



BOLIVIA Pando, Santa Cruz, Tarija | **BRAZIL** Acre, Amapá, Amazonas, Maranhão, Mato Grosso, Pará, Rondônia, Roraima, Tocantins | **COLOMBIA** Caquetá | **CÔTE D'IVOIRE** Bélier, Cavally | **ECUADOR** Pastaza, Morona Santiago, Zamora Chinchipe | **INDONESIA** Aceh, Central Kalimantan, East Kalimantan, North Kalimantan, Papua, West Kalimantan, West Papua | **MEXICO** Campeche, Chiapas, Jalisco, Oaxaca, Quintana Roo, Tabasco, Yucatán | **NIGERIA** Cross River State | **PERU** Amazonas, Huánuco, Loreto, Madre de Dios, Piura, San Martín, Ucayali | **SPAIN** Catalonia | **USA** California, Illinois

Governors' Climate and Forests Task Force

Financing the New Forest Economy: A Call to Action

We are the Governors of the Governors' Climate and Forests Task Force (GCF Task Force) and we join with our partners from Indigenous territories, local communities, national governments, civil society, and the private sector to issue this urgent Call to Action during the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change. Our message is straightforward: help us mobilize and deliver the finance we need to build New Forest Economies across our regions and within our 43 member states and provinces. Our plan is innovative and bold: we propose to establish regional New Forest Economy Funds, starting in the Amazon, Mexico and Central America, Indonesia, and Africa. These funds will provide rapid, flexible financing for new ventures and policy initiatives that work to create successful businesses and promote, sustain, and expand resilient economies in our jurisdictions.

We are on the frontlines of the global struggle to protect forests, reduce emissions, and build new forest economies. One third of the world's tropical forests are in our jurisdictions, including all of the Brazilian Amazon, the vast majority of Peru's forests, more than sixty percent of Mexico's tropical forests, and more than sixty percent of Indonesia's forests.ⁱ Working with our national governments and partners, we have demonstrated that deforestation can be reduced significantly with the right tools and sufficient political will.ⁱⁱ But the real test going forward is whether we can build a new forest economy that will provide alternatives to deforestation through sustainable livelihoods for the people living in tropical forests all over the world.

As governors, we are ready to build on our own efforts, as well as important initiatives like the partnership between Brazil, the Democratic Republic of the Congo, and Indonesia, and the Presidential Declaration from the recent Amazon Summit, to ensure the sustainable growth of economies across our states and provinces, and across the diverse populations we represent.ⁱⁱⁱ We agree with national and international leaders around the world who have pointed to the urgency of transforming our forest-based economies—much as is being done through green industrial and clean energy policies—so that we can deliver robust and equitable economic growth that is built on environmental sustainability.^{iv} Many of us have been working for years to translate this vision into practice, and we recognize that there is no single blueprint or model for all of us to follow. But we also know that we have much to learn from each other as we move from commitment to action, and that we will not succeed in our efforts without strong partners and the financial investment we need to put these economies in place.

The New Forest Economy Funds that we are calling for will be used to support and accelerate the innovation and experimentation that is fundamental to this socioeconomic transformation. These New Forest Economy Funds will be regionally specific, and will operate as nimble, agile mechanisms for channeling funding to a range of actors that are on the frontlines of the climate challenge.

Why Now?

We have watched with great interest and participated actively in the evolving carbon finance discussions for more than a decade. Many of us have committed our own scarce political, human, and technical resources to try to take advantage of the opportunities in the carbon markets, and while we will continue to pursue carbon market opportunities where they work for our jurisdictions and communities, we have yet to see significant financial support for or recognition of our efforts. We have heard the international community make pledges of billions of dollars to support indigenous and local communities, but that support is slow in coming and often does not reach our jurisdictions or communities.^v Carbon market finance is an important tool, but it is currently uncertain, uneven, and too limited on its own to support the long-term subnational and local-level actions needed to build our New Forest Economies.^{vi}

As tropical forest jurisdictions, we know we must create and maintain sustainable economic opportunities across landscapes that must stay intact if we are to have a chance at combating the climate emergency. We need to bring innovative strategies, technical assistance and capacity building, new funding mechanisms, and effective cross-sector partnerships from companies and industry, national governments, the donor community, academia, and civil society to the table in short order.

And so, we stand here today and call upon these partners to commit an initial \$1 billion to these New Forest Economy Funds, and to work with us over the next year to design and ensure that these funds will be delivered quickly and effectively to support public and private partnerships to build sustainable forest economies.

How these New Forest Economy Funds will work

New Forest Economy Funds will channel **flexible, transparent, and targeted funding support** for efforts and strategies that have a measurable impact on reducing and/or avoiding deforestation, combating poverty, and creating durable forest-focused governance. Investments through these Funds will bring together **GCF Task Force member governments**—who have demonstrated their political will for a sustainable forest agenda over the last 15 years—with **trusted allies**. New Forest Economy Funds will **reach across jurisdictional and regional scales** and will **work through regional funding mechanisms** to ensure maximum efficiency in funding flows. And New Forest Economy 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. (See Appendix A for more details on how these funds would be structured.)

Join Us

We know that the fight to protect tropical forests, combat poverty, and curb climate change cannot be won without the actions of subnational governments and the communities we represent. But for us to be even more effective actors, we must be listened to and supported.

What we need now is investment—quickly, at scale, and through trusted mechanisms and partnerships. New Forest Economy Funds will serve as vital and necessary investments in our collective future by catalyzing a new forest economy that protects forests, biodiversity, and the climate, and results in long-term economic opportunities for communities, governments, and the private sector.

Join us. Our forests, our people, and our world depend on it.

Appendix A and Endnotes

How these New Forest Economy Funds will be structured

- New Forest Economy Funds will be structured as **blended-financing mechanisms** designed to channel multiple sources of new and existing investment, including revenues from existing and emerging carbon markets and carbon programs like those under consideration at the national levels in Brazil, Ecuador, Indonesia, and Mexico;^{vii} contributions from regional and national-level funds dedicated to conservation; direct contributions from corporations, philanthropy, multilateral development partners, and donor governments; and funds from debt-for-nature swaps and the issuance of green bonds.
- New Forest Economy Funds will provide a **pooled resource that can incentivize further direct investment toward innovative efforts to address deforestation** at jurisdiction scale.^{viii}
- New Forest Economy Funds will be for **implementation**^{ix} and will support **decarbonization efforts that reach across states, provinces, regions and territories** like the Amazon and Indonesia's tropical forest archipelago, as well as cross-regional initiatives.^x
- Assessment of the **impacts** of this financing, as well as **progress** toward emissions reductions, will be **measured and verified** against state and provincial decarbonization plans through best-in-class remote sensing technology and comprehensive reporting mechanisms.^{xi}
- Expenditures from New Forest Economy Funds will follow clear **guardrails and safeguards to ensure community protections and real benefits**, including through implementation of the GCF Task Force [Guiding Principles](#) for Collaboration and Partnership between Subnational Governments, Indigenous Peoples and Local Communities.
- **Successful strategies, tactics, and approaches will be replicated and adapted** across the GCF Task Force regional and global network for rapid uptake on lessons learned.^{xii}
- The GCF Task Force will partner closely with existing fund managers, existing subnational mechanisms, and trusted partners to ensure **rigorous management and accounting of New Forest Economy Funds**,^{xiii} **as well as flexibility in awarding funds** directly to government and community-led efforts in each region that have a proven track record and/or high chance of success.^{xiv}

Endnotes

ⁱ Founded in 2008, the [GCF Task Force](#) is the world's largest subnational government network dedicated to combatting climate change by conserving forests and promoting low-emissions development. Our current membership includes 43 member states and provinces from 11 countries – Bolivia, Brazil, Colombia, Côte d'Ivoire, Ecuador, Indonesia, Mexico, Nigeria, Peru, Spain, and the United States. We work with Governors, civil servants, Indigenous Peoples, non-governmental organizations, private sector leaders, and local community partners to reduce deforestation and tropical greenhouse gas emissions while advancing low-carbon economies and sustainable, forest-based development at jurisdictional scale. Collectively, the GCF Task Force covers more than a third of the world's tropical forests.

ⁱⁱ Despite the current lack of finance, GCF Task Force members have continued to deliver on our deforestation reduction commitments in places like Colombia ([50%](#) reduction in deforestation in Caquetá from 2022 to 2021), Brazil ([22.3%](#) reduction between August 2022 and July 2023, as compared to the same period a year earlier), and Indonesia ([64%](#) reduction from 2020-2022 compared with 2015-2017).

