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## CAFI Executive Board Decision

### Private Sector – Approval of the project “Investment and Payment for Environmental Services Hub Cameroon” implemented by IDH – The Sustainable Trade Initiative

Adopted by email on 21.01.2026  
EB.2026.02

#### Considering:

- The CAFI Declaration and the persisting challenge of forest loss and food security in the Central African region.
- Decision [EB.2023.24](#) approving launch of the Call for Expressions of Interest for the Regional Private Sector Facility dated 14 September 2023 (2023/09/private).
- Decision [EB.2024.01](#) inviting IDH to develop a project document for the project “Shaping deforestation-free agricultural value chains in the Congo Basin region by establishing an Investment Development Hub, Catalytic Seed Capital and Finance Network” with a budget of USD 55 million, including USD 25 million from CAFI and 35 million in co-financing for a period of 3 to 5 years; and to submit a 500,000 USD preparation grant request for consideration by the Secretariat.
- Decision [EB.2024.33](#) on the independent verification of projects.
- Decision [EB.2024.41](#) providing Access to the CAFI and approving a preparatory grant for the Sustainable Trade Initiative (IDH).
- Decision [EB.2024.42](#) adopting the Private Sector Project Document Assessment Criteria.
- The National roadmap for the deployment of PES in Cameroon developed during the International interministerial conference on the deployment of PES in Central Africa, which was held in Kinshasa on 27-29 January 2025.
- The launch of PES planning and management tools at the International Interministerial Conference on the Deployment of Payments for Environmental Services in Central Africa, held in Kinshasa from January 27 to 29, 2025.
- Decision [EB.2025.26](#) adopting the CAFI Policy on Policy for performance-based programming in Agriculture, Forestry, and Land-Use projects.
- The project document submitted by IDH on October 10<sup>th</sup> 2025.
- The synthesis report of the independent assessments and recommendations prepared by the Secretariat and shared with the Board on November 17<sup>th</sup>.

### **The Executive Board:**

1. Thanks the IDH – the Sustainable Trade Initiative (referred here as “implementing organization”) for submitting the project proposal.
2. Approves the project document for an amount of 24,998,859.20 USD, of which 24,573,859 USD is to be managed by IDH, and \$425,000 USD is to be managed directly by the CAFI fund to make ex-post PES payments directly to beneficiaries. This amount is to be used over a period of 58 months, starting from the date of the first transfer to the implementing organization.
3. Requests that the total amount will be disbursed in tranches based on performance, subject to the following conditions:
  - a) Tranche 1 of \$4,480,791 USD upon signature of the PRODOC;
  - b) Tranche 2 of \$12,189,557 USD will be transferred in the first quarter of the second year of implementation of the project, with the following conditions:
    - I. Achieve the validation of a verification methodology, including a performance-based payment formula, by an independent verification body selected by CAFI.
    - II. Operationalize the Technical Assistance and Seed Capital Facility, including:
      - Completion of the open bidding process and signing of contracts with selected managers.
      - Adoption of an operations manual establishing monitoring, reporting, and risk-management procedures that guarantee that appropriate prerequisites, covenants, and safeguards are met by project investments to ensure these do not have unintended impacts on greenhouse gas emissions in the long-term.
      - Demonstration of human capabilities and systems to manage the above-mentioned procedures.
    - III. Complete the customization of the CAFI PES Monitoring System, integrating a carbon monitoring module in close collaboration with the CAFI Secretariat and companies financially supporting the CAFI PES programme.
    - IV. Sign a contract with at least one cocoa company committing to financially support the CAFI PES programme via insetting.
    - V. Sign a letter of intent to engage in the CAFI PES programme with at least one additional cocoa company via insetting.
    - VI. At least four investors have become members of the Business and Investment Network.
    - VII. At least ten potential investees have been screened for the Seed Capital Facility
    - VIII. Develop a contingency plan to manage the risk of reduced private-sector co-financing and cocoa price volatility, including adaptive adjustments to activities, targets, and sequencing.
    - IX. Develop a detailed gender action plan setting out the gender approach for each project component, linking specific activities to responsible actors, timelines, and performance indicators. These indicators should be included in the results framework and in the independent verification methodology referred to above in point (I.).

