



Central African Forest Initiative (CAFI)

Project Document

<p>Project title: CANOPY TRUST</p>	<p>Implementation organization(s) : Catalytic Finance Foundation</p>
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<p>Countries : Canopy Trust will work in Central Africa in the countries that are part of CAFI. Priority will be given to the countries that have already signed a letter of Intent. The list currently includes the Democratic Republic of Congo, The Republic of Congo, Gabon, Cameroon and the Central African Republic</p>	
<p>Total project cost (including estimated unfunded budget) 100'000'000 USD Total cost funded by the Trust Fund of CAFI : 9,919,392 USD Amount and duration of the first instalment: 5,548,192 USD for 1 year Other sources of funding :</p> <ul style="list-style-type: none"> - National contribution (including contribution in kind) : Norad, ... - Other donors¹ : 	
<p>Project description (max. 200 words, insofar as it will be published on GATEWAY):</p> <p>The Canopy Trust facility, implemented by the Catalytic Finance Foundation, focuses on financing projects and companies reducing deforestation and promoting sustainable land-use practices across Central Africa. The project aligns with national REDD+ strategies and CAFI's results framework through targeted interventions in sustainable agriculture, agroforestry and forest conservation.</p> <p>Key results include:</p> <ul style="list-style-type: none"> • Reducing deforestation: By implementing Payment for Ecosystem Services (PES), the project should incentivize local communities and businesses to adopt sustainable practices such as agroforestry, directly contributing to national REDD+ goals and reducing land conversion. • Sustainable economic development: Canopy Trust supports private-sector engagement in sustainable agriculture and forestry by providing technical assistance and catalytic investments. These initiatives are expected to create alternative livelihoods, increase food security, and help address key drivers of deforestation. • Contribution to REDD+ objectives: The project aligns with the milestones of the national REDD+ strategies, ensuring its activities contribute to emissions reduction and forest preservation targets. 	

¹ See [CAFI co-financing policy](#).



Through a combination of financial and technical support, Canopy Trust aims to catalyze sustainable land-use practices, contributing to both environmental protection and economic resilience for local communities in Central Africa.

Start date² : 1st of January 2025

Closing date : 31st of December 2029

Total duration (in months) : 60 months

² **Indicative dates:** The official start date of any project funded by CAFI is the date of transfer of funds by the MPTF office.



Review & approval dates	
Submission to the Secretariat	Date :
Technical Committee review	Date :
Approval of the Steering Committee	Date :

Signatures of Participating Organizations :

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<p>Name of representative : Function: Name of Participating Organization :</p>	<p>Date and signature</p>
<p>Name of representative : Berta Pesti Function: Head of CAFI Secretariat On Behalf of the CAFI Executive Board</p>	<p>Date and signature </p>

15-Dec-2025



CAFI OUTCOMES to which the program contributes	Amount in USD ³
1. Sustainable agricultural practices lead to less land conversion and increased food security.	USD 97 million
2. Sustainable alternatives to current wood energy practices are adopted.	USD 97 million
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.	USD 24 million
4. Future infrastructure, mining and oil projects minimize their overall footprint on forests.	USD 24 million
Land use planning decisions ensure a balanced representation of sectoral interests and keep forests standing, and better tenure security does not incentivize forest loss by individuals, communities or companies.	x
5. National policies and strategies supported to accelerate the demographic transition through family planning that enhance rights-based access to modern contraceptives in the context of Sexual and Reproductive Health and Rights, contributing to demographic dividend and sustainable development.	x
6. Better inter-ministerial coordination and governance.	x

Direct investment and sub-grants will amount to USD 90 million (23 M USD as PES, 31 M USD as Technical Assistance and Capital Acceleration, 36 M USD as a First-loss). Out of the total USD 36 million will be used as a de-risking mechanism in a fund and it's foreseen that this will contribute to direct leverage of an additional USD 164 million of private capital. Canopy Trust is therefore foreseen to have direct investment and sub-grant of USD 248 million.

The figures above are based on a very theoretical split of 40%, 40% 10 and 10%.

³ Instructions for budget allocation by CAFI outcome are given in [the CAFI project budget format](#). In the [case of co-financed projects](#), the breakdown must also be made for the CAFI budget alone.



Executive summary

The **Canopy Trust** facility is complementary to the broader CAFI program; it aims at providing innovative finance solutions to limit deforestation and support socio-economic development in Central Africa. The project aligns with national priorities by directly supporting the region's sustainable development goals, focusing on reducing deforestation while fostering economic growth through sustainable agricultural, forestry, and infrastructure practices.

Central Africa's forests play a critical role in global carbon sequestration, biodiversity conservation, and regional climate regulation. However, pressures from unsustainable agricultural practices, cooking energy, illegal logging, and rapid infrastructure expansion have significantly contributed to deforestation. The **Canopy Trust** project aims to reverse these trends by providing financial and technical assistance to projects and companies that promote sustainable land use and reduce deforestation. The project is strategically designed to meet the commitments laid out in national investment frameworks and the REDD+ strategies of participating countries, ensuring alignment with national priorities.

In addition to reducing environmental degradation, the project promotes sustainable economic development through direct investments in sustainable agriculture, agroforestry, cooking energy and renewable energy. By supporting alternative livelihoods and sustainable business practices, **Canopy Trust** seeks to increase food security, reduce land conversion pressures, and improve local governance of natural resources. This holistic approach is expected to contribute to long-term socio-economic benefits, including higher incomes for local communities and improved land-use governance.

The project aims to achieve several key outcomes, including:

- *Reduction in deforestation*: By promoting sustainable agricultural and agroforestry practices, the project intends to reduce land conversion and forest degradation across target regions.
- *Increased food security*: Sustainable farming techniques will improve crop yields, leading to greater food security for local populations.
- *Private sector engagement*: Canopy Trust will facilitate investments in sustainable businesses and infrastructure, creating economic opportunities and fostering environmentally responsible practices.

Canopy Trust operates through a multi-faceted approach involving direct investment, technical assistance, and capacity-building programs. The project is structured around three investment windows, each focusing on different aspects of sustainable development:

Window 1; Payment for Ecosystem Services (PES): CAFI wishes to implement a standardized, centralized PSE approach, incentivizing communities and landowners to preserve forest ecosystems by providing financial rewards based on the delivery of ecosystem services. PES can be defined as a voluntary transaction in which an environmental service (a land use such as agroforestry that can guarantee an ecosystem service such as carbon sequestration) provided by a "provider" (local communities and private landowners) is "funded" by at least one source of financing if, and only if, the



providers ensure the supply of the environmental service. This conditionality of payments to verification distinguishes PES from conventional subsidy systems. This window is independent and not a conditionality of window 2 and 3. (see section [2.2.1](#) for further details). Eligible PES activities will comply with CAFI's outcome, including Sustainable agricultural practices and sustainable alternatives to current wood energy practices. Canopy Trust will align any PES activity with CAFI guidelines.

Window 2; Technical Assistance and Capital Acceleration Facility: The second window of the Canopy Trust project will take the form of a portfolio of direct Technical Assistance grants (Feasibility Studies, Environment Social and Impact Assessments (ESIA)), grants, recoverable grants, venture debt and venture capital into projects and companies at an early stage of their development and/or presenting a financial risk that would not be acceptable under window 3 financing and yet, considered as potentially bringing a lot of value in the growth or the structuring of the investment market with positive impacts on stopping deforestation. (see section [2.2.2](#) for further details).

Window 3: Investment fund; with a blended finance approach, Canopy Trust will use concessional capital to de-risk and catalyze significant additional private sector investments in cooking energy and renewable energy, agroforestry, and deforestation-free agricultural value chains, while ensuring that investors are aligned with the project's impact goals. Investment strategies include private equity, guarantees and private debt, and target companies operating in the region at growth stage level. The Catalytic Finance Foundation will invest junior tranches in the funds most aligned with this strategy and global CAFI's objective, following a thorough mapping exercise to assess existing asset managers with track record and experience in Africa, and preferably with experience in impact investments across a range of asset classes (see [section 2.2.3](#) for further details).

The project employs a rigorous monitoring and evaluation framework to ensure accountability and transparency. Regular progress reports, mid-term evaluations, and final assessments will track the project's impact on deforestation rates, socio-economic development, and environmental sustainability.

Canopy Trust is managed through a robust governance structure that ensures the effective execution of its strategic goals. Key institutional bodies include:

- The Steering Committee, responsible for high-level decision-making, including the approval of work plans and budgets.
- The Project Management Unit (PMU), led by Catalytic staff, oversees the day-to-day execution of the project and coordinates activities across different investment windows.
- Investment Committees, which assess and approve funding requests for technical assistance, grants, venture capital, and fund commitments

Catalytic, as a key player in the governance and operational processes, ensures that all activities are aligned with CAFI's strategic objectives. The organization also facilitates collaboration with stakeholders, including government ministries, local communities, and private sector entities.

In conclusion, Canopy Trust is a comprehensive and strategic facility that addresses the critical environmental and socio-economic challenges faced by Central African



countries. By promoting sustainable practices, and facilitating investments, the project contributes to the region's long-term sustainable development and resilience against climate change.



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Acronyms

AWPB:	Annual Work Plans and Budgets
CA:	Capital Acceleration
DEVCO:	Development Company
DRC:	Democratic Republic of the Congo
IC:	Investment Committee
ESIA:	Environmental, Social and Impact Assessment
ESG:	Environment, Social and Governance
GHG:	Green House Gas
LED:	Low emission development
MRV:	Monitoring, Reporting, Verification
PES:	Payment for Environmental Services
RfP:	Request for proposal
SHFs:	Small Holder Farmers
SPV:	Special Purpose Vehicle
TA:	Technical Assistance
TOC:	Theory of Change
NIF :	National Investment Framework

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Introduction

The Catalytic Finance Foundation (Catalytic) has been selected as the implementing organization for the **Capital Acceleration Providers (2024/02/CAP)** initiative, a significant program under the **Central African Forest Initiative (CAFI)**. This decision, formalized by CAFI's Executive Board through **Decision EB.2024.32**, aligns with Catalytic's mission of mobilizing blended finance solutions to tackle the key drivers of deforestation and forest degradation across Central Africa.

CAFI plays a pivotal role in addressing deforestation and promoting sustainable development in the Central African region. Its efforts are aligned with the Sustainable Development Goals (SDGs), the Paris Agreement, and various national strategies, including REDD+ mechanisms. CAFI's aim is to provide financial and technical support to enhance sustainable land-use practices, improve forest governance, and reduce emissions from deforestation. In this context, CAFI launched the **Innovative Finance Call for Expressions of Interest (2024/02/CAP)** to identify capable partners for innovative financing models.

Catalytic's selection reflects our robust experience in mobilizing **blended finance solutions** aimed at fostering private sector engagement in climate resilience and sustainable forest management. Through a combination of concessional finance, technical assistance, and innovative financial instruments, Catalytic aims to accelerate investments that directly contribute to CAFI's objectives, particularly in addressing the drivers of deforestation and forest degradation.

Catalytic's proposed interventions will be developed within the framework of existing Letters of Intent between CAFI and participating countries. These agreements underscore commitments to:

- **Reducing emissions** from deforestation,
- **Sustainable land-use planning**,
- Strengthening **forest governance** and
- **Protecting biodiversity**.

The Canopy Trust project carried out by the Catalytic Finance Foundation follows a 3-pronged strategy operationalized through the creation of three investments windows that pursue a comprehensive strategy of very complementary engagements with local communities and multiple private sector actors.

The **first window** compensates the companies and local communities) for the preservation of forests through the establishment of a sophisticated "Payment for Environmental Services" System encompassing land identification and review, preservation targets, contractualization, monitoring and payments. By preserving forests and improving land management practices, Window 1 reduces the risks for pioneering private-sector investments, directly enabling the activities supported under Window 2 and 3.

The second window allows for direct investments or grants to private sector companies or projects which would not qualify under pure commercial investments frameworks because the risk level attached to the financing is too high. Such financing is nevertheless deemed valuable if it allows for testing or building business models that could eventually be scaled and replicated under a commercial investment program or because such financings are directed at companies or projects which can be considered as key for market making or market structuring.



A **third and final window** will direct investments in 1st loss catalytic tranches of commercial investment vehicles managed by professional third-party asset managers. The objectives of this third window include the financing on commercial terms of private market companies or projects aligned with the CAFI investment principles and theory of change, and the leverage of catalytic public finance through investments by private investors in the senior tranches of the investment vehicles.

The three windows operate jointly and ensure the resolution of the **Jevons paradox** by working on the sustainable intensification of agriculture production while simultaneously ensuring that standing forests also generate attractive income for local communities and companies.

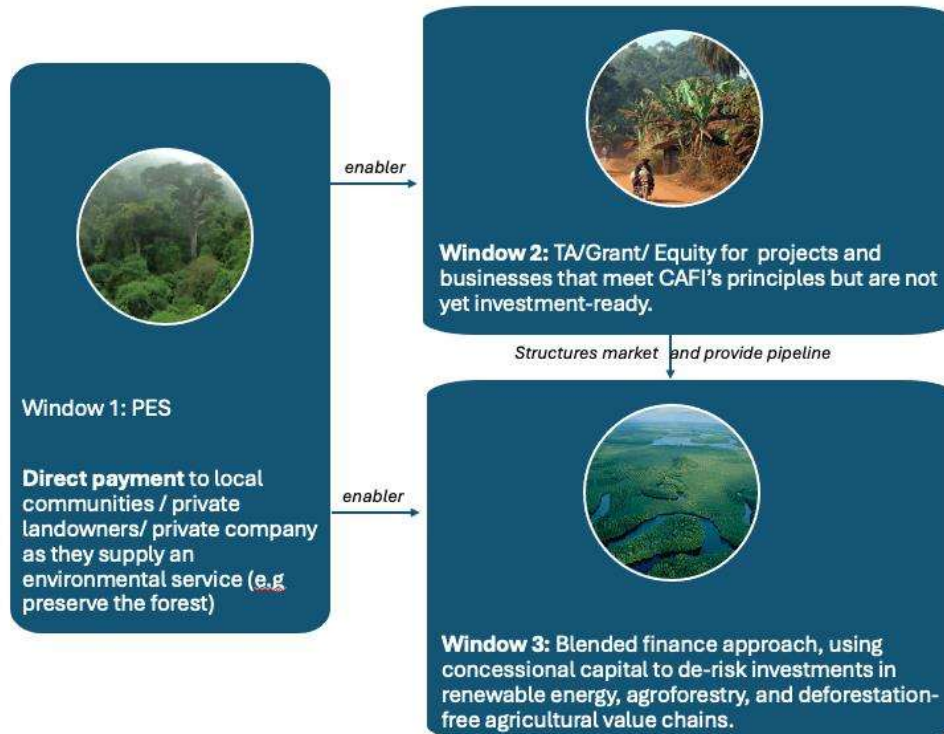


Figure 1: Complementary approach

Window 1 serves as the foundational pillar of the Canopy Trust strategy by creating a PES system that incentivizes local communities and companies to preserve forests, thus ensuring the availability of sustainably managed land and resources. This land preservation not only generates trust and engagement with stakeholders but also establishes a stable and monitored environment for sustainable economic activities. This, in turn, facilitates the implementation of Window 2 by reducing risks for pioneering private sector investments and supporting market-structuring projects. Additionally, the PES system strengthens the credibility and environmental integrity of the CAFI initiative, creating a pipeline of viable, sustainable projects that can attract private sector participation in the catalytic first-loss tranches under Window 3. By addressing the social and environmental prerequisites for sustainable development, Window 1 ensures that the complementary mechanisms of Windows 2 and 3 can operate effectively and attract further investment.

By leveraging these financing mechanisms, Catalytic aims to accelerate capital flow towards sustainable land use, agroforestry, and sustainable forest management, thus addressing both environmental and socio-economic challenges in Central Africa.



1. Situation analysis specific to the project context

1.1. Description of the general context of the intervention area

Canopy Trust will work in Central Africa in the countries that have already signed a letter of Intent. The list currently includes the Democratic Republic of Congo, The Republic of Congo, Gabon and Cameroon.

Also, we will recall that according to the CAFI Terms of Reference: the area which the facility is targeting is a region hosting the world's second-largest tropical rainforest. **This forest plays a critical role in both global climate regulation and local biodiversity preservation, absorbing approximately 1.1 billion tons of CO₂ per year.** The Congo Basin, spanning across several countries, is home to over 10,000 species, with many being endemic. It is also essential to the livelihoods of over 60 million people who rely on forest resources for food, energy, and shelter. However, the region faces significant threats from population growth, agricultural expansion, and infrastructural development, placing immense pressure on its forest ecosystems.

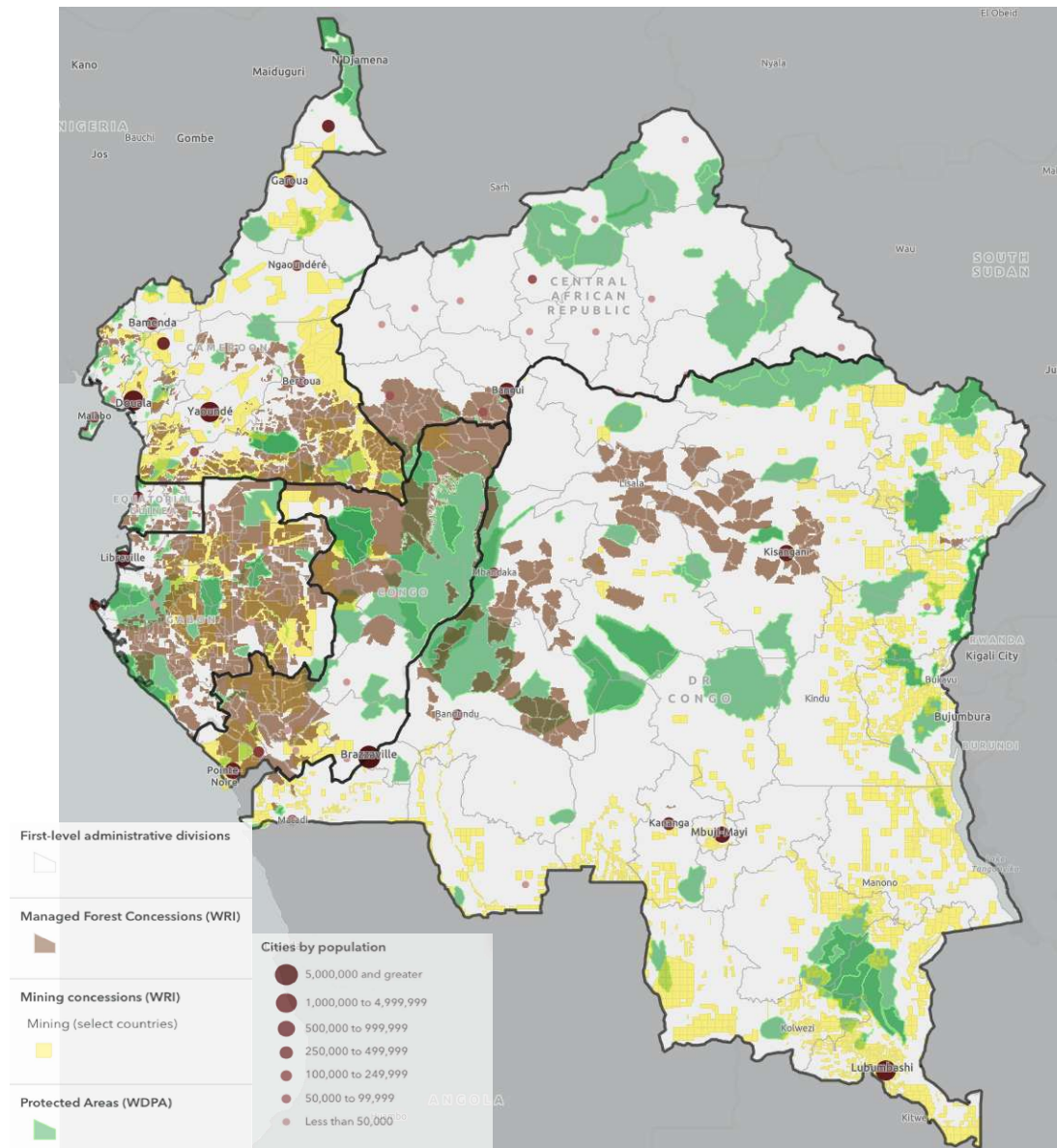


Figure 2: Situation map in the region
Source: CAFI/FAO study on deforestation, and forest degradation and direct drivers

While annual deforestation rates have historically been low, the Central African rainforests are at a critical turning point. With population growth and globalization, the pressure on forests is increasing. Central African governments find themselves caught in the intertwined challenges of climate change, poverty reduction, food security and the conversion of tropical forests to new forms of industrial agriculture, mining concessions and infrastructure projects. Their capacity to respond is diminished by vulnerable economies and dwindling government revenues, contradicting international incentives, weak administrations and vested interests. For these reasons, change is typically slow. Sustained and concerted efforts are required to achieve changes to policy.

Faced with these challenges and aware of the importance of Central African forests both for national development and the global environment, countries have been scaling up efforts to benefit forests at all levels. Internationally, negotiations under the UNFCCC are searching for better mechanisms to preserve forests and compensate countries for doing so. Multi- and bilateral programs are providing support to Central African



countries to address forest loss. Regional initiatives, such as the Joint Declaration on REDD+ in the Congo Basin, the Central African Forest Commission (COMIFAC) or Congo Basin Forest Partnership (CBFP), have contributed to better regional dialogue, as well as increasing awareness and action. At the national level, governments have been stepping up efforts either in the context of REDD+ or independently, by monitoring forest loss and developing strategies to address it without compromising development objectives.

Nevertheless, further efforts are needed: integrated reforms to orient Central African economies towards a low emission green economic development path are generally lacking, and action to save the forest is fragmented, uncoordinated and underfinanced. Activities often advance in isolation, separated by differences in scales of intervention, performance metrics and levers for shaping land use behavior, while changing development trajectories requires substantially enhanced funding, long term sustained support and coordination to systematically deliver the same policy messages.

1.2 Evolution of forest cover and description of direct and indirect drivers of deforestation and degradation in the project area

Historically, Central Africa has maintained lower rates of deforestation compared to other tropical regions. However, recent trends indicate an increase in forest cover loss. an estimated 27% of the Congo Basin forest could be lost by 2050 if no significant interventions are made.

The main direct drivers of deforestation include:

- Small-scale slash-and-burn agriculture, which accounts for over 84% of forest disturbances in certain regions.
- Commercial agriculture, particularly for crops such as oil palm and rubber, which is expanding in response to both regional and international market demands.
- Illegal logging and charcoal production, which degrade forests around urban areas like Kinshasa and Douala.
- Infrastructure development, particularly roads, which provide access to previously undisturbed forest areas.

Indirect drivers include weak governance structures, poverty, lack of land tenure security, and population growth. The complex political economy of the region often exacerbates deforestation by failing to enforce land-use regulations and policies effectively.

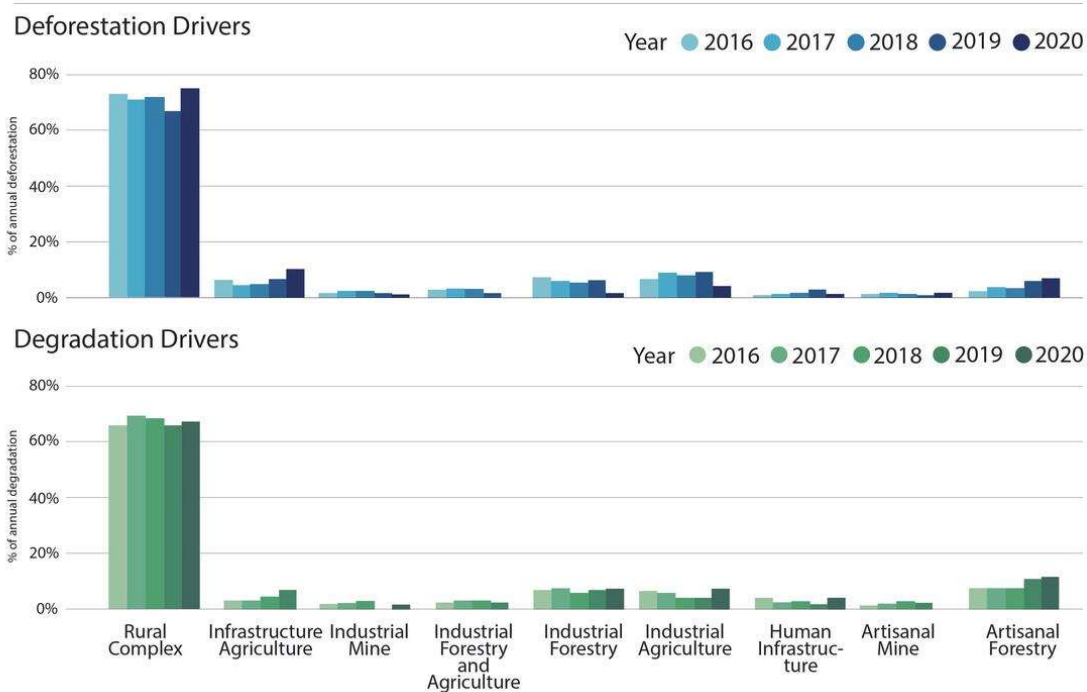


Figure 3: Direct drivers of deforestation & Degradation
Source: CAFI Annual Report 2023

1.3 General and specific objectives of the project

Taking into consideration the context of CAFI overall, it is important to keep in mind that **Central Africa critically needs support to implement essential reforms and complex investments to effectively address the drivers of deforestation**. None of the existing multilateral REDD+ initiatives allow for supporting strategic and holistic REDD+ and/or Low emission development (LED) investment frameworks in Central African high-forest cover countries. Key development partners in the field of REDD+ mapped existing funding mechanisms and found that they either lacked focus on the region or, if they did target the Congo Basin, they did not take a holistic, country-level approach with support to NIFs.

CAFI is a platform of coordination for like-minded partners that provides for substantially scaled-up international support to national REDD+/LED investment frameworks and includes a distinct CAFI MPTF to ensure the coherence and efficiency of the Initiative. Donors who are part of the Initiative can commit resources to the Fund or use, in a coordinated manner, bilateral or other channels to provide financial support.

This type of broad-based partnership is required because:

- Successful investments require considerable political commitment and reform willingness in partner countries.
- Far larger leverage of donor resources can be achieved when negotiating political roadmaps and specific milestones with a dedicated group of partner countries.
- Risks can be shared among several donors and
- Donors' comparative advantages can be leveraged.
- Shared understanding of LED for the region and increased coherence between donor and partner country objectives on REDD+/LED are necessary to reach ambitious objectives.



- A regional approach, as opposed to bilateral or global, was adopted for CAFI because the Central African rainforest is spread across several countries who share certain common characteristics and increased performance can be expected by fostering learning across countries in a spirit of South-South cooperation.
- The CAFI MPTF is hosted by the Multi Partner Trust Fund Office of UNDP (MPTF Office). It offers a coordination mechanism to donors who are part of CAFI by harmonized approval, disbursement, and monitoring and reporting processes. As such, the Fund provides the following services:
 - Broadened funding base by pooling funding from different donors.
 - Alignment with national objectives through harmonized support to NIFs;
 - Strategic and coordinated allocations;
 - Reduced transaction cost and streamlined implementation via a pass-through mechanism to accredited entities.

In that context, Canopy Trust aims to **mobilize capital into private projects that tackle deforestation and promote sustainable land-use practices across Central Africa**. The initiative will operate through three core financing windows that offer a comprehensive approach to addressing environmental degradation and fostering economic development.

The **first window, Payment for Ecosystem Services (PES)**, focuses on creating a standardized system that incentivizes local communities, SMEs and private landowners to engage in sustainable practices, such as agroforestry. This system will ensure that payments are only made when environmental services like carbon sequestration are verified, distinguishing PES from traditional subsidy models. The goal is to co-create and pilot a centralized PES system that can be scaled regionally, ensuring high performance and transparency. We understand that CAFI already worked on standardized metrics, processes and tools. Canopy Trust will build on those achievements.

The **second window** provides **technical assistance, grant and venture equity/debt** to support high-risk projects that are in their early stages of development. These financial tools will target companies and organizations working on innovative solutions to stop deforestation, especially in sectors like sustainable agriculture and agroforestry, cooking energy and renewable energy. This window is designed to complement more traditional investments by providing catalytic funding that can de-risk projects and develop a pipeline of investable opportunities. The TA component will ensure that these projects receive the necessary support to scale and succeed. This window will focus on projects and companies that are not yet bankable.

The **third window** is dedicated to supporting relevant **investment funds through junior tranches**. These funds will invest in companies that contribute to reducing deforestation, such as cooking energy and renewable energy, sustainable agricultural value chains, and landscape restoration. The selected funds will prioritize projects and companies that improve the efficiency of using biomass for energy and invest in decentralized clean energy solutions. They will also support corporations and organizations committed to deforestation-free supply chains and local agro-industrial development. Through a blended finance structure, Canopy Trust aims to de-risk these investments, attract private sector capital, and provide long-term financial sustainability for projects and companies that address the key drivers of deforestation. This window



will be focusing on bankable projects and will have larger ticket sizes than the second window.

In essence, **Canopy Trust** will leverage these three financing mechanisms to catalyze investments that protect Central African forests while fostering economic development, building on the lessons learned from past national and international initiatives. The initiative is strategically designed to align financial incentives with environmental objectives, ensuring long-term impact through sustainable investment.



2. Project strategy

2.1 Past initiatives and lessons learned (national and international)

The proposal for Canopy Trust is based on past initiatives that are detailed below. We have grouped them to inform our rationale on each window.

▪ Past Initiatives related to Payment for Environmental Services (PES)

Costa Rica PES Program (1997): One of the most well-known PES programs globally, Costa Rica's initiative incentivized landowners to engage in conservation by paying for ecosystem services such as carbon sequestration, water services, and biodiversity conservation. The program's success is largely due to clear land tenure, robust monitoring, and multi-stakeholder collaboration.

Mexico's National PES Program: Mexico's PES program, implemented in 2003, aimed to conserve hydrological services by paying communities in forest areas to protect water resources. This initiative demonstrated that community involvement and secure financing mechanisms are critical for long-term sustainability.

Colombia's PES Program: Focused on water provision and biodiversity conservation, this program linked PES to national REDD+ strategies. A key lesson from Colombia was the need for accurate verification systems and transparency in payment mechanisms to maintain stakeholder trust.

DRC PES Program: CAFI has piloted PES projects on a small scale in various provinces and territories of the DRC through its multisectoral PIREDD Programs. They tested both the theory that direct or in-kind payments to rural populations could be beneficial, and how different payment modalities functioned in different contexts. The initial phase of the CAFI-funded PIREDDs largely piloted PES, for example, in agroforestry plantations and forest regeneration, and performance-based community approaches, like road maintenance and fire control.

Lessons Learned:

- Clear land tenure and community involvement are critical for the success of PES.
- Monitoring and verification systems must be robust and independent to ensure that payments are made based on real, measurable ecosystem services.
- PES can be integrated with national and international climate strategies, such as REDD+, to scale up impact and access additional funding sources
- **A challenge in PES programs is consistent funding.** Indeed, even a funding gap of several months could lead to decreased motivation and setbacks, for example in fire control areas. Long-term (seven to 10 years) multiannual budget planning will support the national PES program and address the needs of local populations in a more sustainable and predictable way.
- Depending on the extent to which market revenue streams can be established as part of the PES programmes, various exit strategies should be considered.
- Standardization and continuity are crucial for the success of PES in the coming years.

▪ Past Initiatives related to Technical Assistance, Venture Debt, and Grants



Forest Investment Program (FIP) in the Congo Basin: The FIP's approach provided technical assistance and grants to community forest management projects, helping local communities develop sustainable forest-based businesses. A key lesson was the importance of building local capacity and develop market strategies and private sector partnerships to ensure long-term project sustainability.

Venture Capital for Green Businesses in Sub-Saharan Africa: A range of venture capital funds focused on early-stage investments in agriculture, renewable energy, and conservation (such as Acumen Resilient Agriculture Fund, [KawiSafi Ventures Fund](#), [Universal Green Energy Access Program \(UGEAP\)](#)) have shown that flexible financing, such as venture debt and grants, can help high-risk projects scale- Programs like the Green Climate Fund (GCF) have supported these early-stage ventures, demonstrating the importance of blended finance in de-risking investments.

In 2021, **Bezos Earth Fund** pledged 1 billion USD to help restore forests and landscapes, focusing also on enhancing private sector engagement and Investment In forest and landscape restoration through platforms like AFR100. In 2022, the Global Ever Greening Alliance launched the Restore Africa Programme, the world's biggest privately funded farmer-led restoration program.

The Restoration Seed Capital Facility supports early-stage development of forest and landscape restoration (FLR) projects with the objective to stimulate more private Investments In forest and landscape restoration.

Mobilizing Finance for Forests (MFF) was established in 2021 by the United Kingdom government and FMO as a blended finance Investment program to combat deforestation.

Lessons Learned:

- Blended finance models, including technical assistance, grants, and venture equity/debt, are crucial in bridging the gap for projects that have high potential but are considered too risky for traditional financing.
- Capacity building and technical assistance are essential, particularly in the early stages, to enable local projects to scale and become financially viable

▪ **Past Initiatives related to Investment Funds**

Subnational Climate Fund (SCF): This initiative, supported by Catalytic, aims at catalyzing climate mitigation and adaptation solutions at the subnational level through a transformative finance model. The model is designed to attract public and private investment and to deliver certified climate and Sustainable Development impacts. Significant additional investment is needed in this sector to achieve the climate goals of the Paris Agreement. The SCF presents a positive disruption on how subnational climate projects should be structured, de-risked, and funded by both public and private investors, while monitored and benchmarked at the highest level of rigor and quality.

&Green Fund: The &Green Fund is a blended finance mechanism aimed at supporting sustainable agricultural practices and commodity supply chains that are free from deforestation. The fund de-risks investments in companies committed to decoupling deforestation from their operations, with a particular focus on protecting tropical forests and fostering inclusive economic development in rural areas.



The Lion's Share Fund: This innovative funding mechanism focuses on biodiversity conservation. It raises funds by partnering with companies that contribute a small percentage of their advertising spend every time an animal appears in their advertisements. These funds are used to finance wildlife conservation projects worldwide, offering a unique approach to leveraging private sector resources for environmental protection.

Nature+ Accelerator Fund / Mirova's Investment platform This fund, developed by Mirova in collaboration with IUCN, aims to accelerate nature-based solutions by investing in projects that support ecosystem restoration and biodiversity conservation.

Legacy Landscapes Fund (LLF): The LLF is a public-private partnership that provides long-term funding for the conservation of globally important biodiversity landscapes. It focuses on ensuring sustainable financial flows to support the management of protected areas and biodiversity hotspots, with a particular emphasis on preserving ecosystems that are crucial for biodiversity conservation and climate regulation.

Lessons Learned:

- Blended finance structures that use concessional capital to attract private investors are critical for high-risk, high-impact projects. This model has proven effective in catalyzing private-sector engagement in deforestation-free agriculture and renewable energy.
- Investment funds should prioritize sectors that directly address the drivers of deforestation, such as cooking energy, sustainable agriculture and agroforestry, and sustainable forest management.

2.2 Intervention strategy

Based on these lessons from past initiatives described above, the strategic choices for Canopy Trust include:

1. **Implementing PES with strong monitoring systems** to ensure measurable and verifiable results for small-holder farmers that attract long-term funding. This window will be subdivided into two tracks:
 Track 1: Servicing CAFI existing PES pipeline through direct contracting/payments
 Track 2: Direct contracting with private sector aggregators & large environmental service providers
2. **Offering a blend of technical assistance, grant and venture equity** to support early-stage and/or high-risk projects and companies with strong potential for growth and environmental impact, especially those focused on sustainable agriculture, agroforestry and energy transition.
3. **Act as a Junior investor** with a blended finance approach, using concessional capital to de-risk and catalyze private sector investments through relevant Investment funds in cooking energy, renewable energy, agroforestry, and deforestation-free agricultural value chains, while ensuring that investors are aligned with the project's impact goals.



These complementary and mutually reinforcing strategies are rooted in lessons learned from both local, regional and international experiences and build on the work realized by CAFI ensuring a high probability of success with the proposed interventions.

Theory of change:

The Theory of Change (ToC) for Canopy Trust articulates how the strategic implementation of its three complementary, yet independent, financing windows contributes to achieving sustainable development and reducing deforestation in Central Africa. The ToC aligns with CAFI's objectives, and demonstrates how these windows collectively address the key drivers of deforestation while catalyzing private-sector engagement and fostering long-term socio-economic and environmental resilience.

The three windows of Canopy Trust are designed to function as interconnected mechanisms, each addressing specific challenges and creating enabling conditions for the others to succeed. Below is an explicit overview of the causal links:

1. Window 1: Payment for Environmental Services (PES)
 - Role in ToC: Window 1 establishes foundational incentives for sustainable practices by compensating local communities and businesses for environmental services. It addresses key social and environmental preconditions, such as reducing deforestation and creating trust among stakeholders.
 - Causal Link: By preserving forests and improving land management practices, Window 1 reduces the risks for pioneering private-sector investments, directly enabling the activities supported under Window 2.
 - Outcome Contribution: Creates a stable and monitored environment for sustainable economic activities while generating direct environmental benefits, such as carbon sequestration and biodiversity conservation.
2. Window 2: Technical Assistance (TA) and Capital Acceleration Facility
 - Role in ToC: Window 2 provides catalytic funding to high-risk, early-stage projects and businesses that are essential for market creation and development. This includes technical assistance, recoverable grants, and venture equity/debt.
 - Causal Link: The outcomes of Window 1, such as improved land management and stakeholder engagement, lower the risk profile of projects, making them more viable for investment under Window 2. In turn, Window 2 develops a pipeline of investable opportunities that can scale up and attract private capital under Window 3.
 - Outcome Contribution: Strengthens market structures, supports innovation, and accelerates the transition to sustainable land-use practices and renewable energy solutions.
3. Window 3: Junior tranches in selected Investment Fund
 - Role in ToC: Window 3 utilizes a blended finance approach to attract significant private-sector investment into scalable projects. By de-risking investments through concessional capital, it ensures financial sustainability and promotes large-scale adoption of sustainable practices.
 - Causal Link: The investment-ready projects and businesses developed under Window 2 provide the necessary pipeline for Window 3 to deploy funds effectively. Additionally, the environmental safeguards and



stakeholder engagement initiated under Window 1 enhance the credibility and impact of investments made under Window 3.

- Outcome Contribution: Drives transformational change by mobilizing large-scale private capital into sectors that directly address deforestation and promote socio-economic resilience.

The integrated approach of the three windows ensures that Canopy Trust addresses challenges holistically:

- Environmental Safeguards: Window 1 focuses on ecosystem preservation and stakeholder engagement, creating an enabling environment.
- Market Creation: Window 2 supports innovative and high-risk projects, bridging the gap between early-stage development and commercial viability.
- Scale and Sustainability: Window 3 mobilizes private capital to scale up proven solutions, ensuring long-term impact and sustainability.

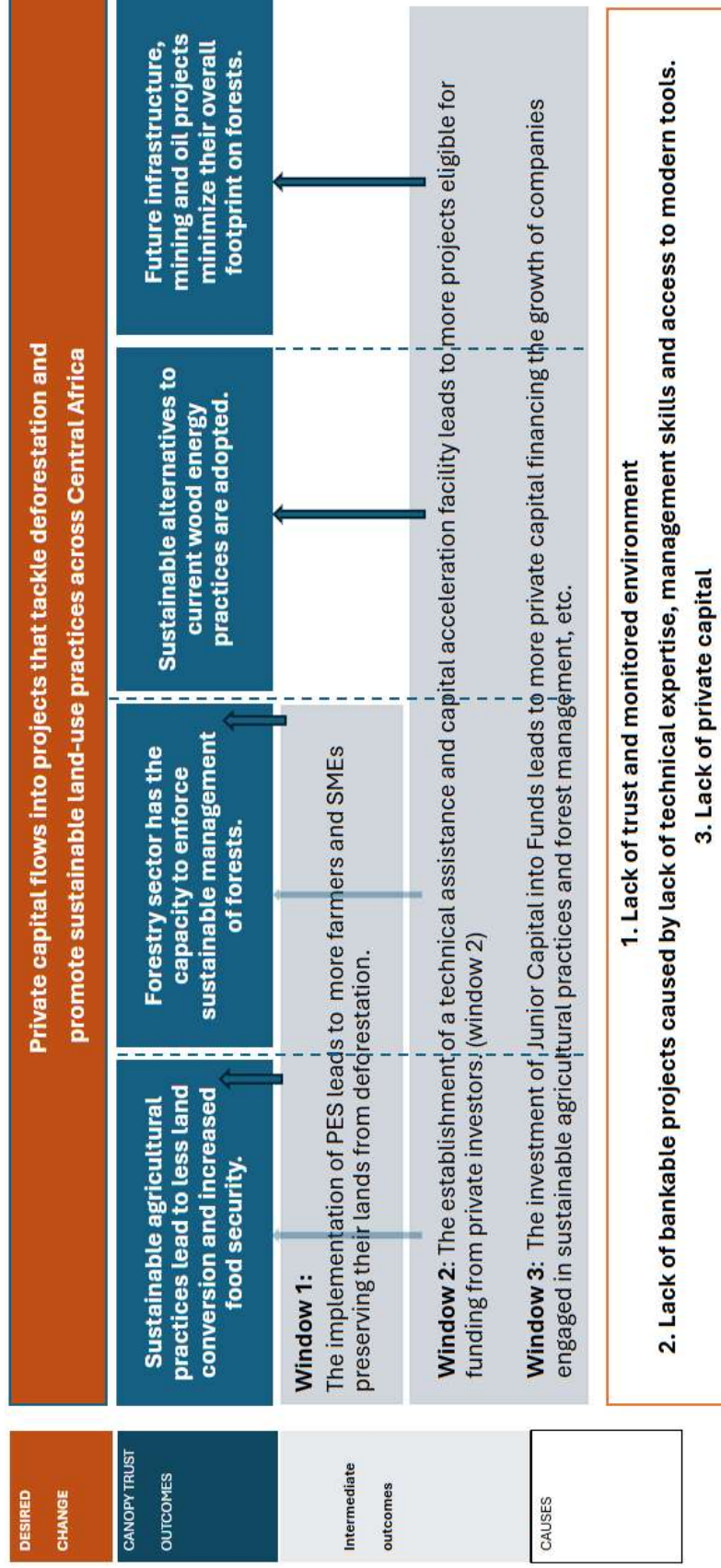


Figure 4: Canopy Trust theory of change



Table 1: Canopy Trust Strategic Approach

Sector	Outcomes	Typical examples of activities
Wood Energy	Sustainable wood energy investments	Investment targets will include corporations involved in: <ul style="list-style-type: none"> the improvement of production (charcoal companies) improvement in efficiency of use of charcoal as cooking fuel and its replacement by cleaner energy sources such as LPG, logging or agriculture wastes for energy (waste to energy) decentralized solar energy or involved in the development of decentralized energy systems transformation of wood residues to energy (e.g. gasification)
Agriculture	Forest friendly agriculture investments	Corporations developing large scale irrigated perennial crops seeking to improve yields in existing plantations will be considered. Businesses producing biochar from biomass as fertilizer for agriculture will be considered.
Underlying Causes	Economic opportunities	Any activity aimed at creating employment and revenue opportunities will be considered (e.g: development of ecotourism infrastructure)
Forestry	Sustainable forest investments and management	Canopy Trust will collaborate with the companies (off-takers) who are committed to sourcing from deforestation free suppliers. Companies involved in reforestation or landscape restoration will be considered. Any support that could be provided to companies with the high potential regarding sustainable logging or management will be considered. Canopy Trust will provide payments to SHFs who preserve the forest.

2.2.1 Window 1: Payment for Environmental Services (PES)

PES can be defined as a voluntary transaction in which an environmental service (a land use such as agroforestry that can guarantee an ecosystem service such as carbon sequestration) provided by a "provider" (local communities and private landowners) is "funded" by at least one source of financing if, and only if, the providers ensure the supply of the environmental service. This conditionality of payments to verification distinguishes PES from conventional subsidy systems.

CAFI wishes to implement a standardized, centralized PSE approach, which means defining standardized tools, methodologies, standards and processes, testing and progressively improving them, with the aim of achieving a fully functional, high-performance, effective and efficient centralized system.

The present project will be a participative element in the development of this future PES program, through the co-creation and dynamic piloting of a standardized, centralized, systematized and comprehensive approach to PES. Catalytic is thus committed to aligning itself with the new tools, standards, methodologies and processes validated by the Secretariat of CAFI, as and when they are developed and deployed.

This specifically includes (i) the transmission of all information (including spatial information) on reported results in accordance with the required specifications (cf. section **Error! Reference source not found. Error! Reference source not found.**); (ii) the piloting of an



independent verification mechanism for reported PES results, based on data from a high-performance monitoring-evaluation mechanism enabling robust reporting of spatialized and standardized PES information, as well as (iii) the participation and facilitation of a scientific monitoring approach to the PES approach by a partner of CAFI. The exact terms of collaboration and monitoring protocols will be discussed between the implementing organization and the scientific partner.

This window will be subdivided into two tracks:

- Track 1: Servicing CAFI existing PES pipeline through direct contracting/payments
- Track 2: Direct contracting with private sector aggregators & large environmental service providers

Contacts will have a defined length foreseen to be 10 years.

2.2.2 Window 2: Technical Assistance, venture debt and equity

The second window of the Canopy Trust project will take the form of a portfolio of direct Technical Assistance grants (Feasibility Studies, Environment Social and Impact Assessments (ESIA)), grants, recoverable grants, venture equity and debt into projects and companies at an early stage of their development and/or presenting a financial risk that would not be acceptable under window 3 financing and yet, considered as potentially bringing a lot of value in terms of demonstrating and accelerating strategic private sector approaches needed to address key drivers of deforestation.

This second window may also include financing with grants, recoverable grants, debt and/or equity for the market makers and enablers such as project developers, project operators, local fund managers, rating, certification, or audit companies as well as any tech company allowing for environmental assessment, tracking and monitoring. Tickets will be flexible, adapted to the need of investee We see this strategic internal window as essential in creating, growing, and organizing the market for forest conservation.

This second window is funded directly from Canopy Trust⁴ and will remain proprietary / exclusive, but it should allow for considerable cofinance at the project level. The other stand-alone investment vehicle (see below - window 3) will initially be seeded by Canopy Trust, although its legal set up will allow for future additional investments from third parties, in the form of increase of capital or borrowing (including through bond issues for the debt vehicle).

Projects or companies funded under this window 2 will have to meet a set of criteria which will include, among others:

- Ability to replicate at scale
- Capacity to eventually reach commercial sustainability (noting that when assessing potential investments, Catalytic will refrain from considering revenues from REDD+ carbon markets until CAFI adopts a policy on carbon market investments.)
- Catalytic or other investors
- Providing a solution to a key deforestation lever
- High repayment or reimbursement probability in case of grants
- Potential financial success upside sharing with Canopy Trust

⁴ Catalytic Finance Foundation will be the Equity owner on behalf of the program Canopy Trust, would Canopy Trust become an independent entity the ownership would be transferred.



- Project or Company promoter is also at stake and aligned with Canopy Trust
- Canopy Trust is not the sole funder of the project or company
- Results metrics are defined, monitored and reported following CAFI method
- Executing team has track record and has resources to deploy successfully
- Local presence in target region
- Clear timelines and deliverables

In addition to the minimum criteria listed above, pragmatic rules for investment strategies under window 2 should be set to maintain flexibility for the manager of this special catalytic window, additional criteria and rules will be discussed with the Steering Committee during the execution phase. A minimal diversification of assets should nevertheless be imposed on this specific pocket. We believe that measured over a certain period (say 3 years) no more than 25% of available Assets under window 2 should be dedicated to any target company; and Canopy Trust ownership in any private company would never exceed 49%, any deviation from this rule should be discussed with the Steering Committee.

