



REPORTING FORMAT FOR PROGRAMMES FUNDED BY THE CENTRAL AFRICAN FOREST INITIATIVE (CAFI)¹

(including programmes funded through FONAREDD in DRC)

The reporting requirements (narrative and financial) for projects and programmes receiving CAFI funding are outlined in a publicly available note [here](#)²

Final Report

Project/Programme Title & Reference	Location, Sector/Theme(s)
Title of the REDD+ Programme: Scaling-up commercial investment in deforestation-free central African commodity supply chains	(if applicable) Location: Regional
Forest Performance Bond Design	Sector/Theme(s): Agriculture, Energy, Forestry
Project/Programme Ref. (if applicable): 00133946	
Project/Programme Reference Number/MPTF Office: ² 00133946	
Participating organisations	Implementing Partners
Organisations that have received direct funding from the MPTF Office under the Project or Programme: UN Capital Development Fund	National partners (governments, private sector, NGOs and others) and other international organisations: None

¹ This outline is for the presentation of annual and semi-annual reports of organisations implementing programmes funded by CAFI, including through FONAREDD in DRC. ^eThe annual reports cover the period from January 1 to December 31. The semi-annual reports cover the period from January 1^{er} to June 30.

²<https://drive.google.com/drive/folders/1eMRYx2FFxMvLv9qM1CBhcNfJKUHcAcc?usp=sharing>



<p>Project/Programme budget (US\$)</p> <p>Contribution from CAFE:</p> <ul style="list-style-type: none"> • <i>UNCDF</i> \$ 1,813,650 • <i>Initial contribution to AndGreen</i> \$ 51,106,345 <p>Agency(ies) Contribution:</p> <ul style="list-style-type: none"> • <i>if applicable, by organisation</i> <p>Government contribution:</p> <ul style="list-style-type: none"> • <i>if applicable</i> <p>Other Contributions [donor(s)]:</p> <ul style="list-style-type: none"> • <i>if applicable</i> <p>TOTAL: \$1,813,650</p>	<p>Project /Programme duration (months)</p> <p>Total duration (months): 27 months</p> <p>Start date³: (01.01.2023)</p> <p>Original closing date⁴ (31/12/2027)</p> <p>Current closing date⁵ (31/03/2025)</p>
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<p>Evaluation</p> <p>Evaluation - (<i>to be attached if applicable</i>)</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Date: dd.mm.yyyy)</p> <p>Mid-term evaluation - (<i>to be attached if applicable</i>)</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Date: _ dd.mm.yyyy):</p>	<p>Submitted by:</p> <p>c Name: Pierre Pascal Bardoux</p> <p>c Title: Director Nature Assets</p> <p>c Participating organisation: UNCDF</p> <p>c E-mail address:</p> <p>pierre.bardoux@uncdf.org</p>
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Abbreviations and acronyms

AFD	Agence Française de Développement Group
CAFI	Central Africa Forest Initiative
DCF	Development Capital Facility
EMTN	Euro Medium-Term Note
FIRST	Forest Investments for Responsible and Sustainable Transformation
FPBS	Forest Performance Bond Series
FPBs	Forest Performance Bonds
GCF	Green Climate Fund
IPO	Initial Public Offering
LDCIP	Least Development Countries Investment Platform
MPTF	Multi-Partner Trust Fund
NBS	Nature-based Solution
PDF	Project Development Facility
PRODOC	Project Document
SIDA	Swedish International Development Cooperation Agency
UNCDF	United Nations Capital Development Fund
UNEP	United Nations Environment Programme
RFA	Request for Applications



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1. Key project/programme data

Programme Title & Reference	Scaling-up commercial investment in deforestation-free Central African commodity supply chains - Forest Performance Bond Design
Programme Reference Number/MPTF	UNCDF project ID# 00134336
Location, Sector/Programme Theme(s)	DRC, Cameroon, Gabon, CAR, Congo, Equatorial Guinea; Sustainable, zero-deforestation agriculture
Implementing Partners	UN Capital Development Fund
Participating organisations	N/A
Project/programme budget (USD)	USD 1,813,650
Total project/programme duration (months):	27 months
Date of approval of the project/programme by the CAFI Executive Board (dd.mm.yyyy):	07/11/2022 (EB approved first proposal 53M) 16/05/2024 (EB approved revised proposal 1.8M)
Date of transfer of funds by MPTF (dd.mm.yyyy):	
Official start date/Effective start (dd.mm.yyyy):	01/01/2023
Original closing date (dd.mm.yyyy)	31/12/2027
Current closing date (dd.mm.yyyy)	31/03/2025
Disbursements December 31 for annual reports June 30 for the half-yearly reports	USD 1,813,650
Global expenditures (USD) as of March 31 th , 2021	\$
Consumption rate of the 1 st tranche	
Date of mid-term evaluation if applicable	N/A
Contact (Name, title, participating organisation email address):	Pierre Pascal Bardoux, Director UNCDF pierre.bardoux@uncdf.org



2. Executive summary

This final report summarizes the achievements of the CAFI-supported project, "Scaling-up commercial investment in deforestation-free Central African commodity supply chains." The project's initial objective was to stimulate investments in sustainable, zero-deforestation forestry and agricultural projects within select Central African jurisdictions. Originally comprised of three components: two implemented by &Green and a third by the United Nations Capital Development Fund (UNCDF), the project underwent a strategic revision in 2024. This revision sharpened the focus concentrating on component three: developing a Forest Performance Bond Series (FPBS) and originating a pipeline of bankable, Nature-Based Solutions (NbS) projects to be implemented by UNCDF.

This report presents the results of activities implemented in 2023 and 2024 while also reflecting the revised project scope approved by the CAFI Executive Board in May 2024. Specifically, it details advancements in structuring the Forest Performance Bonds (FPBs), conducting market research on NbS opportunities, engaging potential investees, and designing a Project Development Facility (PDF) to accelerate project readiness. This report reflects the project's evolution, highlighting key milestones and outlining the strategy for mobilizing private capital to support forest conservation and sustainable development in the region.

In 2023 UNCDF, in its initially role as Investment Agent on behalf of CAFI, completed the due diligence of the &Green investment in March 2023 as planned. UNCDF's Least Developed Countries Investment Platform (LDCIP) team undertook a rigorous credit risk analysis process which was concluded with a positive recommendation for a loan to be advanced to &Green with robust condition precedents and socio-environmental safeguards in place. UNCDF recommended a sequential approach and direct contracting by CAFI due to the low risk assessed for this transaction.

During the same year, UNCDF initiated preparatory work to explore the structuring a FPBS. This work continued in 2024 when the studies and the documentation were completed. The aim was to mobilize resources from global capital markets for climate and forest-positive impact in Central Africa. Key milestones included: i) completion of studies detailing the bond structure, optimal issuance approach, and credit enhancement mechanisms; ii) a series of business model feasibility studies, along with a request for proposal to test market appetite.

In parallel, UNCDF has conducted market research on business models around NbS and actors (MSMEs and NGOs) deploying these in Central Africa using a two-pronged approach. First, in 2023 UNCDF launched a Request for Applications (RfA) with the intention of identifying, engaging, assessing and ultimately investing in a pipeline of nature-positive businesses.

Building upon this study, UNCDF engaged technical and investment experts to review, prioritize, perform pre-assessments, conduct due-diligence and provide technical assistance to strengthen the pipeline identified as part of the RfA. Over 60 businesses responded to the RfA, 20 of which were pre-assessed and 7 of which were short-listed for due diligence and refinement of their proposals ahead of possible investment consideration.

During 2024, UNCDF engaged with these 7 businesses located in Democratic Republic of Congo and Cameroon, with the investment need for the pipeline estimated at a total blend of funding of \$17M approximately. The market research and technical assistance have supported the cultivation of a viable pipeline of companies applying NbS to various degrees in Central Africa, ultimately driving potential similar deal-flow for the FPB series.

Finally, research and design of a PDF began in 2023 with initial design and conceptualization activities in partnership with the United Nations Environment Programme (UNEP) Climate Finance Unit. The PDF aims to bridge the gap between project development and financial closure for aligned projects in the selected



jurisdictions. UNCDF's initial research suggested that the optimal PDF mechanism will leverage grant or co-finance funds for NbS investments that simultaneously conserve and grow environmental and economic ecosystems. The joint UNEP-UNCDF programme Pro-Congo will work to catalyze private-sector investments in the Congo Basin (DRC, Republic of Congo, Gabon, and Cameroon), combining UNCDF's blended finance capabilities with UNEP's environmental expertise to support MSMEs in sustainable agriculture, forestry, and renewable energy.

The Pro-Congo Programme Document (PRODOC), detailing the program structure, financing mechanisms, and implementation strategy, was developed in 2024 and submitted to the CAFI Steering Committee on January 29, 2025, following an extensive review process and approved on February 11, 2025. This initiative aligns with CAFI's vision to mobilize private sector investment while addressing deforestation and land degradation in the Congo Basin and build upon the work described as part of the report to ensure continuity and maximum impact.

3. Brief presentation of the programme

3.1. General objectives

The overall objective of the project is to mobilize public and private finance in Central Africa to support sustainable forest management and conservation. By using Forest Performance Bonds (FPBs) and Project Development Facilities, the project will incentivize market players to adopt forest-positive practices and attract more investment in this sector. The FPBs aim to transform how forests are valued, shifting from exploitation to conservation. By treating forests as valuable assets, the FPBs will encourage new economic models that support their protection and enhance their economic, social, and environmental benefits.

This model can encourage others to replicate it, leading to a broader impact on forest conservation and economic development in the region.

The project initially comprised three components: two implemented by &Green, focusing on origination support and technical assistance for commodity producers (Component One), and direct investment in no-deforestation businesses (Component Two); and a third, implemented by UNCDF, focusing on designing a FPBS and conducting research on regional investment models (Component Three). Following a 2024 revision, the program focused solely on UNCDF's component three. The revised project focused on developing FPBS for the Congo Basin, combining green and impact bond mechanisms to incentivize sustainable forest management. UNCDF, on behalf of the CAFI Secretariat, also conducted research to identify suitable investment models for key commodity supply chains in the region.

3.2. Specific objectives and expected results of the project/programme

Specific Objectives

The project designs public/private financial innovation to address root causes of deforestation in the region by:

- (1) Accelerating the energy sector transition by improving access to renewable energy, thereby reducing emissions and forest loss associated with unsustainable fuelwood extraction, charcoal production and dependence on large diesel generators to power the agroindustry;
- (2) Scaling-up investment in inclusive, sustainable, and deforestation-free commodity supply chains and transformative agroindustry, thereby reducing deforestation driven by agricultural production and improving the adaptive capacities of regional food systems; and
- (3) Accelerating the growth of forest-positive SMEs that provide diversified and sustainable livelihoods for local populations and drive climate-smart innovations with the potential for replication.

