

CAFI 2022 HIGHLIGHTS



A WORD FROM CAFI'S CHAIR



*Jochen Flasbarth, State Secretary
Federal Ministry for Economic
Cooperation and Development,
Germany*

"CAFI fills a unique niche in rural development in Central Africa. It aims at halting and reducing deforestation and alleviating poverty by developing sustainable economies and alternative sources of income. Transforming land use practices is highly complex: it involves changing age-old practices of a wide range of stakeholders – such as farmers, government authorities and the private sector – at different geographical scales, from local to national; and in many different sectors of the productive economy. CAFI sets out to support its Central African partners in managing to achieve this difficult but necessary feat. We know that these changes take time, and we are committed to seeing them through.

When we look back on the three years of Germany's Chairmanship of the Initiative, we observe and appreciate that CAFI's cooperation with the Congo Basin Forest Partnership has matured. CAFI renewed its ambitions and investments in the Democratic Republic of the Congo (DRC) and made a first historic payment to Gabon for verified emission reductions. We have funded major new agreements with the private

sector and welcomed Belgium, the Netherlands, Sweden, and the United Kingdom as new donors. I am proud that Germany has committed a total of 279.2 million US dollars to CAFI since the launch of the partnership in 2015 – 76.7 million dollars in 2022 alone. Also, as highlighted by Chancellor Olaf Scholz during last year's COP 27, CAFI's work on Forest Performance Bonds with the Green Climate Fund represents the future in funding forest-positive business in Central Africa.

Given the significance of the Congo Basin peatlands, one of the most exciting developments in 2022 was the launch of a multi-stakeholder scientific process on Forest Capital in the DRC, which will help map high-value forests and peatlands to be integrated in land use planning processes.

As 2022 was largely devoted to turning the success of the Glasgow forest pledges into approved projects that can deliver rapid, long-term and sustainable results, the coming years will be dedicated to managing these projects, building local capacity, growing CAFI's portfolio, and fostering and maintaining the vital partnerships that not only contribute to CAFI's success but in fact form the basis for it.

In 2023 and beyond, CAFI's portfolio will keep growing, while country ownership remains a strong focus. In the DRC, as a partnership, we will work diligently to meet the ambitious milestones laid down in the 2nd Letter of Intent. In Gabon, projects approved after the first results-based payment will begin to bear fruit. The partnership with Cameroon will enter a new phase with the launch of a first set of projects following a successful Call for Expressions of Interest, and we will continue to deepen our work with the Republic of Congo, Equatorial Guinea and the Central African Republic. With the launch of new private sector initiatives and the structuring of CAFI's Payments for Environmental Services, we continue to innovate.

We are thrilled to keep working closely with all Executive Board members in the coming years, and wish the United Kingdom all the best in chairing CAFI during this exciting time."

A handwritten signature in blue ink, appearing to read "Jochen Flasbarth". The signature is written in a cursive, slightly stylized font.

SOLUTIONS FOR A TRIPLE THREAT

As home to the world's 2nd largest rainforest ecosystem, the forests in Central Africa:

- Represent a vital source of food, energy, shelter and spirituality for more than 60 million people living in and around them, in countries with some of the lowest Human Development indices, highest food insecurity and conflict zones such as the Democratic Republic of the Congo and the Central African Republic.
- House a massive carbon sink, and one of the few remaining regions of the world that absorb more carbon than they emit, the Central African forests absorb approximately 1.1 billion tons of CO₂ from the atmosphere, or 3% of the world's emissions, each year.
- Are the natural habitat for more than 10,000 plant and animal species, many of them endemic, as one of the most diverse terrestrial ecosystems on the planet.
- Bring rain across the continent, as a major source of rainfall beyond the subregion, especially for agriculture.

Only by protecting the world's forests, including the 240 million hectares of forested land in Central Africa, can we fight the three-fold crisis the world is facing: of climate change, biodiversity loss and poverty at the same time.

Slowing down the loss of forests can only be attained through transformational reforms and scaled up, ambitious investments on the ground. To support these objectives in its 6 partner countries, the Central African Forest Initiative (CAFI) is both a multi-donor Trust Fund that provides direct investments on the ground and a political negotiation platform that aims to drive high-level policy dialogue.



CAFI AT A GLANCE



843 million US\$ committed to CAFI
406 million transferred to implementing organizations



44% rate of transfers versus received contributions



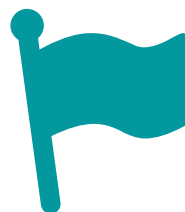
42 funded projects
36 active projects
6 closed projects



6 partner countries with 247.8 (± 3.65) million hectares of forest



6.5 million beneficiaries reached, including 33,000 households with increased food security



9 donors



16 implementing organizations



High level policy dialogues with 30+ ministries

2022 : new partners, new projects

Five new, non-UN organizations underwent a robust accreditation process, bringing the total to 16 accredited implementing organizations.

