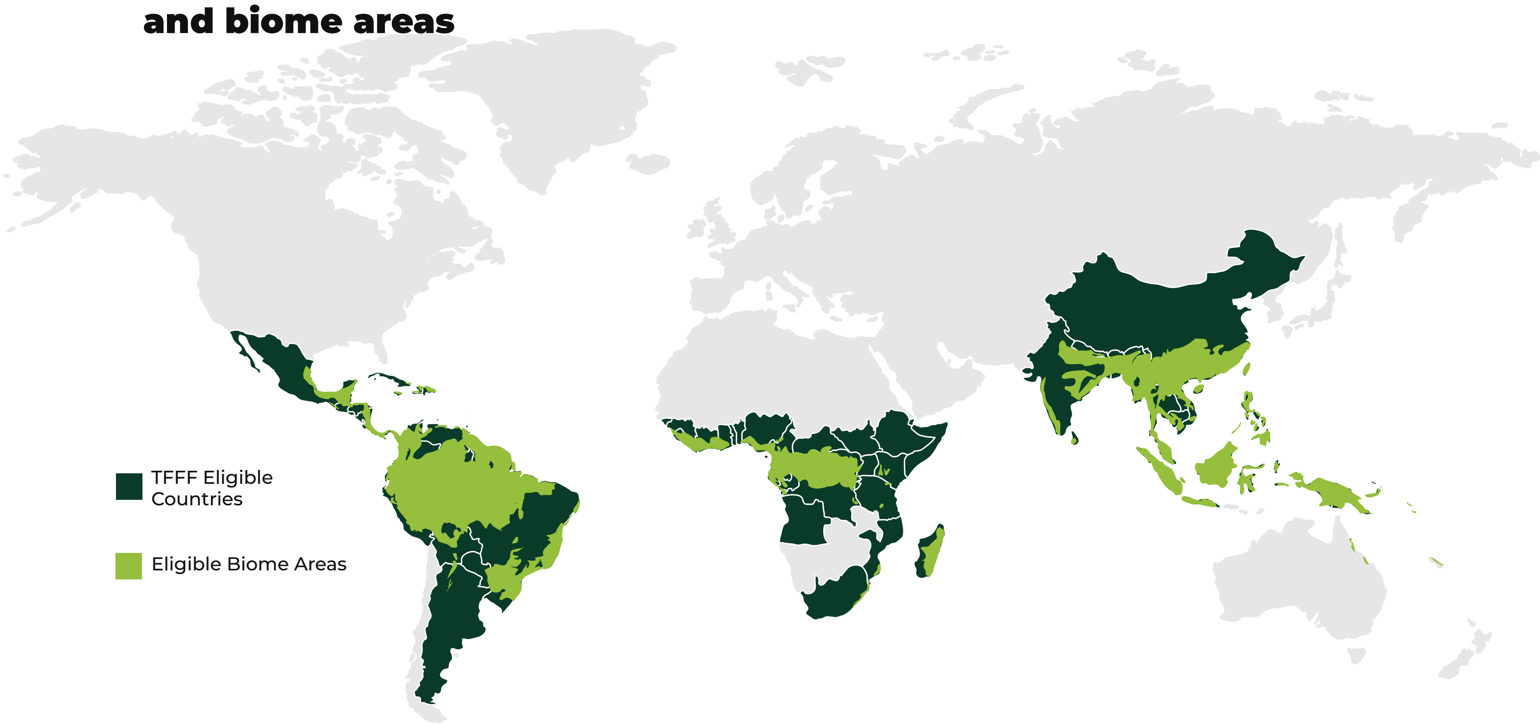
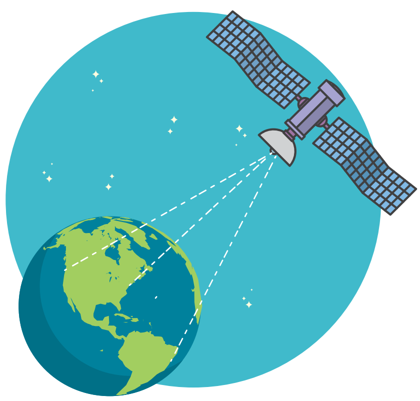
The TFFF (Tropical Forest Forever Facility)[1] is a **fund designed to support the conservation of tropical forests.** The initiative is led by Brazil and designed in conjunction with **11 other countries**, with launch scheduled for COP 30.

1 WHO CAN ACCESS IT?

Approximately **70 countries with tropical forests are eligible** (PFT). To access the TFFF, they must meet the following criteria.

Eligible countries and biome areas





The PFTs use their **own satellite-based forest cover monitoring systems** to provide information to the TFFF. If a country does not have its own system or if it does not meet the eligibility criteria, it may use third-party instruments.

