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IN FOCUS

Unlocking Green Investment: ASEAN's Forestry Sector and Nature-Based Solutions



Background

Nature-based Solutions (NbS) harness natural processes to strengthen sustainable forest management (SFM) and enhance the health and productivity of ecosystems. By leveraging ecosystem services, NbS support SFM objectives through the conservation, rehabilitation, and restoration of natural forest systems, and through the re-integration of ecological functions into degraded or modified landscapes. In the context of climate action, NbS utilise the inherent capacity of forests to mitigate and adapt to climate change by increasing carbon sequestration, supporting diverse habitats, regulating water cycles, and improving the resilience of forest landscapes to droughts, floods, wildfires, and other climate-related disturbances.

As ecosystem-based approaches, NbS are designed to address environmental and societal challenges in a holistic manner. The International Union for Conservation of Nature (IUCN) defines NbS as actions that “protect, sustainably manage, and restore natural or modified ecosystems in ways that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits.”

About the Bulletin

ASEAN for Business is a bulletin published by the Enterprise and Stakeholders Engagement Division of the ASEAN Secretariat.

This monthly bulletin provides quick updates on specific topics related to the ASEAN Economic Community (AEC) for businesses operating in the region.

Those interested in receiving the bulletin and collaborating with the ASEAN Secretariat may contact:

Lukman Oesman

Senior Officer,
Enterprise and
Stakeholder
Engagement
Division

lukman.oesman@asean.org

Nisfi Mubarakah

Officer, Enterprise
and Stakeholder
Engagement
Division

nisfi.mubarakah@asean.org

This highlights the integrated nature of NbS, which deliver ecological gains alongside social and economic benefits such as improved livelihoods, food security, and community resilience.

NbS have gained global momentum, particularly through discussions under the United Nations Framework Convention on Climate Change (UNFCCC). Scientific assessments presented at various Conferences of the Parties (COP) identify NbS as among the most cost-effective pathways for meeting global climate targets. According to IUCN, up to 37 per cent of required global CO₂ reductions by 2030 could be achieved through interventions such as forest restoration, peatland and wetland rehabilitation, and sustainable agriculture. The evolution of international carbon markets further supports NbS by enabling climate finance to flow into projects that reduce or remove emissions, generating tradable carbon credits and encouraging long-term stewardship of natural resources.

In ASEAN, forests cover nearly half the region—over 200 million hectares¹—and remain one of its most strategic natural assets. They support millions of people, especially the 300 million residents in rural areas and up to 70 million people rely on forest landscapes for food, fuel, income, and cultural identity.² They also support nearly 20 per cent of the world's known plant and animal species, making Southeast Asia a critical global biodiversity hotspot.³ At the same time, forests act as natural defences against climate-related risks by stabilising soils, regulating watersheds, and buffering communities from extreme weather events.

Given their ecological and socio-economic significance, ASEAN is well positioned to scale NbS in the forestry sector, advancing climate resilience, biodiversity conservation, and sustainable development across the region.

Global standard on NbS

As Nature-Based Solutions (NbS) increasingly enter policy frameworks and are adopted in field-level initiatives, establishing clear principles and definitions becomes essential for successful implementation. Decision-makers and practitioners need a consistent way to determine what qualifies as an NbS project, ensuring that interventions are both



Figure 1. IUCN Global Standard for NbS

scientifically credible and practically applicable.

The concept must therefore provide coherence, promote realistic application across diverse contexts, and offer safeguards that ensure NbS deliver genuine environmental and societal benefits.

The IUCN Global Standard for NbS serves precisely this purpose by providing a systematic learning and assessment framework. It enables users to design, evaluate, and continuously improve NbS interventions, helping them remain aligned with best practices while adapting to evolving evidence and local needs. By offering a structured approach to verification and adaptive management, the Standard strengthens confidence among policymakers, investors, and communities—ensuring that NbS effectively address one or more societal challenges while sustaining ecosystem integrity.⁴

Regional initiatives on NbS

Recognising the critical role of Nature-Based Solutions (NbS) in achieving regional climate and sustainability goals, ASEAN has, since 2022, advanced several coordinated frameworks to accelerate NbS implementation across the region.

These include a Study on Nature-Based Solutions in ASEAN, the development of ASEAN Guidelines on NbS and Ecosystem-based Approaches (EbA) in the Forestry Sector, and an ASEAN Toolkit on NbS and EbA, designed to support both forestry agencies and social forestry practitioners. These tools provide ASEAN Member States with practical guidance for planning, designing, and operationalising high-quality NbS interventions.