Through this window 2, Canopy Trust retains the key ability to finance with debt or invest directly some equity into the capital of companies it would consider as strategic to development. This strategic debt and equity allocation does not need to be very large at the beginning (see budget section) but could grow significantly in the future.

Catalytic's methodology to generate pipeline under this window 2 involves a structured and inclusive process. This approach is rooted in broad outreach, collaboration with stakeholders, and leveraging both existing networks and targeted interventions to reduce deforestation.

Partnerships with regional authorities, and collaboration with private sector entities, NGOs, and local governments are crucial for sourcing projects, gaining local insights, and aligning projects with the CAFI objectives.

Catalytic utilizes both targeted and open calls to engage with businesses that can benefit from grants and venture capital. This includes identifying promising projects through an open online platform. Catalytic will conduct a detailed mapping and keep it up to date of projects opportunity for this window.

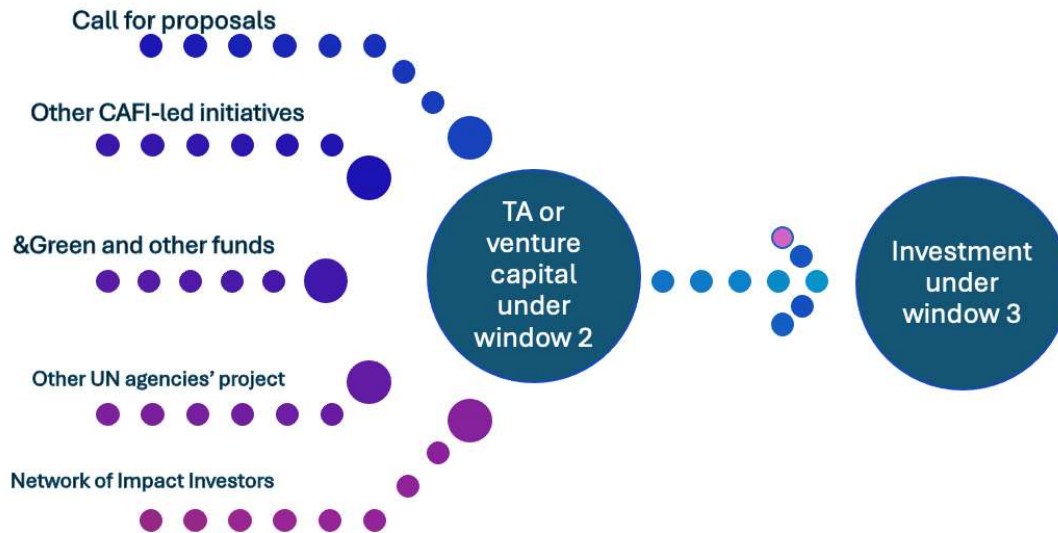


Figure 5: Sourcing Strategy

The overall process for assessing the needs of selected businesses follows a systematic approach, focusing on both the readiness of the project and specific gaps that require addressing successful implementation. Catalytic uses a blend of in-house expertise and external consultants to conduct this assessment, ensuring a thorough understanding of each business's context and challenges.

Initial Gap Assessment:

The process begins with a project readiness and gap assessment, where Catalytic evaluates the business's ability to meet both financial and impact objectives. The assessment covers various aspects such as legal and regulatory frameworks, environmental and social governance (ESG) compliance, and the business capacity to execute the project. Key criteria include stakeholder inclusivity, environmental and social management, and the project's potential for scalability.

For moderate-risk projects (Category B), an ESIA is conducted by external consultants. This includes an analysis of environmental baselines, potential social impacts, and stakeholder consultations. The ESIA also identifies key risks related to deforestation, biodiversity loss, water pollution/scarcity, land conflicts, impact on indigenous people and Gender and social inclusion risks.

Tailored Assistance Plans:

After identifying gaps, Catalytic works with each business to develop a tailored grant or investment plan, which may include studies on technical feasibility, ESG improvements, market assessments and investment plans. These plans are designed to strengthen the business's investment readiness while aligning with CAFI's goals of reducing deforestation, promoting sustainable land-use practices, and fostering socio-economic development in the Central African region.

Post-investment monitoring

Catalytic's key responsibilities regarding the companies it would invest in, would include actively participating in governance, monitoring the company's financial and impact performance, and providing strategic support to ensure alignment with CAFI's environmental and social objectives. This could involve taking a seat on the board,



engaging in decision-making, and voting on key matters, while regularly reviewing financial reports and ensuring ESG compliance. Catalytic will also monitor risks, including environmental and financial risks, and work with the company to implement mitigation strategies.

In addition to governance, Catalytic would offer strategic guidance to help the company grow sustainably, facilitate access to additional capital, and develop partnerships that can enhance project outcomes. Catalytic would ensure the company meets legal, regulatory, and reporting requirements, while providing capacity-building support where needed. Regular engagement with the management team would be critical to maintaining alignment with the project's mission and addressing any emerging challenges.

Exit

Lastly, an exit strategy would be planned to ensure the company continues to pursue its sustainability goals post-exit while ensuring potential financial returns. Exits will be planned when Canopy Trust is no longer additional and the investee bankability can attract private investments. The purpose is to be able to provide patient capital but would the opportunity to Exit and recycle the Fund for other projects, Canopy Trust would perform earlier exit.

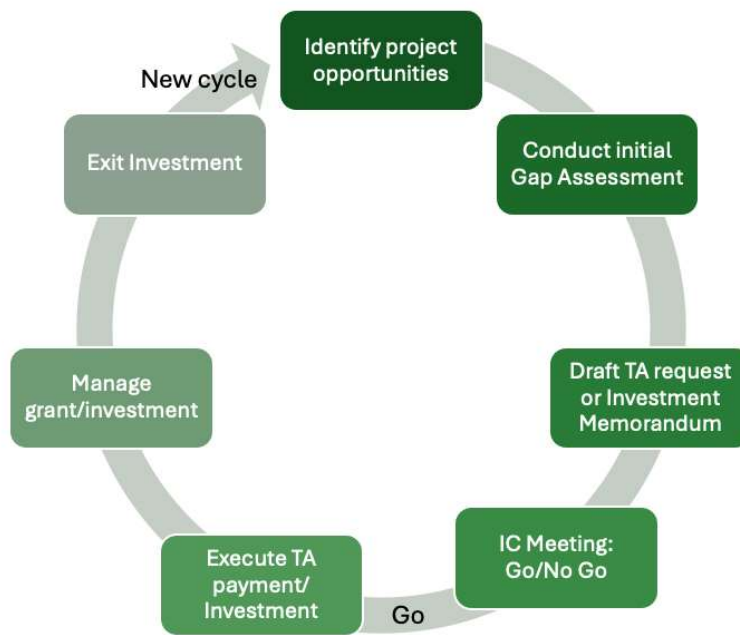


Figure 6: Investment cycle under window 2

As Catalytic is structured as a non-profit Foundation, funds that flow back into the financial vehicle post-investment will be managed through a structured reinvestment process to continue supporting sustainable forests projects. Any funds recovered through repayments, returns, or exits will be redeployed within Canopy Trust (given the timelines if Canopy Trust has ceased to exist recovered funds will be deployed in line with the CAFI mandate). Specifically:

- **Ring-Fenced** : Recovered funds will be ring-fenced to ensure they are only used for projects that align with the CAFI’s sustainable forests objectives.
- **Revolving Fund Structure**: A revolving fund structure will be used, where the funds are continuously redeployed into new projects, ensuring a sustained impact over time.



- **Impact Monitoring and Reporting:** To ensure transparency and accountability, Catalytic will maintain a robust monitoring and evaluation system, regularly reporting on the deployment and impact of recovered funds, including adherence to CAFI's objectives.

Window 2 will be very complementary to investments made under window 3 and could even seed the pipeline of future deals investable by the fund under window 3. Grants could also be extended under window 2 to organizations and agencies which could help develop pipeline for investments under window 3.

2.2.3 Window 3: Junior investments in Funds

The process below will be reviewed once the first asset managers have been selected and regularly reviewed with the donors and CAFI secretariat to ensure it serves its purpose.

There will be a dedicated process to structure resource mobilization, co-finance and mapping of existing funds before investment decisions are made.

Canopy Trust will ensure that the selected Funds described below commit to:

- Demonstrate the feasibility and attractiveness of forest-related investments in the region as per the theory of change.
- Catalyze the private sector businesses and investors at scale.
- Adopt a comprehensive and holistic investment approach.
- Preserve the highest standards in environmental impact assessment.
- Maximize additionality and partnership opportunities.
- Accommodate the pipeline developed by CAFI.

Resource Mobilization and co-financing

A thorough resource mapping and gap analysis is essential to understand the financial landscape and identify opportunities for collaboration. This process involves creating an inventory of existing funding mechanisms, including multilateral and bilateral climate funds, private sector investment vehicles, and philanthropic grants, with a focus on their alignment with CAFI's objectives. Beyond cataloging, the analysis evaluates thematic and geographic overlaps, funding cycles, eligibility requirements, and disbursement practices. It also highlights gaps in financing, such as underfunded sectors (e.g., early-stage project development, biodiversity markets) with limited access to investment. The results of this analysis serve as a foundation to design targeted strategies for mobilizing additional resources and ensuring complementarity with existing initiatives.

The resource mobilization strategy aims at attracting and securing funding from the sources identified in the mapping analysis. This involves categorizing potential donors and investors based on their priorities and capacities, such as development finance institutions for concessional loans, impact investors for risk-adjusted returns, and philanthropies for catalytic grants. Tailored engagement strategies would be developed for each group, highlighting CAFI's value proposition, investment opportunities, and potential impact. By defining clear fundraising targets and leveraging CAFI's existing pipeline and credibility, the strategy aims at creating a roadmap for achieving scalable and sustainable financial outcomes.

Co-financing would also play an important part of the success of Window 3. Co-financing would focus on building strategic partnerships that pool resources and maximize impact



through collaborative funding mechanisms. This can include designing joint financing models where DFIs, private investors, and donors contribute complementary resources. For instance, concessional capital can take a first-loss position to attract private sector funds or be combined with guarantees to lower investment risks. Alignment among co-financing partners is critical, achieved through shared investment objectives, standardized frameworks for due diligence, and common reporting standards. This structured approach ensures transparency, accountability, and synergy, while also avoiding duplication of efforts and fostering trust among all stakeholders.

Proposed investment scope and strategy – Canopy Trust Level

The Catalytic Finance Foundation will select asset managers with track record and experience in Africa, and preferably with experience in impact investments across a range of asset classes (including green bonds). These managers would also have a clear interest and capacity in growing their assets under management for the Canopy Trust mandate.

Canopy Trust overarching investment objective would

be to increase leverage, to accelerate the path of development and to nurture an ecosystem of local managers and investors: Sub-objective would aim at investing in privately managed impact investment funds focusing on the region and the strategic sectors identified by CAFI. It would seek to be catalytic of the private investors through a de-risking approach (i.e. investing in subordinated 1st loss tranches of the selected impact funds). It would not avoid investing in first-time fund managers, small-sized funds, single country funds, accelerators funds, specialist funds, etc. As such, Canopy Trust would be very additional to the already existing investments programs from development finance institutions or MDBs. Canopy Trust will also be able to invest in the future larger financing facilities of nested REDD+ projects

On a sectorial approach, Canopy Trust strategy would allow to take different risk positions through differentiated funds with companies or projects managing and protecting natural assets, monetizing environmental and biodiversity impact, regenerating degraded areas, or enabling a sustainable standing forest economy.

A variety of Funds will be targeted, with different investment doctrine that would i) target privately held companies operating in identified priority sectors and in the central African region; ii) be able to seed the equity of single specific nested project development companies (DEVCOs) or SPVs; iii) invest in the more senior tranches of single specific nested project development companies or SPVs, ready to scale their activities. That should also include co-lending with financial intermediaries active in the region and the priority sectors. Those financial intermediaries could also be financed directly, with earmarking of the financing towards the CAFI priority sectors; iv) specialize on larger complementary infrastructure projects, in a second phase and should additional sizeable funding be available.

Proposed Investment scope and strategy – Fund Level

Canopy Trust will work in Central Africa in the countries that have already signed a letter of Intent. The list currently includes the Democratic Republic of Congo, The Republic of Congo, Gabon and Cameroon.



It will hopefully be possible for the selected funds to invest in companies, financial intermediaries and funds located outside the target region as long as the financing is earmarked for operations in the target region or if the company financed carries out at least part of its operations or services in the target region. This could indeed offer risk diversification options while keeping the focus on the target region.

The selected funds will seek to achieve optimal portfolio diversification. The industries and sectors targeted by the selected funds will aim to cover the whole spectrum of stakeholders involved in sustainable forest management and conservation, taking a holistic and comprehensive approach.

They will voluntarily take an early-stage financing and risk-taking position, notably with a view of bridging an often-observed gap in the funding continuum of nature-based solutions.

The different types of investment targets are described below. These build on the existing [CAFI private sector investment framework](#) which serves as basis for the call for Expressions of Interest that CAFI launched in September 2023.

Investments can be grouped into two broad categories: traditional direct or indirect investments and pathways to jurisdictional REDD+.

Traditional Direct or Indirect Investments:

1- Improvements in efficiency and replacement of wood as a source of energy.

Investment targets will include corporations involved in the improvement of production (charcoal companies) or improvement in efficiency of use of charcoal as cooking energy (efficient cookstoves), or its replacement by cleaner energy sources such as LPG, biomethane, as well as use of logging or agriculture wastes for energy (waste to energy companies). Companies providing access to decentralized solar energy or involved in the development of local Mini grids will be within the investment universe provided they can make a compelling case as to how these investments will address drivers of deforestation and forest degradation.

2- Deforestation-free agricultural value chains.

The selected funds will also collaborate with the corporations (off-takers) engaged in agro-industrial production or committed to sourcing from deforestation free supplier chains. The objective will be to help such companies dissociate deforestation from their own operations as well as those of their suppliers including smallholder farmers following best practices in terms of sustainable deforestation-free intensification of their production. Rigorous traceability processes and transparent reporting will be pre-requisites to such potential funding and could be the target of additional TA / grant financing. In this context, a priority focus will be placed on companies transforming locally the sourced crops.

Similarly, companies or NGOs working with local communities of small holder farmers within the value chains of crops such as maize, palm oil, rubber, cocoa, coffee, rice, sorghum, cassava, etc., to help them intensify their production through better yields (better irrigation, better seeds, better techniques, etc.) with a view to avoid additional deforestation will be considered for financing. Such work will ideally be undertaken in coordination with the larger off takers of the value chain concerned.

Finally, companies or NGOs developing alternative or additional revenue generating micro and small enterprises for the small holder farmers communities will also be within scope provided they happen near agglomerations and in savannahs. Reasoning that additional revenues for poor communities in those regions should decrease the



migratory flow towards more forested regions and hence decrease the danger of added deforestation.

- 3- Development of new or intensification of existing larger scale plantations.** Corporations developing large scale irrigated perennial crops plantations in savannah areas or seeking to improve yields in existing plantations will be considered for financing. Such models will be carefully evaluated as they are usually very capital intensive.
- 4- Reforestation and landscape restoration.** Corporations involved in reforestation or landscape restoration will be part of the investment universe.
- 5- Ecotourism related businesses.** Any activity aiming at the creation of employment and revenue opportunities related to standing forests will be considered. This is notably the case of the development of ecotourism infrastructure.
- 6- Forest concessions engaging in reduced-impact logging.** There are over 50 million ha of forestry concessions in Central Africa and only 5 million ha are currently certified under FSC or PEFC. It is imperative that this immense area under forest concessions be managed according to better standards. Indeed, once timber resources are depleted, the most likely scenario is for land to be converted to agricultural use. Therefore, our investment strategy must also embrace the financing of timber companies holding forest concessions willing to engage in reduced impact logging for climate change mitigation and biodiversity conservation. There is evidence that RIL can be profitable from a commercial point of view compared to conventional logging, but typically only over long-time horizons. As long tenor financing has higher costs (interest rates) for clients and is perceived as higher risk by financial institutions, both supply and demand for long tenor financing is low or inexistant, hampering the investment in these kinds of projects. Any support that could be provided to companies with the highest standards of certification regarding sustainable logging or management will be considered.

Pathways for jurisdictional REDD+ programs

When assessing potential investments, Catalytic will refrain from considering revenues from REDD+ carbon markets until CAFI adopts a policy on carbon market investments.

However, it is expected that Canopy Trust could play a fundamental role in creating a “pathway toward jurisdictional REDD+” in the context of a fragile State like DRC. The development of these pathways towards jurisdictional REDD+ programs is a long and complicated process, given the many issues, risks and stakeholders involved. This pathway will vary from country to country. It will be an integrated policy framework for accounting of greenhouse gas (GHG) emissions and removals; claims to emission reductions (ERs); access to finance and the related legal and institutional arrangements. GHG emission reduction potential will be estimated using CAFI Guidelines for ex-ante estimation of emission reduction potential, according to the Private Sector Project Document Assessment Criteria.

However, developing a REDD+ implementation framework is at its core a national policy; therefore, ample consultations bringing government, CSOs and private sector together will be required to embed a functional framework in the respective regulations of each CAFI partner country. We foresee three fundamental design decisions to consider in these discussions:

1. The degree of centralization (or decentralization) for REDD+. A centralized approach focuses on receiving payments for ERs at the jurisdictional scale; carbon benefits are then distributed among the beneficiaries, whether projects or local actors. A decentralized



system focuses on receiving payments at the project scale, which are then distributed among local actors.

2. Defining the role that nonstate actors (private entities, communities, and nongovernmental entities (NGOs) should play in the implementation of REDD+. Closely related to the first point, the government needs to decide how best to integrate nonstate entities into its REDD+ strategy, since involvement from a wide range of stakeholders will lead to more sustainable and more effective implementation. This decision will be influenced by the rights that nonstate actors are entitled to, and how the government wishes them to be incentivized—for example, through carbon finance that can be directly accessed by local actors.
3. Determining the most appropriate types and channels of climate and carbon finance to access. A government may decide that it wishes to encourage voluntary carbon market crediting at the project level, but also make efforts to access nonmarket payments at the jurisdictional level, for example from the Green Climate Fund (GCF). It may also decide to allow crediting at various levels—project, subnational, and/or national—or to limit crediting to only certain levels. Or it may decide that certain REDD+ activities, such as reforestation, are more appropriate for implementation at the project level, while reducing deforestation is tackled more effectively at a jurisdictional level. The decisions about which type of crediting, and at what levels, are fundamental and crucial decisions to be made in designing a nested system.

Depending on the objectives defined, CAFI can help governments design an appropriate REDD+ implementation or nesting system. These systems will vary from one country to another. According to the World Bank, there are four simplified approaches, or models, that a government may adopt for REDD+ implementation. Countries can choose just one of the four models, or they can use a mixture of them. Or they may start with one model and evolve over time to a different model.

An example of the approach for DRC is detailed in **Annex IX**

Proposed Investment guidelines

Investment guidelines should be discussed with the selected funds.

We provide a broad overview below of what such investment guidelines could look like, but they will need to be finetuned and complemented in due time. Particular attention will have to be paid to the coverage of political risk for the investment portfolio, given the limited number of countries involved and the relative portfolio concentration in a handful of countries. Options of coverage with MIGA could for example be explored.

A. Portfolio Construction - Cross-cutting

Type of investment funds targeted:

- Canopy Trust will mostly invest in impact funds managed by private sector managers, along with investing in the equity of Devcos.
- The targeted funds will have to operate in the Canopy Trust target region, but they will be eligible even if they are incorporated in other jurisdictions.
- Private debt, venture capital and private equity funds will be within scope of Canopy Trust



- Given the relatively early stage of financial market development in the region, there will be no constraint on investing in funds managed by first time fund managers.
- Similarly, there will be no constraint placed on the number or size of sector specific investment funds as opposed to more generalist investment funds.

Minimum size given size of underlying funds and number of investment lines needed for diversification, we would recommend starting with a minimum of capital available of at least \$60m. Exception to such size threshold could be granted for funds with high impact and /or high investment mandate alignment with Canopy Trust's objectives.

Maximum exposure per investment line and maximum exposure from CAFI into any funds:

- Our investment will never represent more than 20% of any underlying fund assets under management.
- Exception to such rules could be granted over a portfolio ramp-up period of 5 years.

Geographic diversification:

- To the extent possible, selected funds will seek to build a geographically diversified portfolio across the region.
- Such geographic diversification will be achieved either through direct investments in specific country focused funds or through indirect exposure by regional funds having their own geographic diversification rules.
- Direct investments in country specific funds will be limited to a maximum of 35% per country.
- Exception to such rules could be granted over a portfolio ramp-up period of 5 years.

Long-term horizon, open ended structure

It is understood that the investment funds targeted will generally have long investment horizons. This is why it is important for Canopy Trust to be open ended.

Subordination rules

- Our strategy will authorize, and even encourage, to take subordinated tranche positions in structured investment funds.
- Only condition attached to such subordination is that it will be expected that the size of the mezzanine and /or senior tranche of the funds in which we will take subordinated position at least match the amount invested by Canopy Trust.

FX exposure policy

- The selected funds will not generally be expected to hedge for FX risks taken.
- Canopy Trust will have to decide whether it will use part of its grants to cover for such FX risk or not.

Expected financial returns

- Financial returns expected from the funds in portfolio will reflect their geographic and sector focus and the financial instruments used.
- A certain degree of concessionality in addition to subordination will be accepted if properly justified.
- In particular, the prospect of a lower financial return associated to a hurdle rate granted to the senior tranche of a fund will be acceptable if this concession catalyzes private investors that would not invest without such benefit.



B. Portfolio construction – “Private Equity” Investment strategy Model

Type of **companies targeted**:

- Selected Funds falling under this model will mostly invest in privately held small and medium size companies (SMEs). They could however invest in local subsidiaries of larger corporations.
- They will also be able to invest in the equity of Devcos or SPVs involved in the development of REDD+ nested projects as a steppingstone towards jurisdictional programs.
- The targeted companies will have to operate in the Canopy Trust target region, but they will be eligible even if they are incorporated in other jurisdictions.
- Portfolio targets will include both early stage and growth stage companies. The intent behind this model is indeed to contribute to market building.

Minimum size given size of underlying companies and number of investment lines needed for diversification, we would recommend starting the “Private Equity” Model with a minimum of capital available of at least \$100m. Exception to such size threshold could be granted for funds with high impact and/or high investment mandate alignment with Canopy Trust’s objectives.

Maximum exposure per investment line and maximum exposure from CAFI into any company:

- Investment in a company will not represent more than 10% of the total portfolio and our investment will never represent more than 49% of any company – Indeed, Canopy Trust has no vocation to own or control companies.
- There is no minimum size for investments, but the selected-fund managers will take care to achieve a portfolio balance between early stage and growth stage companies. In any event, no less than 25% of the AUM will be dedicated to early-stage companies in need of investments of \$1m or less.
- Exception to such rules could be granted over a portfolio ramp-up period of 5 years.

Geographic diversification:

- To the extent possible, the “Private Equity” model will seek to build a geographically diversified portfolio across the region.
- Maximum portfolio exposure to any single country will not exceed 40%
- Exception to such rules could be granted over a portfolio ramp-up period of 5 years.

Long-term positions

It is understood that the equity positions in companies targeted will generally have long investment horizons. The “private equity Model will consequently be of long maturity, i.e. at least 10+3 years.

FX exposure policy

- “Private Equity” Model Selected Funds will not generally be expected to hedge for FX risks taken.
- Canopy Trust will have to decide whether it will use part of its grants to cover for such FX risk or not.



Expected financial returns

- Financial returns expected from the companies in portfolio will reflect their geographic and sector focus as well as their development stage.
- A certain degree of concessionality compared to the traditional risk adjusted financial returns will be accepted if properly justified by the selected fund.

C. Portfolio construction – “Private Debt or Guarantee” Investment strategy Model

Minimum size given size of underlying projects and number of investment lines needed for diversification, we would recommend starting the investment debt or guarantee Model with a minimum of capital available of at least \$200m. Exception to such size threshold could be granted for funds with high impact and investment mandate alignment with Canopy Trust’s objectives.