Expected Results



For each of the sectors the proposed Project Development Facility and Forest Performance Bond will potentially generate the following impact:

- (1) **Agriculture and food security:** The project facilitates transformation towards climate resilient, low emission and zero-deforestation agriculture, scaling-up investment in agribusinesses that enhance climate resilience of local farmers and enable food systems adaptation.
- (2) **Livelihoods of people and communities (Benefit >8M million forest-dependent people):** The project generates livelihood opportunities for local people, promotes collaborative and inclusive decision-making with forest-dependent stakeholders, and training and capacity building.
- (3) **Energy generation and access:** Green energy projects to be financed will aim to provide renewable sources of energy to drive production while at the same time supporting alternatives to charcoal needed to meet the basic energy needs of the population with the potential to be scaled in the medium-long term. This will reduce residential emissions by up to 50% and avoid emissions from deforestation and forest degradation in selected priority landscape.
- (4) **Ecosystems and ecosystem services:** To secure the resilience and functionality of ecosystem services provided by the Congo Basin forests, the project improves forest-management practices and scales up the resilience and adaptive capacities of local farmers, producers, and communities at large. The PES project will be an important mechanism to promote inclusive growth by transferring needed cash resources directly to impoverished groups.
- (5) **Forests and land use:** The project addresses leading drivers of deforestation, notably in agriculture and implements a cross-sectoral, landscape approach to reducing deforestation and forest degradation. Expected investment lifetime impact over the project promises significant GHG reductions and removals per dollar invested.

3.3. Background of the report

This final project report covers the period from January 2023 to March 2025. Below are the key actions undertaken by year during the Implementing period and shared as part of previous reports:

Key Actions Undertaken by UNCDF During Reporting Period		
	&Green Investment	Forest Performance Bonds
1	Activate and complete the investment due diligence of CAFI's loan to &Green. Propose a structure and cadence for CAFI's investment in &Green (both grant and loan) (2023)	Refine concept note and initial analysis on rationale, theory of change, and potential structures and identify and engage partners for design of forest performance bond series. Launch of the RFA. (2023)
2	UNCDF revised and submitted the project document which was approved by the CAFI EB In May 2024.	Completed studies for the FPBs. Completed research, landscape analysis, and initial structural design of project development facility whose objective is to support pipeline development for forest performance bonds series and RFA analysis and submission of the Pro-Congo Proposal (2024).



3	Ensured and aligned vision and complementary approach between the CAFI private sector strategy and the proposed FPBS with the shared objective of identifying investment opportunities and building an ecosystem that can help achieve forest and climate positive impact.
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UNCDF made significant progress across all the key actions listed above. A key focus for UNCDF was ensuring alignment between the CAFI investment strategy including &Green and the forest performance bonds series. Across the design of the forest performance bonds series, UNCDF has maintained a consistent emphasis on building integrated economic and environmental ecosystems through complementary mechanisms that support forest and climate positive impact.

4. Status of activities in the project/programme's Annual Work Plan (AWP) for the reporting period

UNCDF achieved notable results despite initial challenges. During year one (2023) UNCDF conducted the due diligence of &Green and successfully prepared the ground for the development of the FPBS, the RFA to identify, engage, assess and invest in a pipeline of nature positive businesses and initiate the design of a PDF.

Progress on Component One was paused following UNCDF senior management's recommendation regarding grant disbursements to &Green, communicated to CAFI. Consequently, Activities 1.1.1 through 1.3.2, related to operationalizing &Green's activities, pipeline building, and investment ecosystem priming, were revised. Responsibility for Outcomes 1 and 2 was removed from UNCDF's mandate, with a recommendation for direct access through the MPTF Office. A revised project document was submitted to CAFI and approved by the EB in May 2024.

Despite initial adjustments UNCDF's work has yielded significant results on key elements critical for the forest performance bond series, including a project development facility. In year one the foundational work was carried out conducting the due diligence of &Green and successfully preparing the ground for the implementation of Activities 1.1.1 through 1.3.2. The completion of Activities 3.1.1 (studies to detail the bond structuring and design) and 3.1.2 (studies to determine the best approach to bond issuance and credit enhancement) has directly enabled progress on Activities 3.1.3 (Identify and mitigate market risks, and explore suitable exchanges) and 3.2.1 (multi-criteria mapping exercise of soil adaptability to identify suitable sites for key commodities, including but not limited to palm oil, coffee, cocoa, and rubber, with the introduction of the irrigation option in the savanna region, in addition to past studies) through 3.2.3 (Prepare advocacy materials for private sector partners to increase interest for investing in the most promising technical models identified). The following sections present a comprehensive overview of the project's achievements.

4.1. &Green due diligence: Setting the Stage for Activities 1.1.1 to 1.3.2³

In 2023 UNCDF completed due diligence on &Green's proposed investment, providing a foundation for subsequent origination support, direct capital financing (DCF), and technical assistance. This due diligence, submitted to CAFI and the MPTF by the end of Q1, informed UNCDF's recommendation to invest in &Green. &Green was selected by CAFI for its strategy of early-stage investment in transformative, deforestation-free projects, demonstrating a successful track record in other regions. Recognizing the limited investor appetite for sustainable commodity sector transformation in Central Africa, UNCDF validated &Green's business model as a "first-mover" capable of managing perceived risks and creating a

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See the Annual Report 2023 for further details



blueprint for commercially viable, no-deforestation investments. UNCDF's recommended financing package addresses the challenging investment environment and supports &Green in developing local expertise.

Specifics of validated Investment by UNCDF

AndGreen Investment	
Total funding request	USD 47,000,000
USD 5 million grant	
USD 10 million reimbursable grant	
USD 32 million loan	

The financing package recommended had three components.

- 1) Origination support provided through a USD 5 million Performance-Based Agreement to create the right enabling environment, but at the same time incentivize the operational entities of &Green (i.e., the Investment Advisor Sail Ventures) to deploy capital rapidly and into quality projects.
- 2) Development Capital Facility (DCF) instrument (USD 10 million) would provide resources to increase the bankability of investment projects into which private sector investors of &Green will be included
- 3) Loan instrument USD 32 million would be critical to ensure de-risking of projects in the region.

The Basis for UNCDF's Recommendation

UNCDF based its recommendation on the following factors: &Green was selected by CAFI to promote climate-resilient, deforestation-free, and socially inclusive tropical commodity supply chains through private sector engagement. &Green brings a proven investment track record (USD 140 million invested) and robust environmental/social screening and monitoring processes aligned with IFC standards. They collaborate with leading organizations like FMO, IDH, NICFI, and UNEP, and employ staged disbursements with monitoring milestones. CAFI will ensure government alignment, and additional stakeholder engagement measures will be implemented at both the &Green and transaction levels. highlighted below. In addition, prior to UNCDF's recommendation, an independent credit appraisal exercise was undertaken by a separate team within UNCDF's LDCIP team whereby legal risks, operational risks, as well as risks related to conflict of interests were examined and mitigating actions explored in significant depth.

4.2. Forest Performance Bonds: Progress on Component 3 (outputs 3.1)

Output 3.1: Forest Performance Bond Designed with the Support of Strong Coalition of Arranging Party for Bond Issuance

Background on Component 3: Forest Performance Bond Design

As part of the Component 3, UNCDF is dedicated to support CAFI in mobilizing private investment at scale to tackle deforestation, meet food security needs, and support the industrial development aspirations of the Congo Basin region. This component includes key outputs:

- Output 3.1: Forest Performance Bonds (FPBs) Design: UNCDF has supported a comprehensive study that is informing CAFI's Capital Acceleration Provider (CAP) workstream, including the Expression of Interest (EOI) issued by CAFI. This study, developed in collaboration with a strong coalition of arranging parties, is shaping the structuring of the FPBs to attract institutional and private capital into conservation and sustainable economic activities. A work that will be strengthened an continued as part of the Pro-Congo work, depicted later in the report, in particular as part of the activity 2.2.4 support the pipeline of bankable nature solutions accessing capital markets and technical support to CAFI catalytic capital provider.



- Output 3.2: Research and Development for Technical Investment Models: UNCDF conducted a technical study focusing on key commodity supply chains at the regional level to support the development of scalable and sustainable investment models that integrate nature-positive financing mechanisms into economic growth strategies. This study is directly informing the ongoing post Request for Applications (RfA) process and facilitating the engagement of private sector companies through transaction assessments for nature-positive business models in Central Africa. Additionally, the findings from this work, along with output 3.1. informed to the elaboration of the Pro-Congo Proposal, ensuring that the proposal is built on a strong foundation.

By structuring financial instruments and advancing innovative investment models, Component 3 aims to shift economic incentives from forest exploitation to natural asset valuation, ensuring sustainable economic growth while preserving the Congo Basin's critical ecosystems.

Component 3: Forest Performance Bond Design
Outcome 3: Private Investment mobilized at scale to reduce deforestation, meet food security needs and legitimate industrial development aspirations of the Congo Basin Region
Output 3.1: Forest Performance Bond designed with the support of strong coalition of arranging party for bond issuance ⁴
Activity 3.1.1: Conduct studies to detail the bond structuring and design Activity 3.1.2: Conduct studies to determine the best approach to bond issuance and credit enhancement Activity 3.1.3: Identify and mitigate market risks, and explore suitable exchanges
Output 3.2: Research and Development for Technical investment models at the regional level in the key commodity supply chains ⁵
Activity 3.2.1: Conduct a multi-criteria mapping exercise of soil adaptability to identify suitable sites for key commodities including but not limited to palm oil, coffee, cocoa, and rubber with the introduction of the irrigation option in the savanna region (in addition to the studies already carried out in the past). Activity 3.2.2: Develop the Business Case (profitability analysis) for the most promising models including but not limited to irrigated palm oil, rubber, cocoa, or coffee in the savannah zone; and reduced impact logging. Activity 3.2.3: Prepare advocacy materials for private sector partners to increase interest for investing in the most promising technical models identified.

Output 3.1: Forest Performance Bond designed with the support of a strong coalition of arranging parties for bond issuance

The development of the FPBS aims to provide a scalable and innovative financing mechanism for sustainable forest management, conservation, and ecosystem restoration. By integrating public and private sector participation, the FPBS will channel investment into nature-positive projects while ensuring financial sustainability through structured bond issuance. The approach followed international best practices in green finance, aligning with the Green Bond Principles (GBP) and leveraging blended finance structures to de-risk investments. The issuance of the FPBS is planned through a phased approach, beginning with a proof-of-concept issuance to attract private sector investors while establishing an operational framework for future large-scale financing.

UNCDF has made substantial progress in conceptualizing a mechanism for the issuance of a series of forest performance bonds aimed at mobilizing resources from global capital markets for climate and forest

⁴ This output is implemented directly by UNCDF through a combination of in-house expertise and specialized firm to carry out the studies. Activities are foreseen to be implemented in the course of two years for a budget of USD 500,000 annually. The year 2 budget will be subject to performance and progress made in structuring the bond.

⁵ This last output is commissioned by the CAFI Secretariat, UNCDF will recruit a specialized firm to carry out the studies, the estimated total budget by the secretariat is USD 695,000.



positive impact in Central Africa.⁶ The proposed mechanism is known as Forest Investments for Responsible and Sustainable Transformation (FIRST).

Date	Milestone
March 2023 (Completed)	High Level Consultation on Forest Performance Bond Series Participants: GCF, AFD, UNCDF, and CAFI Location: Paris, France Host: AFD
October 2023 (Completed)	FPB Workshop Participants: SIDA, GCF, AFD, UNCDF, CAFI, Others (TBC) Location: Stockholm, Sweden Host: SIDA
Jan 2024-June 2024 (Completed)	FPB Technical Design Senior Experts Developers

To deliver climate- and forest-positive impact in Central Africa, it is essential to encourage participation by the private sector and ownership by national governments. For this reason, CAFI, UNCDF, Sida, AFD and a coalition of development institutions convened in Stockholm to discuss and prioritize the creation of a new facility that can mobilize capital markets and scale up investment in zero deforestation and forest conservation solutions.

The approach of crowding in the private sector through bond issuance lies at the core of the Forest Performance Bond Series (FPBs) concept. This is the concept that, due to its replicability and scalability, had received political support at COP27 in 2022.

