CONGO BASIN FOREST PARTNERSHIP

First Résumé of the work of the Task Force “Fair Deal”

July 2023

A Fair Deal for the Congo Basin

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Abbreviations

AFD	French Development Agency (*French: Agence française de développement*)
AfDB	African Development Bank
CAFI	Central African Forest Initiative
CBFP	Congo Basin Forest Partnership (*French: Partenariat des Forêts du Bassin du Congo*)
CIFOR	Center for International Forestry Research
CIRAD	Agricultural Research Centre for International Development (*French: Centre de coopération internationale en recherche agronomique pour le développement*)
COMIFAC	Central African Forest Commission (*French: Commission des Forêts d'Afrique Centrale*)
ECCAS	Economic Community of Central African States (*French: Communauté Économique des États de l'Afrique Centrale*)
GIZ	German Agency for International Cooperation (*German: Deutsche Gesellschaft für Internationale Zusammenarbeit*)
KfW	Credit Institute for Reconstruction (*German: Kreditanstalt für Wiederaufbau*)
OFAC	Central Africa Forest Observatory (*French: Observatoire des forêts d'Afrique Centrale*)
REDD+	Reducing emissions from deforestation and forest degradation in developing countries
NDC	Nationally Determined Contribution
PES	Payment for Ecological Services
HCS	High Carbon Stock
HCV	High Conservation Value
MDB	Multilateral development bank
DRC	Democratic Republic of the Congo
VCM	Voluntary Carbon Market
UNFCCC	United Nations Framework Convention on Climate Change
GCF	Green Climate Fund
ROC	Republic of the Congo
ODA	Official development assistance
IFC	International Finance Corporation
ART/TREES	Architecture for REDD+ Transactions / The REDD+ Environmental Excellence Standard
EUDR	European Union Deforestation Regulation
EU FLEGT	European Union Forest Law Enforcement, Governance and Trade Action Plan
TTT	Tropical Timber Trade Facility
COP	Conference of Parties
FAO	Food and Agriculture Organization
GEF	Global Environment Facility
FCLP	Forests and Climate Leaders Partnership
PCP	Positive Conservation Partnerships
LLF	Legacy Landscapes Fund
USFINCA	United States Foundation for International Conservation Act
MINEF	Gabonese Ministry for Water and Forests (*French : Ministère des Eaux et Forêts*)
FCDO	UK Foreign, Commonwealth and Development Office
ATIBT	International Tropical Timber Technical Association
AFR 100	African Forest Landscape Restoration Initiative

1 Introduction

1.1 Background

In 2022, the Task Force "Fair Deal" was established and mandated by the Congo Basin Forest Partnership (CBFP) to develop key elements for implementing the Central African Forest Comission's (COMIFAC) Declaration of 2021.[1] The goal of this "Fair Deal" is to support the commitment of Central African countries in combatting climate change, supporting forest and biodiversity conservation, forest restoration and sustainable management. In exchange, countries should receive the **fair share and allocation of international climate and biodiversity finance that is proportionate to the Congo Basin's ecological services and their role in maintaining planetary climate equilibrium**. Measured by forest area and total climate mitigation potential of tropical forests, a fair share for the Congo Basin would amount to a minimum of 5% of international climate finance on the basis of the 2015 Paris Agreement.

The focus of the Fair Deal Task Force is to identify approaches and visions for what this allocation could look like and how it could be achieved. As part of its mandate, the Fair Deal Task Force organized several working sessions in the first half of 2023 with technical experts and actors in the region to develop the key elements and architecture for the Fair Deal.

The Fair Deal is based on three foundational principles, which draw from the COMIFAC declaration (Box 1).

Box 1: Foundational principles of the Fair Deal

I. **Governments of Congo Basin countries commit to preserve and sustainably manage their forest ecosystems.** Through the COMIFAC Declaration, countries have committed to make the necessary effort to strengthen their policies, institutions, and governance to protect their tropical forests. These efforts should be considered as part of countries' commitments under the Paris Agreement, reflected in their nationally determined contributions (NDCs).

II. **The international community commits to channel large-scale and long-term finance to countries in the region to support their efforts.** This finance should be deployed in a simple way without overburdening already weak administrations in countries and help channel resources to domestic actors implementing efforts.

III. **Forest protection and development finance need to go hand-in-hand**. Countries of the Congo Basin should receive commensurate finance for standing forests. At the same time, countries in the region have the right to pursue human development. The long-term survival of intact forests thus depends also on redirecting finance flows from economic activities with short-term economicgains to those which achieve human development while protecting and sustainably managing forests.

