

Partnerships for  
**Forests**

**Optimizing forest  
impact through  
a portfolio  
approach:**

Insights from the  
integration of  
regional strategies in  
Partnerships for Forests

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# Introduction

This report presents how a programme portfolio approach, like the Partnerships for Forests (P4F) programme, can enhance synergies between businesses across regions globally to promote positive impact. This collaborative, impact-driven approach has the potential to be replicated to a range of geographies and business types. This case brought together the synergies of two projects: Terrasos (Colombia), renowned as a pioneer for its forest conservation projects and expertise in the biodiversity credits mechanism, and Ethiopian Wild Coffee, a business dedicated to harvesting forest-grown coffee. It explores how both businesses leveraged protocols for the voluntary market of biodiversity credits that could be applied worldwide, starting in Ethiopia.



Photo: Terrasos/ Project Archive

## P4F's theory of change

P4F is an eight-year, UK Aid-funded programme. At the core of the programme is an approach to facilitate those collaborative efforts, involving diverse stakeholders from the public, private sectors, and civil society organisations. Through this collective engagement, the programme strives to enhance land use businesses and initiatives aimed at curbing deforestation. It achieves this by providing sustainable economic alternatives through the provision of technical assistance and grants.

The programme supports three main types of projects: Forest Partnerships (FP) that support land use business in public-private-community partnerships, Enabling Conditions (EC) aimed at removing barriers hindering the business ecosystem's growth, and Demand-side Measures (DSM) facilitating measures to protect forests. Working across the forest transition curve, the programme adopts a funnel structure to support businesses at various maturity levels<sup>1</sup>.

The programme's theory of change is based on the understanding that the P4F-supported projects ensure that the private sector, public sector and communities gain shared value, so protecting and restoring forests while generating sustainable income streams for communities and businesses.

The programme's output 4 (Leadership, collaboration, and learning), and output 5 (Leadership, replication and transition) activities were designed to capture learning and disseminate knowledge among land use stakeholders. These outputs facilitate sharing experiences and lessons learned, enhancing leadership development, and promoting the replication and transition of successful approaches within the land use sector.

1. Forests for the Future: P4F key achievements and learnings across six years in Latin America - Partnerships For Forests



# Background

## Latin America strategy

The Latin America component of P4F targets interventions in Brazil, Colombia, and Peru. It was established in 2018 with the incorporation of the region into the P4F programme.

**The regional strategy is based on an integrated landscape approach divided into three pillars under the forest transition curve:**

**1. Increasing the value of standing forests:**

Addressing the economic viability of native forests to prevent substitution by more profitable land uses.

**2. Produce-protect:** Ensuring forest conservation alongside economic activities in agricultural areas, harmonizing with less intensive land use types.

**3. Restoration:** Promoting economic forest-restoration activities in degraded areas under little or no economic activity.

Within these three pillars, the Latin American inception report highlights cattle ranching, Non-Timber Forest Products (NTFPs), and Payment for Ecosystem Services (PES) as high-priority areas, while considering the cocoa value chain and restoration as medium-priority themes. These priorities are determined based on their economic, social, and environmental significance and the potential additionality that the programme could bring by supporting these thematic areas.

In the Colombian context, P4F strategically addresses the country's unique post-conflict scenario, which has attracted support from various international donors. Colombia boasts the eighth-largest tropical forest cover globally, with around 60 million hectares of dense forests.

**Deforestation rates in Colombia have surged by nearly 50% since 2015, a consequence of the cessation of civil conflict that granted access to previously guerrilla-occupied areas.**

Key factors influencing current land use and forest dynamics include decentralised responsibilities among national and local governments; a fragile land tenure situation leading to increased speculation; concentrated land ownership, and; inefficient land use practices.

In Colombia, particular attention has been directed towards advancing the NTFP agenda, leveraging various species for diverse market applications. Additionally, the country has pioneered an innovative approach through the biodiversity credits market. Notably, it is set to host the United Nations Biodiversity Conference in 2024, further highlighting its commitment to biodiversity conservation and sustainable practices.



2. Bioeconomy: Opportunities to advance the climate agenda and socio-economic development - Partnerships For Forests

3. Colombia will host the next United Nations Biodiversity Conference | Convention on Biological Diversity (cbd.int)



Photo: Will Crowne / DFID

## East Africa strategy



In East Africa, P4F has established its presence in Kenya, Tanzania, Uganda, Mozambique, Madagascar and Ethiopia. Initial analysis of forest trends across these five countries revealed that deforestation is primarily attributed to the behaviour of smallholders seeking to expand agricultural lands or fulfil the demand for fuelwood and charcoal, rather than being linked to specific commodities.

