



SUSTAINABLE

FINANCE FOR FOREST CONSERVATION:

*keys to
implement the
TFFF in tropical
countries*



Practical guide to understand
and implement the TFFF with
Colombia as a reference case

CONTENT

| | |
|---|----|
| Key concepts and abbreviations | 03 |
| What is at stake? | 04 |
| What is TFFF? | 05 |
| How has been the TFFF design process? | 06 |
| How does it work? | 07 |
| How are resources obtained and distributed? | 08 |
| Who can access the resources? | 09 |
| How are resources allocated and distributed to indigenous peoples, Afro-descendants, and local communities? | 10 |
| Guidelines for the use of resources at national-level | 13 |
| Principles for investments at national-level | 13 |
| General guidelines for the use of TFFF resources by tropical forest countries | 14 |
| Opportunities, challenges, and risks in the implementation of the TFFF at national-level | 14 |
| Opportunities | 14 |
| Challenges | 15 |
| Potential risks in implementing TFFF at national-level | 16 |
| Recommendations | 17 |

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KEY CONCEPTS AND ABBREVIATIONS

ODA – Official Development Assistance

FPIC – Free, Prior and Informed Consent

UNFCCC – United Nations Framework Convention on Climate Change

COP – Conference of the Parties

DAF – Direct Allocation of Financing

GATC – Global Alliance for Territorial Communities

KBA – Key Biodiversity Areas

MDB – Multilateral Development Banks

EPANB – National Biodiversity Strategy and Action Plan

CDN – Nationally Determined Contributions

OECMs – Other Effective Area-Based Conservation Measures

PPF – Project Finance for Permanence

IP and LC – Indigenous Peoples and Local Communities

PES – Payments for Environmental Services

REDD+ – Reducing Emissions from Deforestation and Forest Degradation

TFC – Tropical Forest Countries

TFIF – Tropical Forest Investment Fund

TFFF – Tropical Forest Forever Facility

UNCTAD – United Nations Conference on Trade and Development

Broadleaf forest:

Forest ecosystem dominated by broadleaf tree species (latifoliate), which can occur in tropical or temperate zones. In tropical regions, it mainly corresponds to evergreen rainforests with high biodiversity, while in temperate climates it can include deciduous forests that lose their leaves in certain seasons. It differs from coniferous forests in the morphology of its leaves and greater species diversity.

Blended Finance:

A mechanism that combines public, private, and philanthropic capital to mobilize large volumes of investment for conservation.

Results-based payments:

A financing scheme based on the achievement of measurable conservation goals.

Additionality:

A principle whereby the TFFF resources must complement, not replace, the national budget or existing investments.

Social and environmental safeguards:

Mechanisms that ensure investments do not generate negative impacts and promote human rights.

WHAT IS AT STAKE?

Tropical forests are the green heart of the planet. They are home to more than two-thirds of terrestrial biodiversity, regulate water and climate cycles, and store around a quarter of global carbon. However, every year the world loses around 10 million hectares of tropical forest (an area equivalent to the size of Iceland) mainly due to agricultural expansion, mining, and illegal logging.

This loss not only exacerbates the climate crisis, but also jeopardizes the survival of species and the well-being of more than 1.6 billion people who depend directly on forests for their livelihoods. According to WWF, halting and reversing deforestation by 2030 is essential to keeping global temperature rise below 1.5°C and meeting the goals of the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework.

Protecting and restoring forests on the scale required will demand a profound transformation in how their conservation is financed. It is estimated that the world needs around US\$460 billion annually to reduce deforestation, protect, restore, and strengthen forests by 2030, but current spending represents only a fraction of that figure. Most tropical countries, despite their enormous contribution to global climate stability, receive few economic incentives to keep their forests standing.

In this context, the Tropical Forest Forever Facility (TFFF) emerges as a promising initiative to help close this gap. It is an innovative financial mechanism designed to mobilize large-scale, long-term resources for countries that conserve their forests, recognizing their role as carbon sinks, biodiversity reservoirs, and vital territories for indigenous peoples, Afro-descendants, and local communities. Unlike other market-dependent schemes, the TFFF proposes predictable and sustained payments based on conservation results, strengthening incentives to protect tropical forests.

The TFFF, promoted by the Brazilian government with support from forest countries such as Colombia, the Democratic Republic of Congo, Ghana, Indonesia, and Malaysia, as well as five potential sponsor countries—France, Germany, Norway, the United Arab Emirates, and the United Kingdom—and multiple international organizations, represents a decisive step toward a new era of climate finance: one in which conserving nature is also a fair and viable path to development.

Ahead of COP30 in Belém, Colombia is taking a leading role in the quest for effective and fair implementation of the TFFF. This challenge requires strengthening regional coordination and promoting synergistic integration between the climate, biodiversity, and sustainable development agendas, as well as consolidating national institutional and financial frameworks that ensure sound forest governance based on the leadership and active participation of indigenous peoples, Afro-descendants, and local communities.

Tropical forests are the foundation of our economies and humanity; keeping them standing is an indispensable condition for addressing the climate and biodiversity crisis. In this regard, the TFFF could be a decisive step toward moving forward together in that direction.

WHAT IS TFFF?

The Tropical Forest Forever Facility (TFFF) is an **innovative financial mechanism** designed to mobilize large-scale, long-term resources for countries that maintain their forests. It was first presented by the Brazilian government at COP28 (Dubai, 2023), based on preliminary work by the World Bank and the Center for Global Development (CGD).

Since then, its design has been a robust, inclusive, and collaborative process, led by Brazil's Ministries of Environment and Climate Change, Finance, and Foreign Affairs, in partnership with other countries, international organizations, indigenous peoples and local communities, technical experts, and financial actors. The formal launch is expected at COP30 of the UNFCCC in Belém, Brazil, in November 2025.

