



**USAID**  
FROM THE AMERICAN PEOPLE

LAC Environment Learning Group  
Private Sector Engagement

CASE STUDY

# Lessons from Engaging the Private Sector in Latin America and the Caribbean: Alianza Forestal

February 2022

Above: Florentina Lopez, member of the Agroforestry Committee of the Roya native community of the Shipibo-Conibo Indigenous People. Photo credit: Gustavo Rojas

## Activity Overview

Through USAID/Peru's Alianza Forestal, an activity implemented by AIDER (a Peruvian NGO), seven Indigenous communities are increasing their economic opportunities while conserving a critical natural resource. Alianza Forestal engages various private-sector actors to support the bioeconomy and ecology by helping communities sustainably manage their forests to provide carbon credits and forest and agroforestry products, such as cacao, timber, and handicrafts, and linking them to larger markets. The activity also trains and mentors communities to collect relevant forest information and monitor and report illegal logging and land invasions. The goal is to improve the use of resources through the development of sustainable economic enterprises, restore degraded lands, conserve forests and biodiversity, and reduce greenhouse gas emissions. The activity utilizes a Reducing Emissions from Deforestation and forest Degradation (REDD+) mechanism to further these desired outcomes. Companies emitting carbon dioxide or other greenhouse gasses can offset their emissions by buying carbon credits generated by the Indigenous communities. This work has shown promise, with positive reviews from participating communities and the resource partner, indicating the sustainability of this activity and the potential to be scaled up beyond the activity's support.





**Above:** Representatives of the Mirova Natural Capital investment fund meet with the AIDER technical team.  
Photo credit:AIDER

Implementing Partner	Years of Implementation
AIDER	2019–2024
Activity Objectives	
<p>Support Indigenous communities in Ucayali to conserve and manage their forested lands by:</p> <ol style="list-style-type: none"> <li>1) Strengthening enabling conditions for community forest management</li> <li>2) Improving the livelihoods of Indigenous communities through sustainable forest businesses</li> <li>3) Socializing the community forest management model to key stakeholders</li> </ol>	
Main private-sector partners and size	Private-sector role and contribution to outcomes
Mirova Natural Capital (large impact investment fund)	Project finance
Nii Biri (intermediate firm)	Link Indigenous businesses to the market for increased income
Las Polleras de Agus and Pruébaló (small to midsize enterprises)	Stores that sell Indigenous products in larger markets of Pucallpa and Lima



Eldivia Gonzales, president of the crafts committee, and Pastorita Zumaeta, artisan from the Pueblo Nuevo native community of the Shipibo-Conibo ethnic group in Ucayali, Peru. Photo credit: AIDER

## Answering the Important Questions

### Learning Question I: What impact does private-sector engagement have on environment and development outcomes?

*“We believe it is one of the best projects in our portfolio in terms of impact—social, economic, and environmental.”*

– Private-Sector Partner - LAC Representative, Mirova

A lack of government presence, a difficult land titling system, and high value for illegal crops have resulted in land invasions and grabbing (land theft) for agriculture and other illegal activities that contribute to deforestation and insecurity in the region where Alianza Forestal works. These challenges hindered the activity from reaching the initially expected targets for carbon credits generated and deforestation avoided. Still, Alianza Forestal has contributed to improving the quality of life of Indigenous communities and protecting the forest, including 120,000 hectares under improved natural resource management and the generation of verified carbon credits associated with avoided emissions from deforestation. Mirova, the resource partner for this activity, indicates they have received an adequate return on their investment under the REDD+ funding mechanism. Indigenous communities have gained additional income through carbon credit sales and are using these resources to finance sustainable land management and train their enterprise staff.

Without a system of measuring outcomes from private-sector engagement, it is difficult to attribute results to specific actors. Still, all informants agree that engaging with the private sector is beneficial for achieving Alianza Forestal’s desired outcomes. These achievements have positioned the activity as a sustainable and scalable model. As a result, Mirova plans to invest in a second round of funding. In addition, other private-sector actors have expressed interest in partnering with AIDER on similar projects in other Indigenous communities in Peru.

## Learning Question 2: What methods are being used to involve the private sector in conservation and development activities, and how effective have they been?

*“The most interesting thing about this model is that it’s a co-investment model, one-to-one between us and USAID.”*

–Private-Sector Partner–LAC Representative, Mirova

USAID and AIDER partnered with investment fund Mirova to co-finance Alianza Forestal through a Global Development Alliance (GDA). Using a process of co-creation, Mirova, USAID, and AIDER jointly developed business plans, established agreed-upon indicators, and built relationships with Indigenous communities participating in the activity. This collaborative approach is an effective way to engage with the private sector to ensure all stakeholder voices are included from the beginning, fostering confidence among parties and creating enabling conditions for private-sector actors to take greater risks.

In addition to partnering with Mirova, Alianza Forestal establishes relationships with sustainably minded businesses, such as intermediate firm Nii Biri and fashion brands Polleras de Agus and Pruébaló. Nii Biri connects the small community enterprises to markets in Pucallpa and Lima, while Polleras de Agus and Pruébaló are retailers committed to selling products from the Ucayali region to promote the distribution and sale of the Indigenous communities’ products in larger markets. While these partnerships require greater capacity-building among Indigenous communities to ensure their products meet the needs of private-sector partners, they are critical for achieving increased income for Indigenous community members and increased incentives for protecting the forest.

