

Twelfth Session of the Assembly
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Agenda Item 6.1

Potential Role and Activities of Private Sector Engagement through Multi-Partner Collaboration

I. Introduction

1. Pursuant to the approval of the 2025 Work Plan and Budget at the Eleventh Session of the Assembly held on 30–31 October 2024 in Seoul, Republic of Korea, the Secretariat has commenced the development of strategic partnerships with key institutions in the domains of climate finance. These efforts are intended to enhance the Organization’s capacity to implement the AFoCO Climate Action Plan (CAP) 2025–2034, with a particular focus on mobilizing diversified and sustainable sources of financing through blended finance and public–private partnerships (PPPs)¹.

2. Blended finance, by strategically combining public, philanthropic, and private capital, serves to reduce investment risks and enhance the bankability of projects that deliver both environmental and social outcomes. In parallel, PPPs offer a structured mechanism for engaging the private sector in sustained collaboration with governments and implementing agencies, particularly in the development and deployment of nature-based solutions (NbS), market-based solutions (MbS), corporate engagement to fight deforestation, and climate technologies. These complementary approaches enable the Organization to broaden its financing base, amplify the impact of its interventions, and establish long-term partnerships with development agencies, corporations, and mission-aligned investors that are committed to promoting sustainable and climate-resilient forestry solutions.

3. In advancing blended finance and PPPs as key modalities for resource mobilization, private sector engagement, in particular impact investment, has been identified as a critical and reinforcing mechanism, which is able to strengthen the financial strategy of AFoCO. Impact investment offers a practical instrument to enhance the effectiveness of PPPs within the forestry and land-use sectors. By facilitating structured collaboration among governments, research institutions, private sector entities, and local communities, such models contribute to the development of scalable and investment-ready initiatives that are aligned with national development priorities and regional cooperation frameworks. Moreover, impact-oriented financing approaches can serve to catalyze co-investment opportunities, promote the transfer of relevant technologies, and strengthen institutional capacities necessary for the implementation of integrated, climate-resilient forest programmes.

¹ In the context of AFoCO’s program/project development, the term “public–private partnerships (PPPs)” refers to non-infrastructure-based partnerships, primarily aimed at fostering collaboration between public institutions and private sector entities in areas such as nature-based solutions, sustainable forestry, community-based enterprise models, and among others. This usage differs from the conventional infrastructure-focused PPPs commonly referenced by multilateral development banks and development finance institutions.

4. In 2025, the Secretariat initiated collaborative activities with Artha Networks, Inc., Mutual Value Labs under the Economics of Mutuality Alliance, and Merry Year Social Company. Each partner brings distinct expertise in investment structuring, donor engagement, and financing models for NbS and MbS. These partnerships are expected to play a substantive role in the development of an integrated impact investment and corporate engagement framework, thereby enhancing the institutional capacity of AFoCO to facilitate access to climate-aligned finance and supporting Member Countries in mobilizing resources through structured, transparent, and scalable mechanisms.

II. Progress Updates on Multi-Partner Collaboration

A. Artha Networks, Inc. (ANI)

5. In line with the strategy to leverage blended finance for climate action, the Secretariat began its collaboration with ANI in December 2024 through a Letter of Intent. ANI, affiliated with Rianta Capital Zurich, is a global platform that connects mission-aligned capital with high-impact projects in the sustainable development sector. Its experience in investment structuring, ecosystem mapping, and impact-oriented capital mobilization is considered highly relevant to evolving financial strategy of AFoCO.

6. Since the partnership began, ANI has provided technical guidance to support the design of a project funding structure tailored to CAP 2025-2034. This includes initial consultations focused on identifying investable project pipelines across Member Countries and mapping the investor landscape for NbS and MbS, from the items of previous projects. These activities aim to improve the readiness of AFoCO project concepts for engagement with private capital and to build the institutional foundation for long-term blended finance strategies.

7. In this context, the Secretariat has recognised that to advance impact investment and facilitate blended financing in project development, it is essential to actively incorporate MbS in the design of grant-based projects. This includes identifying local champions and developing viable business models that can represent the forest economy at the community level. Such efforts are expected to strengthen the market relevance and financial sustainability of forest-based initiatives, while also enabling deeper engagement with the private sector through inclusive and scalable investment opportunities.

B. Economics of Mutuality (EOM)

8. The Secretariat signed a Memorandum of Understanding in March 2025 and initiated a strategic collaboration with Mutual Value Labs (MVL), a member of EOM Alliance, to explore innovative approaches that align environmental sustainability with business value creation. MVL specializes in identifying the systemic drivers of environmental degradation and designing multi-stakeholder strategies that generate mutual value across financial, social, and natural capital. As part of this collaboration, AFoCO and MVL plan to jointly produce a systems thinking diagnostic report that identifies key leverage points for forest conservation and restoration, structured to resonate with the priorities of private sector stakeholders.

9. Based on the findings of the diagnostic analysis, the Secretariat will collaborate with MVL to develop corporate engagement models that identify strategic entry points for aligning global corporations with AFoCO's mission and values. These models will prioritize ethical alignment, sustainability principles, and shared objectives in forest and climate action. As part of this collaboration, a membership-based engagement and fundraising mechanism will also be explored

to facilitate long-term cooperation with private sector actors. This approach will support the development of investable and scalable portfolios of NbS, while contributing to the advancement of AFoCO's broader PPP model.

C. Merry Year Social Company (MYSC)

10. AFoCO signed a Memorandum of Understanding and initiated collaboration with MYSC in April 2025. MYSC is a leading impact-oriented enterprise builder in the Republic of Korea with an expanding presence in Asia with proven expertise in impact investment, entrepreneurship acceleration, inclusive business models, and impact measurement. This partnership aims to support AFoCO CAP 2025-2034, such as the development of community-based and socially inclusive forest projects in Member Countries, particularly in alignment with AFoCO's goals related to sustainable livelihoods and nature-based solutions.

11. Moving forward, the Secretariat and MYSC plan to strengthen the blended financing mechanism by co-developing a new form of NbS-oriented fund that integrates local entrepreneurship acceleration. Through the Living Lab Initiative, selected enterprises may be given the opportunity to test and validate their innovations within AFoCO project sites, thereby contributing to the advancement of practical solutions. This approach is expected to foster inclusive and operational models of PPPs, while enhancing the governance framework that supports multi-actor collaboration across Member Countries.

III. Points for Consideration

12. The Assembly may wish to:

- a. Take note of the progress made in developing partnerships for impact investment, corporate engagement, and blended finance; and
- b. Task the Secretariat with undertaking the necessary follow-up actions, in particular to incorporate MbS components in the project development cycle, in collaboration with relevant partners and Member Countries.

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