Geographic diversification with a ramp-up period of several years to reach established portfolio allocation rules; start with most active countries.

- It is relatively clear that some countries in the target region will present, at least initially, more investment opportunities because of their sheer size or stage of development (e.g. DRC, Cameroon, etc.).
- Portfolio diversification rule should include a maximum exposure for any country of 40%. Such rule could be lifted during a portfolio ramp-up period of 5 years.

Maximum exposure per investment line and maximum exposure from CAFI into any project or companies:

- To diversify risk, we would recommend that maximum exposure to any particular company or project be of maximum 10% of total portfolio.
- Canopy Trust does not have a vocation to finance alone any company or project. A minimum of co-financing of 25% will be requested for each financing approved.
- Exception to such rules could be granted over a portfolio ramp-up period of 5 years.

Diversification of maturities of investment lines

- As far as possible, given the usually long-term profile of financing requested, debt or guarantee investment Model selected Funds will seek to build a loan portfolio with staggered maturities. At any time,
 - A minimum of 20% of portfolio should have a maturity of 5 years or less
 - A minimum of 60% of the portfolio should have a maturity of 10 years or less
 - No financing would be allowed beyond a maturity of 15 years.
- Exceptions to the rule could be granted during a portfolio ramp-up phase of 5 years.

Policies of **loan amortization schedules and potential grace periods** (to be linked with bond schedules)

- To the extent possible, the debt or guarantee investment Model selected funds should seek to negotiate regular amortization schedules of the financing extended and to avoid bullet principal repayments at maturity.



- Grace periods on interest payments could be granted and decided on a case-by-case basis by the investment manager.
- It will be critical, when the debt vehicle starts issuing bonds, that the principal and interest payment schedules of the bonds and of the underlying loan portfolio be well aligned.

FX exposure policy

- To the extent possible, the debt or guarantee investment Model selected funds should seek to finance portfolio companies or projects in USD, but only in case this does not inconsiderably transfer the FX risk to the borrower.
- If lending in local currency cannot be avoided, the debt or guarantee investment Model selected funds will seek to hedge the FX risk positions.
- If hedging of local currencies is either not possible or prohibitively costly, the debt or guarantee investment Model selected funds will keep such exposures open and will seek to minimize risk through currency diversification and loan maturities.
- Canopy Trust could also decide to use part of its grant resources to cover for the FX risk of the different funds.

Financial returns, guarantees and subordination.

- As much as possible, the debt or guarantee investment Model selected funds will seek to align its financing terms with local market conditions to not crowd out local financial intermediaries or other private sector funders.
- If such conditions turn out to be prohibitive and to be the reason for lack of access to financing in the first place, the debt or guarantee investment Model selected funds will be authorized to propose to its investment committee a certain degree of concessionality in the form of:
 - A lower than risk adjusted expected financial return, keeping in mind that the interest rate charged should at least cover the cost of operations of the investment vehicle plus a minimum spread (and such minimum spread will be set with regards to the pricing conditions of the future bond issuances).
 - A subordination of the Canopy Trust financing to other sources of financing in the repayment priorities of the borrower.
 - An absence of guarantees for the financing extended by debt or guarantee investment Model selected funds (for debt funds only)

C. Investment pipeline development, finetuning of investment strategies and portfolio construction rules

Once the work for establishment of Window 3 has started, an important immediate next step will be to identify the first potential selected funds as soon as possible, and once this is done, to start a dialogue on investment strategies and portfolio construction rules as soon as possible, ideally even before the launch of pipeline development efforts.

Such pipeline development efforts would then need to start immediately and be closely coordinated with the CAFI secretariat team involved in private sector engagement. Public calls for proposals are one way to get information about potential deals, but one should also partner with existing impact fund managers and other forest preservation investment initiatives or project developers and operators. The research should be broad, collaborative and systematic.



We have outlined below the types of companies and funds that one ought to be researching during the investment pipeline development.

“Cross-cutting	“Private equity Model”	“Private Debt or guarantee Model”
<ul style="list-style-type: none"> - Agribusiness/ deforestation free / small holder farmers - Forests - Water - Infrastructure - Microfinance - Energy - Tech-driven impact for poorest communities - Financing facilities of REDD+ nested projects 	<ul style="list-style-type: none"> - Charcoal companies - Cookstove companies - Sustainable timber companies - Cooking energy and renewable energy companies - Water access / irrigation companies - Financial intermediaries - Agroforestry and agribusiness companies - Eco-tourism companies - Sustainable forest concessions companies - Equity of DEVCOs or SPVs for Integrated agriculture / forests nested projects 	<ul style="list-style-type: none"> - Charcoal companies - Cookstove companies - Sustainable timber companies - Cooking energy and renewable energy companies - Water access / irrigation companies - Financial intermediaries - Agroforestry and agribusiness companies and their out-grower schemes - Debt for DEVCOs or SPVs for Integrated agriculture / forests nested projects - Eco-tourism companies - Reduced logging concessions - Sustainable forest concessions companies

As for the second window, the goal is to provide patient capital and have a long-term commitment in the financing structure. The exact duration of the Selected Funds will be defined with the Asset Managers in the design phase but would be foreseen to be at a minimum of 12 years. Potential recovered Funds would follow the same logic has the windows 2 and be reflow in Canopy Trust to be reused for the CAFI outcomes.

Environmental Impact monitoring and information management

Most investors shy away from monitoring impact to the extent that we envisage under Canopy Trust, including for the window 3, because of the complexity of doing so. Indeed, this requires know-how, technology, costs and time. Moving towards an impact-based approach does not only require creating a cutting-edge data management and monitoring system to manage the enormous amount of information that will be reported from the field and assess the efficiency and effectiveness of the different investments supported by CAFI, but also training stakeholders to use these new tools.

This shift is already underway at CAFI and the system currently developed internally will be shared with future fund managers. The wealth of advanced knowledge and know-how developed by this Environmental Impact assessment and monitoring unit could be used in the investment processes of the window 3, in particular during upstream pipeline screening committees and in the establishment of deal monitoring and impact criteria. It will especially allow the efficient monitoring of the “no deforestation” covenant clauses to be included in investment contracts.



Access to this know-how could possibly be paid to Canopy Trust through an advisory contract signed with the future fund managers whereby Canopy Trust would be entitled to a fraction of the management fees of the fund managers. Alternatively, such a system could be made available for free to the fund managers and all impact investors involved in similar investment strategies, willing to share information and methodologies thus turning Canopy Trust into a knowledge hub for impact investors in the forest and land-use sector.

2.3 Description of beneficiaries' capabilities

To effectively support the beneficiaries of **Canopy Trust**, it is essential to evaluate their existing capacities and ensure that the necessary **capacity-building interventions** are included to facilitate their active and meaningful participation throughout the project lifecycle. This applies not only to local communities and smallholder farmers but also to national and regional institutions involved in project implementation, including government agencies, local development committees, and service providers.

1. Local Communities and Smallholder Farmers

Many of the communities and smallholder farmers who will benefit from Canopy Trust have limited technical knowledge in areas such as agroforestry, sustainable farming, and forest management. While they often possess traditional knowledge of land and resource use, they may lack the **technical expertise and access to modern tools** required to adopt sustainable practices. For example, experience from past projects, such as the REDD+ programs in the Congo Basin, shows that **technical assistance and training in agroforestry** can significantly improve community engagement and their ability to implement environmentally sustainable practices.

Capacity-building requirements for these groups should focus on:

- Training in **sustainable land-use techniques** such as agroforestry, efficient water use, and forest-friendly farming practices.
- **Access to technology** for monitoring land use and forest cover, enabling communities to track and report their environmental impact.
- Strengthening **market access** and financial literacy, helping communities to engage in value chains for non-timber forest products, sustainable agriculture and agroforestry.

2. National and Regional Government Structures

Government ministries and agencies tasked with overseeing project implementation, such as the Ministry of Environment, Forestry, and Agriculture, are critical to ensuring policy alignment and project success. These institutions often face challenges related to **institutional capacity**, including limited human resources, technological gaps, and fragmented data systems. Past initiatives have highlighted the importance of **capacity-building within government bodies** to ensure they can adequately manage and oversee large-scale programs.

Capacity-building for national structures will include:

- **Strengthening institutional capacity** for project management, including monitoring and evaluation systems.
- Providing **technical assistance** for the design and enforcement of sustainable land-use policies, forest governance, and REDD+ initiatives.



- Training on the **use of remote sensing technology** for forest monitoring and land-use planning, ensuring government bodies can verify PES claims and track progress against project goals.

3. Local Development Committees and National Service Providers

Local development committees, cooperatives, and national service providers involved in inputs for agroforestry, cooking energy and renewable energy projects will also require targeted capacity-building. These organizations are often under-resourced and lack the **specialized knowledge** needed to support sustainable practices.

Capacity-building interventions for these entities will focus on:

- **Building technical expertise** in the production and distribution of sustainable agricultural inputs, such as improved seeds and agroforestry equipment.
- Developing **business management skills** to ensure that local cooperatives and service providers can operate profitably while supporting project goals.
- **Expanding networks and partnerships** to facilitate better access to markets and investment, thereby enabling service providers to scale their operations in line with project objectives.

This holistic capacity-building strategy is essential for achieving the project's long-term goals of reducing deforestation and fostering sustainable economic development across Central Africa.

Canopy Trust understands the diverse capacity needs of these different groups, acknowledging that all beneficiaries—from local farmers to national government bodies—should be fully equipped to participate in and contribute to the project. However, capacity-building activities are not part of the mandate of this project document. Catalytic will build on the Capacity building efforts lead by CAFI impending partners.

2.4 Project structure (outputs, activities)

Output : The implementation of PES leads to more farmers preserving their lands from deforestation. CAFI output: Sustainable agricultural practices lead to less land conversion and increased food security.
Activity 1: Implementation of Payment for Ecosystem Services (PES)
Description: By the end of the project, a PES system will be established, operational, and managing payments for ecosystem services across the target regions. Target: Complete implementation of a PES system covering a defined target area and involving private sector participation.
Track 1.1: Servicing CAFI existing PES pipeline through direct contracting/payments
Activity 1.1.1: Sign contract with beneficiaries
Description: Formalization of agreements between Canopy Trust and individual beneficiaries (such as landowners, farmers, or communities) who will participate in the PES system. The signing of contracts is crucial as it: <ul style="list-style-type: none"> • Specifies the terms and conditions under which beneficiaries will provide ecosystem services. • Outlines the payment structure, including the timing and number of payments based on the successful delivery of agreed-upon services.



<ul style="list-style-type: none"> Ensures legal and financial clarity, offering a formal commitment from both parties, thereby reducing risks and disputes. <p>Means of Implementation: Led by Catalytic, working closely with CAFI secretariat. Legal experts will be engaged to draft and formalize contracts, ensuring clarity on obligations and payment structures. Contracts will be signed with local landowners, farmers, or communities participating in the PES system.</p>
<p>Activity 1.1.2: Mobile payments are carried out based on the green light from CAFI's partners</p> <p>Description: Ensure that payments are promptly disbursed using mobile payment platforms. Verification from CAFI's partners who provide the "green light" confirming that the beneficiary has fulfilled their obligations under the PES contract (such as reforestation, biodiversity protection, or other ecosystem services).</p> <p>Means of Implementation: Catalytic will hire a third-party to manage the payments using mobile payment platforms, following verification from CAFI's partners confirming fulfillment of ecosystem service obligations. An automated mobile payment system will be integrated for timely and transparent disbursements, with CAFI providing the necessary green light for payment release. Due Diligence will be performed to ensure no payment will be made to ineligible beneficiaries.</p>
<p>Track 1.2: Direct contracting with private sector aggregators & large environmental service providers</p> <p>Activity 1.2.1: Refine the PES Design for private sector participants</p> <p>Description: Conduct stakeholder consultations and technical analysis to refine the PES framework to ensure clarity and operational efficiency for private sector participants. Adapt the design according to potential specific needs.</p> <p>Means of Implementation: External consultants would be engaged to carry out technical analyses and stakeholder consultations. These consultants will collaborate with private sector participants and Catalytic's internal team to ensure that the PES framework is tailored for efficiency and operational clarity for private sector participants. The CAFI team will be closely working with Catalytic on this topic to ensure the design and integrity of the PES platform is of CAFI standards.</p>
<p>Activity 1.2.2: Evaluate the Pricing Range for PES Payments</p> <p>Description: Develop and evaluate potential payment ranges based on community input (on the minimum level of incentives necessary to enable the land use activity and standards)</p> <p>Means of Implementation: Under close collaboration of CAFI with technical assistance from external valuation experts. Catalytic will work with external valuation experts and community representatives to assess pricing options. Collaborative workshops and consultations will be conducted to refine the pricing structure, ensuring a fair and transparent payment range. Benchmarks with other programs will also be used.</p>
<p>Activity 1.2.3: Draft Standard Contract for PES</p> <p>Description: Develop standard contract templates for use with private participants in the PES system.</p> <p>Means of Implementation: Legal expert(s) will be recruited by Catalytic to develop standardized contract templates for private sector entities participating in the PES system. This ensures consistency and legal compliance in all contracts. Contracts will undergo internal review by Catalytic and external legal consultants before finalization.</p>
<p>Activity 1.2.4: Organise a Call for Proposals for Private Sector Entities Willing to Participate in the PES System</p> <p>Description: Issue and manage a call for proposals to identify interested private sector entities.</p> <p>Means of Implementation: Catalytic in collaboration with the IC will develop and issue the call for proposals. Catalytic's team, will evaluate the submissions, ensuring alignment with the</p>



<p>PES framework and CAFI's objectives. The submissions will then be discussed with CAFI for approval.</p>
<p>Activity 1.2.5: Manage the Payments of the PES</p>
<p>Description: Administer payments to participants based on verified delivery of ecosystem services.</p> <p>Means of Implementation: Catalytic will oversee the payment management process. Payments will be processed based on the verification of services by external auditors and CAFI's partners. Transparent reporting mechanisms will be established to ensure accountability.</p>
<p>Output 2: the TA and Capital Acceleration Facility supported 28W private sector enterprise in sustainable agriculture, agroforestry, forestry or infrastructure</p>
<p>Activity 2: Establishment of a technical Assistance and Capital Acceleration Facility</p>
<p>Description: A TA and Capital Acceleration Facility will be set up to manage catalytic investments and grants in sustainable projects, with defined processes for project identification and investment exit.</p> <p>Target: Approve TA grants and investments in 28 projects</p> <p>Means of Implementation: The process will be led by Catalytic</p>
<p>Activity 2.1: Develop partnerships & Identify Project Opportunities</p>
<p>Description: Research and identify high-potential projects or companies eligible for investment under the Canopy Trust mandate. Whenever possible and advisable, partners with authorities, private sector entities, and NGOs to identify projects and gather local insights. These collaborations align projects with CAFI's objectives, ensuring that activities meet both local and international sustainability goals.</p> <p>Means of Implementation: Catalytic uses both targeted and open calls to engage businesses in need of TA and/or venture capital. This includes identifying projects via an online platform.</p>
<p>Activity 2.2: Conduct initial Gap Assessment & Draft Technical Assistance Request and /or Investment Memorandum</p>
<p>Description: Catalytic begins by evaluating the project readiness and identifying gaps in businesses' ability to meet financial and impact objectives. This includes assessing legal and regulatory compliance, ESG and the business' capacity for execution. Moderate-risk projects may require an ESIA to assess risks related to deforestation, biodiversity, and social impacts. Based on the initial gap assessment, prepare investment memoranda and TA requests for identified projects.</p> <p>Means of Implementation: Internal drafting by investment specialists with review by the Investment Committee.</p>
<p>Activity 2.3: Organize IC Meetings</p>
<p>Description: Organize periodic meetings for the IC to discuss and approve investment opportunities.</p> <p>Means of Implementation: Coordination by Catalytic</p>
<p>Activity 2.4: Execute payment and Manage Grants/Investments</p>
<p>Description: Administer grants and manage investments as approved by the IC. After investment, Catalytic actively participates in governance, monitoring financial and impact performance, and providing strategic support to ensure alignment with environmental and social objectives. Catalytic offers strategic guidance to help businesses grow sustainably. This includes facilitating access to capital, developing partnerships, and providing capacity-building support to strengthen governance, operations, and regulatory compliance.</p> <p>Means of Implementation:</p> <p><u>Board Participation:</u> Catalytic should secure a seat on the board or advisory committees in each investee to influence key decision-making processes and ensure governance alignment.</p>



Regular Reporting: Establish a structured reporting mechanism, including quarterly financial and impact performance reports, ensuring regular and transparent updates on progress.

Risk Monitoring Framework: Develop a framework for monitoring environmental, social, and financial risks. This may include periodic site visits, financial reviews, and ESG audits.

Partnership with External Consultants: Utilize external consultants for specialized support in areas such as ESG compliance, financial structuring, and market expansion, ensuring that risks are mitigated, and the company remains aligned with CAFI’s sustainability objectives.

Advisory Support: Provide direct strategic advice through board meetings and consultations with the management team to guide business growth and sustainability.

Capacity-Building: Organize training sessions focused on key areas such as financial management, ESG best practices, and operational efficiency, tailored to the company's needs.

Access to Capital Networks: Leverage Catalytic's network to connect businesses with additional investors and financing options to support scaling and long-term growth.

Development of Strategic Partnerships: Facilitate partnerships with local authorities, private sector entities, and NGOs to enhance project outcomes and help businesses expand their reach and impact.

Activity 2.5: Exit Investments

Description: Identify appropriate exit opportunities for investments and ensure successful closure.

Means of Implementation:

Define Exit Criteria: Establish clear financial, operational, and impact benchmarks that need to be met before the exit.

Stakeholder Consultation: Engage with key stakeholders, including the company's management, board, co-investors, and relevant authorities, to ensure a smooth and well-coordinated exit strategy that maintains alignment with long-term goals.

Structured Exit Plan: Develop a comprehensive exit plan that outlines the timeline, methods (e.g., sale to new investors, buyback, or public offering), and post-exit expectations for maintaining sustainability objectives.

Post-Exit Monitoring Agreement: Where appropriate, negotiate agreements that ensure continued monitoring of environmental and social outcomes after the exit, such as through regular reporting or external audits to track the company’s performance on sustainability goals.

Output 3: Junior tranches are invested in 2-5 Funds, with 20 portfolio companies aligned with the CAFI objectives

Activity 3: Mapping and Investment of Junior tranches

Description: Map and invest in relevant funds as a Junior Investor

Target: Establish an operational investment strategy with at least one successful investment in a of funds.

Means of Implementation: Led by internal project teams with specific tasks managed by external consultants and Asset Managers.

Activity 3.0 Resource Mobilization

Description: Map the financial landscape and identify opportunities for collaboration. Design a resource mobilization strategy, including co-financing structuring

Means of Implementation: Led by Catalytic, with support from consultants.

Activity 3.1: Map existing relevant investment vehicles and assess potential to invest in them and organize relevant Request for Proposal (RFP)

Description: Map the financial landscape and identify relevant funds as well as opportunities for collaboration. Design the operational, financial and regulatory requirements to set up the RFP



<p>Means of Implementation: Led by Catalytic, with support from a senior consultant. Catalytic will design the RFP, ensuring it aligns with CAFI’s objectives and investment criteria.</p>
<p>Activity 3.2: Invest as junior investor in relevant funds.</p>
<p>Description: Develop and issue an RFP to select the relevant Funds. Sign MoU and draft the Term Sheet before finalizing negotiations.</p> <p>Means of Implementation: Managed by Catalytic, with the assistance of a senior consultant. The proposal evaluation process will be led by Catalytic, with the final selection made by the CAFI Board</p>
<p>Activity 3.7: Act as an LP to the Funds and ensure proper reporting</p>
<p>Description: Ensure the funds are performing as expected and ensuring reporting in adequation with CAFI methodologies and guidelines.</p> <p>Means of Implementation: Catalytic will participate in the General Assembly and the Board of the Funds, as well as in ad-hoc meetings of the funds, ensuring that the funds’s activities and reporting are aligned with CAFI methodologies and guidelines. Catalytic will be supported by senior advisors to oversee the funds’s performance and compliance.</p>
<p>“Output” 4: Program Coordination and Promotion</p>
<p>Description: Ensure effective coordination of Canopy Trust activities, promote visibility through media, and perform M&E for accountability and learning.</p> <p>Target: Regular coordination meetings, robust media presence, and completion of all required M&E reporting.</p> <p>Means of Implementation: Led by Catalytic, with activities executed by external communication agencies and monitoring specialists.</p>
<p>Activity 4.1: Program Coordination</p>
<p>Description: Coordinate all activities across different project windows to ensure effective implementation.</p> <p>Means of Implementation: Managed by the internal Program Coordinator with support from an administrative assistant.</p>
<p>Activity 4.2: Promote CAFI on social media and Events</p>
<p>Description: Conduct a branding analysis. Develop a social media strategy and engage in key events to promote project activities and outcomes.</p> <p>Means of Implementation: Carried out by an internal communication specialist</p>
<p>Activity 4.3: Reporting, Monitoring, and Evaluation</p>
<p>Description: Monitor project performance, ensure timely reporting to stakeholders, and evaluate progress against objectives.</p> <p>Means of Implementation: Led by Catalytic M&E specialist, using dedicated M&E tools</p>

2.5 Contribution of the various outputs to the outcomes of CAFI

CAFI OUTCOMES to which the program contributes	Amount in USD ⁵
1. Sustainable agricultural practices lead to less land conversion and increased food security.	USD 97 million
2. Sustainable alternatives to current wood energy practices are adopted.	USD 97million

⁵ Instructions for budget allocation by CAFI outcome are given in [the CAFI project budget format](#). In the [case of co-financed projects](#), the breakdown must also be made for the CAFI budget alone.



<p>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.</p>	<p>USD 24 million</p>
<p>4. Future infrastructure, mining and oil projects minimize their overall footprint on forests.</p>	<p>USD 24 million</p>

The figures above are based on a very theoretical split of 40%, 40% 10 and 10%.

Direct investment and sub-grants will amount to USD 90 million (23 M USD as PES, 31 M USD as Technical Assistance and Capital Acceleration, 36 M USD as a First-loss). Out of the total USD 36 million will be used as a de-risking mechanism in a fund and it's foreseen that this will contribute to direct leverage of an additional USD 164 million of private capital. Canopy Trust is therefore foreseen to have direct investment and sub-grant of USD 249 million.

- On window 3,
 - One of the key selection criteria will be the ability and the track record of the fund managers to raise funds from the private sector for impact investment. Success in fundraising will depend on a variety of factors including the experience and track record of the fund managers, a convincing investment strategy and impact theory of change aligned with CAFI objectives, attractive expected financial returns and risk-return profile (hence the importance of the existence and size of the first loss tranches), as well as target size of the Canopy Trust mandate (institutional investors will not invest in small size niche funds).
 - window 3 will not only be impactful by leveraging additional private capital in the selected funds, but it will be also very catalytic of private sector through crowding in of other private investors in the selected funds. Another way of being catalytic and additional could consist in investing in regional funds with a "use of proceeds" clause, directing the money invested to the region and sector chosen by Catalytic, thereby exposing other investors to the opportunities originated from central Africa.
 - Development Finance institutions will of course be invited to invest in the Window 3 selected funds and to co-invest with them, guarantee schemes by donors (such as those developed by SIDA, US DFC, NORAD, SFD Africa, etc.) will be perfect complements to further de-risk the selected fund investments for the private investors. Existing initiatives such as the FASA fund will also be approached to seek co-financing in first loss tranches of selected funds. Etc.
 - Generally speaking, window 2 and 3 investments will seek to always co-invest with other investors and partners, be they impact investors, foundations, Development Finance Institutions, etc. They will seek to complement and be additional to existing local financing mechanisms such as Microfinance Institutions. Our investments will therefore always happen in connection with at least another market operator, never in isolation.



2.6 National ownership and project sustainability

The goal of Canopy Trust is to ensure that sustainable projects developed by it are financially self-sustaining and generate enough revenues regardless of potential additional environmental and social revenue (e.g. carbon credits) even after the Fund exit. Moreover, the strong stakeholder's engagement embedded in the process is intended to ensure local appropriation safeguarding the Environmental and Social positive impact of the projects. The ESMS of the Fund also assumes that project SPV have their own compatible ESMS and ES manager allowing capacity building in that field.

- For all projects, the engineering, procurement, and construction (EPC) contracts will be awarded to credit-worthy contractors providing industry-leading performance guarantees and insurance wraps (around technology providers' individual warranties).
- We will ensure that project standards and goals are met through transparent measurement, reporting and verification (MRV) processes.

3 Results framework and contribution to Letter of Intent milestones

3.1 Results frame

The complete logframe with MoV and detailed targets per year is available in Annex XI

LEVEL	EXPECTED RESULT	INDICATORS	BASELINE Y0	End-of-project TARGET Y5	Comments, Assumptions and risks
IMPACT	Reduction GHG emission linked to deforestation and promotion of sustainable land use practices.	Emissions from deforestation	A regional study funded by CAFI points to a relative stabilization of deforestation and degradation since 2016, with differences observed across countries and forest types.		To estimate CAFI's contribution to this impact, the new CAFI Metrics Hub, launched in its beta version, displays the results and estimated CO2 sequestration (from direct absorption and avoided deforestation) of measurable interventions - such as agroforestry, perennial crops, subsistence agriculture, improved cooking solutions.
	Fostering economic development in Central Africa	Development co-benefits	Country by country analysis		
OUTCOME 1	Sustainable agricultural practices lead to less land conversion and increased food security.	include CAFI indicator	Each activity and investment will have its own M&E plans in line with CAFI's indicators		a) This will include Job creation and GHG emission's reduction, based on the Emission reduction potential estimated using CAFI Guidelines for ex-ante estimation of emission reduction potential, according to the Private Sector Project Document Assessment Criteria
					b) Among Land use indicators, special attention will be given to spatial information, ensuring that the relevant indicators are mapped according to CAFI Spatial Monitoring Guidelines.



<p>CAFI OUTCOME 2</p>	<p>Sustainable alternatives to current wood energy practices are adopted.</p>	<p>include CAFI indicator</p>	<p>See comments a) and b) above</p>
<p>CAFI OUTCOME 3</p>	<p>Forestry sector and protected areas institutions and stakeholders have the capacity and the legal framework to promote, monitor and enforce sustainable management of forests.</p>	<p>include CAFI indicator</p>	<p>See comments a) and b) above</p>
<p>CAFI OUTCOME 4</p>	<p>Future infrastructure, mining and oil projects minimize their overall footprint on forests.</p>	<p>include CAFI indicator</p>	
<p>Intermediate outcome 1</p>	<p>A PES system is established, operational, and managing payments for ecosystem services across the target area</p>		



<p>Outputs related to outcome 1</p>	<p>USD disbursed to farmers</p>	<p>USD</p>	<p>0 farmers benefit from the payment system</p>	<p>USD 12 million have been transferred as PES</p>	<p>Assuming the bandwidth of prospective farmers has been identified by CAFI. Assuming farmers do meet their targets to receive PES. This account for 10 years contract and therefore final disbursement may extend beyond the program duration.</p>
<p>Intermediate outcome 2</p>	<p>USD disbursed to private sector participants</p>	<p>USD</p>	<p>0 participants benefit from the payment system</p>	<p>USD 11 millions have been transferred as PES</p>	<p>Assuming the bandwidth of prospective private participants answering the RfP will be sufficient Assuming participants do meet their targets to receive PES. This account for 10 years contract and therefore final disbursement may extend beyond the program duration.</p>
<p>Outputs related to outcome 2</p>	<p>A TA and Capital Acceleration Facility is set up to successfully manage catalytic investments and grants in sustainable projects Local projects with positive impact have been supported to become more impactful and bankable</p>	<p># of TA grants deployed</p>	<p>0 grant deployed</p>	<p>20 TA grants deployed</p>	<p>Average grant size around USD 500'000</p>



	<p>Canopy Trust has disbursed capital into promising business to support their growth and improve their Environmental and Social practices</p>	<p># of projects/companies that have received catalytic capital</p>	<p>0 project/company have received catalytic capital</p>	<p>8 projects/companies have received catalytic capital</p>	<p>Average investment size around USD 2 million</p>
	<p>Canopy Trust direct investee deliver positive impact</p>	<p>A key set of impact metrics compatible with CAFI outcomes</p>	<p>Each investee will have it's M&E plan and will report according to CAFI standards.</p>		<p>With \$16M of direct investments and based on an average cost of \$20/tCO2e avoided emission*, targeted avoided emissions would be around 800,000 tons over 5 years. *Based on GCF metrics</p>
<p>Intermediate outcome 3</p>					
<p>Outputs related to outcome 3</p>	<p>A mapping is created assessing existing relevant investment vehicles a Request for Proposal (RFP) is published Junior tranches are invested in relevant funds. Funds are reporting to Canopy Trust as their LP</p>	<p>Number of Funds documented in the mapping. Number of proposal received during procurement</p>	<p>0</p>	<p>NA</p>	
		<p>Number of Fund invested</p>	<p>0</p>	<p>2-5, for 36 MUUSD</p>	
	<p>Funds are reporting to Canopy Trust as their LP</p>	<p>Relevance and completion of MRV procedures</p>	<p>0</p>	<p>NA</p>	
<p>The following sections are the responsibility of the Asset Managers once selected</p>					

The Funds commit private capital align with CAFI objective	Amount committed in USD	0	USD 164 million	
The Funds are exploring investment opportunities	Number of Investment Memo	0	50	
The Funds invest in deals	Number of deals executed	0	20	Average ticket size approximately USD 10 millions
The funds investee bring positive impact	A key set of impact metrics compatible with CAFI outcomes	Each investee will have it's M&E plan and will report according to CAFI standards.		With \$200M deployed and based on an average cost of \$20/tCO2e avoided emission*, targeted avoided emissions would be around 10M tons over 5 years. *Based on GCF metrics
The Funds exit investee	Number of exits executed	0	2	Most exit will happen after the 5 year period

Table 2: Results frame

4 Coherence and synergies with existing projects

Canopy Trust will collaborate with other CAFI funded initiatives throughout the lifetime of our program- Projects identified by CAFI led initiative that seek private financing will always be considered under the different windows. Methodologies and lessons learned will be shared.

Table 3: Coherence and synergies with existing projects

Project name	Implementing agency(ies)	Status and implementation period	Service area	Amount of funding	Objective(s) and expected results	Relevance for synergies	Description of proposed operating procedures for relevant and effective synergies
Costa Rica PES Program (1997)	Costa Rican government	Ongoing since 1997	National	N/A	Incentivize landowners to conserve forests by paying for services like carbon sequestration, water services, and biodiversity conservation.	Demonstrated importance of land tenure clarity and robust monitoring; applicable to Central African PES models.	CAFI doesn't operate in Costa Rica but can leverage lesson learned
Mexico's National PES Program	Mexican government	Ongoing since 2003	National	N/A	Conservation of hydrological services by paying communities in forest areas to protect water resources.	Demonstrated community involvement and secure financing as key for sustainability. This can be adapted to PES programs in Central Africa, particularly in areas where community participation is crucial.	CAFI doesn't operate in Mexico but can leverage lesson learned
Colombia's PES Program	Colombian government / REDD+	Ongoing	National	N/A	Focused on water provision and biodiversity conservation, with strong linkage to	Highlighted the need for accurate verification systems and transparency in payment mechanisms,	CAFI doesn't operate in Colombia but can leverage lesson learned

								essential for scaling PES programs in CAFE target areas.	
Projet d'Investissement Pour la Restauration des Forêts et des Savanes en RDC" (PIFORES),	ministère de l'Environnement et du Développement durable (MEDD)	Ongoing since 2023	DRC	USD 300 million				PIFORES plans to use investments to support national REDD+ infrastructure and the implementation of activities with incentives in the form of payment for environmental services (PES); and payments based on verified emission reductions.	
CAFI-funded PIREDD programs (DRC)	CAFI	Piloted	Selected provinces and territories of DRC	USD 11 million				Tested PES models through agroforestry and community-based approaches, such as road maintenance and fire control, integrating different payment modalities.	Canopy Trust could apply lessons from the PIREDD programs by implementing long-term budgeting and diverse payment modalities to enhance sustainability.

Initiatives related to Technical Assistance, Venture Debt, and Grants

Regional Technical Assistance Facility	UNOPS	Start date: 19/12/2023 End date: 1/12/ 2026	CAFI 6 countries		Establishing a regional TA facility to support in milestone implementation towards their respective LOI	Builds a pipeline of projects that meet the criteria of CAFI	CAFI will use it as source of project for Window 2 and 3.
Forest Investment Program (FIP)	Climate Investment Funds (CIF)- World Bank	Operational from July 2009 to 2019	23 countries, including some in the Congo Basin	USD 785 million	Provided technical assistance and grants to community forest management projects to promote sustainable forest-based businesses.	Showed the importance of local capacity building for long-term project sustainability. This can be replicated to strengthen local capacities in CAFI's investment strategy.	Canopy Trust should include robust technical assistance and capacity building to strengthen local community engagement and project sustainability
Venture Capital for Green Businesses	Various venture capital funds	Ongoing	Sub-Saharan Africa	N/A	Focused on agriculture, cooking energy, renewable energy, and conservation, helping high-risk projects scale through flexible financing (venture debt, grants, etc.).	Demonstrated the value of blended finance in de-risking projects. This provides insights on supporting early-stage projects in Canopy Trust, combining venture debt and grants for maximum impact.	Canopy Trust intends to use blended finance tools, including venture debt and grants, to de-risk high-potential early-stage projects and attract private capital.
Bezos Earth Fund / AFR100	Global	Pledged in 2021	Global, Africa-specific focus	USD 1 billion	Pledged funds to restore forests and landscapes while engaging the private sector and facilitating investments in forest and	Highlights how private sector engagement is critical in environmental projects. Relevant for structuring CAFI's own investment fund and attracting	Canopy Trust will facilitate private sector involvement in restoration initiatives, taking cues from Bezos Earth Fund's large-scale engagement with stakeholders.

Restoration Seed Capital Facility https://restorationfacility.org/	UNEP. Financing Sustainable Land Use	Ongoing	Global, focused on restoration	USD 75.5 million	landscape restoration.	private capital to PES, forestry, and agroforestry initiatives. Provides a model for Canopy Trust to support early-stage ventures in forest restoration, combining grants with technical assistance.	In its Window 2, Canopy Trust could provide early-stage financial support for forest and landscape restoration projects, mirroring the Restoration Seed Capital Facility.
Past Initiatives related to Investment Funds							
Subnational Climate Fund (SCF)	Pegasus Capital Advisors, Catalytic Finance Foundation, IUCN and Gold Standard	Ongoing since 2021	42 countries	USD 750 million	Focuses on catalyzing climate mitigation and adaptation solutions at subnational level by attracting public and private investment, ensuring certified climate and SDG impacts.	Relevant for Canopy Trust's objective of scaling up private sector engagement and ensuring rigorous impact monitoring. This model highlights the importance of de-risking through public capital to attract private investment.	Canopy Trust intends to utilize SCF's transformative finance model, incorporating public-private partnerships and rigorous impact assessments to attract private capital.
&Green Fund	Various investors	Ongoing since 2021	Global	USD 144 million	Invests in companies delinking deforestation from major commodity supply chains, using grants and loans as primary tools.	Highlights how thematic investment can address deforestation directly, relevant for Canopy Trust's goals of sustainable agriculture, agroforestry,	Canopy Trust could replicate &Green Fund's focus on delinking deforestation from commodity supply chains, targeting sustainable agriculture,



5 Project governance

5.1 Governance bodies⁶

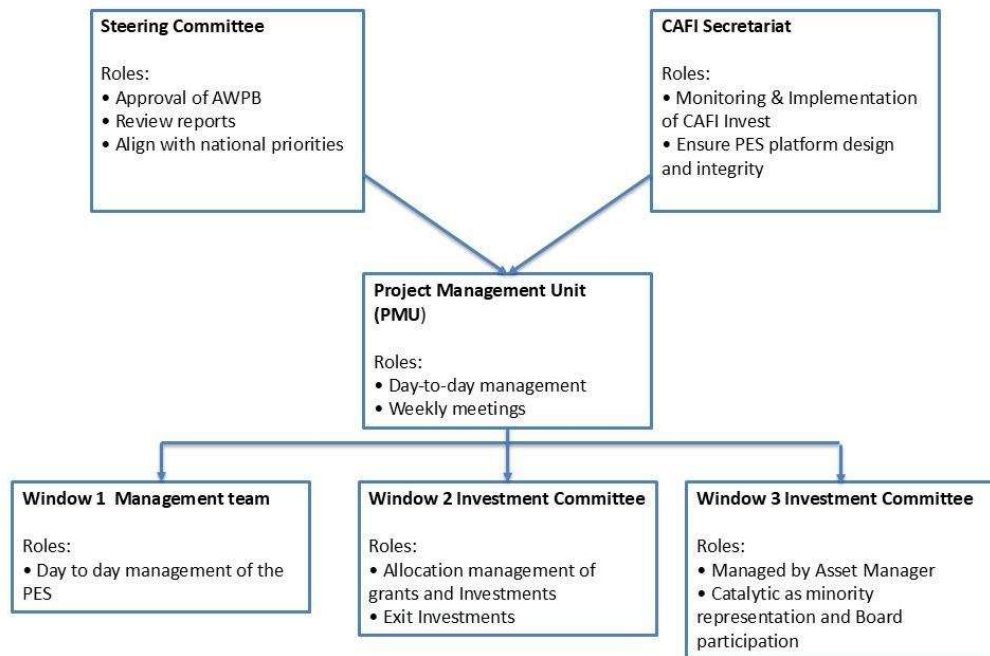


Figure 7 : Organization chart

Steering Committee (Steering Committee)

Catalytic propose the establishment of an interim Steering committee of donors, private sector and philanthropies. The permanent governance and decision-making arrangements will be decided by the interim Steering committee unanimously.

Roles of the Steering Committee

The roles of the Steering Committee are as follows:

- Approval of Annual Work Plans and Budgets⁷ (AWPB) ; ⁸
- Review and adoption of⁹ semi-annual and annual technical and financial reports.
- Review of whether the recommendations of the project Steering Committee have been taken into account, including any conditions precedent to the granting of funding.
- Examination of (potential) problems in project implementation and adoption of agreements/decisions to improve project implementation and impact.
- Analysis of institutional and operational implementation arrangements and revision if necessary (e.g. request for project extension, revision of targets and budgets (as described in section 5.4 of the CAFI Operations Manual), etc.) in accordance with the CAFI Operations Manual;

⁶[Guidelines for steering committees](#)

⁷ Budget include the regular budget and also the potential recovered Fund from windows 2 or 3 successful investments.

⁸ View the [Annual Work Plan and Budget \(AWPB\)](#) template

⁹ See the reporting templates for projects funded by CAFI: [M&E templates - Google Drive](#)



- Ensure that the project is aligned with national priorities and Letter of Intent milestones where applicable.

[CAFI's Monitoring & Evaluation guidelines](#) also define the responsibilities of project steering committees.

Frequency of Steering Committee meetings and deadlines

The project Steering Committee must meet in ordinary session **at least twice a year** to approve (i) half-yearly and/or annual reports and (ii) annual work plans and budgets, and as often as necessary. Steering Committee meetings are convened by the Chairman.

The invitation is sent to each member at least 10 working days (2 calendar weeks) **before the meeting is due to take place and must include the terms of reference and all documentation submitted for the Steering Committee's consideration.** If the 10-working-day deadline is not met, Steering Committee members are entitled to request a postponement of the Steering Committee meeting.

According to [CAFI's Monitoring & Evaluation Guidelines](#) (adopted November 2023), implementing organizations are required to organize a project Steering Committee meeting **between January and March of each year at the latest.**

The Executive Secretariat of CAFI encourages agencies to communicate the date of their Steering Committee meeting several weeks/months in advance. To this end, the Executive Secretariat of CAFI will send a letter to all agencies, in January of each year, so that they can notify the date envisaged for the Steering Committee meeting of their project.

Documents

The documents, to be shared with the members of the Steering Committee (including the CAFI Secretariat) at least **10 working days** (2 calendar weeks) before the Steering Committee meeting, are as follows:

- **Terms of reference** for the Steering Committee meeting (context, objectives, participants, agenda).
- **Mandate and mode of operation** (rules of procedure) of the Steering Committee;
- **Technical documentation** including :
 - Consideration of **recommendations** from previous Steering Committee meetings (including conditions precedent to disbursement of funding instalments).
 - **Status of project activities** :
 - Fulfilment of the main results/deliverables in relation to the objectives set out in the Prodoc and Annual Work Plan and Budget.
 - Links to milestones in current Letter of Intent.
 - Assessment of activity implementation (overall assessment, difficulties encountered, areas for improvement, etc.).
 - **Project budget utilization status** (in relation to objectives and expected results).
 - Draft **narrative report** (annual or half-yearly) and **financial report** (annual or quarterly, depending on the type of implementing organization).
 - **Project monitoring and evaluation report.**
 - **Annual Work Plan and Budget** with the following considerations:



- In addition to the activities budgeted and planned over time, the Annual Work Plan and Budget must link the activities, budgets and indicators/results (quantified annual targets) of the project document that are expected.
- Where appropriate, provide explanations of any technical and/or budgetary adjustments to the project document, in line with funding agreements.
- The AWPB must be approved by the project Steering Committee no later than the first quarter of the year, and ideally during the last quarter of the previous year.
- Progress in implementing the Annual Work Plan and Budget must be reviewed at least once a year by the project Steering Committee. The review of the project's half-yearly and annual reports provides an opportunity for the Steering Committee to review progress.
- An AWPB template is available for use by all implementing organizations.
- Any change of target (from the mid-term or final target of the project document) must be approved by the project Steering Committee and immediately notified to the CAFI Secretariat. As stipulated in the CAFI Operations Manual, the CAFI Secretariat in turn notifies the CAFI Executive Board of any significant changes.

Participation of the Secretariat of CAFI

In accordance with its [Operations Manual](#), the CAFI Secretariat is required to participate in monitoring the implementation of all projects funded by CAFI.

The CAFI Operations Manual¹⁰ (section 3.1.4) requires CAFI to be represented on the Steering Committee of projects funded by CAFI, either through the CAFI Secretariat or a donor. **The CAFI Secretariat must therefore be systematically invited to attend Steering Committee meetings for projects funded by CAFI.**

Implementing organizations are responsible for actively sharing all documentation required for project Steering Committee meetings with the CAFI Secretariat as participants in project steering committees.

Meeting Minutes

To ensure effective follow-up to the Steering Committee's recommendations and deliberations, minutes must be shared with Steering Committee members within **5 working days** (one calendar week) of the Steering Committee meeting. These minutes record all the guidelines and recommendations issued, with means of verification, the expected timescales for responding to them, and identify the structures and organizations to which they have been addressed. Steering Committee members will be able to comment on the minutes within 5 working days of receipt.

The final minutes, signed by the Chairman of the Steering Committee, are sent to all its members within a maximum of fifteen working days following the closing date of the Steering Committee concerned.

Project Management Unit (PMU)

¹⁰ [CAFI MOP version 2023 03_FINAL_Sept23.pdf](#)



The PMU manages the day-to-day execution of the program. The PMU consists of Catalytic staff and depending on specific needs can include external consultants or external parties

Frequency of meetings: The PMU needs to meet a least weekly

Documents

Minutes of each meeting are stored, and an action tracker is kept up to date.

Window 1 Management team

Independently from the PMU, a PES expert will be hired to work closely with CAFI. He/she will report to the PMU.

Catalytic activities in the execution of the PES system will be closely aligned with CAFI secretariat and held under its strategic leadership. We understand that CAFI will ensure the PES system integrity in particular between the different entities executing PES process and payments.

In the first track dedicated to CAFI existing PES pipeline, Catalytic role will be focused on executing the payments for the beneficiaries identified and validated by CAFI. In that position, Catalytic will be responsible to sign the contracts with the beneficiaries, ensure sufficient cashflow are available for the duration of the contract and finally execute the payment upon receiving the validation of CAFI that the KPIs have been meet.

In the second track dedicated to the private sector, Catalytic responsibilities will expand. Initial work will be undertaken to analyse how the PES process and system can be adapted/streamlined to private sector participant and inform the pricing adapted to private sector participants. The conclusion/recommendation of this work will be shared and discussed with CAFI. The final design of the track will be validated by CAFI ensuring alignment with other PES execution entities. Once, the design finalised Catalytic will be responsible to organise the "call for proposal" for private sector participant and evaluate the potential beneficiaries. Catalytic will share its conclusion to CAFI for validation of the beneficiaries. The signature of the contract and payment will follow the modalities of the first track.

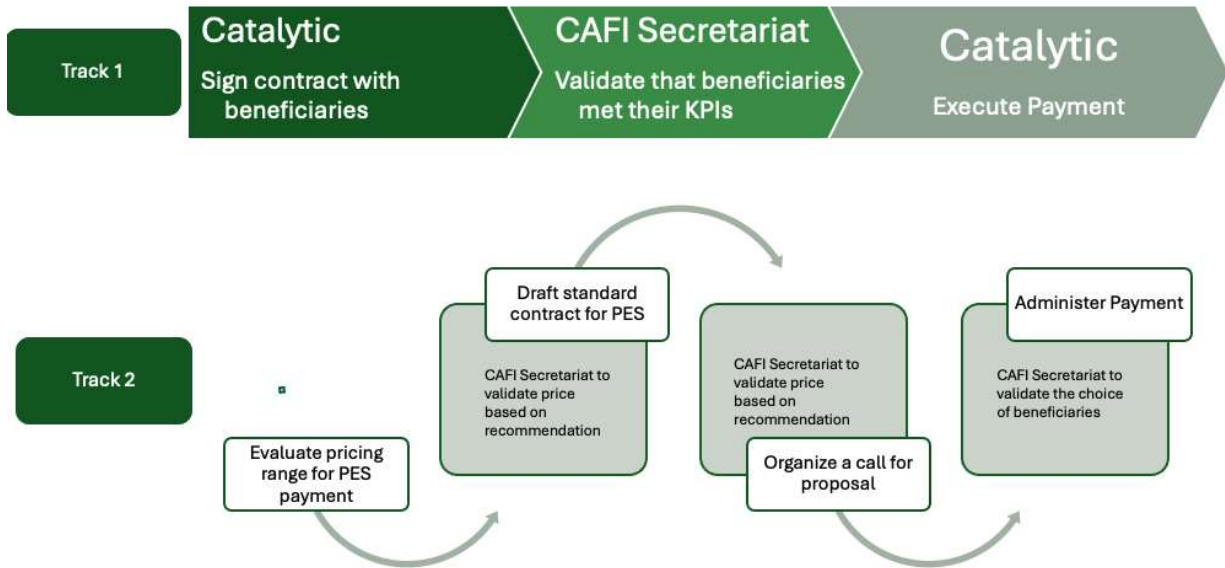


Figure 8: Catalytic’s role in the PES

Window 2 Investment Committee (IC)

Composition: An independent Investment Committee is comprised at least of the CEO of Catalytic, the Environmental and Social specialist of Catalytic. External consultants (environmental and financial experts) may join the Committee to provide their input on a specific project basis or in a permanent position.

Catalytic can nominate observers to participate to the IC

Roles of the Investment Committee

The IC decide on the allocation of Technical Assistance, Grants, refundable Grants and Venture Equity/Debt.

Canopy Trust prepares the memos to present the opportunities to the IC. Each memo presents the project, context, impact, additionality (environmental and financial) and the Term sheet of an opportunity to support the decision-making process of the IC. Depending on the complexity or size of an opportunity the IC may meet several times on a single opportunity to provide guidance to the secretariat on the terms of the negotiation. Also, if transaction costs are exceeding the threshold set in the budgets (e.g complex Due Dilligence) the IC can allocate development budget for an opportunity.

