

# EXECUTIVE SUMMARY

**WE ARE IN A CRISIS:** The forest ecosystems that support a liveable climate, invaluable biodiversity, thriving economies, and intangible cultural importance remain under massive pressure. Standing forests are essential for limiting global warming to 1.5°C. Yet, the world remains off track to reach the goals of halting and reversing deforestation and forest degradation by 2030.

In 2022, global gross deforestation reached 6.6 million hectares worldwide and was 21 percent higher than needed to eliminate deforestation by 2030. The loss of primary tropical forests reached 4.1 million hectares and is even further off track—the loss was 33 percent higher than the needed trajectory to halt primary forest loss by the end of the decade. This backslide puts forest goals even farther out of reach after the small but insufficient progress made in 2021.

Forest regrowth in tropical deforested areas has increased steadily over the past four years, demonstrating the great capability of forests to recover from disturbances. Regrowth is certainly positive, but the ecological conditions characterizing mature forests may take decades to be reestablished. While there is evidence that restoration is scaling up globally, tracking progress is hindered by the glaring lack of transparency on public and private efforts to restore forests across the world.

Several regions continue to lose high integrity forests at alarming rates. These include non-tropical and tropical Latin America, non-tropical Africa, as well as boreal and temperate forests in North America and Europe. Comprehensive data on forest degradation, especially in many northern forests, remains insufficient to adequately assess progress and inform needed action.

**HOPE IS NOT LOST:** Well over 50 countries are on track to eliminate deforestation within their borders by 2030. For instance, in tropical Asia, the only region that is close to the pathway for achieving zero gross deforestation, Indonesia and Malaysia have achieved sustained reductions in deforestation. Both developed and developing countries have demonstrated the transformative power of political will and dedicated action. Their efforts have led to dramatic and, in some cases, sustained reductions in deforestation rates.

**PROFOUND CHALLENGES REMAIN:** Unfortunately, these individual successes cannot outweigh the massive forest loss and degradation underway across critical forest ecosystems. Further, one country's progress cannot be disentangled from another country's ecological crisis. Reduced deforestation in one geography may be due to the outsourcing of forest-risk commodity production and subsequent leakage of deforestation to other countries and ecosystems. In a globalized economy, all countries bear the responsibility of addressing continued forest loss.

**WE MUST FACE A STARK REALITY:** The world simply cannot sustain its “business-as-usual” exploitation and destruction of forests. Economic systems that rely on natural resource extraction and consumption have already destabilized six of the nine planetary boundaries that comprise the Earth's life support system, including the boundary for land use.<sup>1</sup>

Leading countries and companies have set the pace; the rest of the world must follow their example. Without a widespread, transformative embrace of alternative development models, the world will not meet its ambitious goals for sustainable development, climate, and forests.

## **Governments must re-define “business-as-usual” for forests:**

They must build a regulatory and fiscal environment that mandates corporate action, disclosure, and accountability for forests; that incentivizes the protection, sustainable management, and restoration of forests; and that encourages voluntary efforts to pioneer alternative economic approaches that recognize the true value of standing forests.

**MONEY TALKS:** Following the money makes it painfully clear that forest goals are still given low priority. Globally, only USD 2.2 billion in public funds are channeled to forests every year—a negligible fraction compared to other global investments. In fact, it would not even cover the cost of two football stadiums: Tottenham Hotspur Stadium in London cost about USD 1.1 billion to complete;<sup>2</sup> and the budget for the ongoing renovation of Camp Nou stadium in Barcelona comes to USD 1.6 billion.<sup>3</sup>

Developed countries have announced dozens of initiatives to support ending tropical deforestation—yet the incentives provided by these programs are not nearly enough to overcome the challenges of reaching forest goals. Most developing countries still need significant support to initiate the bold reforms required to reconcile their development pathways with forest goals.

At the same time, many developed countries also struggle to adequately protect their forests at home. Subsidies and regulations allow, and even encourage, forest management and extraction that degrades forest quality, even in irreplaceable primary and old-growth forests.