Seven new projects were approved in 2022 (five in Gabon and two in the Republic of Congo) while two came to a close in the DRC, leading to a total of 36 active projects and 42 funded projects since the creation of CAFI.

CAFI welcomed Sweden as a new donor, strengthening the contributors' pool to nine (Belgium, European Union, France, Germany, Norway, South Korea, The Netherlands, United Kingdom and Sweden).

STRONG PARTNERSHIPS

Donor Countries



Belgium



European Union



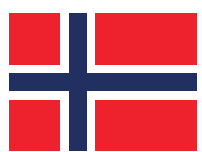
France



Germany
(Chair)



Netherlands



Norway



South Korea



Sweden



United Kingdom

Partner Countries



Cameroon



Central African
Republic



Democratic Republic
of Congo



Equatorial Guinea



Gabon



Republic of Congo

Implementing Organizations



OUR PORTFOLIO

Cameroon

Pilot phase launched
Call for Expressions of Interest:
60 M US\$

Central African Republic

National Investment Framework complete
Programme feasibility study underway

Democratic Republic of Congo

2016-2020 Letter of Intent: 190 M US\$
2021-2030 Letter of Intent: 500 M US\$
15 active and 3 closed projects

Equatorial Guinea

National Investment
Framework complete
Feasibility study underway

Gabon

Letters of intent: 184 million US\$
8 active projects
First emission reductions verified (2016-17), basis for the 1st CAFI results-based-payment of 17 million

Republic of the Congo

Letter of intent: 65 million US\$
6 active and 2 closed projects

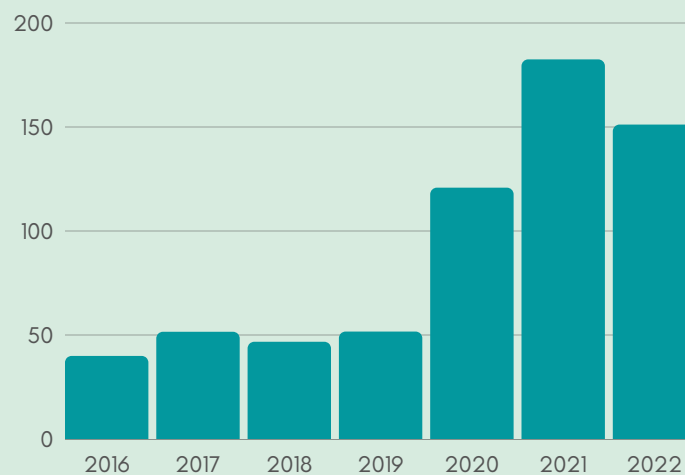
Regional

53M US\$ project with UNCDF and &Green Fund to scale up commercial investment in deforestation-free Central African commodity supply chains
Nature + Accelerator Fund with IUCN
FAO Study on Regional Trends & Drivers of Deforestation

INVESTMENTS AND TRANSFERS

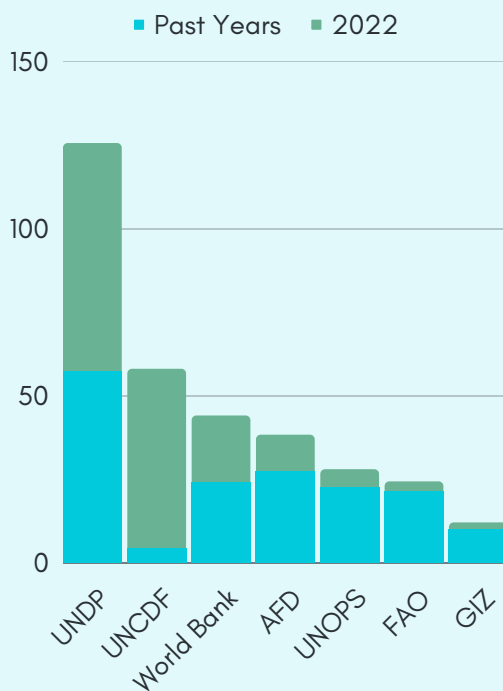
In 2022, the CAFI Trust Fund received investments from donors amounting to 151 M US\$, bringing the total to over 653 M US\$ cumulatively since 2015.

