



Central African Forest Initiative (CAFI)

Annual Programming Cycle for Payments for Environmental Services (PES)

Version 1. June 2026

Context

CAFI's Payment for Environmental Services Programme provides a framework to standardise the implementation of numerous PES projects setting common rules as well as predictable and repeatable procedures monitored, reported and verified through the CAFI-PES tool. The value added of this programme when compared to a collection of isolated projects is to minimise transaction costs, support continuous improvement of design and operations, provide more long-term prospects and reduce risks for stakeholders.

Drawing on best practices and lessons learned from the implementation of Payment for Ecosystem Services (PES) programmes worldwide, the CAFI PES programme is designed to uphold the following operational principles:

- **Consistently honour contractual commitments to farmers and communities.** A signed PES contract must constitute a reliable and predictable source of income for beneficiaries over a clearly defined period. CAFI therefore commits to systematically fulfilling its contractual obligations.
- **Maximize the permanence of environmental results through long-term commitments.** While long-duration PES contracts (e.g. 10–15 years, as implemented in Costa Rica) are widely recognized as best practice, such contract lengths are not currently feasible under CAFI. Permanence is therefore promoted by systematically prioritizing the renewal of existing, successful PES contracts over the signing of new ones.
- **Ensure efficient programme management based on verified performance.** Programme operations are grounded in performance verification, with all procedures for extending, renewing, or closing projects clearly defined, protected from unpredictable changes, and subject to maximum processing timelines.

The CAFI PES programming policy operationalizes these principles and ensures their systematic and consistent application across all CAFI-supported PES interventions

This document describes the annual PES programming cycle. It covers: the updating of the Regional PES rulebook and National PES Frameworks; the project monitoring, verification and performance management; the budgetary planning, the commitment of available funding; the development of new projects; and finally procedures for extending successful projects and closing underperforming ones.

1. Update of the Programme Operational Regulations: Rulebook and/or National Reference Framework and associated templates

The [CAFI PES Rulebook](#) and [National PES frameworks](#) may be amended **no more than once a year** to adapt to evolving needs and lessons learnt from the programme's implementation.

EB Decisions regarding update of the Programme Operational Regulations

- A. Decision to amend the PES Rulebook, if needed

Host Country Decision

- B. The host country may amend its National PES Framework through an official communication from the CAFI National Focal Point addressed to the Head of the CAFI Secretariat.

The new rules are then communicated to implementing organisations and country focal points and apply to PES projects approved or extended after this publication. The Secretariat will then proceed to amend the templates to ensure consistency with the updated operational regulations.

Timing: if needed, changes to the programme operational regulations are made in January of each year.

2. Monitoring, Verification & Performance Management

All PES projects will be subject to independent verification of results before the 2nd and subsequent disbursements, which will determine their fate as described in the PES Rulebook, approved PRODOC and approval decision. Projects with poor performance will be closed; projects with average performance will be required to implement remedial actions; and projects with strong performance may be invited to prepare an extension based on availability of funding (see Box 1. Extension, Closure and Repechage).

Decisions of the Executive Board on performance management

Based on the results of the independent verifications, the CAFI Executive Board will take the following three decisions each year:

- C. Decision to close low-performing projects, if any
- D. Decision to disburse funds to existing projects with average and high performance.
- E. Decision to invite high-performing projects to submit a cost extension request¹ clarifying that approval will be subject to availability of funding.

Timing: This process is continuous and will happen on a rolling basis

3. Determination of the amount of funding available

In May of each year, the amount available for programming is consolidated on the basis of:

- New contributions from donors (or interest from the fund).
- Existing commitments (PES contracts signed with service providers; PRODOCs signed with IOs)
- Projects closed due to poor performance following the previous year's independent verification: resources earmarked for underperforming projects are released and reallocated.

Timing: A [note on the funding available for PES](#) will be produced by the CAFI Secretariat and shared with the Executive Board every year in May.

NB: Recognising that reliance on traditional official development assistance may face increasing constraints, CAFI will also seek, on a proactive and ongoing basis, to mobilise additional financial contributions from new and diversified sources including through innovative financing mechanisms and partnerships.

4. Commitment of funding

The available funding is committed in accordance with the order of priority set out below. As mentioned above, this order of priority is guided by the principle that CAFI should consistently honour its contractual commitments to farmers and communities, and that the renewal of existing, successful contracts should be favoured over the signing of new ones. The policy is therefore designed to ensure that this principle is applied systematically.

¹ Average performing projects can be invited to submit an extension request in exceptional cases

NB: commitments of funding can only be made until the end of the CAFI Fund lifetime, no commitment can be made beyond the Fund lifetime.