- c) Tranche 3 of up to \$7,903,511 USD will be transferred in the second quarter of the 4<sup>th</sup> year of implementation of the project, based on the results achieved during the first 3 years of implementation, with the following conditions:
    - I. Overall amount of funding committed through letters of intent or signed contracts with private companies must equal or exceed \$6,701,240, the amount requested from CAFI for PES.
    - II. If the Independent verification of the project results concludes that the project has achieved “weak” performance, no disbursement from CAFI to IDH will be made;
    - III. If the Independent verification of the project results concludes that the project as achieved “average”, “strong” or “excellent” performance, then a third disbursement will be made based on (i) the number of verified outcome units meeting CAFI quality standards (e.g. hectares of deforestation-free agriculture, agroforestry, reforestation, regeneration and forest conservation) and (ii) the payment amount per outcome unit (e.g. USD/ha) defined in the independent verification methodology developed by the independent verification body during the first year of implementation.
4. Requests the Implementing Organization to notify the CAFI Secretariat at least six months before the anticipated third disbursement date, to allow the timely conduct of the independent verification of project results, which is a prerequisite for the third disbursement.
5. Requests the Implementing Organization to adopt the following measures to minimize the risks of double-counting, double-claiming, and other potential reputational risks associated with carbon in-setting:
  - a) Alignment with SBTi Corporate Net-Zero Standard: Ensure that for each cocoa company committing financial support to the CAFI PES programme via in-setting, their claims against net-zero targets are fully aligned with the SBTi Corporate Net-Zero Standard.
  - b) Review and integrate new standards: Continuously review new Science Based Targets initiative (SBTi) standards and associated guidance as they are published and incorporate any relevant updates into the design and implementation of the project.
  - c) Restrictions on carbon credit trading: Where feasible, include contractual provisions requiring companies that financially support the CAFI PES programme to refrain from selling or trading carbon credits. At a minimum, agreements should contain written clauses discouraging the sale or trading of emission reductions and removals generated through the CAFI PES Hub.
6. Recalls that feasibility studies and the design of projects and programmes should place strong emphasis on (i) gender inclusion, including in terms of sex-disaggregated data, (ii) human rights and non-discrimination, (iii) conflict prevention and resolution, in particular with regard to land tenure, (iv) monitoring and learning, while ensuring strong alignment with the CAFI results framework, (v) analysis of the link with forest conservation, (vi) analysis of opportunities for scale-up and means to achieve them , (vii) analysis of risks of corruption and conflicts of interest, as well as the stakeholders likely to gain or lose as a result of the initiative, (viii) the use – to the extent possible – of local references and analysis with respect to potential beneficiaries, market opportunities and income opportunities for smallholders and economic

viability, limitations and risks; (ix) clear integration and interlinkages between the various interventions proposed; (x) a clear exit/sustainability strategy; (xi) a robust analysis and management of risks (incl. land tenure and fire).

7. Ask the implementing organisation to coordinate the feasibility study for regional expansion (activity 3.4) with other CAFI implementing organisations operating private sector investment projects supported by CAFI. This includes sharing the terms of reference of the scoping studies to assess opportunities for replicating the Hub model in the Democratic Republic of Congo, the Republic of Congo, and Gabon, as well as organising joint scoping meetings.
8. Recalls that, while respecting its rules and regulations, the implementing organization commits to apply zero tolerance towards fraud, corruption, sexual exploitation, and abuse; to protect whistleblowers; to inform the public; to promote gender equality and social inclusion; and to use appropriate complaint mechanisms. In addition, the implementing organization commits to carefully managing all other contextual and programmatic risks identified by the Board and should act proactively in reporting these risks to CAFI's Multi-Partner Trust Fund Office, in accordance with the Terms of Reference of CAFI's Trust Fund.
9. Decides that the implementing organization will have to report on progress toward project targets through **CAFI's PES information management tool** in accordance with CAFI guidelines. This includes all data and spatial information required for each selected PES activity, as well as information on how its activities address and respect CAFI social and environmental safeguards requirements.
10. Reminds the implementing organization of its reporting obligations under the current CAFI Operations Manual, in terms of both narrative and financial reports.
11. Instructs the CAFI Secretariat to sign the project document on its behalf.

UN Member, CAFI Executive Board
Signature:
Date: