

FOREST DECLARATION ASSESSMENT 2026

Tracking progress on 2030 forest goals

October 2026



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ABOUT THE FOREST DECLARATION ASSESSMENT

The Forest Declaration Assessment is an independent, collaborative initiative led by a coalition of civil society organizations and researchers, known as the Forest Declaration Assessment Partners. Since 2015, the Assessment has published annual updates on progress toward global forest goals. All findings undergo a rigorous peer review process conducted by experts across the globe.

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Acronyms and abbreviations

ADP	Afro-descendant Peoples
AGC	Above-ground carbon
ART-TREES	Architecture for REDD+ Transactions – The REDD+ Environmental Excellence Standard
ASM	Amazon Soy Moratorium
BIOFIN	Biodiversity Finance Initiative
BRL	Brazilian real
BTR	Biennial transparency report
CMSI	Consolidated Mining Standard Initiative
COP	Conference of the Parties
CSRD	Corporate Sustainability Reporting Directive
DCF	Deforestation- and conversion-free
DF	Deforestation-free
EU	European Union
EUDR	European Union Deforestation Regulation
FAO	Food and Agriculture Organization of the United Nations
FCLP	Forest and Climate Leaders' Partnership
FCPF	Forest Carbon Partnership Facility
FLAG	Forest, land, and agriculture targets under the SBTi
FLII	Forest Landscape Integrity Index
FM	Forest management
FPIC	Free, prior, and informed consent
FSC	Forest Stewardship Council
GDP	Gross domestic product
GtCO₂e	Gigatonnes of carbon dioxide equivalent
ha	Hectare
ICMM	International Council on Mining and Metals
IFRS	International Financial Reporting Standards
IISD	International Institute for Sustainable Development
ILTC	Intergovernmental Land Tenure Commitment
INTERPOL	International Criminal Police Organization
IP	Indigenous Peoples
IRMA	Initiative for Responsible Mining Assurance
ISFL	Initiative for Sustainable Forest Landscapes
ISSB	International Sustainability Standards Board

J-REDD+	Jurisdictional REDD+
LAC	Latin America and the Caribbean
LC	Local communities
LEAF	Lowering Emissions by Accelerating Forest finance
LEAP	Law Enforcement Assistance Programme to Reduce Tropical Deforestation
L/JA	Landscape or jurisdictional approach
Mha	Million hectares
NDC	Nationally determined contribution
OECD	Organisation for Economic Co-operation and Development
OECM	Other effective area-based conservation measure
PEFC	Programme for the Endorsement of Forest Certification
REDD+	Reducing emissions from deforestation and forest degradation, and the conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
RSPO	Roundtable on Sustainable Palm Oil
SBTi	Science Based Targets initiative
SBTN	Science Based Targets Network
SUSBA	Sustainable Banking Assessment
SUSREG	Sustainable Financial Regulations and Central Bank Activities
tCO₂e	Tonnes of carbon dioxide equivalent
TFFF	Tropical Forests Forever Facility
TMF	Tropical Moist Forests data product from the European Commission's Joint Research Centre
TNFD	Taskforce on Nature-related Financial Disclosures
UK	United Kingdom
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNODC	United Nations Office on Drugs and Crime
U.S.	United States
USD	United States dollar
V-Dem	Varieties of Democracy
VSI	Voluntary sustainability initiative
ZSL-SPOTT	Zoological Society of London Sustainability Policy Transparency Toolkit

Introduction

In 2025, the world lost more than 7 million hectares of forest to deforestation. This marks an improvement on recent years, but it is set against a decade of stubbornly high loss – average annual deforestation since 2021 has topped 8 million hectares. In 2024, the latest year for which such data are available, at least 65.4 million hectares of forest worldwide lost ecological integrity due to anthropogenic factors. Both figures reflect a persistent gap between global ambitions to conserve and restore forests and enduring practices that keep destroying them. Despite repeated commitments from governments, companies, and financial institutions, the incentives shaping commodity production, infrastructure expansion, land use, and investment flows remain largely unchanged.

These challenges are unfolding in an increasingly complex global environment. Geopolitical instability, economic uncertainty, energy security concerns, armed conflict, shifting trade dynamics, and resource competition are reshaping how decisions about forests are made. These pressures crowd out forests and other natural ecosystems from political agendas and put strain on the long-term international cooperation required for their conservation and restoration.¹

With so many urgent concerns competing for attention, policymakers may ask: is forest protection still a priority? The answer is, and must be, **yes**. Prioritizing forests – keeping them standing while investing in their ecological health and restoration – is too often framed as a constraint on economic development, energy security, food production, or other national interests. In reality, forests underpin each of these priorities.²

Consider the Brazilian Amazon: evidence shows that after a brief period of GDP growth tied to initial forest clearing, further deforestation is associated with declining, not rising, economic performance.³ The loss of ecosystem services undermines the productive base on which local economies depend. A deforestation-free pathway, by contrast, could add USD 8.2 billion (BRL 40 billion) annually to the Amazon's economy by 2050, while creating durable jobs for local communities.⁴ Forests regulate climate, sustain water cycles, protect soils, and supply the resources on which economies depend.

Just as the benefits of forests extend far beyond forest boundaries, the consequences of deforestation and forest degradation are not confined to forests themselves. Inaction on forests will be felt in declining crop yields,⁵ as farmers contend with increasingly unreliable rainfall⁶ and degraded reservoir water quality.⁷ Cities and industries face growing competition for water,⁸ and energy systems reliant on stable river flows are becoming more vulnerable to disruption.⁹ Risks to human health rise with deforestation, a recognized risk multiplier for the transmission of disease between wildlife, livestock, and people.¹⁰ By accelerating climate change, deforestation and forest degradation also contribute to forced migration¹¹ and conflict,¹² as extreme weather and resource scarcity strain livelihoods and heighten competition for land, water, and food.

Deforestation and forest degradation are therefore not isolated environmental issues; they compound other risks to societies and economies. The cost of inaction is measured not only in hectares lost or degraded, but in weaker food security, reduced energy security, disrupted livelihoods, and heightened public health risks. Whether forests continue to function as stable components of the Earth system, or whether their loss accelerates a cascading ecological, social, and economic decline, will be determined in significant part by what happens between now and 2030.¹³

Conserving natural forests and restoring degraded landscapes – and other natural ecosystems – is therefore an investment in ecological, social, and economic resilience. For governments navigating an uncertain world, it is a strategic investment in natural infrastructure that underpins national security, energy security, and long-term prosperity.¹⁴ For businesses, it is a means to manage exposure to more than USD 50 trillion in nature-related risks, strengthen the resilience of operations and supply chains, and safeguard the ecosystem services that underpin short-, medium-, and long-term business value.¹⁵

The challenges facing forests are formidable, but the future of forests is not predetermined. The question is not whether forests matter – they do – but whether decisions, investments, and partnerships can match the scale of the pressures they face. This annual assessment report examines where progress is being made and where gaps remain. Securing a future for

forests will require action that is ambitious enough to match the challenge and equitable enough to endure.

HOW THIS REPORT ASSESSES PROGRESS

The Forest Declaration Assessment uses the phrase “2030 forest goals” to refer to the collective goals of halting and reversing deforestation and forest degradation globally, as established by international commitments such as the New York Declaration on Forests (2014), the Glasgow Leaders’ Declaration on Forests and Land Use (2021), and reaffirmed both in the First Global Stocktake (2023) under the Paris Agreement and in the Declaration of the high-level segment of the nineteenth session of the United Nations Forum on Forests (2024). It also refers to Target 2 of the Kunming-Montreal Global Biodiversity Framework, which calls for 30 percent of degraded ecosystems to be under effective restoration by 2030. This report applies that target specifically to degraded forests and deforested land.

The report tracks progress against these goals using a suite of indicators across four thematic areas, drawing on peer-reviewed literature and institutional reporting. Where possible, indicators are benchmarked against a linear pathway consistent with reaching the 2030 goal from a 2018-20 baseline and assessed as “on track” or “off track”. Additionally, where applicable, we report the “cumulative deficit of progress”, defined as the total area between the 2030-compatible pathway and the observed indicator values from 2021 onward. Assessments are made at the global level and, where data permit, disaggregated by region, forest type, and actor group. Full methods, indicator definitions, and data sources are set out in the Technical Annex.

Following this Introduction, the full report is organized around the four thematic areas.

- **Theme 1: Overarching forest goals** tracks headline indicators – such as deforestation, forest degradation, and restoration – to determine whether our societies and economies are on track to meet the 2030 goals.
- **Theme 2: Sustainable production** assesses whether supply chains, corporate actors, and regulatory frameworks are moving toward deforestation- and conversion-free and degradation-free production at the pace and scale required.
- **Theme 3: Forest finance** evaluates the volume, quality, and accessibility of public and private forest-aligned finance, with particular attention to the structural barriers that prevent capital from reaching forests and the communities that depend on them.
- **Theme 4: Forest rights and governance** examines whether the legal, institutional, and political conditions exist to ensure forests are governed justly and with adequate accountability for progress – and whether the rights, land tenure security, and voices of Indigenous Peoples, local communities, women, and other marginalized groups are being meaningfully upheld.

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THEME 1

OVERARCHING FOREST GOALS



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1. INTRODUCTION

Forests are being lost, degraded, and restored at uneven rates across the globe. Global deforestation fell 15 percent from 2024 to 2025, the sharpest year-over-year drop since the 2018-20 baseline. Yet, this bit of positive news comes after five years in which deforestation hardly budged. The cumulative deficit since 2021 is 10.7 million hectares – a forest area larger than Iceland that would still be standing if the world had been on track toward its goal of halting and reversing deforestation by 2030. This chapter examines forest loss, degradation, ecological integrity, and restoration in turn. Previewing and drawing from the other chapters in this report, it shows where recent gains reflect durable progress, and where they still depend on fragile, reversible policy choices.

2. FOREST LOSS

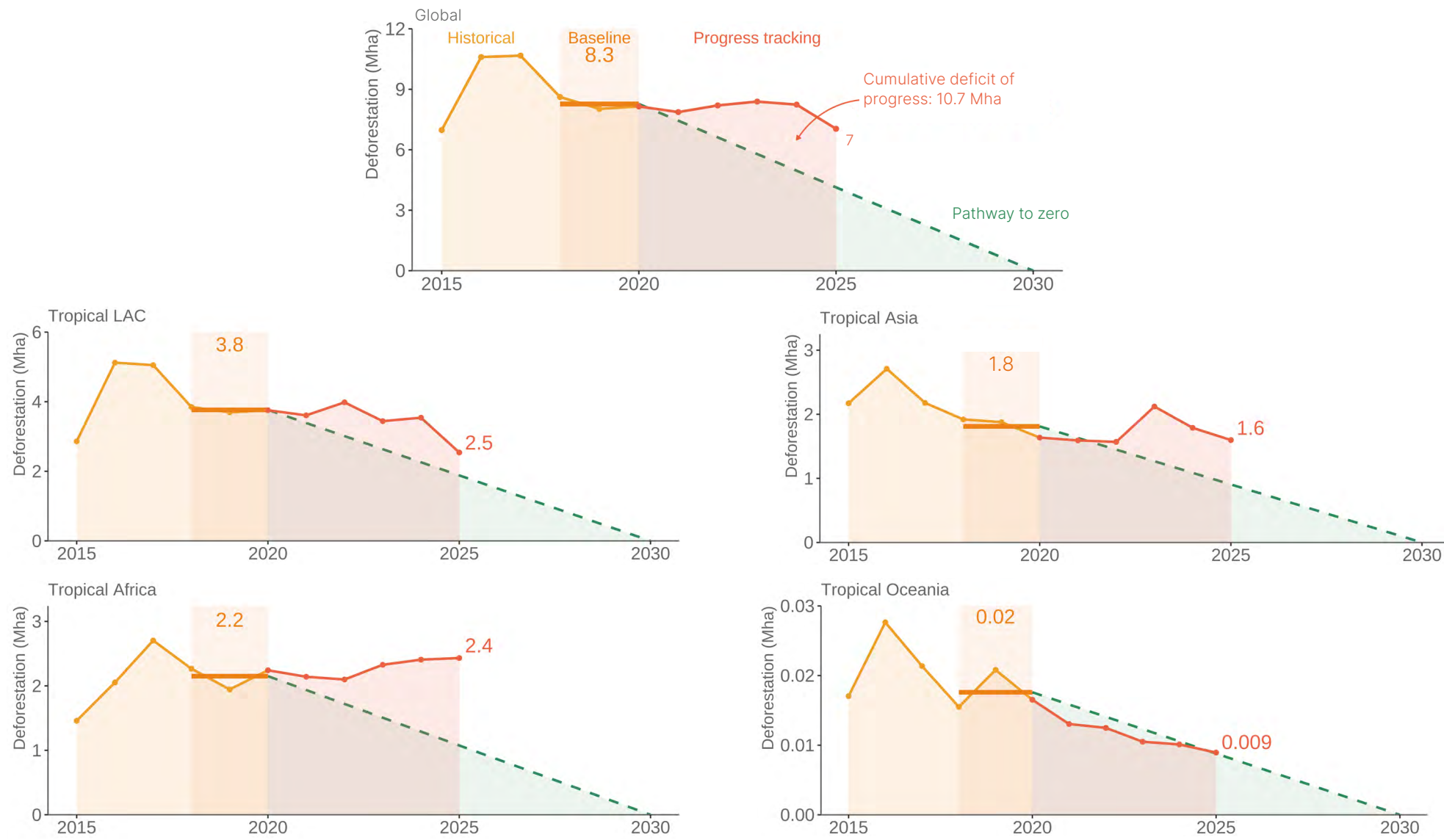
2.1 Deforestation

GLOBAL DEFORESTATION

Deforestation fell 15 percent in 2025, the sharpest drop since the beginning of the decade. Yet, five years of consistent annual rates of deforestation since the Glasgow Leaders' Declaration in 2021 have created a cumulative deficit of 10.7 million hectares. The relative progress in 2025, while welcome, likely reflects the results of short-term, reversible policy choices rather than durable structural shifts.

In 2025, just over 7 million hectares of forest were lost to deforestation (**Figure 1.1**), emitting 3.9 billion metric tons of carbon dioxide equivalent (GtCO₂e) into the atmosphere. Deforestation in 2025 declined 15 percent from 2024, the sharpest year-over-year drop in deforestation since the baseline period (2018-2020).

Figure 1.1. Global and regional deforestation from 2015-2025, in million hectares (Mha)



Note: Y-axis scales differ among regions.

Source: Own analysis using tree cover loss data (Hansen et al. 2013, updated through 2025) and drivers of tree cover loss (Sims et al. 2025, updated through 2025).

However, the world is still 70 percent off track from halting deforestation by 2030. Over the five years since world leaders pledged in 2021 to halt deforestation by 2030,^a deforestation levels have barely budged, meaning the world still faces a cumulative deficit in progress that one somewhat better year cannot offset. Since 2021, this cumulative deficit has reached 10.7 million hectares of deforestation – nearly equivalent to the land area of Iceland or Bulgaria. Further, the largely flat trajectory of deforestation from when commitments were made through 2024 shows that the level of progress made in 2025 is so far the exception, not the norm.

What these findings do demonstrate is that deforestation can fall rapidly when political will and enforcement align with forest commitments, as in Tropical Latin America and the Caribbean (LAC) and Tropical Asia in the past two years. However, as long as governance structures and economic incentives remain largely misaligned with forest goals, it is unlikely we will experience sustained, long-term progress to achieve them. The progress made between 2024 and 2025 reflects specific policy decisions in specific countries – such as Brazil – that remain vulnerable to political change, foreign pressure, and the backslide that can follow when efforts to preserve, restore, and sustainably use forest resources are discontinued.

REGIONAL DEFORESTATION

Regional trends diverged sharply in 2025. Tropical Latin America and the Caribbean cut deforestation to 33 percent below baseline, even as the Amazon nears a warming threshold that could trigger large-scale ecological transition. Tropical Africa's deforestation continued to rise, matching Tropical LAC in scale for the first time, while Tropical Asia stayed roughly flat with its structural drivers unresolved.

In 2025, deforestation trends across regions sharply diverged (see **Figure 1.1**).

