2030 GLOBAL FOREST VISION

PRIORITY ACTIONS FOR DEFORESTATION- AND CONVERSION-FREE FINANCE

Aligning private financial flows with global forest goals

September 2025

A global shift is underway toward resilient land use systems that are productive while being deforestation- and conversion-free (DCF), and that regenerate rather than deplete nature. This transition is essential to de-risk supply chains; meet climate, biodiversity, and development goals; and unlock new opportunities for sustainable growth.

The following Priority Actions provide guidance for three key groups—policymakers, financial regulators, and financial institutions—who are uniquely positioned to drive economy-wide change at the speed and scale required. These Actions are scientifically grounded, aligned with global frameworks, and already being implemented to reduce risk, support farmer livelihoods, meet rising food demand, and strengthen economic resilience.

Developed through extensive multi-stakeholder engagement and a review of successful policies and practices, these Actions contribute to a collective 2030 Global Forest Vision and complement previously published Priority Actions for Governments. Endorsing organizations include:

AMBITION LOOP

CDP

Ceres

CIFOR

World Agroforestry

CLIMATE FOCUS

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Forest Declaration Assessment

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Global Canopy

IGES Institute for Global Environmental Strategies

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SAN Sustainable Agriculture Network

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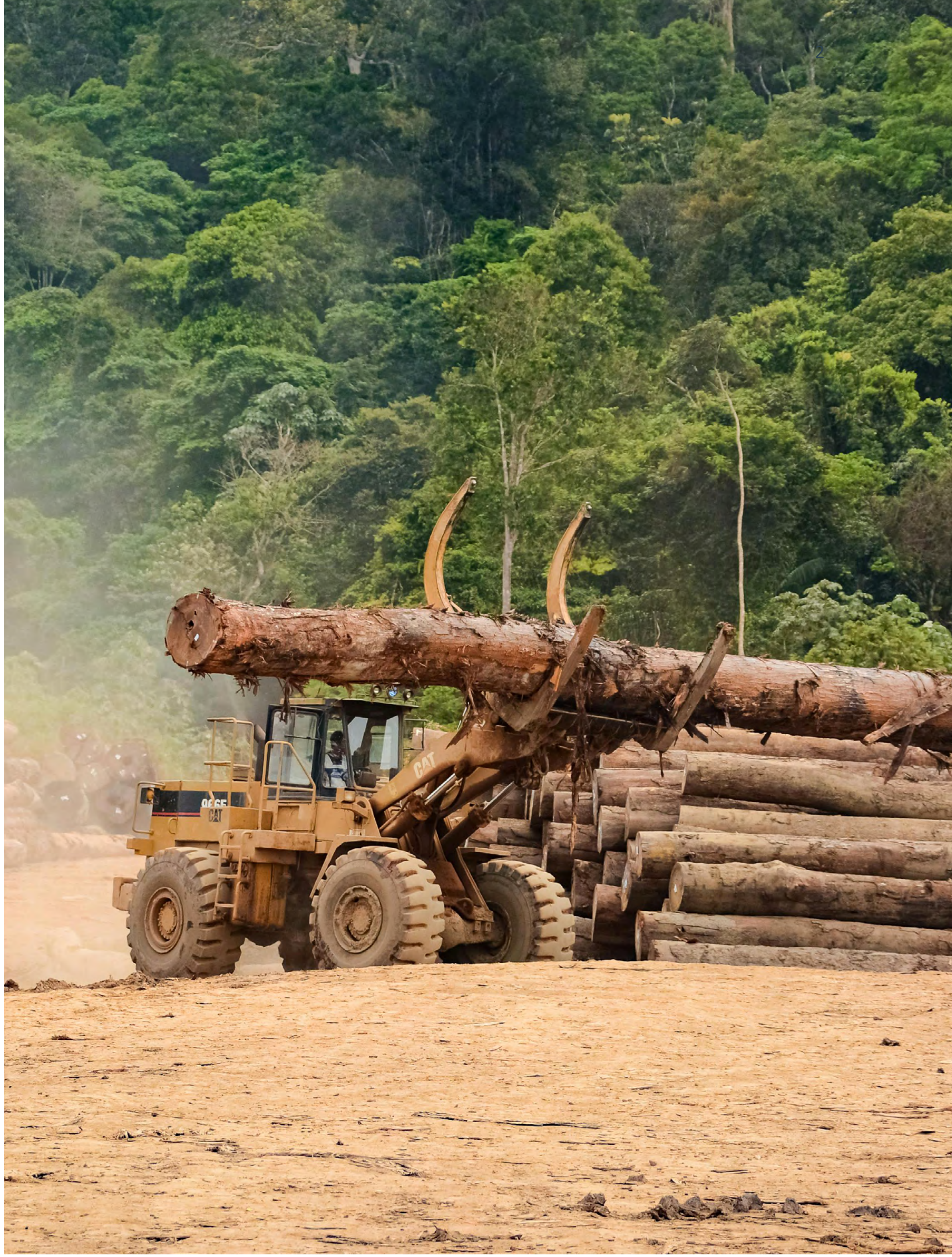

The ongoing loss and degradation of nature poses mounting risks to global economic and social well-being. Financial actors – from policymakers, to central banks and financial supervisors, to financial institutions – must take bold action to align private financial flows with deforestation- and conversion-free goals:

POLICYMAKERS

must align fiscal policy, financial oversight, and international finance with global goals to halt and reverse deforestation and ecosystem conversion.

1. Align fiscal policy and economic planning
2. Enable financial system transition
3. Deploy catalytic public finance for forests
4. Break the debt–deforestation cycle

CENTRAL BANKS AND FINANCIAL SUPERVISORS

must embed deforestation and ecosystem conversion risks into financial oversight to safeguard systemic stability and accelerate nature-positive transitions.

5. Issue supervisory expectations and risk management guidance
6. Strengthen disclosure and transparency requirements
7. Assess and adapt to systemic risks
8. Lead by example in reserve and monetary policy

FINANCIAL INSTITUTIONS

must scale capital flows to take advantage of growing markets, manage deforestation risks, and support corporate transitions to nature-positive business models.

9. Strengthen portfolio resilience and support corporate transition
10. Advocate for enabling policy frameworks
11. Allocate capital to sustainable agriculture and land use

PRIORITY ACTIONS FOR DEFORESTATION- AND CONVERSION-FREE FINANCE

Aligning private financial flows with global forest goals

The enduring forest imperative

Nature underpins every aspect of the global economy. Forests play a vital role, regulating climate, protecting water and soil, and supporting supply chains. Degradation of forests and other ecosystems raises risks and costs for communities, businesses, and financial institutions, undermining the resilience of the global economy. In 2024 alone, a record-breaking 6.7 million hectares of tropical primary forests were lost. Agricultural land conversion—the leading cause of deforestation over the last two decades—is also the second-largest source of global emissions.

The science is clear: halting deforestation, forest degradation, and ecosystem conversion is essential to meet climate and nature goals. Forest loss accelerates climate change, disrupts supply chains, and pushes ecosystems like the Amazon toward irreversible tipping points. Significant financial impacts from nature loss have already materialized. The cost of inaction is rising, while the window to act is narrowing.

But this is also a moment of opportunity. Forests provide up to USD 150 trillion in ecosystem services, and supporting their conservation is a strategic investment in long-term economic, social, and ecological stability, sustainability, and inclusive prosperity. Farmers are proving that more productive, resilient land use systems—which meet demand without further ecosystem conversion—are viable and increasingly profitable. Capital is flowing into solutions that offer durable, deforestation-free returns, and smart investments are already shaping future markets.

Coordinated action: policymakers, supervisors, and financial institutions

The Global Stocktake has made it clear: ending deforestation and forest degradation by 2030 is a global imperative. Achieving this requires aligning financial flows—especially private finance—with deforestation- and conversion-free (DCF) goals.

This alignment requires coordinated actions across the economy, especially from three key groups:

Policymakers: Provide foundational signals—through regulation, fiscal incentives, and long-term planning—that enable private sector action. By aligning policy, planning, and public finance with DCF goals, they can catalyze systemic shifts to redirect private finance at scale.

Central banks and financial supervisors: Translate policy signals into enforceable rules and expectations, ensuring that nature-related risks are priced and managed across the financial system. By embedding DCF objectives into prudential regulation and supervisory practice, they safeguard stability.

Financial institutions: Respond to signals and requirements by reshaping capital allocation and engaging clients, thereby enabling successful company transitions and financing sustainable, deforestation- and conversion-free supply chains.

These actors have outsized influence and can catalyze rapid, economy-wide transformation. When they move together, they can shift markets, de-risk investment, and mainstream DCF practices.

2025 is a critical year to scale action. The transition to DCF economies is not only necessary—it's already underway. With attention turning to the next round of Nationally Determined Contributions (NDCs), now is the time to accelerate progress and lock in systemic change.

PRIORITY ACTIONS FOR POLICYMAKERS

Align fiscal policy, financial oversight, and international finance with global goals to halt and reverse deforestation and ecosystem conversion.

The Coalition of Finance Ministers for Climate Action has been instrumental in advancing the understanding finance ministries' essential role in addressing nature-related financial risks and advancing relevant policy responses. The priority actions presented here build upon the Coalition's landmark report outlining essential policy steps, including fiscal reform, subsidy alignment, disclosure, and integration of nature into macroeconomic modelling—supporting implementation of the United Nations Convention on Biological Diversity Kunming-Montreal Global Biodiversity Framework (GBF).

1. Align fiscal policy and economic planning

Why

Public finance is a powerful lever for systemic change, but many fiscal frameworks still incentivize deforestation through harmful subsidies, tax misalignments, and investments in harmful practices. These practices undermine climate and biodiversity goals, increase disaster risk, and erode natural capital.

Investors are also increasingly concerned about exposure to forest-risk commodities—such as beef, soy, palm oil, and timber—as well as the loss of ecosystem services like water regulation and climate stability. These risks are material, harder to avoid through portfolio diversification, and more likely to trigger regulatory and reputational consequences.

Reforming fiscal policy to align with deforestation and conversion goals can redirect private investment into sustainable and stable activities, strengthen resilience, and support global climate and biodiversity targets, as outlined by the Coalition of Finance Ministers for Climate Action.

How

- **Reform subsidies:** Conduct forest-impact reviews of subsidies in agriculture, infrastructure, and extractives. Repurpose harmful subsidies in line with Target 18 under the GBF. Some countries have made progress on agricultural subsidy reform toward nature-positive practices; such reforms should be mainstreamed.
- **Make fiscal policy nature-positive:** Embed forest-related risks and DCF targets into public spending, taxation, and borrowing.
  - Spending: Prioritize forest risk prevention (e.g., fire prevention) and restoration, and establish DCF safeguards for public investments such as sovereign wealth funds.
  - Taxation: Use differentiated rates or credits for verified DCF supply chains, and strengthen enforcement of existing tax and revenue policies that disincentivize unsustainable practices.
  - Borrowing: When issuing sovereign loans or bonds, exclude activities that drive deforestation and conversion from eligible financed uses.
- **Provide long-term signals:** Integrate deforestation reduction targets and incentives in national development plans, develop sector-linked nature positive pathways to guide private investment—including safeguards for foreign direct investment—while aligning with national climate and biodiversity plans. Governments are beginning to demonstrate coherence between Low Emission Development Strategies, Nature Positive Pathways, NDCs, and National Biodiversity Strategies and Action Plans (NBSAPs).

Case studies

China: Through its Eco-Compensation Mechanism, China is phasing out subsidies for extractive practices in ecologically fragile areas and replacing them with direct payments for ecosystem services, including forest restoration.

European Union: Under the Common Agricultural Policy (2023–2027), the EU links direct farm payments to "eco-schemes" that reward sustainable land management and climate-friendly practices.

Brazil: The Ecological Transformation Plan (2023) aligns public credit lines with deforestation-free production, supporting sustainable agriculture through technical assistance and concessional finance.

Bhutan: Integrates nature-based solutions across its NDCs, NBSAPs, and adaptation plans, supported by the Bhutan Climate Fund.

2. Enable financial system transition

Why

Mandatory, harmonized disclosure is the foundation of a DCF financial system. It reduces investors' uncertainty and allows them to steer capital toward sustainable activities. However, mandatory disclosure remains largely unimplemented. Without legislation, voluntary approaches are slow and inconsistent, hiding deforestation risks and delaying the necessary financial system transition.

How

- **Mandate nature-related disclosure:** Require companies and financial institutions to disclose dependencies, impacts, risks, and opportunities, including DCF-specific metrics, with the aim of enabling robust due diligence and nature-positive transitions.
- **Demand double materiality:** Ensure sustainability reporting includes both financial and impact materiality.
- **Set supervisory expectations:** Require central banks and regulators to assess and manage macroeconomic risks linked to deforestation and ecosystem conversion.

3. Deploy catalytic public finance for forests

Why

Transforming land use and food systems requires private capital at scale, but investors are wary of early-stage and high-risk activities. Concessional and risk-tolerant public finance is the catalyst that can close this gap, by absorbing risks, lowering costs, and signaling long-term commitment. Without public investment, the financial system transition will stall. The costs of inaction far outweigh the investments needed for prevention and resilience.