The TFFF seeks to provide countries with economic incentives to keep their forests standing, so that they continue to provide their ecosystem services to the planet. Its proposal is simple but transformative: to provide annual and predictable payments to countries that conserve and restore their forests, recognizing the value of these ecosystems beyond carbon and directly rewarding the conservation efforts of indigenous peoples, Afro-descendants, and local communities by allocating at least 20% of forests to these populations.



TFFF guiding principles

- 1. Simplicity and operational readiness:** using existing technologies and institutions to make the mechanism easy to implement and monitor.
- 2. Objective decision-making:** governance based on clear rules and technical criteria.
- 3. Full transparency:** financial and performance reports that are open and consistent with international standards.
- 4. Use of national monitoring systems:** prioritize each country's data and monitoring systems, provided they meet the agreed criteria.
- 5. Payment for results:** transfers are calculated based on hectares of standing or restored forest, adjusted for deforestation and degradation.
- 6. Public disclosure:** Tropical countries and the TFFF Secretariat shall publicly disclose data and reports on forest cover, deforestation, degradation, and forest payments.
- 7. Sovereign decisions by countries:** each country decides how to use the resources received, within the framework of the TFFF.
- 8. Profit distribution with IP and LC:** at least 20% of resources will go directly to indigenous peoples and local communities.
- 9. Continuous improvement:** the TFFF will be updated periodically to incorporate technological and policy innovations.

HOW HAS BEEN THE TFFF DESIGN PROCESS?



Establishment of an Interim Steering Committee (ISC):

This informal committee has been the backbone of the process, composed of representatives from six tropical forest countries (TFC: Brazil, Colombia, Democratic Republic of Congo, Ghana, Indonesia, and Malaysia) and five or six potential sponsor countries (France, Germany, Norway, United Arab Emirates, and United Kingdom, and at an early stage the United States).



Thematic working groups:

Working groups were established to address finance, eligibility and monitoring, governance, and a specific working group for indigenous peoples and local communities.



Preparation of concept notes:

The process has advanced through the publication of versions such as concept notes 1.0, 2.0, and 3.0, which have synthesized the proposals and incorporated feedback from governments and civil society organizations.



Extensive consultations with stakeholders:

The Brazilian government has sought to incorporate diverse perspectives through consultations with a wide range of actors, including finance experts, economists, scientists, non-governmental organizations (NGOs), and organizations representing IPs and LC.



Direct participation of indigenous peoples and local communities:

A notable element is the co-design process for mechanisms to ensure the inclusion of IPs and LC, which has been led by the Global Alliance of Territorial Communities (GATC) and the World Bank. This process formally began in October 2024 and during 2025 has focused on designing the direct financial allocation (DFA) with the participation of several members of the Alliance.

The TFFF recognizes the fundamental role played by indigenous peoples and local communities in protecting forests, managing a significant portion of the world's intact forests. Taking into account their contribution and the recognition received by the Convention on Biological Diversity (at COP16), the IP and LC category should explicitly include Afro-descendant communities, especially in Latin America. Additionally, in Colombia, Afro-descendants are recognized as subjects of collective rights, as are indigenous peoples (and more recently, peasants).



Technical support organizations:

The World Wildlife Fund (WWF), the World Bank, the Organization for Economic Cooperation and Development (OECD), the Food and Agriculture Organization of the United Nations (FAO), Earth Insight, the Climate and Land Use Alliance (CLUA), Lion's Head Global Partners, Systemiq, Wildlife Conservation Society (WCS), Conservation International (CI), Campaign for Nature (CfN), the United Nations Development Programme (UNDP), among others, have supported the TFFF Secretariat by providing technical inputs and promoting the dissemination of the mechanism among different stakeholders.

HOW DOES IT WORKS?

The TFFF is an initiative that encourages tropical forest conservation through annual payments to countries that maintain their tropical forests. It operates on a simple cycle: mobilizing capital, generating returns, and transferring incentives based on results.



Capital mobilization: through the Tropical Forest Investment Fund (TFIF), the TFFF attracts resources from governments, philanthropic organizations, and private investors. These resources are invested in a global portfolio of sustainable bonds.



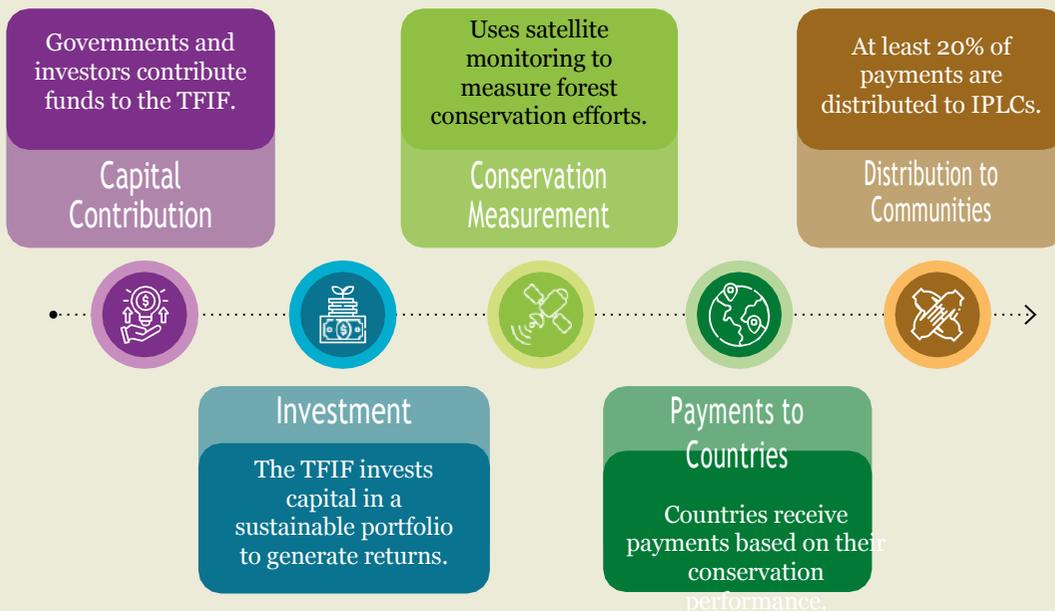
Performance-based payments: based on satellite monitoring, the Facility (TFFF) assesses how many hectares of forest remain standing or have been restored. Countries receive annual payments proportional to their performance, with discounts if deforestation or degradation exceed established limits.



Return generation: the investments produce stable financial returns, ensuring a permanent flow of resources without the need for new contributions each year.



Direct benefit to forest communities: At least 20% of the resources go directly to indigenous peoples and local communities, who play an essential role in protecting forests.



HOW ARE RESOURCES OBTAINED AND DISTRIBUTED?

The TFFF is based on two pillars that work in a complementary manner:

The Facility (TFFF): defines the rules, supervises satellite monitoring, and administers annual payments to countries, ensuring that a significant portion goes directly to indigenous and local communities.

The Tropical Forest Investment Fund (TFIF): mobilizes public and private capital in financial markets, invests it responsibly, and converts its returns into resources that feed TFFF payments.

Fund (TFFF-Facility)

- Coordinates monitoring and reporting.
- Manages payments to forest countries.



Tropical Forest Investment Fund (TFIF)

- Capital mobilization and financial management.
- Determines the availability of funds for forestry payments.

Fund Facility (TFFF):

Operational and administrative function: The Facility is responsible for implementing the incentive policy (performance-based payments). It coordinates with the TFCs, certifies their forest monitoring systems, and collects annual information on forest cover and condition.

Incentive scheme - performance-based payments: Fixed annual payments in dollars are established for each hectare of eligible forest maintained in healthy condition, estimated at \$4 per hectare, with adjustments for inflation (limited to 2% per year).

Discount mechanisms for deforestation and degradation: to encourage conservation, staggered discounts are applied. For example:

- With deforestation rates $\leq 0.3\%$, the deforested area is discounted 100 times.
- If the rate is between 0.3% and 0.5%, the discount increases to 200 times.
- For degraded areas, a discount of 35:1 is applied.
- If a degraded area is deforested, the standard deforestation discount is activated.

In this way, the design encourages not only the conservation of standing forests, but also the prevention of their progressive deterioration.

Investment Fund (TFIF):

The Tropical Forest Investment Fund (TFIF) is the financial arm that guarantees the liquidity of the system and the predictability of payments. It is constituted as an independent legal entity, with segregated assets, clear rules for sustainable investment, and includes an exclusion list that prohibits the investment of resources in certain activities, mainly associated with coal, peat, oil, and gas.

Its design is based on a blended finance model that combines two main tranches:

- **Sponsor Tranche:** contributed by developed countries and other investors (philanthropic organizations) through long-term loans or guarantees. This tranche seeks to raise \$25 billion. The funds from this tranche are repaid to the sponsors over a period of 30 years. The mechanism also provides for a grace period for the first 10 years.

- **Senior Debt Tranche:** is obtained through the issuance of long-term bonds in international capital markets, targeting a cost of capital comparable to that of senior debt from Multilateral Development Banks (MDBs). The objective is to mobilize up to USD 100 billion in senior debt that will be subject to the investment strategy.

Investment strategy: TFIF resources are invested in a diversified portfolio of long-term fixed income, mainly in emerging and developing economies, prioritizing assets with a positive climate impact. A net return of 2.5% to 3.0% per annum above the cost of financing is expected.

Sustainability: Revenue flows follow a clear hierarchy: senior debt payments are covered first, followed by sponsorship capital interest, and finally performance payments to countries. In the event of portfolio deterioration, TFIF may adjust payments per hectare to maintain its financial integrity.

WHO CAN ACCESS THE RESOURCES?

Eligibility to participate in the TFFF is defined by geographical and economic criteria:

Economic status of the country: countries must be developing countries (according to the United Nations Conference on Trade and Development - UNCTAD).

Ecological criterion: countries must host the tropical and subtropical moist broadleaf forest biome.

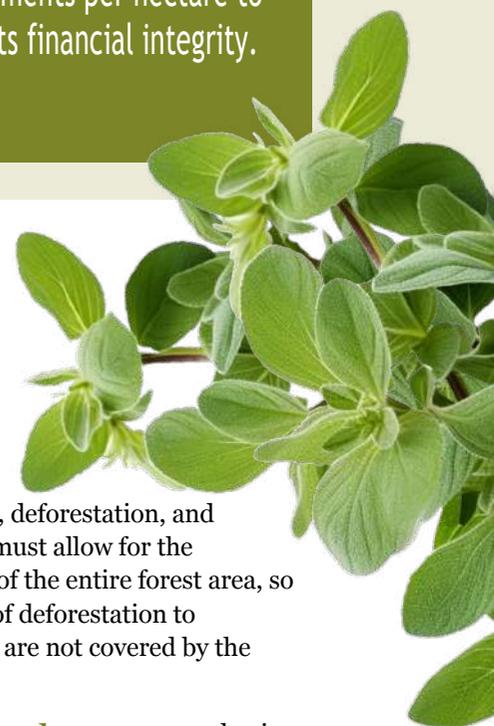
The TFFF is applicable to **74 developing countries** that possess these biomes. To access resources, these countries must demonstrate a genuine commitment to conservation and transparency in resource management, which includes, in summary, the following requirements:

Environmental performance:

1. demonstrate a low deforestation rate (less than 0.5%) and a downward trend.
2. **Approved monitoring system:** the country must have a transparent, standardized, and reliable system

for measuring forest cover, deforestation, and degradation. This system must allow for the reporting and monitoring of the entire forest area, so as to prevent the transfer of deforestation to ecosystems or biomes that are not covered by the mechanism.

3. **Transparency and governance:** having clear financial management mechanisms and ensuring that resources complement, rather than replace, the national conservation budget.
4. **Participation of communities that inhabit and protect forests:** ensuring that at least 20% of resources go directly to indigenous peoples and local communities, with specific governance structures for this purpose.
5. **Accountability:** publicly disclose how resources are allocated and have a complaints and redress mechanism that is accessible to society.



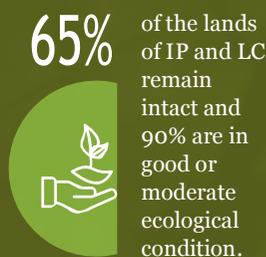
HOW ARE THE RESOURCES ALLOCATED AND DISTRIBUTED TO INDIGENOUS PEOPLES, AFRO-DESCENDANTS AND LOCAL COMMUNITIES?

From its design, the TFFF adopts a rights-based approach that ensures that the communities that inhabit and protect forests are not seen as mere beneficiaries, but as collective subjects with autonomy, self-government, and territorial rights recognized in national and international legal frameworks. This guarantees that investments not only support forest conservation, but also promote climate justice, territorial sustainability, and the strengthening of community governance, effectively targeting synergies between the climate change and biodiversity agendas and contributing to the fulfillment of the global goals of both agendas.

To this end, the TFFF stipulates that at least 20% of the payments received by participating countries must be allocated directly to benefit indigenous peoples and local communities, which must also include Afro-descendant communities in Latin America. This measure seeks to compensate them for their contribution to conservation, strengthening their governance and territorial management capacities and increasing their resilience to climate change.

The allocation of this percentage seeks to correct a historical gap in IP and LC access to international financial resources. Although these communities collectively manage large areas of forest—for example, in the Colombian Amazon, indigenous peoples own and manage about 40% of the forests—they have so far received a minimal fraction of climate and conservation funding. This TFFF measure represents a concrete step toward greater equity in the distribution of resources and recognizes that the strongest and most lasting conservation results occur when the rights and capacities of local communities are strengthened.

Strategic contribution according to GATC:



However, according to RFN, between 2011 and 2020, only 0.74% of Official Development Assistance (ODA) for climate mitigation and adaptation was allocated to forest tenure and management projects by IPs and LC, equivalent to US\$270 million annually. Of this amount, only 17% of the projects identified included IP and LC organizations as implementers, further reducing the percentage of resources that actually reach communities.

The dialogue and co-design process for defining the mechanisms and structures that will enable the direct financial allocation (IPLC-DAF) to function has been led by the Global Alliance of Territorial Communities (GATC). TFFF N.C. 3.0 includes important advances for the consolidation of these processes, establishing how they should function at the global and national levels to ensure direct and equitable access to resources.

Principles of dedicated allocation

(IPLC-DAF)

The financial allocation dedicated to indigenous peoples and local communities (IPLC-DAF) is governed by principles that seek to ensure effectiveness, legitimacy, and inclusion:



- **Direct:** decisions on what to finance, who benefits, and how resources are delivered will be made by IPs and LC (and, where applicable, Afro-descendants) through their elected representatives.



- **Simplified:** the mechanism will enable funds to flow directly and effectively to forest guardians.



- **Contextualized:** the mechanism will allow sufficient flexibility to respond to diverse contexts.



- **Proven:** the mechanism will be based on the experience, principles, and lessons learned from successful funds and mechanisms at the national, regional, and global levels.



- **Inclusive:** the mechanism will promote inclusion in the governance and use of funds, ensuring the participation of women and youth from IPs and LC.