YEARLY DEPOSITS INTO THE CAFI FUND (M US\$)

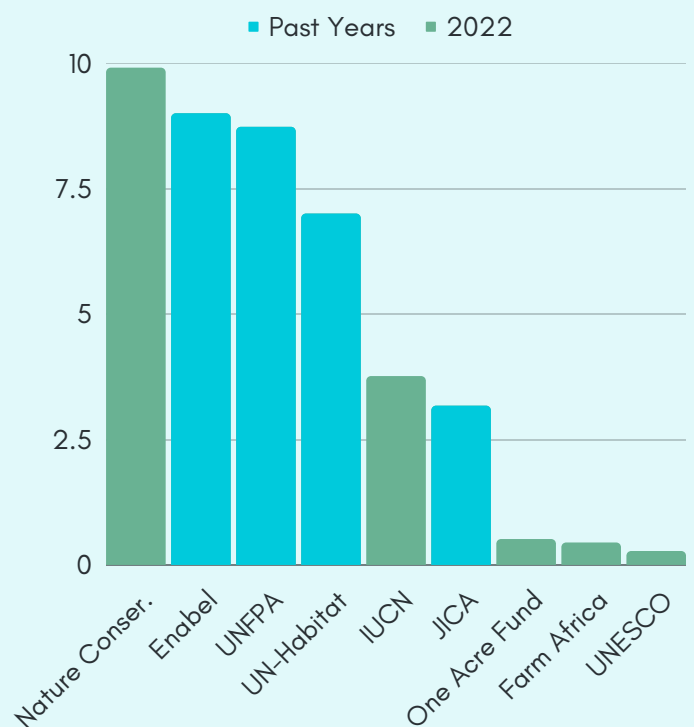


CAFI TRANSFERS TO IMPLEMENTING ORGANIZATIONS

More than 10 M US\$



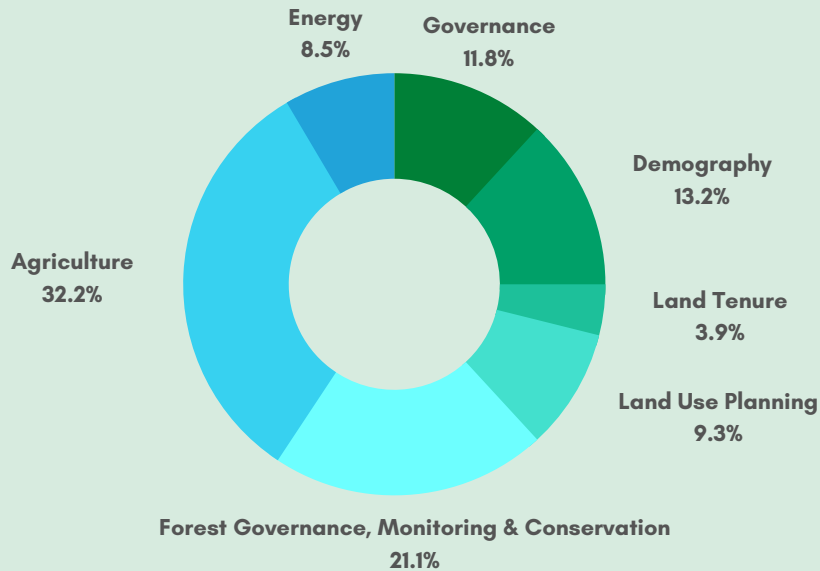
Less than 10 M US\$



- The top funded organizations are UN or bilateral cooperation agencies
- Most new implementing organizations in 2022 are International NGOs
- New 2022 funding was directed to both UN and non UN-organizations

WHERE AND HOW WE INVEST

CAFI TRANSFERS BY OUTCOME (2015-2022)



42% Expenditures made from transfers

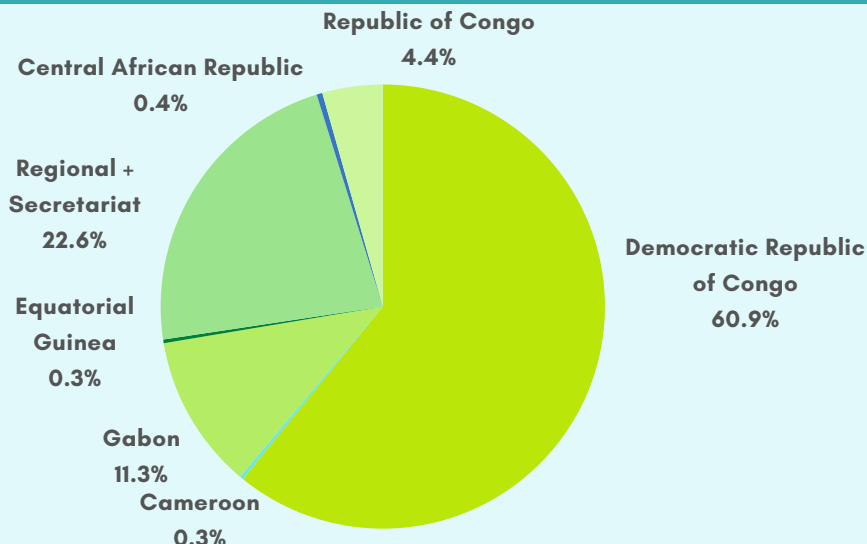
35% Expenditures made from budgeted amounts

