CAFI Executive Board Decision

Private Sector – Approval of the project "shaping deforestation-free agricultural value chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs of different size and loan absorption capacity" implemented by the Common Fund for Commodities

Adopted by email on 29.07.2026
EB.2026.20

Considering:

- The CAFI Declaration and the persisting challenge of forest loss and food security in Central African region;
- Decision EB.2023.24 approving the Call for Expressions of Interest for the Regional Private Sector Facility dated 14 September 2023 (2023/09/private);
- Decision EB.2023.27 approving the selection of the Common Fund for Commodities (CFC), as the Implementing Organization for the project *shaping deforestation-free agricultural value chains in the Congo Basin region by establishing dedicated funds and financing mechanisms to target agri-SMEs of different size and loan absorption capacity* with an initial detailed budget of USD$30 million for a period of 3 to 5 years; and inviting CFC to submit a 500,000 USD preparation grant request for consideration by the Secretariat;
- Decision EB.2024.01 clarifying investment criteria for private sector full project proposals and inviting the Common Fund for Commodities (CFC) to expand the scope of the project under development to include the forestry sector and to expand the scale of the same project to include CAFI funding of up to USD 60 million while maintaining a strong budgetary emphasis on the use of performance-based instruments;
- CAFI's Monitoring and Evaluation and Guidelines, which include standard indicators for AFOLU projects and their Spatial Reporting Guidelines;
- Decision EB.2024.33 on the independent verification of projects;
- Decision EB.2024.42 adopting the Private Sector Project Document Assessment Criteria, CAFI Private Sector Facility Guidelines for Project Development, including specific Guidelines for Estimating Ex-ante the GHG Reduction of Investments in Project Documents and the associated Excel-based GHG emission reduction calculation tool;
- Decision EB.2024.45 providing Access to the CAFI and approving a preparatory grant for the CFC.

- 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 CFC on October 10th, 2025, for a total budget of USD 60 million including its Annex 17 providing a memo for 3 budget scenarios of 10, 30 and 60 million USD;

- The synthesis report of the independent assessments and recommendations prepared by the Secretariat and shared with the Board on January 27th;

- The revised project document submitted by CFC on June 23rd, 2026, for a total budget of 22,650,000 USD addressing comments received by the Executive Board.

The Executive Board:

1. Thanks CFC – the Common Fund for Commodities (referred here as "implementing organization") for submitting the project proposal.

2. Approves the project document for an amount of 22,650,000 USD. This amount is to be used over a period of 60 months, starting from the date of first transfer to the implementing organization.

3. Requests that the total amount be disbursed in three performance-based tranches, as follows:
    a) Tranche 1 of USD 9,060,000 equivalent to 40% of the total budget disbursed upon signature of the PRODOC to support all early implementation activities required to operationalise the programme.
    b) Tranche 2 of USD 9,060,000 equivalent to 40% at the start of Year 3 will be released based on the conclusions of the independent verification commissioned by CAFI as specified in the project document.
    c) Tranche 3 of up to *USD 4.530.000* equivalent to 20% *at the end of Year 4 will be* released based on the conclusions of the independent verification commissioned by CAFI as specified in the project document.

4. Requests the Implementing Organization to notify the CAFI Secretariat at least six months prior to the anticipated second and third disbursement date, to allow the timely conduct of the independent verification of project results which is a prerequisite for these disbursements.

5. Decides that independent verification concludes that the project has achieved poor performance, the project no disbursement will be made and the project will commence a closure process.

6. Decides that the independent verifications will also inform CAFI's decisions regarding the possible extension of this project to increase funding.

7. Stresses the role of the project as a catalyst for the transition from Payments for Environmental Services (PES) toward financial inclusion and commercial financing, and stresses the importance of strong alignment with CAFI's objective of embedding PES beneficiaries into sustainable value chains and market-based systems.

8. Reminds the implementing organization of its central role in operationalizing a credible exit strategy from PES, including:

a) The progressive transition pathway from PES payments → concessional loans → microcredit and ultimately commercial finance;

b) The integration of beneficiaries into formal value chains, with reliable access to markets and off-takers;

c) The development of bankable investment pipelines at the level of SMEs, cooperatives, and producer groups

9. Decides that, to ensure coherence across the CAFI portfolio:

   a) All PES-related interventions supported by CAFI shall actively collaborate with the implementing organisations to integrate access to loan and microcredit instruments into their intervention strategies;

   b) The implementing organisation shall make best efforts to deploy adapted financial products tailored to different categories of beneficiaries (including SMEs, cooperatives, and producer organizations);

   c) These combined efforts shall aim to enable PES beneficiaries to graduate into financially sustainable actors embedded in functioning value chains.

10. Recognizes that transitions from PES to financial instruments may not be feasible in all contexts, and therefore

    a) Encourages the implementing organisation to seek to direct 70% of investments towards landscapes where CAFI has ongoing or planned PES activities, in order to maximize synergies, coordination and impact across the CAFI portfolio.

    b) Requests the implementing organization to establish a systematic learning and reporting mechanism, whereby:

       I. In cases where a transition toward concessional or commercial finance cannot be achieved, the constraints and underlying reasons are clearly documented;

       II. These findings are formally reported to CAFI as part of regular project reporting.

    c) Specifies that such documentation should contribute to building an evidence base on enabling and limiting conditions, including:

       I. Market access constraints;

       II. Value chain maturity;

       III. Institutional and financial barriers;

       IV. Risk profiles and absorptive capacity of beneficiaries

11. Emphasizes that this feedback loop will be critical to:

    a) Refining CAFI's PES programming approach;

    b) Improving the design of future interventions and exit strategies;

    c) Strengthening the overall effectiveness and sustainability of CAFI-supported projects.

12. 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).

13. 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.

14. Decides that the implementing organization will have to report on progress toward project targets in accordance with CAFI guidelines. This includes all data and spatial information required for each selected private investment, as well as information on how its activities address and respect CAFI social and environmental safeguards requirements. The implementing organisations shall work with CAFI to evaluate integration into the CAFI PES information management tool (as requested in paragraph 4.b) III above.

15. Reminds the implementing organization of its reporting obligations under the current CAFI Operations Manual, in terms of both narrative and financial reports.

16. Asks the CAFI Secretariat to ensure that the modifications referred to in paragraph 2 above are satisfactory before signing the project document.

17. Instructs the CAFI Secretariat to sign the project document on its behalf.

UN Member, CAFI Executive Board
Signature:
Date: