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Agenda Item 8.2

Development and Approval of Projects — Special Projects

I. Background

1. In line with the AFoCO Strategic Plan (2024–2030), the AFoCO Climate Action Plan (2025–2034), and the AFoCO Project Manual, the Secretariat has been developing Special Projects in cooperation with Member Countries and Partner Organizations.

2. Unlike Regular Projects, which are developed through the annual Project Call process and endorsed by the Assembly, Special Projects are initiated through partnerships with external donors or upon the request of Member Countries. This modality provides AFoCO with the flexibility to mobilize new funding sources, pilot innovative approaches, and respond quickly to emerging priorities, while still ensuring compliance with AFoCO's safeguards and project management standards.

3. This report provides an update on the current status of Special Projects under development, including engagements with Acorn Rabobank, Climate Asset Management (CAM), the European Union, KT&G, and BIMP-EAGA partners and training activities with World Bank and United Nations Development Programme (UNDP).

II. Updates on the Development of Special Projects

A. AFoCO x Acorn Agroforestry Carbon Project

Note: In line with Acorn Rabobank regulations, Concept Notes cannot be shared publicly. Therefore, this report provides only key updates on progress and next steps, while respecting the confidentiality requirements of the partner.

a. Kyrgyzstan

4. At the Twelfth (12th) Session of the Assembly, the Secretariat reported on the feasibility study that confirmed opportunities to develop 5,000 hectares of new agroforestry farms. Building on this, and under the framework of the MoU signed in 2023, the Secretariat, together with Acorn and the Kyrgyz authorities, has advanced project preparation. Technical consultations have supported the drafting of a full-scale project proposal, estimated at around EUR 15 million.

5. In 2026, the Secretariat will finalize the proposal in consultation with the national authorities and Acorn. The goal is to launch a new AFoCO x Acorn Agroforestry Project covering 5,000 hectares of degraded land.

b. Cambodia

6. Feasibility studies in Kampong Thom (2023) and Battambang (2024) confirmed eligibility under the 2,000-hectare pilot criteria; and the required documents were submitted to Acorn. Based on these results, preparations for formalization, including an MoU with Ministry of Agriculture, Forestry and Fisheries (MAFF) / Forestry Administration (FA), were completed and are pending final signature.

7. In May 2025, Acorn proposed increasing the minimum project scale of 25,000 hectares to enhance investment efficiency. The Forestry Administration subsequently confirmed its support for expanding the scope across Battambang, Kampong Thom, Stung Treng, and Kratie Provinces.

8. The proposed scale-up and implementation modalities were discussed during at the upcoming Steering Committee (SC) meeting between Acorn and AFoCO, on 13 October 2025. Following the SC's deliberation, Acorn, as the investor, is expected to proceed with its project approval process, after which AFoCO and the Forestry Administration resume pending activities and revise the technical documents to reflect the new scale.

c. Lao PDR

9. In 2024, over 2,000 hectares in Salavan and Luang Prabang Provinces were identified for the project but remained pending for the development of agroforestry designs. However, Luang Prabang Province was later excluded as it overlaps with the World Bank's Forest Carbon Partnership Facility (FCPF) sites, and the Department of Forestry (DoF) confirmed its decision not to apply the nested approach.

10. In May 2025, Acorn requested to increase the minimum project scale from 2,000 hectares to 25,000 hectares, and DoF has since expressed its commitment to expand the project to a larger scale accordingly. A Project Management Unit has been established within DoF, and the request for allocating an AFoCO Office has been accepted by DoF. Preparation of the MoU with the Ministry of Agriculture and Environment remains in progress, with ongoing coordination between AFoCO and the DoF to further clarify on the final project area.

11. The proposed scale-up and implementation modalities were discussed at the upcoming Steering Committee (SC) meeting between Acorn and AFoCO, on 13 October 2025. Following the SC's deliberation, Acorn, as the investor, is expected to proceed with its project approval process, after which AFoCO and the DoF will resume pending activities and revise the technical documents to reflect the new scale.

12. Progress has also been affected by the recent merger of two Ministries and adoption of the new carbon decree. Development continues to be coordinated with Asian Development Bank (ADB)'s feasibility studies in Champasak and Salavan Provinces to ensure complementarity.

13. In 2026, the Secretariat will continue working with Acorn and the DoF to finalize the MoU and Step 2 documents, laying the foundation for a larger scale-up to at least 25,000 hectares.

d. Viet Nam

14. Initial eligibility documents covering 504 hectares in Lai Chau Province were submitted in 2024. Project development has since been affected by institutional changes in 2025, and further discussions with Acorn are ongoing to clarify the design and appropriate timing for moving forward.

15. The Secretariat will continue consultations with the DoF and Acorn to refine the project design and identify a suitable timeline for its development, in alignment with national priorities and institutional processes.

B. Nature-Based Carbon Project with Climate Asset Management (CAM)

Note: In line with Climate Asset Management (CAM) regulations, Concept Notes cannot be shared publicly. Therefore, this report provides only key updates on progress and next steps, while respecting the confidentiality requirements of the partner.

a. Kyrgyzstan

16. In early 2025, a Project Concept Note was submitted to Climate Asset Management (CAM) for review, following a pre-feasibility study conducted in 2024. Building on this foundation, AFoCO and CAM are jointly preparing a larger afforestation and reforestation project, tentatively estimated at around USD 30 million, targeting approximately 5,000 hectares of degraded and bare lands for restoration. In this regard, AFoCO, together with its technical partner UNIQUE, will carry out a field survey between November 2025 and March 2026 to inform the project design.