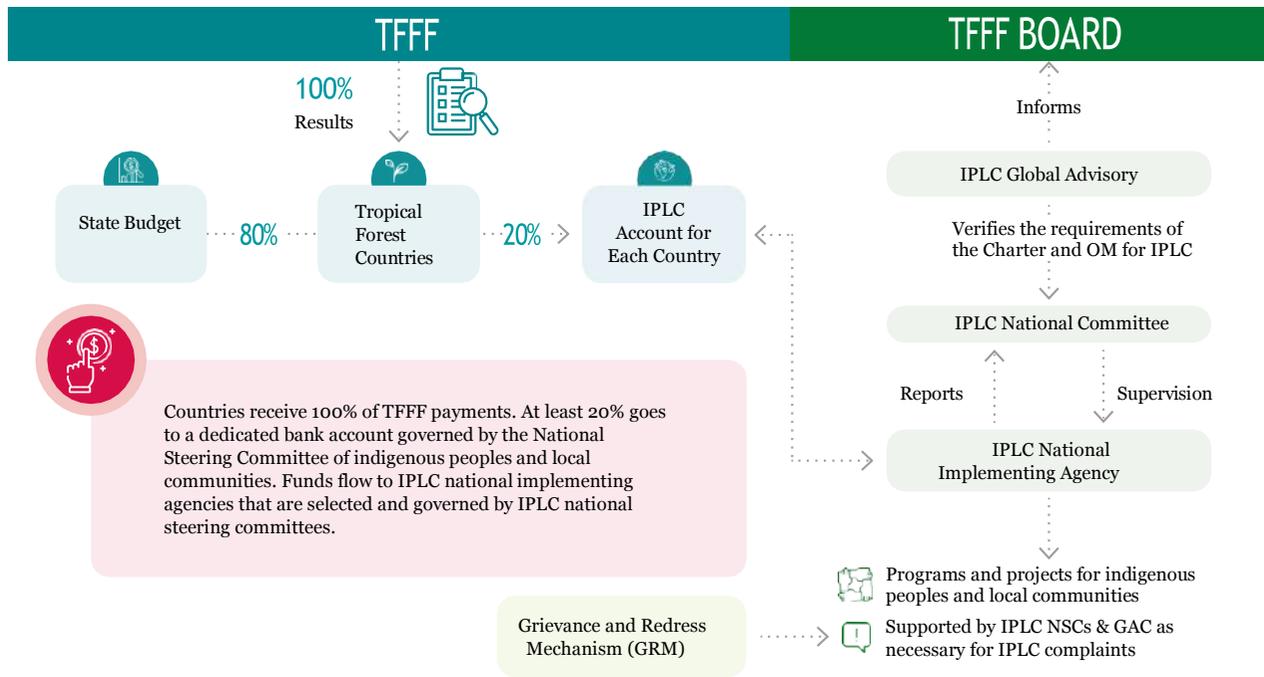
- **Progressive:** the mechanism will align with up-to-date practices for nature financing that support the self-determined development of IPs and LC.

Cash Flow Modalities

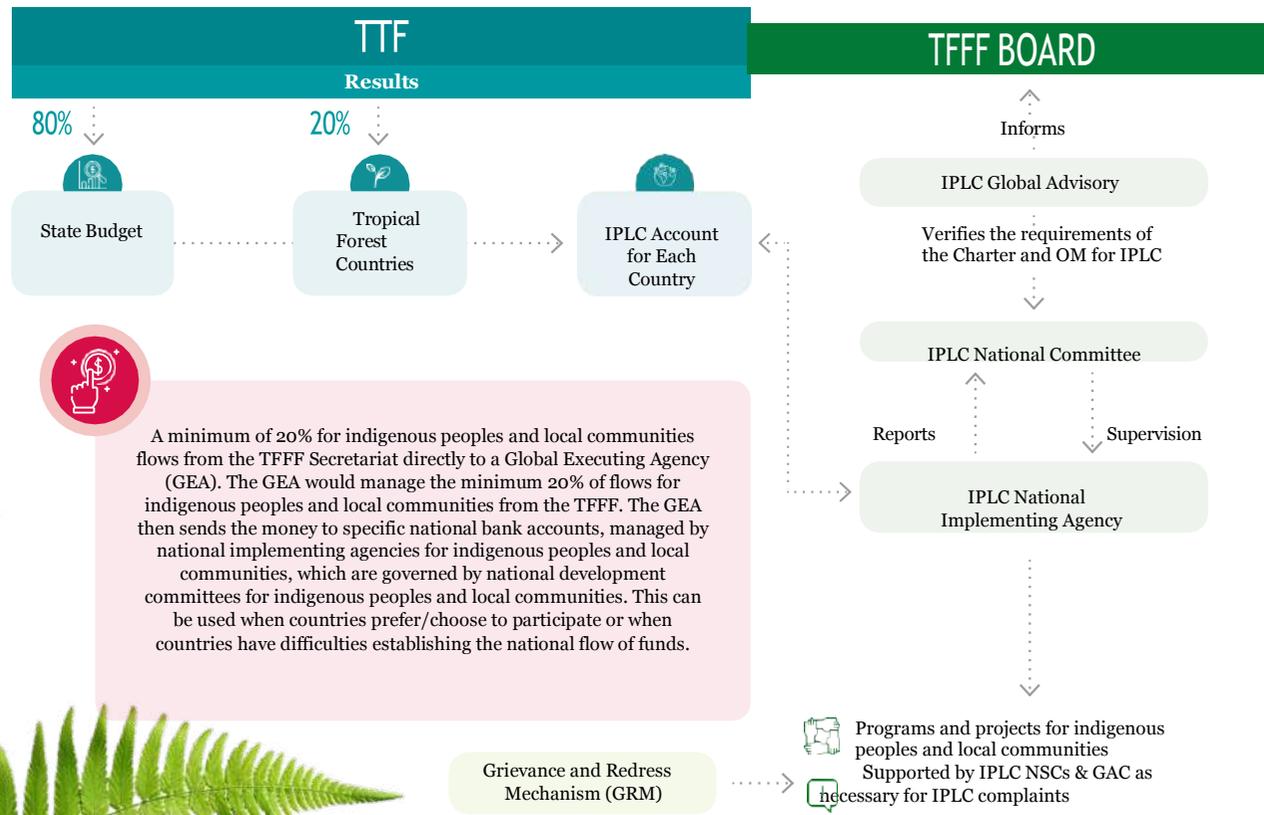
N.C. 3.1 incorporates a proposal made by GATC that seeks to respond to different scenarios and contexts in countries accessing TFFF funds and considers two possible modalities for the flow of funds to IPs and LC. This architecture is valuable because it establishes clear procedures for accessing resources, ensuring governance and effective participation of organizations at the national level. The two proposed modalities are:

1.

In-Country Modality: TFFF payments go to national governments, and at least 20% is immediately deposited into a dedicated national bank account, governed by a National Steering Committee (NSC) and implemented by a National Implementing Agency (NIA), based on annual operational plans (AOPs).



