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ANNEX 2: Congo Basin Forst Fund Results Logical Framework
### List of Acronyms and Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>AFFM</td>
<td>African Fertilizer Financing Mechanisms</td>
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<tr>
<td>AWF</td>
<td>African Water Facility</td>
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<tr>
<td>CBFF</td>
<td>Congo Basin Forest Fund</td>
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<td>CBFP</td>
<td>Congo Basin Forest Partnership</td>
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<tr>
<td>CEEAC</td>
<td>Economic Community of Central African States</td>
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<tr>
<td>CEFDHAC</td>
<td>Conference on the Dense Moist Forests Ecosystems of Central Africa</td>
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<tr>
<td>COMIFAC</td>
<td>Central African Forest Commission</td>
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<tr>
<td>COP</td>
<td>Conference of Parties</td>
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<tr>
<td>CPAR</td>
<td>Country Procurement Assessment Report</td>
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<td>CPPR</td>
<td>Country Portfolio Performance Review</td>
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<tr>
<td>CSO</td>
<td>Civil Society Organisation</td>
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<tr>
<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>ECA</td>
<td>Economic Commission for Africa</td>
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<tr>
<td>EUR</td>
<td>Euro</td>
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<tr>
<td>FMA</td>
<td>Fund Management Agent</td>
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<td>GECL</td>
<td>Office of the General Counsel and Legal Department</td>
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<td>GEF</td>
<td>Global Environment Fund</td>
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<tr>
<td>GHG</td>
<td>Green House Gas</td>
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<td>IDWG</td>
<td>Inter-Department Working Group</td>
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<tr>
<td>LFA</td>
<td>Logical Framework Analysis</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organisation</td>
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<tr>
<td>NRM</td>
<td>Non Regional Member</td>
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<tr>
<td>O&amp;M</td>
<td>Operation and Maintenance</td>
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<tr>
<td>OSAN</td>
<td>Agriculture &amp; Agro-Industry Department of AfDB</td>
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<tr>
<td>PCR</td>
<td>Project Completion Report</td>
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<tr>
<td>PFCR</td>
<td>Portfolio Completion Report</td>
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<tr>
<td>RBM</td>
<td>Results Based Management</td>
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<tr>
<td>REDD</td>
<td>Reduced Emissions from Deforestation and Forest Degradation</td>
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<tr>
<td>RFP</td>
<td>Request for Proposal</td>
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<td>RMC</td>
<td>Regional Member Country</td>
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<td>SFM</td>
<td>Sustainable Forest Management</td>
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<tr>
<td>TM</td>
<td>Task Manager</td>
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<td>TOR</td>
<td>Terms of Reference</td>
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<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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PREAMBLE

The Instrument\(^1\) establishing the Congo Basin Forest Fund (the "CBFF") provides that the African Development Bank (the "AfDB" or "Bank"), in its administration of the CBFF, shall apply the same principles and criteria that are applicable to financing provided from its own ordinary resources, except as otherwise provided in the Instrument and in the respective Operational Procedures adopted by the Board of Directors of the Bank\(^2\).

Accordingly, the rules and policies applicable to the operations of the Bank will generally be applicable to the operations of the CBFF, except as otherwise provided for in the Operational Procedures. These Bank rules and policies include, but are not limited to the following:

• Rules and Procedures for Procurement of Goods and Works
• Rules and Procedures for the Use of Consultants
• AfDB Group’s Policy on Disclosure of Information
• AfDB Group’s Policy on the Environment
• Gender Policy
• Whistle Blowing and Complaints Handling Policy
• Guidelines for Preventing and Combating Corruption and Fraud in Bank Group Operations
• Independent Review Mechanism (“IRM”) - Operating Rules and Procedures

The CBFF will also generally adhere to international consensus to which the Bank has endorsed, in particular, "The Paris Declaration on Aid Effectiveness" (2005) and the Accra Third High Level Meeting on Aid Effectiveness (2008).

\(^1\) Instrument for the Establishment of the Congo Basin Forest Fund.
\(^2\) Section 5.3.
PART A: BACKGROUND AND OBJECTIVES

1. INTRODUCTION

1.1 Background and Guiding Principles

1.1.1 In March 2007 and in response to the request of leading African figures involved in the conservation of the Congo Basin rainforest, the British Government announced its intention to contribute an initial amount of GBP 50 million to a Congo Basin Forest Fund. The main purpose of the donation was to provide funding for projects likely to slow down the rate of deforestation, by developing the capacity of people and institutions in the Congo Basin countries to manage their forests as well as alleviating poverty by helping the local communities to get appropriate and sustainable livelihoods that are consistent with the conservation of forests. It supposes the commitment of the Congo Basin states to establish and implement holistic national strategies for the preservation of their forests.

1.1.2 In February 2008 the African Development Bank ("AfDB" or the "Bank"), in partnership with the Central Africa Forests Commission ("COMIFAC") and the British Department For International Development ("DFID") organized an International Conference on Funding Mechanisms for Sustainable Management of the Congo Basin Forest ecosystems in Tunis. The Central Africa governments committed to pursue their efforts towards conservation of Congo Basin forests ecosystems, and the Bank was requested to host the Congo Basin Forest Fund ("CBFF").

1.1.3 The initial contribution by the British Government was matched by the Norwegian Government (GBP 50 million) and it is expected to be followed by other donors in bilateral and/or multilateral frameworks.

1.1.4 The CBFF has been established with the twin goals of alleviating poverty and addressing climate change through reducing, slowing and eventually reversing the rate of deforestation in the Congo Basin. Project proposals and initiatives considered for funding should conform to the COMIFAC Convergence Plan, and initially in particular with strategic areas 2, 6 and 9.

1.1.5 The African Development Bank accepted the request to host the CBFF and administer its resources. The Board of Directors of the Bank sought and received the approval of the Board of Governors concerning the Instrument Establishing the Congo Basin Forest Fund (the "Instrument"), by virtue of Resolution B/BG/2008/21 adopted by postal ballot on 30th September 2008. This Instrument defines the management of the CBFF, as a Special Fund, whereby its Governing Council (GC) sets the strategic direction, programmatic objectives and milestones and builds coherence among stakeholders. The Bank, in accordance with the Instrument and the Framework Document for the Establishment of the CBFF (The “Framework”) (ADB/BD/WP/2008/80 of 30 May 2008), is responsible for the general operations of the CBFF, and, in consultation with the Governing Council, approves the projects and programmes financed under it, as well as its annual budget and financial statements. The CBFF has its Governing Council, a Secretariat and the staff required to carry out its objectives. The preparation of the CBFF Operational Procedures was guided by the general principles defined in the CBFF

Instrument and the CBFF Framework Document. It has also been informed by the procedures and experience of other Bank special funds such as the African Water Facility (AWF) and the African Fertiliser Financing Mechanism (AFFM).

1.1.6 Section 5.2 of the Instrument states that “[t]he Bank, in consultation with the Governing Council, will adopt operational procedures, for operations financed with the resources of the Fund, which in particular will be designed to ensure a fast-track process for the consideration, approval and implementation of activities” financed with the resources of the CBFF.

1.1.7 The Instrument further stipulates in Section 5.3 that the Bank, in its fiduciary duties as trustee of the CBFF, “shall apply the same principles and criteria that are applicable to financing provided from its own ordinary resources”, except as otherwise provided in the Instrument and in these Operational Procedures.

1.1.8 The Operational Procedures take into consideration the experience and knowledge acquired by the Bank in administering similar funds, the Framework Document for the Establishment of the CBFF (June 2008), as well as the comments received on the first version. These procedures are intended to kick-start the operation of the Facility and must be revised, not later than 31 December 2010, to incorporate lessons learned from their use in the operation of the Facility.

1.2 Purpose of the Operational Procedures

The purpose of the Operational Procedures is to provide rules and procedures that will guide the operations of the CBFF, within the context of the Instrument and Framework Documents. It is intended that based on the Bank’s usual practice for similar special funds (e.g. AWF and AFFM), the CBFF Secretariat will, subject to the Governing Council endorsement, develop detailed guidelines, manuals (e.g. an Operational Manual), and tools using the guiding principles enshrined herein to facilitate operations.

1.3 Structure of the document

The Document is divided into four main parts: Part A deals with the general characteristics of the CBFF including the background, objectives and purpose of these Procedures. Part B deals with the structure, financial, administrative and fiduciary control systems for managing the CBFF within the Bank. Part C deals with the types of activities that fall within the purview of the Fund, project cycle activities, and operational procedures for processing and approving grants under the Fund as well as implementation and monitoring. Part D deals with reporting and accountability arrangements.
PART B: STRUCTURE AND ADMINISTRATION

2. STRUCTURE AND FUNCTION OF THE FUND

2.1 Administrative Structure

The Fund shall have (a) a Governing Council, and (b) a Secretariat headed by a Coordinator with such other staff as necessary to carry out the activities of the CBFF. The Secretariat in the person of the Coordinator will report to the Director, Agriculture and Agro-Industry Department of the AfDB. The Board of Directors of the Bank will make certain decisions concerning the CBFF, as provided for in the Instrument, the Framework and these Operational Procedures.

(a) The Governing Council, which will have its own Rules of Procedure, comprises the two (2) Fund’s co-chairs and five (5) members as follows:
- 1 senior management representative (at VP level) of AfDB,
- 1 representative of the donors (the representation will be on a rotational basis),
- 1 Civil Society representative from the Region (the representation will be on rotational basis),
- The Secretary General of Economic Community of Central African States (“CEEAC”), and
- The President of COMIFAC.

The Governing Council will also include the following four (4) non-voting ex-officio members:
- The COMIFAC Executive Secretary,
- A representative of the United Nations Environment Programme (UNEP), who also represents UN REDD Programme,
- A representative of the Norwegian government (when not representing the donors as member) or a representative of United Kingdom government (when not representing the donors as member), and
- A representative of the Congo Basin Forest Partnership (CBFP).

(b) The initial staffing requirements of the Secretariat are expected to include:
- 1 Coordinator,
- 1 Specialist in Forest Management and Climate Change,
- 3 Operations Officers,
- 1 Financial Management Expert,
- 1 Operations Assistant, and
- 3 Support Staff.

Two (2) of the 3 Operations Officers will be out posted to the Bank’s Yaoundé and Kinshasa Regional Offices to undertake initial reviews of requests for funding, outreach activities as well as supervision of funded projects. The Yaoundé Office will cover Cameroon, Chad, Central African Republic, Gabon, Equatorial Guinea and São Tomé e Príncipe, and the Kinshasa Office will cover DRC, Congo, Rwanda, and Burundi. Additional short term expertise will be sourced as necessary. The CBFF Organigram is presented in Annex 1.
2.2 Functions of CBFF Organs and intersection with AfDB’s Board of Directors and Staff

2.2.1 The Board of Directors: Consistent with the Bank’s fiduciary obligations as trustee of the CBFF, the Board is primarily responsible for the general operations of the CBFF, and in this regard, will serve as the decision-making organ for certain operational matters according with the provisions and thresholds approved in the Instrument and Framework Documents.

2.2.2 The Governing Council: The Governing Council has the following functions and mandate as defined by the Instrument. The Governing Council shall be responsible for:
   (i) setting the strategic direction of the Fund;
   (ii) setting objectives and milestones;
   (iii) financial oversight and budget proposals review to ensure consistency with the strategic direction;
   (iv) vetting projects proposed by the secretariat for inclusion in the work plan, including secretariat budget approval and control;
   (v) building coherence among stakeholders;
   (vi) contributing to advocacy and leverage of resource mobilization initiatives aimed as securing contributions to the Fund; and
   (vii) approving the CBFF’s annual budget and financial statements.

2.2.3 Meetings: The Governing Council will meet at least twice a year, endeavouring to meet at least once annually in the Congo Basin region; otherwise it will conduct its business largely through electronic means of communication.

2.2.4 Decision Making: Decisions of the Governing Council shall be taken at meetings or by correspondence. Decisions shall be taken by consensus or by the vote of a simple majority of members where a consensus is unattainable. Each member shall have one (1) vote. The Chairperson of the session shall have one (1) additional vote in the event of an equal division of votes. In the event of a member of the Governing Council having any link or association with a grant applicant, the member must declare this conflict of interest prior to entering into any discussion with the Governing Council on that proposal and should be excused from the discussion and voting process.

2.2.5 The Secretariat of the CBFF: The Secretariat will be housed within AfDB’s Department of Agriculture and Agro-Industry (OSAN) under the supervision of the Director of OSAN in the Bank’s headquarters or the Bank’s temporary relocation agency. The operations of the fund will be undertaken by the Coordinator who will be assisted by professional staff. Technical staff will also be based at the AfDB Regional Offices in Yaoundé and Kinshasa, where appropriate office spaces will be made available by the AfDB in the frame of its in-kind contribution to CBFF Secretariat operating expenses. The Coordinator, appointed by the President of the Bank on consultation with the Governing Council, will work under the strategic direction of the Governing Council as regards the overall policy direction, objectives and programme priorities for the CBFF. Administratively, as a member of AfDB staff, the Coordinator will report to the Director of OSAN, (i) in respect of the administrative and programmatic operations of the CBFF in accordance with the Strategies, Workplans, Budgets, and Operational Procedures agreed by the Governing Council, and (ii) for managing the use of resources in accordance with Bank rules and procedures.
2.2.6 **The Staff of the CBFF:** In accordance with the provisions of the Instrument and agreed CBFF annual budget activities of the CBFF will be carried out mainly by CBFF Secretariat staff and assisted by Bank staff where necessary on a cost recovery basis. The Delegation of Authority applicable in the Bank will also be applicable to the CBFF. The Bank will extend to CBFF staff all the privileges provided to its own staff. Recruitment of CBFF staff will be carried out using the applicable Bank rules and procedures. These Bank rules will also apply to the recruitment of technical assistance staff as well as consultants and other short-term staff. The decision to use the Funds of the CBFF to recruit staff will be based on the cost of implementation of the approved operational programme.

2.2.7 **Liaison with Bank Operations:** There will be linkages between the CBFF and regular Bank operations. The Fund, in line with its mandate, will complement Bank’s activities related to the forestry sub sector and will be consistent with the specific forestry policy adopted by the AfDB which provides a framework and strategies enabling the Bank to play a more effective role in the protection, conservation, management, and utilization of forests in Regional Member Countries (“RMC”) within the Congo Basin. The Fund will also complement Bank’s activities in connection with climate change mitigation and adaptation, in particular, related to the role of forest ecosystems.

3. **ADMINISTRATIVE ARRANGEMENTS**

3.1 **Administration**

As trustee of the Fund, the AfDB shall, in accordance with its financial rules, regulations, policies, investment guidelines and relevant instruments, administer and manage the resources of the Fund using its organisation, services, facilities and staff in accordance with the provisions of the Instrument. The Coordinator of the CBFF Secretariat shall be responsible for conducting the operations of the Fund in accordance with the provisions set out in the Instrument, the Framework Document and these Procedures. However, the resources and accounts of the Fund shall be kept separate and apart from the ordinary resources of the Bank as well as all other assets and accounts administered by the Bank. As per the Framework Document, the CBFF is established to last until 2018 unless decided otherwise by the Board of Governors.

3.2 **Budgeting**

3.2.1 **Budget Directives:** Three-year rolling and annual budgeting for the Fund will be introduced as part of planning and management. Six month budget analysis will be introduced as an expenditure control mechanism. The Fund will have a separate cost centre, managed by the Coordinator, who is responsible for the preparation of the annual budget of the CBFF in accordance with the provisions of the Instrument.

3.2.2 **Budget Preparation Process:** The Coordinator of the CBFF will prepare the three-year rolling and annual budgets to cover all administrative and capital expenses in accordance with AfDB’s budgeting cycle and directives on eligible items for inclusion in an administrative budget. The preparation of the annual administrative and capital budget will be guided by efficient and effective utilisation of human and material resources. The annual and three-year rolling budget proposals will be submitted to the Governing Council for approval prior to approval by the AfDB’s Board of Directors.

3.2.3 **Budget Management and Control:** The Coordinator of CBFF Secretariat is responsible for managing the budget to ensure that it will cover the activities that have been programmed and
that expenses remain within the provisions made. The Budgetary control mechanism is integral to the internal control of the Bank, which is structured in such a way that expenses on a particular cost centre are approved and incurred only to the extent of the relevant budgetary appropriation.

3.2.4 Management Level: For operational reasons there are two proposed funding routes: projects in an amount to be financed equal to and over €2,500,000 will be managed directly by the AfDB, whilst projects below this threshold and equal to and over €80,000 will be managed under an agreement between the Bank and a Fund Management Agent (“FMA”) contracted by the Secretariat, in accordance with Bank procedures, and subject to endorsement by the Governing Council. The payments for projects managed by the FMA shall be made from a separate bank account managed by the FMA.

3.3 Accounting and Financial Controls

In accordance with the Bank’s procedures and the Instrument, a separate account for the resources of the Fund will be maintained. The Fund account shall be established in Euros and all financial planning and reporting shall be undertaken in Euros. In addition, financial reports and statements will be maintained by the Bank and disseminated in accordance with the stipulation in the Instrument. Also, an annual audited financial statement shall be prepared and approved by the Governing Council prior to approval by the Bank’s Board of Directors.

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4 EURO equivalents of US Dollar values contained in the Instrument and Framework Documents will be applied at a rate of EUR 1 = USD 1.25.
PART C: OPERATIONS

4. PRINCIPAL ACTIVITIES

4.1 Areas of Intervention

4.1.1 The Governing Council shall, in accordance with its mandate as defined in the Instrument and Framework documents, determine the strategic direction of the Fund. The CBFF has been established with the twin goals of alleviating poverty and addressing climate change through reducing, slowing and eventually reversing the rate of deforestation in the Congo Basin. The impact of the CBFF will be assessed through results of the interventions supported by CBFF, which will have clearly established baselines against which the results will be measured. All the projects under the subject activities shall be governed by the “Results Logical Framework” included in the Framework Document for the establishment of the Congo Basin Forest Fund. (See Annex 2). The Secretariat and the Governing Council, in consultation with the Reference Group, referred to in Section 7.1.4, shall periodically review the Fund’s areas of intervention and the Results Logical Framework as part of multiyear Operational Programmes.

4.1.2 The areas of intervention for CBFF grant funding will primarily be those that slow the rate of deforestation, reduce poverty amongst forest dwellers and contribute to a reduction in greenhouse gas emissions while maximising the storage of carbon. Within the context of its objectives, the CBFF has identified a number of key thematic areas, namely:

a) Forest management and sustainable practice
b) Livelihoods and economic development
c) Monitoring, Assessment and Verification
d) Benefits from carbon markets and Payment for Ecosystem Services
e) Capacity building in Reduced Emissions from Deforestation and Forest Degradation (REDD), in Monitoring, Assessment and Verifications and in sustainable forest management

4.2 Forest Management and Sustainable Practice

There are opportunities to build on existing forest management approaches to realize potentials of sustainable forest management (“SFM”) that effectively engage state and non-state actors. In a broad sense the CBFF will support initiatives that contribute towards achieving progress in key areas of SFM, including forest governance and biodiversity initiatives by means of enabling the legal, policy and institutional arrangements necessary for effective action. It is recognized that for a number of countries, legislation and policies exist but their implementation is hindered by enforcement challenges. The CBFF is keen to support efforts that transform current forest sector activities by supporting those working to introduce pro-poor community forestry in the region, and improve the welfare and qualify of life of communities dependent on forest resources. In addition, CBFF will support initiatives that are complementary and synergetic with initiatives supported by national and regional partners, including among others the COMIFAC Convergence Plan and the Congo Basin Forest Partnership (CBFP).
4.3 Livelihoods and Economic Development

For the thirty to fifty million people living in the Congo Basin poverty levels are high and many derive their livelihoods from the forest. The importance of subsistence use of forest products can not be underestimated; forest resources are both a safety net in times of difficulty and an important component of the established livelihood strategies of forest dependent people. Reducing poverty is critical both to the stability of central Africa and the achievement of the Millennium Development Goals. Opportunities exist for promoting livelihoods that are compatible with sound forest management.

People are affected by deforestation and degradation in different ways and to differing degrees according to their geographic, social and economic locations. Indigenous peoples, for instance forest dwelling communities, have inalienable rights regarding their culture and livelihood strategies that are supportive of sustainable forest management. Similarly, women and girls have been considerably and negatively affected by violence and poverty, and their numbers amongst the poor have increased. CBFF aims to support initiatives that target vulnerable groups and promote appropriate livelihoods that are compatible and positively impact on sustainable forest management.

4.4 Monitoring, Assessment and Verifications (“MAV”)

There is the need to support the establishment of national and regional strategies and frameworks for monitoring, reference level-setting (assessment) and verification of deforestation and degradation within the Congo Basin. These strategies and frameworks should meet the needs of national and regional institutions to assess change in greenhouse gas emissions from deforestation and degradation, as well as enabling CBFF to assess its own outcomes and impact. This is particularly of reference with regard to requirements under the anticipated reduced emission from deforestation and degradation (REDD) national strategies or similar programmes. CBFF will support initiatives that are complimentary and synergetic with initiatives spearheaded by global, regional and national partners, including among others the UN REDD Programme, the World Bank’s Forest Carbon Partnership Facility (FCPF) and the Congo Basin Forest Partnership. Also, of particular importance will be the UK/DFID supported CBFF start-up activities on monitoring development and manufacture of a high resolution remote sensing camera and the installation of data receiving ground station in one COMIFAC country. These initiatives will be used and further strengthened in the Fund’s efforts on establishing national and regional systems and frameworks for monitoring deforestation and forest degradation. In particular, the CBFF will support REDD objectives. Achieving reductions in greenhouse gas emissions from deforestation/forest degradation relative to an agreed reference level will be at the core of this effort. For REDD efforts to be credible - both in the context of a global deal on climate change, and regarding possible commercialization - a standardised approach should be established. The approaches supported by the CBFF should be in line with the establishment of an agreed, standardized international approach to monitoring, reference level-setting and independent third party verification.

4.5 Benefits from an International Regime on REDD and Payments for Ecosystem Services

There is the need for the Congo Basin countries to leverage maximum benefits of post-Kyoto targets and mechanisms, which might include market-based incentives for REDD as well as voluntary schemes. The Congo Basin has historically contributed least to emissions. The
maintenance of its standing forests is however critical for stabilization of climate change, and as such the Congo Basin countries should articulate a convincing argument for financial flows to support their REDD efforts which must be adequate, predictable and sustainable. Accordingly, the CBFF will support COMIFAC states and its partners in international negotiations (e.g. UNFCCC).

CBFF will provide support to initiatives that aim at strengthening the capacity of Congo Basin institutions to effectively articulate policies and strategies that will meet their interests, support effective state and non-state partnerships, and channel benefits from an international REDD regime to livelihoods and forest management initiatives. In addition, the CBFF will support projects that directly tackle the technical issues of REDD implementation. Similarly, the CBFF will share information about its activities with relevant actors in the field (e.g. CBFP, UN REDD Programme, WB).

4.6 Capacity Building in REDD, in Monitoring, Assessment and Verifications and in sustainable forest management

Strengthening the capacity of government, civil society and private sector institutions within the Congo Basin, in particular in the establishment and operation of partnerships between institutions, constitutes an important element of all initiatives funded by the CBFF. Capacity building and international cooperation on MAV is of vital importance in order to enable the countries in the region to participate in a possible new climate change regime where REDD is included. Further, CBFF will provide support to the emergence of a strong community based forest enterprise sector in those countries where legislation permits this model of forest management. Similarly capacity building and provision of information to communities, indigenous peoples as to how they can organise themselves to better participate in REDD, other climate change mitigation initiatives and SFM constitute another area of interest to the CBFF. Such support could be directly oriented to information dissemination, networking, training for communities, and facilitating access to markets, whether via the development of corporate-community partnerships for marketing and transportation, or development of mechanisms for local benefits from “payment for ecosystem services” and carbon credit markets. In addition, support will be provided for national human resource development including applied research, training and formal education.

5. FINANCING AND COST SHARING

5.1 Financing

As stated in the Framework Document, a floor of EUR 200,000 and a ceiling of EUR 8,000,000 will be applied for any financing from the CBFF. However, subject to availability of funds, and based on the strategic direction provided by the Governing Council, the Fund may occasionally consider requests for financing for amounts higher than the EUR 8,000,000 ceiling. Also, where there is a demonstrated demand for small operations (less than EUR 200,000 and more than EUR 80,000) a Fund Management Agent will be used.

5.2 Cost Sharing

To enhance ownership, beneficiary governments, communities, and other beneficiary entities should ideally share project implementation costs. The nature and timing of beneficiary contribution may vary and depend on the specific circumstances. It could be provided in cash or in either the form of human resources or materials, or both.
In financing its operational activities, in the framework of its investment projects, the CBFF will give preference to activities for which the ownership by the beneficiaries and their participation can be clearly demonstrated and established. The nature of beneficiary contribution shall be negotiated during project appraisal. The Fund will base its decisions on the need for harmonization and alignment with established practice in the country. Therefore, cost-sharing arrangements shall be in accordance with the practice agreed upon between the country and the stakeholders and partners.

In countries where such mechanisms do not exist, a minimum beneficiary contribution shall be 5% for capital investments. This requirement could be waived by the Governing Council on a case by case basis, provided that there is an acceptable justification.

5.3 Financing Instruments and Terms

The CBFF funds are made to Governments, sub-sovereign entities, civil society institutions and private sector institutions, in accordance with Section 6, to facilitate reforms, programme preparation, improve knowledge and leverage much needed investments in order to advance the protection and preservation of Congo Basin forests. Financing from the CBFF shall be provided in the form of non-reimbursable grants, except as otherwise decided by the Governing Council and endorsed by the Bank according to agreed thresholds. The initial grant disbursement periods shall be limited to three years, with options of extension subject to re-submission of a project proposal and endorsement by the Governing Council and in line with thresholds approved in the Framework Document. The time for extension shall be approved by the Governing Council based on the Secretariat’s recommendations.

6. ELIGIBILITY

6.1 Recipient Eligibility

6.1.1 Regional member countries (“RMC”) of the Bank, their central and local government institutions or agencies thereof as well as regional agencies or institutions concerned with Congo Basin forest conservation and management issues shall be eligible to receive funds or other assistance directly from the resources of the CBFF. Eligibility is also extended to Non-Governmental Organisations (“NGO”) at the country or regional level, civil society organisations, community-based organizations (“CBO’s”), research and training institutions, regional, sub-regional and sectoral organizations and private sector institutions.

6.1.2 The eligibility of national and international NGOs, civil society organisations and private sector institutions is dependent on the fulfilment of criteria related to credibility and track record in the areas of activities of CBFF either in the country or in the sub-region. Such organizations shall: i) be organizations committed to the continent or to Congo Basin country or regional development priorities with the proposed activities being implemented in Central Africa; ii) be Africa-based or provide evidence of partnership with African institutions; iii) provide evidence of currently valid legal registration under the laws of the RMCs in which they are operating, as well as evidence of a certificate to carry out business in the RMCs in which they intend to carry out the relevant activity, if different from the place of legal registration; iv) have appropriate organizational and management capacity, including a governing board; v) demonstrate the existence of a sound financial system - including clear accounting and budgeting standards, financial statements, a transparent budgeting process, audited accounts and other indicators that confirm their capacity to assume fiduciary responsibility for CBFF resources; vi) provide
evidence of competence, based on past performance, to carry out the proposed activities; vii) demonstrate credibility, knowledge of local values, networks and structures required to carry out the indicated activities; and viii) evidence that the organisations do not derive benefits purely attributable to the use of grant proceeds above the administrative costs associated with the execution of the proposal.

6.2 Project Eligibility

6.2.1 Commitment by Congo Basin countries to implement national strategies and action plans on deforestation will be of vital importance in the eligibility to the CBFF’s fund. In addition, to be eligible for financing under the CBFF, project proposals and initiatives considered for funding should primarily:

i. aim at slowing the rate of deforestation,
ii. contribute to poverty alleviation,
iii. provide some contribution to climate stabilization and to greenhouse gas emissions reduction,
iv. conform to the COMIFAC Convergence Plan, and primarily in respect of strategic areas 2, 6 and 9,
v. contribute to the preparation and implementation of national and regional REDD-strategies or other similar,
vi. contribute to address CBFF thematic areas,
vii. be innovative and transformational,
viii. be gender sensitive,
ix. ensure sustainability, and
x. be synergetic and well coordinated with planned and on-going activities, especially with other bilateral / multilateral initiatives by UN REDD programme and FCPF

6.2.2 Additional eligibility criteria may be considered as follows:

i. show positive impacts on beneficiaries and partners,
ii. demonstrate high quality and excellence,
iii. prove to have strong management capacity,
iv. show environment, economic and social risks assessment as well as appropriate mitigation measures, and be supported by national strategies to combat deforestation. While preserving biodiversity and promoting sustainable development, the projects eligible to funding shall, as much as possible, be carried out in cooperation with local beneficiaries and stakeholders,
v. show sharing of projects implementation costs by implementing beneficiaries partners,
vi. demonstrate value for money, and
vii. demonstrate conflict sensitivity.

6.2.3 The extent of beneficiary contribution, weighted by their resources/capacity, will be a consideration in the assessment of project proposals.
7. PROGRAMMING AND OPERATIONS PROCESS

7.1 General Principles

7.1.1 The Bank’s practices and guidelines on programming and operation would, in principle, be applied to CBFF. Nevertheless, these will be simplified as much as possible to allow for faster implementation of the activities financed by the Fund. Based on the strategic direction provided by the Governing Council, the annual and multiyear Operational Programme and associated budget will be prepared by the Secretariat. The Operational Programme and annual programme of activities will be submitted for approval by the Governing Council and approval by the Board of Directors in order to confirm the financial resources needed to implement the programmes.

7.1.2 The CBFF will apply detailed procedures and usual instructions taking into account the requirement to ensure a fast-track process for the implementation of the operations, in particular, in setting-up the different stages of the internal review process. The operations of the CBFF will be undertaken in accordance with Results-Based Management (“RBM”) approach, where expected results will form the basis for project/programme identification, preparation, appraisal and reporting. This approach will focus the activities of the CBFF on results and will allow appropriate feedback to improve performance through the comparison and analysis of actual results against planned results by means of regular monitoring and evaluation, reporting and adjustments to programmes. The procedures outlined in the next section provide the general orientation for processing requests for CBFF support.

7.1.3 Projects under a threshold value of EURO 2,500,000 will be managed under an agreement between the AfDB and a Fund Management Agent (“FMA”) to be contracted for the technical appraisal, performance assessment, outreach and day to day administration of the CBFF grants under this threshold value of €2,500,000. For the avoidance of doubt, it is established that the FMA will not approve grants. The activities of the FMA will therefore involve:

- providing sensitization seminars to prospective applicants and training in project cycle management for grantees;
- providing advice and guidance to grant holders on preparing project proposals and meeting implementation requirements;
- undertaking professional (technical and financial) appraisal of all Concept Notes;
- undertaking professional (technical and financial) appraisal of all Proposals (including budgets and logframes);
- providing funding recommendations to the AfDB-based Secretariat, which will in turn forward recommendations to the CBFF Governing Council;
- providing constructive feedback to unsuccessful applicants;
- preparing and agreeing detailed project budgets for all successful applicants;
- administering grant agreements;
- checking, authorising and issuing payment of grants;
- developing a monitoring and evaluation system that captures progress and change against individual project objectives as well as the overall CBFF objectives;
- receiving six monthly progress reports and giving feedback and advice to grant holders;
- reviewing all project annual reports, evaluation reports and programme completion reports;
- submitting to the CBFF Secretariat an annual progress report on the work of the FMA;
- maintaining a comprehensive database and financial records of all grants and applications; and
• preparing and submitting updates on projects to the CBFF Secretariat for uploading on the CBFF website.

The FMA should have an institutional network based in the region and an extensive network within the Congo Basin countries. In addition, it should have an experience core team with an appropriate skill mix in project cycle management and in relevant technical areas to the CBFF and its intended beneficiaries. The FMA should have prior experience managing similar competitive grant funding schemes and a good understanding of performance assessment methodologies and practices.

All applications for funding support will be through the CBFF and in response to regular calls for proposals issued by the CBFF. The CBFF will forward to the FMA for assessment, all concept notes for projects whose total value falls below the threshold of €200,000. Projects supported by the FMA will meet the same criteria and eligibility requirements as those set out by the CBFF. The description of the financial arrangements between the CBFF and the FMA shall be detailed in the Contract between the FMA and CBFF.

7.1.4 The stakeholders, who form the Congo Basin Forest Partnership (CBFP), will be invited to serve as the Reference Group for the Fund. The purpose of such a reference group is to act as a forum for consultations around the operations of the Fund, provide opportunities to exchange information and learning in relation to the operations of the Fund and similar or related activities taking place within the Congo Basin. It will also enable stakeholders to be represented in the Governing Council as required. The CBFF Secretariat will ensure that it is represented at CBFP Forums, and that information on the CBFF is circulated through CBFP communication channels.

7.2 Project Identification

7.2.1 Sources of Projects: To achieve its strategic objectives and milestones, the CBFF will build up its project pipeline in a number of ways. Initially, two methods will be applied: 1) a regular competitive call for proposals and 2) projects initiated by the CBFF Governing Council, the Reference Group and other stakeholders in response to identified gaps and needs not addressed by proposals submitted during calls for proposals.

The CBFF Secretariat shall maintain a list of all projects submitted to the Fund for consideration (pipeline of projects), indicating the status of each. This should include: i) date of submission; ii) name of the applicant; iii) country; iv) title of the proposal; v) amount of grant; vi) planned dates of completion of project concept, appraisal, approval; and, vii) expected outputs upon project completion.

7.2.2 Call for Proposals Cycle: At regular intervals and based on resource availability, the CBFF will issue competitive calls for proposals for eligible institutions to submit project concepts and proposals. Applying a transparent and fair process, the CBFF funding approval process will pass through the main stages described in section 7.5.3.

7.2.3 The Coordinator shall ensure that the consideration of each Project is in accordance with the eligibility criteria defined in Section 6.2 of these procedures. He or she will take the necessary measures to avoid marked imbalances in approval of resources between countries.
7.3 Project Preparation

7.3.1 Project proposals submitted under the competitive Call for Proposals shall be the responsibility of the applicant and shall be in accordance with the format and guidance notes issued by the CBFF Secretariat. The CBFF format and guidance notes will result in a project proposal that reflects the requirements of a standard Bank Project Brief.

7.3.2 Project proposals identified by the Governing Council or other partners shall be the responsibility of the Secretariat, and will be prepared by the Secretariat, if necessary, with the assistance of consultants. The project proposals will reflect the requirements of a standard Bank Project Brief.

7.3.3 Project proposals submitted to the CBFF, either under the Call for Proposals or prepared by the Secretariat will reflect the requirements of a standard Bank Project Brief, namely in respect of:

i) Objectives and anticipated results and impact, including indicators and benchmarks to assess impacts;
ii) Description of the project’s components;
iii) The cost of the project’s components;
iv) Implementation schedule of the project and its individual components;
v) The procurement modes and the schedule of procurement actions;
vi) Schedule of disbursement actions, including source of funds additional to the grant;
vii) Assessment of fiduciary control environment and funds flow arrangements;
viii) Provision for accounting for project finances, including reporting and auditing;
ix) Contributions of the beneficiaries;
x) Environmental and Social Impact;
xi) Gender Sensitivity;
xii) Risk management;
xiii) Reference/performance of the implementation agencies.

7.4 Project Appraisal

7.4.1 Project Concepts and Project Proposals shall be appraised by CBFF Secretariat (Bank’s headquarters or the Bank’s temporary relocation agency, Yaoundé and Kinshasa), consultants and Bank staff. The appraisal process will aim to select concepts and proposals that meet CBFF objectives, key thematic areas and overall meet criteria. For proposals of more than EUR 2.5 million, the appraisal process will be in accordance with Bank appraisal processes (e.g. peer review, country team review and approval). The appraisal process will also aim to improve the fundability of projects, fast track decision-making processes and the preparation of grant agreements for those accorded funding.

7.4.2 Desk Appraisal: All project concepts and projects proposals will first require desk appraisal against the CBFF objectives and criteria for funding. Those concepts that fail to meet CBFF criteria will be rejected and advised accordingly. Those concepts that meet CBFF criteria will be invited to submit a detailed project proposal in accordance with CBFF formats and guidance notes. Project proposals will be subject to a desk appraisal and those that fail to meet CBFF objectives and criteria will be rejected and advised accordingly. Project proposals whose desk appraisal identify areas or issues that need further investigation or confirmation with applicants and CBFF stakeholders will be subjected to a country-based appraisal by the CBFF Secretariat, Bank staff and/or consultants.
7.4.3 Country Appraisal: For those project proposals that meet CBFF criteria and where desk appraisal identify areas or issues that need further investigation or confirmation with applicants, the CBFF Secretariat (Bank’s headquarters or the Bank’s temporary relocation agency, Yaoundé and Kinshasa) will organise country appraisal missions. The country appraisal missions, (led by CBFF Yaoundé and Kinshasa staff) will seek out additional information from applicants in order to complete the project appraisal as well as consult with COMIFAC Focal Points on the suitability of project proposals in the country’s strategy. The Country Appraisal will also put emphasis on contribution to national strategies and action plans (e.g. COMIFAC Implementation Plans, REDD Plans), the partnerships between institutions, government environment and forestry policies within the project as well as issues arising from the desk appraisal.

7.4.4 Appraisal Reports: Desk and Country appraisals will be documented in accordance with CBFF templates and take into account AfDB appraisal systems. Desk and Country Appraisals shall inform decision making by the Governing Council.

7.5 Approval

7.5.1 To ensure flexible and fast access to funds, the approval process shall be prompt and responsive to Eligible Applicants and interested parties.

7.5.2 Approval Process: The approval of projects submitted for funding shall be made through the following process:

a) Project concept notes and profiles are prepared by Eligible Applicants (Governments, NGOs, Civil Society, private sector entities, research entities, Technical Partners) and submitted to the CBFF Secretariat;

b) The CBFF Secretariat undertakes a number of actions on proposals received (screening, first order sifting, preparing program, proposing budget, ranking) before submitting the candidate project concept notes to the CBFF Governing Council for information;

c) Depending on the volume of concept notes received, the CBFF Secretariat will invite those Eligible Applicants whose concept notes satisfy CBFF criteria to submit more detailed project proposals;

d) The CBFF Secretariat will take a number of actions (desk-based screening and peer and country review of project proposals, in-country assessment and consultations with COMIFAC National Coordinators) before submitting the candidate project proposals to the Governing Council for consideration;

e) CBFF Secretariat together with the Eligible Applicant will take a number of actions in reply to CBFF Governing Council comments (review/finalisation, detailed design, technical and economic viability, sustainability, communication with Ministers responsible for forests to seek their opinions). Then after meeting the Governing Council’s remarks, the documents will be submitted to the Bank for review and financial approval (due diligence);

f) The Eligible Applicant’s project’s documents are sent for approval to the appropriate level (Director, Vice-President, President or Board) within the Bank as defined in Section 7.5.4; and

g) Resource payments to projects will only be made if agreed performance targets and milestones are met.
7.5.3 **Approval Responsibility:** Based on recommendations by the Governing Council contained in minuted decisions, all grants shall be approved by the Bank in accordance with the levels of approval authority provided below:

- **Amount < € 500,000** : OSAN Director
- **€ 500,001 - € 1,000,000** : Vice-President
- **€ 1,000,001 - € 2,000,000** : President
- **€ 2,000,001 - € 15,000,000** : Board of Directors on a lapse-of-time basis\(^5\)
- **Amount > € 15,000,000** : Board of Directors meeting

7.5.4 The Board of Directors may request that a proposal be submitted for its consideration. All the requests funded and activities carried out shall be detailed in the CBFF Six Monthly Progress Reports. In addition, such information will be posted on the CBFF Website.

7.6 **Grant Agreement**

The Secretariat will prepare the standard Bank Grant Agreement document to be signed by the appropriate Bank Officer according to the Bank’s Delegation of Authority Matrix and the Recipient. GECL will assist in the preparation and revision of grant agreements. The deadline for signing the Agreement is 90 days from the date of approval, failing which the grant may be cancelled.

The Grant Agreement will state the purpose of the CBFF grant, the total funds committed to the Recipient, the agreed Procurement and Disbursement arrangements, and the terms and conditions governing the grant to be adhered to by the CBFF and the Recipient. For Grant Agreement under € 2,500,000, the following minimum annexes will constitute integral legal components of the Grant Agreement: i) the Stage 2 Project Application Form submitted for funding request; ii) the CBFF Assessment Report; iii) the agreed Workplan; iv) the agreed Budget; v) the agreed Procurement Plan; vi) the agreed Disbursement schedule. For Grant Agreements equal to and over € 2,500,000, standard Bank requirements will apply. CBFF Grant Agreement and Annex templates are provided in the CBFF Operational Manual.