A final Task Force retreat was organized on 3 July 2023 to discuss and validate some concrete options and proposals to achieve the vision of the Fair Deal, which draw on the above principles. The proposals in this paper have been refined during the final Task Force meeting and reflects the feedback received.

Note that **these options are starting points. An important next step is to discuss, validate, and refine these options together with governments in the region**. This work will hopefully be continued by the incoming CBFP Facilitation (Gabon-France).

[1] The Declaration of commitment by COMIFAC member states to the forests of Central Africa and call for equitable financing and Fair Share, referred to as the "Fair Deal" for short for the rest of the document.

1.2 Considerations for financing Congo Basin forests

The Task Force discussed the main issues and challenges that would need to be considered in the design and implementation of the Deal to ensure its effectiveness. The main issues have been synthesized below.

a. There are no funding mechanisms for intact standing forests at scale. Existing finance does not reach actors due to complex and bureaucratic requirements.

- Currently, there is hardly any funding to compensate for globally relevant ecological services, especially for still intact and standing forests. Existing funding frameworks such as jurisdictional REDD+ fail to provide long-term finance at scale to countries in the Congo Basin to keep forests standing.
- Jurisdictional REDD+ has not had resounding success in the Congo Basin. Jurisdictional REDD+ programs, with their focus on deforestation and degradation, have limited appeal for countries that have been successful in keeping deforestation historically low. For countries in the region that have engaged in REDD+, the process has been lengthy, bureaucratic and time-consuming, with little to show in terms of finance received. Globally, REDD+ readiness support helped the most advanced countries that already had forest inventories and decent capacity. Those with weaker administrations, which is the case for several countries in Central Africa, were left behind.
- Existing finance mechanisms, mostly in the form of development aid, make it challenging for actors in the region to access funding. Many funds and initiatives, including REDD+, require a competent and large bureaucracy to access funding, which most governments in the Congo Basindo not have. This is a challenge facing also local and international implementation organizations who have seen the effectiveness of their operations hampered by the heavy procedures, inflexibility, and short-termed nature of the funding they receive.

b. Countries in the region confront the dual challenge of economic development and forest protection.

- Central Africa has the lowest development rate of basic human needs and infrastructure development, both in Africa and in the world. The world is expecting the region to pursue an alternative economic development pathway that does not rely on natural resource extraction and the permanent alteration of ecosystems, which diverges from what humanity has known and pursued in recent history. This is a big ask of a region and the finance for pursuing alternative development pathways needs to be commensurate.
- Countries in the region, albeit to very different degrees, have insecure economic and political framework conditions on the one hand, and weak administrative capacities of national institutions and governance on the other.
- While countries may have ambitious climate, forest and environmental policies and regulations, their implementation is often hampered by a lack of policy coordination, including across ministries within a single country. Lack of coordination is evidenced by the significant portion of protected areas and intact forest landscapes that overlap with logging, mining, and oil or gas concessions in the Congo Basin.

c. Congo Basin countries need access to private investments, but structural barriers stifle private funding.

- There is very high (real and perceived) country risk which limits private investment into the region. The development, institutional and infrastructure gaps have made countries in the region particularly susceptible to financial crisis. This makes them high risk environments for private investors.
- Efforts to de-risk private investments in the region are limited. There are only a handful of international finance initiatives that have a mandate to support private companies seeking to

implement projects that conserve forests in the region. However, they are too few, inflexible to meet different companies' contexts, and have requirements that smaller, privately funded projects cannot fulfill.

d. Donor initiatives in the region are uncoordinated and place undue bureaucracy on countries to access funding.

- Existing donor initiatives, funding organizations and instruments for forests create a confusing and uncoordinated landscape of efforts that undermine a concerted action and the effectivenessof these various efforts.
- Donors place complex and multiple bureaucratic requirements on countries, which limit the actual finance reaching activities and actors protecting forests.

The Task Force working sessions discussed in detail the above issues and considerations and discussed options that would help achieve the Fair Deal.