Tropical LAC accounts for the largest absolute area of deforestation of any region but also showed the most significant progress in reducing deforestation from the baseline period: a 33 percent reduction in 2025

relative to the 2018–20 baseline. The future of the Amazon, however, remains uncertain. The Amazon is currently estimated to be about 17 percent deforested, although estimates vary by methodology.¹ A recent study suggests that, in the absence of deforestation, the Amazon could remain relatively stable under global warming of up to 3.7 to 4°C above pre-industrial levels. However, if 22 to 28 percent of the rainforest is deforested, warming of just 1.5 to 1.9°C could be enough to trigger a large-scale ecological transition, eventually transforming up to 80 percent of the forest into degraded woodland and savannah-like ecosystems.² The world is rapidly approaching 1.5°C of warming,³ a threshold that some projections suggest could be reached as early as 2029.⁴ Combined with the prospect of a “super” El Niño event, these trends are expected to put the resilience of the world's largest tropical rainforest under unprecedented strain.⁵

Deforestation in Tropical Africa continues to rise, driven by smallholder agricultural expansion, infrastructure development, and regulatory systems that lack either the capacity or the political mandate to redirect those pressures.⁶ For the first time in our time series, annual deforestation in Tropical Africa in 2025 was comparable in scale to that in Tropical LAC, at 2.4 million hectares and 2.5 million hectares, respectively.

Tropical Asia presents a more ambiguous picture. Deforestation remains roughly flat relative to the 2018–20 baseline (see **Figure 1.1**), with 1.6 million hectares lost to deforestation in 2025. This value represents a modest 12 percent decrease compared to the 2018–20 baseline. The two consecutive years of slight declines in Tropical Asia may suggest that the most acute peaks have passed, but that the structural drivers that prevented more drastic progress remain largely intact.

Tropical Oceania stands apart as the only tropical region to be on track with 2030 forest goals. The region represents only a very small fraction of global tropical forest area, meaning that relatively modest reductions in annual deforestation are sufficient for it to remain on track. Furthermore, human pressures on forested areas are relatively low in Tropical Oceania, while non-forest ecosystems have faced greater human pressures, both historically and more recently.⁷ In addition, on some Pacific islands, contemporary deforestation rates may not fully reflect long-term ecological dynamics: historical clearing, often combined with the impacts of introduced invasive species, has already substantially reduced or

^a Under the Glasgow Leaders' Declaration on Forests and Land Use, announced at UNFCCC COP26 in 2021, over 140 countries committed to halt and reverse forest loss and land degradation by 2030.

transformed forests and other natural ecosystems.⁸ Rapa Nui is an emblematic example in which invasive rats, interacting with human forest clearing, appear to have contributed substantially to the near-complete loss of the island's forests.⁹

Methodology 1.1. Deforestation

Various definitions of forest^b and deforestation are applicable in different contexts.¹⁰ In this report, deforestation is defined as tree cover loss due to permanent drivers – such as settlements and infrastructure, permanent agriculture, and the production of hard commodities – in primary and non-primary forests, as well as the tree cover loss driven by shifting agriculture in primary forests.

Typically, shifting agriculture is classified as a non-permanent driver of tree cover loss due to the short-term nature of crop cultivation.¹¹ However, in this report, we treat shifting agriculture's impacts on primary forests as permanent due to the specific characteristics of these forests, and the growing evidence that the areas impacted by shifting cultivation tend to transition toward more permanent rural mosaics (fields, tree crops, secondary scrub), with limited scope for secondary forest regrowth.¹²

All references to “deforestation” refer to “gross deforestation,” which is the land use change from forests to non-forest attributed to permanent drivers, irrespective of any forest gains that may have occurred elsewhere in the same time interval for which deforestation is estimated. See Technical Annex A for more details.

2.2 Primary forest loss

PANTROPICAL PRIMARY FOREST LOSS

Primary forest loss stayed 11 percent above baseline in 2025, despite falling from 2024's fire-driven peak. The decline reflects the end of an exceptional year, not genuine improvement in primary forest protection. The cumulative deficit of primary forest loss since 2021 equals nearly five football pitches of primary forest lost every minute for five years.

^b When calculating the “deforestation” and “primary forest loss” indicators, we use “tree cover” rather than “forest” or “natural forest,” in the strict sense, as the underlying metric. Tree cover is defined as all vegetation exceeding 5 meters in height and with a canopy cover of at least 30 percent, measured within a 30 × 30 m raster cell. It is important to note that this is an operational definition used exclusively for the calculation of these two indicators and is not intended to represent or synthesize a general definition of forest.

At the pantropical scale, annual loss of humid tropical primary forests in 2025 remained 11 percent above the 2018-20 baseline (**Figure 1.2**), releasing an estimated 2.2 GtCO₂e. While losses fell compared to 2024, that decline may largely be attributed to the end of an exceptional spike in fire-related loss in the previous year, rather than to any genuine improvement in primary forest protection. Since the latest forest commitments were agreed, in 2021, the cumulative loss of humid tropical primary forest through 2025 exceeded the 2030-compatible pathway by 9.4 million hectares – equivalent to losing nearly five football pitches of primary forest every minute for five years.^c

Recent studies indicate that humid tropical primary forests are increasingly exposed to climate-related stressors, particularly recurrent drought and more intense fire regimes¹³ that historically played a limited role in these ecosystems.¹⁴ This shift amplifies the impacts of existing pressures such as agricultural expansion, logging, and infrastructure development. The pattern suggests a growing interaction between climate change and land-use dynamics, whereby climatic stress reduces forest resilience and increases susceptibility to degradation and conversion.¹⁵ At the same time, forest management practices that promote structural and functional homogeneity can further increase vulnerability to climate stressors.¹⁶

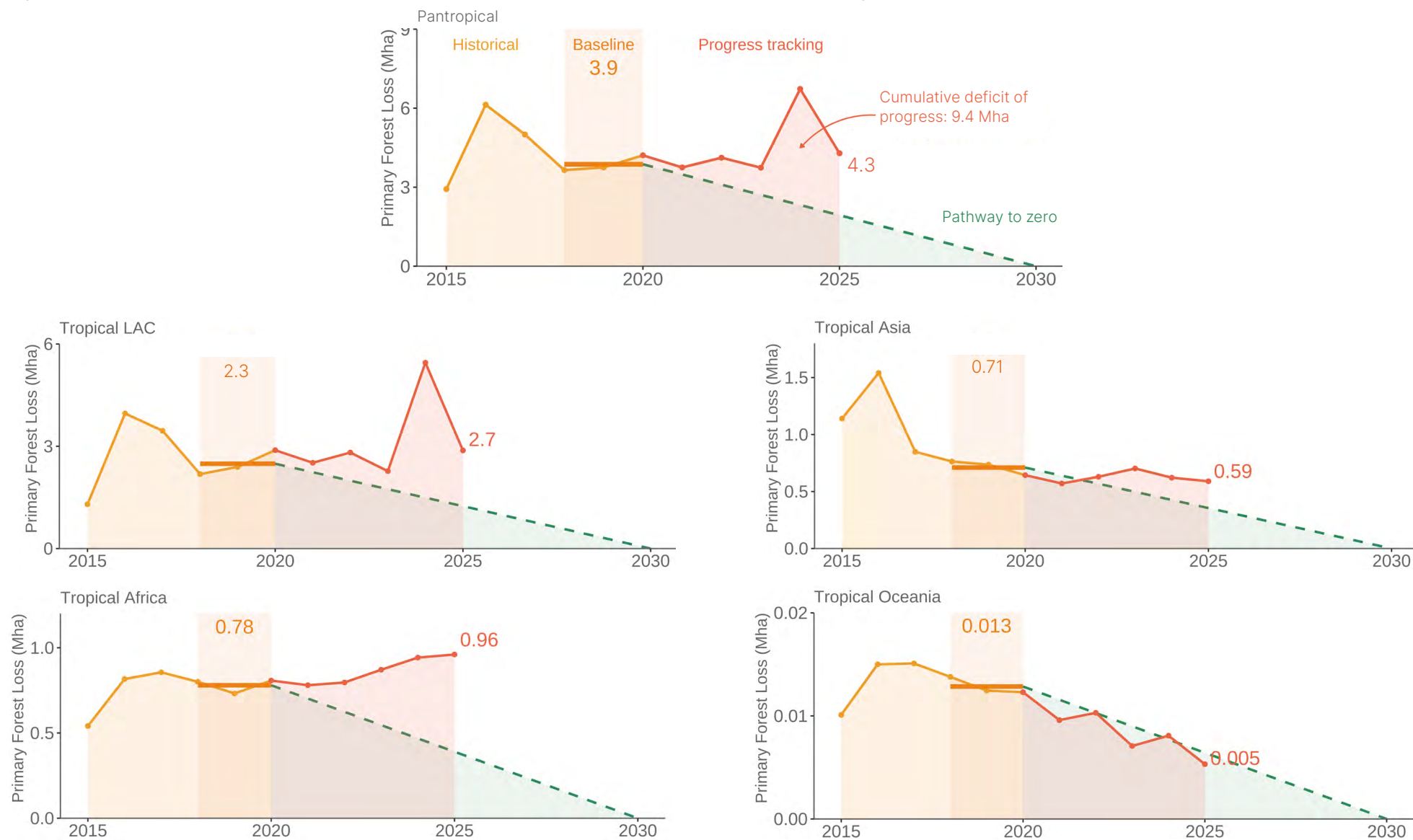
Methodology 1.2. Primary forest loss

Humid tropical primary forest loss (ha/yr) measures the tree cover loss within humid tropical primary forests, which are defined as mature natural humid tropical forest cover that has not been completely cleared and regrown in recent history (Turubanova et al., 2018). No corresponding map of primary forest is available globally; hence, this indicator is limited to the humid tropics.

Global maps of primary forest differ in their definitions from national primary forest maps. The statistics presented here may therefore be different from official country statistics on loss of primary forests.

^c A regulation-sized football pitch of 105 × 68 meters covers about 0.71 hectares.

Figure 1.2. Loss of humid tropical primary forests from 2015-2025, in million hectares (Mha), pantropical and regional



Note: Y-axis scales differ among regions.

Source: Own analysis using tree cover loss data (Hansen et al. 2013, updated through 2025) and boundaries of humid tropical primary forests (Turubanova et al. 2018).

REGIONAL PRIMARY FOREST LOSS

Fire is reshaping primary forest loss unevenly across regions. Losses in Tropical LAC fell 47 percent from 2024's exceptional peak, a return to prior levels rather than new progress, while Tropical Africa's losses rose steadily due to governance and development pressures unrelated to fire. Tropical Oceania remains on a 2030-compatible trajectory.

Regional trends in humid tropical primary forest loss remain highly differentiated (see **Figure 1.2**), reflecting the uneven role of fire as a proximate driver across geographies. The 2024 spike in primary forest loss – which was highly concentrated in the Amazon – underscores how extreme fire activity can rapidly impact these ecosystems at unprecedented scale.

Tropical LAC remains the largest contributor to primary forest loss. In 2025, losses amounted to 2.72 million hectares – 16 percent above the regional baseline of 2.35 million hectares. Losses in 2024 were exceptionally high, and the 47 percent reduction recorded in 2025 represents a return to pre-2024 levels. The pattern points to high interannual variability linked to fire dynamics,¹⁷ superimposed on persistent structural pressures from agricultural expansion and land speculation.¹⁸

In Tropical Africa, the steady increase in humid primary forest loss over the past five years suggests that structural drivers shape the trend of primary forest loss in the region. The trend is in fact consistent with ongoing governance constraints, limited enforcement capacity, and development pathways that continue to rely on forest conversion and resource extraction.¹⁹ Fire plays a less dominant role than in the Amazon, with degradation and gradual encroachment acting as key mechanisms of loss.

Tropical Asia exhibits year-to-year fluctuations but an overall flat trend from the 2018-20 baseline. Losses in 2025 were 12 percent below the baseline, indicating limited progress over the past five years.

Tropical Oceania recorded less than 10,000 hectares of primary forest loss in 2025 and continues a downward trajectory broadly consistent with a 2030-compatible pathway, despite annual variability.

3. FOREST DEGRADATION

Forest degradation takes place across latitudes and forest types. However, the definition of forest degradation remains debated, making the monitoring of degradation dynamics particularly challenging.²⁰ As part of the reporting process for the 2025 Forest Resources Assessment, the Food and Agriculture Organization of the United Nations (FAO) evaluated the existence and characteristics of national definitions of forest degradation. Information was obtained from 214 countries and areas, representing more than 99 percent of the world's forest area. Of these, 59 countries and areas, accounting for about 37 percent of global forest area, reported having an official national definition. Africa has the highest share of countries and areas with official definitions (41%), followed by South America (29%) and Asia (27%). A further 17 countries and areas indicated that, although no official national definition exists, they use either definitions adopted from other sources (15 countries/areas) or operational criteria developed specifically for monitoring purposes (two countries/areas).²¹

Furthermore, data on tree cover loss driven by wildfires, logging, and other non-permanent drivers²² does not distinguish between natural dynamics occurring in some forest types (e.g., some wildfires in boreal forests) from direct and indirect human impacts (e.g., extended forest fires in humid tropical forests), nor do the data account for long-term impact of logging practices that, in the short-term, may or may not contribute to forest degradation. A global dataset accounting for these additional impacts – and therefore suitable for monitoring forest degradation across all latitudes and forest types – has yet to be developed.²³

Given that no single global indicator fully captures forest degradation across all latitudes and forest types, we rely on more than one indicator to track progress as best as possible: a degradation indicator for tropical moist forests and a global indicator of forest ecological integrity – as defined in the Forest Landscape Integrity Index²⁴ – applicable across all forest biomes.

3.1 Degradation in Tropical Moist Forests

PANTROPICAL TROPICAL MOIST FOREST DEGRADATION

Degradation fell 34 percent from 2024's peak, but progress is uneven and fire-dependent. Tropical LAC and Tropical Asia moved closer to their 2030 pathways, while degradation in Tropical Africa rose 25 percent, driven by small-scale agriculture, informal logging, and governance gaps rather than fire. Tropical Asia now shows the closest regional alignment with its 2030 pathway.

Across all tropical regions, degradation in 2025 totaled 3.5 million hectares, marking a 34 percent decline from the exceptional peak observed in 2024 and a 22 percent decrease relative to the 2018-20 baseline (**Figure 1.3**). The trend closely mirrors that of primary forest loss, reflecting the strong influence of fire in shaping both indicators. Fires, however, are neither the sole nor the dominant drivers of degradation in tropical moist forests, where anthropogenic disturbances continue to cause large-scale forest degradation even in the absence of major fire events,²⁵ such as those that caused extensive degradation of the Amazon forest in 2024.²⁶

The decline in 2025 should be interpreted cautiously because near-term climate risks remain exceptionally high. Recent forecasts suggest that the current El Niño event could rank among the strongest on record: a Super El Niño.²⁷ As of September 2026, forecasts indicate a greater than 90 percent probability that the ongoing El Niño will reach peak intensity toward the end of 2026, with near-certain persistence of El Niño conditions into early 2027. The 2015-16 Super El Niño triggered widespread increases in fire-related forest degradation across Tropical LAC and Tropical Asia, highlighting the potential for elevated degradation risks during major El Niño events. In fact, in Insular Southeast Asia, severe and widespread drought conditions had already developed by mid-2026, with fires affecting large areas of the carbon-rich peatlands that characterize the region.²⁸

If projections of the historically strong 2026-27 El Niño materialize, drought and fire risks will intensify further across tropical forest regions, particularly where ecosystems are already stressed by other climate stressors and land-use pressures.

REGIONAL DEGRADATION IN TROPICAL MOIST FORESTS

The 2025 results show a mixed regional picture for degradation in tropical moist forests. Across all four tropical regions, degradation in 2025 was lower than the baseline period (2018-2020), indicating improvement; however, the year-over-year trend diverged sharply.

In Tropical LAC, degradation in tropical moist forests fell sharply from 3.52 million hectares in 2024 to 1.75 million hectares in 2025, a year-over-year decline of 50 percent. The 2025 level was 10 percent below the 2018-20 baseline but was still 81 percent off track from the 2030-compatible linear pathway. The large year-over-year reduction broadly aligns with a similar decline in primary forest loss, consistent with the pronounced role of fire-related disturbance in shaping both indicators in the region.

In Tropical Africa, degradation reached 1.1 million hectares in 2025 – 25 percent higher than in 2024. Although that level of regional degradation is about 10 percent below the 2018-20 baseline, the year-over-year increase in degradation indicates a particularly concerning trend for the region hosting the second largest tropical forest basin on Earth. In contrast to Tropical LAC, the degradation trend in Tropical Africa does not fully align with primary forest loss trends, suggesting that the regional dynamics cannot be explained by large-scale fire impacts. Rather, the result is consistent with the deforestation trends for the region, pointing to a combination of locally specific pressures, including small-scale agricultural expansion, selective and informal timber extraction, fuelwood collection, infrastructure development, and gaps in governance and enforcement, as shared drivers of deforestation and degradation in the region.²⁹

In Tropical Asia, degradation declined from 0.85 million hectares in 2024 to 0.60 million hectares in 2025, a year-over-year reduction of 29 percent. This brought degradation to 49 percent below the 2018-20 baseline and only 2 percent above the 2030-compatible linear pathway. Tropical Asia therefore recorded the closest alignment with its required pathway among the four regions in 2025. The result suggests a substantial improvement in the control of degradation drivers relative both to the baseline and the preceding year.

In Tropical Oceania, forest degradation remained low in absolute terms, at around 0.01 million hectares in 2025. This was 76 percent below the 2018–20 baseline and 13 percent lower than in 2024, placing the region 52 percent below the 2030-compatible linear pathway – well on track toward the 2030 goal. However, these results should be interpreted with caution: tropical moist forest in the region covers a small area and is concentrated in a limited number of large patches along Queensland’s northwest coast.³⁰

DEGRADATION PATHWAYS IN TROPICAL MOIST FORESTS

Most forest degradation today is still short-term and reversible, but that is changing. Short-term disturbances, mainly selective logging and low-intensity fires, account for 93 percent of degraded tropical moist forest. Rising wildfire frequency and intensity are pushing a growing share of degradation into longer-term, harder-to-reverse territory.

Short-term and long-term disturbance classes in the TMF dataset represent distinct types of degradation and different temporal signatures in tropical moist forests. Short-term disturbances, which account for about 93 percent of degraded tropical moist forests as of 2025 (around 140 million hectares), are events that are detectable for less than one year (**Figure 1.4**). They are predominantly associated with selective logging, natural phenomena such as storms, landslides, and blowdowns, and low-intensity fires that do not carry over across multiple dry seasons.³¹

By contrast, long-term degradation in the TMF typology is largely driven by fire events that remain detectable for between 1 and 2.5 years.³² These longer-lived fire scars reflect more severe, extensive, and persistent burning than the short, discrete pulses described above. Such long-term fires can fundamentally reshape forest structure, altering canopy integrity, fuel loads, and microclimates in ways that slow or constrain natural recovery trajectories.³³ In practical terms, they mark a shift from perturbations that forests can often absorb or rebound from relatively quickly to disturbances that lock ecosystems into more protracted and uncertain pathways of recovery.³⁴

Taken together, the accumulated TMF degradation results show that short-duration disturbances – especially logging and light-impact fires

– are the dominant form of degradation across tropical moist forests, while extended multi-year fire scars still affect a smaller share of area. However, recent patterns in regions such as Tropical LAC, and to a lesser extent Tropical Asia, indicate that fire seasons are becoming more widespread and prolonged, consistent with more frequent droughts, higher temperatures, and increasingly fragmented forest edges.³⁵

More frequent, long-lasting fire events could push larger areas of forest into states of protracted degradation that are increasingly difficult to distinguish from outright deforestation in terms of canopy loss, with dire consequences on biomass reduction and habitat disruption.³⁶

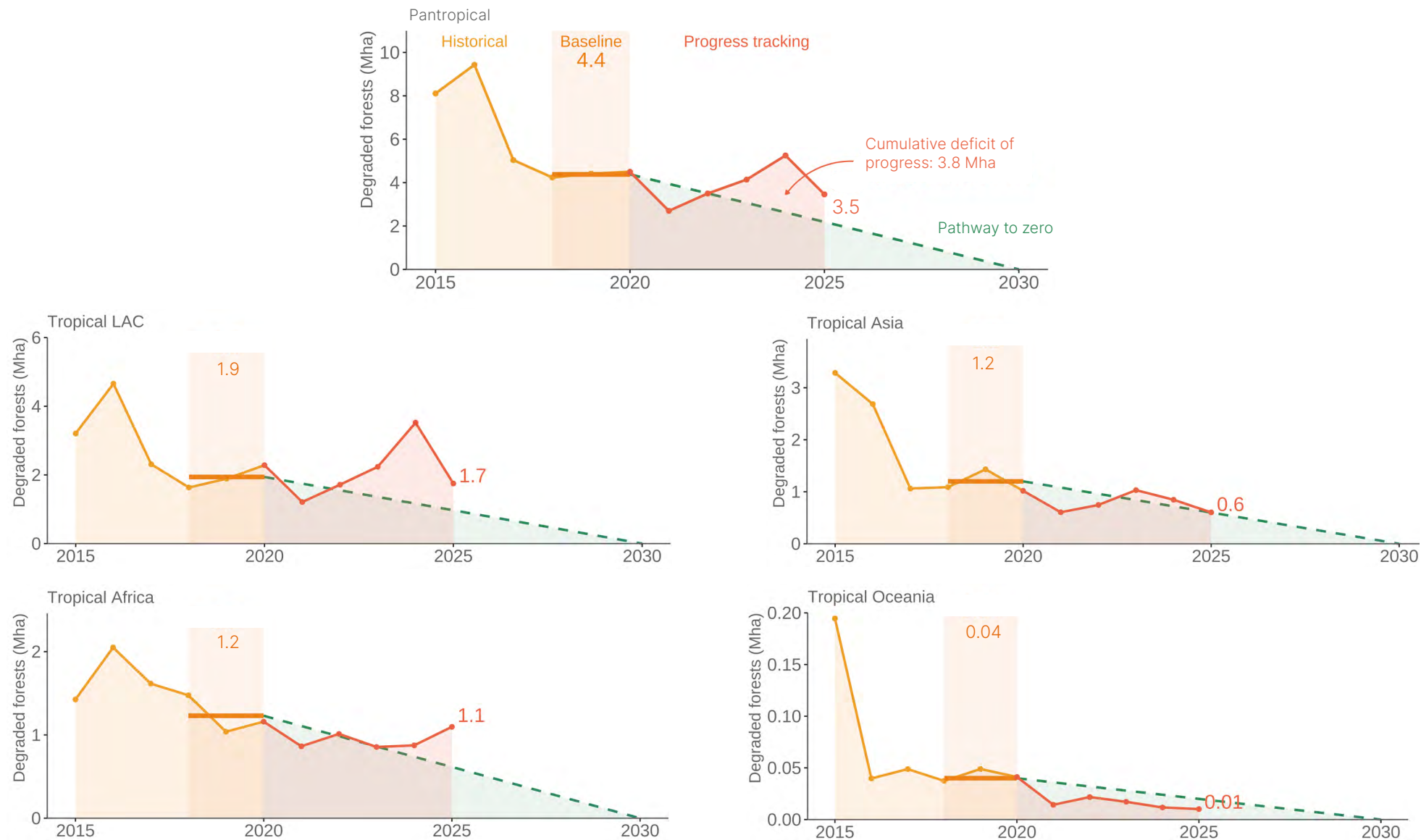
Methodology 1.3. Degradation in Tropical Moist Forests

The Tropical Moist Forest (TMF) methodology involves the analysis of the temporal dynamics of forest disturbances that differentiate forest degradation from deforestation. All forest disturbances – both natural and anthropogenic – whose impacts were observed to persist over a period of less than 2.5 years (900 days) are considered degradation, while impacts observed to persist for a longer period are instead classified as deforestation. Deforestation also encompasses recurrent disturbances of short duration (<900 days) that are observed more than four times within the time series.

In addition to the annual change layer used for tracking progress, the TMF product includes a transition map that encodes the full disturbance history and resulting state of each pixel from the initial observation period (around 1990) to the end of the time series. The subtypes of the Transition Map distinguish different disturbance histories within tropical moist forests and provide insight into how degradation unfolds over time, including the duration and recurrence of disturbance events. They are derived from the timing, duration, and number of detected disruptions in each pixel, allowing users to separate short, one-off degradation pulses from longer or repeated disturbances or, in some cases, forest regrowth following deforestation.

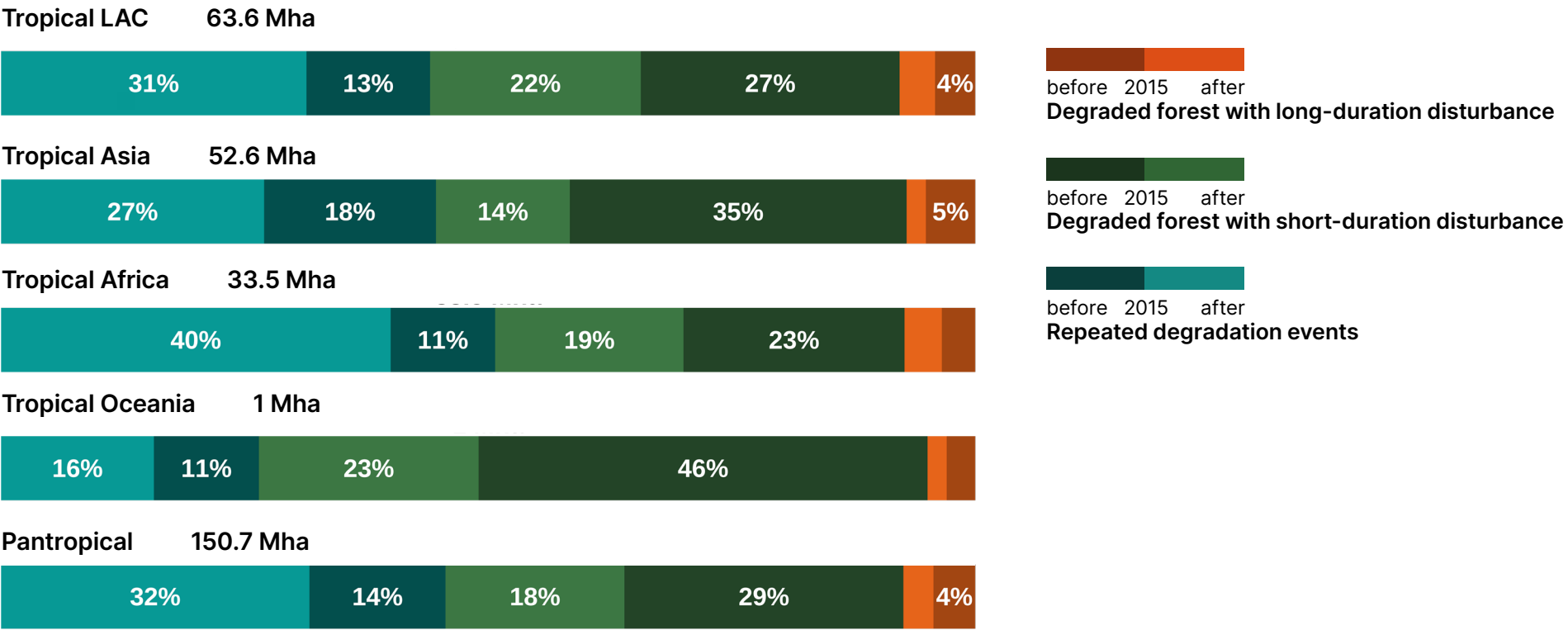
For further details on the methodologies, see Technical Annex B.

Figure 1.3. Forest degradation in tropical moist forests from 2015-2025, in millions of hectares (Mha), pantropical and regional



Source: Own analysis using tropical moist forest data (Vancutsem et al. 2021, updated through 2025).

Figure 1.4. Cumulative area of degraded tropical moist forest (1990-2025) disaggregated by disturbance duration, recurrence and period of occurrence, as defined by the Transition Map Sub-types of the Tropical Moist Forest dataset (Vancutsem et al., 2021)



Note: Short- and long-duration disturbances refer to single disturbance events. Repeated degradation events refer to repeated disturbances, each lasting less than 900 days, as per TMF definition of forest degradation.

Source: Own analysis using tropical moist forest data (Vancutsem et al. 2021, updated through 2025).

Box 1.1. Above-ground carbon loss from the degradation of tropical moist forests (Heinrich et al. 2026)

A recent meta-analysis of 146 studies conducted between 1988 and 2026 produced the most comprehensive quantification to date of how different degradation drivers erode above-ground carbon (AGC) in tropical moist forests, and of how AGC stocks recover once disturbance ends.

The results confirm that degradation is a distinct and substantial driver of AGC loss, not a marginal add-on to deforestation, and that individual drivers differ sharply in the magnitude of loss they cause.

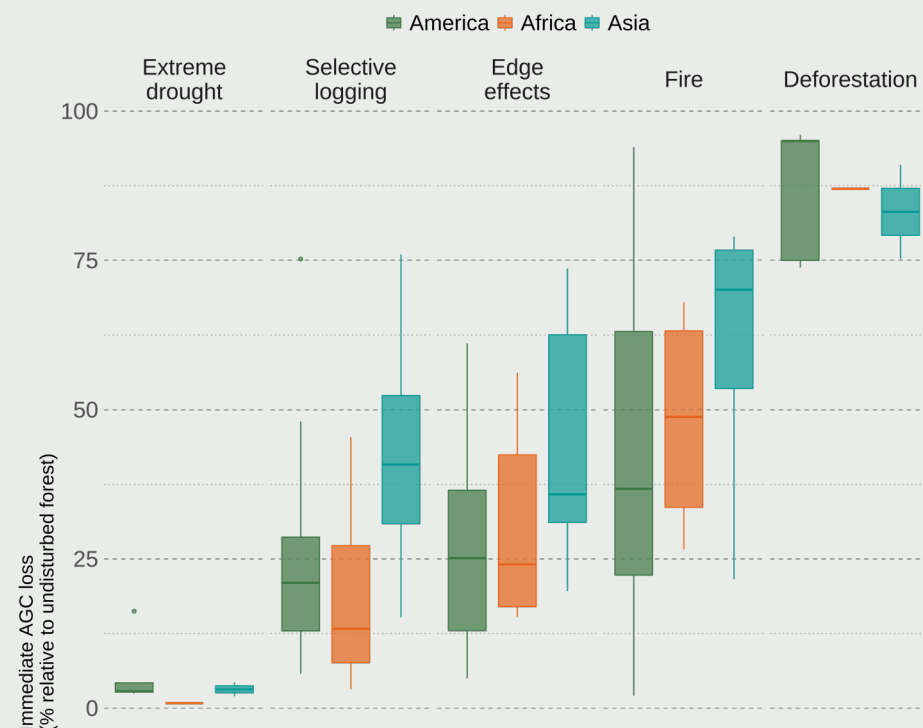
Fire is the most destructive individual driver, cutting AGC by an average of 49 percent relative to undisturbed forest. Selective logging accounts for roughly 34 percent, and edge effects – biomass loss at forest margins exposed to wind, sunlight, and drier microclimates – account for a further 31 percent (**Figure 1.5**). AGC loss intensifies with the frequency and severity of disturbance, so repeated fire or logging cycles compound damage beyond what isolated events would cause.

The results also show that degradation and deforestation set forests on different recovery trajectories. Over a 20-year period, AGC stock in forests recovering from degradation reached 41 to 117 percent of undisturbed levels, compared with only 1 to 74 percent in forests regrowing after complete clearance. This gap likely reflects greater regeneration potential where forest structure, seed sources, and soils remain at least partially intact.

AGC losses from large-scale deforestation are well documented and quantified; comparable losses from degradation have proved far harder to quantify. As a result, carbon cycle models and national reports capture regeneration gains with varying levels of detail, and often report degradation-driven losses inconsistently or omit them entirely.

These results carry direct implications for how forest carbon is measured, reported, and governed. Because cumulative degradation-driven emissions may be of the same order of magnitude as those from deforestation, national greenhouse gas inventories and Forest Reference Emission Levels that omit degradation will systematically understate emissions. Nigeria has already applied this evidence base in its 2026 emissions reporting, an early sign for other countries to emulate.

Figure 1.5. The immediate above-ground carbon (AGC) loss (as percentage) for different disturbance types compared to nearby undisturbed or prior forest state



Note: Values are equivalent to % loss per hectare

Source: Adapted from Heinrich et al. 2026, in agreement with the lead author.

3.2 Loss of forest ecological integrity

Forest integrity loss dwarfs deforestation in scale, with 65.4 million hectares downgraded to a lower integrity class in 2024 alone. Tropical Latin America and the Caribbean and Tropical Africa recorded the sharpest increases, pushing Tropical Africa well off track against its 2030 pathway. Most temperate regions remain broadly on track, but Boreal North America does not.

GLOBAL FOREST INTEGRITY LOSS

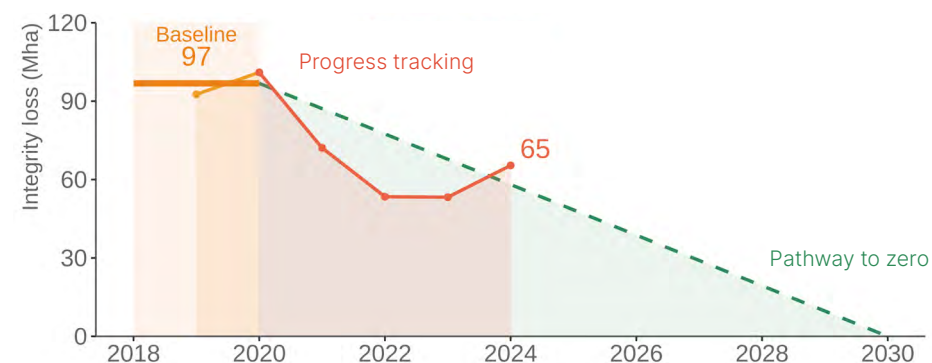
In 2024,^d a net total of 65.4 million hectares of forest dropped to lower integrity categories, more than 50 million hectares of which were in the four tropical regions (**Figure 1.6**). These figures are an order of magnitude larger than those reported for some of the deforestation and degradation indicators listed earlier. By taking a broader perspective on forest change, and tracking variations in integrity that range from very intense to quite light (but still potentially important), the FLII highlights the very pervasive nature of anthropogenic change in the world's forests and thus provides complementary information to those other datasets.

During 2024, 84.2 million hectares of forest moved to a lower integrity category, while 18.8 million hectares moved to a higher category, producing the net integrity loss reported above. Of the downward transitions, 32.6 million hectares (39%) of high integrity forests transitioned to medium integrity, and a further 2.5 million hectares (3%) moved directly from high to low integrity. Additionally, 49.1 million hectares (58%) went from medium to low integrity. Many more forest areas lost ecological integrity without changing integrity categories and are therefore not included in these estimates.

Despite the sheer scale of forests transitioning to lower integrity categories, the indicator suggests a somewhat more optimistic picture than do other indicators presented earlier, with changes in all four years of the Assessment period falling below the baseline,^e albeit with an

increase in 2024 to just above the 2030-compatible linear pathway. This generally on-track trend gives some grounds for optimism, tempered by the caveat, noted in the methodology, about the conservative way the FLII treats the growing issue of fire. Furthermore, the time series for this dataset remains quite short, making it difficult to separate year-to-year fluctuations from sustained trends without further data points, so apparent trends should be interpreted with caution.

Figure 1.6. Net area of forests that transitioned to a lower integrity class from 2018-2024, in million hectares (Mha)



Note: Each data point reflects transitions that occurred in the relevant calendar year; for example, the 2019 value represents net area of forest that transitioned between integrity classes from the end of 2018 to the end of 2019.

Source: Own analysis using Forest Landscape Integrity Index (FLII) data (Grantham et al. 2020, updated through 2024).

^d Due to a data availability constraint, the 2025 update cannot yet be calculated.

^e The FLII cannot be calculated prior to 2018, so the earliest year of change presented below is 2018-19 and thus the baseline is calculated across two, not three, years of change.

Methodology 1.4. Loss of forest ecological integrity

Changes in forest ecological integrity are tracked here by a proxy indicator based on the Forest Landscape Integrity Index (FLII).³⁷ The FLII, which assigns ecological integrity scores to forested 300-meter pixels globally, is sensitive to the presence or absence of key anthropogenic pressures known to drive forest degradation, which makes it an advance ('leading') indicator of both forest degradation and recovery. It integrates (i) readily observable pressures (infrastructure, croplands and anthropogenic deforestation) in a given pixel, (ii) inferred, diffuse pressures (such as hunting and logging) associated with these readily observable pressures that occur in nearby pixels, and (iii) declines in forest connectivity in the broader landscape around a pixel. While the FLII aims to reflect, directly or indirectly, the effect of most anthropogenic drivers of degradation, it currently takes a conservative approach to fire. Because it is a global indicator, it treats fire as a natural process, which is often the case in many dry and boreal forest ecosystems, and hence is not a process that reduces ecological integrity. This tends to underestimate loss of integrity where fire now increasingly occurs in previously unburnt humid forest ecosystems, and also where fire in other ecosystems occurs at frequencies and intensities that exceed the natural range of variation.

The FLII is a continuous variable from 0 to 10 but has been categorized for this analysis into three classes. This report defines the FLII category thresholds as ≤ 7.6 for low integrity; > 7.6 and < 9.8 for medium integrity; and ≥ 9.8 for high integrity forests. These thresholds differ slightly from those set out by Grantham et al. (2020) and used in earlier Forest Declaration Assessment reports, due to a re-benchmarking exercise associated with some corrections to the underlying algorithm since the initial publication. The revised thresholds should be considered provisional until they are validated in a peer-reviewed paper.

The indicator used represents the net total of all transitions of forests both downward and upward between higher and lower integrity classes in a given geography. It sums the areas that have transitioned to lower integrity classes (i.e., high to medium, high to low, and medium to low) and subtracts any areas that have increased integrity (low to medium, low to high, medium to high), excluding areas that were permanently deforested because these are covered by other indicators presented above.

REGIONAL FOREST INTEGRITY LOSS

The FLII-based indicator shows that tropical regions recorded higher annual rates of integrity loss in 2024 than temperate or boreal regions (**Figure 1.7**). In Tropical LAC, about 23.1 million hectares of forest transitioned to a lower ecological integrity class in 2024, followed by Tropical Africa with 20.2 million hectares. Both regions showed a brief downward trend in the years following 2020, then a relatively sharp increase in 2024, which is particularly concerning in Tropical Africa because it places the region well off track relative to the linear 2030-compatible pathway. A modest increase in net annual loss of integrity was also observed in Tropical Asia between 2023 and 2024, but not in Tropical Oceania.

With 5.4 million hectares of forests transitioning to a lower integrity class, Temperate Asia had the highest rate of integrity loss among temperate regions between 2023 and 2024. Temperate North America's rate was the second highest, with over 1.3 million hectares of forests transitioning to a lower ecological integrity class. The six temperate regions all show generally sustained declines in forest integrity loss by this indicator since 2020, although Temperate Asia experienced an increase in 2024. At this stage, all appear to be broadly on track to meet the 2030 target, subject to the caveats about the conservative treatment of fire and the relatively short time series noted above.

Boreal regions recorded the second-highest annual rates of integrity loss after tropical regions in 2024. Approximately 4.6 million hectares transitioned to a lower forest integrity class in Boreal Europe during that period, and approximately 1.6 million hectares in Boreal North America. The annual trends differ from the tropical and temperate regions, appearing more erratic. Boreal Europe may be on track to meet the 2030 goals if recent trends are sustained, but this does not appear to be the case in Boreal North America.

Figure 1.7. Net area of forests that transitioned to a lower integrity class at the regional scale, from 2018-2024, in million hectares (Mha)

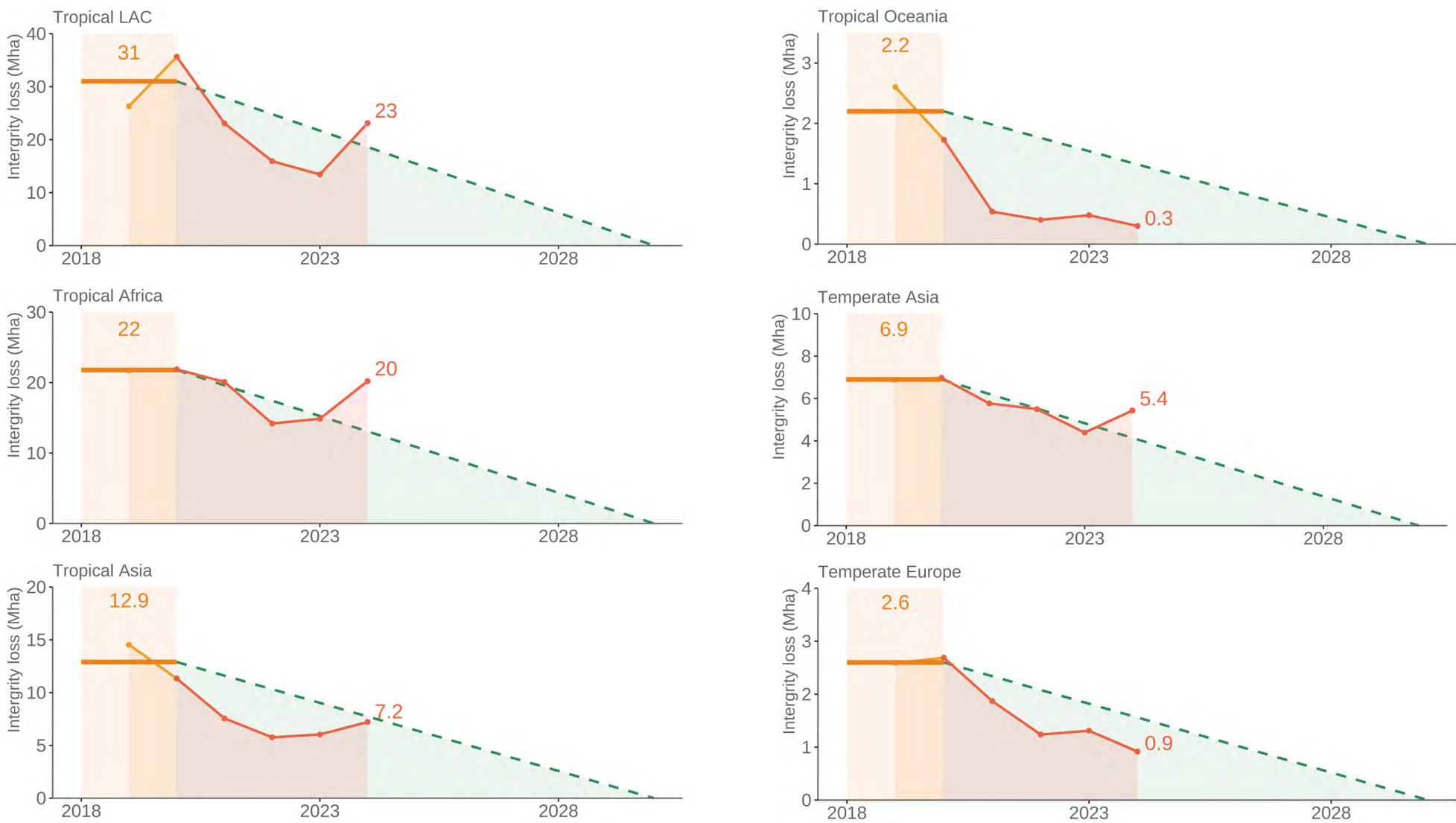
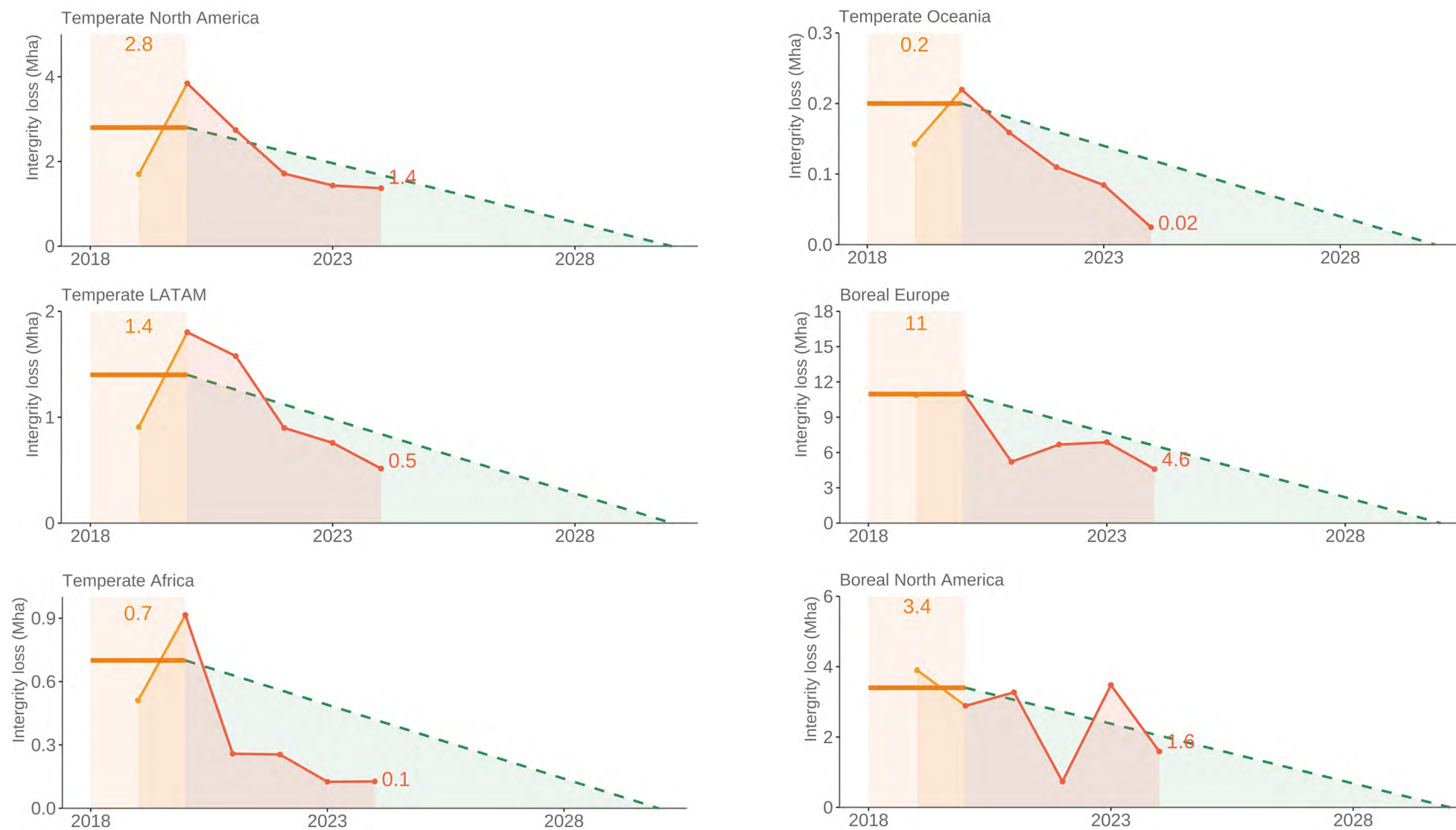


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Figure 1.7 continued



Note: Each data point reflects transitions that occurred in the relevant calendar year; for example, the 2019 value represents net area of forest that transitioned between integrity classes from the end of 2018 to the end of 2019.

Source: Own analysis using Forest Landscape Integrity Index (FLII) data (Grantham et al. 2020, updated through 2024).

It is worth noting that while the FLII-based indicator accounts for both structural changes to the forest landscape, such as the loss of forest connectivity, and indirect pressures, the indicator does not fully represent the dynamics associated with forest degradation. For example, age homogenization represents a major threat to forests in Temperate and Boreal Europe, where old-growth natural forests are gradually being replaced by planted forests and plantations that generally have lower ecological resilience and provide fewer ecosystem services.³⁸ This dynamic is particularly acute at higher latitudes, where Europe's last primary forests are concentrated.³⁹ In Sweden, for instance, if the replacement rates observed over recent decades continue, older forests are projected to be converted into planted or seeded forests by the 2070s.⁴⁰

4. RESTORATION

Forest and landscape restoration is expanding, but remains far short of global targets. Tropical moist forest regrowth reached 37 million hectares between 2015 and 2023, and the estimated area under active restoration grew by roughly 1 million hectares in the past year to 11.8 million hectares. That is still 6 percent of global reforestation potential and far below the 30 percent target under the Kunming-Montreal Global Biodiversity Framework.

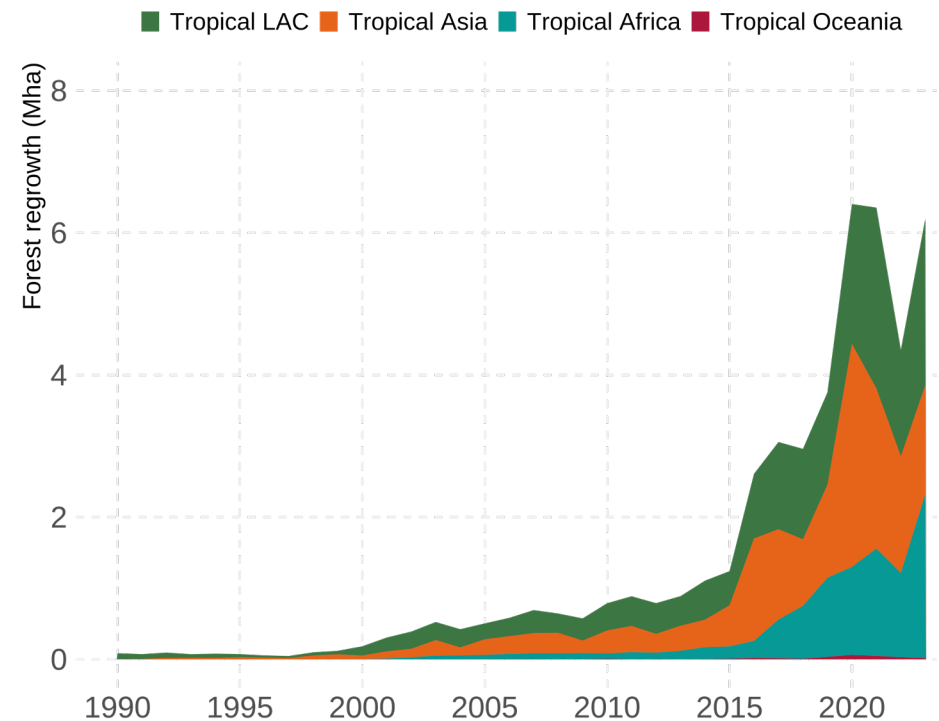
4.1 Regrowth in Tropical Moist Forests

Regrowth of tropical moist forests has increased since 2015, reaching an estimated 37 million hectares between 2015 and 2023 (**Figure 1.8**).

