

## **TROPICAL FOREST FINANCE FACILITY - ENVIRONMENT**

**NEWS:** Nonprofit organizations and Indigenous groups are raising alarms over the proposed Tropical Forest Finance Facility (TFFF).

### **WHAT'S IN THE NEWS?**

#### **About Tropical Forest Finance Facility (TFFF)**

**1. Purpose of the Facility:**

The TFFF is a proposed global financial mechanism designed to compensate countries for preserving or restoring tropical forests, aiming to incentivize forest conservation through direct payments.

**2. Expected Launch:**

The initiative is slated for formal launch at the United Nations Climate Change Conference (COP30) in Belem, Brazil.

**3. Proposing Countries:**

The facility was co-proposed by Brazil, Indonesia, and the Democratic Republic of the Congo—nations that together account for approximately 52% of the world's remaining tropical forests.

**4. Relation to Other Mechanisms:**

While it is meant to complement existing mechanisms such as REDD+ (Reducing Emissions from Deforestation and Forest Degradation), TFFF does not involve the issuance or trading of carbon credits.

**5. Criticism:**

Critics argue the scheme may be more focused on generating returns for investors than ensuring ecological sustainability, raising concerns about potential greenwashing and the commodification of forests.

#### **About Tropical Forests**

**1. Geographical Presence:**

Tropical forests are located in the equatorial belt and represent some of the most diverse ecosystems on Earth.

**2. Land Coverage:**

They cover roughly 6% of Earth's land surface.

**3. Ecological Features:**

These forests have dense, multilayered canopies, broad-leaved evergreen trees, and host extremely high biodiversity, despite having nutrient-poor soils due to rapid decomposition.



4. **Biodiversity:**

Over 50% of all terrestrial plant and animal species inhabit tropical forests, making them crucial for global biodiversity conservation.

5. **Types of Tropical Forests:**

- **Tropical Rainforests:** Found in humid regions with rainfall over 1,800–2,500 mm annually and constant warm temperatures.
- **Tropical Deciduous Forests:** Occur in areas with 800–1,800 mm rainfall and marked dry seasons.

6. **Importance to Climate:**

Tropical forests act as major carbon sinks, storing around 25% of all terrestrial carbon, and play an essential role in the global water cycle.

7. **Amazon Significance:**

Brazil alone holds about one-third of the Earth's tropical rainforests, including two-thirds of the Amazon—the world's largest rainforest.

**Key Concerns About the TFFF**

1. **Transparency Deficit:**

The identities of the financial backers and specific operational procedures remain opaque, making public accountability difficult.

2. **Marginalization of Indigenous Peoples:**

Indigenous communities—who are historically proven to be the most effective stewards of forests—are excluded from core decision-making processes.

3. **Financial Uncertainty:**

The promised payment of \$4 per hectare per year is not guaranteed and may fluctuate depending on investor returns, raising concerns about long-term sustainability.

4. **Commodification Risk:**

Treating forests as monetizable "ecosystem services" may shift the focus from ecosystem integrity to profit-making, which can undermine genuine conservation efforts.

5. **Lack of Binding Conservation Mechanisms:**

The TFFF fails to enforce legally binding safeguards against deforestation, potentially diverting attention from real structural reforms in forest governance.

### **Alternative Solutions Proposed by Global Forest Coalition (GFC)**

1. **Reallocate Military Spending:**

Diverting just 1% of global military budgets (\$26.4 billion/year) toward forest protection could yield much more than TFFF's funding target.

2. **Oil Tax Proposal:**

Introducing a \$1-per-barrel global oil tax could generate up to \$38 billion annually—almost ten times the TFFF's estimated \$4 billion goal.

3. **Strengthening Indigenous Land Rights:**

Legal recognition and direct financing of Indigenous forest governance can offer more effective, rights-based, and socially just conservation outcomes.

4. **Tackling Root Causes:**

Emphasizes addressing industrial agriculture, mining, infrastructure development, and fossil fuel expansion, which are the primary drivers of deforestation.

### **About the Global Forest Coalition (GFC)**

1. **Nature and Mandate:**

The GFC is a coalition of NGOs and Indigenous Peoples' Organizations advocating for socially just forest policies and Indigenous rights.

2. **History:**

Founded in 2000, GFC evolved from the earlier NGO Forest Working Group.

### 3. **Engagement:**

It participates in international forest and climate policy processes and runs joint advocacy campaigns globally.

### **Conclusion**

- While the TFFF is positioned as a climate finance innovation, its current structure raises serious ethical, ecological, and social concerns.
- Critics emphasize that publicly funded, rights-based, and ecologically grounded approaches—rather than profit-driven mechanisms—are essential for genuine and lasting forest protection.

Source: <https://www.downtoearth.org.in/forests/non-profits-indigenous-peoples-groups-raise-concerns-over-proposed-tropical-forest-finance-facility-expected-to-be-launched-at-belem>