2 Making the Fair Deal happen

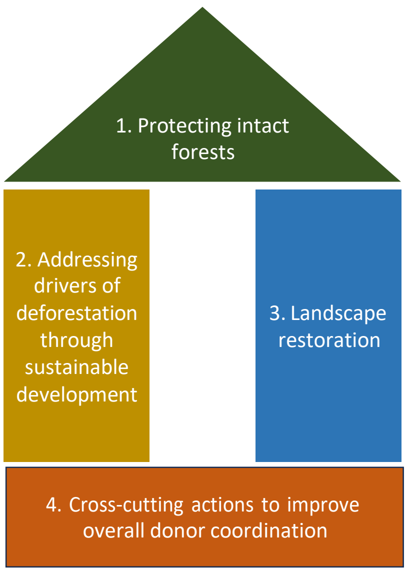
The following section describes the activities and financing options to achieve the vision of the Fair Deal.

2.1 Actions to achieve the vision of the Fair Deal

To enable finance to flow into the Congo Basin region, four categories of activities in the Congo Basin are considered. The core activities are the **1) protection and sustainable management of intact forests.** For these intact forests to be successfully managed in the long-term, two additional activities are crucial in the region: **2) addressing the drivers of deforestation through sustainable economic development** and **3) landscape restoration**.

There are numerous donor initiatives – including several newly-launched pledges in the last two years – in the region. Without the right coordination, the risk of overlap, duplication and ineffectiveness is high. The CBFP may play a role in **4) improving coordination among donors**, to ensure overall impact of these international efforts.

Figure 1. Activities to make the Fair Deal a reality



The following section goes into detail on these activities and lays out financing instruments under each.

2.2 Financing options for each activity

2.2.1 Protecting intact forests

The Congo Basin forests are an essential ecosystem for the world: the intact standing forests play a critical climate role for all. However, the protection of these forests will not happen without the fair and long-term contribution and payments from the international community to actors in the regions, in exchange for their efforts to protect these ecosystems.

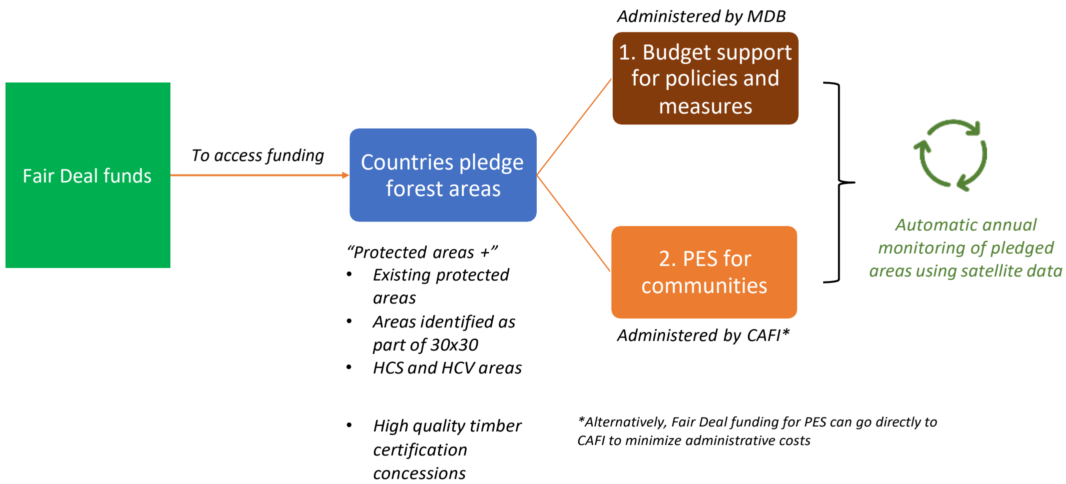
Core Instrument: Multilevel payment for ecosystem services

Overview

The absence of finance for intact standing forests is a gap in achieving the vision of the Fair Deal. To address this, a multilevel payment for ecosystem services instrument is proposed. These payments shall be at two levels:
i. budget support for development to governments at the national level in the form of trust funds, and
ii. payment for ecological services (PES) to forest communities at the local level. Source of funding for these payments will rely on both public and private funding.

The general flow and structure of the proposed funding mechanism is summarized in the figure below.