ⁱⁱⁱ See [Alliance](#) between Brazil, the Democratic Republic of the Congo, and Indonesia, as well as the recent [Presidential Declaration](#) from the IV Meeting of the Presidents of the State Parties to the Amazon Cooperation Treaty.

^{iv} [Green industrial policy](#) refers to the integration of industrial and environmental policies to drive structural economic changes that result in more sustainable, low-emissions growth. 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 the New Forest Economy Funds, we are proposing a similar approach to forests and land-use.

^v In fact, annual domestic and international mitigation finance for forests is [estimated](#) to stand at less than 1% of the necessary total, with even less than that directly supporting our efforts. In addition, of the \$1.7 billion committed to support Indigenous Peoples' efforts between 2021 and 2025, while funding disbursements appear to be on track, only a small [percentage](#) has gone directly to Indigenous organizations.

^{vi} While we respect the amount of energy that has gone into their development, recent work around voluntary standards often seem focused on corporate entities' reputational expectations and needs without accounting for the realities of local governments and communities. To ensure the ability of New Forest Economy Funds to provide faster and more flexible impacts, we must avoid getting stuck in the endless battle over what constitutes high-integrity that can seem to place higher value on those reputational needs than on providing urgently needed support for action and real-time policy innovation on the ground.

^{vii} Carbon market financing can and should be part of this new forest economies approach when it works for governments and communities and when it can help drive the transition to more sustainable economic growth, and we will continue supporting our members to access existing carbon standards.

^{viii} This could include—but would not be limited to—upfront support for efforts to de-risk bioeconomy supply chains, beyond value chain mitigation funding, governance design and implementation, Indigenous territorial recognition, and support tied to measurable reductions through the generation of carbon credits or through contribution financing.

^{ix} In March 2022, all members of the GCF Task Force adopted a framework for achieving our mid-term climate, development, and forest protection goals through 2030, called the [Manaus Action Plan for a New Forest Economy](#) (MAP). As outlined in the MAP, our efforts to create a new forest economy: (1) Must work first and foremost for the people and the communities in GCF Task Force states and provinces; (2) Must mobilize science and technology, along with the traditional knowledge and wisdom of people living in the forest; (3) Cannot be created without substantial additional financial support; and (4) Good governance and durable public policies are the bedrock of jurisdictional strategies and investment plans.

^x A model for cross-regional initiatives may be the Brazil, Democratic Republic of the Congo, and Indonesia alliance, which has also supported [knowledge exchange](#) between GCF Task Force members East Kalimantan and Mato Grosso.

^{xi} The GCF Task Force would work with implementing partners and member jurisdictions to ensure that reporting on the use of funds is transparent, follows clear financing and reporting guidelines, and includes best-in-class measurement and verification on resulting reductions in deforestation at jurisdiction scale. This could include jurisdictional certification mechanisms that would facilitate investors' needs for reporting on emissions reductions, other environmental benefits, governance benefits, and community-focused benefits.

^{xii} We have many examples of successful actions, including through improvements in governance, monitoring, restoration and bans on conversions of peatlands and primary forests in East Kalimantan, Indonesia; community-based carbon initiatives in Papua and West-Papua, Indonesia; zero-deforestation agave and beef initiatives in Jalisco, Mexico; improvements in detection and enforcement of illegal clearings across the Brazilian Amazon; regional collaboration on bioeconomy across our Brazilian and Peruvian member regions; Tocantins's recent contract for carbon market finance under the ART/TREES standard; and the creation of Indigenous and provincial protected areas (4.5 million hectares) in our Ecuadorian provincial members.

^{xiii} We call upon multilateral funding agencies and banks, regional offices of national governmental agencies, local and regional funds developed by Indigenous organizations, private sector actors, and others to join us in designing these funding mechanisms.

^{xiv} Our founding member, California, provides an example of how New Forest Economy Funds could work. Under California law, the state must ensure that at least 35% of proceeds from the sale of carbon allowances sold at auction under California's Cap-and-Trade Program must be used on projects and programs that benefit disadvantaged communities, low-income communities, and low-income households. To date, California has awarded nearly \$10 billion (out of more than \$24 billion generated). Nearly 74% of awarded funds have gone to benefit these priority populations.