And the sad fact remains that many commitments to protect the rights of Indigenous Peoples (IPs) and local communities (LCs), including land tenure and free, prior, and informed consent, are still just lip service. IPs and LCs receive a mere fraction of the finance they need to secure their rights and effectively steward their territories. Meanwhile, these communities are consistently subject to violence and criminalization when protecting their lands, even as they are most directly harmed by forest destruction.

## **THERE IS A YAWNING GAP BETWEEN CURRENT AND NEEDED FINANCE FOR FORESTS.**

**Financial institutions, companies, and governments must put their money where their mouth is:** Invest in activities that nurture forests, not destroy them. And invest directly in the most effective forest stewards: Indigenous Peoples and local communities.

**RESPONSIBILITY MUST BE SHARED:** All countries share the responsibility to turn the tide on the unfolding tragedy of lost and degraded forests. Some geographies have demonstrated what it takes to make a difference: Brazil's turn to increased enforcement and the rapid shift on Amazon deforestation in 2023, for example, or the European Union's striking advancements in both domestic and international forest policy.

Within the private sector, a small group of company leaders have, with the support of civil society, pioneered best practices like supply chain monitoring and traceability and supplier engagement to mitigate and reduce their exposure to deforestation and ecosystem conversion in their supply chains. It is possible for the private sector to change its business-as-usual practices at a meaningful scale.

Financial institutions are increasingly recognizing and acting on the risks of exposure to deforestation, degradation, and ecosystem conversion through their investments - both the risks to their business, and the negative impact they can have on people and the environment.

And yet, the overall impact of all of these leaders remains extremely limited. They only control a small share of the global market and resources. The majority of major companies in forest-risk commodity supply chains assessed by Forest 500 have no clear, comprehensive, or ambitious policy to eliminate deforestation from their supply chains. The majority of financial institutions have no forest risk policy covering their lending and investments. In 2022 alone, Forest 500 estimates that private financial institutions provided USD 6.1 trillion to companies most at risk of driving tropical deforestation through agricultural commodity production. Despite many ambitious pledges, many companies and governments have made limited efforts to advance forest goals.

The majority of governments, companies, and financial institutions who have done little or nothing have also, so far, escaped accountability. There is a systemic lack of data and transparent reporting on forests, from data on forest degradation in temperate and boreal forests and restoration progress globally, to proactive reporting on activities and outcomes by actors who have made forest pledges.

**WITHOUT DATA AND TRANSPARENCY, PROGRESS WILL REMAIN DIFFICULT—AND ACTORS WILL NOT BE HELD ACCOUNTABLE FOR THEIR PROMISES.**

**Governments, companies, and financial institutions must shine the spotlight on themselves:** They must invest in data collection, active monitoring, and transparent, proactive reporting on the state of forests and ecosystems, on their plans and strategies to align their economic and development priorities with forests, and on their progress in implementing forest pledges.

**THE FOREST DECLARATION ASSESSMENT PARTNERS HAVE SAID IT BEFORE:** Nothing less than a radical transformation of development pathways, finance flows, and governance effectiveness and enforcement is required to shift the world's trajectory to achieve the 2030 forest goals.

Our economic models must be re-structured to value forests for the benefits that they provide over the long term, rather than for the superficial and short-term gain that comes with clearing them.

IPs and LCs have consistently demonstrated the effectiveness of alternative models of development and forest management. Leading countries, companies, and financial institutions have shown that change in policies and practices is possible.

**THE WHOLE WORLD MUST FOLLOW THEIR LEAD TO REDEFINE “BUSINESS-AS-USUAL” AND SHIFT THE GLOBAL TRAJECTORY TO 2030.**

<sup>1</sup>Richardson, K., et al. (2023). Earth beyond six of nine planetary boundaries. *Science Advances*, 9(37), eadh2458. <https://doi.org/10.1126/sciadv.adh2458>.

<sup>2</sup>StadiumDB: Tottenham Hotspur Stadium.

<sup>3</sup>Mallick, A. (2023, September 13) "Barcelona's Estimated Stadium Revenue from the new Camp Nou." *TechnoSports*.