Figure 2. Proposed structure of multilevel payments for ecosystem services in the Congo Basin



The structure of these payments draws from the lessons learnt from past and existing forest finance initiativesthat have been unsuccessful in channeling finance quickly and at a large-scale for actors in the region. **Three main pain points are addressed in the proposed approach:**

- **Funding is both at the jurisdictional (national) and local (community) levels**. The Task Force spent much time discussing which is the appropriate modalities of support. Given that financing for intact forests needs to be urgently addressed, and all solutions should be considered, an "all-hands-on-deck" approach is proposed; thus, targeting both jurisdictional and local levels.
- **Upfront and direct funding to actors, including governments:** Congo Basin countries, among them some of the lowest-income countries in the world, cannot be expected to put in all the effort without upfront funding that directly funds activities on the ground (rather than readiness activities). Thus, these payments need to provide upfront financing for implementation on the ground.
- **Unbureaucratic and simplified form of demonstrating progress:** There are existing and available technologies such as satellite imagery that can be used to automatically determine the conservation

status of the region's forests. International data can be used in the interim while countries establish and implement national monitoring, reporting and verification systems.

Mobilization

The funds will rely on public and private finance, each of which can target the different levels of the PES. Donor, multilateral, and international development agencies can channel additional funding as part of their international commitment of climate finance. The jurisdictional PES depends on donor leadership, while the community-driven PES may be led by non-state stakeholders. A fundraising campaign to raise 5- to 10-year philanthropic funding from the largest philanthropies to contribute to this fund may also be explored as an additional source of funding. In addition, private investments into the region that are supported by multilateral and bilateral finance organizations and that do not consider conservation goals ("grey finance") could be required to make a mandatory contribution to the proposed PES.

Structure

The structure of the multilevel PES is elaborated below:

Level 1) Jurisdictional payment for ecosystem services

Premise: An international PES providing budget support to governments to incentivize them to protect standing forests in the long-term. This can challenge short-term economic benefits to governments from alternative land uses from extractive economic sectors. Financing in the form of budget-support complements current funding to the region which is mostly through intermediaries that are primarily international implementation organizations.

The main strokes of the jurisdictional PES are as follows:

1. Funds are channeled as budget support to national governments for direct implementation.
2. Funding can be used to implement polices, measures and on the ground efforts, including inter alia paying local agencies managing protected areas. National governments have the autonomy and responsibility to decide how best to use this funding.
3. To access these funds, countries pledge areas (in hectares) that will be protected. Countries will receive upfront funding to kick-start implementation of these activities and yearly payments for each hectare protected.
4. Funding will be disbursed through a multilateral development bank (MDB) that has strong presence and existing support with governments.
5. Global satellite data can be used to automatically estimate the conversion of pledged areas annually, which is the basis for continued funding. This can be used in the interim while countries establish and implement national monitoring, reporting and verification systems.
6. Annual payments are contingent on pledged areas to be fully and in their entirety in place.

Considerations for design and next steps:

One of the main donor efforts in the region is the Central African Forest Initiative (CAFI) which plays an important role both at the political level, engaging national governments in forest protection, and local level, channeling finance to implementation on the ground in six partner countries[2] in the region. In some countries, CAFI has reached political agreements with partner countries through Letters of Intent which outline policy milestones and financing in exchange.

In the working sessions of the Task Force, it was discussed that one of the current gaps faced by CAFI is that finance to countries is channeled primarily through intermediary organizations. The lack of direct access and financial support to governments in the region, many who need additional resources to implement forest activities, is a gap and undermines the protection of intact forests. CAFI is currently trying to address this –

[2] CAFI Partner Countries are: Gabon, Republic of Congo, Equatorial Guinea, Cameroon, Democratic Republic of Congo (DRC), and Central African Republic.

there is ongoing discussion with multilateral development banks to enable CAFI funds to be transferred asbudget support.

The proposed jurisdictional PES can serve as a complement to CAFI by playing the specific role of channeling funding directly to government entities. This enables governments in the region to have autonomy. Donor governments in particular can rebuild trust with governments in the region who have been promised support in their climate action but have yet to see finance flow directly to them. The contributions from the international community will be an important part of the conditional support that Congo Basin countries require to achieve their climate commitments including their NDC targets.

Level 2) Local payment for ecosystem services

Premise: Communities are directly incentivized to develop and diversify their economic activities that involve sustainably managing and conserving forests, through conservation payments at the community level. The proposed funds may allocate a certain amount of funding to an intermediary that will administer a local PES. CAFI is currently developing a pilot PES mechanism in Democratic Republic of Congo (DRC) and aims to replicate successful components of the DRC PES program in other CAFI partner countries. In addition, the World Bank has also a PES scheme in the Republic of Congo, which provides support both at the household (cash transfers) and community (building public good and infrastructure) levels.

The proposed PES can provide supplementary source of funds by channeling funding to CAFI and other PES schemes in the region to broaden their scale and coverage to more areas.