7.7 **Grant Effectiveness**

7.7.1 The financing agreement must be declared effective before CBFF may make any disbursement of funds. The Director of OSAN may declare the agreement effective immediately upon its signature. If there are “conditions precedent to effectiveness”, compliance shall be monitored by the Coordinator and effectiveness declared only when these conditions have been satisfied.

7.7.2 The grant must also have a first disbursement deadline before which disbursements must be made otherwise the grant may be cancelled. The period for first disbursement is 90 days from the date the agreement was declared effective, failing which the financing may be cancelled.

\(^5\) In accordance with the Bank’s “Simplification of Procedures for Operations Approval by the Board of Directors” of October 2007.
7.8 Monitoring & Evaluation and Supervision of Project Implementation

7.8.1 An important activity of the management and staff of the CBFF will be the administration, monitoring and supervision of the implementation of activities financed with the resources of the CBFF. In this regard, there will be a monitoring and evaluation ("M&E") system in all activities to collect relevant information during project execution. The M&E system will be designed to facilitate access to physical and financial information about the progress of activities as well as an evaluation of the economy and efficiency of the procurement process. Project/programme monitoring and evaluation will essentially assess the achievement of anticipated results, which will feed into the RBM reporting and feedback process.

7.8.2 Bank staff in Operations Departments will assist the CBFF in the supervision of activities financed by the CBFF, in particular, projects that are directly related to Bank operations. The Bank Management will determine the modalities for such cross support. The supervision activities occur in the Bank headquarters and in the Recipient’s project area and relevant countries during field missions. At the headquarters the supervision activities include the monitoring of the fulfilment of the relevant terms and conditions by the Recipient, the review of the Project Six Monthly Progress Reports prepared by the Recipient, Procurement and Disbursement, implementation of measures taken to solve the project’s difficulties and follow up of files.

7.8.3 Supervision missions in the field, aimed to solve specific implementation problems and to obtain site information, may be undertaken when deemed necessary and upon approval by the CBFF Coordinator. The Recipient is required to report on a six month basis on the physical and financial status of implementation of the activities financed under the CBFF. Depending on the type of project and the profile of the CBFF professional staff, each professional staff will, as Task Manager, be assigned by the Coordinator the responsibility of handling and following-up a number of projects. The Task Managers for the various projects will prepare and submit six monthly progress reports to the Governing Council on the status of implementation of all active projects. The reports must give a description of each activity and results attained in terms of meeting implementation schedules, status of execution of contracts, physical outputs and attainment of objectives.

7.8.4 A number of appropriate indicators will be considered in the assessment of the progress achieved towards the CBFF goals and objectives, as stated in the CBFF Logical Framework Matrix (Annex 2) including the following:

- Reduce the average rate of deforestation in the Congo Basin from 0.19% to 0.10% annually by sunset date of CBFF.
- Increase incomes for forest people by at least the rate of GDP growth per annum.
- Reduce logging density rates from 0.5 to 4 (CBFP 2006) trees per hectare to 0.5 to 2 trees per hectare subject to the determination of baselines and full economic and scientific analysis.
- Doubling of community-owned and administered forest lands in the Basin, subject to establishment of baselines, robust models and positive economic, social and environmental impact assessment.
- Introduction of at least two policy measures to reduce forestry related revenue losses by 50% over the programme period from current levels of $25 million USD (€ 20 million) per year (WB/WWF, 2003).
Within the context of preparing Operational Programme documents, additional indicators can be considered by the Secretariat and Governing Council to ensure completeness in assessing achievements towards CBFF goal and objectives.

7.9  Project Completion Report (“PCR”)

*Project Completion Report:* Within three months of completion of a project, all Recipients will submit a project completion report (“PCR”) covering the implementation of all project activities in a format defined by the Fund. The report must clearly state the outcomes in relation to the objectives and performance indicators. The CBFF Secretariat will be responsible for reviews, and where necessary, to supplement Project Completion Reports drawing from monitoring missions, mid-term reviews and final project evaluations. The main objective of the completion report will be to examine the project’s performance and achievements in view of the implementation plans and primary objectives and outcomes set during the appraisal. Lessons distilled from these reports will inform and guide future operations of the Fund.

7.10  Procurement

7.10.1  **Principles:** The modes of procurement of goods and services under the Fund shall essentially be governed by the Rules of Procurement of the AfDB in force, as defined in the Bank’s “Rules and Procedures for Procurement of Goods and Works” and “Rules and Procedures for the Use of Consultants”, and as modified by the present CBFF operational procedures. Where they exist, national and international organisation procurement procedures may be used when they respond to international standards and are found consistent with the underlying principles of the Bank’s procurement policies. The procedures proposed shall be outlined in the Appraisal Report and the Grant Agreement.

7.10.2  The procurement mode should be transparent, and allow adequate competition between contractors, suppliers or consultants and facilitate Recipient control in their selection, as well as in the use of funds.

7.10.3  **Procurement Plan:** As part of the preparation of the project, and before negotiating the Grant Agreement, the applicant shall prepare and furnish to the Bank for its approval a Procurement Plan acceptable to the bank setting forth: (a) the particular contracts for goods, works and/or services required to carry out the project during a certain initial minimum period, (b) the proposed methods for procurement of such contracts that are permitted under the Grant Agreement, and (c) the related Bank review procedures. The beneficiary shall update the Procurement Plan annually or as needed throughout the duration of the project. The beneficiary shall implement the Procurement Plan in accordance with the Bank’s grant approval.

7.10.4  **Procurement Modes:** The Procurement Modes commonly used in the Bank include International Competitive Bidding, Limited International Bidding, National Competitive Bidding, Shopping, Direct Contracting and Force Account. Given that the Fund is a demand-responsive facility with a major objective to provide flexible and rapid response to clients, the following procurement modes shall be used whenever deemed to be efficient.

7.10.5  **Works:** The bulk of procurement of works will be on the basis of National Competitive Bidding (“NCB”), Local Competitive Bidding (“LCB”), National or Local Shopping. International Competitive Bidding could be used when it is the most economic or the contract price dictates the choice of this mode.
National Competitive Bidding is the competitive bidding procedure normally used for the public procurement in the country of the Beneficiary. NCB may be the most appropriate way of procuring goods or works which, by their nature or scope, are unlikely to attract foreign competition because (i) the contract values are small, (ii) works are scattered geographically or spread over time, (iii) works are labour intensive, or (iv) the goods or works are available locally at prices below the international market. To be acceptable for use in CBFF-financed procurement, these procedures shall be reviewed and modified as necessary to assure economy, efficiency, transparency, and broad consistency with the provisions included in these Rules. NCB procedures may also be used where the advantages of International Competitive Bidding are clearly outweighed by the administrative or financial burden involved.

"Force account". The construction through the use of the Recipient’s own personnel and equipment may be the only practical method for constructing certain works. Whenever it is evident that force account may be the most efficient and economic way of executing certain works, the CBFF may approve this mode of procurement. The use of force account may be justified where: i) quantities of work involved cannot be defined in advance; ii) works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices; iii) work is required to be carried out without disrupting ongoing operations; and iv) risks of unavoidable work interruption are better borne by the Recipient than by a contractor. Details concerning the possibility of undertaking construction works by force account shall be discussed at the time of project appraisal. “Force account” should not be applied unless it is considered absolutely necessary in order to have the construction done.

Goods: The procurement of items of goods will be based on Limited International Competition, National Competitive Bidding and International Shopping, National Shopping and Local Shopping depending on the mode agreed by CBFF and the Recipient. Shopping is an appropriate method of procuring readily available off-the-shelf goods or standard commodities in quantities of small value.

Consultants Services: Consultant Services involve the recruitment of persons or firms or other groups through competition on the basis of shortlists using mainly the selection procedure combining technical quality with price consideration. CSO/NGOs or consultants (individuals and/or firms including national institutions) will normally provide services for community-based training, seminars and workshops and consequently the appropriate Bank or National rules should be used for these categories of service providers. Where there is limited number of qualified service providers, the appropriate Bank or National rules should be used for these categories of service providers.
persons or firms direct contracting with entities that have proven competence in the assignment may be undertaken.

The procurement of CSO/NGO services should be undertaken using the Bank’s *Guidelines for Procurement under Community-Based Investment Projects (September 2000)*. The recruitment of individual consultants could be limited to the Country or to the Sub-Region, unless the expertise required is not available. This method is to be considered as an exception from the usual procurement procedures.