How

- **Deploy pro-farmer concessional capital:** Use public finance to absorb early-stage risks and crowd in private investment, e.g., via innovative government-backed catalytic finance such as the Catalytic Capital for Agricultural Transition (CCAT) and Ecoinvest. Such investments make it more affordable for farmers to conserve and sustainably manage forests and to rehabilitate degraded land, rather than relying on forest conversion to new farmland.
- **Support the Tropical Forests Forever Facility (TFFF):** Provide long-term sovereign sponsorship or investment to unlock low-cost forest finance, including direct access to finance for Indigenous Peoples and local communities.
- **Accelerate REDD+:** Scale up results-based finance with higher unit prices and increased implementation funding including at a jurisdictional scale to crowd in private investment and reward high-integrity forest protection.

4. Break the debt–deforestation cycle

Why

High debt burdens in forest-rich countries drive short-term revenue generation through resource exploitation, accelerating deforestation and reducing resilience. This vicious cycle undermines development and fiscal stability. Addressing unsustainable debt can also unlock fiscal space that attracts and enables DCF-aligned private investment, reinforcing broader transformative shifts.

How

- **Restructure or cancel unsustainable debt:** Work with multilateral development banks (MDBs) to reduce pressure to finance debt service through deforestation, enabling long-term investment in nature and human development.
- **Recognize the multidimensional value of forests:** Acknowledge the ecological, social, cultural, and climate functions of forests, and integrate them as essential and irreplaceable assets within debt sustainability frameworks. Take a precautionary approach to valuation of forests that safeguards rather than commodifies forests.
- **Shift MDB lending:** Reduce harmful lending practices and prioritize long-term, transformational initiatives that support DCF goals.

Case studies

Indonesia: In 2009, under the Tropical Forest Conservation Act, the U.S. cancelled nearly USD 30 million in debt, redirecting funds to local non-governmental organizations (NGOs) for forest fire prevention and peatland protection in Kalimantan and Sumatra.

Costa Rica: The Payments for Environmental Services (PES) program integrates ecosystem services into fiscal planning, attracting concessional finance and supporting forest conservation through direct payments to landowners.

International Monetary Fund (IMF) Resilience and Sustainability Trust: Provides concessional financing linked to climate and nature reforms. Barbados and Costa Rica are early beneficiaries, directing funds toward resilience and sustainable land use.

PRIORITY ACTIONS FOR CENTRAL BANKS AND FINANCIAL SUPERVISORS

Embed deforestation and ecosystem conversion risks into financial oversight to safeguard systemic stability and accelerate nature-positive transitions.

5. Issue supervisory expectations and risk management guidance

Why

Deforestation and conversion drive climate change and nature loss, creating interconnected physical and transition risks that affect the broader economy. Financial institutions are exposed directly, via forest-risk commodity financing, and indirectly, as ecosystem degradation undermines economic stability. Voluntary action has fallen short; without clear supervisory expectations and technical guidance, institutions risk under-pricing these threats and contributing to systemic instability.

How

- **Require portfolio risk management:** Mandate integration of deforestation and conversion risks into financial institutions' risk assessments and management systems. Consider mandatory application of risk factors for deforestation-linked assets in capital and liquidity frameworks, and accounting for deforestation and conversion within tools such as capital requirements and credit guidance.
- **Set policy expectations:** Require DCF policies and integration of nature-related risks into credible transition plans aligned with global frameworks (e.g., Paris Agreement, GBF).
- **Provide technical guidance and build capacity:** Issue sector-specific instructions for integrating forest-related risks into governance, credit evaluation, and capital planning—especially in high-risk sectors like agriculture and mining. Support a rapid increase in knowledge and skills on nature-related risks and dependencies across financial markets and regulators.

6. Strengthen disclosure and transparency requirements

Why

Transparent disclosures are essential for informed decision-making and market discipline. Yet existing climate disclosure frameworks often exclude nature and developing separate frameworks risks duplicating effort and placing additional burden on financial institutions. Without standardized, integrated, and mandatory reporting, nature-related risks remain hidden—undermining financial stability and delaying systemic change.

How

- **Mandate nature-related disclosures:** Require financial institutions to report on dependencies, impacts, risks, and opportunities (DIROs), including deforestation and conversion, using frameworks like the Taskforce on Nature-related Financial Disclosures (TNFD) and the International Sustainability Standards Board (ISSB).
- **Ensure double materiality:** Disclosures must reflect both financial and impact materiality.
- **Enable system-wide monitoring:** Standardize data collection to support aggregate risk tracking and adaptive policy design.