4.1 Renewal of existing commitments

The priority of the CAFI PES programme will be the renewal of existing commitments through two sequential processes.

4.1.1. The extension of successful projects, with the necessary additional resources to enable both CAFI to renew existing successful PES contracts and the implementing organisations to monitor these contracts. The extension of high-performing projects will be based on the results of the independent verification, in the following order of priority:

- High performance: > 70% of verified target results — priority for renewal.
- Average performance: 30–70% — if all high-performance projects are extended and funds are sufficient, average-performance projects will be renewed.

4.1.2. Identification of high-performing contracts within low-performing projects. For low-performing projects (<30%), disbursements stop; however, high-performing PES contracts within these projects will be identified to offer renewal via a new IO/aggregator that will ensure MRV. This process is called “repechage” (see Extension, Closure and Repechage below).

Specific measures to support national access in the renewal of existing commitments: When considering the renewal existing successful PES contracts as described in 4.1.1 and 4.1.2, the Executive Board may decide to support the transfer of responsibility and resources to monitor these contracts to a successful national aggregator already involved in the implementation of the project. This aggregator must meet the conditions set out in Box 3.

4.2 New Commitments

Following the renewal of existing commitments, if resources remain available, these may be allocated in the following order of priority:

4.2.1. The extension of successful projects with the necessary resources to sign new PES contracts and for the IOs to monitor these new contracts. The extension of high-performing projects will be based on the results of the independent verification, in the following order of priority:

- High performance: > 70% of verified target results — priority for extension to sign new PES contracts.
- Average performance: 30–70% — if all high-performance projects are extended and funds are sufficient, average-performance projects **may be extended to sign new PES contracts**, however the Executive Board may also choose not to extend these average performing projects and to prioritise the development of projects on the waiting list.

Specific measures to support national access when signing new PES contracts: When considering the signing new PES contracts as described in 4.2.1, the Executive Board may decide to support the transfer of responsibility and resources to monitor these contracts to a successful national

aggregator already involved in the implementation of the project. This aggregator must meet the conditions set out in Box 3.

- 4.2.2. The development of projects on the waiting list. If resources are still available after funding commitments have been made through the previous stages, these may be allocated to the development of new projects with IOs that submitted quality expressions of interest during previous calls for expressions of interest and have been placed on the waiting list. Choosing such projects reduces the transaction costs and time lags associated with launching an EOI. However the Executive Board may also choose not to develop projects on the waiting list and to prioritise the launch of a new call for expressions of interest.
- 4.2.3. The development of new projects. If resources are still available after funding commitments have been made through the previous stages, these may be allocated to the development of new projects through a new call for expressions of interest and call for proposals (see section below).

Decisions of the Executive Board regarding new PES commitments

Based on the previous steps and pending availability of funding, the CAFI Executive Board will take the following three decisions each year:

- F. Decision to approve the cost extension of projects to renew existing PES contracts,
- G. Decision to approve the repechage PRODOC – repechage of high-performing contracts from low-performing projects.
- H. Decision to approve the cost extension of projects to sign new PES contracts.
- I. Decision on the development of new projects with implementing organisations that have submitted expressions of interest in past EOIs and have been placed on the waiting list.
- J. Decision on the launch of a new call for expressions of interest and/or call for proposals for the development of new PES projects.

Timing: in May of each year, CAFI’s PES funding is committed to projects.

Box 1. Extension, Closure and Repechage of PES Projects

I. Closure of underperforming projects and “repechage” of PES contracts

In the event of poor performance (less than 30% of expected project results achieved), no CAFI disbursement will be made to the implementing organisation. The project will enter a closure and recovery process. The main objective of this process is to ensure a smooth transition of monitoring and evaluation responsibilities for ongoing contracts with environmental service providers who have demonstrated verified results. This is to ensure these contracts continue to be honoured without interruption. The process follows these steps:

- i. Notification & communication to stakeholders. A formal notification is sent to stakeholders. The IO, Government and aggregators will be notified first to inform them of the closure

decision, the implications for ongoing contracts and the transition arrangements. Environmental service providers will only be notified once the re-pechage process has been finalised.