Grant allocation of less than USD 1 million doesn’t need external consultants, any allocation greater than USD1 million will need the addition of external consultants to the IC.

Frequency of IC meetings

The IC meets on demand and should be able to provide input to any request within 7 days.

Documents :The IC meetings are documented.



Window 3 Investment Committee

The independent Investment Committee of the Investment Funds (Windows 3) is the sole responsibility of Canopy Trust. The role for Catalytic and CAFI teams will be limited to observers or minority seats.

Catalytic will sit on the Board of the investment funds, in order to monitor periodic fund performance and keep engaging with the Asset Managers. Catalytic will organize an internal Committee (with potential support from senior consultants) to prepare the votes in the general assembly of the shareholders of the funds and any other matter that arises with the funds and the asset managers.

Window 2 and 3 IC are independent from the PMU.

5.2 Project management and execution

Catalytic will manage Canopy Trust by acting as the Project Management Unit (PMU). This coordination is conducted with close collaboration with the CAFI Secretariat. Catalytic's responsibilities vary depending on the window and specific role is detailed in [section c](#).

Regarding resource allocation, Catalytic assigns resources strategically to ensure projects stay on schedule and within scope. This includes:

- Use of Local Partners: Extensive use of private companies, and NGOs, ensuring compliance with procurement rules and ethical guidelines.
- Collaborating with program's partners
- Adaptive staffing model (described below)

Our staffing model is structured to include a mix of in-house staff, consultants, and external contractors. Staff time allocation is determined by project size and complexity, with a combination of full-time and part-time roles (assignments are made based on the specific requirements of each project). For Canopy Trust, we would expect the following roles and responsibilities within Catalytic:

- o CEO and COO: Oversee project activities, financial management, and approval of expenditures.
- o Accountant: Manages financial processes, including bi-weekly reviews with the CEO and COO.
- o Technical Assistance/ Investment Team: sources and prepares the projects. Includes an investment manager, a grant manager and an Environmental and Social Impact expert.
- o Support staff: reporting

External consultants will be contracted to conduct the studies commissioned by the TA team and support Due Diligence.

Some staff would need to be hired at the start of the project to secure sector-specific expertise using Catalytic's procurement and hiring policies. Other staff could be hired on a contractual basis depending on project needs.

Initially, we foresee to hire/reallocate existing human resources:

For the project overall:



- a project coordinator
- an impact and M&E Manager

Window 1:

- a PES expert

Window 2:

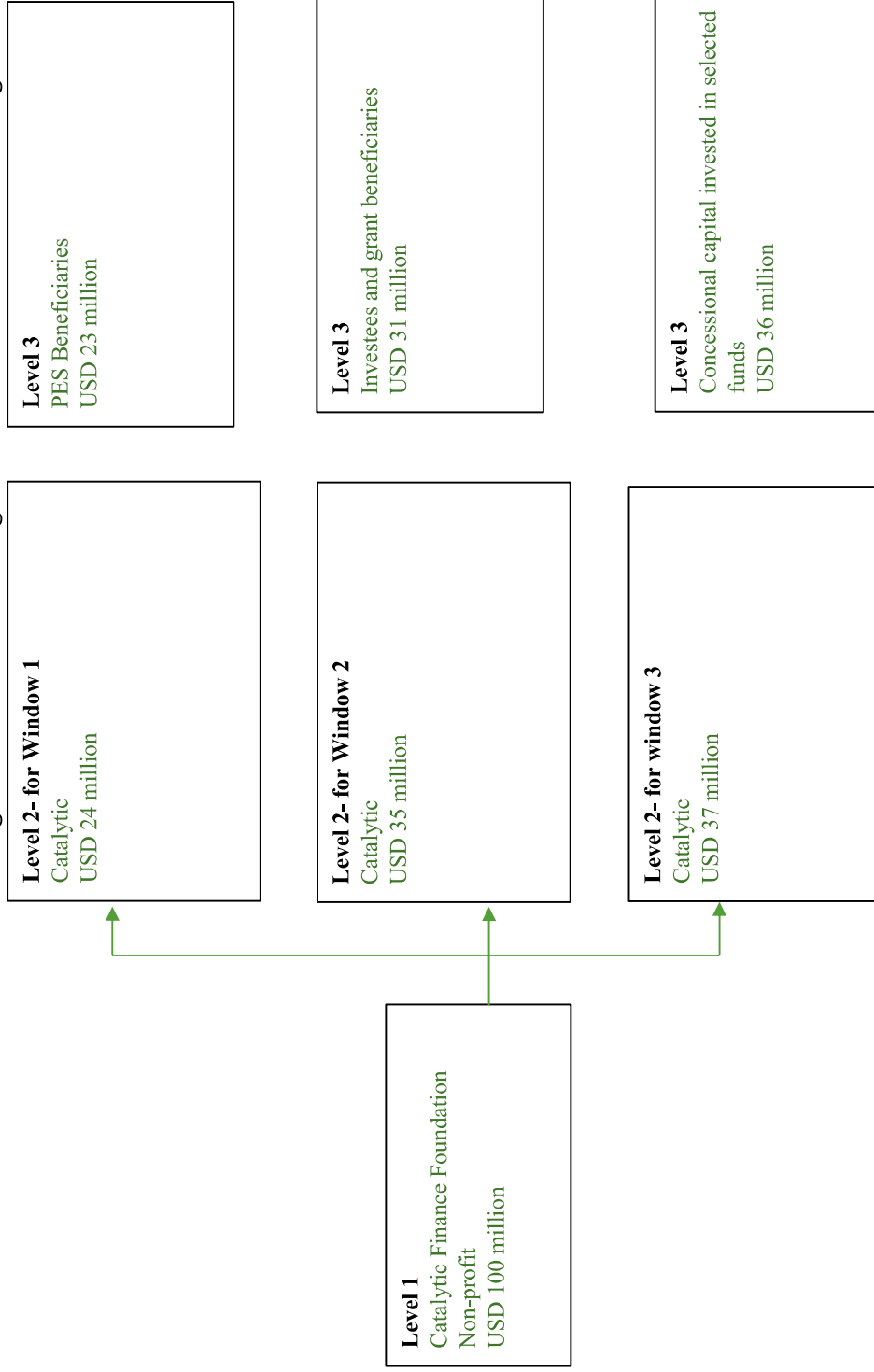
- a grant manager
- an investment manager

○ **Window 3:**

- a senior advisor



Costs of execution of activities (management, transaction, legal, travel) are detailed in the budget.





5.3 Capacity and experience of the implementing organization and its partners

5.3.1 Role in the project

Catalytic plays a pivotal role in the governance and operational processes of Canopy Trust, ensuring alignment between strategy, execution, and stakeholder engagement. Below is a breakdown of Catalytic's specific responsibilities across the governance bodies:

1. **Project Management Unit (PMU):** Catalytic manages the day-to-day execution of Canopy Trust's projects through the PMU. This involves close coordination of project activities, maintaining regular weekly meetings, and ensuring that the ongoing project management tasks are aligned with the fund's broader strategic objectives. Catalytic staff and external consultants play a key role in resolving operational challenges and ensuring project milestones are met effectively.
2. **Windows 1:** Catalytic is responsible for servicing CAFI existing PES pipeline by executing payments and for direct contracting with private sector aggregators & large environmental service providers.
3. **Window 2 Investment Committee (IC):** Catalytic leads the Window 2 IC, which decides on the allocation of Technical Assistance (TA), Grants, Refundable Grants, and Venture Equity/Debt. Catalytic's CEO and Environmental and Social specialists are core members of the committee, ensuring that the financial and environmental implications of each project are rigorously evaluated. For large allocations and any investment, Catalytic brings in external consultants to assist in decision-making. The IC plays a critical role in ensuring the development budget is allocated effectively and approves necessary adjustments during project negotiation phases.

Catalytic employs a systematic approach to project planning designed to validate a gap assessment at an early stage with the investment team to ensure the usefulness of the potential TA activities. In the case of Canopy Trust, the process would consist of:

- Identification of Projects: Potential projects are identified through calls for projects via an open online platform and targeted campaigns. These efforts are supported by regional organizations and local partners. Projects may be proposed by CAFI secretariat, the Steering Committee or the asset manager.
- Prioritization and Preparation: Once identified, the most promising projects are prioritized and prepared for investment by conducting feasibility studies and ensuring their bankability. Catalytic has in-house expertise to assess project readiness and identify gaps.

4. **Window 3 Investment Committee:** While the investment decisions by the Investment funds in Window 3 are primarily the responsibility of external Asset Managers selected through a Request for Proposals (RfP), Catalytic (potentially via an external senior consultant) will maintain a critical role by participating as an observer or in a minority seat capacity to the investment committee of the funds, but more importantly in the Board of the funds (to make sure the investment guidelines and the mission of the funds are preserved). An internal committee within Catalytic is also set-up to keep monitoring the performance of the funds and the asset managers and to make decisions on votes requested to the Limited



Partners of the funds, notably in the fund general assembly of its shareholders. This allows Catalytic to ensure that the financial strategy and funds management align with Canopy Trust's broader mission, even though it does not have direct decision-making power in investment decisions by the fund itself.

-

The role of Catalytic in those different bodies of the funds governance and operations should ensure that the investments made by the fund align at all times with its mission.

5.3.2 relevant experiences

The Foundation, through a bottom-up approach, promotes collaboration with international, multilateral, and bilateral development organizations, financial institutions, companies, non-governmental organizations, civil society, and academic bodies. The Foundation aims to be a source of cooperation and partnership with stakeholders around sustainable projects.

It acts both as

1. a "**Climate Funds Incubator**" promoting blended financial mechanisms to mobilize capital for projects aiming at achieving the Sustainable Development Goals (SDG), and
2. a "**Climate Investment Advisor**" providing technical assistance to improve the bankability of projects.

As a finance initiatives incubator and technical assistance provider, our **mission is to accelerate the design and deployment of catalytic finance solutions for the SDGs.**

In the last 4 years, Catalytic supported the launch of 4 financial initiatives, that collectively raised USD 527 million of concessional capital and aim at leveraging up to USD 3 billion of commercial capital. The Funds are the Subnational Climate Fund (SCF); Global Fund for Coral Reef (GFCR); Climate Resilience and Adaptation Finance and Technology-transfer facility (CRAFT) and Gaia.



6 Stakeholder commitment strategy

The success of the project depends on the active engagement and participation of a diverse group of stakeholders, each contributing unique capabilities and resources. These stakeholders represent government agencies, donors and development partners, civil society organizations, the private sector, and educational or research institutions.

a) Government

Governments play a central role in the project's implementation through their national ministries and regional authorities. Key government stakeholders include the Ministries of Environment, Agriculture, and Forestry. The government provides essential resources, including access to land, data, and local infrastructure, and ensures that policies support project goals. Regional and local government authorities will facilitate the project's integration at the community level, ensuring that the interventions are adapted to the local socio-political context and that community land rights are respected.

The government's commitment includes supporting the project's monitoring and evaluation efforts. Additionally, government officials will participate in capacity-building activities to strengthen governance related to sustainable land-use management and climate resilience.

b) Donors and Development Partners

Donors and development partners play a crucial role in financing the project and providing technical assistance. Their commitment is reflected in the provision of concessional funding, grants, and blended finance to catalyze the project's interventions. Beyond financial support, these partners bring valuable expertise in monitoring, evaluation, and reporting, ensuring that the project meets international standards for transparency, impact measurement, and sustainability. Donors to Canopy Trust will be offered a seat in the steering committee ([see section](#) on governance).

In addition to CAFI's strategic role, other multilateral and bilateral development partners (such as the World Bank, UNDP, and UN-REDD) contribute to capacity building by offering technical expertise in areas such as carbon sequestration, forest governance, and sustainable agriculture. They also facilitate knowledge exchange, providing platforms for sharing lessons learned across similar projects and fostering collaboration between countries with comparable environmental challenges.

c) Civil Society

Civil society organizations (CSOs) play a key role in ensuring community engagement and accountability. Local and international NGOs are committed to mobilizing communities and ensuring that vulnerable populations, including women and indigenous groups, have a voice in the decision-making processes. CSOs will support the project's participatory gender analysis and contribute to activities that promote gender equality and social inclusion.

Many CSOs will also serve as implementation partners, bringing valuable local knowledge and experience in project areas such as reforestation, agroforestry, and



biodiversity conservation. These organizations contribute by training local communities on sustainable land-use practices and monitoring the social and environmental impacts of project activities. Their involvement helps to ensure that the project is inclusive, equitable, and adapted to the needs of local populations. Additionally, CSOs will monitor safeguards and help mitigate potential social risks by participating in grievance redress mechanisms.

d) Private Sector

The private sector, particularly businesses involved in agriculture, agroforestry, forestry, cooking energy and renewable energy, is essential for scaling sustainable solutions and ensuring the economic viability of project activities. Companies committed to deforestation-free supply chains, such as those involved in the production of sustainable commodities, are key partners. These private entities bring investment capital and expertise in market-based approaches to sustainability, helping to drive innovation in agroforestry, reforestation, cooking energy and renewable energy projects.

In addition, the private sector's involvement in PES schemes will be instrumental in creating financial incentives for sustainable land management. These companies may act as buyers of ecosystem services, providing financial rewards for forest conservation and restoration efforts. Partnerships with the private sector also facilitate access to new technologies and sustainable business models that can be scaled to benefit local communities and protect ecosystems.

e) Other: Educational and/or Research Organizations

Educational institutions and research organizations are integral to the project's success, particularly in the areas of innovation, data collection, and capacity building. Universities and research centers will contribute by conducting research on land-use practices, forest regeneration, carbon sequestration, and biodiversity conservation. These organizations will also support the development of innovative methodologies for monitoring deforestation and climate resilience, including the use of remote sensing and GIS technologies to track changes in forest cover.

Research institutions will play a key role in training local stakeholders, including government officials, CSOs, and community members, on best practices for sustainable land management and agroforestry. Through partnerships with educational institutions, the project will also promote knowledge-sharing and the dissemination of research findings, ensuring that lessons learned are applied not only within the project but also in broader national and regional efforts.

In summary, these stakeholders are committed to the project's success by contributing their unique capabilities, resources, and expertise. The government ensures policy alignment and governance, donors provide financial and technical support, civil society fosters inclusivity and accountability, the private sector drives innovation and investment, and educational institutions generate knowledge and build capacity. Together, they form a robust and collaborative framework for achieving the project's goals.

7 Risk management and safeguards

7.1 Risks and mitigation measures



Present in the matrix above the main risks that could affect the implementation of the project, the risk probability, the risk degree, and the strategies for managing these risks, including the allocation of responsibilities for risk management and/or mitigation. Include considerations related to the protection of individuals committed to the project, both at grassroots level as well as high visibility level(s).

The risks identified through the HACT, SEAH & SES assessments and the associated mitigation measures must be integrated into the project document. Risk mitigation and monitoring are not cost-free. Therefore, for any identified risk mitigation measures and associated reports, the activities and associated costs must either be included in the PRODOC (strategy and budget), or be borne by the agency.



Project risk management matrix

The categorization of risks below is based on the UNDP risk categories, which can be viewed at [this link](#). Among the risks that need to be taken into account are those relating to land tenure, indigenous peoples' rights, team and beneficiary safety, etc. We have also used CAFI Risk Management Strategy to fill in the table.

Table 4: Risk matrix

Risks	Risk level	Verisimilitude	Impact	Mitigation measures	Unit/person responsible
Socio-environmental risks					
Land-use conflicts and displacement	High	Possible (3)	Major (4)	Engage local communities early through stakeholder consultations and ensure transparent land tenure negotiations.	ES Specialist
Impacts on indigenous peoples or surrounding communities	High	Possible (3)	Major (4)	Complete land use baseline assessments as part of the ESIA process, including stakeholder consultations.	ES Specialist
Pollution	High	Possible (3)	Major (4)	Develop and implement environmental controls to prevent pollution through an ESMP.	ES Specialist
Loss of biodiversity	High	Possible (3)	Major (4)	Complete biodiversity surveys during the ESIA and apply environmental safeguards and monitoring frameworks during agroforestry and PES activities.	ES Specialist
Climate change impacts on ecosystems	High	Possible (3)	Major (4)	Incorporate climate resilience strategies and regularly monitor climate-related risks.	ES Specialist
Water resource depletion	High	Possible (3)	Major (4)	Assess available water with project requirements and incorporate water resource management strategies into project activities, especially in vulnerable regions.	ES Specialist
Deforestation	High	Possible (3)	Major (4)	Engage local communities early through stakeholder consultations to ensure that the	ES Specialist



							incentives to preserve the forest remain long-term. Include a dedicated investment criteria	
Political and regulatory risks								
Changes in government policies	High	Probable (3)	Major (4)				Establish agreements with multiple levels of government and secure legal frameworks through MoUs.	CAFI Secretariat
Delays in regulatory approvals	Medium	Likely (3)	Major (4)				Work closely with regulatory authorities from the project outset to expedite approvals.	Project specific
Political instability	High	Possible (3)	Major (4)				Develop a political risk management plan and maintain flexibility in project execution timelines.	Project specific
Financial risks								
Funding shortfalls	Medium	Possible (3)	Major (4)				Secure multi-donor funding & ensure contingency funds are available for financial gaps.	Project specific
Currency fluctuations	Medium	Possible (3)	Moderate (3)				Establish hedging mechanisms for currency risk and ensure budgeting flexibility.	Project specific
Operational (including project processes and adaptability) and strategic (including reputational) risks								
Delays in project implementation	Medium	Possible (3)	Moderate (3)				Develop realistic timelines and ensure close monitoring of project milestones with frequent updates.	Project specific
Supply chain disruptions	Medium	Possible (3)	Moderate (3)				Diversify suppliers and ensure buffer stock of key materials for project continuity.	Project specific
Organizational risks (including fiduciary risks)								
Mismanagement of funds	Low	Unlikely (2)	Major (4)				Ensure robust financial controls, regular audits, & transparent reporting mechanisms.	Project specific
Fraud or corruption	Low	Unlikely (2)	Major (4)				Implement anti-corruption policies and carry out regular internal audits.	Project specific
Safety and security								
Field staff security risks	Medium	Possible (3)	Moderate (3)				Develop and implement a comprehensive security plan for field operations, including training and contingency planning.	Project specific



7.2 Safeguards

i. Gender mainstreaming

Catalytic's has a gender policy (see Annex IV) which offers a solid foundation for addressing the requirement of a **participatory gender analysis and action plan** within the project. The policy includes several important elements that align with gender mainstreaming in the preparation, implementation, and monitoring of the project.

Key Points from the Gender Policy:

- **Commitment to Gender Equality:** Catalytic is dedicated to upholding gender equality and reducing gender discrimination in all its projects. This includes measuring the impact of its projects on both men and women and their resilience to climate change consequences-
- **Resource Allocation:** Any project must integrate gender considerations, and Catalytic emphasizes the need to ensure resource allocation supports the empowerment of women
- **Comprehensiveness and Scope:** The policy is applicable to all climate mitigation and adaptation activities, across international, regional, and subnational levels, ensuring gender equality is considered in every facet of the project.
- **Review and Competency:** A staff member with expertise in gender and social development will be appointed to lead the implementation of gender-related policies and ensure that advisory and decision-making bodies achieve gender balance

ii. Sexual exploitation, harassment and abuse

Catalytic's code of conduct includes a chapter on Prevention of Sexual Exploitation and Abuse (available in **Annex I- Code of Conduct, p 4 to 6**). It includes reporting mechanisms and training and awareness.

iii. Safeguards in Cancún

Cancún safeguards	Consideration in project implementation	Description of specific monitoring and evaluation measures
Complementarity and compatibility with the objectives of national forestry projects and international agreements	Project objectives are to be assessed against relevant national and international programs, designated biodiversity area requirements, etc.	Effective communication channels to be established on a program and project specific level to ensure ongoing project compatibility.
Transparent and efficient governance structures	Catalytic programs operate under the framework of an Environmental Social Management System (ESMS). Catalytic is familiar with the CAFI Environmental and Social Framework, which would be implemented into the program ESMS along with other relevant guidance. The ESMS would include a framework for effective governance.	The ESMS would include requirements for ongoing ES monitoring, grievance mechanisms, etc.



Respect for the knowledge and rights of indigenous peoples	All projects would require completion of an Environmental Social Impact Assessment (ESIA), including stakeholder consultations, to ensure no impacts to indigenous peoples.	An Environmental Social Management Plan (ESMP) would be developed based on the findings of the ESIA to ensure that all potential ES risks and mitigated and monitored, including potential risks associated with indigenous peoples.
Full and effective participation of stakeholders, in particular indigenous peoples and local communities	Stakeholder consultations would be completed for all projects, including outreach to any relevant indigenous communities. A project would generally not proceed if impacts to indigenous communities were apparent.	The project ESMP would include mitigation measures to address any potential impacts identified during stakeholder consultations.
Compatibility of activities with the preservation of natural forests, biodiversity and ecosystem services / establishment of activities providing socio-economic benefits	The concept of the program is to promote nature positive business, as well as PES. Benefits to biodiversity, ecosystem services and socio-economic factors are therefore a pre-requisite for all projects.	Positive impacts delivered by the project will be measured in accordance with relevant impact methodologies, such as afforestation and reforestation (AR), REDD+, etc.
Measures to take account of reversal risks	All projects would be guided by a site specific ESMP to ensure that all identified risks are mitigated.	The ESMP would include a monitoring and evaluation section to ensure that potential risks are managed for the project duration.
Measures to reduce emission displacements	All projects will aim for net climate mitigation through vegetation improvements, sustainable operations, etc.	Projects will be subject to ESG KPI tracking under the ESMS reporting requirements, which would include emissions tracking as well as carbon sequestered by the project (e.g. reforestation).

iv. Complaints management

Catalytic has established grievance mechanisms at the fund and project levels together with asset manager in charge of the fund. Available in Annex V.

v. Fraud, embezzlement

Catalytic’s code of conduct includes a chapter on behaviour and anti-corruption policy (available in **Annex I- Code of Conduct, p 6 to 7**).



8 Monitoring and evaluation

The M&E framework for this project will follow a robust approach aimed at providing accurate and reliable data to ensure transparency, efficiency, and accountability in project management. This framework is designed to align with the CAFI Operations Manual and CAFI Monitoring and Evaluation Guidelines, as well as with the CAFI Private Sector Investment Framework and PES Guidelines and [Decision EB.2024.33](#) on the independent verification of projects., and is structured to achieve the objectives outlined in the country's National Investment Framework and relevant Letters of Intent.

The strategies and approaches for monitoring and evaluation will focus on four key areas:

1. **Monitoring Project Implementation and Results Framework Performance:** The project's results framework will guide the monitoring of key performance indicators (KPIs) at different stages. This will involve collecting and reporting data on each output and its contribution to the CAFI outcomes. Each project output will be linked to specific, measurable indicators, ensuring that progress can be tracked in a SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) manner. Specific attention will be given to GHG emissions reduction potential, using the CAFI Mitigation Tool at the project screening stage to allow comparison across projects, according to the CAFI Private Sector Facility Guidelines for Estimating Ex-ante the GHG Reduction of Investments.
2. **Contributions to the Fulfilment of Relevant Milestones in the Letters of Intent:** The project will contribute to the achievement of milestones established in the country's Letter of Intent (LoI) with CAFI. Progress against these milestones will be reported regularly, demonstrating how the project's interventions align with the country's broader climate and forest management goals, such as REDD+ objectives and the sustainable management of forest resources.
3. **Risk Monitoring, Mitigation, and Safeguards:** The M&E framework will include continuous monitoring of identified risks, including socio-environmental, political, and operational risks as highlighted in section [8b](#). Mitigation measures will be tracked to ensure that the project remains on course and that any emerging issues are addressed promptly. Special attention will be given to ensuring national ownership of the project by involving local communities and stakeholders in the participatory processes. Specific measures will be applied to projects with a land-use component, including projects with a Payment for Environmental Services (PES) component, to be subject to periodic independent verification of a sample of the results reported by CAFI, according to its [Decision EB.2024.33](#) on the independent verification of projects.
4. **Verification of the Project's Theory of Change (ToC):** The project's M&E activities will also verify the links between outputs and outcomes as per the Theory of Change, to be aligned with CAFI's objectives. This will help assess the actual impact of the project, ensuring that the hypothesized pathways from activities to outcomes are validated.