Supplementary instruments to protect standing forests

The Task Force considered two other options that can be important instruments in channeling finance to standing forests. These are: valuing standing forests as countries' national assets and supporting environmental markets as a source of finance for standing forests.

Valuing standing forests as countries' national assets

Premise: Since the protection of the forests of the Congo Basin involves safeguarding essential global ecosystem services that we all depend on, the global community should agree to assign a monetary value to these standing forests. Considering forests' national assets would draw attention of mainstream financial organizations to the need of investing in long-term conservation. This approach would replace the short-term perspective of the current financial system with a system that values forests as essential government assets. Afocus on the net worth of countries that includes a consideration of natural capital would encourage public investment, improve management of natural assets, increase a country's fiscal space, and lower the cost of public sector capital. Debt-for-nature swaps is another instrument that reduces a country's debt burden in exchange for guaranteed finance for nature conservation.

Efforts to value the forests of the Congo Basin are already underway and can provide important input to the proposed reform of public debt management systems. The World Bank has initiated efforts in the Congo Basin to help countries in the valuation of their forests. The CBFP may recognize these efforts and raise the profile of the importance of these approaches for the region in the international community.

Supporting environmental markets (carbon, biodiversity) as a source of finance for standing forests

The finance needs of the Congo Basin cannot be met with international public finance alone. Private finance through carbon markets, both voluntary and compliance, can be an important source of finance for both conservation and sustainable development in the region. The Task Force discussed extensively the potential role of market mechanisms, both the voluntary carbon market (VCM) and those under the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC, Article 6, jurisdictional REDD+), and how it may be better leveraged, tweaked or adapted for the particular needs of the Congo Basin countries.

Tropical forest countries have looked to jurisdictional results-based REDD+ payments as a source of finance to address deforestation. However, only a handful of countries have been able to fulfill the requirements to access finance through this mechanism. The Democratic Republic of Congo and the Republic of Congo have signed an emission reductions payment agreement with the Forest Carbon Partnership Facility and Gabon has entered into an agreement with Norway to sell mitigation outcomes registered under the ART/Trees standard. Overall, the benefits that have accrued to the region under results-based and market-based REDD+ remain meager.

To enable the flow of larger amounts of funding to the region, jurisdictional payments linked to emission reductions are not sufficient. A payment system such as the proposed multilevel PES is likely to provide more stable income to the region.

Carbon finance can complement such PES (or a similar large incentive system) and attract private investment into the region. Private sector funding through the VCM can bring much needed finance for forest conservation finance in forest areas that do not have state presence. To mobilize such funding, technical capacities have to be built in the region and the barriers to private investments need to be reduced.

To achieve the vision of the Fair Deal, donor entities should seek ways to support and de-risk private sector actors by co-investing into conservation activities. Instruments like guarantees that address political risks can further help to mobilize private sector finance at scale. Donors can also build capacities to implement forest conservation activities in the region. De-risking private investment, in addition to technical and capacity support, can help create a pipeline of impactful and bankable projects, which are currently lacking in the region.

In addition, there is a nascent but growing interest in biodiversity markets and credits. These markets may be considered as they evolve and develop further as a means to achieving the goals of the Fair Deal.

2.2.2 Addressing drivers of deforestation through finance for sustainable development

Conservation and development are two sides of the same coin, but often they are not tackled together. Congo Basin countries face development challenges and must consider the costs of conservation in the context of integrated development planning. There is insufficient funding that channels finance to forest-positive economic development.

Core instrument: increasing support to CAFI

Premise: There is limited finance that tackles both development and forest protection together. In addition to policies and measures that put forests front and center of countries' development policies at the national level, direct investments into integrated rural programs that address drivers of deforestation on the ground are necessary. CAFI is one of the main donor-funded initiatives that is doing both. There is a need to increase "green" development finance i.e., expanding finance to efforts that achieves economic development with reduced impact on forests.

To achieve the vision of the Fair Deal, CAFI should be strengthened with additional support to enable it to expand its current activities. However, it is important that CAFI avoids the pitfalls of other donor initiatives that have become large, inefficient bureaucratic machines. International financing for green development activities should be simple and unbureaucratic for Congo Basin countries.

