

Eleventh Session of the Assembly
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Agenda Item 5

Update on Private Sector Engagement

I. Background

1. In order to support the implementation of AFoCO's 10-year Climate Action Plan (2025-2034), the Secretariat has been focusing on mobilizing and diversifying funding sources, particularly from the private sector and other external entities.
2. On 6 February 2024, AFoCO launched the Friends of Asia and Asian Forests (FAAF) initiative, aimed at strengthening private-public partnerships. This initiative brings together corporations and partner organizations from the Republic of Korea to support the United Nations Sustainable Development Goals (SDGs) and explore climate solutions through nature-based approaches, particularly involving forests. Since the launch, the Secretariat has actively pursued opportunities for collaboration.

II. The 2nd Friends of Asia and Asian Forests (FAAF) Forum

3. The 2nd FAAF Forum was successfully held on 29 October 2024, in conjunction with the 11th Session of the AFoCO Assembly. The forum gathered around 100 participants, including representatives from AFoCO member countries, international and domestic corporations, and relevant partner organizations. The event aimed to enhance dialogue between governments and the private sector on critical issues such as sustainable forest management, carbon neutrality, and corporate social responsibility (CSR) practices, with a focus on Environmental, Social, and Governance (ESG).
4. The following key achievements and developments were highlighted during the Forum:
 - a. The launch of the Climate Action Matchmaking Platform (CAMP), which provides project information to potential donors
 - b. Collaboration between AFoCO and organizations such as Rabobank, Climate Asset Management, and Gold Standard to explore innovative financing mechanisms for forests in Asia.
 - c. The Forum set the strategic direction for FAAF to serve as a model for global forest restoration and climate change mitigation efforts.

III. Engagement with Private Sector and New Program Development

5. Since the launch of FAAF, the Secretariat has entered into several cooperative agreements with private sector entities, with an estimated contribution of USD 415,250. These initiatives focus on forest restoration in degraded areas, including mangroves (SK Innovation), fire-affected regions (L'OCCITANE), and urban forests (T'Way Air, Mapletree Cooperation). Additionally, tree planting projects have been carried out in collaboration with AFoCO Member Countries, with support from organizations such as Emart, Industrial Bank of Korea, and Gluri.

6. The Secretariat has initiated the development of new programs with the following entities to support the implementation of AFoCO's 10-year Climate Action Plan:

a. Gold Standard Foundation

The Gold Standard Foundation is a non-profit organization established in 2003 by the World Wildlife Fund (WWF) and other international NGOs to ensure that climate and development projects deliver measurable impacts. Based on the Memorandum of Understanding signed on 23 August 2024, the AFoCO Secretariat and Gold Standard Foundation will cooperate in the following areas:

- Provide technical assistance and partner support to AFoCO in the process of certification of activities under Gold Standard for the Global Goals;
- Joint capacity development efforts to build understanding of Gold Standard certification and carbon finance in AFoCO Member Countries;
- Other potential cooperation activities in AFoCO Member Countries.

b. Artha Network

Artha Networks, Inc. (AN) is affiliated with Rianta Capital Zurich, a Swiss-based single-family office. Artha's mission is to mobilize private capital for the United Nations' Sustainable Development Goals (SDGs). The AN provides a combination of investment advisory services and technology solutions to help its partners secure mission-aligned capital from private investors. It serves various stakeholders, such as private investors, accelerators, and ecosystem builders, and focuses on sectors like sustainable development and financial inclusion. Additionally, AN supports the Impact for Breakfast network, which fosters collaboration among impact investors and philanthropists. The Secretariat will collaborate with the AN in following areas:

- Design a project funding structure to access the increasing flows of private capital for climate solutions by leveraging Artha's global investor network, its expertise in climate finance, and its proven track record of mobilizing private capital to advance the SDGs.

c. Mutual Value Labs under the Economics of Mutuality Alliance

The Mutual Value Labs (MVL) is a research-based organization specialized in approaches that create mutual value between businesses, investors, society and natural ecosystems. MVL's approach focuses on identifying opportunities where business interests and environmental sustainability intersect. MVL is part of the Economics of Mutuality (EOM) Alliance, initially originated at Mars Corporation. The Alliance works across the globe to advance stakeholder capitalism through the EOM model, which is a business model designed to expand value creation beyond financial capital by incorporating social, human, and natural capital. The Secretariat will collaborate with the MVL in following areas:

- Develop a scalable methodology to identify the root causes of deforestation in the AFoCO region and produce a comprehensive report, while simultaneously creating and implementing a fundraising strategy targeting private sector investors and companies through events and partnerships, leveraging insights for nature-based solutions (NbS) funds.

d. SM Entertainment

SM Entertainment, a leading entertainment company in the Republic of Korea, is committed to reducing its carbon footprint, particularly in events like K-pop concerts. The Secretariat and SM Entertainment are collaborating to estimate carbon emissions from concerts and offset them through tree planting initiatives in AFoCO Member Countries.

e. KT&G

KT&G, a major South Korean bio/health and ginseng company, has expressed interest in contributing to the restoration of vulnerable ecosystems, including areas degraded by forest fires, floods, and tsunamis. The Secretariat will work with KT&G to develop project proposals for restoring these ecosystems, including land degraded areas by natural disasters.

IV. Concerns and Way Forward

7. The increasing engagement with the private sector also brings challenges such as potential greenwashing. It is essential for AFoCO to ensure that partnerships and projects are grounded in genuine environmental benefits. To mitigate this, the Secretariat will incorporate a robust due diligence process in its private sector engagement strategy.

V. Points for Consideration

8. The Assembly may wish to:
 - a. Take note of the information; and
 - b. Task the Secretariat with developing a private sector engagement strategy, which includes mapping potential donors and developing due diligence.

Queries on the content of the document may be addressed to:

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