Complementing these efforts, ASEAN has adopted the ASEAN Strategy for Carbon Neutrality,⁵ which charts a regional pathway toward an inclusive and sustainable green economy. The Strategy outlines eight priority areas—ranging from accelerating green value chains and advancing circular-economy models to strengthening carbon-market interoperability, establishing credible common standards, mobilising green capital, developing regional green talent, and promoting best-practice sharing. NbS form a core component in operationalising this Strategy, particularly through their contribution to low-carbon development and resilient ecosystems.

Looking ahead to the 2026–2030 Food, Agriculture and Forestry (FAF) cooperation framework, ASEAN has initiated several NbS-related projects in partnership with international organisations. These include:

- The UN-REDD Programme, which supports regional capacity building on NbS and EbA, especially within social forestry systems;



Figure 2. Sungai Gangsal, Taman Nasional Bukit Tiga Puluh, Indonesia (credit: asep ayat)

- The ASEAN-UK Green Transition Fund, which advances NbS for climate mitigation and strengthens institutional readiness for climate action; and
- Pilot NbS projects in various ASEAN Member States, supported by development partners across the region.

ASEAN is also expanding collaboration with partners such as Switzerland, Brazil, the EU and China to scale up NbS implementation and enhance the region's access to technical expertise, financing opportunities, and innovative approaches to ecosystem restoration. Through these regional initiatives, ASEAN is strengthening its collective capacity to deliver high-integrity NbS that support climate mitigation, biodiversity protection, community resilience, and sustainable green growth.

ASEAN One billion trees growing programme: Opportunities to scaling up NbS

In October 2025, the 47th ASEAN Ministers on Agriculture and Forestry (AMAF) endorsed the concept note for the ASEAN One Billion Trees Growing Programme, a major regional initiative aimed at accelerating large-scale forest restoration across Southeast Asia. The programme promotes reforestation, forest rehabilitation, and landscape restoration by strengthening partnerships, empowering communities, and expanding private sector engagement. It reflects ASEAN's shared commitment to sustainable forest management and broader climate and biodiversity goals.

The initiative positions NbS as an integrated approach for addressing climate challenges while delivering social and economic co-benefits. It supports a wide range of activities—such as agroforestry, sylvo-fisheries, ecotourism, and forest conservation—linking ecological restoration with livelihood enhancement and long-term landscape stewardship.

Demand for NbS investment is rising across the region, supported by mechanisms like the Green Climate Fund (GCF) and expanding carbon markets. Several ASEAN Member States are already leveraging NbS to reduce emissions, strengthen climate resilience, and support community-based poverty alleviation. As these initiatives expand, they also create increasing opportunities for broader stakeholder engagement, including the private sector.

How Private Sector Can Benefit from Nature-Based Solutions (NbS)

ASEAN's increasing focus on Nature-Based Solutions (NbS), supported by stronger policies, expanding carbon markets, and emerging financing models, is creating favourable conditions for private sector participation. As governments advance climate and sustainability agendas, businesses are increasingly recognising NbS as a viable pathway to align commercial interests with environmental stewardship and long-term resilience.

Private sector participation can take multiple forms. Companies may invest directly in forest restoration and conservation projects that generate high-quality carbon credits, integrate sustainable sourcing practices within their supply chains, or support community-based enterprises linked to forest ecosystems. Emerging sectors such as non-timber forest products, nature-based tourism, and bioeconomy innovations also provide avenues for sustainable business development while contributing to ecosystem recovery.

Beyond financial returns, NbS investments help businesses strengthen their environmental, social, and governance (ESG) performance, manage climate-related risks, and demonstrate commitment to corporate sustainability goals. Partnerships with governments, local communities, and development organisations are particularly important in ensuring that NbS initiatives deliver measurable climate, biodiversity, and livelihood benefits.

ASEAN's rich forest resources make NbS a powerful pathway for climate resilience and green growth. Regional platforms such as the ASEAN One Billion Trees Growing Programme provide an important entry point for mobilising private sector investment. By linking restoration priorities with financing opportunities, technology solutions, and community participation, such initiatives can help scale high-integrity NbS projects across the region.

With ASEAN's extensive forest landscapes and growing ecosystem restoration agenda, NbS present a strategic opportunity to advance climate mitigation, biodiversity conservation, and sustainable economic development simultaneously. Through responsible investment and collaborative partnerships, the private sector can play a critical role in transforming ASEAN's natural capital into a driver of resilient and inclusive green growth.

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