UNCDF engaged two Senior Capital Markets for Development Consultants to lead subsequent phases of the design and implementation of FIRST in 2024 in close collaboration with the partners mentioned above.

During the first six months of 2024 the work of the two Senior Capital Markets for Development Consultants was successfully completed and laid the groundwork for the implementation of Forest Performance Bonds (FPBs) by refining project concepts, establishing governance frameworks, and mobilizing resources.

The design phase highlighted multiple constraints from the identification of viable bankable projects and access to finance through the mitigation of multiple and complex risks. On this basis, a coalition of multiple CAFI partners indicated their commitments to pool expertise and support the operationalization of a fit-for-purpose facility that will best address those constraints:

- By committing \$100M CAFI grants towards Project Development Facilities that can increase the supply of viable projects, create a bankable pipeline, and transform projects that can be raised to the level of bankability relatively quickly, especially through charcoal value chains and clean cooking solutions, agriculture, forestry, ecotourism and other innovative approaches to Forest Conservation.
- By exploring the potential of co-creating a dedicated facility (not holding company) that can outsource some efficient capital market operations and be capitalized adequately whilst retaining control by key donors to obtain and maintain an investment-grade issuer credit rating.
- By defining pathways to provide additional protection to private investors, directly or indirectly, through guarantees, tranching, and CAFI premium payments.

⁶ Output 3.1 Forest Performance Bond, Activities 3.1.1 Studies to details the bond structuring and design and Activities 3.1.2 Studies to determine the best approach to bond issuance and credit enhancement.



Following consultations in Stockholm and a series of discussions with the Executive Board, a decision was taken to re-open the model and explore alternate options to more effectively address the concerns raised by partners. In 2024 An expert consultant was hired to carry out an in-depth analysis of the model, producing a comprehensive report detailing:

- Investment Plan: Design and refine existing concept note(s) and propose FIRST strategic plan/investment plan.
- Governance SOPs: Elaboration of FIRST governance Standard Operating Procedures (SOPs).
- Capital Markets, Mobilization, and Engagement Strategies: Capital markets funding strategy, funding proposals, and resource mobilization plan.
- Monitoring and Evaluation Framework: Establishment of a monitoring and evaluation framework for FIRST consistent with UNCDF Integrated Results and Resources Matrix (IRRM) indicators.
- Financial Structuring: Financial structuring of FPBS framework document and preliminary work on bond issuance.
- Reporting and Strategic Outreach: Elaboration of UNCDF internal reporting and donor reports and strategic outreach.

The first part of the work focused on crafting a proposal for the set-up of a new structure that would allow direct granting and commercial investments with the private sector while being funded with grants from public and private donors. The new set-up finally proposed includes the establishment of a new not-for-profit entity and the structuring of an investment vehicle that would be externally managed by a selected professional fund manager. A potential governance of the new set-up was also suggested alongside reporting guidelines between the different corporate bodies. A comparison with alternative options was carried out, making it clear that the proposed set-up was the most efficient and the less costly option.

The second part of the work concentrated on designing an investment strategy following the CAFI private sector engagement guidelines, the results of an earlier private sector call for proposals and extensive discussions with experts of the CAFI secretariat. The investment universe is diverse and called for specialization of strategies by asset classes within an umbrella vehicle allowing for both a long-term investment horizon and maximum flexibility in the development sequence of the various investment strategies.

Concretely, the report recommended the creation of one single investment vehicle (an umbrella fund) with segregated compartments with CAFI 2.0 outsourcing the management of this Umbrella Fund to one asset manager with track record and experience in Africa, and preferably with experience in impact investments across a range of asset classes (including green bonds). This manager would also have a clear interest and capacity in growing the assets under management for the Umbrella Fund in the future.

The asset manager could then sub-contract out some specific parts/compartments of the investment strategy to specialized advisors. It would however be important that the Umbrella fund manager retains the overall responsibility for the management of the vehicle and for the execution of the investment strategy, in line with the recommendations of the CAFI board.

Equipped with this knowledge, a decision was taken to issue a call for proposals to identify a non-profit entity to set up a capital accelerator which will ultimately serve as the entity to issue the FPBs.

Activity 3.1.1: Conduct studies to detail the bond structuring and design

In 2024 the report (attached in the appendix) was delivered. It presents the rollout of the Forest Investments for Responsible and Sustainable Transformation (FIRST) initiative, which aims to structure and implement a Forest Performance Bond Series (FPBS) to attract private sector capital for forest preservation



and climate resilience in Central Africa. The initiative, led by UNCDF in collaboration with the CAFI, is designed to bridge financing gaps in forest conservation and sustainable land use by mobilizing debt capital markets and leveraging de-risking tools.

Key Objectives

1. Crowd-in Private Sector Investment – Facilitate direct engagement with private sector investors through market-based financing solutions.
2. Support Forest Preservation and Climate Resilience – Strengthen sustainable management of Central African forests through financial incentives.
3. Develop FIRST as an Investment Platform – Establish an institutional setup to issue Forest Performance Bonds (FPBs) and manage financing instruments.
4. De-risking and Financial Protection – Provide guarantees and blended finance structures to attract investment.
5. Ensure Financial Sustainability – Develop scalable and replicable financing mechanisms.

Key Findings and Recommendations

- Establishing an umbrella fund structure is the most efficient mechanism for deploying resources and managing investments in the Congo Basin. This structure provides a flexible and scalable approach to attract private capital, allocate funds across diversified investment strategies, and ensure financial sustainability while reducing administrative inefficiencies and costs.
- Issuing green bonds through the FIRST initiative is a critical next step in mobilizing private institutional capital at scale. The successful issuance of such bonds will be contingent on securing donor-backed guarantees, ensuring a robust governance framework, and aligning with global sustainable finance best practices to enhance investor confidence and maximize financial leverage.
- Engagement with experienced fund managers is essential to ensure credibility, efficiency, and market alignment. A carefully selected external asset manager with a strong track record in impact investments and blended finance solutions will be key to structuring, fundraising, and executing investments effectively. This will also facilitate de-risking strategies and increase the attractiveness of the investment vehicle for commercial investors.
- Integration of blended finance mechanisms, such as risk-sharing instruments, first-loss tranches, and concessional capital, will be necessary to catalyze private sector participation. A structured de-risking approach will help bridge investment gaps, particularly in high-impact sectors such as sustainable agriculture, reforestation, and biodiversity conservation.
- Strategic alignment with CAFI's investment priorities is crucial. The proposed investment structure should ensure coherence with CAFI's mandate, leveraging both public and private finance to drive large-scale, nature-positive investments in the region. Ensuring clear reporting frameworks, impact assessment tools, and performance benchmarks will be fundamental to tracking progress and demonstrating results.
- Capacity building and ecosystem development should be prioritized alongside investment mobilization. This includes enhancing local financial intermediaries' capabilities, developing sustainable commodity supply chains, and strengthening jurisdictional REDD+ initiatives to create a long-term enabling environment for green finance in the Congo Basin.

Proposed Fund Structure

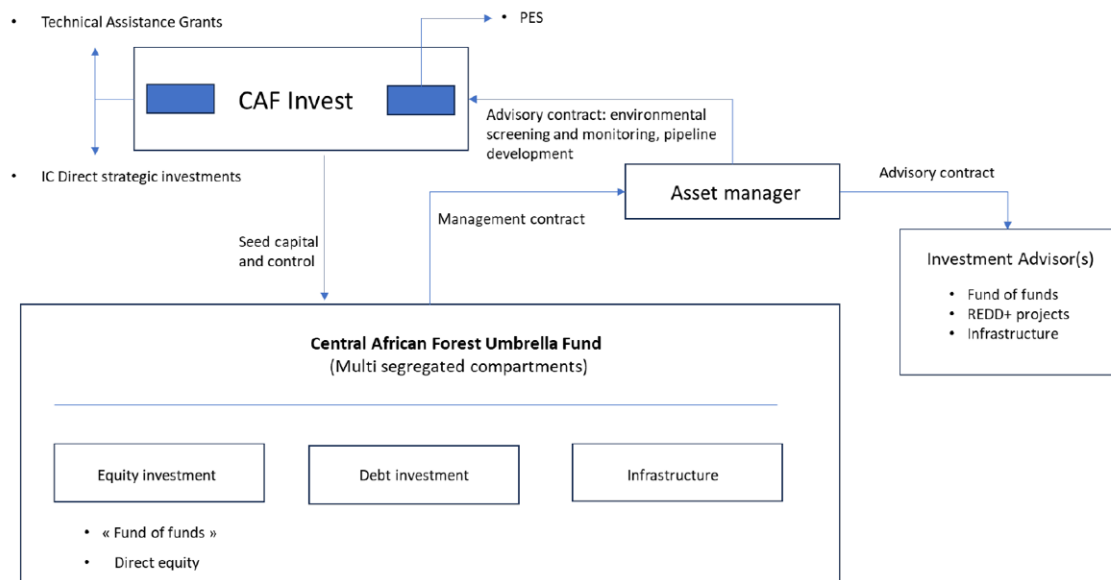
The report proposes creating a single umbrella fund with three investment compartments:

1. Debt Investment Vehicle – Provides concessional loans and guarantees to sustainable forest projects.
2. Equity Investment Vehicle – Invests in businesses that contribute to deforestation-free value chains.
3. Infrastructure Investment Vehicle – Finances green infrastructure projects (e.g., sustainable agriculture, renewable energy).



Fund Management & Governance

- A professional fund manager will oversee the investment vehicle, ensuring compliance with financial regulations.
- The Board of Directors will include independent experts in climate finance and forest conservation.
- The investment strategy will prioritize public-private partnerships, blended finance, and de-risking mechanisms.



Activity 3.1.2: Conduct studies to determine the best approach to bond issuance and credit enhancement

In 2024, as part of its financial strategy, the FIRST initiative proposed to explore the issuance of green bonds as a pivotal mechanism to mobilize private capital for sustainable forestry projects. These bonds will serve as a key instrument to attract institutional investors while ensuring that financial resources are channeled into climate-positive investments that promote forest conservation and sustainable land use.

Key concepts and methodology

Green bonds are debt instruments used to finance environmentally beneficial projects. The Green Bond Principles (GBP) ensure transparency and accountability, with funds directed exclusively to green projects.

- Issuance Process: Issuers must prepare a Green Bond Framework, select eligible projects, and ensure the proper management of proceeds. Reporting on environmental impacts is also crucial.
- Forest Performance Bonds: A type of green bond, forest performance bonds finance projects that promote sustainable forest management. They offer investors financial returns tied to the environmental performance of forests, such as biodiversity and carbon sequestration improvements.

Debt Financing Advantages:

- Debt financing (such as green and forest bonds) offers clear repayment terms and greater financial accountability compared to grants. It also provides direct access to capital markets, unlike guarantees which often require third-party risk mitigation.
- Debt instruments allow issuers to raise larger amounts of capital compared to equity financing. This is especially useful for large-scale projects, allowing the issuer to maintain control and ownership.



- Bonds can attract institutional investors looking for stable returns, reducing dependence on a single funding source. Concessional debt offers more favorable terms for the borrower, such as lower interest rates and longer repayment periods.