7.10.11 **Direct Contracting:** In exceptional circumstances, when it is clear that competitive bidding is not possible or has been attempted and no response was obtained, direct purchasing, direct contracting, direct negotiations or sole source contracting shall be used subject to the approval of the CBFF Coordinator, after consultation with the Director of OSAN and the Procurement Unit of the Bank. Direct Contracting is contracting without competition (single source) and may be an appropriate method under the following circumstances: (i) an existing contract for goods or works, awarded in accordance with procedures acceptable to the Bank is being extended for additional goods or works of a similar nature; (ii) standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier; (iii) the required equipment is proprietary and obtainable only from one source; (iv) the Contractor responsible for a process design requires the purchase of critical items from a particular Supplier as a condition of a performance guarantee; and (v) in response to natural disasters. Direct Contracting is employed when there is only one contractor, supplier or consultant available.

7.10.12 **Bid Preparation Period:** The time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the project and the magnitude and complexity of the contract. Generally, not less than six weeks from the date of the invitation to bid shall be allowed for ICB. Applicants shall be permitted to submit bids by mail or by hand. Applicants may also use electronic systems permitting to submit bids by electronic means, provided the Bank is satisfied with the adequacy of the system, including, inter alia, that the system is secure, maintains the confidentiality and authenticity of bids submitted, uses an electronic signature system or equivalent to keep bidders bound to their bids and only allows bids to be opened with due simultaneous electronic authorization of the bidder. In this case, bidders shall continue to have the option to submit their bids in hard copy. The deadline and place for receipt of bids shall be specified in the invitation to bid.

7.10.13 **Post Procurement Review:** Use will be made of post procurement review procedures that allow Recipients to proceed with procurement of works without having to obtain approval for some contracts. Procurement carried out under these procedures will be reviewed for compliance during supervision missions or special audits. Ex-Post Technical Verification and Ex-Post Financial Controls systems will be used in these instances to allow Recipients to procure goods, works and consulting services without obtaining prior “no objection”. The CBFF carries out post review to conform compliance.

7.11 **Disbursement Arrangements**

7.11.1 Disbursement arrangements and reporting procedures under the Fund will be specifically designed to fast track receipt of funds by beneficiaries, while satisfying the fiduciary requirements of the Recipients, CBFF and recipient member country. The procedures proposed are in accordance and shall be applied within the requirements of the Bank’s Disbursement Handbook.
The disbursements cover all the costs associated to the project, including direct and administrative costs.

7.11.2 Disbursements are made using one of the four methods summarized as follows:

1) Reimbursement to Recipients for eligible expenses already incurred and paid for by the Recipient from its own resources;
2) Reimbursement Guarantee where the Bank provides an irrevocable undertaking to reimburse a commercial bank of payments made or to be made to a supplier against a letter of credit. Referred to as “special commitment” in the general conditions;
3) Revolving Fund or Special Account where the Bank makes an advance disbursement from the grant account to a special account to be used exclusively for the Bank’s share of eligible expenses;
4) Direct payment where the Bank at the Recipient’s request, pays a designated supplier directly.

7.11.3 The disbursement methods selected shall be agreed between the CBFF and the Recipient and stated in the Grant Agreement. The selected disbursement methods will be based on project characteristics, the categories of expenditures to be financed, and the capacity of the Recipient to manage project resources. A combination of methods and/or their revision, during implementation is possible with prior approval from the Bank’s Disbursement Division.

7.11.4 Owing to the nature of the projects to be funded and Recipient organizations, it is expected that the preferred disbursement methods shall be Reimbursement to Recipients for eligible expenses already incurred and Special Account.

7.11.5 Reimbursement of eligible expenditure: The Reimbursement of Recipient eligible expenditure is where the CBFF reimburses the Recipient for eligible expenses that have been incurred and paid for by the Recipient from its own resources. It requires the submission of documentation outlined in the Bank’s Disbursement Handbook and CBFF templates contained in the CBFF Operational Manual.

Where full documentation is not practical, the CBFF may by prior agreement and as agreed in the Grant Agreement, accept simplified documentation in the form of a Statement of Expenditure (format provided in the CBFF Operational Manual) signed by the authorized persons and the project leader/manager. To accept disbursement requests against Statements of Expenditure, the Recipient must have demonstrated: i) administrative and accounting capability to prepare and maintain Statement of Expenditure records; ii) existence of adequate internal controls; and iii) arrangement for regular and independent audits of all records.

In the Statement of Expenditure, the Recipient certifies that expenditures have been incurred and paid for in accordance with the terms and conditions of the Grant Agreement and that the records are maintained and available for examination by the CBFF and the Bank.

7.11.6 Special Account: The Special Account method provides for advance payments from the grant to be deposited into a bank account for use by the Recipient to finance the CBFF share of eligible expenses. The main objective of the Special Account is to help the Recipient to meet its local currency or foreign exchange requirements, and provide resources on a permanent basis as well as flexibility in the implementation of the project.
The pre-requisites for the Special Account method include: i) effective administrative, financial and accounting procedures by the Recipient, ii) satisfactory internal control systems, and iii) a commitment to undertake regular and independent external audit of expenditures from the Special Account.

Irrespective of the disbursement method applied, all disbursements will be subject to submission of six monthly Statement of Expenditure and six month work plans and budgets unless otherwise revised and agreed by CBFF and the Recipient.

Disbursements will be suspended if the Recipient is in contravention of the terms and conditions of the financing agreement or any other CBFF covenants.

7.12 Bank Involvement in the Operations of the Fund

Bank Group experts in all the Bank complexes (operations, finance, procurement, legal, administration) will assist and facilitate the work of the CBFF Secretariat and its consultants to undertake their activities and provide them with appropriate support. The Bank staff will assist the Fund in the processing of legal and procurement issues considering the special circumstances of the Fund’s activities to be fast-tracked without compromising on quality and fiduciary requirements. The Fund will also make a good use of field offices and will synergize with operations staff in countries where the Bank has ongoing or planned activities in the environment, natural resource management, forestry and climate change sectors. In addition, Bank staff will be involved in peer and country reviews of project concepts and proposals, in particular with the provision of expertise in forestry, natural resource management, climate change and gender among others. In any case, the cost of missions undertaken by Bank staff for specific activities of the CBFF will be supported by the Fund within the agreed annual budget. In case the volume of the work of the CBFF increases significantly and impacts heavily on Bank staff, Management will make appropriate proposals to the Governing Council and the Board of Directors.

8. FINANCIAL MANAGEMENT ARRANGEMENTS

8.1 Ex Ante Evaluation of the Control Environment

In order to fast track disbursements, the onus of ensuring that funds have been utilized in accordance with the financing agreement is partly transferred to the Recipient of the grant funds. As a result, all activities, projects and programmes financed under the Fund will undergo a thorough financial management assessment to ensure that program sponsors have adequate capacity to manage grant funds. This assessment shall be conducted by the Secretariat of CBFF based on explanatory detailed documentation provided by the recipients.

8.2 Ex Post Evaluation of Supporting Documents

CBFF will require that expenditure and supporting documents’ review be performed and certified by an independent auditor at predetermined intervals to ensure that funds have been utilized in line with the grant agreement.
8.3 Recruitment of the Auditors

In each Congo Basin country or group of countries, the CBFF will recruit and retain an auditor for a term of one-year, renewable for not more than three years. The auditor will perform ex post evaluation or a review of supporting documents and audit of all projects in a country or group of countries that have benefited from the Fund.
PART D: REPORTING AND ACCOUNTABILITY

9. REPORTS

9.1 General Principles

The Secretariat will regularly report to the Governing Council and the Board.

In general, the CBFF reports will be undertaken in accordance with its Results-Based Management ("RBM") reporting requirement. The reports will generally provide a brief overview of the activity being reported, and make inferences on the pertinence of the activities with the overall strategic directions and anticipated results as outlined for the activity.

9.2 Six Monthly Progress Reports

9.2.1 All project Recipients will submit six monthly progress reports, 6 month workplans and budgets as per standard formats contained in the Operational Manual.

9.2.2 The CBFF Coordinator will submit to the Director of OSAN, six monthly progress reports on the activities of the Fund including projects and programmes funded out of the resources of the Fund and the status of progress on preparatory activities. The report shall include the following:

a. Description of each activity approved since the last progress report and the objectives;
b. List of contracts engaged, with some key information, contract title, amount, nationality of contractor, mode of procurement;
c. Brief description of progress of ongoing activities, including the financial status;
d. Status of project audits; and
e. Brief description of proposed activities still under consideration.