- ii. **Closure Plan.** The second step is the development of a closure plan clearly defining the roles and responsibilities of the outgoing implementing body, government partners and aggregators, as well as the timeline for actions to be taken, including the production of required reports, the transfer of assets and the communication strategy. This plan also incorporates the evaluation of ES providers who have demonstrated verified results, as well as the transfer of all relevant data to CAFI systems, notably CAFI PES and/or CAFI Connect. **The closure plan must guarantee that monitoring activities will be carried out by the IO without interruption so that contracts with performing environmental service providers continue to be honoured without interruption.**
- iii. **“Repechage”:** the process for selecting a new implementing organisation (IO) or aggregator. Once the closure plan has been prepared, CAFI will launch a “repechage” process. Repechage involves identifying and selecting a new implementing organisation or aggregator through a transparent process of direct selection, a call for expressions of interest or another appropriate mechanism, based on criteria such as technical capacity, experience, local presence and the quality of monitoring systems.
- iv. **Technical handover & knowledge transfer to the new IO/aggregator.** Once the new organisation has been selected and contracted, the outgoing implementing organisation will ensure the technical handover and knowledge transfer, including the handover of documents, tools and methodologies, the conduct of handover sessions and the sharing of lessons learnt, to guarantee operational continuity and the smooth assumption of responsibilities by the new actor.
- v. **Repechage PRODOC.** On this basis, the incoming implementing organisation will draft new ‘repechage’ PES PRODOC or amend an existing PES PRODOC to include the new activities and budgets. This will be reviewed by the Secretariat for compliance and submitted to the Executive Board for approval within 14 days.
- vi. In parallel, the implementing organisation will carry out the administrative, legal and financial closure in accordance with its internal procedures, including the termination or finalisation of contracts, legal compliance, final financial statements and the handover of assets.

II. Extension of high-performing projects

In the event of strong performance (more than 70% of project results achieved), subject to available resources (**see commitment of funding**), the project will be invited to prepare a costs extension request including a revised project document.

The priority of CAFI’s PES programme will be the renewal of existing commitments. The extension proposal must therefore prioritise the allocation of the necessary resources so that CAFI can renew PES contracts that have demonstrated good results so that implementing organisations can ensure their continued monitoring.

Once existing commitments have been renewed, and only if resources remain available, these may be allocated to the signing of new PES contracts with the necessary resources to enable implementing organisations to ensure their monitoring.

5. Development of new PES projects

5.1 Call for expressions of interest and award of preparatory grants

CAFI may issue a call for expressions of interest with the aim of selecting implementing organisations wishing to receive preparatory grants for the preparation of new PES projects. Implementing organisations must complete the expression of interest form as well as the application for a preparatory grant.

Calls for expressions of interest will be open to organisations that have already signed MOUs, framework agreements or SAA with the Administrative Agent of the Trust Fund AND to organizations not yet accredited with the CAFI fund, provided they meet the eligibility criteria.

Specific measures to support national access in call for EOIs: When launching new calls for expressions of interest, the Executive Board may decide to prioritize successful national aggregators already involved in the implementation of PES projects. This aggregator must meet the conditions set out in Box 3.

Timing: If it is expected that resources will be available in May of the following year, in October of each year.

Box 2. Piloting innovative PES approaches

Performance-based programming under the CAFI PES programme prioritises activities that are technically feasible and based on clearly defined and realistic targets. As PES disbursements are strictly contingent on verified results, implementing organisations are expected to commit only to targets that can be credibly achieved under established approaches. Activities that are still at an experimental or proof-of-concept stage are therefore not well suited to standard performance-based PES financing.

At the same time, CAFI recognises that some priority geographies, themes or beneficiary groups may be inherently more complex or difficult to reach, and that innovation is necessary to address these challenges. In such cases, and where it proves difficult to secure capable partners under standard PES conditions, **ad-hoc and time-bound measures** may be considered to enable engagement (e.g. limited deviations from standard budgeting rules, adjusted performance thresholds, or enhanced support mechanisms), subject to Executive Board approval.

High-risk experimental approaches, where failure rates are expected to be significant, should **not** be implemented within mainstream PES projects, as this could undermine contractual reliability, predictability of income for beneficiaries, and the integrity of the performance-based model. Such approaches should instead be tested on a limited scale prior to being considered for broader deployment through the CAFI PES programme.

To address this need, the CAFI will establish a **“PES Test Lab”** mechanism. The objective of the PES Test Lab would be to pilot innovative and improved approaches **on a small scale**—including in challenging contexts or high-risk areas—in a controlled manner, explicitly designed for learning and adaptation. Activities supported under the PES Test Lab would aim to generate evidence and operational lessons without penalising implementing partners for experimentation, thereby creating a pipeline of validated approaches that can later be scaled through standard PES programming.

5.2 Call for Proposals (PRODOC)

Where resources are available, a call for proposals will be opened with the aim of receiving complete PES project documents (PES PRODOCs). This call for proposals will be open to all CAFI implementing organisations, but not to organisations that are not yet accredited.

Timing: from June to August each year

5.3 PRODOC compliance & independent review

PES PRODOCs received under the call for proposals will be subject to a compliance review by the CAFI Secretariat as well as an independent review.