Steps of Bond Issuance:

- Pre-Issuance Phase: The issuer must first assess their readiness, considering factors such as creditworthiness, financial stability, compliance with regulatory requirements, and prevailing market conditions. Timing and market sentiment are key to determining the feasibility of bond issuance. The issuer must also manage its borrowing profile and maintain a balance between assets and liabilities (Asset-Liability Management or ALM).
- Structuring Phase: The bond is structured, and third parties (such as legal and financial advisors) are engaged to assist with the technical aspects.
- Documentation Phase: Bond-related and environmental documents are prepared to ensure compliance with legal and environmental standards.
- Execution Phase: Marketing the bond and placing it with investors are the primary goals at this stage.
- Post-Issuance Phase: The issuer focuses on coordinating operations, monitoring the bond's performance, and ensuring transparency through impact reporting.

Key considerations:

- Debt Capital Markets (DCM): Companies raise funds through debt securities such as bonds. This can take several forms:
 - Stand-alone Issuance: Used by infrequent issuers to raise capital.
 - Registered Programmes: Frequent issuers, such as those participating in Euro Medium-Term Note (EMTN) or Global Medium-Term Note (GMTN) programmes, benefit from flexibility, efficiency, and cost-effectiveness when issuing debt.
- Risk Management: Debt financing carries the risk of default and fluctuating market conditions, particularly changes in interest rates. However, effective risk management strategies can mitigate these risks, ensuring the successful execution of projects, especially those aimed at sustainable development.
- Asset-Liability Management (ALM): ALM involves managing the balance between a company's assets and liabilities to minimize risks, improve profitability, and ensure long-term sustainability. It is particularly critical for managing market risks, such as interest rate changes.

Outsourcing Bond Issuance: If an organization lacks the resources to manage bond issuance in-house, it can outsource various activities. For example, UNICEF outsourced parts of its bond issuance process to the World Bank through the Capital at Risk Notes programme. Outsourcing can reduce internal strain while leveraging external expertise for the structuring and placement of bonds.

Recommendations for Green Bond Issuance

To determine the most effective structure for green bond issuance, two potential models have been explored:

1. CAFI 2.0 Issued Green Bonds – In this model, CAFI 2.0 operates as an asset management entity, directly issuing green bonds and channeling the proceeds into an investment vehicle. The risk for investors is mitigated through donor-backed guarantees, which enhance creditworthiness and investor confidence.
2. Umbrella Fund Issued Green Bonds – Alternatively, green bonds could be issued directly by the investment fund, which is managed by a selected third-party asset manager. This approach leverages donor capital within a structured investment framework, allowing for diversified funding sources and broader market participation.

Guarantee Options Explored



To enhance investor confidence and mitigate risk, various guarantee mechanisms have been analyzed, including:

- SIDA-backed Guarantees – The Swedish International Development Agency (SIDA) has been identified as a potential provider of credit enhancement tools that lower the risk exposure for bondholders, making the green bonds more attractive to institutional investors.
- Unfunded Guarantees for Bond Issuance – This mechanism provides principal repayment guarantees, ensuring that investors are safeguarded against potential losses, thus increasing the bonds' appeal.
- Blended Finance Mechanisms – In this approach, donor funds are strategically deployed as first-loss capital, creating a de-risking structure that encourages private sector participation while ensuring financial sustainability.

Comparative Analysis of Investment Structures

A thorough comparison was conducted between three potential investment structures to determine the most efficient, scalable, and cost-effective framework for mobilizing capital:

- Direct Investments by CAFI 2.0 – This approach would require in-house investment management, presenting challenges in terms of operational capacity, expertise, and regulatory compliance.
- Company/Holding Structure – While offering some flexibility, this model entails higher administrative costs and complexity in governance.
- Umbrella Fund Structure (Recommended) – This model was identified as the most efficient and scalable, allowing for segregated investment tranches (e.g., senior and junior) to attract private investors while leveraging donor capital effectively.

Key Findings

- The Umbrella Fund structure provides the highest degree of flexibility, cost efficiency, and scalability, making it the preferred model.
- It enables structured financing mechanisms, such as tiered investment tranches, allowing for an optimal blend of public and private capital.
- Case studies from existing blended finance models, including EFSE, MEF, and EcoBusiness Fund, demonstrate the viability and success of this approach in attracting institutional investment into impact-driven projects.

Total Investment Capital for the FIRST Initiative

The initial proposed capitalization for CAFI Invest is set at \$300 million, structured to support both strategic investments and blended finance mechanisms within the initiative. Of this amount, \$100 million is designated as cash reserves, intended for strategic investments and Payment for Environmental Services (PES) programs. The remaining \$200 million will be allocated as seed investment in first-loss tranches across debt and equity sub-funds within the umbrella investment vehicle, designed to attract private co-investment.

Green Bond Issuance Proposals

Two potential options have been considered for issuing green bonds to further scale investment:

1. A direct issuance of \$100 million in green bonds by CAFI Invest, backed by 75% donor guarantees, ensuring a strong credit profile and lowering perceived investment risk.
2. A green bond issuance leveraged by an expanded CAFI Invest capitalization of \$300 million, allowing for additional private capital participation through structured financing.

Fund Structuring & Allocation

The investment framework under the FIRST initiative is structured into distinct investment vehicles, ensuring efficient capital allocation across multiple asset classes:

- Debt Investment Vehicle: Allocated \$200 million, primarily to support lending and structured debt instruments within the initiative.
- Equity Investment Vehicle: Comprised of two sub-funds:



- Fund of Funds Sub-Fund with \$75 million, designed to invest in impact-driven funds supporting nature-positive businesses.
- Direct Equity Investment Sub-Fund with \$100 million, focused on direct investments in high-potential sustainable enterprises.
- Infrastructure Investment Vehicle: The capital allocation is yet to be determined, as it will depend on securing additional funding sources.
- Direct Strategic Investments by CAFI 2.0: A dedicated \$25 million set aside for targeted, high-impact investments aligned with CAFI's broader environmental and development goals.

Projected Leverage from Private Investors

The initiative aims to maximize its impact through blended finance mechanisms, leveraging donor capital to attract private sector investment. Based on successful blended finance models, the target leverage ratio is 3:1, meaning that every \$1 of donor capital is expected to mobilize at least \$3 in private investment over time. This structured approach ensures efficient capital deployment, allowing the initiative to scale its investments in forest conservation, sustainable agriculture, and climate resilience projects.

Activity 3.1.3: Identify and mitigate market risks, and explore suitable exchanges

As part of the study, a comprehensive assessment of market risks associated with FPBs issuance was conducted, focusing on key risk factors:

- Credit Risk – Strategies were explored to ensure high investment-grade ratings, primarily through donor-backed commitments that enhance investor confidence and reduce perceived default risk.
- Liquidity Risk – To maintain flexibility in bond issuance, a Global Medium-Term Note (GMTN) program was considered, allowing for staggered issuances in response to market conditions.
- Market Volatility – Given potential fluctuations in carbon credit prices, risk mitigation strategies were examined, including hedging mechanisms and the integration of diversified revenue streams to enhance financial stability.

In addition, multiple bond structuring options were analyzed to determine the most effective framework:

- Commitment-backed bonds, inspired by the International Finance Facility for Immunisation (IFFIm) model, where donor pledges serve as security for repayment, offering a lower-risk profile for investors.
- Forest-backed bonds, which derive revenue directly from sustainable forestry activities, ensuring a direct link between conservation outcomes and financial performance.
- Hybrid models, which combine grant financing with revenue-linked mechanisms, allowing for both concessional capital support and income-generating investment structures.

The selection of the bond listing venue was also identified as a crucial factor for investor engagement and market access. Preliminary evaluations considered:

- International Capital Markets, such as the Luxembourg Green Exchange and the London Stock Exchange Sustainable Bond Segment, which provide access to a broad pool of institutional investors seeking ESG-aligned investments.
- Regional Exchanges, including the African Development Bank's bond market, which could serve as a strategic platform to attract regional impact investors with a focus on sustainable development.

By integrating these risk management strategies, structuring options, and listing considerations, the FPB framework aims to enhance its market viability, investor appeal, and long-term sustainability.

Conclusion: Path Forward for the FPB and Future Prospects for CAFI 2.0

The Forest Performance Bond (FPB) has been conceptualized as a potential financial instrument to mobilize capital for sustainable forestry and conservation initiatives. Next steps could include the finalization of the bond framework, securing investor commitments, and preparing for an inaugural issuance. A pilot issuance of \$100 million has been considered to test investor appetite and refine the financing model. If successful,



this could pave the way for a scalable issuance strategy, potentially reaching \$1 billion across multiple tranches. By adopting a structured and phased approach, the FPB could become a key tool in aligning private capital with conservation goals while ensuring compliance with global green finance best practices.

For CAFI 2.0, green bond issuance represents a potential avenue to finance sustainable development projects, particularly within the forestry sector. Once the legal structure and investment vehicles are in place, CAFI 2.0 could issue bonds directly or through an umbrella fund (such as a debt sub-fund). To enhance investor confidence, donor-backed guarantees could play a key role in de-risking bonds, improving credit ratings, and reducing borrowing costs.

A strategic green bond program could enable CAFI 2.0 to raise funds for first-loss tranches within sub-funds, helping to catalyze private sector co-investment. A test launch via a smaller pilot issuance could serve to refine investment strategies, project pipelines, and investor engagement before scaling up. CAFI 2.0 may also consider outsourcing the bond issuance process, similar to UNICEF's collaboration with the World Bank, ensuring efficient execution and risk management through an Asset-Liability Management Committee (ALCO).

Over the long term, CAFI 2.0 could explore opportunities to establish a recognized green bond program, potentially in coordination with international financial institutions and development banks. Forest bonds, as a subset of green bonds, could help attract socially responsible investors and institutional funds by offering financial returns alongside measurable environmental impact. Governments could provide additional incentives, such as tax benefits, to further encourage investment. While these bonds offer strong revenue potential from sustainable forest management, risks such as market volatility, complex structuring, and investor skepticism would need to be carefully managed.

By leveraging donor guarantees, structuring innovative green bond programs, and developing investor engagement strategies, CAFI 2.0 could position itself to access global capital markets in a way that strengthens long-term financing for sustainable forestry initiatives while attracting diverse investors.

4.3. Research And Development for Technical Investment Models at the Regional Level in the Key Commodity Supply Chains (Output 3.2)

Activity 3.2.1: Conduct a multi-criteria mapping exercise of soil adaptability to identify suitable sites for key commodities including but not limited to palm oil, coffee, cocoa, and rubber with the introduction of the irrigation option in the savanna region (in addition to the studies already carried out in the past).

Feasibility Study: Food Transformation Solutions in DRC, Gabon, and Burundi. Conducted by UNCDF – Nature Assets Team (full study available in appendix)

Introduction and Context

A feasibility study was conducted in 2023/2024 as part of a broader effort to develop sustainable, nature-positive economic models in DRC, Gabon, and Burundi. Its primary objective was to conduct a multi-criteria mapping exercise of soil adaptability (Output 3.2.1) to identify the most viable food transformation models based on ecological, economic, and social factors. Led by an Agri-food Systems & Crop Diversification expert, this study sought to assess how different agricultural and food processing solutions could be integrated into local ecosystems while ensuring profitability and sustainability.

The findings from this soil adaptability mapping were critical in informing Output 3.2.2, which focused on developing the business case for the most promising models. This second phase involved a profitability analysis, evaluating investment needs, financial viability, and market potential for various sustainable food transformation approaches. The detailed business case, outlined later in this study, builds on these feasibility insights to propose concrete pathways for implementation.



By identifying the most suitable agricultural models for land, climate, and market conditions, this study serves as a foundation for scaling investments in resilient food systems. It aligns with UNCDF's Nature Assets Team's broader goal of supporting Least Developed Countries (LDCs) in developing climate-smart, nature-based economic solutions that contribute to food security, job creation, and ecosystem preservation.

As DRC, Gabon, and Burundi seek to transition from extractive and unsustainable practices to regenerative, high-value food economies, this feasibility study provides a roadmap for investment in sectors such as bamboo-based industries, agroforestry, organic fertilizers, and sustainable aquaculture. The following sections delve into the key solution pillars, proposed business models, and implementation strategies that can drive this transformation.

Key Foundations for Sustainable Food Transformation

The study is built on three foundational pillars that guide the development of food transformation solutions in the region.

The first pillar focuses on sustainable land use and ecosystem services, emphasizing the role of agroforestry in preserving biodiversity while enhancing productivity. Agroforestry, which integrates trees, crops, and livestock, has proven to be a key strategy in restoring degraded lands, improving soil fertility, and ensuring long-term resilience to climate change. By adopting jurisdictional approaches, entire landscapes can be managed sustainably, aligning economic incentives with nature conservation. Carbon credit mechanisms offer an opportunity to finance these efforts, turning conservation into an economically viable activity.

The second pillar highlights the importance of resilient food systems and agro processing. Too often, raw agricultural products are exported with little to no value addition, depriving local economies of the opportunity to generate jobs and increase revenues. Establishing processing industries for high-value agricultural products—such as essential oils, herbal teas, honey, and organic fertilizers—can significantly enhance economic opportunities while ensuring that food production remains sustainable. By creating local markets for these products, communities can benefit directly from their natural assets rather than depending on unsustainable agricultural practices.

The third and final pillar underscores the need for an enabling business environment and innovative financing mechanisms. Scaling these solutions requires a combination of impact investments, blended finance, and public-private partnerships. Additionally, policies must support sustainable agriculture through incentives, certification schemes, and market development initiatives. Capacity building, infrastructure investments, and research partnerships will be crucial in ensuring that these food transformation solutions are implemented effectively.

Proposed Solutions for Food Transformation

Based on these pillars, the study identifies six key solutions that can drive sustainable food transformation in DRC, Gabon, and Burundi.

One of the most promising opportunities is the bamboo-based economy. Bamboo, a fast-growing and highly renewable resource, has the potential to replace environmentally damaging materials like plastic, steel, and chemical-based products. It offers a wide range of applications, from construction materials and biochar to sustainable packaging and handicrafts. However, for bamboo to become a viable industry, there must be strategic investment in nurseries, processing facilities, and supply chains, ensuring that bamboo cultivation remains sustainable and integrated into agroforestry systems.

Ecotourism presents another high-impact opportunity. The region's rich biodiversity makes it an ideal destination for eco-conscious travellers seeking immersive, nature-based experiences. When developed responsibly, ecotourism can generate income while incentivizing communities to conserve their natural landscapes. Investing in bamboo-based eco-lodges, farm-to-table experiences, and protected areas can



create synergies between tourism and sustainable agriculture, ensuring that conservation efforts are financially sustainable.

To address soil degradation and improve agricultural productivity, the study emphasizes the production of organic fertilizers and soil amendments. Many areas in these countries suffer from nutrient-poor soils due to unsustainable farming practices. By converting agricultural waste, bamboo biochar, and Black Soldier Fly (BSF) larvae frass into organic fertilizers, farmers can enhance soil fertility while reducing dependency on costly and often imported chemical fertilizers. Establishing local production hubs for organic fertilizers would not only create jobs but also ensure that farming remains both productive and environmentally friendly.

Sustainable aquaculture is another solution that holds great promise. Fish is a major protein source in the region yet overfishing and habitat destruction are putting immense pressure on wild fish stocks. Developing climate-smart aquaculture farms can help close this gap by providing a controlled, efficient way to produce fish while maintaining ecological balance. However, challenges such as feed supply, energy consumption, and hatchery development must be addressed to make aquaculture both profitable and sustainable.

The study also explores agroforestry and high-value processing as a key driver of economic transformation. By integrating agroforestry systems with the production of essential oils, herbal teas, and honey, farmers can diversify their income while ensuring that their farming methods contribute positively to the environment. Processing these products locally can create export opportunities, particularly for international markets seeking sustainably sourced and eco-certified goods.

Finally, handicrafts and cultural value addition offer an opportunity to blend traditional knowledge with modern sustainable business models. Bamboo-based crafts, jewellery, furniture, and recycled materials can find new markets both locally and internationally. When combined with ecotourism, these industries can generate employment while preserving cultural heritage and artisanal traditions.

Implementation Challenges and Strategies

While the potential for transformation is immense, several challenges must be addressed to ensure the successful implementation of these solutions. Infrastructure deficits remain a major obstacle, as many rural areas lack the necessary facilities for processing and transporting goods. Addressing this will require targeted investments in roads, processing centers, and storage facilities.

Another key challenge is the limited access to financing for smallholder farmers and entrepreneurs. Unlocking new financing models, including carbon finance, concessional loans, and blended capital, will be critical in helping businesses scale up sustainable food transformation initiatives. Additionally, training and knowledge-sharing platforms must be established to ensure that farmers, processors, and entrepreneurs are equipped with the necessary skills to operate in these emerging industries.

Policy and regulatory frameworks also need to be strengthened to support nature-positive business models. Governments must establish clear standards for zero-deforestation agriculture, eco-certifications, and responsible sourcing to ensure that sustainability is embedded at every stage of the value chain.

Conclusion and Next Steps

This study lays the groundwork for a new, nature-positive economic model that integrates food transformation, biodiversity conservation, and climate resilience. The solutions identified—ranging from bamboo-based industries and ecotourism to sustainable aquaculture and organic fertilizers—offer a real opportunity to create jobs, enhance food security, and protect the environment.

Moving forward, the priority should be to pilot and scale these solutions through public-private partnerships, investment mobilization, and targeted policy interventions. Establishing proof-of-concept projects in key sectors such as bamboo processing, organic fertilizers, and aquaculture will provide the data and insights needed to attract further investment and ensure long-term sustainability.



Ultimately, the transformation of food systems in DRC, Gabon, and Burundi is not just an environmental necessity—it is an economic opportunity that, if seized correctly, can drive inclusive and sustainable development for decades to come.

Activity 3.2.2: Develop the Business Case (profitability analysis) for the most promising models including but not limited to irrigated palm oil, rubber, cocoa, or coffee in the savannah zone; and reduced impact logging.

Introduction and context

In response to the growing need for nature-positive business models in Central Africa, UNCDF launched a Request for Applications (RfA) in July 2023 to identify and support enterprises driving climate resilience, biodiversity conservation, and sustainable economic growth. Following a rigorous selection process, 20 promising solutions were shortlisted from 60 submissions, covering key areas such as aquaculture, agroforestry, bamboo industries, organic fertilizers, ecotourism, and renewable energy. These models aim to address deforestation, land degradation, food security, and rural livelihoods while fostering ecosystem restoration and economic resilience.

Between January and June 2024, UNCDF collaborated with selected businesses to refine their proposals, enhance financial viability, and align with investment priorities. Seven high-potential businesses, primarily in DRC and Cameroon, have been prioritized for further support, collectively requesting \$17 million in funding.

The following sections provide a detailed overview of the identified solutions, investment landscape, key challenges, and next steps, outlining how UNCDF is working to catalyze the transition to nature-based economic models in the region.

Detailed Activities and outcomes

UNCDF published a RfA in July 2023 aimed at identifying and engaging businesses that are implementing nature positive solutions in Central Africa. The RfA closed in August 2023 with 60 applications, following which UNCDF conducted an initial technical and financial sustainability review of the submissions.

Following a comprehensive initial review, 20 NbS were identified for further exploration. Businesses implementing these solutions will work closely with UNCDF to sharpen their technical proposals, clarify their business models, and link the Use of Proceeds to the project's objectives. UNCDF's intent is to prepare qualified applicants for consideration for technical assistance and investment based on the strongest proposals possible. The selected NBS include:

Nature-based Solutions Identified by UNCDF RfA & Feasibility Study – Categories & Impact

<p>Aquaculture</p> <ul style="list-style-type: none"> • Food and nutrition security; • Biodiversity support; • Land preservation; • Reforestation; • Soil health and protection; • Water resource management; • Economic benefits • Climate resilience • Peace 	<p>Hydropower & grid</p> <ul style="list-style-type: none"> • Reducing greenhouse gas emissions; • Climate mitigation; • Fighting deforestation; • Contribute to the sustainable development of communities; • Improve the health and livelihoods; • Local economic development; • Combating fragility and maintaining peace
<p>Bakeries / Bread</p> <ul style="list-style-type: none"> • Fighting deforestation and the transport of wood from peri-urban areas thanks new electric and gas oven; • Improve health on the factory floor by eliminating smoke from wood-burning stoves 	<p>Ecotourism</p> <ul style="list-style-type: none"> • Land and aquatic ecosystem restoration; • Biodiversity support; • Soil protection and erosion control; • Water resource management; • Well-being of local communities and indigenous;



- Food security;
- Local economic development.

Bamboo

- Land restoration and reforestation;
- Biodiversity support;
- Soil protection and erosion control;
- Carbon sequestration;
- Water resource management;
- Economic benefits;
- Climate resilience.

Centers of excellence & agroparks

- Land and aquatic ecosystem restoration;
- Biodiversity support;
- Soil protection and erosion control;
- Water resource management;
- Well-being of local communities and indigenous;
- Economic development;
- Peace

Organic fertilisers & amendments

- Poverty reduction and economic growth in rural communities.
- Soil fertility and nutrient availability,
- Food security
- Health and well-being improvements by reducing exposure to harmful substances (pesticides, chemical fertilizers)
- Water management & marine ecosystems protection;
- Carbon sequestration in the soil.
- Mitigate climate change

- Economic development;
- Peace

Forest & savannah restoration

- Reducing greenhouse gas emissions;
- Climate mitigation;
- Fighting deforestation;
- Food security;
- Biodiversity conservation;
- Soil conservation and water management;
- Contribute to the sustainable development of communities;
- Sustainable land use;
- Local economic development.

Value-added crops processing

- Food security
- Green energies deployment ;
- Land restoration and reforestation
- Biodiversity support:
- Soil protection and erosion control
- Carbon sequestration:
- Water resource management;
- Economic benefits:
- Climate resilience
- Peace

Biomethane & cooking solutions

- Prevents methane emissions and explosions;
 - Carbon capture and sequestration systems;
 - Preservation of the nature environment by reducing land degradation, deforestation, and biodiversity loss;
 - Climate mitigation;
 - Provide renewable source of energy and gas for thousands of households and small businesses in the surrounding areas;
 - Preserve the the health and livelihoods of women and children;
 - Contribute to the sustainable development of communities;
- Local economic development.

In processing the 60 proposals received, UNCDF discovered notable variations in the degree of maturity and stage of implementation of the solutions listed above. This notwithstanding, approximately USD 100 million in funding was requested across the 60 proposals received by UNCDF from nine Central African countries broken down as follows:

Nature-based Solutions Identified by UNCDF Feasibility Study

Aquaculture	\$8.7MM
Bakeries / Breaad	\$11.2MM
Centers of excellence & agroparks	\$2.8MM
Biomethane & cooking solutions	\$23.9MM



Hydropower & grid	\$30.8MM
Forest & savannah restoration	\$14.2MM
Value-added crops processing	\$6.8MM

Going forward, future work could focus on catalyzing the transition from atomistic individual transactions into more and more systemic approach to better preserve ecosystems as a whole. Elements under this approach may include ecological intensification, governance stakeholder participation, integrated land and forest management, global value chain analysis, etc.

Out of the 60 received proposals, UNCDF further engaged with 20 business to refine their applications ahead of possible investment consideration. 7 of these entities demonstrated significant potential for prioritization, given their mature approach and robust internal documentation. Five (5) of these entities operate in the Democratic Republic of Congo (DRC), while two (2) operate in Cameroon. They focus on NbS in the areas of forest and savannah restoration, agroparks, sustainable energy production and usage (electrical pressure cookers), and value-added crop processing.

Collectively, these entities have submitted funding requests totaling approximately \$17 million, which encompasses both grants and loans. During the second semester of 2024, UNCDF conducted risk assessments (on Environmental, Social, Financial, Capacity and KYC risks), along with technical, legal, and financial due diligence.

Key lessons and challenges faced by the companies in the pipeline.

The first phase of transaction assessments for nature-positive business models in Central Africa has revealed key insights into the types of activities and challenges these initiatives face.

The first insight is that companies face domestic go-to-market structural risks. Indeed, the investment pipeline includes transactions in Cameroon, and the Democratic Republic of Congo (DRC), focused on agro-industrial activities such as tea, cocoa, herbal and medicinal plants, biofertilizers, and organic by-product valuation. These models emphasize inclusive governance, out-grower schemes, and agro-forestry practices, with investments directed towards quality assurance, certification, and redistributive impacts on nature conservation and local livelihoods. However, companies face significant challenges, including macroeconomic risks due to armed conflicts in Eastern DRC and Western Cameroon, poor infrastructure, irregular power supply, and limited waste treatment facilities. Market access is constrained by the lack of domestic demand, forcing companies to seek international certifications to penetrate US, European, or Asian markets. Additionally, the financial ecosystem is constrained, with high perceived risks deterring banks and equity investors.

The second insight is that, despite these challenges, the shortlisted business models demonstrate a high level of innovation and transformative potential, driven by resilient and visionary entrepreneurs deeply engaged with their communities. Furthermore, some NGOs and associations are beginning to transition from donor-funded models to sustainable private-sector entities, blending their impact-oriented missions with commercial strategies to attract equity investors and access debt financing. This represents a significant shift in mindset and capability for organizations traditionally dependent on grants.

Key risks and expected considerations about financial structuring.

The transaction assessments have identified several significant risks that could impact the success of the nature-positive business models in Central Africa.



First, political and macroeconomic instability, particularly in Eastern DRC, poses a major threat, with ongoing armed conflicts in Kivu potentially disrupting operations and limiting access to key resources (talents, agricultural intrants, energy).

Second, there is an operational risk about companies' ability to execute their go-to-market strategies within the projected timelines. This could result in payment delays, liquidity challenges and anticipated debt restructuring for any loan support.

Third, diversifying domestic risks by exporting requires quality certifications and trainings that are not always well budgeted. Indeed, obtaining quality certifications— necessary for domestic markets but also paramount for international market entry—presents a challenge, as it requires investment in infrastructure, skilled personnel, and adherence to stringent Standard Operating Procedures (SOPs). Without these certifications, products (such as high-quality tea, essential oils, medicinal plants) may struggle to compete in global markets, stifling growth potential.

Fourth, delays in confirming the availability of the funds for capital support generated missed seasonal work for short-listed agri-business and needs to update the applications. Indeed, most risk assessments and due diligence work were finished by September/October 2024, but the funds were not yet available to proceed to the Investment Committee. This implied that transactions were put on stand-by mode for 4-5 months. In the meantime, short-listed projects in the agri-industry did not know whether they could move forward with the pre-financing of their project or not. As soon as the funds will be made available, an update of their application will be needed, based on the phasing of their agriculture practices, along with an update of their financial situation which might have changed.

Fifth, the situation in Eastern DRC (North and South Kivu) substantially worsened between the end of 2024 and beginning of 2025 where 3 short-listed projects are located, close to the Virunga National Park and the Kahuzi-Biega National Park. This trigger increased threats on human lives and natural assets. Hence, it also calls for a reiterated commitment from donors and the UN system to find ways to keep supporting the Member States, the projects and the people in these areas where most other financiers are flying away from. The due diligence about the short-listed projects in that area will be updated to take into account this situation.

Last, in terms of financial structuring, these transactions are expected to follow a blended finance model, in line with UNCDF's best practices. Project owners will be required to co-finance the initiatives, with CAPEX (capital expenditures) primarily supported through loans, while OPEX (operational expenditures) and working capital—especially those related to ESG (Environmental, Social, and Governance) impacts—are likely to be funded through Performance-Based Grants. Although the potential for attracting third-party financiers through guarantees exists, pre-mobilization by the project owners has been non-existent, hence catalysation of external funding may occur at a later stage. The unique challenge in structuring deals within the Central African forest ecosystem context is ensuring at the core of the investment structuring that businesses integrate forest conservation and ecosystem restoration into their models. Such holistic approach, which involves inclusive governance with civil society, national park authorities, and local minorities, often increases short-term costs, necessitating concessional financing. Besides, the uncertainty surrounding repayment timelines and amounts also requires the financial structuring to account for grace periods and adaptive interest rates that reflect the inherent risks.

Key lessons for future upcoming Requests for Applications (RfA)

The first phase of assessments has provided valuable insights that could inform the framework for future upcoming Requests for Applications (RfAs). The first RfA generated highly promising applications, with applicants demonstrating a clear understanding of the impact criteria, which were effectively communicated.

This being said, future RfAs could aim to address certain gaps.



One priority could be to encourage applicants to better distinguish between their historical performance and future business development plans, ensuring a clearer Use of Proceeds for the requested funds. Indeed, it needs prospective developments needs to be clearly separated from hypothetical outcomes in the application phase. Additionally, enhancing the capacity of transaction teams to more quickly and accurately assess the financial credibility of applicants will be a key focus, streamlining the evaluation process and improving the overall quality of selected projects.

Second, UNCDF could ask applicants to be clearer about any existing relationships they have with local or international financial institutions, along with suggesting to first share the conclusions of preliminary discussions they got with them. This could help UNCDF better liaise with these local financial partners, find ways to make them commit to supporting the projects, decrease market distortion and increase the multiplier effect on public investments.

Third, future RfAs could also place greater emphasis on sectors and innovations that address specific gaps identified during the assessments. In particular, there could be a stronger focus on encouraging applications that incorporate data collection, monitoring systems, traceability solutions, and quality assurance tools aimed at protecting the Central African forests. These technological components are critical for improving the environmental and social impacts of the investments, yet many applicants in the first phase lacked the capacity to fully integrate these systems.

By emphasizing these areas, future RfAs could help ensure that supported business models could benefit from synergies related to data-driven development and are better equipped to internalize sustainable forest management practices, along with being better equipped to meet CAFI's and international standards.

Activity 3.2.3: Prepare advocacy materials for private sector partners to increase interest for investing in the most promising technical models identified.

Project Development Facility (PDF) & Pro-Congo initiative proposal (full proposal available in appendix)

A comparative analysis was conducted to identify best practices and financial instruments that could drive transformational change in Central Africa's economic and ecological landscape. This analysis includes case studies demonstrating successful models and financial structuring approaches applicable within anticipated regional constraints. However, initial research suggests that market conditions, business ecosystems, and political landscapes require long-term preparation to establish a stable and investable framework for NbS. As a result, the design and implementation of the PDF focused on creating a clear pathway for mobilizing capital markets, ensuring private sector participation, and supporting policy environments that foster investment readiness.

A key finding from the research highlighted the need for a diverse set of financial instruments tailored to local demand and business capacities. The PDF is envisioned as a flexible funding mechanism that combines grants and concessional loans, ensuring financial accessibility for enterprises engaged in deforestation-free and sustainable value chains. Furthermore, it aims to complement and integrate with existing CAFI initiatives and external investment projects that align with nature-positive objectives.

The research and design of the PDF were initiated in partnership with UNEP, as part of a broader effort to develop a large-scale investment framework under the Pro-Congo initiative in 2023. This joint UNCDF-UNEP programme was developed for submission to CAFI, to bridge the gap between project conceptualization and financial closure, ensuring a structured transition from project development to investment. PRO-Congo is designed to support enterprises across the Congo Basin (DRC, Republic of Congo, Gabon, and Cameroon), with a focus on unlocking private capital for sustainable development, forest conservation, and sustainable land use.



The UNCDF-UNEP collaboration enhances CAFI's strategic approach, expanding its impact through blended finance solutions and private sector engagement. The following sections outline the programme structure, financing mechanisms, and implementation strategy that will drive this initiative forward.

Summary of the CAFI Pro-Congo Programme Document

Based on above-mentioned research and collaboration as part of Activity 3.2.3, a Proposal of Programme Document (PRODOC) was designed and presented in 2024 along with detailed activities and implementation framework for the Pro-Congo initiative, and submitted to the CAFI Steering Committee on January 29, 2025, following an extensive review process. The initiative aligns with CAFI's strategic vision to mobilize private sector investment in sustainable economic activities while addressing deforestation and land degradation in the Congo Basin.

In line with the performance-based funding allocation approach for private sector projects, as outlined in CAFI Decision EB.2025.03, this PRODOC has been approved for Phase I, with an initial limited budget from CAFI. There remains an option to expand funding in subsequent phases, contingent on independent verification of results.

This document details the proposed interventions, financial structuring, and expected outcomes, setting the foundation for scalable and impactful investments in nature-positive business models across DRC, Republic of Congo, Gabon, and Cameroon.

1. Overview and Objectives

The CAFI Pro-Congo joint programme, implemented by UNCDF and UNEP, seeks to mobilize private investment in sustainable development, forest conservation, and land restoration across DRC, Republic of Congo, Gabon, and Cameroon. The programme aligns with CAFI's Private Sector Investment Framework, aiming to de-risk investments, strengthen enterprise capacity, and create an enabling market environment for nature-positive businesses.

The programme has four core objectives:

1. Scaling up investment in sustainable businesses by providing concessional finance and technical assistance to MSMEs and SMEs.
2. Developing a strong pipeline of new enterprises through incubation and acceleration programs.
3. Building an enabling ecosystem by supporting local enterprise support organizations (ESOs) and market intermediaries.
4. Ensuring alignment with national policies to integrate sustainability principles and investment frameworks into economic strategies.

By de-risking investments and mobilizing capital, the programme seeks to drive sustainable economic growth while ensuring that development aligns with climate resilience and conservation objectives.

2. Key Workstreams: Outcomes and Outputs

The programme is structured around two primary components, each with a set of targeted outputs designed to support enterprise growth, mobilize investment, and strengthen sustainability frameworks.

Component 1: Transforming Enterprises into Bankable, Nature-Positive Businesses

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

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

Business capacity-building will be provided to green ventures at various stages of commercial development to enhance their viability, sustainability, and alignment with CAFI's investment framework. The programme



will support at least 450 ventures, including 400 early-stage entrepreneurs and 50 established SMEs, through targeted training, financial assistance, and networking opportunities.

Implementing Organization: UNEP

Component 2: Deploying Catalytic Finance to Unlock Investment in Nature-Based Solutions

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

SMART Output 2.1: Establishing a financial collaboration network to align DFIs, impact investors, and local financial institutions with CAFI objectives.