Mobilization:

There is currently significant donor funding and MDBs in the form of official development aid (ODA) that is being invested in mainstream economic sectors (e.g., infrastructure development, energy, agriculture, amongothers) in the Congo Basin. To achieve the vision of the Fair Deal, donor entities can allocate a percentage of these development investments (both current and new) to be channeled to CAFI for the implementation of activities on the ground.

Additional funding sources could come from existing instruments that the region has had little access directly. TheTask Force discussed the different international mechanisms that exist which many countries in the Congo Basin have benefited little, and have enjoyed few comparative advantages of. As part of the GCF's second replenishment (GCF-2), Congo Basin regional entities and country governments may consider engaging directly with the GCF to establish a "fast lane" for countries who need financing but lack the capacities to submit proposals to the GCF. This could help support countries' ongoing REDD+ efforts or help countries engage private sector involvement in conservation.

Use of funds: Funding can go via CAFI to activities that generate socio-economic development and livelihoods which include forest protection, conservation and sustainable management. Based on CAFI's existing portfolio, this may include:

- Increase the reach of villages that are supported under the **integrated rural development program** (currently 7 in DRC and 2 in Republic of the Congo (ROC) that have been allocated funding).
- Expand the number of **sectoral programs** that establish and/or increase capacity of land use planning, agricultural, land tenure and forestry sectors.
- CAFI may also expand their offer of activities to other Central African countries, in particular COMIFAC member countries. Land use in these countries directly impacts forests and ecosystems in CAFI member countries (e.g. in the context of transhumance).

Considerations for design and next steps:

During the Task Force meetings, representatives from CAFI shared some of the challenges and opportunities in CAFI's operations. While increasing support to CAFI is in principle a positive step, there are limitations and constraints that need to be considered in the approach and delivery of this additional support. CAFI is currently undergoing changes in its structure and mode of delivery, in collaboration with other partners such as the World Bank, to improve its overall impact in the region. The CBFP may engage in these discussions to understand how funds under the Fair Deal vision can be best channeled to or through CAFI to address drivers of deforestation in countries in the region.

Supplementary instruments: Addressing pressures on forests through consumer side measures and complementary mechanisms (forest bonds, guarantees, debt-for-nature swaps)

In addition to increasing support to CAFI, participants of the Task Force considered other instruments that can also play an important role in addressing drivers of deforestation and degradation and can mobilize finance for sustainable development.

Consumer-side measures to address pressures on forests

Premise: The consumption and demand for commodities and raw materials in industrialized and large consumer countries drive forest conversion and loss in tropical forest regions. Commodity-driven deforestation is already there and expected to play a bigger role in Central Africa in the short to medium term.Proactive efforts from consumer countries, in partnership with countries in the region, need to be taken to ensure production in Congo Basin is sustainable.

The EU Deforestation Regulation (EUDR) was passed in 2023 and it requires due diligence from companies seeking to import cattle, cocoa, coffee, oil palm, rubber, soya and wood into the EU to prove that these are deforestation-free. While there are some limitations to the EUDR, it sets an important milestone and starting point for consumer-side measures which contribute to the overall vision of the Fair Deal. The participants of the Task Force discussed some options and actions:

- The EU Forest Partnerships and the Team Europe Initiatives are some efforts which will address the impacts of the EUDR and support countries in the transition. There is hesitation from countries in the region stemming from their experiences with the European Union Forest Law Enforcement, Governance and Trade Action Plan (EU FLEGT) process. Therefore, partnerships need to take into consideration lessons from the FLEGT process and rebuild trust with countries.
- The CBFP can facilitate and support the implementation of the EUDR through the EUDR Partnership Agreements with Congo Basin countries, providing capacity building and technical support for countries to put in place the necessary governance and enforcement mechanisms
- Given the importance of the timber sector for the economy of countries in the region, the CBFP may advocate for the EU to recognize the important role of high-quality timber certified concessions in the sustainable management of forests as part of the EUDR.
- It is crucial that other major players and consumer countries, such as China and India, are also engaged in consumer and demand-side policies. Through the CBFP, the Tropical Timber Trade Facility(TTT) was established as an initiative with China to promote sustainable timber production and tradein the Congo Basin. However, it has not been implemented. The CBFP should ensure the realization of the TTT as a first step in efforts to engage with other major consumer countries.