Data Collection and Baseline Establishment

1. **Data Collection Methodology:** The project will use a combination of primary and secondary data sources to monitor progress. Where data is already available, the project will rely on national databases and reports from previous studies. For



indicators without established sources, baseline data will be collected through surveys, remote sensing (for forest cover and land-use change), and participatory methods with community involvement.

2. **Timetable for Establishing Baselines:** The project will establish baselines for all relevant indicators within the first year of implementation. In cases where the baseline data does not exist at the start of the project, a detailed data collection plan will be implemented immediately after the transfer of funds. This plan will ensure that accurate baseline data is available within the first year, which will be essential for tracking progress and evaluating impacts.

Data Management and Monitoring Responsibilities

1. **Data Collection and Analysis:** Data collection will be carried out by field teams using mobile technologies such as GPS-enabled tablets for capturing geo-referenced data on forest cover and land use. This data will be transferred in real time to a central database for analysis. For Payment for Ecosystem Services (PES) data, CAFI's PES information system will be used once it becomes operational.
2. **Responsibilities for Monitoring and Evaluation:** A dedicated M&E officer will be responsible for coordinating all M&E activities, including data collection, analysis, and reporting. The M&E officer will work closely with project managers and other field staff to ensure timely and accurate data collection. Data will be stored in a secure, centralized database that can be accessed by project managers and stakeholders for real-time monitoring.

Spatial Monitoring (Geo-referenced Data)

In accordance with CAFI's cartographic reporting guidelines, the project will utilize remote sensing technologies to monitor land-use changes and forest cover. All relevant project activities, such as agroforestry, land restoration, and reforestation efforts, will be geo-referenced. This will enable the project team to visually track progress and assess the spatial distribution of project interventions. Geo-referenced data will be shared through periodic reports and made available to stakeholders for transparency and verification.

Review Mechanisms and Reporting

1. **Mid-term and Final Evaluations:** The project will undergo a mid-term evaluation to assess its progress, identify challenges, and adjust strategies if necessary. A final evaluation will be conducted at the project's completion to assess its overall effectiveness, sustainability, and lessons learned. Both evaluations will be carried out by independent external evaluators to ensure impartiality and accountability.
2. **Annual Progress Reports:** The project will produce annual progress reports that will include detailed updates on project activities, milestones achieved, and financial reports. These reports will be submitted to the Steering Committee, CAFI Secretariat, and other relevant stakeholders.

Summary Table of Key Documents and Deliverables

Document/Deliverable	Estimated Submission Date
Semestrial financial report	September each year
Annual financial report	March each year
Mid-term Evaluation Report	Mid-point of the Project



Annual Progress Reports*	March of each year
Final Evaluation Report	Project Completion
Reports on Milestones (LoI and ToC)	Annually, after mid-term

This M&E framework is designed to ensure that the project remains aligned with CAFI's goals, delivers measurable outcomes, and provides transparency to all stakeholders involved. It will also enable real-time adjustments to improve efficiency and ensure the long-term sustainability of the project's benefits.

*The project will provide CAFI, at least annually, with all data, information, technical analyses, methodologies as well as all photos and videos generated by the project. This includes all raw and processed data from surveys and studies (household surveys, studies of deforestation drivers, commodity chain studies, etc.), data from monitoring and evaluation activities, including associated spatial information (i.e. GPS coordinates). For robust and effective monitoring and evaluation of activities and their results, the project will develop the capacity to collect and process spatial (geo-referenced) data on relevant project activities, in line with the CAFI guidelines on cartographic reporting.

When certain information is not of a public nature, this data can be communicated via links to dedicated secure digital folders, providing protected access to CAFI via their secretariats.

In year 1 of the project, a multi-year monitoring and evaluation plan will be produced and shared with CAFI, together with a monitoring and evaluation methodological guide to guide the work teams, experts and consultants as well as partners involved in data collection and project monitoring, in line with expectations in terms of the Operations Manual, the Monitoring and Evaluation Policy and Guidelines and CAFI's guidelines in force at the time the project document was drawn up.

In the context of PES, a mechanism for independent verification of reported PES results will be implemented; the CAFI Secretariat will define the applicable methodologies and provide funding for this activity, which the implementing organization will be required to facilitate.



9 Communication and visibility

The communication strategy for promoting the visibility of the issues addressed, the impact of the project, and CAFI's role will be multi-faceted, combining targeted messaging, strategic branding, and ongoing engagement with key stakeholders. The primary goal is to ensure that all communications not only highlight the project's outputs and impact but also underscore the broader environmental and social issues at play, particularly deforestation, climate change, and sustainable land use practices.

The methodology will focus on creating a narrative that ties the project's activities to tangible outcomes, showcasing how the interventions contribute to sustainable development, biodiversity conservation, and climate resilience. CAFI's role as a catalyst for these changes will be prominently featured in all materials, ensuring that its contribution to climate finance and sustainable development is recognized by national, regional, and international audiences.

At the inception of the communication strategy, a branding analysis will be carried out in order to finalise the name of the program as well as the use of logo.

The communication strategy will be integrated into the entire project lifecycle, from the launch to the closure. Throughout the project, Steering Committee meetings and other key milestones could be leveraged as opportunities to communicate progress and showcase achievements. Regular updates on the project's outputs will be shared through various channels, ensuring transparency and continued stakeholder engagement. The project's conclusion will be marked by a final report that consolidates all achievements, impacts, and lessons learned.

In terms of implementation, the strategy will employ a mix of owned, earned, and event-driven media. Owned media will include CAFI's website, social media accounts, and regular newsletters, which will provide consistent updates on the project's progress and its contribution to combating deforestation and promoting sustainable land use. Earned media will involve proactive engagement with environmental and development-focused outlets, ensuring that the project receives coverage in influential platforms that reach both local and global audiences. Event-driven communications will focus on key international gatherings, such as COP conferences and regional forums, where CAFI and project leaders can present the project's successes and discuss lessons learned.

A core element of this strategy will be the consistent use of CAFI's branding, including the prominent display of its logo or the program's logo (based on the findings of the branding analysis) on all communication materials. This will ensure that CAFI's identity as a key player in climate finance is continually reinforced. The logo will appear on all reports, presentations, press releases, social media content, and project signage, ensuring that CAFI's contribution is visible across all communication channels.

To ensure the strategy's success, the project will dedicate specific capacity to these communication activities. A communication team will be responsible for content creation, media outreach, event coordination, and stakeholder engagement. This team will work closely with project leads to ensure that all outputs and key milestones are communicated effectively. Additionally, external partners, such as media consultants or PR firms, may be engaged for high-profile events or to manage large-scale campaigns.



Overall, the communication strategy is designed to maintain visibility throughout the project's lifecycle, ensuring that all achievements are communicated widely, while continuously reinforcing CAFI's pivotal role in enabling sustainable, climate-resilient development in Central Africa. The detailed strategy is available in the [appendices](#).

10 Fiduciary transparency

10.1 Links to the procedures and regulations of the implementing organization;

The implementing organization, Catalytic Finance Foundation, follows strict procedures and regulations for managing both program and operational finances:

1. External Audits:

- Annual audits are conducted by a reputable Swiss auditing firm.
- Audits are shared with the Foundation's Council and reviewed by the canton authority (ASFIP).

2. Financial Management:

- Program Level: Each program has a set budget approved by funders. The CEO manages funder relations, while the COO approves expenditures. Budget deviations of more than 10% require special approval. Funders may also request external audits.
- Operational Level: Covers general expenses like salaries and office costs. Approval thresholds are based on amounts, with higher amounts requiring CEO approval. Competitive procurement is necessary for larger expenses.

3. Approval and Documentation:

- All expenses require documented approval (e.g., contracts, invoices) and are recorded with specific accounting codes.
- Payments are processed by the accountant following verification by the CEO/COO, and are archived.

4. Procurement and Payment:

- A procurement policy governs service provider selection.
- Payments above CHF 200 require formal approval, with strict procedures for documentation and accountability.

These regulations ensure transparent and accountable financial management across all levels of the organization. More details on the procedures and regulations can be found in the **Annex II_Audit and Financial Management**.

10.2 Links to audits, external evaluations and anti-corruption measures;

Reports of the External Auditors on the Financial statements can be found in **Annex III_Audited Accounts**.

The **Anti-Corruption Policy** is based on the principles of transparency, ethical behavior, and compliance with the law. Key measures include:

10.2.1.1.1.1 **Prohibition of Corruption and Collusion:** All forms of corruption and collusive behaviors are strictly prohibited. Individuals and organizations associated with Catalytic must operate transparently, ensuring all actions and transactions are legitimate, authorized, verifiable, and in accordance with the law.

10.2.1.1.1.2 **Transparency and Accountability:** All activities and transactions must be documented and verifiable. Catalytic ensures that employees and partners have



access to complete and accurate information, and external communication is truthful and respectful.

10.2.1.1.1.1.3 **Prohibition of Misuse of Information:** Employees and third parties are not allowed to use confidential information for personal gain or purposes outside of their assigned tasks.

10.2.1.1.1.1.4 **Conflict of Interest:** Any conflict of interest must be immediately disclosed to the relevant authorities. Partnerships and agreements are established with transparency and aligned with Catalytic's objectives.

10.2.1.1.1.1.5 **Gift and Benefit Restrictions:** Catalytic does not accept gifts or benefits that are anonymous or come with strings attached. Donors and partners must share the same ethical values.

10.2.1.1.1.1.6 **Supplier and Partner Selection:** Catalytic ensures that suppliers and partners meet high standards of quality and ethical behavior, following a fair and transparent procurement process.

10.2.1.1.1.1.7 **Compliance with Laws:** All staff, partners, and associates must comply with local laws and regulations. Violations will result in disciplinary actions, including dismissal or contract termination.

More detailed information can be found in the **Annex I-Code of Conduct**.

10.3 Description of equipment and asset assignments during project implementation and their final destination.

Catalytic Finance Foundation's physical fixed assets include equipment, furniture, and IT hardware. All Catalytic employees are supplied with a working station and IT hardware. All employees are responsible for the care and appropriate use of physical assets assigned to them, as well as reporting any issues or changes to their department head. More information on the framework for the effective management and verification of the organization's physical assets can be found in the **Annex VI_Physical asset verification policy**.

For acquisitions of goods, works and services to be contracted for a value more than 100,000 USD, a procurement/contracting plan including a description of the process that will be used to identify the supplier is proposed as an **appendix: "Procurement/contracting plan for contracts over 100,000 USD"**.



11 Budget, work plan and schedule

11.1 Work plan and budget by output/activity

We've done a budget for 5 years with multiple donors' scenarios (in Annex)

11.2 Budget by category UNDG

Full budget is included in annex

Table 5: Proposed Budget

UNDG BUDGET CATEGORIES		TOTAL USD	TOTAL CAFI
1	Employees	4,540,670	945,278
2	Supplies, outputs, materials	60,000	15,000
3	Equipment, vehicles and furniture (including depreciation)	0.00	0.00
4	Contractual services	1,833,000	361,200
5	Travel	648,900	109,000
6	Transfers and subsidies to counterparties	90,000,000.00	8,200,000
7	General operating and other direct costs	Included above	Included above
Total direct costs (USD)		97,082,570	9,630,478
8	Indirect support costs (max. 7%)	2,912,477.10	288,914.34
Total costs (USD)		99,995,047	9,919,392.00

In the budget: "Transfers and subsidies to counterparties" are indicated in the budget on the year they are foreseen to be committed. Actual flow of fund may take longer (i.e payments of PES will be done over 10 years, equity installments when the drawdown will take place...)



11.3 Project implementation plan

The first year of implementation is foreseen to be executed as follows.

Table 6: Implementation plan

	1	2	3	4	5	6	7	8	9	10	11	12
Official project launch planning with key stakeholders	█											
Signing of funding agreements	█											
Organize and conduct the first Steering Committee meeting for the official validation of the first AWPB		█										
Establishment of project bank accounts and financial channels for fund transfers.		█										
Recruitment of key experts		█	█									
Finalization of the internal procedure manual for project management and financial control.		█	█	█								
Develop and finalize M&E framework and reporting tools					█	█						
Set up a system for data collection, performance monitoring, and regular reporting.							█					
Windows 1												
Signed contract with beneficiaries (track 1)				█	█	█	█	█	█	█	█	█
Design and set up financial mechanisms for the PES system for private sector participants (track 2)			█	█	█	█	█	█	█	█	█	█
Evaluate pricing range				█	█	█	█	█	█			
Draft standard contract						█	█	█	█	█	█	█
Windows 2												
Identify Project Opportunities			█	█	█	█	█	█	█	█	█	█
Draft Technical Assistance Request and Investment Memorandum				█	█	█	█	█	█	█	█	█
Organize IC Meeting						█		█		█		█
Execute payment and Manage Grants/Investments							█	█	█	█	█	█
Windows 3												
Map existing relevant investment vehicles	█	█	█	█								
Organize RFP for Funds to be invested					█	█						
Select first Funds							█	█	█			
Sign MoU									█	█		
Draft the Term Sheet Legal Documentation											█	█

Milestones

- Window 1: Track 1: ready to disburse PES **within 4 months** from start of contract. Highly dependent on CAFI who should first approve payments based on their own criteria.
Track 2: First contract with private sector aggregators & large environmental service providers **after 6/7 months**
- Window 2: First TA grant/investment could be disbursed **after 6/7 months from start of program** (we first need to get a team to source the project, draft the TA/investment request and organize an IC meeting)
For project already identified by CAFI the process could be fast-tracked and first grants could be disbursed after ½ months, equity investment would still be after 6/7 months



Window 3: First investment could take place **12 to 18 months after the start of the program** (depending on the process with the asset managers)

11.4 Deliverables plan

The funding should be disbursed yearly after the annual financial report is submitted. The first installment should be disbursed after the signature of the funding agreement.

Document/Deliverable	Estimated Submission Date
Annual financial report	March each year

12 APPENDICES

The section below must include at least the appendices relating to :

- Evidence of effective involvement of key stakeholders in project document development (particularly government and civil society);
- Gender analysis and action plan;
- Procurement/contracting plan for contracts over 100,000 USD ;
- Draft terms of reference for key Project Management Unit (PMU) personnel
- Preliminary versions of the terms of reference for studies planned in year 1 costing more than 100,000 USD.

Other annexes may be required by the governance bodies of the partnership with CAFI.



APPENDIX 2: Gender analysis and action plan

This Gender Analysis and Action Plan ensure that the project promotes gender equality by addressing the specific needs of women, empowering them to participate in decision-making, and providing equitable access to resources and training. The plan aligns with Catalytic's gender policy (available in Annex IV), CAFI's gender mainstreaming objectives, and the GCF guidelines, ensuring that gender equality is integrated into every stage of the project.

1. Gender Analysis

The gender analysis will examine the different roles, rights, and responsibilities of men and women in the context of the project, particularly focusing on their access to resources, participation in decision-making processes, and vulnerabilities to climate change. The analysis will be participatory, ensuring that the voices of women and marginalized groups are heard and integrated into project design and implementation.

Data Collection Methodology

- **Consultations and Focus Groups:** Organize community consultations, focus group discussions, and interviews with women's organizations, indigenous groups, and local stakeholders to understand the specific gender dynamics within the project area. These sessions will identify barriers to women's participation and the gender-specific impacts of land use, deforestation, and climate change interventions.
- **Surveys:** Conduct household surveys to gather quantitative data on men's and women's roles in land use, access to natural resources, and involvement in sustainable practices. The surveys will also capture information on women's participation in economic activities and decision-making structures.
- **Desk Review:** Review existing national and international reports, such as the country's National Investment Framework (NIF), REDD+ strategies, and gender equality laws, to contextualize the findings and ensure alignment with national priorities.

Key Areas of Focus

- **Access to Resources:** Analyze gender disparities in access to land, credit, and agricultural inputs. Understanding the barriers that prevent women from accessing resources is critical for designing interventions that promote equity.
- **Decision-Making and Leadership:** Assess the extent of women's participation in decision-making processes at the household and community levels, particularly in land management, agroforestry, and climate-related activities.
- **Climate Vulnerability:** Examine the differentiated impacts of climate change on women, particularly regarding their roles in agriculture, water management, and forest use. Women often face higher levels of vulnerability due to limited access to resources and lower resilience to climate shocks.

Expected Outcome of the Gender Analysis

The gender analysis will provide a detailed understanding of how men and women are impacted by climate change and the project's interventions. It will highlight areas where women are disproportionately affected and identify opportunities for promoting gender equality in the project's activities.



2. Gender Action Plan

The Gender Action Plan will outline specific actions to address the findings of the gender analysis and ensure that gender equality is integrated into all aspects of the project. It will include objectives, activities, indicators, and responsibilities for each gender-related action. The objectives are to:

- Ensure that women have equitable access to project benefits, including financial resources, training, and decision-making opportunities.
- Empower women to play leadership roles in land-use planning, agroforestry, and climate resilience strategies.
- Reduce the gender-specific vulnerabilities that women face due to climate change and deforestation.

Action	Description	Indicators	Responsibility
1. Increase Women's Participation in Decision-Making	Establish women's leadership groups in each project area to participate in land-use planning and agroforestry projects.	- % of women in decision-making roles in project activities. - # of women's leadership groups formed.	
2. Ensure Equitable Access to Resources	Provide targeted training programs for women in sustainable land-use practices, agroforestry, and climate resilience.	- # of women trained in sustainable land-use practices. - % of women accessing project resources (seeds, credits).	
3. Address Gender-Specific Vulnerabilities to Climate Change	Implement community-based climate resilience projects that address the specific needs of women, including water management and soil conservation techniques.	- % of women reporting increased resilience to climate change. - # of climate resilience projects designed for women.	
4. Monitor Gender-Sensitive Indicators	Integrate gender-specific indicators into the project's M&E framework, with regular reporting on women's participation and benefits.	- # of gender-sensitive indicators tracked in M&E. - Gender disaggregated data collected for all key indicators.	M&E Officer

Capacity Building for Gender Mainstreaming

The project should include specific capacity-building activities to ensure that the staff and implementing partners are equipped to promote gender equality. This should involve:

- **Training for Project Staff:** All project staff will receive training on gender equality principles, including how to integrate gender considerations into project activities.
- **Gender Focal Point:** A dedicated Gender Focal Point will be appointed to oversee the implementation of the Gender Action Plan and ensure compliance with CAFI's gender policies and the GCF guidelines.

Monitoring and Reporting



- The project’s **M&E framework** will include gender-disaggregated indicators to track progress on gender equality. These indicators will be monitored regularly, and the results will be included in quarterly and annual progress reports.
- **Mid-term and final evaluations** will assess the project’s impact on gender equality, focusing on the participation of women in decision-making, access to resources, and resilience to climate change. These evaluations will include consultations with women’s groups and other key stakeholders to ensure that the project is delivering on its gender-related objectives.

3. Timetable for Gender Action Plan Implementation

The Gender Action Plan will be implemented throughout the project’s lifecycle, with the following key milestones:

Milestone	Timeline
Baseline Gender Analysis	First 6 months of project
Establishment of Women’s Leadership Groups	Within the first year
Training Programs for Women	Ongoing, starting in Year 1
Mid-term Evaluation of Gender Outcomes	Mid-point of the project
Final Evaluation of Gender Outcomes	At project completion

4. Responsibilities and Accountability

The implementation of the Gender Action Plan will be overseen by a dedicated Gender Focal Point within the project team. This individual will be responsible for ensuring that all gender-related activities are carried out according to the plan and that the project meets its gender equality objectives. The Gender Focal Point will work closely with the M&E Officer to track gender-sensitive indicators and report on progress.



APPENDIX 3: Communication strategy

1. General communication objectives

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

1. Objectives

- **Raise Awareness of the Environmental and Social Issues:** The project aims to raise awareness of deforestation, climate change, and sustainable land use practices in the target regions. The strategy will educate stakeholders about the impact of unsustainable practices and the importance of addressing deforestation through solutions like agroforestry and PES.
- **Promote CAFI's Role and Impact:** Highlight the central role CAFI plays in financing and facilitating sustainable development and climate mitigation solutions. The communication strategy will showcase CAFI as a leader in mobilizing finance for deforestation-free agriculture, climate resilience, and sustainable development.
- **Attract Stakeholder Engagement:** Foster engagement from government bodies, local communities, international donors, and the private sector by promoting project successes and opportunities for collaboration.

2. Target Audiences

- **Local Communities:** Provide clear, culturally relevant communication on the benefits of project activities, particularly how the project contributes to sustainable livelihoods, improved land management, and long-term environmental health.
- **Government and Policy Makers:** Communicate the alignment of the project with national and regional climate action plans, including REDD+ strategies. Emphasize the support CAFI offers in achieving policy goals.
- **International Donors and Investors:** Showcase the impact of the project in terms of climate mitigation, biodiversity conservation, and socio-economic development. Highlight opportunities for further investment in similar initiatives.
- **Private Sector:** Attract private sector partners by illustrating the economic and environmental benefits of sustainable supply chains and investment in deforestation-free agriculture.

3. Key Messages

- **Project Impact:** Communicate the tangible impacts of the project, such as hectares of forest restored, carbon emissions reduced, and livelihoods improved. Messages should focus on the project's contribution to CAFI's overall goals and the SDGs.
- **Urgency of Action:** Emphasize the pressing need to address deforestation and climate change, and the role of the project in providing scalable, replicable solutions.
- **CAFI's Role:** Reinforce CAFI's unique role as a catalytic finance initiative that enables countries in Central Africa to achieve sustainable development while combating climate change.

4. Core Assets

- **Visual Identity and Branding:** Ensure consistent branding of all communication materials with CAFI's logo and visuals. This includes reports, press releases, online content, and presentations.



The project will use the logos and the funding mention "funded by CAFI" in all its communications and dissemination activities, on infrastructure, equipment, vehicles, supplies and any funded results.

The logos and the words "funded by CAFI" will be prominently displayed to the public. They will appear in all types of public output, including publications, and the funding will be mentioned in all media relations.

- **Infographics and Case Studies:** Develop infographics that simplify complex information about deforestation, climate change, and the project's impact. Case studies will showcase successful interventions and highlight the role of local communities in sustainable land use.
- **Video Content:** Produce short videos to tell compelling stories of beneficiaries and project impacts. Videos will be used across social media and during events to engage a wide audience.
- **Website and Social Media:** Create a dedicated section on CAFI's website for the project, providing regular updates, reports, and interactive content such as blogs and videos. Social media accounts (e.g., Twitter, LinkedIn) will be used to promote achievements, key messages, and events.

5. Content Channels

- **Owned Media:** CAFI's website, social media (Twitter, LinkedIn), and newsletter will serve as the primary platforms for disseminating information about the project.
- **Earned Media:** Leverage relationships with environmental and development-focused media outlets (e.g., Environmental Finance, Reuters, Financial Times) to publish articles, interviews, and op-eds that highlight the project's impact.
- **Events:** Participate in high-profile events such as **COP, UN Climate Week**, and **regional forums** on sustainable development. Organize side events or panels focused on the project's achievements, with targeted presentations for government officials, private sector partners, and international donors.

6. Impact Measurement and Reporting

- **Quarterly Reports:** Share quarterly progress reports detailing project outcomes, including environmental, social, and economic indicators. These reports will be distributed to donors, investors, and partners to maintain transparency and accountability.
- **Success Stories:** Publish case studies and success stories that highlight the direct impact on communities, biodiversity, and climate mitigation. These stories will be used to inspire further collaboration and investment.

7. Branding and Public Relations

- **High-Quality Visuals:** Use professional photography and videography to document project activities and impacts. These visuals will be integrated into all communication materials to showcase tangible results and promote CAFI's work.
- **Public Relations Campaigns:** Organize targeted PR campaigns around key project milestones (e.g., completion of agroforestry plantations, launch of the PES program). Press releases and media briefings will ensure that the project's impact is communicated to both local and international audiences.