82% Transferred amounts compared to budgeted amounts

Year-on-year evolution is available in CAFI's 2022 full Annual Report:



CAFI TRANSFERS BY COUNTRY (2015-2022)



HOW CAFI MAKES A DIFFERENCE

Before CAFI

- ✘ Forest and climate issues were managed by project units in ministries of environment.
- ✘ Disproportionately little climate and forest funding for the region.
- ✘ Lack of innovative approaches.
- ✘ Lack of development model to address rural poverty and deforestation.
- ✘ Insufficient coordination with Bretton Woods.
- ✘ Scarcity of access to carbon finance.
- ✘ Lack of sector policies and plans to manage land use and development in DRC.

Since 2015 (creation of CAFI)

- ✔ CAFI Letters of Intent (LoI) signed by Presidents, Prime Ministers. Ministers and Ambassadors are regularly mobilised and lead commitments.
- ✔ CAFI Trust Fund dedicated to the region with more than 800M US\$ pledged.
- ✔ Payments for Environmental Services, Forest Performance Bond, Private sector investment.
- ✔ PIREDD model piloted by CAFI currently used by DRC's major partners.
- ✔ CAFI LoI2 milestones included in budget support triggers for World Bank in DRC.
- ✔ 1st results-based payment for Gabon.
- ✔ Agriculture, forest, energy, land use and land tenure reform supported: Land Tenure Policy adopted in 2022, Agriculture and Energy policies finalised in 2022, Land use planning policy adopted in 2020 in DRC.

✚ While not directly attributable to CAFI, estimated emissions in the DRC dropped below 100 million tCO₂e in 2020. This has been calculated using the annual areas of deforestation and of degradation from beginning 2016 to end 2020 generated by CAFI's Regional Trends and Drivers study led by FAO. This study also mapped direct drivers in the six CAFI partner countries over the same period.

Learn more at <https://qrco.de/cafidd>



Areas of annual deforestation and degradation across the 6 CAFI partner countries



KEY 2022 RESULTS

DEMOCRATIC REPUBLIC OF CONGO

- The total number of **hectares under local management plans** in the DRC reached **8.5 million hectares (1/4 the size of the United Kingdom)**.
- A **detailed programmatic framework in the DRC was agreed upon**, that aims to achieve the objectives of the 500 million US\$ of the 2021-2026 Letter of Intent, and a **Call for Expressions of Interest** was launched.
- **195,621 hectares of local community forestry concessions** were established with titles in 2022 alone, bringing the **total to 361,045 hectares or 43,5 %** of the current portfolio target.
- The total number of **rural direct beneficiaries in the DRC now reaches an estimated 66,5000** in 9 provinces, while **indirect beneficiaries is estimated between 3 and 6.5 million**.

GABON

- **The first 5 projects approved** under the first historic Gabon results-based payment agreement **were launched**.

CAMEROON

- Firm progress was made in the partnership with Cameroon, with **a launch of the first Calls for Expressions of Interest worth 60 million US\$ planned for 2023**. Initial projects include intersectoral coordination, a focus on the Grand Mbam landscape, Payments for Environmental Services in the coffee and cocoa sectors, and capacity building.

REGIONAL

- A major **53M USD project was approved with UNCDF and the &Green Fund** to scale up commercial investment in deforestation-free Central African commodity supply chains.
- The **FAO-led Regional Study on Trends and Drivers of Deforestation and Forest Degradation interactive storymap website**, allowing users to filter and explore data for 2015-2020 using 12,060 data points in the region.
- **A series of Forest Performance Bonds was developed in cooperation with the Green Climate Fund (GCF) and UNCDF**, which aims to fund forest-positive business in Central Africa, was **announced at COP27**.



CAFI
CENTRAL
AFRICAN
FOREST
INITIATIVE

INITIATIVE
POUR LA
FORÊT DE
L'AFRIQUE
CENTRALE