7. Assess and adapt to systemic risks

Why

Deforestation can amplify climate risks, disrupt commodity markets, and affect inflation and growth—all core concerns for central banks. Understanding macro-level exposure is essential to maintaining financial stability.

How

- **Monitor systemic exposure:** Invest in research and data platforms to track nature-related risks across the financial system.
- **Use existing tools:** Apply scenario analysis and environmental stress testing to assess forest-related risks in central bank portfolios.

8. Lead by example in reserve and monetary policy

Why

Central banks' own portfolios may be exposed to forest-risk commodities or sovereign issuers with poor forest governance. These exposures undermine their mandates and send conflicting market signals.

How

- **Align reserve asset portfolios:** Assess and report exposure to deforestation-linked assets. Tilt portfolios toward issuers with strong forest governance.
- **Integrate DCF** into monetary policy: Set eligibility criteria for asset purchases and collateral frameworks that reflect DCF goals. Adjust haircuts and concentration limits to reduce exposure.
- **Apply proven tools:** Use environmental stress testing and scenario analysis to guide forward-looking strategies.

Case studies

Federal Reserve Bank of New York: Developed climate stress tests to assess macroprudential risks, incorporating feedback loops and compound risk scenarios. The study emphasizes the need for dynamic modelling and market-based approaches.

European Central Bank (ECB): Conducted a 2022 climate risk stress test across 41 banks, assessing exposure to transition and physical risks (e.g., floods, droughts). Found EUR 70 billion in potential losses and identified major data gaps. The ECB has announced that it will incorporate a climate risk factor in its collateral framework.

Bank of England (BoE): Alongside the Department for Environment, Food and Rural Affairs (DEFRA) and Green Finance Institute (GFI), commissioned a study to quantify the materiality of nature-related financial risks to the UK economy. The analysis includes scenario modelling of nature degradation impacts on financial stability and gross domestic product.

Banque de France: Published a conceptual framework with & Network for Greening the Financial System (NGFS) for assessing nature-related financial risks, including illustrative cases on the Amazon and Colorado River Basin.

Banco Central do Brasil (BCB): Established a rural credit policy through which subsidized rural credit is linked to compliance with environmental regulations and land tenure laws, reducing pressure on deforestation. WWF published a case study with BCB with guidance for central banks and financial supervisors on tackling deforestation.

Comissão de Valores Mobiliários (CVM): The Brazilian Securities Regulator issued resolutions in 2024 making sustainability disclosure standards mandatory from 1 January 2026. The standards are based on IFRS S1 and IFRS S2 and cover both general sustainability-related information and climate disclosures. The resolutions also update assurance requirements and disclosure deadlines, positioning Brazil among the first major emerging economies to embed ISSB-aligned sustainability reporting into its regulatory framework.

PRIORITY ACTIONS FOR FINANCIAL INSTITUTIONS

Scale capital flows to take advantage of growing markets, manage deforestation risks, and support corporate transitions to nature-positive business models.

9. Strengthen portfolio resilience and support corporate transition

Why

Deforestation and ecosystem conversion pose rising regulatory, financial, and reputational risks. These are increasingly material and hard to avoid through diversification, especially with tightening regulations and climate litigation. Financial institutions must tackle commodity-driven deforestation and conversion in their portfolios by assessing exposure, embedding DCF criteria into governance and client or portfolio company relationships, and setting transition targets to protect long-term value. Large companies from 40 different countries have identified and quantified USD 57.8 billion in anticipated financial effects of deforestation.

How

- **Assess exposure & set targets:** Understand and assess forest-risk exposure both quantitatively and qualitatively, including exposure to associated human rights violations; and set time-bound DCF targets in transition plans.
- **Embed governance:** Adopt a strong DCF policy, and assign board-level responsibility. Begin to re-define fiduciary duty to integrate DCF objectives to ensure long-term, resilient value for shareholders.
- **Engage & enforce:** Support successful company transitions through structured engagement approaches, include DCF clauses in agreements, conduct due diligence, escalate non-compliance, and employ collaborative initiatives (e.g., Finance Sector Deforestation Action Initiative and Deforestation Investor Group, PRI Spring, Nature Action 100, Midstream Soft Commodity Traders Company Investor Engagement Framework).
- **Disclose progress:** Publish annual updates on progress and risk exposure via recognized platforms like CDP, in line with best practice guidance and with third-party assurance.