8. Events and Stakeholder Engagement

- **Workshops and Webinars:** Host workshops with local stakeholders to discuss project progress and gather feedback. Webinars targeting the international donor



community and private sector investors will be organized to discuss the project's scalability and future investment opportunities.

- **Participation in Major Events:** CAFI will participate in global forums, such as COP conferences, to share insights and lessons learned from the project. These events provide opportunities to engage with key stakeholders and promote CAFI's impact on sustainable development in Central Africa.

All communication and visibility efforts at national and regional level are aligned with CAFI's communication and visibility plan and implemented by the implementing organizations to ensure the visibility of CAFI, as well as to raise awareness among targeted audiences of how the project combats forest loss, climate change and poverty in the region.

4. Description of resources allocated, implementation arrangements and estimated budget required

This section should describe :

- Sharing responsibilities in implementing the strategy (role of the supervisory ministry, agency, others).
- Describe the resources to be mobilized and the associated budget requirements. **These must be included in the project budget.**



APPENDIX 4: Procurement plan / Contracting

We will follow our procurement policies, see Annex VII.

APPENDIX 5: Terms of reference for the recruitment of key experts for the Project Management Unit (draft or final versions)

APPENDIX 6: Terms of reference for studies to be carried out in year 1 for amounts in excess of 100,000 USD (draft or final versions)

APPENDIX 7: Terms of reference for the recruitment of key experts for the Project Management Unit (draft or final versions)

To complete our team (see organigram in Annex VIII), we will hire at a minimum the following two profiles:

Project Manager

General

The project manager will be appointed by the project's implementing partner. The Project Manager will be responsible for the overall management of the project, including mobilization of all project inputs, supervision of project staff, consultants and subcontractors.

Duties and responsibilities

- Manage overall project management.
- Plan project activities and monitor progress against the approved work plan.
- Execute activities by managing personnel, goods and services, training and donations, including drafting terms of reference and work specifications, and supervising the work of all contractors.
- Track events as determined in the project tracking plan and update the plan as needed.
- Provide support in carrying out assessments required by CAFI, spot checks and audits.
- Manage requests for financial resource releases.
- Monitor financial resources and accounting to ensure accuracy and reliability of financial reports.
- Monitor progress and deviations from the plan, and make any necessary course corrections within the tolerances agreed by the project steering board to achieve results.
- Ensure that changes are controlled and problems are solved.
- Report regularly on progress to the Project Steering Board, as agreed with the Board, including actions to address challenges and opportunities.
- Prepare and submit financial reports.
- Manage and monitor the project risks initially identified - including social and environmental risks - and submit new risks to the project committee for review and decision on possible actions as necessary; update the status of these risks by maintaining the project risk register;
- Capture lessons learned during project implementation.
- Prepare revisions to the multi-year work plan, as well as annual and quarterly plans as required.
- Prepare the initial report no later than one month after the launch workshop.
- Ensure that the indicators included in the project results framework are monitored annually before the reporting deadline so that progress can be properly reported.



- Prepare reports with team members.
- Evaluate major and minor modifications to the project within the parameters established by CAFI.
- Monitor implementation plan, including gender action plan, stakeholder engagement plan and all environmental and social management plans (as relevant);
- Monitor progress against CAFI core indicators.
- Support the mid-term and final evaluation process.

Skills and expertise required

- A university degree (Masters or Doctorate) in a field related to natural resource management or environmental sciences.
- At least 5 years' proven experience in project/program management.
- At least 5 years' experience working with ministries, national or provincial institutions involved in natural resource and/or environmental management.

Skills

- Strong leadership, management and coordination skills, with a proven ability to effectively coordinate the implementation of large multi-stakeholder projects, including financial and technical aspects.
- Ability to effectively manage technical and administrative teams, to work with a wide range of stakeholders in various sectors and at all levels, to develop sustainable partnerships with partner organizations.
- Ability to administer budgets, train and work effectively with collaborators at all levels and with all groups involved in the project.
- Ability to coordinate and supervise multiple project implementation units in the implementation of technical activities in partnership with various sub-national stakeholder groups, including community and government.
- Strong writing, presentation and reporting skills.
- Strong communication skills, particularly in responding quickly and accurately to e-mails.
- Strong computer skills, in particular proficiency in all MS Office applications and Internet searches.
- Excellent command of French. Fluency in English is an asset.

Monitoring and evaluation officer

General

Under the overall supervision and guidance of the Project Manager, the incumbent will be responsible for the monitoring and evaluation of the project. The M&E Officer will work in close collaboration with the Communications Manager (or equivalent) on the knowledge management aspects of the project.

Duties and responsibilities

- Monitor project progress and participate in the production of progress reports, ensuring that they meet the necessary reporting requirements and standards;
- Ensure that project monitoring and evaluation meets government, CAFI and internal policy requirements; develop project-specific monitoring and evaluation tools as required;



- Oversee and ensure implementation of the project's M&E plan, including periodic evaluation of the project's theory of change and results framework with regard to actual and potential project progress and results, in alignment with CAFI's objectives
- Oversee, develop and coordinate the implementation of the stakeholder commitment plan;
- Oversee and guide the design of surveys and evaluations commissioned to monitor and evaluate project results;
- Facilitate mid-term and final project evaluations; including management responses;
- Facilitate annual project reviews and produce related analytical reports, including learning outputs and other knowledge management products;
- Support M&E and learning missions on the project site;
- Visit project sites as necessary to assess progress in the field and validate progress reports.

Skills and expertise required

- Master's degree, preferably in environmental or natural resource management;
- At least five years of relevant professional experience, preferably in a project management setting involving a multilateral or international funding agency. Previous experience with a [XXX] project will be a definite asset;
- Significant experience in data compilation, analysis and reporting;
- Very good knowledge of results-based management and project cycle management, particularly with regard to monitoring and evaluation approaches and methods. Formal training in Results-Based Management/Project Cycle Management (RBM/PCM) will be a definite asset;
- Proven experience in managing data collection using mobile data collection tools (such as KoboToolbox, ODK, etc.) and spatial information (GPS, GIS, etc.) is essential.
- Knowledge and practical experience of the application of gender mainstreaming in international projects;
- Understanding of biodiversity conservation, law enforcement, sustainable livelihoods and related issues;
- Very good interpersonal skills;
- Mastery of computer applications and information technologies.
- Excellent French language skills (written, spoken and read) [*Knowledge of local languages is an asset*].

APPENDIX 8: Terms of reference for studies to be carried out in year 1 for amounts in excess of 100,000 USD (draft or final versions)

APPENDIX 9: Clearly described capacity-building and transfer plan

APPENDIX 10: Conditions for project signature and disbursement of funding instalments imposed by the Partnership's Governance Bodies



APPENDIX 11: Standard CAFI/(FONAREDD) indicators for PIREDDs

The CAFI/(FONAREDD) standard indicators for land use projects are presented below, and extracted from the CAFI Monitoring and Evaluation Guidelines, adopted by the CAFI Executive Board on November 13, 2023, available through [this hyperlink](#). These guidelines also include a detailed description of each of these indicators. All indicators relating to the activities covered by the project must be included unchanged in the Results Framework.

Output Indicators

Themes	#	Indicator	Unit	Comment	Importance and comments
1. Governance	G.1	Local governance of natural resources No. of decision-making governance structures created or strengthened and operational, broken down by type (CLD, CLG (for CFCs), CARG, CPAT, CCPF, CCPA, etc.)	Nb	Georeferenced <u>Quality</u> : Regularity of meetings, steering committee mandates, Regular monitoring by technical departments (G3, G5) and projects (G5)	High importance
	G.2	Local governance of natural resources No. of people actively participating in these decision-making governance structures, broken down by type (CLD, CARG, CCPF, CCPA, etc.), gender and vulnerable group (PA)	Nb	Distinguish between people on steering committees and people attending general meetings (beneficiaries).	High importance
	G.3	Local governance Number of technical departments that are formal project partners, distinguishing the percentage of these technical departments with which performance contracts have been signed	Nb	Min. Développement Rural for CLDs, Agriculture for CARGs and CCPAs, AT for CPATs, MEDD for CCPF, etc. Evaluated annually by the project leader, councils (CLD, CFCL, CCPF, CCPA, etc.), technical services and the Steering Committee.	High importance



<p><u>G.4</u></p>	<p>Local governance of natural resources Number of technical services equipped and operational, broken down by type : a) Land Brigades equipped and trained, land registry in place, monitoring of registers, etc. b) Provincial and territorial AT services equipped and trained (GIS, etc.) c) Equipped and trained Provincial, Territorial and Sector Agricultural Services d) Environmental Services e) Rural development services</p>	<p>Nb</p>	<p>Programming in performance contracts Annual assessment</p>	<p>High importance</p>
<p><u>G.5</u></p>	<p>Project governance Number of monitoring visits by project staff for which formal reports are submitted, broken down by type (Agency, LEA, technical departments by type)</p>	<p>Nb</p>		<p>Alternatively, this indicator can be part of a joint external evaluation designed to measure ownership of the project by project staff, particularly in technical departments.</p>
<p><u>G.6</u></p>	<p>Project governance Number of Steering Committee meetings adequately organized and prepared</p>	<p>Nb</p>	<p><u>Quality criteria:</u> Regularity (at least 2 times a year); Notification of all stakeholders: documents sent at least 2 weeks in advance; Stakeholder representation in line with membership.</p>	<p><u>High importance</u></p>



	G.7	<p>Project governance Number of project management committee meetings (FONAREDD, CAFI, implementing organization) organized and prepared adequately</p>	Nb	<p><u>Quality criteria:</u> Regularity (at least 2 times a year); Notification of all stakeholders; documents sent at least 2 weeks in advance.</p>	If this committee is mandated by a decision of the CAFI Executive Board, or FONAREDD
2. Regional planning (AT)	AT.1	<p>Number of TA and natural resource management plans (a) drawn up and (b) validated or not, <i>broken down by type of administrative level (province, administrative group/sector, territory, terroir).</i></p>	Nb	<p>Georeferenced (integrating the various land-use and land-use classes) Indicate which of these have been developed and validated by the authorities.</p>	
	AT.2	<p>Areas (ha) under land-use plans: i) drawn up ii) submitted iii) validated, <i>broken down by type of administrative level: province, groupement/secteurs administratifs, territoires, terroirs</i></p>	ha	<p>Georeferenced PSAT/PGRN, PLD,</p>	<p><u>High importance</u> The project document cannot be approved if this indicator does not appear in the results framework.</p>
	AT.3	<p>Areas a) by land use category (ha) under TA plans and b) by land use (ha) under TA plans</p>	ha	<p>Georeferenced <u>Land use:</u> Forests (including flooded forests, etc.); Savannah; High-value forests and peatlands; Rural complex ; <u>Assignments foreseen in the TA plans:</u> Family farming (current and extension); Areas with potential for industrial and farm-based agriculture and livestock farming (<i>industrial and intermediate</i>); Forest management and regeneration; Conservation</p>	<p><u>High importance</u> The project document cannot be approved if this indicator does not appear in the results framework. It should be noted that if the project provides the Secretariats with usable land use and allocation maps, it is</p>



					not necessary to fill in this indicator.
AT.4	Number of breaches of major measures in work safety plans			Georeferenced	No target required
AT.5	Areas affected by these breaches of major measures in the TA plans	ha		Major infringements of land-use allocations defined by the TA Plan (e.g. agricultural areas in forest conservation zones, artisanal or industrial logging concessions in conservation zones, etc.). Remote sensing. Annually	High importance The project document cannot be approved if this indicator does not appear in the results framework.
AT.6	Degree of compliance with natural resource management rules established by the NRMPs	Score		In-situ assessment at least quarterly by technical services and project coordinators, consolidated annually Disaggregated by level of territorial entity, and by sector (agriculture, forestry, etc.) Degree from 1 to 5 for each PGRN	Alternatively, this indicator may form part of a joint external evaluation as provided for in the project evaluation plan.
AT.7	a) No. of infrastructures built, rehabilitated, maintained (on project budget / collective PES) b) Length of rural roads built, rehabilitated and maintained (actual and cumulative)	Nb km			This indicator is a proxy measure of market access. The project document cannot be approved if this indicator does not appear in the results framework.
AT.8	Number of people living in administrative entities under a TA plan, broken down by gender and vulnerable group (PA)			Estimate. Provide calculation assumptions	This indicator is contextual
AT.9	No. of arbitration procedures to resolve land-use conflicts (a)			Quality: AT council consulted (CPAT and CLAT) and procedure	No target expected. The project document cannot be approved if



		initiated, and (b) ending the conflict				this indicator does not appear in the results framework.
3. Land	FON.1	Number of provincial land edicts drawn up / promulgated in a participatory manner			If included in the project	The participatory nature is part of a joint external evaluation as provided for in the project evaluation plan.
	FON.2	Number of decentralized land registers piloted / established / operational				
	FON.3	Area of land secured by type of tenure (<i>individual or collective</i>)	ha		Georeferenced Use and concession rights (land titles, registration in decentralized registers, allocated concessions, etc.)	High importance The project document cannot be approved if this indicator does not appear in the results framework.
	FON.4	Number of registered land tenure arrangements, broken down by type (<i>individual/collective, formal/informal</i>)			Georeferenced	
	FON.5	Number of direct and indirect beneficiaries of land tenure security, broken down by type of security (<i>individual or collective</i>), gender and vulnerable group				The project document cannot be approved if this indicator does not appear in the results framework.
4. Agriculture	AG.1	Areas of improved seed multiplication fields established (per growing season and cumulative)			Georeferenced Including 1 ^{ère} year-old agroforestry fields	High importance The project document cannot be approved if this indicator does not



	Area devoted to seed and plant production ?			appear in the results framework.
AG.2	Food-growing area under improved varieties in the rural complex (excluding agri-multiplication)	ha	Annual and cumulative Georeferenced. Including second agroforestry cycles. Application to PSE projects	High importance The project document cannot be approved if this indicator does not appear in the results framework.
AG.3	Total area of sustainable agriculture achieved, broken down by : a) Perennial crops without deforestation (savannah or rural complex and degraded forests) b) Agroforestry plantations	ha	Georeferenced. Annually and cumulatively Degraded forest: in the DRC, as defined primarily by the forthcoming Forest Capital Study. Application to PSE projects	High importance The project document cannot be approved if this indicator does not appear in the results framework. Detail any overlap between AG.2 and AG.3 a and b
AG.4	Number of direct beneficiaries, broken down by type of agricultural support (perennial, agroforestry, food crops) Of which - Number of households receiving improved seed (broken down by seed type)	ha		High importance. The project document cannot be approved if this indicator does not appear in the results framework. Detail any overlaps between different types of support
5. Energy	Area of forest regeneration in savannah by fencing (natural and assisted)	ha	Georeferenced Application to PSE projects	High importance The project document cannot be approved if this indicator does not appear in the results framework.



						This indicator is mixed and could also appear under Outcome 6.
	E.2	Surface area of plantations for woodfuels/timber products	ha		Mixed energy and forestry indicator. Georeferenced	High importance The project document cannot be approved if this indicator does not appear in the results framework.
	E.3	Number of direct / indirect beneficiaries, broken down by gender and type (minority) of which : a) Farmers, charcoal-makers and charcoal-burning contractors trained in improved carbonization techniques b) Number of clean cooking solutions purchased/distributed (if included in project)	nb			High importance The project document cannot be approved if this indicator does not appear in the results framework.
6. Forest management & conservation	FOR.1	Areas under sustainable forest management, broken down by status (GDF category of the Plan Simple de Gestion (for CFCL) or PSAT)	ha	Application to PES		High importance The project document cannot be approved if this indicator does not appear in the results framework. As a reminder, this indicator is already included in AT 1.



FOR.2	Number of people living in formalized community forestry zones (in DRC: under CFCL)	nb	Estimate. Provide calculation assumptions. Zones are terroirs in DRC.	
FOR.3	Area of firewalls established / maintained OR Areas effectively protected by firewalls	ha	Georeferenced 3 main types of use: (i) agroforestry protection, (ii) limited set-aside for reforestation or agroforestry production (burnt fallow), (iii) large-scale set-aside in savannah or forest for conservation purposes. Application to PSE projects	High importance The project document cannot be approved if this indicator does not appear in the results framework.
FOR.4	Sustainable logging : a. Area under CFCL and PSAT under effective logging operations committed to a sustainable approach b. Area under sustainable artisanal logging (including CFCL) c. No. of CFCLs (CLDs and ETDs?) with a Simple Management Plan (PSG) for forestry operations d. Area under sustainable forest management PES contract e. Number of people trained in sustainable forest management f. No. of artisanal loggers under PES contracts	ha & Nb	Georeferenced	High importance The project document cannot be approved if this indicator does not appear in the results framework.
FOR.5	Forest area (ha) under conservation, total and	ha	Georeferenced	High importance



		a) Within a CFCL b) Within a PSAT (village terroir)	Including high-value forests, ecological corridors, peatlands, spawning grounds, flooded forests Application to PSE projects	The project document cannot be approved if this indicator does not appear in the results framework.
FOR.6	Conservation a. % of PSATs with associated guides to good natural resource management practices b) Degree of application of these practices	a. Binary indicator b. Evaluation on a scale of 1 to 5, based on a methodology to be defined		High importance
FOR.7	Total number of indirect beneficiaries, broken down by gender and type (CFCL, PSAT) (includes FOR 4 e and f)			The project document cannot be approved if this indicator does not appear in the results framework.
FOR.8	Forest area under certified concessions	ha		

Outcome indicators

The statements in blue below are result statements

Outcome indicators (16)		Unit	Verification and commentary	Importance
Progress towards impact indicators - poverty	1 Performance-based payments Amount of PES transferred, broken down by i) type of PES (perennial crops, agroforestry, regeneration, conservation, sustainable forest management, reforestation, etc.), ii) gender and iii) vulnerable group.	\$	Georeferenced <u>Verification</u> : Reports from local project agencies Application to PES	High importance The project document cannot be approved if this indicator does not appear in the results framework.



	<p><u>2</u></p> <p>Improved food security : a) The areas and periods of food shortage identified by the project have been eliminated. b) Promoted commercial activities and speculation options do not create a new food shortage</p>		<p>Food shortage areas are identified and prioritized by the project, and strategies to combat food insecurity are developed and implemented (when the Prodoc is formulated or in A1). <u>Verification</u>: Food safety study in the intervention area (A1-3-5)</p>	<p>This study could be the subject of a joint external evaluation, rather than being entrusted to the project alone.</p>
	<p><u>3</u></p> <p>Improved living conditions Number of villages benefiting from equipment (including infrastructure, but not inputs) funded through collective PES received</p>	Nb	<p>Georeferenced <u>Audit</u>: LRA and project reports Application to PES</p>	<p>High importance The project document cannot be approved if this indicator does not appear in the results framework.</p>
	<p>4</p> <p>Total number of direct project beneficiaries, disaggregated by geography, gender and minorities (indigenous peoples)</p>	Nb		<p>High importance</p>
Progress towards impact indicators - forest cover	<p>5</p> <p>Average annual area burnt under PSE or PSAT contracts in the terroirs (agricultural areas, under natural regeneration, conservation)</p>	ha	<p>Georeferenced <u>Verification</u>: Remote sensing project Target: reduction</p>	<p>High importance</p>
	<p>6</p> <p>Areas of peatlands and flooded forests under PSAT preserved or managed in accordance with NRM good practice rules</p>	ha	<p>Georeferenced <u>Verification</u>: Remote sensing project</p>	<p>The project document cannot be approved if this indicator does not appear in the results framework.</p>
Governance	<p>7</p> <p>Multi-stakeholder platforms are actively involved in NRM: No. of arbitrations carried out by governance structures to ensure compliance with</p>	ha	<p>Georeferenced <u>Audit</u>: Contracts and project reports</p>	<p>No target expected The project document cannot be approved if this indicator does not</p>



	approved practices, broken down by type of structure: MTP, PSAT/PGRN, PLD, etc.			appear in the results framework.
8	<p>The technical services are operational and actively contribute to better natural resource management.</p> <p>Number of people receiving support from technical services (training, monitoring, NRM assessments), broken down by gender and vulnerable groups (IPs, young people)</p>	Nb	<p><u>Audit:</u> Reports</p> <p>The number expressed here is a sub-component of indicator 4, but it also provides a measure of the operationality of technical services.</p>	
9	<p>Local Executing Agencies (LEAs) acquire capacities that enable them to prolong the fulfillment of project results (fiduciary and accounting capacity, technical capacity, capacity to manage funding, to contract PES, to achieve and verify results):</p> <ol style="list-style-type: none"> % of funds transferred to local NGOs LEAs are in charge of all activities from start to finish of the project LEAs report effectively on their activities ALEs are responsible for communicating their activities to the general public 		<p><u>Verification:</u> Implementation reports, financial reports on budget transfers to LEAs, activity reports from LEAs and the implementing organization.</p>	Sub-indicators b) c) and d) can be included in an external evaluation
10	<p>Areas under PES contracts, broken down by FTA and type of PES (sustainable agriculture, perennial crops, agroforestry, regeneration, etc.)</p>	Ha		<p>High importance</p> <p>The project document cannot be approved if this indicator does not appear in the results framework.</p>
Agriculture	Annual production from plantations, broken down by type (makala, cassava, coffee, cocoa, palm oil, etc.)	T, L	<p><u>Audit:</u> LRA and project reports</p>	<p>High importance</p> <p>These results may not be measurable before the end of the project, so postpone the estimate.</p>



				However, the project document cannot be approved if this indicator does not appear in the results framework. <u>High importance.</u>
12	Household acceptance of the benefits and profitability of promoted crops Survival rate of practices supported by projects			<u>Verification:</u> Opinion questionnaire in annual agro-economic survey (harmonized methodology to be defined)
13	Higher farm incomes Overall income generated by the project from the sale of plantation outputs, broken down by type (makala, cassava, coffee, cocoa, palm oil, etc.)	\$		<u>Verification:</u> Annual agro-economic survey (harmonized methodology to be defined)
14	Value chains are operational and ready to absorb production (reasonable marketing margins and attractive prices): Percentage of output purchased from plantations supported by the project (not consumed by households)	%		<u>Verification:</u> Annual agro-economic survey (harmonized methodology to be defined)
15	Yields of food crops are improved: Percentage increase in food crop yields	%		At least 20% increase on all speculations <u>Audit:</u> Annual agro-economic study
Energy	16 Survival rate of plantations and set-asides supported by the project. Areas a) remaining planted b) remaining set-asides by type	ha		Georeferenced. <u>Verification:</u> In-situ survey and remote sensing
				high importance The project document cannot be approved if this indicator does not appear in the results framework. High importance The project document cannot be approved if this indicator does not appear in the results framework.



Drills	17	No. and surface area of deforestation alerts in PSAT zones under fencing and/or conservation, broken down by alerts received/monitored/processed			The project document cannot be approved if this indicator does not appear in the results framework.
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Impact indicators

Impact indicators					
		Indicators			
Forest cover	1	Average annual area of deforestation and degradation (or, failing that, loss of tree cover) in the project area	ha	If forest cover loss and degradation cannot be provided, it is acceptable to provide tree cover loss using global tools (automated monitoring platform accessible to projects (GFW, Tropical Moist Forests or equivalent), used for PES monitoring. At least annually and on a provincial scale and in areas of direct project intervention (disaggregate)	High importance The project document cannot be approved if this indicator does not appear in the results framework.
Development co-benefits	2	Total area of compensation for loss of forest cover, broken down by type: <i>agroforestry, perennial crops, restoration by clearing, planting, etc.</i>	ha	Georeferenced <u>Verification</u> : project reports, independent verification reports	The project document cannot be approved if this indicator does not appear in the results framework.
	1	Increased direct cash income for direct beneficiaries	\$	<u>Verification</u> : Simplified survey (harmonized methodology, based on sampling, to be defined). Combined with indicator 2 below, and the outcome indicators, food safety is also reported.	The project document cannot be approved if this indicator does not appear in the results framework.
	2	Increase in food production of beneficiary households,	T, L	<u>Verification</u> : Simplified survey (harmonized methodology, based on sampling, to be defined).	The project document cannot be approved if this indicator does not appear in the results framework.



		<i>broken down by key crop type</i>			indicator does not appear in the results framework.
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