However, regrowth is not equivalent to forest restoration, and its use as a proxy remains limited (see Technical Annex B). Still, it can provide an indication of the scale of forest recovery following deforestation. Under the definition used in this report (see methodology box), the observed increase in regrowth reflects a combination of factors, including rising deforestation in tropical regions – which creates areas available for regrowth – and the subsequent abandonment of cleared land. The trend is particularly pronounced in both Tropical LAC and Tropical Asia,

especially after 2016. This pattern may be linked in part to increased fire activity in tropical moist forests, which has opened space for regrowth and underscores the complex relationship between forest disturbance and recovery.

Figure 1.8. Tropical moist forest regrowth after deforestation from 1990–2023, in million hectares (Mha)



Source: Own analysis using tropical moist forest data (Vancutsem et al. 2021, updated through 2025).

Methodology 1.5. Regrowth in Tropical Moist Forests

The indicator presents the extent of tropical moist forests that have grown back following deforestation. In the Tropical Moist Forest (TMF) dataset, forest regrowth is a two-phase transition from moist forest to (i) deforested land and then (ii) vegetative regrowth. A minimum of three-year duration of permanent moist forest cover presence is needed to classify a pixel as forest regrowth (to avoid confusion with agriculture).

In the TMF dataset, deforested lands are the areas where forest disturbances were observed over a period longer than 900 days (Vancutsem et al., 2021). This definition is now challenged by the increasingly intense and frequent fires affecting tropical moist forests because the scars they leave behind may be erroneously classified as deforestation, rather than degradation, as expected by the TMF methodology.⁴¹ In light of this, some of the forest regrowth captured by this indicator may represent recovery after particularly intense fires, rather than following deforestation. Country data on TMF regrowth is retrieved from the TMF Data Portal to calculate regional aggregates.

4.2 Area under restoration

As of July 2026, we estimate that restoration activities targeting deforested land and degraded forests are underway on approximately 11.8 million hectares (**Figure 1.9**). This represents approximately 6 percent of the global reforestation potential (195 million hectares)⁴² and 0.35 percent of the global biophysical forest restoration potential (3.4 billion hectares).⁴³

Thus, the progress documented so far remains far below the 30 percent target set under Target 2 of the Kunming-Montreal Global Biodiversity Framework. However, in September 2025, our estimate of the area under restoration was 10.6 million hectares, marking a year-over-year increase of approximately 1 million hectares. Such a sharp increase reflects both the initiation of new restoration projects on the ground and the progressive inclusion of existing projects into restoration monitoring databases, as reporting systems, platforms, and national observatories expand their coverage.

Most of the area under restoration – approximately 9.7 million hectares – is in tropical regions, while an estimated 2 million hectares are in temperate regions. In boreal regions, roughly 250,000 hectares are under restoration. The distribution of these areas may reflect both the concentration of past and ongoing restoration efforts in tropical regions and the uneven representation of restoration efforts in the two monitoring databases used in this analysis: Restor and the Brazilian Restoration Observatory.

The estimated area under restoration encompasses a wide range of interventions. These include projects aimed at re-establishing forest ecosystems in deforested areas through reforestation, initiatives that support the recovery of degraded natural forests through natural regeneration, and measures designed to restore ecosystem services in productive landscapes, such as hedgerows, agroforestry systems, and other tree-based landscape features (see Technical Annex B for details).

Given this diversity of interventions and the distinct ecological and social benefits they provide, the simple measure of hectares under restoration offers only a partial picture and reveals little about the actual impacts of these efforts.⁴⁴ Monitoring restoration progress should therefore go beyond area-based metrics to include ecological indicators, such as landscape connectivity, as well as measures of the durability and long-term sustainability of restoration outcomes. Additional dimensions could include climate adaptation benefits, social inclusion, and livelihood improvement.⁴⁵

More broadly, restoration should be framed as part of an integrated territorial development strategy, linking the recovery of ecosystem functions and services with improved livelihoods, the transition to nature- and climate-positive production systems, the development of a viable bioeconomy, and the strengthening of local governance over restored lands.⁴⁶ When supported by coherent and targeted policies,⁴⁷ restoration acts as a productive investment in local and subnational economies by creating a value chain that extends from the demand for local labor, nurseries, seeds, and planting materials, to technical and monitoring services.⁴⁸ At the same time, it strengthens the natural asset base on which agriculture, forestry, water supply, and other rural enterprises depend, generating economic opportunities while reducing the costs associated with the loss of ecosystem services.⁴⁹ With estimated returns

ranging from USD 7 to USD 30 for every dollar invested,⁵⁰ forest and landscape restoration is not only an environmental necessity but also a sound economic investment that supports sustainable local development.

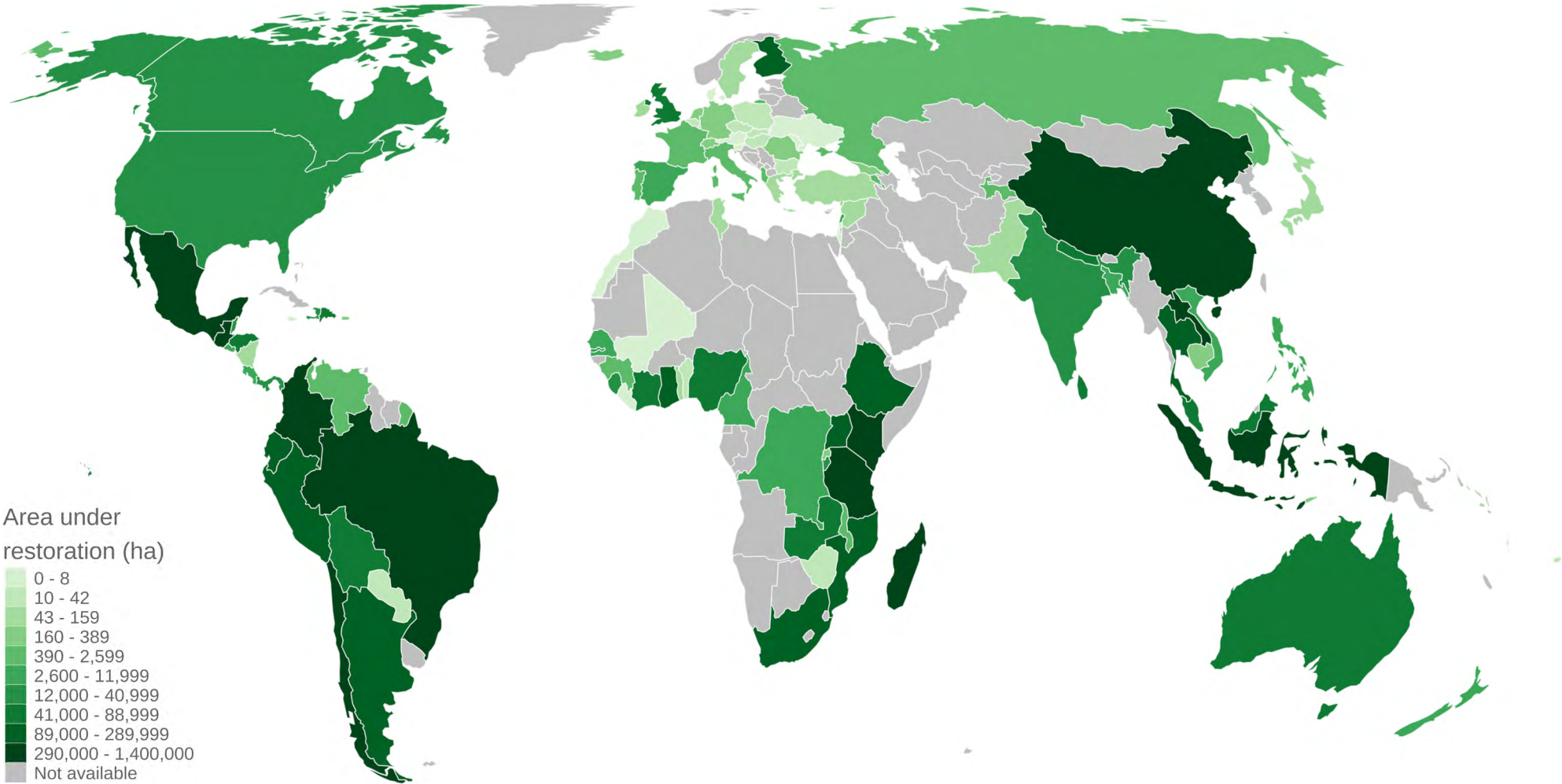
Methodology 1.6. Area under restoration

Over the past decade, efforts to restore forests and other natural ecosystems have gained momentum. Early initiatives, such as the Bonn Challenge (2011), sounded alarms for governments to scale up action. However, coordinated and systematic monitoring of restoration efforts has lagged. Information about restoration projects and their outcomes is often not captured, and available information is siloed and fragmented, which makes it difficult to track comprehensive progress toward global restoration commitments. A central challenge posed by data fragmentation is that estimates derived from each individual database do not account for potential spatial overlaps among projects uploaded on different platforms.

To address this limitation, we retrieved anonymized, spatially explicit data from Restor and the Brazilian Restoration Observatory on restoration projects targeting deforested land or degraded forests through activities such as reforestation, agroforestry, and natural regeneration (see Technical Annex B for details). The georeferenced polygons of project areas were processed to remove overlaps and avoid double-counting, both within each database and across the two platforms. The total area under restoration was then calculated at regional and global scales.

Despite these efforts to combine data from multiple platforms, the results should be considered only an approximate “best guess” of global restoration progress. The figures may severely underestimate the true extent of restoration worldwide and are almost certainly insufficient to support decision-making.

Figure 1.9. Area covered by projects explicitly aiming to restore deforested land or degraded forests, as included in Restor and the Brazilian Restoration Observatory



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THEME 2

SUSTAINABLE PRODUCTION



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1. INTRODUCTION

Commodity production remains the leading driver of deforestation, ecosystem conversion, and forest degradation worldwide. This chapter assesses progress by companies, governments, and multistakeholder initiatives toward deforestation- and conversion-free production. Deforestation driven by commodity production slightly decreased in 2025, and traceability systems, regulation, and science-based targets are all advancing. But leadership remains concentrated in a small minority of actors, and 2026 saw hard-won commitments weakened or abandoned outright.

2. COMMODITY-DRIVEN DEFORESTATION AND CONVERSION

Commodity-driven deforestation fell to 6.01 million hectares in 2025, down from the 2018-20 baseline of 7.24 million hectares. Current levels are still far above the pathway to zero by 2030. Increasing demand for forest-risk commodities – like beef and soy, as well as critical minerals and other mined materials – will only place further strain on the world's forests. Meanwhile, conversion of grasslands and other non-forest ecosystems is even larger than deforestation, at 9 to 13 million hectares a year.

GROWING DEMAND DRIVES DEFORESTATION, CONVERSION, AND DEGRADATION

Commodity production – including crops, livestock, and timber and wood fiber products as well as mined and extracted commodities like fossil fuels, metals, and minerals – remains the predominant driver of deforestation, ecosystem conversion, and forest degradation worldwide. Demand for key forest-risk commodities, including beef, soy, palm oil, and wood pulp, as well as for minerals required for infrastructure and energy transition technologies, is projected to remain high or grow, increasing pressure on forests where production and extraction are not managed responsibly.¹

Tropical rainforests face the greatest pressure, and projected commodity demand and production expansion threaten hundreds of thousands more hectares.² Miombo woodlands and other savannah-forest ecosystems will similarly face increasing pressure in the coming years due to, among other drivers, mining and charcoal production,³ while boreal and temperate forests face commodity-driven degradation pressures from logging and mining.⁴

Mining-related deforestation is substantial and growing, with gold and coal responsible for the largest shares of recorded mining-related forest loss,⁵ and rising demand for critical minerals – including copper, cobalt, and nickel – adding to pressure on forests. Mining operations are expanding into intact forests, biodiversity hotspots, and Indigenous Peoples' territories. Recent research finds that mining-induced deforestation is two to three times higher than previously estimated, mostly due to unrecorded mining activity missing from existing inventories.⁶ Beyond direct forest clearing, mining triggers significant offsite loss: each hectare of mining deforestation triggers roughly 34 additional hectares of nearby indirect and cumulative deforestation through the development of infrastructure, ancillary agriculture, and settlement.⁷ Mining is often the first large-scale human activity to open up previously intact forests, exposing them to further agricultural expansion, logging, and other land use change.

Compounding these risks is the fact that renewable energy is largely supplementing, not displacing, fossil fuels, meaning oil, gas, and coal extraction keeps growing alongside mineral extraction rather than being replaced by it.⁸ Demand comes from a growing range of sectors, including clean energy technologies, digital infrastructure and artificial intelligence-related data centers,⁹ as well as increased defense spending and militarization.¹⁰ Consequently, mineral extraction, processing, and transportation are adding to overall pressures on forests and landscapes. These complexities underscore the need for decision-makers to have a clear understanding of the objectives behind mining expansion, and for robust safeguards and governance frameworks to ensure mineral extraction supports a just and sustainable transition while minimizing environmental and social impacts.

HOW MUCH, AND WHERE?

Deforestation driven by the production of soft (agricultural) and hard (mining) commodities totaled 6.01 million hectares (Mha) in 2025 (**Figure 2.1**). That constituted a decline from the previous year, and from the baseline period (2018-2020 average of 7.24 Mha). Yet as with global deforestation, a slight improvement in 2025 is not yet a sufficient shift downward in the forest loss trajectory to halt deforestation by 2030.

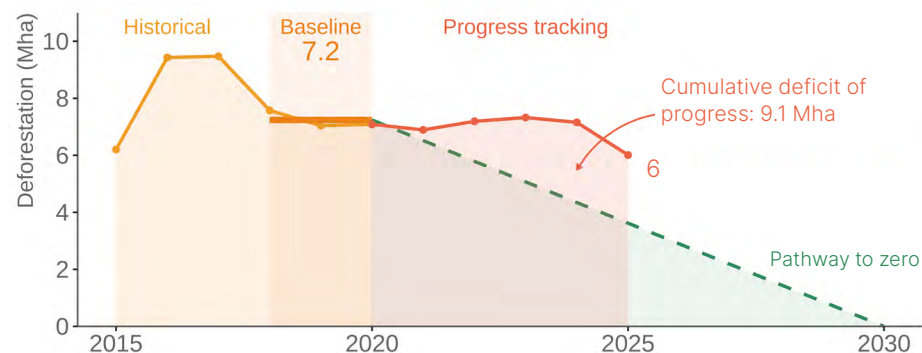
The primary, though not exclusive, driver of the 2025 decline in commodity-driven deforestation was the containment of agricultural and pasture expansion in the Brazilian Amazon – two related drivers, which together account for over 99 percent of native vegetation loss in the country.¹¹ This containment was achieved primarily through expanded and more responsive enforcement backed by real-time satellite monitoring. These gains build directly on the 2023 relaunch of Brazil's federal Action Plan for the Prevention and Control of Deforestation in the Legal Amazon, reinstated by presidential decree after a three-year hiatus during which enforcement had deteriorated.¹² Following the relaunch, enforcement actions in the Legal Amazon more than doubled relative to the prior four-year average. Colombia also contributed to the decline, posting a fourth consecutive year of falling deforestation in 2025, driven in part by reduced cattle-linked clearing in departments such as Meta, Caquetá, and Guaviare.¹³

Recent research suggests, however, that overall policy responses have not been sufficient to address a substantial share of agriculture-driven deforestation. A 2026 global attribution study using the Deforestation Driver and Carbon Emission model, which quantifies deforestation linked to 184 commodities across 179 countries from 2001–22, found that pasture expansion for beef cattle remains the single largest agricultural deforestation driver (42% of all commodity-driven deforestation), followed by oil palm and soy plantations (16% combined). The same analysis found that staple food crops – rice, maize, and cassava, grown overwhelmingly for domestic consumption rather than export – together account for around 11 percent of global deforestation, which is more than cocoa, coffee, and rubber combined.

Importantly, these figures do not reflect the impact of commodity production on non-forest ecosystems. Natural grasslands and scrublands

are also critical ecosystems that are cleared annually at high rates. Recently published studies seeking to produce a comprehensive, global understanding of annual crop-driven non-forest ecosystem conversion estimate an average loss of 9 to 13 million hectares from 2000/2005 to 2020.¹⁴ These losses cause significant ecological impacts: grasslands, savannahs, and wetlands store 20 to 35 percent of the world's terrestrial carbon and harbor over a third of global biodiversity hotspots. Yet their conservation and policy protection is much less robust than even that of forest ecosystems.

Figure 2.1. Commodity-driven deforestation 2015-2025



Source: Own analysis using tree cover loss data (Hansen et al. 2013, updated through 2025) and drivers of tree cover loss (Sims et al. 2025, updated through 2025)

3. PROGRESS BY COMPANIES

Emerging regulation and science-based target setting are producing more concrete corporate progress than in previous years. By June 2026, 461 companies had set SBTi FLAG targets, and the pace of target-setting and validation doubled in 2025. The EUDR is already driving company action despite delays, especially on traceability systems, according to Forest 500 assessments. Few companies, however, are leading on addressing forest impacts: only 19 of the 500 companies assessed qualify as leaders, and 14 backtracked on existing commitments in 2025. Mining as a sector lags behind agribusiness and forestry in terms of recognizing and addressing forest risks and impacts. Over 90 percent of mining companies disclosing through CDP report that they have a formal process for assessing biodiversity risk, yet only half have a public policy to address it.

3.1 Agribusiness and forestry

Decisions made by agribusiness and forestry companies – including where and how they source, supplier selection and engagement, and how transparently they report – carry major consequences for whether global forest goals are met. Despite years of pledges and scrutiny, little has changed in the overall performance of major companies operating in agricultural and forestry supply chains. A minority of companies are making robust, verifiable progress, while the vast majority of companies continue to treat deforestation as a marginal concern rather than a core business risk. Amid the accelerating pace of nature loss, companies – especially those who operate within the supply chains of more internationally traded commodities – face increasing pressure to adopt ambitious nature-related targets and comply with pending regulation, which has inspired corporate progress in recent years.

COMMITMENT ADOPTION

Global Canopy's 2026 Forest 500 assessment – examining data points across 500 of the most influential companies in nine forest-risk

commodity supply chains^a – finds that only 146 companies (29%) have made commitments to address deforestation for all the commodities they produce or source. Of the 500 companies assessed, 24 have never published any deforestation commitment since assessments began in 2014, while 14 companies actively backtracked on existing commitments in 2025. CDP disclosure data corroborates this assessment: only a fifth of companies disclosing forest-risk commodity exposure have a no-deforestation or no-conversion policy meeting certain criteria for robustness, such as a target date (**Figure 2.2**).¹⁵ Only 7.6 percent meet the strongest standard for commitments, explicitly incorporating human rights via free, prior, and informed consent (FPIC) and pledges to uphold international labor standards.

Palm oil, with over a decade of certification infrastructure (via the Roundtable on Sustainable Palm Oil (RSPO)), remains a relatively more advanced agricultural supply chain in terms of commitments: Zoological Society of London's Sustainability Policy Transparency Toolkit's October 2025 assessment found 54 of 82 (65.9%) of palm oil producers publicly commit to zero deforestation, though only 24 of 82 (29.3%) commit to the stronger zero-conversion standard, and just 47 of 82 (57.3%) disclose a clear cut-off date defining what counts as deforestation.¹⁶ The average commitment strength^b among Forest 500 companies assessed for palm oil was 58.5 percent in 2025.¹⁷

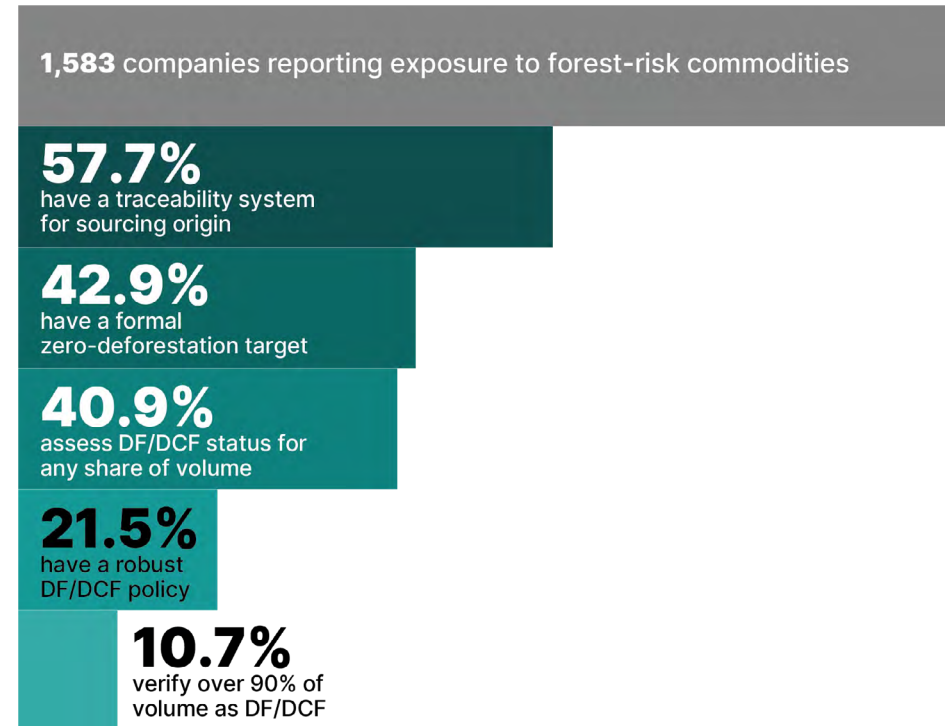
In contrast, beef and leather show markedly weaker commitment strength per Forest 500, averaging just 33.0 percent and 30.6 percent respectively, reflecting the comparatively fragmented, less traceable structure of cattle-linked supply chains. In forestry supply chains, Forest 500 finds an average commitment strength of 50.6 percent among companies assessed for timber and 37.5 percent among companies assessed for pulp and paper. ZSL-SPOTT's September 2025 combined assessment of timber and pulp and paper producers, processors, and traders found that 52.7 percent of these companies had a clear commitment to zero deforestation, while only 12.1 percent commit to the stronger zero-conversion standard, and just 17.6 percent define a cut-off

^a The nine commodity supply chains covered by Forest 500 include beef, leather, palm oil, soy, timber, pulp and paper, cocoa, coffee, and rubber.

^b In the Forest 500 assessment, commitment strength measures how ambitious and comprehensive a company's or financial institution's formal public policies are regarding the elimination of deforestation, ecosystem conversion, and associated human rights abuses.

date. Only a fraction of these companies have commitments around forest degradation.

Figure 2.2. Share of CDP-disclosing companies meeting selected deforestation- and conversion-free supply chain indicators, as of 2025



Notes: Shares of 1,583 companies disclosing forest-risk commodity exposure through CDP's 2025 Forests Questionnaire. DF/DCF = deforestation-free / deforestation- and conversion-free. Indicators are not necessarily sequential steps with overlapping populations (i.e., not every company with a target also has a traceability system), but are presented in descending order of prevalence to illustrate the overall attrition from awareness to verified outcome.

Source: CDP (2025) disclosure data provided to the Forest Declaration Assessment

COMMITMENT IMPLEMENTATION

Commitments are still not translating into demonstrable action for most companies. Forest 500's three-tier performance breakdown shows that just 19 of the 500 companies assessed (4%) qualify as "leaders," with deforestation and conversion-free (DCF) commitments for all relevant commodities, and evidence of stronger implementation than most. A large contingent of 313 companies (63%) fall into a "late majority" with only partial commitments or weak progress; just 132 of these companies reported progress on implementation between 2024 and 2025. And finally, 168 companies (33%) remain laggards with no deforestation or ecosystem conversion commitments whatsoever.

Forestry companies, specifically, illustrate this gap. The 100 timber and pulp and paper producers, processors, and traders assessed by SPOTT collectively manage more than 43 million hectares of forest worldwide, yet still produce only limited transparency on how that land is used. Just 10 percent (covering roughly 8 million hectares) publish complete georeferenced maps of their forest management units, and only 3 percent report what share of their supply is verified deforestation-free.¹⁸ Average sector scores reflect this shortfall, rising only slightly from 24.1 percent in 2024 to 24.9 percent in 2025, with just 21 of 100 assessed companies scoring above 50 percent.¹⁹ Certification is a clear indicator of stronger performance: Forest Stewardship Council (FSC) Forest Management (FM)-certified or Programme for Endorsement of Forest Certification (PEFC) FM-certified companies had an average score of 58.1 percent compared to 10.5 percent for producers lacking such certification.

CDP data suggests traceability is outpacing commitment-setting as the area of fastest corporate progress (see **Figure 2.2**): the share of companies disclosing on at least one forest-risk commodity who report having a traceability system in place is 15 percentage points higher than those with a formal zero-deforestation target, suggesting many companies are building monitoring infrastructure ahead of, or independent of, formal commitment-setting. However, only a fifth of companies can trace at least 90 percent of sourced volume to production unit or sourcing area, underscoring that traceability system adoption is not yet matched by traceability depth.

Just 40.9 percent of companies assess deforestation-free (DF) or DCF status for any share of their disclosure volume, and just 1 in 10 companies disclosing to CDP can currently demonstrate that the substantial majority (over 90%) of what they source is verifiably deforestation-free.²⁰ Across the full Forest 500 universe, only 120 companies report that more than half their volumes are verified deforestation- and conversion-free for even a single commodity, with rubber, leather, and coffee lagging furthest behind.

There are nonetheless meaningful signals that market regulation – or the prospect thereof – is beginning to shift corporate behavior. Even before full implementation, the EU Deforestation Regulation (EUDR) is shaping business expectations, catalyzing corporate investment and driving supply-chain action on deforestation.²¹ More than a quarter of Forest 500 companies reported new forms of implementation action in 2025, and 68 companies (14%) specifically cited the EUDR in public documents related to action on forest loss. The number of companies with public evidence of a traceability mechanism – a key EUDR requirement – increased for eight of the nine Forest 500 commodities.

SCIENCE-BASED TARGET SETTING

The growing adoption of forest, land, and agriculture (FLAG) targets under the Science Based Targets initiative (SBTi) marks a shift from high-level corporate pledges to more enforceable, time-bound expectations on deforestation. By aligning supply-chain interventions with science-based climate pathways, these targets begin to convert disparate commitments into measurable, comparable action on land-use emissions.

As of June 2026, an estimated 461 companies had set an emission reduction target under the SBTi FLAG²² – including 26 (~5%), of the companies in Forest 500's assessment, those with the greatest exposure to deforestation risks. The pace of FLAG target setting and validation doubled in 2025 compared to 2024.²³ SBTi's March 2026 update (version 1.2) of its FLAG Guidance requires companies setting FLAG targets to eliminate deforestation from their supply chains within two years of submitting their targets for validation, and by no later than December 31,

2030 for submissions after 2028; and expands the list of commodities required to be covered in no-deforestation commitments, among other measures to strengthen the guidance.²⁴

As deforestation, forest degradation, and land-use emissions become recognized not just as reputational liabilities but as material financial and regulatory risks, companies face stronger internal and external incentives to deliver on these targets.²⁵ In this context of rising scrutiny, FLAG targets have the potential to drive more durable and effective change than earlier voluntary initiatives that were motivated primarily by public image. Whether, in fact, they do translate into sustained reductions in commodity-driven deforestation will depend on the speed and rigor of implementation.

The Science Based Targets for Nature framework, developed by the Science Based Targets Network (SBTN), offers a complementary and more granular approach to SBTi FLAG. Launched in 2019, the SBTN provides quantifiable, place-based targets for companies – including time-bound, quantitative commitments on DCF commodity production and sourcing. Its three overarching Land targets allow adopting companies to track progress on key land-use change indicators across different segments of supply chains, and were designed in collaboration with the Accountability Framework initiative and SBTi. Adoption remains limited but is growing: As of June 2026, 11 companies have publicly disclosed validated targets under SBTN, including 3 of the companies who appear on the Forest 500 list.²⁶

Corporate accountability infrastructure for land-related targets has also been recently embraced under the United Nations Convention to Combat Desertification (UNCCD). At its 17th Conference of the Parties (COP17) in August 2026, Parties formally welcomed new partnerships with SBTN and the Global Reporting Initiative, intended to align voluntary corporate land targets with the Convention's Land Degradation Neutrality goals.²⁷ The partnerships signal a broad acceptance of the potential value of science-based, third-party-validated target-setting to convert high-level pledges into measurable progress.

VOLUNTARY SUSTAINABILITY INITIATIVES

Voluntary sustainability initiatives (VSIs) within agriculture and forestry have also meaningfully strengthened their forest criteria over the past two years, largely in response to the EUDR. RSPO revised its Principles and Criteria to sharpen its requirements for deforestation and High Conservation Value-High Carbon Stock Value assessment, going into effect from November 2025,²⁸ though critics have claimed that the provisions for FPIC and deforestation still fall short of EUDR requirements.²⁹ Also in 2025, Rainforest Alliance overhauled its certification program for cocoa and coffee, adding mandatory requirements aligned with the EUDR, such as a stricter 2020 deforestation cutoff and farm-level geolocation polygons for plots over four hectares.³⁰ FSC and PEFC similarly revised their requirements in 2025 to better align with EUDR due-diligence and traceability expectations, with PEFC's French and Canadian national standards introducing stricter clear-cutting and conversion safeguards.³¹ Collectively, these revisions show the sector's most established VSIs converging on EUDR-aligned baselines, at least on paper.³²

3.2 Mining

Upstream mining sector companies are increasingly adopting processes to identify their forest- and biodiversity-related risks, but they continue to lag in converting that awareness into public commitments, policies, and robust implementation of the mitigation hierarchy, including measures to avoid, minimize, restore and, where necessary, compensate for impacts.

Given the projected growth in demand for mined materials, including critical and transition minerals, mining companies can help to avoid and mitigate the impacts of extraction. As primary actors in mineral extraction and influential voices in policy and regulatory processes, they have both the power and the responsibility to help shape stronger environmental safeguards. And through their operational decisions, including the technologies and approaches they employ; which forest impacts they avoid, mitigate, restore, or compensate, and how; how they engage with mining-affected communities; and what standards they impose on contractors and informal operators, they can either lock in a

high-deforestation, high-degradation extraction approach, or materially reduce the forest footprint of the energy and digital transitions.

NATURE-RELATED RISK AWARENESS

Figure 2.3 shows a clear decline in performance as companies move from recognizing nature-related risks toward public, verifiable action. Most companies disclosing mining or coal extractive activities through CDP in 2025 report having a formal process to identify and manage nature-related risks; yet just over half have adopted a public policy on biodiversity and/or forests. The difference between risk awareness and the basic first step toward action – a dedicated policy – demonstrates a clear gap that must be closed to accelerate progress on mitigating biodiversity and forest loss.

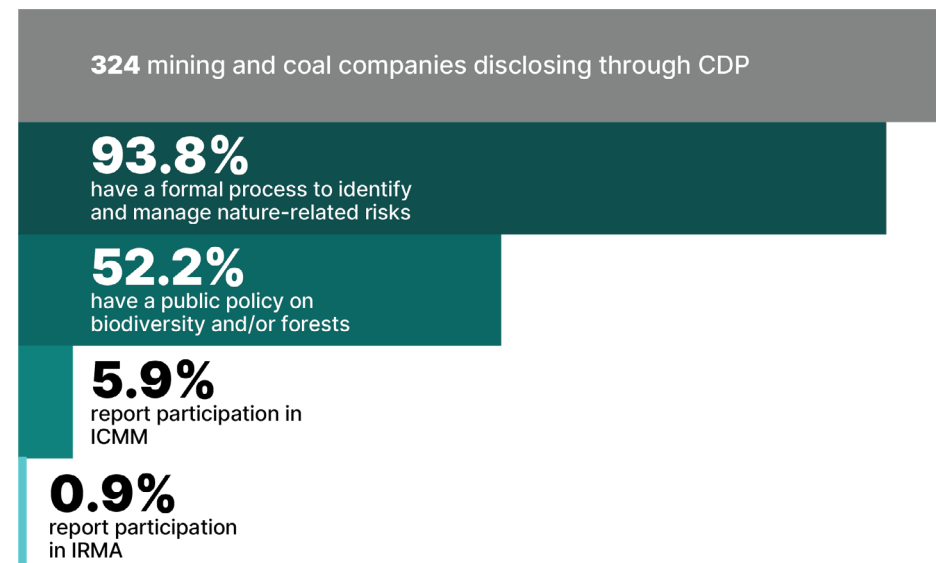
The World Benchmarking Alliance also provides insights into the extent to which the most influential companies (by, for example, share of global production volumes, influence over global governance processes, and ecological footprint in developing countries) understand and address their impacts and dependencies on nature. In its most recent assessment (as of 2026) of 90 companies from the metals and mining sector, the average composite score was just 20.1 out of 100, indicating very weak overall performance on nature-related metrics. Just two companies scored above 50. The vast majority of companies scored below 30, with five companies scoring zero across all indicators, suggesting that most mining companies have yet to meaningfully engage with or manage their impacts on nature and ecosystems.³³

NATURE-ALIGNED, SCIENCE-BASED DISCLOSURE AND TARGET-SETTING

The Taskforce on Nature-related Financial Disclosures (TNFD), jointly with the International Council on Mining and Metals (ICMM), released sector-specific guidance and reporting metrics for metals and mining in June 2024. Adoption of TNFD-aligned disclosure has grown substantially across sectors. As of September 2026, 802 companies had formally committed to TNFD-aligned disclosures, representing approximately

USD 9.4 trillion in market capitalization. Metals and mining companies account for 24 of these adopters – compared to 19 in pulp and paper products, 16 in agricultural products, and 6 in forestry management. In terms of nature-aligned target-setting, A substantial share of the CDP cohort reporting on mining projects indicates that it has set at least one measurable, time-bound nature-related target (see **Figure 2.3**). However, this group is likely to represent companies already at the leading edge of sustainability disclosure and action.

Figure 2.3. Mining sector performance across selected indicators of nature-related risk management, as of 2025



Notes: Percentages of 324 companies with mining or coal extractive activities reporting biodiversity data through CDP in 2025. Indicators overlap and do not represent sequential stages. Participation in initiatives is self-reported and does not establish certification or independently verified performance. ICMM = International Council on Mining and Metals; IRMA = Initiative for Responsible Mining Assurance.

Source: Own analysis of CDP (2025) disclosure data provided to the Forest Declaration Assessment.

VOLUNTARY SUSTAINABILITY INITIATIVES

VSIs have been a key factor in defining and promoting best practices for responsible mining and mineral supply chains. Yet, across the broad landscape of voluntary standards in the minerals sector, there is still significant room for improvement in supporting companies to address forest and biodiversity risks specifically. The Forest Declaration Assessment's 2025 comparative review of 17 mining-related VSIs found that most standards still treat forest and biodiversity risk unevenly, with common gaps in addressing cumulative, landscape-level impacts and limited integration with regulatory frameworks.³⁴

Some VSIs are working to address this oversight. For example, the Aluminium Stewardship Initiative, whose Performance Standard was strengthened in 2022 to deepen its biodiversity requirements, is overhauling both its Performance and its Chain of Custody standards from 2025 to 2027. Its February 2026 consultation draft of its Performance Standard explicitly names deforestation as a distinct responsible business conduct issue for the first time³⁵ – a shift from the current Performance Standard (V3, 2022), which addressed forest impacts only through general biodiversity and land-conversion language.

Since 2023, the Consolidated Mining Standard Initiative (CMSI) has been working to consolidate four prominent responsible mining standards into one standard.³⁶ Following a second and final public consultation that closed in November 2025 – which drew feedback from 120 stakeholders across 29 countries, with Indigenous Peoples' rights provisions attracting the most comments of any section – CMSI published its Final Consultation Report in March 2026 and is now incorporating that feedback ahead of finalization.³⁷ The revised standard includes specific consideration of and requirements to avoid or mitigate forest impacts, including through application of the mitigation hierarchy from the earliest feasible stages, and dedicated closure and rehabilitation requirements.³⁸ However, civil society groups continue to flag unresolved concerns over biodiversity and Indigenous rights safeguards.³⁹ In January 2026, a coalition of Indigenous-led and civil society organizations launched the Mining Standards Accountability Alliance specifically to challenge CMSI, citing an "inadequate governance and assurance model that would allow the industry to dominate decision-making" and "inadequate standards regarding Indigenous Peoples' rights."⁴⁰

A continued bright spot for forests among VSIs is the Initiative for Responsible Mining Assurance (IRMA), whose Standard for Responsible Mining offers the most comprehensive framework for evaluating and mitigating biodiversity impacts from mining; and its reach keeps growing. As of June 2026, 79 mine sites were publicly reporting to be in the self-assessment stage of the IRMA process, and 29 sites owned by 18 different companies had begun or completed the independent, third-party assessment.⁴¹ However, CDP disclosure data reinforces how marginal uptake still is at the company level: of the 324 companies disclosing mining or coal extractive activities in 2025, only 3 report adopting IRMA and just 19 report ICMM membership.

4. PROGRESS BY GOVERNMENTS

Governments are not yet treating deforestation- and degradation-free supply chains as central to their climate and development strategies. Only one NDC 3.0 explicitly commits to ending deforestation by 2030, and 85 percent of assessed BTRs do not report on deforestation at all. The EUDR remains the most advanced demand-side instrument, but it has been delayed twice and narrowed repeatedly, most recently by excluding leather. Producer countries, by contrast, are moving faster: at least 60 government-led initiatives are underway across 25 countries, including Colombia's new national cattle traceability law.

ROLE OF GOVERNMENTS

Governments are uniquely positioned to determine whether commodity supply chains transition away from deforestation and ecosystem conversion, through the incentives they provide, the regulations they enforce, and the trade relationships they shape. Over the past decade, many have acknowledged this responsibility in international agreements by committing to halt forest and ecosystem loss and to promote trade and finance that reduce, rather than exacerbate, forest harms, but the extent to which domestic policies and implementation actually steer deforestation and conversion-risk supply chains is still highly uneven.

Recent history shows that meaningful progress is possible when governments commit to addressing this issue. Policy instruments such as protected areas, payment for ecosystem services, land tenure reform, standards for the sustainable management of forests, public procurement policies, and zero-deforestation trade and due diligence regulations have all, in specific contexts, delivered measurable reductions in deforestation while supporting local livelihoods.⁴² Where such measures are well designed, adequately financed and enforced, coordinated and tailored to local political economies, they demonstrate that governments can materially shift private-sector behavior and the trajectory of deforestation-linked supply chains.

INTEGRATION OF DCF GOALS INTO NATIONAL STRATEGIES

Most governments are still not treating DCF commodity supply chains as a central pillar of their climate and development strategies. A recent review of nationally determined contributions (NDC) 3.0 submissions and biennial transparency reports (BTRs) finds that, while many more Parties now mention forests and land use than in previous cycles, just one NDC 3.0 explicitly commits to ending deforestation by 2030, and only 14 set specific forest-related emissions targets. Some 85 percent of assessed BTRs do not report on deforestation at all, showing a clear gap between political pledges and action on the ground.⁴³

A similar review focusing on Amazon countries' NDCs finds similarly mixed results: no Amazon country commits to ending deforestation and conversion outright, and while Colombia and Bolivia present the strongest forest components, countries such as Guyana and Suriname lack measurable, time-bound targets entirely.⁴⁴ Finance remains a binding constraint across the region, with most forest targets conditional on scaled, predictable international support.

DEMAND-SIDE POLICY INTEGRATION

Some international and regional initiatives show promise for incentivizing sustainable production and forest conservation. The package of legislation under the EU's Green Deal – including the EUDR, the Corporate

Sustainability Due Diligence Directive, and the Corporate Sustainability Reporting Directive – remains the most advanced example of this approach, coupling product-level deforestation-free requirements with cross-cutting due diligence and disclosure obligations for large companies.

Yet the regulation's trajectory has been marked by repeated delays and progressive scope narrowing, undercutting its potential impact on forest-risk supply chains. Following a first postponement in December 2024, the application date was pushed back a second time under Regulation (EU) 2025/2650, now set for December 30, 2026, for medium and large operators, and June 30, 2027, for micro and small operators. Studies estimate that this delay alone could result in an additional loss of approximately 230,000 hectares of forest globally.⁴⁵ Alongside the delay, amendments introduced a new "downstream operator" category that all but eliminates due diligence obligations for companies further along the supply chain, and printed products were removed from scope entirely.

In July 2026, the European Commission formally adopted a delegated act excluding leather, hides, and skins from EUDR scope – despite the Commission's own research showing that leather could contribute to up to 17 percent of the deforestation footprint associated with EUDR-covered imports.⁴⁶ The act frames the exclusion as part of a broader simplification review and builds in a mandatory 2030 reassessment of leather's exclusion. Together, these rollbacks illustrate a broader pattern of ambitious forest policy being vulnerable to industry pressure and political delay.

Outside the EU, there are early signs that other major consumer markets are exploring or piloting approaches to align commodity trade with forest goals. Brazil and China, whose bilateral trade is linked to roughly a quarter of global deforestation and conversion risk embodied in international agricultural commodity trade, have begun discussing cooperation on DCF trade principles and data-driven standards that could, if formalized, set a strong precedent for South–South sustainable trade.⁴⁷ The UK has also signaled alignment with the EU model: in June 2026, the government confirmed plans for a deforestation regulation covering the same seven forest-risk commodities as the EUDR, built on comparable geolocation and due-diligence data requirements.⁴⁸ The regulation is intended to start by addressing illegal deforestation only, then to eventually transition to

a full deforestation-free requirement.⁴⁹ However, the UK consultation on the regulation had not launched as of mid-August 2026, and legislation is not expected before 2027. In the United States, an EUDR-aligned trade bill was introduced to Congress in May 2026 with 26 Democratic cosponsors,⁵⁰ signaling interest among a subset of legislators to address imported deforestation and forest degradation via U.S. trade rules.

SUPPLY-SIDE POLICY RESPONSES

The impending entry into force of the EUDR has inspired or accelerated efforts among producer countries to reform or strengthen governance frameworks and systems.⁵¹ A review as of April 2026 identified at least 60 government-led initiatives across 25 producer countries, with most efforts focused on cocoa and coffee supply chains.⁵² For example, Ghana's Cocoa Board (COCOBOD – the main regulator of the cocoa industry in Ghana) transitioned its Cocoa Traceability System from pilot to national rollout, commencing at the beginning of the 2025/26 cocoa season, as part of its broader digitalization agenda, with the timeline accelerated to align with EUDR requirements,⁵³ embedding traceability as a governance function of the state cocoa authority. More recently, in June 2026, Colombia became the first tropical forest country to enact a nationwide cattle traceability law, integrating livestock tracking, land tenure records, and deforestation monitoring to keep cattle linked to illegally cleared land out of supply chains.⁵⁴

In Brazil, the development and adoption of Selo Verde – a free, government-data-driven platform pioneered in Pará in 2021 and now adopted by Minas Gerais, Acre, and Espírito Santo – provides a basis for soy, beef, coffee, and cacao producers to demonstrate EUDR compliance by cross-referencing land-use, deforestation, cattle-transport, and legal-compliance records.⁵⁵ However, adoption by exporters and meatpackers remains limited absent a firm regulatory deadline, and the platform's self-declaratory registry data (only about 11% independently verified) and lack of individual cattle traceability mean it does not yet function as a full compliance solution. Structural gaps of this kind – incomplete land registries, unclear tenure, and fragmented national data systems – sit squarely within governments' remit to encourage and enable private sector efforts.

5. MULTISTAKEHOLDER INITIATIVES

Participation in landscape and jurisdictional approaches keeps growing, with 386 companies reporting engagement to CDP in 2025, up from 27 in 2020. However, the credibility and maturity of these initiatives are still developing. The recent collapse of the Amazon Soy Moratorium – previously a shining example of voluntary sectoral and multistakeholder collaboration – shows how quickly voluntary gains can unravel when public policy support shifts.

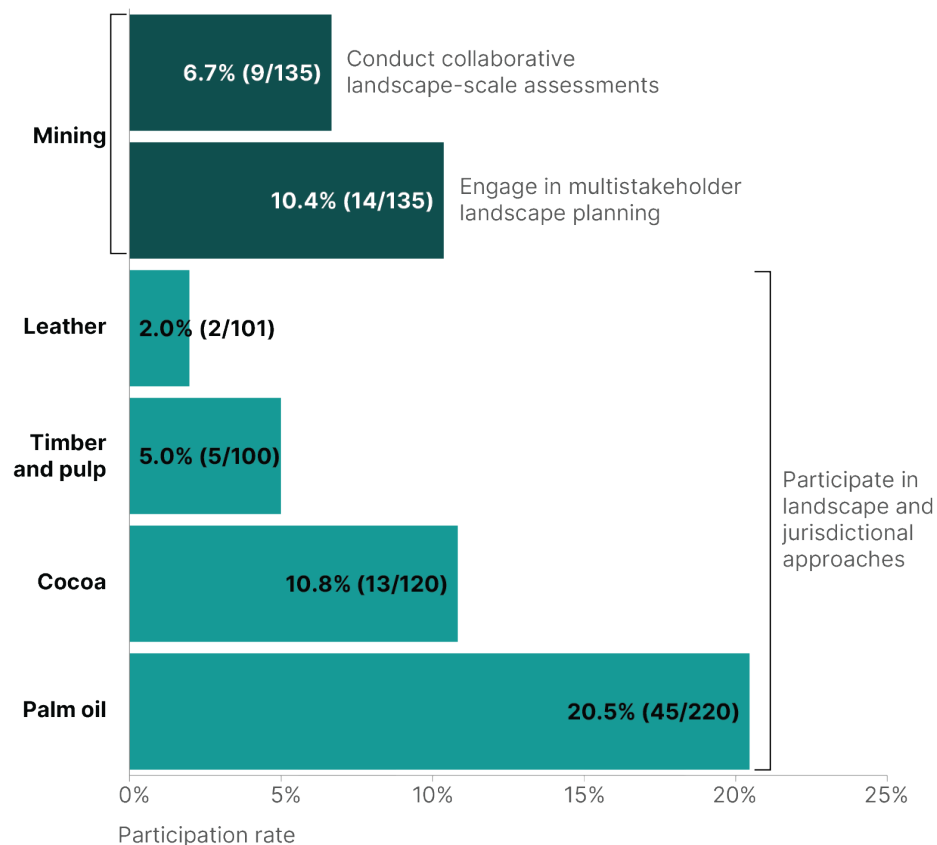
POWER OF COLLABORATION

Coordinated efforts by multiple stakeholder groups are more likely to achieve meaningful and durable shifts toward DCF supply chains. Within this context, place-based approaches like landscape and jurisdictional approaches (L/JAs) matter because they aim to shift the underlying conditions in entire regions, not just in individual supply chains. By bringing together companies, sub-national governments, communities, and civil society around shared goals for forests, land use, and livelihoods, they can align public policies, investment, and corporate sourcing so that “deforestation-free” becomes mainstream.

CORPORATE ENGAGEMENT IN L/JAS

Corporate engagement in landscape and jurisdictional approaches is growing, but remains limited and highly uneven across sectors. As **Figure 2.4** shows, palm oil supply chains report the strongest participation, while engagement is far lower in cocoa, mining, timber and pulp, and leather. In mining, few companies report conducting landscape-scale assessments or participating in multistakeholder planning processes, despite widespread recognition of operations near areas important for biodiversity. Overall, the findings point to a persistent gap between companies' recognition of place-based environmental risks and their participation in collaborative, landscape-scale action.

Figure 2.4. Corporate participation in landscape and jurisdictional approaches across selected sectors, as of 2025



Note: Forest 500 (palm oil, cocoa, and leather) records company participation in any landscape or jurisdictional approach; ZSL-SPOTT (timber and pulp) records published examples of landscape-approach implementation; CDP records landscape-scale assessment and multistakeholder planning among companies disclosing mining projects.

Source: Own analysis based on 2025 assessment/disclosure data from Forest 500, ZSL-SPOTT, and CDP.

CDP's full set of disclosure data, covering a broader company universe, confirms the overall growth trend and adds a multi-year perspective: 386 companies (24.4% of all 1,583 disclosing on at least one forest-risk commodity) reported L/JA engagement in 2025 – up from 356 companies (14.5%) in 2024, and a more than tenfold increase from just 27 companies when CDP first added landscape approaches to its Forests Questionnaire in 2020. Government-level engagement has grown in parallel: 51 of the 75 states and regions disclosing to CDP in 2025 reported leading or supporting an L/JA, up from 41 in 2024 and 17 in 2020.

