



PROGRESS ON THE NEW YORK DECLARATION ON FORESTS

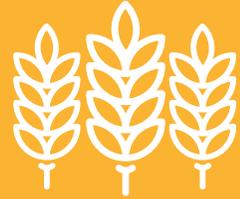
Eliminate deforestation from agricultural commodities



February 2022



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Agricultural
Deforestation

Goal 2

Reach the private sector goal of eliminating deforestation from the production of agricultural commodities well before 2030, recognizing that many companies have even more ambitious targets.

Commercial agriculture is still the largest global driver of deforestation.

Since the turn of the century, commercial agriculture has replaced an average of almost **five million** hectares of forest every year.

Just **seven agricultural commodities** – cattle, palm oil, soy, cocoa, rubber, coffee, and wood fiber – **drive more than half of tree cover loss**. And global demand for these commodities continues to grow. Latin America and Southeast Asia are the **hotspots of deforestation** driven by large-scale cultivation of soy, grazing of cattle, and oil palm plantations.

Over the past ten years, a growing number of companies, governments, and civil society organizations have accelerated efforts to mitigate the forest impacts of commercial agriculture.

Despite these efforts, we did not meet the original NYDF target of ending agriculture-driven deforestation by 2020.

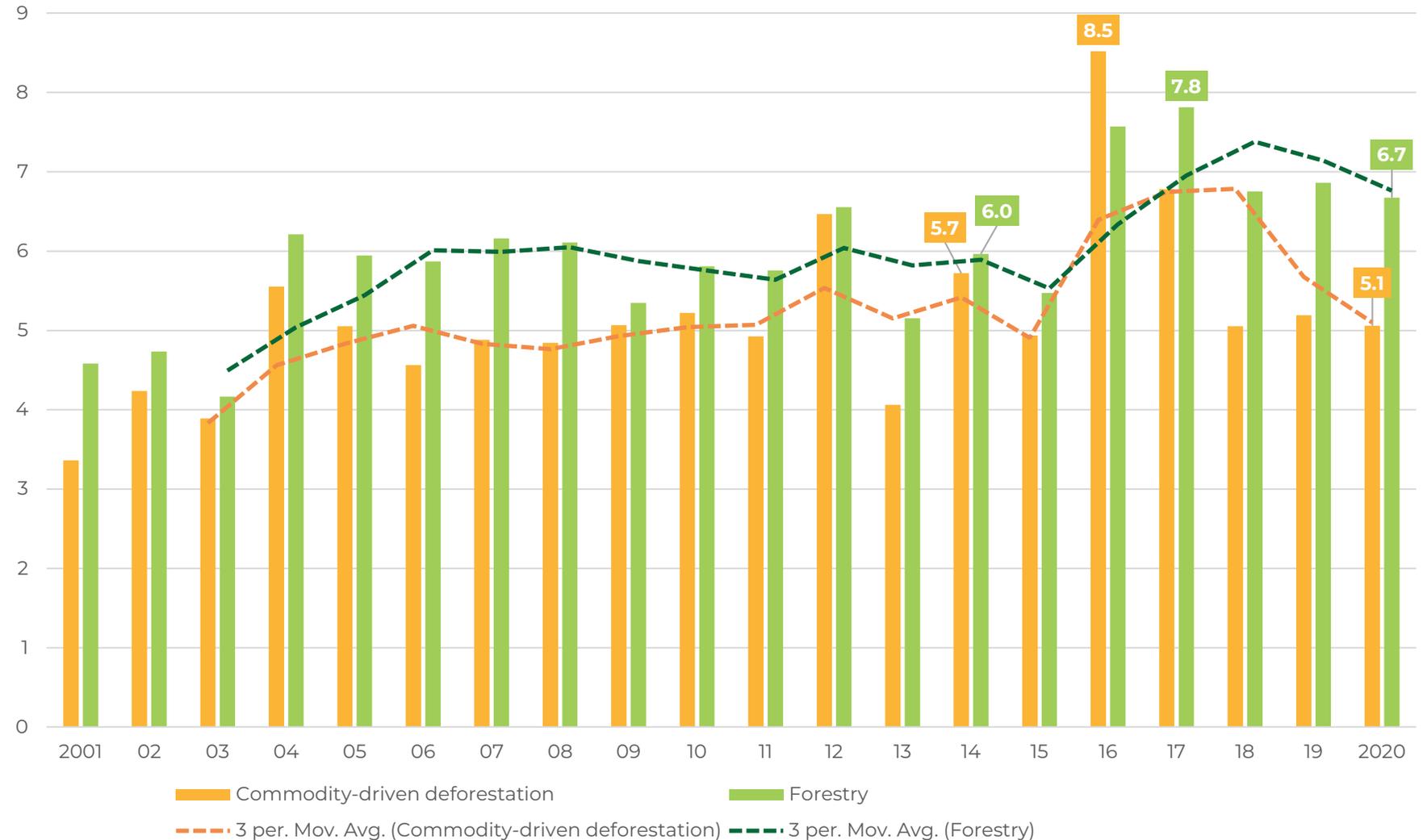
Recently, signs of progress in reducing commodity-driven deforestation have emerged.