To instigate a transformative shift and offer alternatives to deforestation incentives in this context, P4F's regional strategy emphasises solutions capable of showcasing the value of standing forests to this target group. This involves a strategy of promoting reforestation on degraded lands, which will alleviate pressure on forested areas while addressing the need for fuelwood and charcoal.

The strategy also requires the economic value of NTFPs to be demonstrated and highlighted. A notable success story in this regard is the Forest Coffee initiative, exemplified by the Ethiopian Wild Coffee (EWC) project. This initiative has proven to be particularly successful in Ethiopia, serving as a model for illustrating the economic benefits of sustainable forest practices.





Photo: Terrasos/ Project Archive

# Fostering impactful forest conservation in the Global South through regional portfolio integration

## South-South cooperation

Discussing South-South cooperation is not a new concept<sup>4</sup>. It concerns an “organising concept and a set of practices in pursuit of the historical changes through a vision of mutual benefit and solidarity among the disadvantaged of the world system”<sup>5</sup>.

During COP27 in 2022, the theme of South-South cooperation (also referred to as South-South collaboration) gained renewed prominence. During this global climate event, the Democratic Republic of Congo (DRC), Brazil, and Indonesia, collectively accounting for 52% of the world's tropical forests, jointly announced a cooperation agreement aimed at establishing a ‘forest bloc.’ These nations committed to collaborating in various areas, including forest conservation and restoration, sustainable management, and the promotion of bioeconomy<sup>6</sup>.

Such alliances hold significant importance, especially considering that countries in the Global South bear a lesser historical responsibility for contributing to carbon emissions driving the climate crisis compared to their higher-income, industrialised countries. They remain vulnerable to severe consequences across various sectors, including agriculture, with heightened risks of droughts and floods.

In this context, international cooperation plays a crucial role, and initiatives like P4F play a pivotal role in supporting this agenda. By strengthening the bioeconomy in the Global South, these programmes contribute to the protection of forests and the overall sustainability of the region.

4. Celebrating 40 Years of South-South Cooperation: Pérez-Guerrero Trust Fund (2023) – UNOSSC ([unsouthsouth.org](https://unsouthsouth.org))

5. Full article: South-South cooperation and the rise of the Global South ([tandfonline.com](https://tandfonline.com))

6. Brasil, Indonésia e República do Congo anunciam cooperação para preservar florestas - Agência Pública ([apublica.org](https://apublica.org))

# Voluntary Biodiversity Credits: a global perspective in the P4F portfolio

Synergies between Latin America and East Africa have emerged under the P4F programme, providing an opportunity for knowledge sharing of diverse and complementary mechanisms for sustainable land use. One specific area of collaboration between two projects was developed around the conservation outcomes of biodiversity initiatives. The P4F portfolio includes technological, financial, and ecological interventions, and these projects hold data that reveal key factors for success, as well as challenges that multiple organisations, communities, governments, and companies have faced in the protection of forests.

