

# The Tropical Forests Forever Facility (TFFF)

Part of the False and Distracting Finance Solutions mini-series ■ Written by the Debt and Climate Working Group

The debt and climate crises are deeply connected - but false 'finance solutions' risk distracting from, delaying and ultimately avoiding the deep changes needed to resolve them. This mini-series will give you the evidence, talking points, and tools to push back and promote genuine, lasting solutions to the debt and climate crises.

## THE SALES PITCH

### What is the TFFF?

The Tropical Forest Forever Facility (TFFF) is Brazil's flagship finance initiative for COP30, a results-based mechanism meant to pay out a \$4 per-hectare reward to tropical forest countries for minimizing deforestation, with 20% of the payout going to Indigenous Peoples and Local Communities (IPLCs). 74 countries are eligible. The money will come from the attached Tropical Forest Investment Fund (TFIF), a blended finance scheme that aims to raise \$125bn (\$25bn from rich "sponsor countries", \$100bn from private investors) which are then invested in bonds especially from Global South countries (pending affirmation from credit rating agencies), with an expected ROI of 7-8%. From this, private investors are repaid first at around 5% interest, sponsor countries and the World Bank secretariat that will host and administer the fund are paid second, and the remainder of the proceeds - estimated by the Facility's designers to be up to \$4bn annually - is then distributed among tropical forest countries.

### Why it is on the negotiating table

In a context of slashed ODA and continuing refusal by Global North countries to provide adequate, grant-based public climate finance, the TFFF is being presented as a permanent, essentially cost-free, multi-billion dollar fund for rainforest protection. It has been welcomed and supported by a broad range of organizations and officials in the Global North and South, IFIs and UN institutions, investment banks, think tanks and environmental NGOs, as well as some Indigenous Peoples' organizations (e.g. GATC), which have been engaged in co-designing the 20% IPLC component. Long sidelined in directly accessing climate finance, the involved IPLCs are hoping to use the TFFF to "strengthen our territorial funds and elevate direct territorial investment... rooted in our governance systems and development visions."

## REALITY CHECK

### Why the TFFF is a false solution

- ▶ **There are a host of concerns around the TFFF from environmental and accountability standpoints:** the methodology and standards for assessing deforestation (e.g. using fire damage as the only proxy) are inadequate and unambitious, underlying causes of deforestation are not addressed, grievance and redress mechanisms need clarity, and few safeguards are in place for what the paid-out money will actually be spent on.
- ▶ **To complement these analyses, this briefing focuses primarily on why the underlying financing model of the TFIF is increasing both financial and ecological debt, aggravating economic and climate injustice.** It builds on a neo-colonial global economic system of structural dependency, using debt to extract extra high profits from Global South countries that are then first channeled into the pockets of private investors (for

guaranteed profits), the World Bank (for operating fees), sponsor countries (for repayment + interest) - and what is left after that will be given to tropical forest countries. **Global South countries basically pay themselves for forest protection with the leftovers from debt servicing generated from their own high borrowing costs**, but only after funding a wealth transfer towards private investors, rich countries, and IFIs in the Global North.

- ▶ **This model is also risky and ROI assumptions optimistic.** In times of crises (shocks, wars, cyclic downturns, market volatility, defaults etc., and of course climate change itself, all to be expected over the lifetime of the facility), the returns are very unlikely to be that high “forever”, and it’s possible no money will be left for tropical forest countries at all in some years – let alone Indigenous communities.
- ▶ While TFIF wants to mainly invest in “green” or “blue” bonds in Global South countries and nothing that “causes significant environmental impact”, it is not clear what these concepts translate into exactly, and no exclusion list has been established so far. On the other hand, financial decisions will be made exclusively with the aim to optimise returns in a way that is “market-driven”. **Thus, even if nominally “green”, investments are likely to go into large-scale, export-driven projects that frequently lead to displacement, ecosystem destruction, and sacrifice zones in the Global South.**
- ▶ It’s also suggested that these investments, if made in ODA-eligible countries, **might count as actual climate finance** towards the NCOG decided at COP29, further diluting rich countries’ obligations.
- ▶ All of this of course is rooted in **commodifying ecosystems in the first place**, framing their destruction as a “market failure” from not having assigned a monetary value to the “ecosystem services” that they provide, rather than an inherent feature of capitalism. The TFFF thus helps **greenwash a fundamentally extractive and destructive economic model**, taking crucial attention away from real solutions.
- ▶ **The TFFF headlines already serve as a welcome distraction:** the fact that it is being promoted widely just as Brazil green-lights new oil drilling in the mouth of the Amazon is no coincidence.
- ▶ **Handing the World Bank, the foremost champion of the Wall Street (climate) consensus and continued fossil fuel financier, ever more power over climate and environmental funds** is also highly problematic (and expensive). Although hosting the TFFF there is somewhat fitting, since it is another de-risking facility much in line with the Bank’s private finance centred approach.

## THE REAL FIX

- ▶ **Private sector mechanisms that further indebt Global South countries while generating profit for wealthy lenders are not a just form of climate or environmental finance and must be rejected.** Instead of coming up with more complex private finance de-risking schemes, rich countries must deliver adequate, grant-based, public climate finance, as required under Article 9.1 of the Paris Agreement. This is not charity, but compensation for the climate and ecological debt owed to the Global South. Wealthy countries have the means through fair taxation and redistributive measures, including redirecting funds from fossil fuel subsidies, war and genocide.
- ▶ The current debt crisis and unjust debt architecture are major barriers to climate and environmental action. Instead of adding on yet another debt-based instrument, **championing debt cancellation and reform of the debt architecture within UNFCCC processes would send a strong signal to other international institutions.** We call for:
  - Immediate debt cancellation, across all creditors, for all countries that need it, free from economic conditions. This must complement climate finance, not replace it.
  - Support for establishing a UN Framework convention on sovereign debt.

## Learn more

- ▶ [The Tropical Forest Forever Facility \(TFFF\): Brazil's \\$125bn Rainforest Gamble](#)
- ▶ [Brazil's TFFF: Upcoming COP30 finance mechanism bets on markets to fund forest conservation](#)
- ▶ [Third World Network: Review of the Tropical Forest Investment Fund](#)
- ▶ [TFFF: A False Solution for Tropical Forests](#)
- ▶ [Spoils of a Continuing Colonialism: The Tropical Forest Forever Facility](#)
- ▶ ["Debt and Climate Justice: Strategic Engagement in UNFCCC Processes at COP30 and Beyond", Debt and Climate Working Group, October 2025](#)

## About us

The Debt and Climate Working Group is a global coalition of civil society organisations, activists, academics, and movements collectively advancing justice at the intersection of the debt and climate crises. For more information, contact Tess Woolfenden, [tess@debtjustice.org.uk](mailto:tess@debtjustice.org.uk).