9.3 Annual Report

9.3.1 The Coordinator will also be required to prepare an Annual Report at the end of each financial year. This report will include an overall description of projects in the portfolio ranging from projects being identified to those that are completed. It will compare operations carried out and the results achieved during the year with objectives set by the Governing Council and agreed by the Board. The report will describe lessons learned from successes and challenges encountered, based on a review of the objectives, and will specifically report on the project’s results on CBFF’s strategic indicators and benchmarks.

9.3.2 The Annual Report shall include a financial statement of the Fund, a statement of cumulative receipts and expenditures, and a statement of the use of resources of the Facility, with such explanatory notes as may be pertinent.

9.4 Audit of the Fund’s Accounts and Documents

The Fund shall be subject to the internal and external audit procedures of the Bank, including the normal annual audits conducted by the external auditors of the Bank. Upon the written request of the Governing Council, the Bank shall cause the accounts and the records of any specific activity financed with the resources of the Fund to be audited by external auditors. The costs of any
external audit shall be charged to CBFF. Audits will be received by Bank/Coordinator CBFF within 6 months of the financial year end in which they are due.

9.5 Operations Effectiveness Assessment

At the end of eighteen months as from the actual start of the Fund’s activities, an effectiveness assessment of the Fund will be conducted; the targeted objective is to assess the actual impact of the Fund and the effectiveness of operations financed. It would draw lessons and provide guidance for the future operations.

9.6 Disclosure Policy

Disclosure of information related to the CBFF will be governed by the Bank’s Group Policy on Disclosure of Information in force. The Policy is intended to promote proper accountability for the resources entrusted to Bank’s management. This will be done through the disclosure and dissemination of relevant documents to the general public, including governments, civil society organizations and the private sector, unless there is a compelling reason not to do so. This approach would enhance transparency and accountability and promote public support and active participation, thereby strengthening development effectiveness. The main outlets for disseminating these documents to the public would include the Public Information Centre at the Bank, the Bank’s field offices, its website and the CBFF website.
ANNEX 1: CONGO BASIN FOREST FUND (CBFF) ORGANIGRAM AND INTERSECTION WITH AFDB

CBFF Governing Council
Co-Chairs: Rt. Hon. Mr Paul Martin & Professor Wangari Maathai.

AFDB Board of Directors

Vice President, Sector Operations
Director, OSAN

CBFF Coordinator

CBFF Secretariat - Tunis
Forest Management and Climate Change Specialist
Operations Officer
Financial Management Expert
Operations Assistant
Support Staff (3)

CBFF Secretariat - Yaoundé
Operations Officer
Administrative Assistant

CBFF Secretariat - Kinshasa
Operations Officer
Administrative Assistant

Reporting
Communications
### ANNEX 2: CONGO BASIN FOREST FUND RESULTS LOGICAL FRAMEWORK

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Expected Output, Impacts &amp; Results</th>
<th>Reach (Beneficiaries)</th>
<th>Performance Indicators (Means of Verification)</th>
<th>Bank’s Indicative Targets &amp; Time Frame</th>
<th>Assumption, Risks and Bank Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Goal</strong></td>
<td>The overall goal of the CBFF is to alleviate poverty and address climate change through reducing the rate of deforestation of the forests of the Congo Basin</td>
<td>Effective participation of the Congo Basin Forest Countries in climate change initiatives deriving sufficient benefits for conservation of resource and enhancing livelihoods of population living in forests</td>
<td>Average rate of deforestation</td>
<td>- Reduce the average rate of deforestation in the Congo Basin from 0.19% to 0.10% annually by sunset date of CBFF;</td>
<td>Failure to mobilize sufficient financial resources caused by donor fatigue, inadequate contributions from Central Africa countries, lack of support from CEEAC and/or lack of prioritization of the forestry sector in national programs and PRSPs. The Council of African Ministers of Forestry must articulate the important role that the CBFF will play, and must follow-up on donor commitments through the CBFF made at the Tunis Conference.</td>
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<td></td>
<td><strong>Purpose</strong></td>
<td>Drivers of deforestation understood and applied to sustainably decrease the rate of deforestation</td>
<td>Central Africa countries</td>
<td>Sources of data:</td>
<td>- Reduce logging density rates from 0.5 to 4 trees per hectare (CBFP, 2006) to 0.5 to 2 trees per hectare over the life of the CBFF</td>
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<td></td>
<td>i) Slow and eventually reverse the rate of deforestation in the Congo Basin</td>
<td>Models for improved ecosystem management in place</td>
<td>Populations in the forest areas and the surrounding urban centres</td>
<td>- Bank’s annual report</td>
<td>- Doubling of the community-owned and administered forest lands in the Basin</td>
</tr>
<tr>
<td></td>
<td>ii) Provide support mechanisms which conserve the forests</td>
<td>Financing mechanisms for improved ecosystem management in place</td>
<td></td>
<td>- International statistics and reports</td>
<td>- Reduce forestry related revenue losses by 50% over the program period from current levels of US$25 million per year (WB/WWF, 2003)</td>
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<td></td>
<td>iii) Maintain benefits to local communities</td>
<td>Promote appropriate livelihoods compatible with the preservation and protection of the forest ecosystems</td>
<td></td>
<td>- NGO, donors reports</td>
<td></td>
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<td>- IUCN Data / Reports</td>
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<td><strong>Sources of data:</strong></td>
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<td>- Global Forest Resources Assessment, FAO</td>
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<td>- Congo Basin Forest Partnership (CBFP)</td>
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<td>- WWF, World Bank</td>
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<td></td>
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<td>- Ministry of Foreign Affairs, France</td>
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<td></td>
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<td></td>
<td>- International Tropical Timber Organization</td>
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<tr>
<td><strong>Input &amp; Activities</strong></td>
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<tr>
<td>✓ Establishment of CBFF with operational Secretariat in AfDB, and expansion through attraction of other donors</td>
<td>The CBFF is operational, attracts new partners and donors and funds innovative projects</td>
<td>African Development Bank</td>
<td>Amount of fund collected by CBFF</td>
<td>- Reduce the average domestic energy needs met from fuel wood from 87% (2000) to 75% by 2018; Possible delay due to staff recruitment: enhanced Bank recruitment policy will be utilised</td>
<td>Possible delays in getting mother funds retroceded from the £800 million in the World Bank Strategic Climate Fund: this will be mitigated by current and subsequent DFID interventions.</td>
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<td>✓ Provide funding to innovative eligible projects which:</td>
<td></td>
<td>COMIFAC and its associated Organisations (RAPAC, CEFDHAC, RIFFEAC)</td>
<td>Number of projects eligible to funding by country</td>
<td>- 50% increase in employment in the forestry sector across the Congo Basin from current levels of 100,000 (MFA, France, 2005)</td>
<td>Inadequate absorptive capacity of CBFF resources: will require institutional strengthening</td>
</tr>
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<td>- Improve knowledge of resource, reference levels, and monitoring capability</td>
<td></td>
<td>CBFP</td>
<td>Amount of Eligible projects financed</td>
<td>- Three countries in the Congo Basin have access to the World Carbon Market</td>
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<td>- Develop alternative livelihoods compatible with conservation for poverty alleviation</td>
<td></td>
<td>NGOs and private sector</td>
<td>Development of internationally credible reference levels</td>
<td>- 30% of women’s associations involved in the Congo Basin forest management will have access to the Fund</td>
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<td>- Develop innovative funding mechanisms appropriate for the Congo Basin Region, and increase capacity to access global resources and funds</td>
<td></td>
<td>Donors and financing agencies</td>
<td>Number of studies and researches to identify specific country priorities</td>
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<td>- Increase countries capacities to develop and implement policies and legal measures for sustainable forest management</td>
<td></td>
<td></td>
<td>Number of replicable models for sustainable livelihood diversification piloted</td>
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<tr>
<td>- Increase capacities on REDD, MAV and sustainable forest management</td>
<td></td>
<td></td>
<td>Number of appropriate finance/carbon credit models developed</td>
<td></td>
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</tr>
</tbody>
</table>

Sources of data:
- Bank’s annual report
- National statistics and reports
- NGO, donors reports
- International and funding agencies reports

Possible delay due to staff recruitment: enhanced Bank recruitment policy will be utilised