

Twelfth Session of the Assembly  
13-14 May 2025, Ulaanbaatar, Mongolia

## Agenda Item 4

### **Approach for the New Project/Program Development under the AFoCO Strategic Plan 2024-2030 and 2026 Call for Project Concept Note**

#### **I. Background**

1. AFoCO keeps on striving to enhance regional cooperation in advancing global initiatives and commitments to sustainable forest management and paying due contributions from the forest sector of the Asian region to global actions for transformation toward sustainability.
2. In pursuit of these efforts, and upon entering its 2<sup>nd</sup> Long-Term Strategic Plan (2024–2030), AFoCO has established new strategic directions and frameworks that are closely aligned with international processes, regional priorities, and the national imperatives of its member countries, ensuring stronger coordination and synergy in achieving common forestry and climate goals.
3. To effectively realize these strategic goals, the Organization has recognized the growing need for greater coherence, operational efficiency, and long-term impact in its project development and regional cooperation efforts. In response, AFoCO has adopted a program-based approach that marks a strategic shift from fragmented, one-off projects to a more structured, scalable, and cross-sectoral model of project intervention.
4. Under this approach, the project budget will be structured within a programmatic framework to ensure sustainable financing and balanced investment across the four (4) priority areas identified in the Strategic Plan (2024-2030). The Secretariat will facilitate project development in alignment with this approach, enabling more integrated and large-scale implementation of initiatives that are fully consistent with national and regional priorities under the Strategic Plan through 2030.

#### **II. Approaches for the New Project/Program Development**

##### **A. Basic Directions**

5. The Secretariat aims to promote project development that enhances the role of forests as Nature-based Solutions (*NbS*) to climate change, while actively considering the integration of market-based mechanisms to monetize ecosystem services, alongside delivering measurable environmental and social impacts.
6. Building on this approach, project sites will also be developed as strategic hubs of AFoCO, serving as focal points for coordination and synergy across the cooperative initiatives of the Organization.

## **B. Fundamental Principles**

7. Project proponents are expected to consider the following fundamental principles/guidelines when designing their projects:

**a. Alignment with National, Regional, and Global Priorities:**

Project proposals must demonstrate strong alignment with the national priorities, strategies, and policies of the proponent country to ensure local ownership and contextual relevance. Additionally, proposals should reflect coherence with regional and global frameworks, including NDCs and SDGs, thereby contributing to broader forestry and climate objectives.

**b. Geographic Scalability:**

Project site selection should be made with careful consideration to ensure continuity and strategic integration into future project development. This approach enables the scaling of successful interventions, maximizes synergies with other efforts, and promotes a holistic, landscape-based approach.

**c. Strengthening Operational Base:**

Proponents are encouraged to establish a strong and sustainable operational base at the project site to support long-term coordination, institutional continuity, and implementation efficiency. This will also enhance community engagement, facilitate effective knowledge transfer, and support the replication and scaling of best practices.

**d. Integration Synergies with Carbon Initiatives:**

Project proponents are encouraged to seek alignment with national and regional carbon initiatives and policies by assessing the carbon sequestration potential of the target site, identifying applicable carbon mitigation mechanisms (e.g., REDD+, afforestation, reforestation, agroforestry) and ensuring the post-project sustainability of carbon benefits.

**e. Integration of Market-based solutions (*MbS*) Elements:**

Where feasible, proposals should incorporate elements of market-based solutions, such as carbon credits, Payment for Ecosystem Services (PES), sustainable product certification, or ecotourism. These mechanisms are vital to enhancing the financial sustainability of projects and leveraging private sector investment in forest-based initiatives.

**f. Co-Financing Potential:**

Project proponents are strongly encouraged to explore co-financing arrangements with national institutions, development partners, and the private sector to improve project sustainability, resource efficiency, and stakeholder ownership.

## **III. 2026 Call for Project Concept Note (PCN)**

### **A. Thematic Focus**

8. The AFoCO's program-based project development is structured around AFoCO's three Program Priority Areas (PPAs) and cross-cutting themes (CCTs) under the Strategic Plan 2024-2030 to deliver outcomes in forest restoration, carbon sequestration, climate adaptation, local community development, and forest disaster prevention. The Secretariat plans to pursue a phased project development approach by Priority Areas to enhance the effectiveness of project development.

9. The **2026 Call for Project Concept Notes** will focus on PPA 1 and PPA 2 prioritizing long-term sustainability and high-impact activities to effectively achieve Key Performance Indicators (KPIs) under the Strategic Plan. Descriptions of target PPAs with indicative activities as examples to guide proponents in aligning their project concepts with the relevant PPA are as follows:

- **PPA 1. Forest Land Restoration and Conservation**

- Restore degraded forest areas by re-establishing native species and enhancing ecosystem functions
- Increase overall forest cover and improve biodiversity through sustainable conservation practices
- Expand natural carbon sinks to support climate change mitigation efforts

- **PPA 2. Community and Circular Bioeconomy**

- Stimulate local enterprise development through sustainable forest-based industries
- Support the transition to a circular bioeconomy that leverages renewable forest resources and minimizes waste
- Enhance community capacity and livelihoods, fostering self-sufficiency and long-term economic resilience

## **B. Project Scope**

10. Projects should preferably be designed with an implementation period of **three (3) years** and must not exceed a maximum duration of five (5) years. Project concepts with a budget of **up to USD 1,200,000** will be considered for each individual project.

## **C. Application Procedure and Schedule**

11. The application procedure commences with the submission of a PCN, followed by the Secretariat's review based on the completeness, clarity and appropriateness of the required information in accordance with the Project Manual of AFoCO. Upon confirmation and approval of the PCN by the Secretariat, the Implementing agency and NFP shall proceed to formulate a full project proposal.

12. During this process, the Secretariat may undertake a site visit to conduct a feasibility analysis and assess the practicality and potential success of the proposed project activities. The Secretariat will also provide the necessary technical consultation, in collaboration with designated external experts, to support project formulation and approval for selected concepts.

13. The Secretariat accepts PCN submissions on a rolling basis throughout the year. However, as the project formulation and approval process involves multiple stages, only project proposals that successfully complete the appraisal process by **15 September 2025** will be submitted for consideration and approval at the upcoming Session of the Assembly. Therefore, proponents are strongly advised to submit their PCNs by **15 June 2025** to allow sufficient time for the development of full proposals and the completion of the appraisal process within the required timeline.

## VI. Points for Consideration

14. The Assembly may wish to:

- take note of the information and provide further guidance and recommendations, as appropriate;
- encourage each Party to render support in the development of new projects that can effectively contribute to the achievement of the AFoCO's new Strategic Plan 2024-2030

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