2. Global Direct Finance Modality: if a TFC chooses not to comply with the national modality, IPLC-DAF funds are disbursed directly from the TFFF to an account managed by a Global Implementing Agency (GEA), which then transfers them to the NIA according to their AOPs. Governance of the GEA will fall to the IP and LC through procedures to be defined.



Eligibility and compliance requirements

- **Timeliness:** TFCs must establish a National IP and CL Steering Committee (IPLC-NSC) and a dedicated account for the IPLC-DAF with defined governance, and successfully transfer at least 20% to that account within a maximum period of one year. Failure to comply will result in the country's ineligibility for forest payments in the following year.
- **Exceptions and consequences:** A one-year exemption from compliance with the conditions may be requested. If compliance is still not achieved after the extended period, the TFC may migrate to the global direct financing modality or face total suspension of forest payments.



GUIDELINES FOR THE USE OF RESOURCES AT NATIONAL-LEVEL

Based on the information provided by the TFFF through its concept notes (especially 2.0 and 3.0), WWF Colombia, with the support of several civil society organizations, has conducted an analysis that has enabled us to suggest some guidelines and recommendations to help TFCs, particularly Colombia, prepare to receive TFFF resources.

While each country must define where and how it will invest its resources, we believe it is important to carry out a preparatory process for this purpose. Although each country must define how and where it will invest the resources, we believe it is important to carry out a preparation process for this purpose.

Thus, once the manner in which the TFFF will operate globally has been defined, each country that opts for its resources must carry out a process of adapting the mechanism at the national level so that it responds both to its needs and to the conditions of its context. To advance this goal, we propose some principles, guidelines, and orientations for the use of resources in countries with tropical forests.

1. Principles for investments at the national level

Flexibility: TFFF investments must be adapted to the social, cultural, environmental, and institutional characteristics of the target territories and communities.

Comprehensiveness: Resource investment must consider not only conservation actions, but also addressing structural problems that affect territorial sustainability (health, education, food security, etc.).

Transparency and accountability: all decisions, financial flows, and results must be public and accessible, with clear mechanisms for monitoring, social auditing, and community control, both at the institutional level and at the level of implementing organizations and communities.

Guarantee of a rights-based approach: investments must be based on the full recognition of indigenous peoples, Afro-descendant communities, peasant farmers, and local communities as collective subjects of rights, and contribute to strengthening their autonomy, governance systems, and self-determination.

Participation in decision-making: Indigenous peoples, Afro-descendant communities, peasant communities, and other forest holders must participate effectively and meaningfully in the design, implementation, monitoring, and reporting of the results and impacts of investments.

Recognition of indigenous knowledge

systems: investments should value and strengthen traditional knowledge and community practices as assets for conservation and development, promoting their intergenerational transmission.

Efficiency in the use of resources: investments should aim for complementarity with other sources, continuity of ongoing processes, identification of funding gaps that can be filled by the TFFF, and the generation of structural transformations and long-term impacts.

Collaboration between indigenous peoples, Afro-descendants, local communities, and technical and financial partners: these partnerships should focus on strengthening the capacities, competencies, and skills of organizations and communities in order to make them more effective and sustainable in managing and implementing funds.

General guidelines for the use of

2.

TFFF resources by tropical forest countries

Based on the guidelines established globally by the TFFF and taking into account the particularities of many tropical countries, WWF Colombia proposes the following general guidelines to be taken into account by countries when defining investments:

Allocation of funds for those who care for forests: a fundamental condition of the TFFF is that at least 20% of payments must be allocated directly to indigenous peoples, Afro-descendants, and local communities. This allocation is intended to be executed by representative organizations that ensure direct community control over the funds, respecting their governance systems and territorial priorities. TFCs are also encouraged to channel part of the remaining 80% of the funds to communities in the territories through other types of mechanisms, ensuring that those who guarantee conservation at the local level are rewarded.

Participation mechanisms: It is essential to incorporate strategies that ensure the effective participation of indigenous peoples, Afro-descendants, and local communities, civil society organizations, local institutions, and other key actors, from the design to the implementation and monitoring of the TFFF at the local level.

Budgetary additionality: TFFF payments must be additional and not replace existing national budget allocations for forest conservation.

Transparency and financial management: TFCs are required to have transparent public financial management systems for the receipt and allocation of resources, including a prior assessment of these systems. The use of open digital platforms for monitoring resource flows and results will also be promoted.

Investment priorities: The aim is to prioritize investment needs and forest conservation and management actions identified and led autonomously by communities in their territories. This includes strengthening territorial governance and land tenure security, and integrating social and environmental safeguards that promote rights and cultural respect.

Cross-sector coordination and response to threats: investment plans must ensure institutional and sectoral coordination, involving ministries beyond the environmental sphere. Likewise, efforts will be made to establish national rapid response mechanisms to address urgent threats to forests, such as fires or illegal activities.

OPPORTUNITIES, CHALLENGES AND RISKS IN THE IMPLEMENTATION OF THE TFFF AT NATIONAL- LEVEL

1.

Opportunities

The TFFF represents not only an innovative source of financing, but also a framework for transforming tropical forest conservation into an engine for fair and sustainable development. Among the main opportunities we identify at WWF are:

Long-term financing: the TFFF opens the door to significant and sustainable resources for tropical forest conservation, overcoming the logic of short-term financing focused solely on controlling deforestation.

Complementarity with other mechanisms: its design seeks to coordinate with initiatives such as REDD+, PES, PFP, and other climate and biodiversity financing schemes, enhancing synergies at different levels.





