

Annex A – Update on Action Areas and Country Packages

FCLP members have committed to work jointly to accelerate and scale policies focused on six action areas, which cover the main systemic shifts needed to deliver on the 2030 halt and reverse deforestation target. In 2023 and 2024, policy working groups and initiatives led by members were formed on REDD+ and carbon markets; greening construction and sustainable wood; indigenous peoples and local communities; and debt and nature. Country Packages for Forests, Climate and Nature have also been developed.

Through 2025, FCLP members need to translate these policy agendas into action, and to continue to scale the level of policy ambition to deliver the systemic shifts needed. This will require building and expanding partnerships and initiatives, including with non-state actors, and developing communities of practice.

Action Area 1: International collaboration on the sustainable forest and land use economy

The interlinkages between the global trade system and forest outcomes, including deforestation and sustainable land use, is complex and widely debated. FCLP members have focused on how trade and forest objectives can be mutually reinforcing, including encouraging sustainable land-use practices and building markets for legal and deforestation-free commodities. Members have also shown interest in shifting towards nature-based and circular bioeconomies. This includes embracing development models which incentivise the protection, sustainable management and restoration of forests.

Initiative: Greening Construction with Sustainable Wood

Co-leads: Canada, France, Kenya

At COP28, 17 countries committed to advance policies and approaches that support low carbon construction and increase the use of wood from sustainable managed forests in the built environment. See [statement](#) here that was launched at the COP28 Presidency event on sustainable construction.

The working group is currently developing actions in the following areas:

1. Increasing the capacity of forest monitoring systems to facilitate sustainable harvesting of timber for the buildings and construction sector;
2. Developing guidance for including wood and bio-based materials in building codes;

3. Increasing understanding of and shared guidance on best practice in the use of sustainable wood in public procurement policy;
4. Shifting public and private sector perception of wood/bio-based materials in construction;
5. Facilitating investment and access to funds to accelerate the use of sustainable wood in construction; and
6. Strengthening collaboration and information sharing across sectors to better facilitate sector transformation.

Please note that members are developing a workstream on deforestation-free commodity trade.

Action Area 2: Mobilising public and donor finance to support implementation

Public and other donor finance continues to play a critical role in helping lower income countries to reduce deforestation, increase forest landscape restoration, and ensure ecosystem resilience. While there has been an increasing trend in donor pledges, collectively, it has not met the scale of the demand, nor the full range of needs. Work should include setting out credible pathways to bridge the \$130 billion annual gap on forest finance which draws on all forms of finance; harnessing the power of innovative financing mechanisms like carbon markets, payment for ecosystem services and debt for nature swaps; and, redirecting harmful subsidies and other incentives that drive deforestation.

Initiative: Debt Instruments and Approaches for Nature

Co-leads: Colombia and USA

Colombia and the USA are leading work on the increased action needed to support countries suffering from a triple crisis of unsustainable debt burdens, escalating the costs of climate shocks and transition, and adverse economic impacts of climate change and biodiversity loss. In the context of increased action on debt and nature in recent years (launch of the Task Force on Credit Enhancement, launch of the Global Expert Review on debt, nature and climate etc.), FCLP members are seeking to increase and maintain the political interest in exploring innovative finance mechanisms for forests. This work has seen John Podesta and Minister Muhamad convene Finance Ministers, Credit Ratings Agencies, the IMF and NGOs around the following objectives:

1. Increase the recognition of nature in the IMF's debt sustainability assessments.
2. Increasing the recognition of the importance of nature in national resilience as part of credit ratings agencies methodologies.
3. Increasing capacity, through information sharing, expanding technical assistance, readiness support and toolkits so that members can understand their options, and how to catalyse use of debt instruments for nature.

Action Area 3: Shifting the private finance system

Financial and economic incentives are stacked against keeping forests standing by a factor of about 40:1. The recognition of climate-related financial risks in the forest and land use sector, as well as the value in investing in nature-based climate solutions has only very recently started to permeate the mainstream of the finance sector (e.g. [GFANZ](#), [Forest Investor Club](#), [Commitment on Eliminating Agricultural Commodity-Driven Deforestation](#), [IFACC](#)), including financial regulators (e.g. [NGFS](#), [Coalition of Finance Ministers](#)). The goal of halting and reversing forest loss and land degradation while delivering sustainable development and promoting an inclusive rural transformation cannot be achieved without reducing the incentives to do harm and aligning financial portfolios in line with the Glasgow Leaders' Declarationⁱ. Evidence currently suggests that most financial institutions have no forest risk policy covering their lending and investments. In 2022 alone, Forest 500 estimated that private financial institutions provided USD 6.1 trillion to companies most at risk of driving tropical deforestation through agricultural commodity productionⁱⁱ.

This Action Area has yet to be operationalised by FCLP members.

Action Area 4: Supporting Indigenous Peoples' and local communities' initiatives

Members have prioritised reducing deforestation threats in IP and LC territories, and accelerating the recognition of IPs and LCs rights to own and manage their lands, territories and resources – realising, and permanently securing those rights. This includes taking an inclusive and rights-based approach to forest conservation, working with IPs and LCs as partners to expand the protection of natural ecosystems in ways that respect their rights, knowledge and livelihoods, and ensuring that local communities have direct access to funding.

Supporting Indigenous Peoples and Local Communities

Co-leads: Norway and Peru

FCLP members have developed a Platform to Support Indigenous Peoples and Local Communities in Forest Climate Action together with other governments, indigenous leaders and donors. There are two key deliverables for the group:

1. Policy action at national level: By 2030 the Platform has supported at least six tropical forest countries¹ to advance in: (1) shifting policies to strengthen forest tenure rights and secure a path towards zero deforestation and zero

violence in IP and LC territories, and/or (2) redirecting or increasing finance flows towards more positive outcomes for IP & LCs, and/or (3) developing and strengthening more inclusive climate governance² models at the national/regional level.

2. Policy action at global level: Between 2024 and 2030, the Platform has regularly contributed to increased high-level political attention on IP and LC issues raised by IP and LC organizations and FCLP country members, utilizing regional and geopolitical opportunities to influence decision-making and political (including donors) agendas.

In practice, this means bringing together partners around tropical forest country and indigenous leaders delivery priorities and working together on a global political commitment at COP30 which sees countries commit to deliver a commitment on a # of hectares to be recognised as IP and LC territory.

Action Area 5: Strengthening and scaling carbon markets for forests

Many tropical forest countries that have made important progress over the past decade or more on REDD+ are assessing how to strategically engage to maximise investment in forest carbon results and credits. Part of this process is to define how to engage in voluntary and compliance carbon markets as a source of finance to reach their forest, climate and sustainable development goals. However, there are several challenges and barriers to the strengthening and scaling of such markets outlined in the FCLP Roadmap published at COP28.ⁱⁱⁱ There are ongoing discussions and a lack of consensus on the role of different types of credits, and divergent views on how to ensure that such markets are high integrity and delivering in line with the goals of the Paris Agreement.

Strengthening and Scaling Carbon Markets for Forests

Co-leads: Ghana, Guyana, UK

At COP28, 15 countries developed a roadmap that identified seven priorities for strengthening and scaling investment in forest carbon results and credits. See [roadmap](#) here that was launched at the COP28 Presidency event on forests. This was built on at COP29 as 15 countries launched a call to action and published progress being made against the COP28 commitment, See details [here](#).

The working group is focussed on the following areas:

1. Developing a comprehensive approach to increasing demand, so increasing both price and volume, ensuring that the market reflects the full environmental and social benefits of these credits and the costs of their production.

2. Connecting FCLP members to technical assistance and capacity building resources to support the generation of and investment in high-quality forest carbon results and credits.
3. Working in partnership with all interested countries and non-state actors to facilitate knowledge and experience sharing across a wide community on the future of REDD+.

Action Area 6: Partnerships and incentives for preserving high integrity forests

Forests largely free of significant modification – known as high integrity forests – make up about 40% of remaining forests. It is well acknowledged that these forests perform essential services: carbon sequestration, climate regulation, biodiversity preservation and support to livelihoods. Current mechanisms for financing the preservation of the planet’s remaining high-integrity forests are proving insufficient and/or unsustainable for many lower income countries. New forms of incentives that can mobilize public and private sector finance are needed at scale to ensure the essential services provided by high-integrity forests are preserved and increased.

This Action Area has yet to be operationalised by FCLP members, but a number of proposals have been made.

Country Packages for Forests, Climate and Nature

[Country Packages for forests, climate, and nature](#) are a groundbreaking new approach to support countries in achieving ambitious forest and climate goals. Country Packages bring together governments, the private sector, philanthropy and multilateral institutions to help fill critical gaps in implementation. These packages integrate technical, financial, and diplomatic support; investment; and business partnerships. Their primary goal is to facilitate the achievement of ambitious forest, climate, and biodiversity objectives in developing countries.

Country packages are important because they: a) **Are Unique:** They reflect national structures, there is no singular model or structure of a package that countries have to adhere to b) **Are Country-Led:** They reflect the priorities and needs of developing tropical countries, and are based on the national circumstances and national legislation; c) **Address Linkages:** They tackle the interconnected issues of climate change and biodiversity, countries are supported to develop strong inter-ministerial coordination processes to develop and then implement work to ensure full government ownership; d) **Reduce Transaction Costs:** by bringing together a range of interested donors and investors in a single model, it simplifies engagement for tropical forest countries and supports efficiency and alignment of partner support.

Progress: Currently six countries are making significant progress in their country package process: Colombia, Democratic Republic of Congo (US\$ 62 million), Gabon (US\$ 60 million), Ghana (US\$ 80 million), Papua New Guinea (US\$ 100 million), Republic of Congo (US\$ 50 million). Other countries have expressed interest in pursuing this model including Cambodia, Peru and Sri Lanka.

Funding: Host countries may turn to different sources for support for Package development. Notably, the \$115m **Seed Fund** was established by France, Conservation International, the Moore Foundation, and the Walton Foundation to support both the design and implementation of Country Packages.

ⁱ [Glasgow Leaders Declaration](#)

ⁱⁱ Forest Declaration Assessment, 2023. Summary for policy makers

ⁱⁱⁱ [Scaling Investment in Forest Carbon Results and Credits: A Roadmap](#)