Deploy complementary financial instruments (forest bonds, guarantees, debt-for-nature swaps)

Premise: Public finance alone will not be sufficient to finance the protection of the forests of the Congo Basin. Private finance needs to be an important source of investment, and mechanisms for mobilizing private finance at scale are left wanting in the region. Using blended finance instruments is essential to draw private finance into high-risk and fragile environments such as the Congo Basin. The international community needs to consider how it can support blended finance or innovative financial instruments that deliver funding without creating incentives to pursue an expansive development pathway. Such instruments can help achieve the vision of the Fair Deal by unlocking new sources of finance to sustainable development in the region.

There are several instruments from non-forest sectors that provide a blueprint for mechanisms that can be considered to unlock finance. The participants of the Task Force echoed the necessity and importance of having alternative sources of finance and emphasized the need to view these instruments not in isolation butin combination with the other options, existing and new, that are outlined in this paper. The complementary financial instruments are:

1. **Forest bond linked to high integrity forest conservation.** Congo Basin countries or development partners (e.g., the World Bank's International Finance Corporation (IFC)) could issue a High Integrity Forest Bond that channels funds to projects that enhance conservation and promote rural development that creates viable alternatives to deforestation.

   This proposal builds on experiences with existing forests bonds as well as the announcement by CAFI and &Green during COP27 to support the development of a forest bond to support the COP26 forest finance pledge for the Congo Basin.[3] High Integrity Forest Bonds would complement the CAFI and &Green bonds. Bonds can attract investment from institutional investors, such as pension funds.

2. **Use of guarantees to support sustainable private investments.** Guarantees could be used to attract private finance in sustainable forest management, deforestation-free supply chains, and other prioritized opportunities. Guarantees are one of the most catalytic forms of blended finance and also one of the most underutilized instruments. A dedicated facility that offers guarantees could reduce the interest rates of loans, mobilize funds quickly and leverage public finance effectively.

[3] CAFI and &Green Commit 120 million USD to deliver on Congo Basin Pledge. (2022, November 7).

Guarantees would be issued to private investment projects that commit to a zero-deforestation policy. Projects could support green energy and investments into agriculture at the forest frontier. Guarantees could also back investments into sustainable forest management or resource extraction, thereby directly addressing drivers of deforestation. The scheme could also adopt social and environmental sustainability safeguards with which eligible projects would have to comply as well as a strict anti-corruption policy.

3. **Debt-for-nature swaps**. This is an instrument that reduces a country's debt burden in exchange for guaranteed finance for nature conservation. There are a handful of examples globally of this instrument, but there is strong interest from governments in Central Africa to explore such options. The African Development Bank (AfDB)has received requests from countries in the region to develop debt-for-nature swaps. However, it lacks the internal capacities and expertise to pursue this approach.

   Donor entities may consider providing technical support to AfDB and a handful of countries to pilot debt-for-nature swaps, learning from and applying relevant lessons from examples in other tropical forest countries.

2.2.3 Landscape restoration

Landscape restoration in the Congo Basin is an important opportunity in making the Fair Deal a reality. When done well, restoration can improve the overall integrity of the ecosystem while achieving sustainable development goals at the local level. The highest potential for forest restoration is in forest/ savanna landscapes with high population densities and forest loss. These places are characterized by increasingly shorter fallow periods which result in the conversion into secondary savannas. Current satellite data identifiesmuch of this area to be along the southern edge of the forests of the DRC, among other areas.

Channeling finance into forest restoration interventions to local actors through natural or livelihood-based restoration activities is a promising effort, given that there is no intensive/ industrial land use that is competing with what could be more sustainable alternatives. Given the vast area of the forest to savanna transition zones in the Congo Basin, restoration should feature prominently in forest land use planning in providing alternative livelihoods and enhanced forest ecosystem services outside of core high conservationvalue forests.

A major regional effort is the African Forest Landscape Restoration Initiative (AFR100), a country-led initiative to restore 100 million hectares of land on the continent by 2030. Almost all countries in the region are engaged in the AFR100. The CBFP engaged with the AFR100 to understand the opportunities for landscape restoration in the Congo Basin. These identified opportunities and actions, which if pursued concertedly can significantly contribute towards the vision of the Fair Deal:

1. **Enhance access to finance for countries through existing partnerships such as CBFP, COMIFAC and AFR100** to implement policies, measures and activities which expand restoration that achieves environmental and socio-economic benefits.
2. **Channel finance to restoration activities bordering protected areas** to reduce pressure on remaining high conservation value areas and tap into additional resources for carbon removals
3. **Take a smart approach for land-use planning** with a focus on participatory, community-based and landscape approaches that will address land tenure and sustainable forest management
4. **Focus on increasing agricultural production on existing arable land** through the introduction of sustainable agricultural practices and agro-forestry
5. **Address energy demands** of a growing population through sustainable production of fuel wood, including small-scale, high turn-over plantations and agro-forestry
6. **Strengthen cross-sectoral collaboration** on national, regional and local level between forestry, water, agriculture, planning, etc. involving regional actors such as the Economic Community of Central African States (ECCAS) to coordinate efforts

