

On December 5, as the 28<sup>th</sup> Conference of the Parties ([COP28](#)) to the United Nations Framework Convention on Climate Change continues full swing in Dubai, Governors, Indigenous Peoples, and other partners of the [Governors' Climate and Forests Task Force](#) (GCF Task Force), launched an urgent [call-to-action](#) to finance what they are calling the "New Forest Economy." This call-to-action seeks to garner an initial \$1 billion in investments and support to transform the status quo that values cleared lands more than standing forests into new forest economies that are built on environmental sustainability and deliver robust and equitable economic growth for the people living in GCF Task Force states and provinces.

In the midst of big climate [pledges](#), new [initiatives](#), and other [ambitious](#) demands, this call stands out for two reasons. First, it seeks to structure more flexible implementation support for subnational governments and communities for policy implementation and actions. Second, it stands out because of who is issuing the demand - namely, leaders of states, provinces, and communities who are at the frontlines of the climate, biodiversity, and economic crises that compound current high levels of deforestation. This call was especially timely as it fell on Indigenous Peoples' Day for COP28.

## **Urgent Need for Investment**

The world continues to lose tropical forests at an alarming rate. The World Resources Institute (WRI) [found](#) that we lost 10% more tropical forest in 2022 than in 2021. WRI also found that greenhouse gas emissions from tropical deforestation in 2022 were equivalent to those of India (the third largest emitting country in the world!). There are success stories, including within GCF Task Force member jurisdictions as I have spoken to previously on [Legal Planet](#). However, the stark reality is that the economic incentives driving the deforestation of tropical forests - the continued large-scale clearing for cattle and agriculture and the extraction of oil, gas, gold, timber, cobalt, and other resources - continue to threaten the lives of communities and the entire planet.

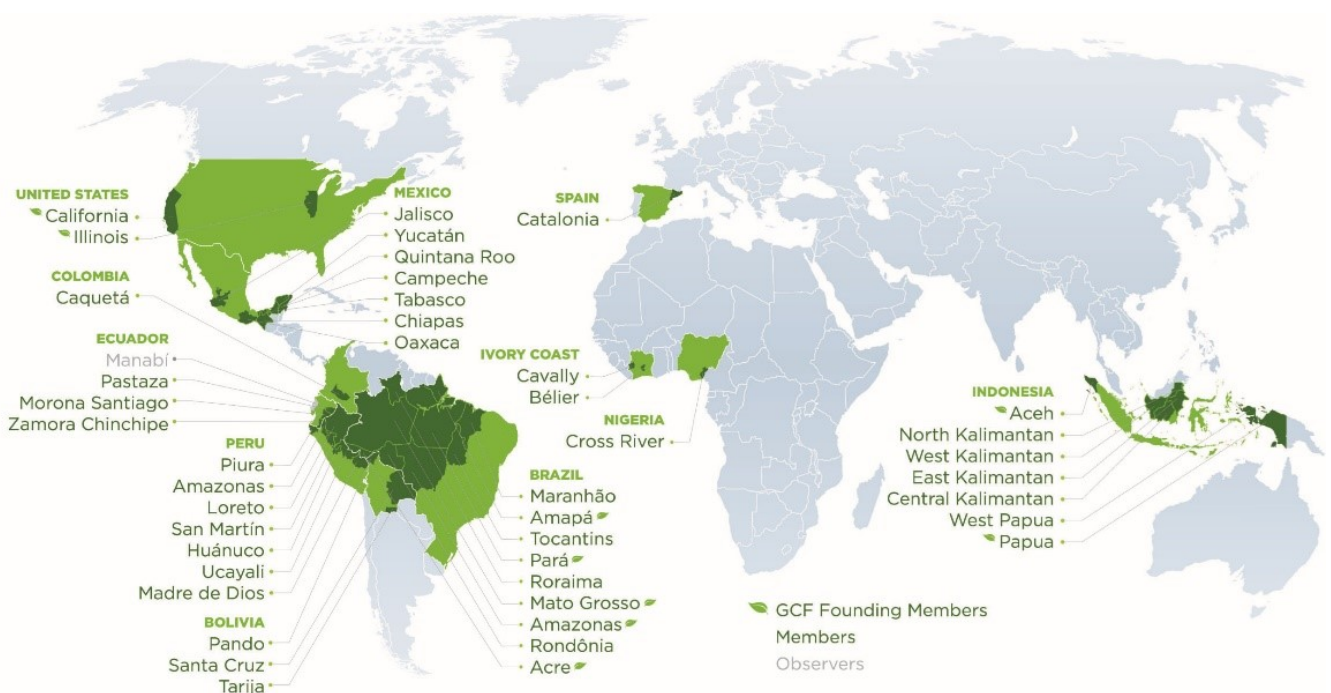
The international community has certainly made important funding commitments as well as efforts on carbon market finance and other tools, but that support continues to be slow in coming and often does not reach subnational jurisdictions or communities on the ground. In fact, the Forest Declaration Assessment Partners estimate that it will cost up to \$460 billion per year to reduce deforestation and implement restoration and sustainable forest management at a sufficient scale to protect and restore forests globally. The assessment - titled "[Off Track and Falling Behind](#)" - also estimates that existing public commitments to protect, conserve, and restore forests amount to just \$2.2 billion per year (less than 1% of the total estimated need), while ongoing public finance committed to activities that have the

