

### Access to Common Fund for Commodities (CFC) to CAFI Fund and approval of preparatory grant

Adopted by email on 3.12.2024

EB.2024.45

**Considering:**

- Decision [EB.2023.12](#) approving the launch of the Regional Private Sector Window.
- Decision [EB.2023.24](#) approving launch of the Call for Expressions of Interest for the Regional Private Sector Facility dated 14 September 2023 (2023/09/private).
- Decision [EB.2023.27](#) approving the selection of the Common Fund for Commodities (CFC), as the Implementing Organization for the project *shaping deforestation-free agricultural value chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs of different size and loan absorption capacity* with an initial detailed budget of USD\$30 million for a period of 3 to 5 years; and inviting CFC to submit a 500,000 USD preparation grant request for consideration by the Secretariat.
- Decision [EB.2024.01](#) inviting the Common Fund for Commodities (CFC) to expand the scope of the project under development to include the forestry sector and to expand the scale of the same project to include CAFI funding of up to USD 60 million while maintaining a strong budgetary emphasis on the use of performance-based instruments.
- The provisions established in CAFI's Manual of Operations regarding the Access to the Trust Fund (Section II) with the related exigency on HACT and SEAH assessments, also required by MPTFO's NUNO Policy for "Engaging NGOs, Civil Society and others as fund recipients - NUNO Direct Access", and on Social and Environmental Safeguards.
- HACT and SEAH Assessments performed by BDO, with registered results of Low Risk for the HACT Micro-assessment, and 8/8 Compliance for the SEAH Assessment, achieving in both the passing marks.
- The provisions established in CAFI's Manual of Operations pertaining to Social and Environmental Safeguards (SES) assessment, with review from Independent Evaluator completed in April 2024, with satisfactory passing remarks.
- The risk assessment review issued by MPTFO on 30-Sep 2024 regarding the HACT Micro-Assessment and audit findings, emphasizing the following recommendations: (i) Staff Rules amendment to address rules on ethics and the expected conduct of its staff are included in the staff regulations and/or being finalized with the Managing Director and CFC Executive Board and Governing Council; (ii) Confirmation that the Updated procurement policy addressing the strengthening of Procurement Policies and Procedures have been enacted as of 1 January 2024; and (iii) Confirmation of status of introducing the Data protection policy



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recommendations made by a 2023 audit of the CFC, recommending a written policy on data protection, archiving, and protection of personal data.

- The preparatory grant document submitted by CFC on September 25<sup>th</sup> 2024.
- Decision [EB.2024.33](#) on the independent verification of projects;
- CAFI's [Monitoring and Evaluation and Guidelines](#) which include standard indicators for AFOLU projects and their [Spatial Reporting Guidelines](#).
- *CAFI Private Sector Facility Guidelines for Project Development*, including specific *Guidelines for Estimating Ex-ante the GHG Reduction of Investments in Project Documents* and the associated excel based GHG emission reduction calculation tool.
- Decision [EB.2024.42](#) approving the *Private Sector Project Document Assessment Criteria and Performance-based funding allocation process*

### The Executive Board,

1. Acknowledges and congratulates Common Fund for Commodities, (referred here as “implementing organization”) on the completion of the HACT (with result as Low Risk) and SEAH assessments (with result scoring as 8 out of 8), achieving in both the defined eligible result ratings, and performed by BDO as commissioned by the Executive Board; as well as the SES assessment verified by the Independent Evaluator.
2. Grants the access to the CAFI Fund as recipient and implementing organization for both preparatory grants and regular programs/projects.
3. Requests the CAFI Secretariat to work with the implementing organization on the Quality Assurance plan to incorporate the provisions in the Manual of Operations related to HACT, SEAH and SES, which the implementing organization is requested to report on accordingly.
4. Requests the Common Fund for Commodities to keep the CAFI Secretariat informed on the implementation of the HACT-Audit recommendations aforementioned.
5. Thanks, the implementing organisation for the submission of a preparatory grant.
6. Approves the preparatory grant for an amount of 500,000 USD, to be used over a period of 12 months, starting from the date of first transfer to the implementing organization.
7. Reiterates that the present decision does not represent a funding allocation decision for the full project. Any funding beyond the preparatory grant will be approved based on the submission of a project document and according to the Terms of Reference of the Trust Fund. When making funding allocations for full projects and programmes, the Executive Board will focus strongly on impact in terms of emission reductions and job creation. Unless the proposals can demonstrate high levels of expected impact, they will not receive CAFI funding. In addition, long-term commercial viability and the level of co-financing will be important.

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8. Requests the CFC to prepare a project document with three budget scenarios: a CAFI contribution of 10 million USD, a CAFI contribution of 30 million USD and a CAFI contribution of 60 million USD.
9. Recalls that, while respecting its rules and regulations, the implementing organization commits to apply zero tolerance towards fraud, corruption, sexual exploitation and abuse; to protect whistleblowers; to inform the public; to promote gender equality and social inclusion; and to use appropriate complaint mechanisms. In addition, the implementing organization commits to carefully managing all other contextual and programmatic risks identified by the Board and should act proactively in reporting these risks to CAFI's Multi-Partner Trust Fund Office, in accordance with the Terms of Reference of CAFI's Trust Fund.
10. Recalls that feasibility studies and the design of projects and programmes should place strong emphasis on (i) gender inclusion, including in terms of sex-disaggregated data, (ii) human rights and non-discrimination, (iii) conflict prevention and resolution, in particular with regard to land tenure, (iv) monitoring and learning, while ensuring strong alignment with the CAFI results framework, (v) analysis of the link with forest conservation, (vi) analysis of opportunities for scale-up and means to achieve them, (vii) analysis of risks of corruption and conflicts of interest, as well as the stakeholders likely to gain or lose as a result of the initiative, (viii) the use – to the extent possible – of local references and analysis with respect to potential beneficiaries, market opportunities and income opportunities for smallholders and economic viability, limitations and risks; (ix) clear integration and interlinkages between the various interventions proposed; (x) a clear exit/sustainability strategy; (xi) a robust analysis and management of risks.
11. Recalls that the implementing organization will have to report on indicators of CAFI's results framework in accordance with CAFI guidelines and templates, as well as information on how their activities are addressing and respecting CAFI social and environmental safeguards.
12. Reminds the implementing organization of its reporting obligations under the current CAFI Operations Manual, in terms of both narrative and financial reports.
13. Instructs the CAFI Sec to sign the project documents on its behalf.