4/25	Q1/26	Q2/26	
Output 1	Conducting Feasibility study					Total 200.000
Output 2	Development of the ProDoc					173,832
<b>Total Cost</b>						<b>373,832 USD</b>

Deteriorating security situation in the Southwest of Cameroon	Medium		Flexibility with regards to travelling to the region, using local staff
Weather conditions (rainy season)	medium	low	Adaptation of the timing for field visits to the seasons
Lacking commitment of PAMOL	low	medium	Adaptation of project concept

**NB:** The assessment of (political, economic, social, environmental, implementation etc.) risks, including legacy issues related to the project implementation and operation itself as well as determining mitigation measures are essential part of the assignment, for which KfW is requesting the preparation grant.

**APPENDIX 1: Procurement plan / Contracting**

The plan below can be proposed in two parts, with a first plan applicable to the first year of the project and an indicative - less detailed - plan applying to the remaining duration of the project. In accordance with CAFI's terms of reference, this plan must at least take into account all contracts worth more than US\$100,000.

**1. General**

- **Project information:** Feasibility study/ ProDoc Development palm oil Cameroon
- **Plan version:** Version 1.0 dated 15.07.2025
- **Plan approval date :**
- **Period covered :** August 2025 – June 2026

**2. Consultancy procurement plan**

Description	Contract type	Value (USD)	Source of funding	Acquisition method	Start of the acquisition process	Estimated start and end of contract	Type of competition
Feasibility study/ ProDoc	Consultant	373,832 USD	CAFI prep grant	Direct award	08/2025	09/ 2025 – 06/ 2026	n/A