Timing: September of each year.

5.4 PRODOC approval

PES PRODOCs that comply with the programme's requirements and have received a positive independent review will be submitted for approval to the Executive Board.

Approval by the CAFI Executive Board may be conditional upon the signing/updating of the PES agreement (*Protocole PSE*) with the host country's government.

Timing: in October of each year.

Decisions of the Executive Board regarding new PES commitments

Based on the preceding steps, the CAFI Executive Board will take the following two decisions each year:

- K. Decision to select expressions of interest and approve preparatory grants
- L. Decision to approve PRODOCs submitted in response to calls for proposals;

Box 3. Graduation Pathway for Aggregators to National Implementing Organisations

To avoid path dependence on international implementing organisations and to promote long-term national ownership of PES systems, the CAFI PES programme promotes a graduation pathway through which successful national aggregators may progressively access CAFI resources directly as accredited implementing organisations (IOs).

This pathway represents the model most consistent with the principles of this programming policy, as it strengthens national capacity without compromising performance, contractual reliability, or results-based accountability.

1. Rationale

Aggregators play a central role in PES delivery by organizing environmental service providers, ensuring monitoring at field level, and supporting compliance. Aggregators that consistently demonstrate strong performance constitute natural candidates for increased responsibility and eventual direct access to CAFI funding. Supporting their graduation allows CAFI to:

- build durable national capacity anchored in proven operational performance;
- preserve the integrity of performance-based programming;
- progressively reduce dependence on international IOs without increasing implementation risks.

2. Eligibility for Graduation

Aggregators may be considered for graduation when they:

- have demonstrated sustained high performance under CAFI-supported PES projects, as confirmed by independent verification;
- possess a track record of effective contract management, monitoring and reporting through the CAFI PES tool;
- meet, or show a credible pathway to meeting, CAFI accreditation requirements.

3. Graduation Process

The graduation pathway follows a staged and risk-managed approach:

- **Identification:** High-performing aggregators are identified through verified performance results and implementation history.
- **Capacity Assessment:** A targeted assessment is conducted against CAFI accreditation criteria (fiduciary, safeguards and SEAH,).
- **Targeted Support:** Where gaps are identified, **specific and time-bound support measures** may be deployed to enable aggregators to meet accreditation requirements (e.g. institutional strengthening, financial management systems, governance arrangements).
- **Accreditation:** Once requirements are met, the aggregator may be accredited as a CAFI implementing organisation and access CAFI funding directly, subject to Executive Board approval.

4. Transition to National Implementation

The transition to national implementation may occur during the extension of performing projects to renew PES contracts, the extension of performing projects to sign new PES contracts, the repechage of performing contracts within low performing projects, and the development of new PES projects as reflected in section 4.

Through this graduated approach, CAFI seeks to combine **results-based discipline** with **deliberate national capacity development**, ensuring that the transition toward increased national ownership strengthens—rather than undermines—the effectiveness and credibility of the PES programme.

6. Negotiation of a consolidated and phased agreement (*Protocole PSE*)

To secure long-term sustainability and national ownership of the Payments for Environmental Services (PES) approach, CAFI will engage partner governments in negotiating a Consolidated and Phased PES Agreement (“PES Protocols”). The Protocol establishes a unified framework for PES implementation, financing, institutional reforms, and resource mobilisation at national level.

The PES Protocol is the central mechanism through which partner governments commit to actions that institutionalise PES, remove systemic barriers, and mobilise domestic public and private finance to complement CAFI resources. Each Protocol shall therefore include a limited set of specific, measurable and time-bound commitments related to:

- Mobilisation of Domestic Public Resources
- Reforms to Facilitate Private Sector Financing of PES
- Policy, Coordination and Governance Measures

Timing: In November of each year, the agreements with host countries may be negotiated or updated and reviewed.

Decisions of the Executive Board regarding phased agreements with host country governments (Protocole PSE)

- M. Decision to approve the first signing or the updating of the agreements with host country governments (Protocole PSE).

Summary timeline

- **January:** *Update of PES Rulebook / National PES Frameworks (if needed)*
- **Continuous (rolling):** *Monitoring, Verification & Performance Management*
- **May:** *Determination of available funding and Executive Board decisions on commitment of funding*
- **June–August:** *Call for Proposals (PES PRODOCs)*
- **September:** *PRODOC compliance check & independent review*
- **October:**
 - *Call for Expressions of Interest for preparatory grants*
 - *Executive Board approval of PRODOCs*
- **November:** *Negotiation or updating of the consolidated PES Protocol (Protocole PSE)*