1 Factsheet constructed based on Concept Note 3.0 of the TFFF.

Requisitos de elegibilidade

Submit to the TFFF Secretariat their deforestation rate, calculated according to the three-year moving average, which must:
- be less than 0.50%
- show a downward trend in the year of accession

Submit to the TFFF Secretariat the extent of areas that are not tropical and subtropical moist forests, considered forests ineligible for payment by the TFFF.

Present a transparent, standardized and reliable method for measuring eligible forest area.

Commitment to develop the necessary governance structures for IPs and LCs for the financial allocation dedicated to them.

Demonstrate that it has a national grievance and redress mechanism or action plan to establish such a mechanism

Publish a list of national programs and policies that support forest conservation and sustainable use, and that can be financed by forest payments.

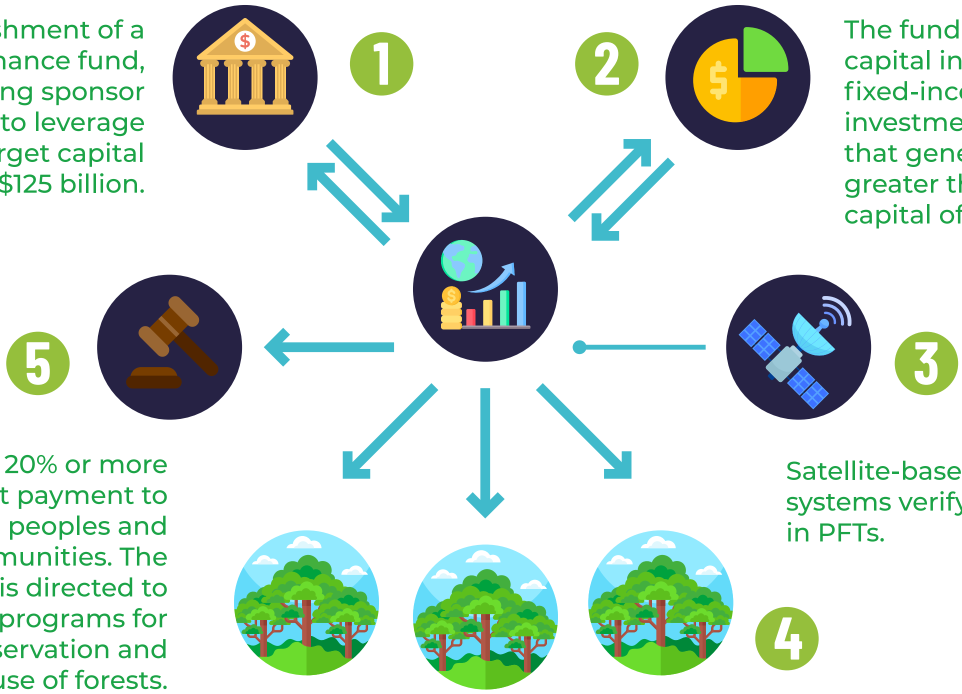
Demonstrate that it has adequate Public Financial Management mechanisms in place to receive and allocate *Forest Payments*

Submit to the TFFF Secretariat the exact boundaries of the eligible area of the proposed biomes. Including Tropical and Subtropical Moist Broadleaf Forests, which may include adjacent mangroves. Explaining significant deviations.

Commit to allocating at least 20% of Forest Payments to indigenous peoples and local communities (PICL)

Demonstrate that forest payments will not replace existing budget allocations for policies and programs that promote the conservation and use of tropical and subtropical moist broadleaf forests.

2 HOW DOES IT WORK? TFFF STEP BY STEP



1. Establishment of a mixed finance fund, using sponsor capital to leverage the target capital base of $125 billion.

2. The fund invests the capital in a fixed-income investment portfolio that generates a return greater than the cost of capital of the TFFF.

3. Satellite-based monitoring systems verify deforestation in PFTs.

4. PFTs receive a fixed payment, called a *forest payment*, per hectare of standing forest, discounted for deforestation and degradation.