The rate of deforestation from commercial agriculture has **declined since a peak in 2016**.

However, recent numbers are **similar to the deforestation rates during the decade preceding** the adoption of the NYDF in 2014.

Source: Global Forest Watch. Commodity-driven deforestation = large-scale deforestation linked primarily to commercial agricultural expansion but also includes mining. Forestry = temporary loss from plantation and natural forest harvesting, with some deforestation of primary forests.

Tree cover loss by driver, in million hectares



But private sector efforts to tackle commodity-driven deforestation have not reached **nearly the coverage needed** to drive transformational change.

Commitments are **lagging** across all commodities and geographies.

- Latin America's beef and soy sectors are most behind.
- Only 32% of Brazil's 2018 beef exports were covered by a commitment despite cattle pasture expansion driving some of the highest rates of deforestation in the world.
- In the Cerrado biome, only 61% of soy exports and 20% of beef exports are controlled by traders with a zero-deforestation policy.

Major financial institutions exposed to deforestation risks are **yet to adopt** comprehensive policies.

- 93 of the 150 largest financial institutions that are most exposed to deforestation do not have a policy to address deforestation linked to their investments and lending.
- These 93 institutions provide USD 2.6 trillion in finance to the companies with the highest exposure to deforestation risk.

Uptake of zero-deforestation certification schemes **remains limited** across supply chains.

- The highest uptake is in the palm oil sector with 19% of global volumes certified under the Roundtable on Sustainable Palm Oil.
- Only about 1% of global soybean production is certified under the Round Table on Responsible Soy.

In some good news, **technological solutions** are accelerating, and interventions are trending toward **regulation and multisector collaboration**.

Uptake of supply chain management tools are accelerating:

- Advancements in **Geographical Information Systems and traceability technologies** have led to greater adoption of deforestation risk assessments and traceability systems.

Jurisdictional and landscape interventions are gaining traction.

- Stakeholders are recognizing the need for **collaboration** across sectors and entire geographies.
- Jurisdictional approaches are **public-private partnerships** that aim to de-risk finance arrangements, advance land-use planning, clarify tenure, and facilitate largescale uptake of sustainable practices.
- So far, these are promising, but it is **too early** to assess their effectiveness.

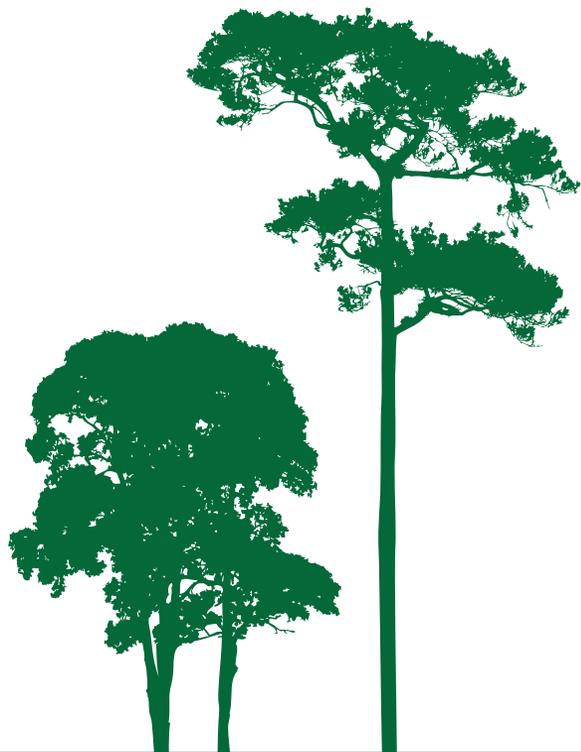
Due diligence and demand-side policies show promise.

- In the last few years, European countries have adopted promising policies around **due diligence in forest risk supply chains**.
- Governments of major consumer countries are adopting policies to **eliminate imported deforestation** driven by these commodities. Examples include the Environment Act in the UK and the EU proposed due diligence regulation.





We need to accelerate and scale efforts to end agriculture-driven deforestation.



Governments should:

- Require financial, public- and private-sector actors to **disclose the forest risks and benefits of their investments**, such as those in the production of forest-risk commodities.
- Evaluate the impacts of **fiscal policies and incentives** in agriculture sector to promote forest protection goals.
- Promote and scale **public-private partnerships** that actively involve local communities and indigenous peoples through inclusive processes to protect forests and other ecosystems.
- **Align trade policies** and ensure effective enforcement of import regulations including due diligence requirements aimed at reducing deforestation in commodities.

Private sector actors (companies and financial institutions) should:

- **Improve transparency** through supply chain and forest monitoring and open and accessible data on risks and mitigation efforts to end deforestation.
- Scale and accelerate **implementation of landscape and jurisdictional programs** in key commodity sourcing regions.
- Scale and accelerate **engagement with smallholder farmers** to promote sustainable land-use practices.