2.2.4 Cross-cutting actions to improve donor coordination

There is a myriad of forest initiatives and activities by donor entities in the Congo Basin. Without the right coordination, the risk of overlap, duplication, and ineffectiveness is high. This undermines the vision of the Fair Deal. Hence, concerted and concrete efforts to improve overall donor coordination at national and sub- regional levels and reduce the administrative burden of accessing international finance are crucial.
Participants of the Task Force discussed some first steps that the CBFP can take towards this goal:

- **Convene the CBFP Donor College** at ministerial level once a year.
- **CBFP, CAFI or one of the major bilateral donors should initiate and organize within the coming year a conference and process** with the UN organizations, development banks and specialized organizations of the UN (FAO, GEF, GCF, etc.) to establish a clear allocation of tasks, to avoid duplications and improve efficiencies.
- **Develop a database of all relevant donor-funded projects** in the regions that seek to promote forest conservation. Thereby, strengthen local research organisations, such as the Observatoire pour les Forets de l´Afrique Centrale (OFAC), and promote academic partnerships between universities from within and without Congo Basin countries.
- **To bring some order and division of labour into the inflation of new conservation initiatives over the past three years,** including Alliance pour les Forêts Tropicales, Forests and Climate Leaders Partnership (FCLP), Positive Conservation Partnerships (PCP), Legacy Landscapes Fund (LLF), United States Foundation for International Conservation Act (USFINCA), **support the country investment packages for Congo Basin countries initiated by FCLP.** These country packages seek to harmonize existing country programs, identify gaps, and mobilize synergistic additional resources. It is essential that such packages are developed in cooperation with the governments of the region.
- **Coordinate capacity building delivery among donor and implementation entities**. A simple mapping of current capacity building activities can help demonstrate where resources are currently being channeled, by whom, and where gaps exist. OFAC can play a supporting role.
- **Support COMIFAC and enable it to contribute to the coordination of activities**. COMIFAC is an important regional institution that brings together ministerial level decision-makers in the region. However, there are capacity and technical constraints in the institution. COMIFAC should be strengthened by increasing its pool of experts on topics that member governments need additional support on. Such topics include, for example, support in international negotiations, elaboration and follow-up of nationally determined contributions, inventories for ecosystem services, and finance experts that help to close financing gaps. This expertise would directly benefit countries in the region.
- **Support also the development of ECCAS** to serve as a political roof for the Congo Basin region.

– 12.07.2023, Christian Ruck, German Facilitator of the CBFP

Acknowledgements

The Facilitation of the CBFP expresses its thanks for the discussion contributions, presentations and inputs provided by the members of the Task Force and guest speakers. We further appreciate the support of Climate Focus in facilitating the Task Force work meetings, and summarizing and textualizing their results.

Alina Adam (KfW)
Martin Bostroem (KfW)
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Christophe du Castel (AfD)
Tom Clements (FCDO)
Bamba Diop (AfDB)
Richard Eba Aty'i (CIFOR)
Ako Charlotte Eyong (AfDB)
Bruno Guay (CAFI)
Matthew C. Hansen (University of Maryland)
Julian Harbrecht (CBFP/GIZ)
Michael Huettner (GIZ)
Ela Zoe Irmschler (CBFP/GIZ)
Benoit Jobbe-Duval (ATIBT)
Daniel D Kandy (U.S. State Department)
Alain Karsenty (CIRAD)
Gilles Kleitz (AFD)

Alvina Owono Essono (Gabon National Climate Council)
Kanta Kumari Rigaud (World Bank)
David Maleki (World Bank)
Pascal Martinez (GEF)
Celestine Mengue Medou (AfDB)
Sanggeet Mithra Manirajah (Climate Focus)
Ghislain Moussavou (MINEF)
Chouaibou Nchoutpouen (COMIFAC)
Dirk Nemitz (UNFCCC)
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Charlotte Streck (Climate Focus)
Valerie Tchuante Tite (COMIFAC)
Laurent Valiergue (The Shared Wood Company)

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