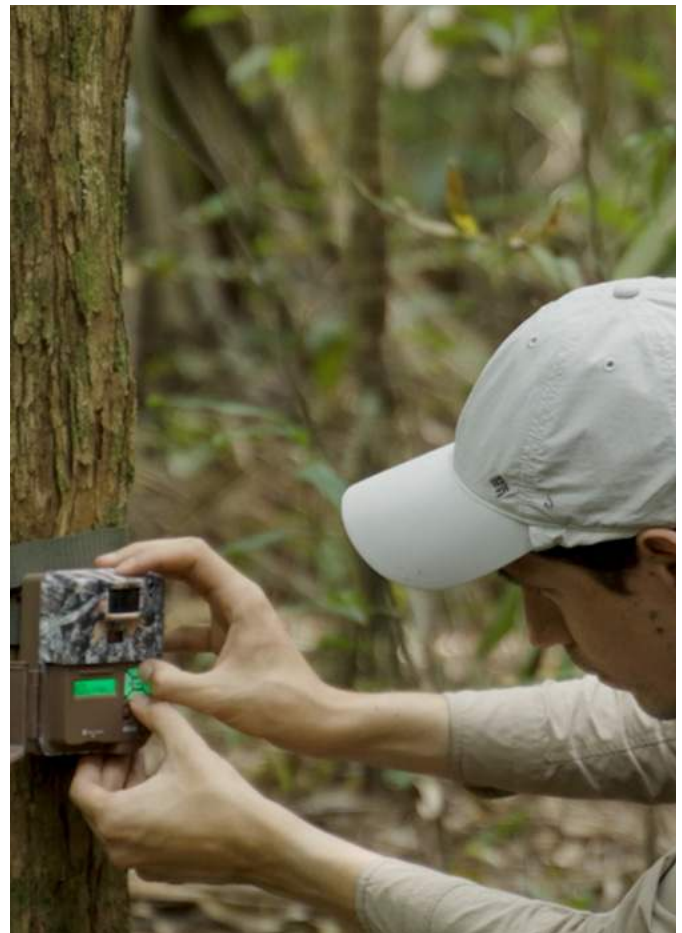


Photo: Terrasos/ Project Archive

## Terrasos – leveraging biodiversity conservation through market mechanisms and public policy

Terrasos is a pioneering project developer in Colombia, known for introducing the innovative Habitat Bank mechanism. Habitat Banks are designated lands that aim to offset negative biodiversity impacts caused by companies through compensation actions for ecosystem conservation or restoration. These banks generate quantifiable biodiversity gains, used by companies to offset their environmental damage in a cost-efficient manner, with payments tied to specific milestones for the maintenance of the biodiversity units, measured in hectares.

With the support of P4F, Terrasos has successfully expanded its operations, now encompassing a total of 10 properties spanning 5000 hectares. Each Habitat Bank is established

alongside a comprehensive management and action plan, providing a strategic framework that directs restoration and conservation activities throughout the project's extensive 30-year lifespan.

The holistic approach adopted by Terrasos involves a thorough study of the area, encompassing its social, physical, and biological characteristics. This in-depth analysis forms the basis for the implementation of key activities aimed at reducing threats, enhancing protection, restoring degraded areas, and establishing robust monitoring mechanisms. Terrasos then sets key indicators for continuous assessment over a number of years, ensuring a dynamic and adaptive approach to the evolving needs of the environment.



## P4F support

P4F's support helped Terrasos mainstream Habitat Banks in Colombia, by increasing the number of protected hectares under this model, consolidating the value proposition, and enhancing Terrasos' managerial, operational, and legal capabilities. This strategic initiative enabled the company to effectively operate and scale-up their intervention.

P4F provided Terrasos with technical and financial support to deploy a land sourcing strategy. This saw teams source the most suitable land across the country, conduct due diligence processes, engage with landowners to negotiate 30-year intervention processes, sign agreements, and ultimately register the areas under Colombia's legislation.

This intervention has proven highly successful, as Terrasos transitioned from managing one to 10 registered Habitat Banks, which will protect more than 3700 hectares through legal, technical, and operational measures for a 30-year period. It also successfully secured more than 10 key clients in the mining, oil and gas, and infrastructure companies interested in the Habitat Banks mechanism to meet their offsetting requirements. Terrasos has demonstrated a remarkable scale-up, mobilising investments totalling 6.5 million USD (£5.3 million), while diversifying income sources through honey and non-timber forest products. The company has also helped develop a protocol for issuing voluntary biodiversity credits – a key market approach for ecosystems facing significant developmental gaps.







Photo: Will Crowne / DFID

## Ethiopian Wild Coffee

### Ethiopian context

Participatory Forest Management Cooperatives (PFMs) are a mechanism designed to protect forests and enhance the livelihoods of communities that use and benefit from them. This model, widespread across Africa and Asia<sup>7</sup>, is a community-based approach in which multiple stakeholders engage in inclusive decision-making for sustainable forest use, combining conservation actions with sustainable harvesting and preservation of local heritage.

**Ethiopia was the first country to adopt PFM, with the purpose of reducing deforestation in the forest reserves as exploitation of wood was becoming an important driver, with firewood representing 85% of Ethiopian household energy.**

The PFM mechanism is rooted in the Ethiopian Government model established by the 1975 Land Reform Act, which placed Ethiopian land under state ownership and subsequently redistributed to peasants through communal land-tenure agreements. However, problems related to resource management worsened, leading to challenges

such as withdrawals, unfair compensations, and overall instability in land distribution. The end of the socialist era marked the transition to a federal republic, and in 1995, a new constitution was enacted. One of its purposes was to establish a decentralised and democratic government. In undertaking this shift, the country faced challenges in terms of insufficient funds, inadequate infrastructure, and a lack of management capacity, hindering its ability to effectively care for forested areas as originally intended.

In an effort to decentralize state property rights and enhance local ownership and empower local communities to manage natural resources sustainably, the government launched PFM in 1997 as a community forestry initiative. The regions of Bonga and Chilimo were the sites of the first attempts to implement the model. Since then, Ethiopia has incorporated more than 1.5 million hectares to be governed under the PFM mandate. The National Forest Law has evolved to recognize that socio-economic benefits can be maximized without compromising ecological services or biodiversity. As such, the country is working towards incentives for communities to invest in forest restoration and take care of state-owned lands.