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

Implementing Organization: UNEP

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

UNCDF will provide targeted concessional financing to anchor investments that catalyze market transformation. The strategy is to invest \$1M-\$3M in 4-6 large enterprises while also providing \$250k-\$1M in reimbursable grants to 10-20 SMEs in high-impact sectors such as agriculture, renewable energy, and ecotourism.

Implementing Organization: UNCDF

3. Financial Strategy and Investment Approach

Pro-Congo employs a blended finance model to reduce investment barriers for high-impact enterprises.

The approach includes:

- Technical assistance grants for early-stage enterprises.
- Concessional loans and risk-sharing instruments to support SMEs.
- Credit guarantees and co-financing partnerships with DFIs and investors.
- Market-driven financing mechanisms to support nature-positive economic activities.

Unlike past CAFI programs, Pro-Congo does not focus on Payment for Ecosystem Services (PES) but rather on mobilizing private capital for businesses that contribute to forest conservation and climate resilience.

4. Expected Outcomes and Impact

Pro-Congo aims to create a self-sustaining ecosystem of nature-positive businesses that drive long-term economic and environmental impact.

Key expected results:

- 20–30 enterprises financed to scale sustainable business models.
- 400+ MSMEs supported through incubation and acceleration programs.
- 7,000 direct beneficiaries, with 50% female participation among smallholder farmers and indigenous communities.
- 113,000 hectares of forest protected, and 17,000 hectares restored through nature-positive business models.



- Up to 6.16 million tCO₂e in emission reductions, with potential expansion to 10.77 million tCO₂e under increased funding.

5. Implementation Roadmap and Next Steps

The Pro-Congo implementation plan follows a structured, step-by-step approach:

1. Identifying and mobilizing a pipeline of enterprises through RfAs and outreach programs.
2. Deploying catalytic finance in priority sectors, with a focus on scalability and high-impact investments.
3. Strengthening capacity-building programs for enterprises and local business support organizations.
4. Aligning investment strategies with national policy frameworks to promote sustainability at scale.
5. Monitoring progress through a robust results framework, ensuring that investments align with CAFI's impact goals.

UNCDF and UNEP will work closely with governments, investors, and financial institutions to ensure that programme interventions translate into long-term, systemic change.

6. Conclusion: Transforming the Private Sector for a Sustainable Future

Pro-Congo represents a paradigm shift in sustainable investment strategies for the Congo Basin, moving from traditional extractive industries to nature-positive economic models.

By mobilizing investment, building enterprise capacity, and fostering regulatory alignment, the programme lays the foundation for scalable, long-term impact, ensuring that economic growth and climate resilience go hand in hand.

This comprehensive feasibility study and investment roadmap will guide the next phase of implementation, ensuring that the economic transformation in the Congo Basin is both sustainable and inclusive.

5. Project/Programme Results

5.1. Contribution to the impacts of CAFI's results framework

The table below table provides an overview of Project's potential contribution to the Outcomes of CAFI's ToC, in which the numbers and targets are indicative. The indicative targets presented in the table are mainly estimates extrapolated from the stated intended impact of companies if CAFI was to pursue investments, those are not contribution to CAFI impact yet.

Outcome	Number of direct beneficiaries (indicate % male and female)		Description and intensity of support	Number of indirect beneficiaries		Description and intensity of support	Comments
	Male	Female		Male	Female		
Total number	23 050	23 050		1 030 000	1 030 000		
Agriculture	1 750	1 750	Beneficiaries are primarily accounted as new jobs	350 000	350 000	Indirect beneficiaries are primarily smallholder farmers & cooperative members who will work in out-grower schemes as providers to supported SMEs or who will benefit from lower agriculture intrants (e.g. fertilizers or animal feed) as clients of supported SMEs	n/a



Energy	20 000	20 000	Beneficiaries are primarily accounted as new jobs and family members of the job owner	180 000	180 000	Indirect beneficiaries are primarily workers and their households who will benefit from Electric Pressure Cookers (EPCs) and last-mile electrification	n/a
Forests	1 000	1 000	Beneficiaries are primarily accounted as new jobs	200 000	200 000	Indirect beneficiaries are local communities who will benefit from clearer land rights, legal access to trees for timber or charcoal, increased tourism or decreased violent displacements.	n/a
Land use planning	-	-	-	-	-	-	Land use effect are considered in synergie with the Agriculture sector approach
Land	-	-	-	-	-	-	Land use effect are considered in synergie with the Agriculture sector approach
Mining and infrastructure	0	0	-	0	0	-	Some people working in illegal mining are supposed to be employed in supported projects in the other sectors
Demographics	0	0	n/a	0	0	n/a	n/a
Governance	300	300	Beneficiaries are primarily accounted as trained individuals	300 000	300 000	Indirect beneficiaries are local people (farmers, entrepreneurs, local leaders) that will benefit from better trained institutional leaders	n/a

5.2. Progress by Outcome and programme Outputs

Outcome 1: Technical Facility supports an enabling environment for forest protection and climate resilient commodity production.

Progress Summary:

In 2023 UNCDF has conducted investment due diligence on &Green and provided an investment recommendation, effectively setting the stage for operationalization of &Green activities in Central Africa (i.e., through realization of Output 1.1. Origination Support, Output 1.2 Development Capital Facility, and Output 1.3 Pre- and Post-Investment Technical Assistance Facility).⁷

Due to a requested project revision by UNCDF Executive Secretary a.i, there is no progress to report on the specific targets envisioned under Outcome 1. See the UNCDF proposed revision and recommendation for direct access of &Green to the MPTF.

⁷ See investment due diligence outputs in Annex 2 to 8.



Outcome 2: Scalable replicable commercial models developed for deforestation-free and peat-free commodity production.

Progress Summary:

Due to UNCDF request for project revision, there is no progress to report on the targets envisioned under Outcome 2.

Outcome 3: Private investment mobilized at scale to reduce deforestation, meet food security needs and legitimate industrial development aspirations of the Congo Basin Region

Progress Summary:

In 2024 UNCDF has finalized the design of a forest performance bonds issuance mechanism as explained in the above sections.

Further to the RfA conducted in 2023, UNCDF in 2024 conducted a review of 20 shortlisted nature-positive business solutions and followed up with in-depth due diligence on 7 transaction opportunities for an approximate blended funding request of \$17M.

Lastly, UNCDF, along with UNEP designed in 2024 and submitted in 2025 the Pro-Congo proposal to bring the ongoing work to the next step, and serve CAFI's ambition. The proposal was approved in February 2025.

5.3. Assessment of project/programme performance based on results framework indicators

Table 2 – Project/Programme Results Framework

Results	Indicators	Baseline	End of project/ programme target and 1st phase target (indicate if target revision)	Current progress of the indicator over the reporting period (year for annual report, half-year for semi-annual report) ⁸	Cumulative progress of the indicator since the beginning of the project/ programme	Reasons for delays or changes	Target adjustment (if applicable)	Are GPS coordinates available?
Outcome 1: Private Investment mobilized at scale to reduce deforestation, meet food security needs and legitimate industrial development aspirations of the Congo Basin Region	#ha of Forest Protected	0	TBD	8,526 (Expected*)	n/a	No investment done yet	n/a	Yes partially**
	#tCO₂e of Climate Benefits	0	TBD	275,419 (Expected* ***)	n/a	No investment done yet	n/a	n/a
	# ha of ecosystems with improved resilience	0	TBD	1,410,622 (Expected*)	n/a	No investment done yet	n/a	Yes partially**
	# people with increased resilience	0	TBD	139,000 (Expected*)	n/a	No investment done yet	n/a	n/a
	# of People Benefiting	0	TBD	139,000 (Expected*)	n/a	No investment done yet	n/a	n/a

⁸ Consistent with the reporting frequency of this indicator



	USD of Capital Mobilised	0	TBD	40,515,600 (Expected*)	n/a	No investment done yet	n/a	n/a
Output 3.1: Forest Performance Bond designed with the support of strong coalition of arranging party for bond issuance	FPB credible \$ Pipeline	0	100M	n/a	n/a	n/a	n/a	n/a
	# of deals identified ready for scale and CAFI derisking	0	10	n/a	n/a	n/a	n/a	n/a
	Amount of addition de-risking mobilized (First loss + Guarantee)	0	100M	n/a	n/a	n/a	n/a	n/a
	Number of viable Nature Based Solutions identified in line with CAFI ToC	0	15	n/a	n/a	n/a	n/a	n/a

(*) These figures are expected to be achieved when each of the 7 investment opportunities will be financed and the project will have implemented their workplan based on their initial funding request. Should UNCDF capacity to invest be smaller than anticipated, these workplan will be downgraded and the expected results could become smaller.

(**) GPS coordinates are available for Great Lake Plantations (GLP), a tea plantation in South Kivu (DRC) in the buffer zone of the Kahuzi Biega National Park.

(***) tCO₂eq are assessed with UNEP's calculator on Emission reduction divided between Cooking energy, Agriculture, Forestry, Forest Conservation, and Landscape restoration. Some projects have additional benefits in particular coming from replacement of fossil fuels by renewable energy and by contributing to import substitution that are not measured here.

5.4. Contribution of the project/programme to the fulfilment of the Indicators of CAFI's results framework

In accordance with the decisions of the CAFI Executive Board, please fill in the CAFI indicators for which you are responsible according to the tables 3.

Table 3 - Progress toward CAFI indicators covered by the programme.



Table 3.1. Harmonised CAFI indicators for projects/programmes that provide field support

	Baseline	Anticipated final targets in the project /programme document	Targets fulfilled over the reporting period ⁹	Targets cumulatively fulfilled since the beginning of the project	Remarks	Are GPS coordinates of these activities available? (yes/no) - Specify
Impact: Poverty reduction						
Total number of direct beneficiaries ¹⁰ , broken down by gender	No data to report in current reporting period					
Total number of indirect beneficiaries, broken down by gender						
Outcome 1: Less agricultural encroachment						
Number of direct and indirect beneficiaries by gender	No data to report in current reporting period					
Outcome Indicator: Crop productivity (kg/ha) for each variety						
Output indicator: Number of hectares supported in agroforestry						
Output indicator: number of hectares supported in perennial crops						
Output indicator: Number of hectares in subsistence agriculture						

⁹ From January 1 to December 31 for annual reports; from January 1 to June 30 for semi-annual reports.

¹⁰ Direct beneficiaries: are the target of support, can be identified by the project and receive high intensity support. Example of high intensity support: regular accompaniment, access to new inputs (equipment, improved seeds, improved stoves).

Indirect beneficiaries: receive non-targeted (e.g., number of people in a household of which one person receives direct support) or targeted but medium-intensity support. Example of medium intensity support: trainings. Examples of low-intensity support: people who have been reached by massive awareness campaigns, people who have participated in workshops.



Table 3.2: Harmonised Indicators for Sector or Enabling Projects/Programmes

	Baseline	Anticipated final targets in the prodoc	Targets fulfilled by (date)	Remarks
Existence, implementation and monitoring of sectoral policies that include limiting forest conversion as an objective	No data to report in current reporting period			

Table 3.3: Indicators for Investment Programmes

	Baseline	Anticipated final targets in the project/ programme document	Targets fulfilled by (date)	Remarks
Co-financing mobilised	No data to report in current reporting period			
Funds allocated to new projects				
Number of new projects				
Number of jobs created along the value chain, disaggregated by age and gender				



If the previous year's annual report called for a baseline to be completed in 2022 and this was not done, please explain why. Not applicable



5.5. Project/programme's contribution to the fulfilment of the milestones in the Letter of Intent

In the framework of CAFI funding, the country has committed to the achievement of milestones as defined in the Letter of Intent. Thus, all projects and programmes funded by CAFI integrate the LOI milestones into their programming and are required to report on the progress of the various milestones. The simplified matrix below (Table 4) provides information on the project/programme's contribution to the various milestones.