17. Technical consultations are ongoing, and a full project proposal will be finalized for submission to CAM, aiming to secure investment by Q2 2025 and to commence implementation in Q4 2026.

b. Cambodia

18. In February 2025, a pre-feasibility study was completed covering four (4) provinces. The assessment revealed that many of the initially considered restoration areas were unsuitable due to land encroachment and competing land use. As an alternative, approximately 22,000 hectares of idle or underutilized lands within concession areas were identified as potential sites for project development. Based on these findings, a Pre-Feasibility Report and a Draft Concept Note have been prepared and formally submitted to the Ministry of Agriculture, Forestry and Fisheries (MAFF) for review.

19. The progress of the project is critically dependent on the Government's approval for the reallocation of identified lands. Once this approval is secured, AFoCO will proceed with preparing the full project proposal for submission to CAM, targeted for 2026.

c. Lao PDR

20. Following two (2) rounds of site recommendations provided by the DoF, AFoCO conducted initial land eligibility assessments in Vientiane and Luang Prabang Provinces. However, the availability of suitable large-scale sites was constrained for two reasons; Some areas overlapped with existing international programs and others were already allocated to private sector carbon project development. In response, AFoCO and the DoF explored a possible nested approach in coordination with the World Bank's FCPF program. Despite continued efforts, this option was not accepted, as the Government of Lao PDR expressed its preference to maintain the six (6) provinces

under the program as intact single-programmatic units rather than separating them into multiple projects.

21. The progress of the project is therefore dependent on the Government's recommendation of a new site with at least 10,000 hectares of eligible land. Once such a site is identified and confirmed by the DoF, AFoCO will conduct a full feasibility study and proceed with developing a Project Concept Note, with a view to submission in 2026.

C. KT&G Mangrove Project in Indonesia

22. AFoCO and KT&G, in cooperation with the Ministry of Forestry of the Republic of Indonesia through the Center for Forestry Hydrometeorological Disaster Mitigation and Adaptation Development, initiated the Special Project "Mangroves Ecosystem Management Based on Disaster Mitigation and Adaptation Approach in Forest Areas" in Pasuruan and Probolinggo, East Java. With a total budget of USD 650,000, the project aims to integrate mangrove management with disaster risk reduction and climate change adaptation while promoting sustainable livelihoods for coastal communities.

23. The project will develop models for hydrometeorological disaster mitigation, participatory mangrove protection, baseline carbon monitoring, mangrove growth protection, and community-based ecotourism. It also emphasizes capacity building for communities and stakeholders to ensure long-term sustainability of mangrove ecosystems.

24. The Project Implementation Agreement is scheduled to be signed by the end of 2025, with field implementation to commence in early 2026. AFoCO will provide financial and technical support, while the Center will lead implementation, monitoring, and reporting. The project is expected to serve as a model for combining corporate social responsibility with regional climate resilience and community-based mangrove conservation.

D. Development of Green Climate Fund (GCF) Projects

25. In accordance with Decision 60-XII-25S of the Twelfth (12th) Session of the Assembly, the Secretariat has initiated the process of developing pipeline projects for submission to the GCF. To maximize the benefits of AFoCO's accreditation and ensure readiness for project submission, three (3) feasibility studies will be implemented in selected Member Countries, with an allocation of USD 100,000 reallocated from the Working Capital Reserve. These feasibility studies will be carried out by a Project Development Expert Group and will focus primarily on GCF project development while also considering complementary financing opportunities.

26. Official requests were sent to Member Countries to confirm interest, and depending on responses and budget availability, three (3) countries have been selected for detailed feasibility studies. The outcome will include draft Concept Notes aligned with the latest GCF template, providing a solid foundation for full proposal development in subsequent years.

E. Responding to Project Call

27. Call for proposals, with an estimated cost of USD 2,748,687, as follows:

a. Two (2) Project Proposals, entitled "Satellite Solutions for Resilient Mekong: Leveraging Korean ICT for Disaster Management" (three (3) years, USD 1,000,000) and "AI and Satellite-Based MRV for AWD-Enabled Sustainable Rice Cultivation in the Mekong Region (SMART-RICE)" (two (2) years, USD 998,687) were submitted to the Mekong-ROK Cooperation Fund (MKCF) in March 2025.
b. One (1) Project Proposal, entitled 'Harnessing AI-Based Satellites for Mangrove Forest Management in Borneo' (2 years, USD 750,000) was submitted to the BIMP-EAGA ROK Cooperation Fund on 14 March 2025.

F. Training with World Bank and UNDP

28. In cooperation with the World Bank, AFoCO organized a joint training on Knowledge Exchange on Integrated Forestry Management for the Ministry of Environment, Forest and Climate Change of India, as well as local governments in Nagaland and Tripura and relevant research institutions. The training was funded by the World Bank with a budget of KRW 27,042,000.

29. The Secretariat also co-organized a training on the Integrated REDD+ Program with UNDP in the Democratic Republic of the Congo (DRC), targeting delegates from the Ministry of Environment, civil society, academia, and the private sector. This program was funded by UNDP with a budget of USD 117,541.

III. Points for consideration

30. The Assembly may wish to take note of the information and provide further guidance and recommendations, as appropriate.

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