7. Participatory forest management: an overview (researchgate.net)



In Ethiopia, PFMs are community groups that develop legally binding forest management plans in collaboration with local governments to manage forests and other landscapes. These institutions manage forest resources by demarcating zones within their land area, defining varying degrees of interventions allowed, and involving both the community and the local government. The PFM model in Ethiopia has been greatly influenced by the global discourse over the past 20 years, that has seen the model incorporate a recognition of the effectiveness of community-based institutions in natural resource management. It has proven to be a solution to the problem of open access to forest resources.

The Ethiopian state of Oromia, home to 52% of forests in the country, was the first to officially recognize PFM and establish formal agreements with local communities. Oromia (12,000

ha), along with Amhara (22,000 ha) and Tigray (18,000 ha), have the largest areas under this model<sup>8</sup>. Today, PFM is formally recognised by the Ethiopian Government, and five out of the nine regional states in Ethiopia have adopted it as a practice. The forest laws have empowered rural communities with clearly defined rights, providing a better understanding on land ownership and reducing the risks of mismanagement due to loosely defined resource/property ownership. As a result, rural communities can now take on the responsibility of management and, consequently, benefit from forest and woodland resources within their area through PFM.

In the nearly two decades of PFM operating in Ethiopia, 1245 hectares of critically valuable standing forest has been protected.

## P4F support

Supported by P4F, GIZ has worked with smallholders to unlock the value of Ethiopian forests while promoting innovative management and social benefits under the Ethiopian Wild Coffee project. More than 17,700 individuals have received training in harvesting and processing methods, resulting in improved coffee quality and a more than 25% increase in smallholders' income. Building on these successes, the P4F intervention facilitated connections between cooperatives and dealers through engagement with companies, contributing to a rise in coffee prices (from £2.6 to £9). Additionally, GIZ provided advisory support for cooperatives to obtain organic and fair-trade certifications, resulting in 28 active certificates within the cooperatives.

In the long term, the forest coffee is to be built up as a premium brand, with a transparent and efficient supply chain. This project has focused on creating incentives to protect the Ethiopian standing forest by harvesting wild coffee while deriving important income for communities.





Photo: Terrasos/ Project Archive

## Enhancing synergies among the two initiatives

Crossover themes and synergies became evident to P4F team members, having supported both Terrasos and EWC to strengthen their biodiversity-focussed models. An opportunity appeared for Terrasos to collaborate and extend the Voluntary Biodiversity Credits methodology from Colombia to Ethiopia.

In April 2023, P4F teams from Colombia and Ethiopia met at the site of the Agama PFM together with Terrasos, where a two-day workshop took place. The workshop explored the role and significance of biodiversity in ecosystem services and emphasised the need to integrate tools for valuing biodiversity protection and restoration. During the workshop, the Terrasos team introduced the concept of VBC and explained the step-by-step process of generating credits to generate income. A technical analysis was conducted to

assess the additionality, complementarity, and applicability of the protocol in the Agama PFM. As a result, a registration document for the project was drafted, and although some inputs are required for completion, it was provisionally determined the number of credits to be issued.

According to the report made by Terrasos about the experience, “currently, ongoing discussions are taking place with the environmental authorities in the Kaffa region to thoroughly evaluate the project’s compatibility and assess whether the VBC mechanism can strategically align with government regulatory frameworks and the aspirations of the local community”. When the process finalises, it will be the first example of application of the Protocol for Issuing Voluntary Biodiversity Credits outside Colombia, proving a concept and extending the biodiversity protection internationally.



## Opportunities to enhance cooperation and collaboration in the forest positive business ecosystem

A structured approach is essential to facilitating effective collaboration in forest-based enterprises. P4F has proactively established a collaborative and learning framework from the project's inception, with the overarching goal of sharing knowledge and creating a conducive environment for stakeholder collaboration within the land use sector. While this approach has been successful, further opportunities exist for collaboration across P4F, and other similar global programmes.

Recommendations for improvement include implementing regular knowledge-sharing webinars – for participants both from the same sector and diverse sectors – foster a dynamic space for insights and innovation. Moreover, investing in experiential learning, such as cross-country visits, can facilitate the exchange of know-how, identification of similarities, and understanding of shared challenges. Regional gatherings are also crucial to tackle common challenges, including in the context of local governance.

Initiatives of this nature not only strengthen projects from countries in the Global South, but also promote diversity within the entrepreneurial landscape, by combining inherited knowledge with innovation. This multifaceted approach fosters a robust platform for global projects, ensuring knowledge exchange, collaboration, and sustained growth in the targeted sectors.



This case study was developed by Partnerships for Forests in Latin America, in collaboration with the External Relations and Knowledge global team

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