Table 4 - Progress Towards the LOI Milestones

N°	Description of the Milestone	Objectives	Progress made		Points of particular attention	Proposed solutions
			Over the Reporting Period	Cumulatively since the beginning of the project/programme		

6. Financial execution

6.1. Disbursements

On transfers received, indicate the level of overall disbursement as well as the level of annual disbursement by including the projected budget for the year and the actual disbursement.

Amounts committed but not disbursed can be added in the last column of the table.

Table 5.1 - Programme Disbursement Rates

Only expenditures have occurred on outcome 3, funding for outcome 1 and 2 + Management costs have been reimbursed to the CAFI MPTF by UNCDF in Q3 2023.

The below financial figures are not final and exclude the GMS 7%. Refer to official expenditure submitted to the MPTF via UNEX platform.

Final Report - Programmes funded by CAFI - 2023-2025



A) Results	B) Total budget (USD) as in the project/programme document	C) Planned budget for the reporting period (semester or year)	D) Expenses annual	E) Balance as of 31 December 2024	F) Disbursement rate over the reporting period	G) Cumulative disbursement rate since the beginning of the project/programme	H) Amounts committed but not spent
Outcome 3	1,695,002\$	1,281,360.00\$	1,233,507.85\$	47,852.15\$	96.26%		
Output 3.1	1,000,002\$	822,517.34\$	786,099.70\$	36,417.64\$	95.57%		
Activity 3.1.1	400,002\$	301,496.02\$	300,124.23\$	1,371.79\$	99.54%		
Activity 3.1.2	350,000\$	290,937.00\$	258,765.24\$	32,171.76\$	88.94%		
Activity 3.1.3	250,000\$	230,084.32\$	227,210.23\$	2,874.09\$	98.75%		
Output 3.2	695,000\$	458,842.66\$	447,408.15\$	11,434.51\$	97.50 %		
Activity 3.2.1	305,000\$	182,845.33\$	178,908.10\$	3,937.23\$	97.84 %		
Activity 3.2.2	315,000\$	207,389.33\$	202,638.05\$	4,751.28\$	97.70 %		
Activity 3.2.3	75,000	68,608\$	65,862.00\$	2,746.00\$	96.00%		
Total Result Costs	1,695,002\$	1,281,360.00 \$	1,233,507.85\$	47,852.15\$	96.26%		
Indirect Cost	118,650\$	89,695.20\$	86,345.54\$	3,349.66\$	96.26%		
Total	1,813,650 \$	1,371,055.2\$	1,319,853. 39\$	51,201.81\$	96.26%	95,17%	

Cumulative Expenditure as of December 31st 2024, \$ 1,725,989.49 which represent 95.17% Delivery rate.

Table 5.2 updated UNDG BUDGET CATEGORIES	EXPENDITURE (Jan to December 2024)
1. Staff and other personnel	\$452,105.84
2. Supplies, Commodities, Materials	\$0
3. Equipment, Vehicles, and Furniture (including Depreciation)	\$0
4. Contractual services	\$665,624.93
5. Travel	\$30,038.30



6. Transfers and Grants to Counterparts	\$
7. General Operating and other Direct Costs	\$85,738.78
8. Indirect Support Costs (Max. 7%)	\$86,345.54
TOTAL Costs	\$1,319,853.39

Download and complete the table outline 5.2 [in this folder](#) and submit it with this report¹¹. **This report will be considered incomplete without this document.**

The certified financial report based on the UNSDG budget lines is sent directly by the financial services to the MPTF via the UNEX system, with an electronic copy to the Secretariat of CAFI.

Important note: The financial figures in this narrative report are not final and exclude the GMS 7%. Refer to official expenditure submitted to the MPTF via UNEX platform.

¹¹



Table 6 - Cost Effectiveness: Table of Progress and Disbursements by Outcomes and Outputs
Not yet updated

Results	Current progress of the indicator[1]	Expenses Jan-December 2024 in US [2]	Comments
<u>Outcome 3</u>		\$ 1,233,507.85	
Output 3.1		\$ 786,099.70	
Activity 3.1.1	Not specified	\$300,124.23	
Activity 3.1.2	Not specified	\$258,765.24	
Activity 3.1.3	Not specified	\$227,210.23	
Output 3.2		\$447,408.15	
Activity 3.2.1	Not specified	\$178,908.10	
Activity 3.2.2	Not specified	\$202,638.05	
Activity 3.2.3	Not specified	\$65,862.00	
Total		\$ 1,233,507.85	

6.2. Contracts

List the entities with contracts over \$100,000, indicating the subject matter, responsibility and budget assigned to each. If your procedures allow, attach a copy of the contract (which will not be made public).

Not applicable – no contracts over \$100,000.

Table 7 - Contract Monitoring

Contract number	Title and theme	Type (int'l NGO, national NGO, public entity, private sector, other)	Subtype (see list below)	Contract amount	Date of contract signature	Start date of activities	Contract end date	Expected time of completion	Comments
Not applicable									

Subtype

National NGO	Public entity	Private Sector
National non-governmental organisation (NGO)	National public administration	National company
Local Development Committee (LDC)	Provincial Government	Design office



Local Management Committee (LMC) for Local Community Forest Concessions (LCFC)	University	Cooperative
Other	Research Center	International company
	Rural Agricultural Management Council (CARG)	Other
	Other	



6.3. Financial management, procurement and human resources

Project financial expenditures are in line with projections.

6.4. Resource mobilisation

Not applicable/none to report.

6.5. Audits

Not applicable/none to report.

6.6. Budget revisions

Programme Document Revision submitted to the CAFE Trust Fund in November 2023 and approved in May 2024: The scope of the initial project document reduced to include only the due diligence of &Green by UNCDF LDC Investment Platform team and the development cost of the Forest Performance Bond Series study (Outcome 3). Result Framework and budget revised accordingly.

6.7. Cost Analyses

Provide an analysis of the cost of the project/programme for the fiscal year as shown in Table 7, to assess the ratio of structural to operational costs for the period under review. The below financial figures are not final and exclude the GMS 7%. Refer to official expenditure submitted to the MPTF via UNEX platform.

Table 8 - Breakdown of project/programme costs. Not yet updated

N°	Description	Amount in USD	%	Comments
1	Staff and other personnel	\$411,375	24.26%	Programme staff costs
2	Contractual services	\$1,232,125	73%	Programme related contracted services
3	Travel	\$51,500	3%	Programme related travel
Total in USD (Excluding 7% indirect costs)		\$1,695,000	100%	

7. Participatory management

No consultation processes to report



8. Cross-cutting themes

8.1. Governance

No steering committee meetings to report.

8.2. Type

Table 9 - Monitoring of gender aspects.

Criterion	Actions taken to integrate gender	Results	Cost in USD	Challenges faced
Implementation/Activities	<p style="text-align: center;">Pending</p> <p style="text-align: center;">No data to report in current reporting period</p>			
Monitoring and evaluation				

8.3. Indigenous peoples

No data to report in current reporting period.

8.4. Other social groups (youth, minors, etc.)

No data to report in current reporting period.

8.5. Compliance with environmental and social standards

No data to report in current reporting period.

a. Environmental and Social Impact Assessment

No data to report in current reporting period.

b. Measures taken to ensure compliance with safeguards

c. Complaints and Appeals Management

N°	Village	Description of the complaint	Date of issue	Resolution taken
No data to report in current reporting period				



9. Risk management

9.1. Update your risk management matrix based on the analysis performed.

Table 10 - Risk Management

Identification of risks				Treatment of the risk		
Description of the risk	Identification period	Risk category	Change in risk (stable, increased, decreased) from last report	Action(s)	Responsibility	Deadline

9.2. Transparency and Integrity Assessment

Cases of fraud, misuse of funds and corruption	Yes (how many for the reporting period and a brief description of each)	No
Claims	No data to report in current reporting period	
Investigations		
Penalties (including recoveries made and their amounts)		
Cases of sexual exploitation, abuse and harassment		
Claims		
Investigations		
Sanctions		



Fraud, misuse of funds and corruption: Training: Please detail the training provided to staff, consultants and subcontractors on fraud, misuse of funds and corruption since the beginning of the project/programme		
	For the reporting period	Since the beginning of the project/programme
Number of trained staff / number of total staff	No data to report in current reporting period	
Number of trained consultants / total number		
Number of trained subcontractors / total number		
Sexual exploitation, abuse and harassment		
Please detail the training provided to staff, consultants, and subcontractors on sexual exploitation, abuse, and harassment	For the reporting period	Since the beginning of the project/programme
Number of staff trained /number of total staff	No data to report in current reporting period	
Number of consultants trained / total number Number of trained subcontractors / total number		

10. Specific narrative illustration

None to report.

11. Follow-up procedures

Table 11 - Status of the project/programme monitoring plan

Monitoring and evaluation activity	Expected number	Number realised	Achievement rate	Costs in USD/Budget	Results and lessons learned
Field monitoring missions	No data to report in current reporting period				
Meetings					
Reports					
Technical reviews					
External evaluations					
Data collection					
Holding of the COPIL					
Consideration of Steering Committee recommendations					



Meeting of different platforms	
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12. Programmatic revisions (if any)

None to report.

13. Communication and promotion

None to report.

14. Project/programme self-evaluation

Based on the performance criteria, please review your programme's evaluation for the period under review.

15. Difficulties encountered, actions taken and lessons learned

16. Conclusion and recommendations

The programme successfully implemented the majority of its planned activities.

Key achievements include:

- Completion of the investment due diligence for CAFI's loan to &Green (2023)
- Establishment of a proposed structure and cadence for the investment.
- Successful completion of studies to support the development of Forest Performance Bonds (FPBs).
- Identified suitable investment models for key commodity supply chains post RfA.

These accomplishments collectively demonstrate the programme's effectiveness in achieving its overarching goal of mobilizing public and private finance to support sustainable forest management and conservation in Central Africa.

Based on above-mentioned research and collaboration, a Proposal of Programme Document (PRODOC) was presented along with detailed activities and implementation framework for the Pro-Congo initiative, and submitted to the CAFI Steering Committee and approved in February 2025, following an extensive review process. The initiative aligns with CAFI's strategic vision to mobilize private sector investment in sustainable economic activities while addressing deforestation and land degradation in the Congo Basin.

17. Summary of deliverables

*List the deliverables discussed in the report **and provide hyperlinks to the finalised deliverables** or, if applicable, to the files containing them.*



18. Annexes

0	All documents – click here
1	Budget (Table 5.2, prepared by UNCDF)
2	Investment memo for &Green loan (prepared by UNCDF) – click here
3	Investment memo for &Green DCF (prepared by UNCDF) – click here
4	Financing agreement for &Green grant (prepared by UNCDF) – click here
5	Financing agreement for &Green loan (prepared by UNCDF) – click here
6	Financing agreement for &Green reimbursable grant (prepared by UNCDF) – click here
7	Risk memo for &Green loan (prepared by UNCDF) – click here
8	Risk memo for &Green DCF (prepared by UNCDF) – click here
9	Forest Performance Bonds (FBPs) Series Vehicle Structure – here
10	Feasibility Studies - here
11	Project Development Facility (PDF) Research FIRST: Report to Donors and Guidelines for Best Practices