Fulfilling commitments and strengthening public policies: countries can leverage the TFFF to advance the fulfillment of their goals under the Paris Agreement and the Global Biodiversity Framework, including Nationally Determined Contributions (NDCs) and the National Biodiversity Strategy and Action Plan (NBSAP), while facilitating the implementation of related actions, strategies, and policies.

Transforming incentives: the TFFF offers the possibility of reviewing perverse incentives that promote deforestation, modernizing environmental fiscal policy, and strengthening territorial and environmental planning.

Jurisdictional approaches: its implementation can promote comprehensive approaches that avoid leakage and favor solutions at the territorial level.

Inclusion and climate justice: the initiative to allocate at least 20% of resources to indigenous peoples, Afro-descendants, and local communities opens up the opportunity to develop pioneering mechanisms for inclusion, equity, and climate justice.

Consolidation of community processes: resources can strengthen community initiatives for conservation, territorial planning, and local economies, consolidating development models with a rights-based approach.

Participation: the TFFF provides for the creation of an Indigenous Peoples, Afro-descendants and Local Communities Advisory Council (IPLC Advisory Council), which will play an active role in the overall governance of the mechanism. This space represents a unique opportunity to strengthen the influence of these communities on the international stage and to ensure that their voices are systematically integrated into strategic decisions.

Rapid response mechanisms: unlike traditional funds, the TFFF can allocate resources to flexible systems to respond to environmental emergencies such as fires, invasions, or socio-environmental conflicts.

Strengthening conservation figures: the mechanism offers the opportunity to strengthen both protected area systems and community conservation strategies, recognizing the importance of OMEC, indigenous territories, and black communities,

as well as figures such as peasant reserve areas, expanding the universe of eligible conservation strategies.

2. Challenges

The implementation of the TFFF offers a unique opportunity to strengthen national and local capacities in tropical forest management. While there are significant challenges, WWF believes that these can become catalysts for institutional, technical, and social transformation. The main challenges identified are:

Adjustment to national conditions: the need to adapt the TFFF to the realities of each country can drive the development of new technical and administrative capacities, which in turn strengthen long-term environmental management.

Institutional innovation: as a novel mechanism that does not involve compensation or market schemes, its implementation requires institutional adjustments that represent an opportunity to modernize regulatory frameworks and create more efficient governance structures.

Local strengthening: The participation of local organizations and subnational entities can promote training and technical cooperation programs that ensure their capacity to formulate, execute, and report on projects with the necessary standards defined by the country to monitor TFFF resources.

Trust funds and governance: The challenge of having solid financial mechanisms to distribute and execute resources efficiently and transparently opens up the possibility of consolidating trust funds that combine traceability, operational flexibility, and inclusive governance with a rights-based approach.

Direct access for indigenous peoples, Afro-descendants, and local communities: Ensuring that at least 20% of resources reach indigenous, Afro-descendant, and local communities involves designing and implementing inclusive governance structures and building clearer and more effective channels of access to resources, which will strengthen community autonomy and trust in the mechanism.

Rights-based approach: Consolidating the TFFF will be an opportunity to put into practice the rights-based approach already recognized in national and international legal frameworks for indigenous peoples, Afro-descendants, and local communities.

Generation of sustainable income: promoting enabling conditions such as bioeconomy models and livelihoods associated with conservation will ensure that the benefits of the TFFF transcend projects and become a stable and sustainable source of well-being.

Previous lessons learned: the implementation of the TFFF provides an opportunity to capitalize on lessons learned from forest conservation financing schemes such as REDD+, PFP, and PSA, integrating them systematically into national schemes.

Coverage and scope: The TFFF begins by prioritizing tropical and subtropical rainforests, with a canopy cover threshold of 20% to 30%. In the future, it may be expanded to other strategic ecosystems, which means preparing conservation institutions and strategies to respond to this challenge.

Deforestation trajectories: the mechanism proposes a progressive reduction target of 0.2% over 15 years. However, this parameter does not coincide with global commitments such as the Glasgow Declaration (zero deforestation by 2030), which requires clarity on how Colombia and the region can leverage TFFF resources to align these objectives.

3.

Possible Risks in the Implementation of the TFFF at national-level:

The launch of the TFFF offers significant opportunities for Colombia, but it also faces risks that must be managed to ensure its credibility and sustainability.

3.1. Financial risks of the Investment Fund (TFIF)

Insufficient resource mobilization: reaching the projected amounts (USD 25 billion in sponsorship capital and up to USD 100 billion in debt) requires continued confidence from investors and donors.

Volatility in returns: investing in emerging market fixed income may produce lower-than-expected returns, forcing adjustments to payments per hectare.

Challenges in debt refinancing: despite the goal of obtaining an AAA rating for its senior debt, the TFIF could face liquidity pressures in times of global market stress, which is mitigated by maintaining a cushion of liquid assets.

Impact on sponsorship capital and payments to TFC: although unlikely, there is a risk of capital loss for sponsoring countries.

3.2. Technical and operational risks

Inaccuracy or questioning of data: differences between national monitoring systems and global satellite products can lead to controversy.

Limited capacity to absorb funds: the magnitude of financial flows could exceed the administrative capacity of treasuries and community organizations.

Partial coverage of biomes

(incompleteness): incomplete coverage by the TFFF (focused on tropical and subtropical rainforest biomes) could create perverse incentives, leading CFCs to prioritize conservation in those areas at the expense of other types of forests (not eligible under the TFFF), resulting in increased deforestation outside the TFFF eligibility area.

3.3. Governance and social risks

Structural contradictions in national policies:

the implementation of the TFFF could clash with a national economic model that depends in part on extractive activities and extensive livestock farming, among other activities that drive deforestation and receive harmful incentives.