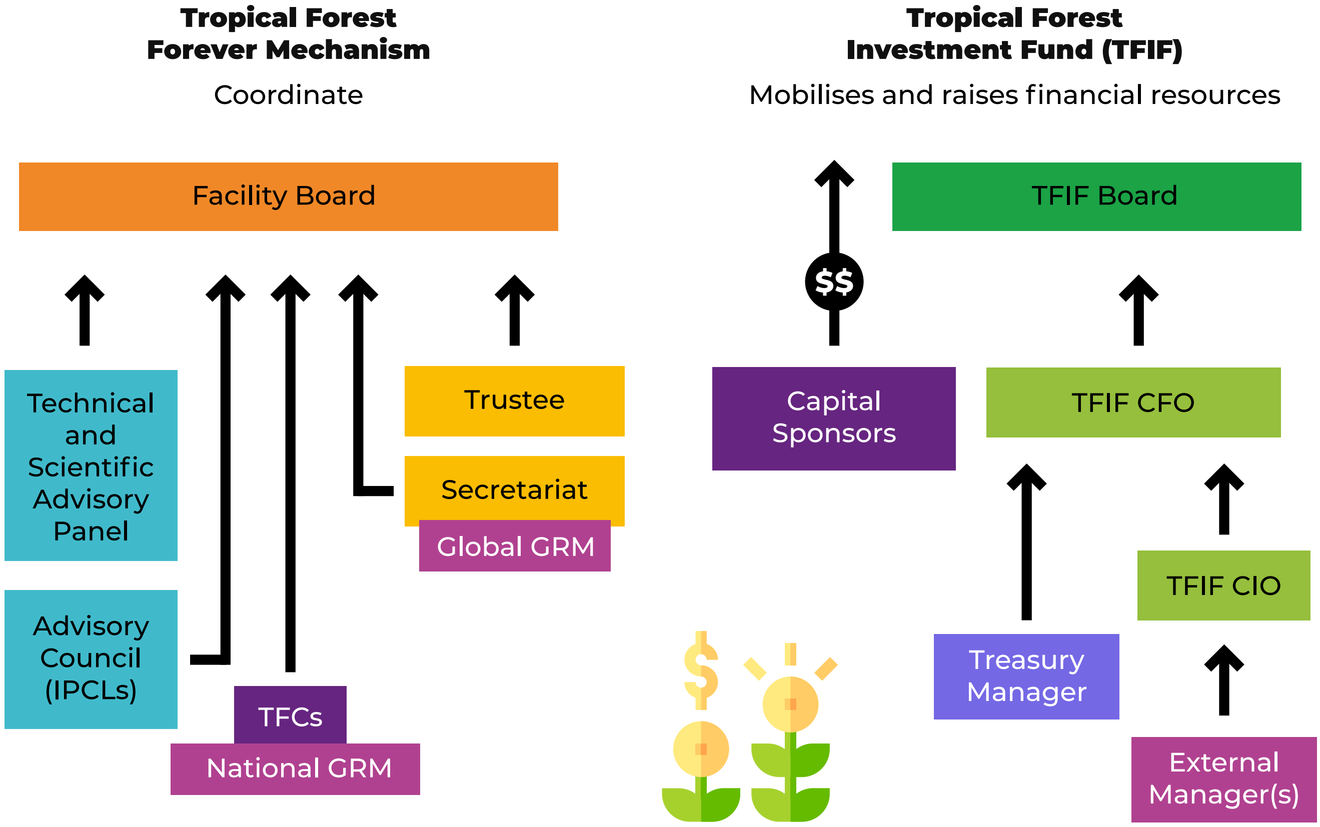
5. PFTs allocate 20% or more of the forest payment to indigenous peoples and local communities. The remainder is directed to policies and programs for the conservation and sustainable use of forests.

The TFFF is structured to make annual result based payments to PFTs that maintain and increase their forest cover, in order to compete with land use alternatives that cause deforestation.

Payments will be directed to the national treasury or designated public funds in each country, which are free to choose the programs and actions that will receive TFFF resources. However, a minimum of **20% of the forest payment must be directed to indigenous peoples and local communities.**

3 GOVERNANCE STRUCTURE TFFF

The governance of the TFFF is divided into two arms: the **Tropical Forest Forever Facility**, responsible for coordinating the Fund, and the **Tropical Forest Investment Fund (TFIF)**, which mobilizes and raises financial resources. Each entity will have its own statutes, which are consistent and cross-referenced. Both will be supervised by independent Boards – the Facility Board and the TFIF Board – reflecting their autonomous legal personality. The World Bank acts as Trustee and Secretariat of the Mechanism.



4 HOW IS THE TFFF FINANCED?

The proposal is for a mixed financing structure.

The goal is to raise **US$ 25 billion in sponsor capital** and increase this amount by **US$ 100 billion in senior debt in the capital market.**

Funds allocated to the TFFF

Sponsors (such as sovereign governments and philanthropic organisations) **20%**

+

Market investors **80%**

TFIF invests →

Liquid public market securities: sovereign + large corporate issuance

Related to sustainability and climate in countries eligible for Official Development Assistance

+

Maximum of 25% invested in fixed income instruments issued by countries not eligible for Official Development Assistance

+

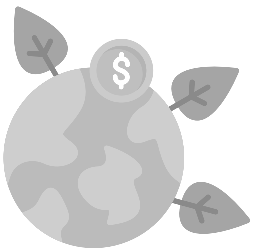
Countries eligible for Official Development Assistance fixed-rate sovereign and corporate debt

Profit generated →

1) Payment of TFIF senior debt.

2) Payment of interest on the sponsor's capital.

3) Forestry payments to eligible TFCs.



INESc's position

Presented as an innovation, the TFFF fails in its construction, with little transparency, limited social participation and insufficient commitment to indigenous peoples and local communities.

To be legitimate, the TFFF needs to increase the representation of indigenous peoples and local communities and social participation, and design clear criteria for eligibility and resource transfer.