## Learning Question 3: What motivates USAID and the private sector to engage with each other on emerging natural resource markets?

*“This project is a win-win-win. USAID wins. The private sector wins. But in the end, the biggest winners are the forest and the communities.”*

–Implementing Partner–Executive Director, AIDER

Mirova and AIDER approached USAID with the proposal for Alianza Forestal under the GDA framework with a matched financing approach. USAID believed this activity was a good investment because of AIDER’s prior positive experiences working with Mirova in the Peruvian Amazon and its previous work under a USAID-funded activity. In addition, Mirova could provide funds to Indigenous Peoples who have limitations in accessing finance from local entities, such as bank loans.

Mirova was motivated to participate in Alianza Forestal for various reasons. As an impact investment fund, they seek opportunities with a financial return for their investors and long-term, sustainable social and environmental impacts. Alianza Forestal provided Mirova with the unique opportunity to work directly with Indigenous communities. Mirova also considered this a lower-risk engagement because of their established trusting relationship with AIDER, coupled with USAID’s strong reputation, technical expertise, and willingness to co-finance.



## Learning Question 4: What context-specific factors affect engagement with the private sector?

*“The most effective private-sector partners are the ones that are most open to understanding the conditions of the Indigenous communities. The ones that have a more intercultural mindset.”*

–Implementing Partner–Alianza Forestal Project Manager, AIDER

Operating in the Peruvian Amazon, Alianza Forestal works to engage Indigenous populations. As the national government of Peru does not actively promote large-scale environmental projects in this region, engaging the private sector helps fund and implement conservation and climate solutions. Careful and clear communication is essential to building trust when engaging the private sector and Indigenous communities in these activities. To make technical concepts, such as carbon credits and the operation of carbon investments and markets, more understandable, AIDER applies lessons from its 20 years of relationships with Indigenous communities in the Peruvian Amazon to train Mirova representatives, integrating Indigenous world views, autonomy, and rights into the investment project. Alianza Forestal frequently leads meetings between the seven Indigenous communities and Mirova to explain the activity and address any misunderstandings.

## Learning Question 5: What relationship qualities with private-sector actors influence results?

*“Trust. Transparency. Transparency in the way that we clearly structure what it is that each party is looking for in the project.”*

–Private-Sector Partner–LAC Representative, Mirova

Differences in vocabulary and timeliness between USAID, implementing partners, and private-sector partners can pose challenges to effective engagement. Development organizations often use acronyms and reference concepts unfamiliar to the private sector. The private sector may expect measures, such as profitability and cost-savings, not often captured in activity performance indicators. Additionally, USAID’s procurement and approval processes can seem prolonged to private-sector actors accustomed to making decisions at a faster pace. Working with a like-minded private-sector partner familiar with development language and building trust using the method of co-creation helped Alianza Forestal avoid some of these known challenges.

Mirova praised USAID, noting that one of the agency’s biggest strengths is practicality, which the private-sector values. AIDER is also a key player in the success of these partnerships, as it has built and maintained relationships with local communities. As a local Peruvian organization with committed, long-term staff, AIDER can be more agile and adaptive to the local context than larger international development organizations. In setting up Alianza Forestal, AIDER invested time to build strong relationships with private-sector partners through continuous, transparent, and sincere communication. It is important to clearly explain processes upfront to set expectations appropriately for all parties. Participatory project planning, site visits, and clearly written contracts with terms and conditions allowed Mirova, AIDER, and USAID to be clear about objectives, timelines, and roles in the activity. AIDER’s hiring of specialized staff committed to learning the language of the private sector further facilitated effective relationships. USAID, AIDER, and Mirova note that strong working relationships contribute to the success of this project.



Eldivia Gonzales, president of the crafts committee and member of the plantation and agroforestry committees of the Pueblo Nuevo native community of the Shipibo-Conibo ethnic group in Ucayali, Peru. Photo credit: AIDER

## On the Horizon

Each private-sector actor in Alianza Forestal has a unique role in helping USAID achieve development and environment outcomes. Though the current model is seen as successful, AIDER is considering partnering directly with the end buyers of carbon credits instead of working through organizations that link buyers and suppliers. These private-sector actors, such as companies from extractive industries, have also expressed interest in partnering with AIDER. These actors are potentially motivated by the social and environmental impact indicators AIDER can provide, which allow companies to better report and showcase their sustainability efforts. These partnerships would present more challenges because AIDER does not have experience working with big private enterprises, which likely have different interests than companies currently engaging with Alianza Forestal. However, this approach would enable Indigenous communities to receive a greater return on their carbon credits and long-term income. On top of existing opportunities for scaling, carefully and strategically engaging other partners could amplify the activity's impacts.

*Learn more about the USAID's [LAC Private Sector Engagement](#) and [Conservation Enterprises](#) learning groups.*

*This document was produced for review by the United States Agency for International Development. It was prepared by Environmental Incentives, Foundations of Success, and ICF for the Measuring Impact II (MI2) Contract.*