Clarity in land tenure: lack of full recognition or conflicts over land tenure can make it difficult to identify and make direct payments to legitimate actors who conserve forests.

Institutional fragmentation and lack of

coordination: Weak coordination between different levels of government and sectors (environmental, agricultural, infrastructure, commercial, etc.) may limit the effectiveness of TFFF-funded interventions.





Risks in direct distribution to indigenous peoples, Afro-descendants, and local communities: the obligation to allocate at least 20% of resources to indigenous peoples, Afro-descendants, and local communities strengthens their role as guardians of the forests, but poses risks of management, internal tensions, and possible external pressures in contexts where they converge with illicit economies or armed groups. These challenges require technical support, social safeguards and, finally, it is important to avoid disproportionate expectations through clear and constant communication of the conditions and limitations of payments.

Institutional centralization: the concentration of resources in a single fiduciary vehicle (e.g., the Fund for Life and Biodiversity in the case of Colombia),

Without expanded multi-stakeholder governance and specific sub-accounts, could excessively centralize resources and decision-making, creating an operational and political bottleneck.

3.4. Reputational risks

Perception of duplication or competition:

There is a risk that the TFFF will be perceived as overlapping or competing with existing initiatives such as REDD+, PES, PFP, among others, rather than complementing them. Transparent communication is key to managing this perception.

Addressing these risks through robust safeguards, capacity building, and adaptive governance will be critical to the success of the TFFF.

RECOMMENDATIONS

Investments sustainability:

1. Investments should be geared toward generating lasting impacts in the territories, strengthening local capacities, and recognizing and promoting strategies developed by communities and other territorial actors.
2. To ensure tangible results, it is necessary to define clear metrics that measure environmental, social, and economic impact, and to implement safeguards that guarantee equitable distribution of benefits.
3. It is essential to include sustainability and efficiency criteria for investments in the annual national plans that must be submitted to the TFFF. Clearly define which investments will be direct and which will be indirect, so as to generate enabling conditions and structural transformations at the territorial level.

Effective participation of indigenous peoples, Afro-descendants, and local communities

4. Begin early on with the institutional adjustments necessary to implement the financial allocation dedicated jointly with indigenous peoples, Afro-descendant organizations, and peasant communities, strengthening both their role as legitimate forest managers and as administrators of the resources that correspond to them for this role.
5. Participation should be based on community leadership in the design, implementation, and monitoring of investments, respecting the principle of free, prior, and informed consent (FPIC) and through existing governance structures or, if necessary, structures designed for this purpose jointly by governments and national organizations of indigenous peoples, Afro-descendants, and local communities.

It is essential to strengthen local capacities, integrate traditional knowledge, and ensure that strategies respond to the visions and priorities of communities in the territories.
- 6.

Institutional arrangements and governance:

7. It is recommended that clear coordination mechanisms be established between ministries, agencies, and non-state actors, with defined roles and responsibilities.
8. The implementation of the TFFF should promote multisectoral coordination, independent oversight, and strategic alliances with NGOs, community networks, and the private sector, ensuring transparency and shared governance.

Alignment with public policies

9. Define metrics and reporting systems that allow TFFF results to be aligned with international commitments on biodiversity and climate change.
10. It is essential to align the TFFF with national policy frameworks on biodiversity, climate, and sustainable development, including instruments such as the Biodiversity Action Plan, the Comprehensive Strategy for Deforestation Control, the National PES Program, and the Comprehensive Rural Reform.

Forest monitoring:

11. Monitoring systems such as the Forest and Carbon Monitoring System (SMBYC) should be strengthened and coordinated with community schemes, promoting adaptive evaluation and learning that translates into improvements in policies and practices.

Transparency and accountability:

12. The TFFF must ensure the traceability of resources through audit and social and financial oversight mechanisms, public communication of investments, and the design and implementation of social and environmental safeguards.

13. Design and/or adapt methodologies and procedures to demonstrate additionality in the investment of TFFF resources.

14. It is essential to implement a complaints and redress mechanism at the national level, which can be linked to the global mechanism that will be established by the TFFF. This is especially important in binational, transnational, and multicultural contexts.

Knowledge and learning management:

15. It is proposed to systematize successful experiences and lessons learned, strengthening national and local capacities to generate and use the information collected in these exercises.
16. It is recommended to promote knowledge exchange platforms between communities, governments, and international partners, ensuring that learning continuously feeds back into the implementation of the mechanism.

Structural transformation and continuous improvement:

17. Ensure lasting impacts, the country must contribute to transforming the institutional, economic, and social conditions that encourage deforestation. This involves working to meet low or zero deforestation criteria, adapting strategies to local realities.
18. The mechanism must maintain high environmental and social standards, seeking a balance between ease of access and integrity, based on periodic reviews that allow for continuous improvement, incorporating the recommendations of the Advisory Group and the Scientific Committee of the TFFF.



In view of
COP30

in Belém, Colombia has the opportunity to consolidate its regional leadership in the protection of tropical forests.

The TFFF is not just a new financial mechanism: it is a commitment to recognizing the strategic value of our forests, mobilizing resources on a large scale, and ensuring that the indigenous peoples, Afro-descendants, and local communities that protect them receive direct and fair support.

Preparing for its implementation means strengthening our governance and transparency systems, coordinating with the region, generating synergies with climate, biodiversity, and sustainable development agendas, and ensuring that conservation is also a path to prosperity and social justice. The TFFF offers us the opportunity to make forests the cornerstone of a new model of resilience and development for Colombia and Latin America.

SUSTAINABLE

FINANCE FOR FOREST CONSERVATION:

*keys to
implement TFFF
in tropical
countries*



**We work to conserve
nature for people and
wildlife.**

Together Possible

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