10. Advocate for enabling policy frameworks

Why

Verified DCF commodities support compliance and market access, but require enabling conditions. Financial institutions can help shape stable, incentive-rich environments that reduce investment risk.

How

- **Leverage public–private platforms:** Join initiatives like the Investor Policy Dialogue on Deforestation (IPDD) to coordinate sovereign engagement and amplify investor influence.
- **Engage in policy dialogues:** Participate in national and subnational forums to co-develop incentives such as tax benefits and land tenure security.
- **Publish policy positions:** Signal market expectations and support regulatory ambition by publicly endorsing policies like nature risk disclosure and mandatory due diligence for supply chains and financial institutions, sustainable taxonomies, and nature-positive pathways.

11. Allocate capital to sustainable agriculture and land use

Why

Sustainable agriculture, resilient food systems and land use models are already improving productivity and resilience but remain undercapitalized—especially in high-risk regions. Blended finance and traceability systems can de-risk investment and unlock long-term returns. Institutions that act now can capture value in transforming commodity markets while supporting development, climate and biodiversity goals.

How

- **Participate in landscape-level dialogues:** Collaborate with public funders and local stakeholders to identify where and when grant, first-loss, or guarantee funding is needed to generate investment-ready opportunities—ensuring concessional finance is deployed effectively and in sync with investor demand.
- **Leverage available concessional capital:** Take advantage of public and philanthropic funding (e.g., Green Climate Fund (GCF), MDBs, national development banks) designed to absorb early-stage risks and make investment in sustainable agriculture commercially viable, particularly in frontier markets.
- **Accelerate pipeline development and help scale proven instruments:** Engage with incubators like the Action Agenda on Regenerative Landscapes (AARL), Earth Investment Engine, NbS Investment Platform, Nature Investment Lab, and Brazil Restoration & Bioeconomy Finance Coalition to reduce transaction costs and build investable projects. In parallel, expand the use of established financing instruments that already embed DCF criteria and monitoring, such as the Responsible Commodities Facility and other models under Innovative Finance for the Amazon, Cerrado and Chaco (IFACC).

Case studies

Aviva: As a member of the Finance Sector Deforestation Action initiative, assessed deforestation risks across portfolios, mapped supply chains, and engaged 300+ companies. Aviva has also committed GBP 100 million to nature-based carbon removal, including a GBP 38 million investment to restore rare British temperate rainforests—expected to remove 800,000 tonnes of CO_2 and enhance biodiversity and flood resilience.

Schroders: Committed to deforestation-free portfolios by 2025 and developed an internal deforestation scorecard to guide engagement with 20 priority companies, including commodity traders. Schroders is rolling out a targeted engagement programme to push companies to strengthen their commitments to eliminate commodity-driven deforestation, as part of its broader Engagement Blueprint focused on natural capital and biodiversity.

Rabobank: Uses blended finance tools like Agri3 and Carbon Bank to support regenerative agriculture and smallholders.

Global TNFD Adoption: Over 100 financial institutions, including 7 G-SIBs, have committed to adopting TNFD-aligned nature-related disclosures. As part of the global Nature Positive for Climate Action call to action, businesses and financial institutions are advancing actions such as adopting nature-related targets and disclosures.

IFACC: 24 financial institutions and agribusinesses have collectively disbursed USD 498.7 million since IFACC launched. In 2024 alone, disbursements totaled USD 244.1 million. To date, this financing has supported 341,434 hectares of sustainable expansion of soy production and cattle production intensification, 1,754 hectares of agroforestry systems, 739 hectares of ecological restoration, and 55,613 hectares of native vegetation protection beyond legal requirements.

ABOUT

The 2030 Global Forest Vision brings together civil society and research organizations around transformative actions to halt and reverse deforestation and ecosystem conversion by 2030. It provides a shared framework to align diverse actors and identify where immediate action is most needed.

The Priority Actions are the building blocks of the Vision—concise, targeted recommendations that translate global goals into actionable steps for specific stakeholder groups. The present set, focused on Deforestation- and Conversion-Free (DCF) Finance, offers concrete guidance for policymakers, central banks and financial supervisors, and financial institutions to align finance flows with global forest and climate goals.

This document builds on findings from the annual *Forest Declaration Assessment* and other key reports, and has been refined through consultation and collaboration with civil society organizations worldwide.

To learn more about the 2030 Global Forest Vision, visit: www.forestdeclaration.org/vision.

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