potential to drive deforestation or forest degradation is between \$378 and \$635 billion per year.

The new [commitments](#) at COP28 are crucial and will hopefully help the world start to get back on track. But for GCF Task Force Governors and partners - including Indigenous Peoples and local communities who are the best [stewards](#) of tropical forests - more investment is needed now and at scale to support, create, and maintain sustainable economic opportunities across tropical landscapes.

## Why the GCF Task Force?

The GCF Task Force is the world's largest subnational government network focused on forests and climate, with 43 member states and provinces from 11 countries representing more than one-third of the world's tropical forests. Since 2008, the GCF Task Force has worked with Governors, civil servants, Indigenous Peoples, local communities, and other key partners to reduce deforestation and tropical greenhouse gas emissions while advancing low-carbon economies and sustainable, forest-based development.



Subnational governments, and the communities they serve, know their needs, realities, and opportunities best. They are most able to experiment with action and real-time policy innovation that takes these realities into account. This includes partnerships around the development of a [bioeconomy](#), investments in environmental governance and enforcement,

and jurisdiction-scale carbon market strategies (see [here](#) and [here](#) for instance). For more on my views of the importance of jurisdictional carbon market standards, see this [interview](#).

In fact, GCF Task Force members have developed decarbonization and investment strategies to combat deforestation and create economic opportunities for their people, including in a recent [report](#) that includes “shovel-ready” investment opportunities.

## **How will these funds make a difference?**

The Governors’ call is purposefully broad. It seeks to leverage a range of different financing tools to help build the new forest economy. This would look like a blended-financing approach that could include funding from existing and new commitments. Specific funding sources could include contributions from donor governments and revenues from national carbon markets or carbon taxes (much as California has done through the reinvestment of Cap-and-Trade [proceeds](#)). They would also include investment from private sector actors seeking to de-risk their strategies to support low-carbon supply chains and other business ventures, revenues from the sale of jurisdiction-scale carbon or biodiversity credits, philanthropic funding, [debt-for-nature swaps](#), and other sources of funding.

In essence, the call-to-action for New Forest Economy Funds is an all-of-the-above strategy with respect to financing tools. One way to think about it is as an approach to leverage public and private investment in the same way as governments do through clean energy and [green industrial policies](#). Governments approach green industrial policies more broadly than growth models that rely primarily on market signals and private sector financing. Instead, they leverage public policy, laws, and funding, in addition to private sector investment and tools like carbon markets, to drive transformational changes in key sectors of their economies, like in the clean energy sector. Through this call for New Forest Economy Funds, the GCF Task Force is proposing a similar approach to forests and land-use.

In issuing their call, the Governors stressed that these funds must remain flexible, transparent, and targeted in supporting efforts and strategies that have a measurable impact on reducing and/or avoiding deforestation, combating poverty, and creating durable forest-focused governance. Investments will reach across jurisdictional and regional scales and will work through regional funding mechanisms to ensure maximum efficiency in funding flows. And the design of these funds will be coordinated and aligned with the priorities of the people living in tropical forest regions of the world, especially Indigenous Peoples, as well as traditional communities and agricultural producers.

## **What's next?**

After the initial launch of the call-to-action, the GCF Task Force expects to build additional momentum throughout COP28 and beyond, including in the lead up to COP30, which will be hosted by GCF Task Force member state, Para, Brazil in 2025.

Specifically, the call-to-action establishes a co-design phase over the next year for attracting partners and establishing a roadmap for more flexible allocation and expenditure of existing and new funds directly to locally-driven innovation and action on the ground. This co-design phase is crucial to ensure the needs, realities, and expertise of Indigenous Peoples and local communities, government agencies, and other partners are incorporated from the beginning.

For all of these reasons, this important call-to-action is bold, complementary to other commitments, and ready to launch. Stay tuned for more on this initiative as the GCF Task Force works to garner additional partners and design the new forest economy together.