Despite this sustained growth in participation, the credibility of disclosed L/JAs is improving only marginally. Just 107 companies (6.8%) met CDP's fullest credibility bar for landscape engagement in 2025 – engaging in initiatives with multiple goals, multiple partner types, a shared external monitoring framework, and disclosed initiative area – up only slightly from 85 companies (3.5%) in 2024. The effectiveness of collaborative initiatives ultimately depends on the strength of their governance, the breadth of stakeholder inclusion, and whether they tackle systemic drivers of deforestation rather than solely individual supply chain risks.

ADVANCING JURISDICTIONAL REDD+

Jurisdictional REDD+ (J-REDD+) programs may provide an important enabling layer for landscape and jurisdictional approaches, but their integration with corporate efforts to halt deforestation is not yet clear. Operating at national or sub-national scale, these programs are led by governments and aim to reduce deforestation and forest degradation by rewarding verified emission reductions. Yet a decade of research shows that results have been modest and highly context dependent, with significant variation in how far they engage local stakeholders and tackle underlying commodity drivers.⁵⁶ A growing number of REDD+ initiatives have shifted from project-scale to jurisdictional or national systems, creating frameworks that could, in principle, be linked to preferential sourcing, performance-based contracts, or co-financing by companies operating in those jurisdictions. However, such private-sector linkages are still the exception rather than the rule.

OTHER MULTISTAKEHOLDER EFFORTS

Other multistakeholder efforts continue to demonstrate both the value and the vulnerability of coordinated action. Initiatives such as the Forest Positive Coalition, the United Nations Development Programme Green Commodities Programme, and emerging traceability partnerships for coffee and cocoa in Latin America have advanced transparency and supply chain sustainability across multiple commodity sectors.

One major development in 2026 concerns the Amazon Soy Moratorium (ASM), long regarded as one of the world's most successful zero-deforestation mechanisms after 19 years in effect. In January, Brazil's soy industry association ABIOVE (representing major grain traders including Cargill, Archer Daniels Midland, Bunge, Louis Dreyfus, COFCO, and Amaggi) announced its withdrawal from the ASM after Mato Grosso's state legislature enacted a law stripping tax incentives and public land access from companies upholding the agreement.⁵⁷ The withdrawal followed years of mounting political pressure on the ASM, including a 2025 antitrust investigation by Brazil's competition regulator, CADE, into whether the pact constituted an anticompetitive arrangement.⁵⁸ In August 2026, Brazil's Supreme Court resolved that question directly, ruling the ASM constitutional and ordering the CADE proceeding closed. But it simultaneously upheld the state laws restricting tax incentives for signatories, leaving the underlying economic pressure that drove ABIOVE's withdrawal legally intact.⁵⁹ The episode illustrates how voluntary, multistakeholder commitments – even long-running, demonstrably effective ones – remain vulnerable when the broader policy and political environments shift.

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THEME 3

FOREST FINANCE



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1. INTRODUCTION

Forest finance has grown faster over the past five years than at any point since the Paris Agreement. This chapter assesses whether that growth is sufficient, where the money comes from, and whether financial flows that harm forests are being curbed. Public pledges have been delivered almost in full, and new mechanisms such as the Tropical Forest Forever Facility (TFFF) could supply long-term finance at scale. But forests still receive 0.3 percent of global climate finance, and subsidies that harm forests remain roughly a hundred times larger than public forest finance.

2. SCALING UP FINANCE FOR FORESTS

Public forest finance has scaled quickly. Annual international public finance for forests tripled from USD 1.8 billion in 2018–20 to an estimated USD 6.1 billion in 2022–25, and 99 percent of the USD 16.2 billion pledged at COP26 had been released by the end of 2024. That total still equals only 1 percent of what governments spend each year on potentially harmful agricultural subsidies. The TFFF, endorsed by more than 60 countries with USD 7.3 billion in pledged sponsor capital, could become the largest new source, but requires additional pledges to reach the USD 10 billion in sovereign investment needed this year. Private capital remains thin: public funders provided seven times more forest climate finance than private actors in 2024, and forests receive just 0.3 percent of global climate finance.

2.1 Public and philanthropic finance

While rapid spending progress under key forest finance pledges for 2021–25 and follow-up pledges are welcome, the sums involved remain small compared with harmful subsidies.

Key pledges made at COP26 in 2021 committed to disbursing a total of USD 16.2 billion by 2025 for protecting forests and forest-based livelihoods. By the end of 2024, almost 99 percent of these funds had

been released.^a Some key pledges were renewed at COP30 in 2025, totaling an additional USD 4.3 billion to be disbursed from 2026-30 (**Figure 3.1**).¹ More broadly, annual international public finance for forests more than tripled from an average of USD 1.8 billion in 2018-20 to an estimated average of USD 6.1 billion in 2022-25 following COP26.

However, this sum is equivalent to only 1 percent of the public finance directed annually at potentially harmful agricultural subsidies from 2022-24 (**Figure 3.2**). One of the most prominent, government-led efforts so far to help scale up finance for forests, was the launch of the Forest & Climate Leaders’ Partnership (FCLP)’s forest finance roadmap in September 2025. The six-point plan aims to help governments coordinate and jointly mobilize sufficient finance to close the estimated USD 67 billion gap in annual forest finance.²

Since 2009, developing countries have received USD 3.5 billion in funding for REDD+. Although short of the intended scale and speed, jurisdictional REDD+ programs have demonstrated the capacity to channel results-based finance to countries for verified efforts to reduce forest loss and support sustainable development. More than 20 active payment agreements could deliver up to an additional USD 1.3 billion (Figure 3.3).

The FCLP’s new Scaling J-REDD+ Coalition brings together governments, Indigenous Peoples (IPs), investors, intermediaries, carbon standards, and civil society to mobilize USD 3 to 6 billion annually by 2030 to scale high-integrity jurisdictional REDD+ crediting.³ While it is too early to assess the initiative’s transformative potential, it enjoys broad support.⁴

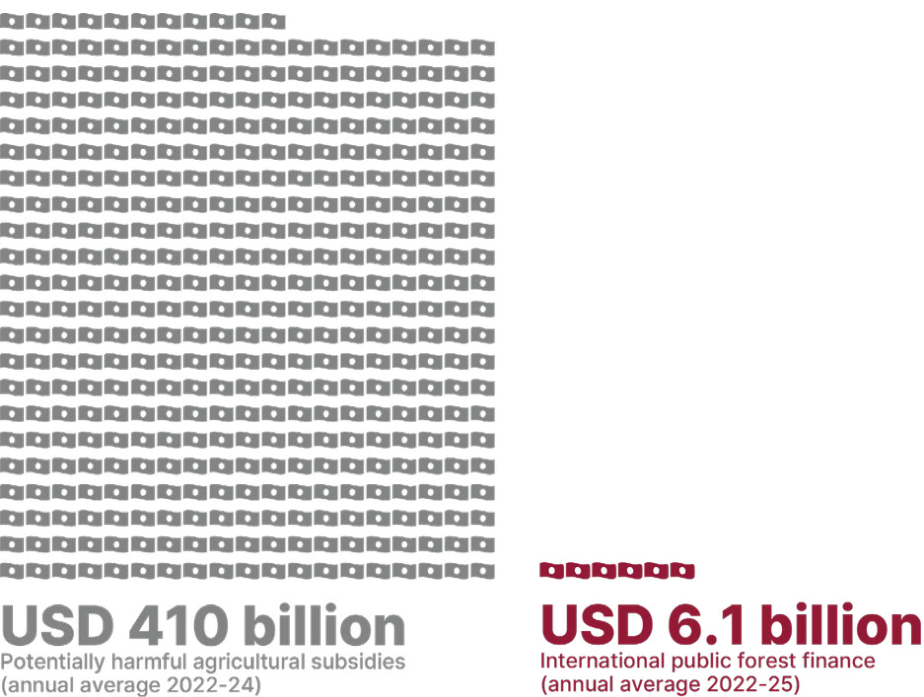
^a Figures are based on analysis by Climate Focus of progress reports for the Congo Basin Pledge, the Global Forest Finance Pledge, and the IPLC Forest Tenure Pledge. Figures cover pledges and disbursements reported by August 31, 2026.

Figure 3.1. COP26 and COP30 forest finance commitments in comparison



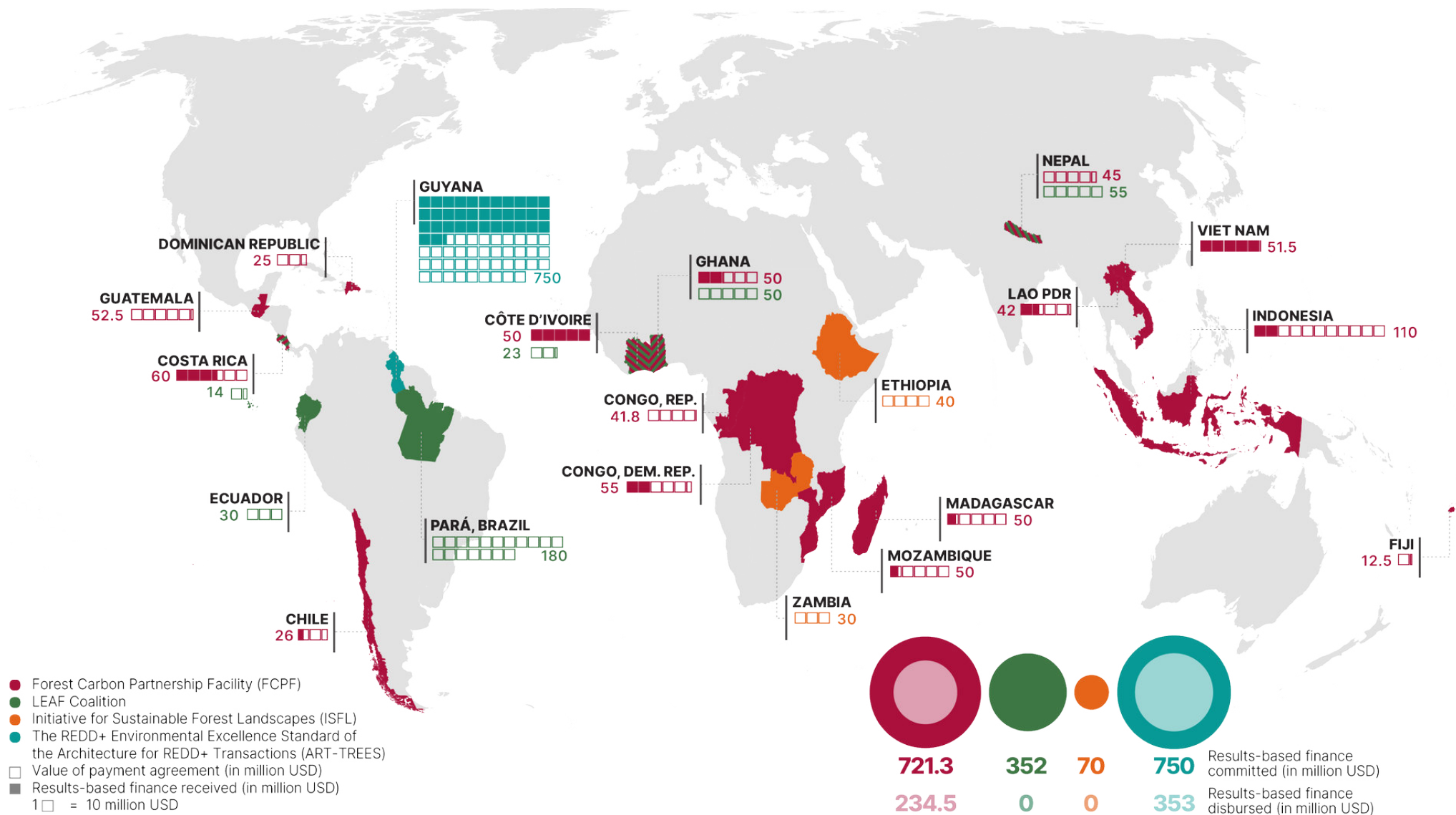
Source: Own analysis of progress reports for the Congo Basin Pledge, the Global Forest Finance Pledge, and the IPLC Forest Tenure Pledge. Figures cover pledges and disbursements reported by August 31, 2026.

Figure 3.2. International public forest finance compared to potentially harmful agricultural subsidies



Source: Organisation for Economic Cooperation and Development (OECD) (2025) and own analysis based on OECD (2025), Climate Funds Update (2025), and progress reports for key forest finance pledges.

Figure 3.3. Commitments and disbursements of international results-based REDD+ finance under active payment agreements



Source: Own analysis based on FCPF, BioCarbon Fund's Initiative for Sustainable Forest Landscapes (ISFL), LEAF Coalition, and Architecture for REDD+ Transactions (ART).

Since its official launch at COP30 in 2025, the TFFF has been endorsed by more than 60 countries,⁵ with sponsor capital commitments now totaling USD 7.3 billion.^b At full capitalization, the TFFF could generate up to USD 4 billion for tropical forest countries annually (Figure 3.4).^c Development of the Facility's governance and financial models have progressed relatively rapidly over the last year. If successful, the TFFF would become a new and more reliable source of long-term large-scale finance for tropical forest countries, including Indigenous Peoples and local communities, who will directly receive at least 20 percent of funds.

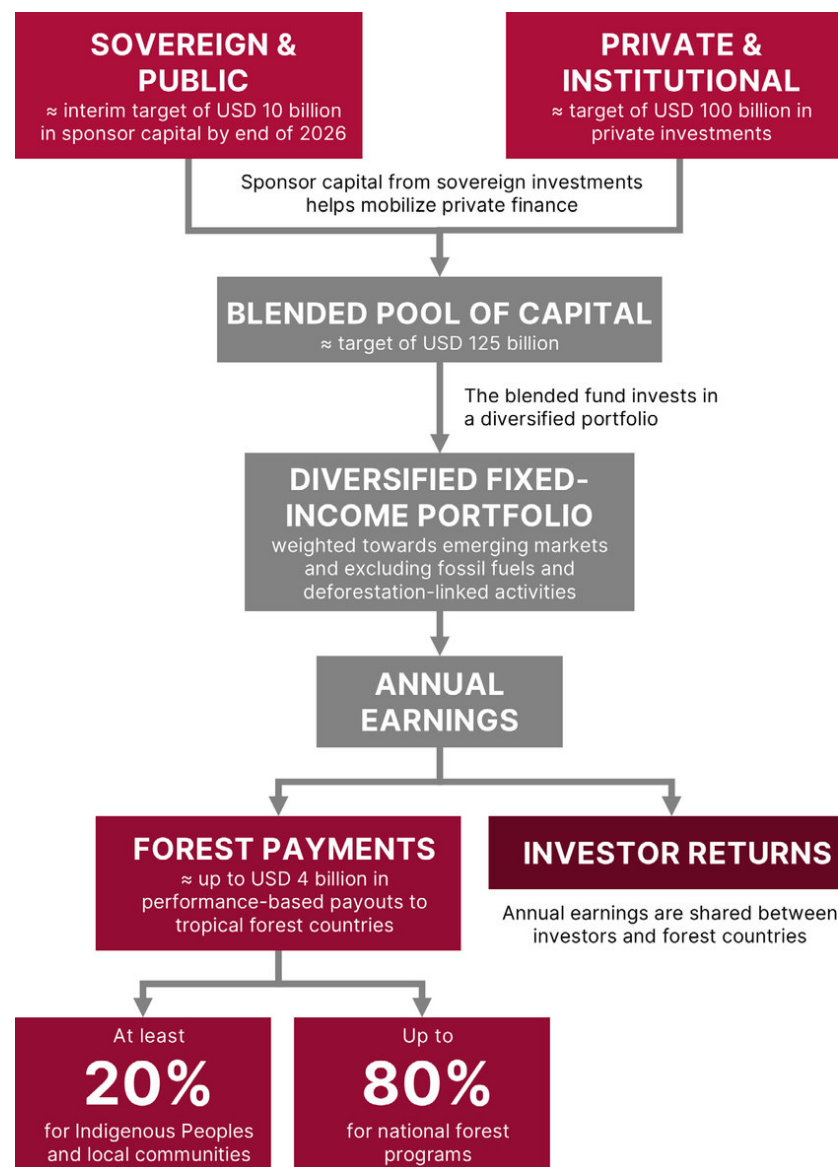
With leadership from Brazil and Norway, which co-chair the TFFF Interim Board, legal and operational structures are currently being finalized along with the financial model.⁶ The Board adopted its founding Charter in July 2026.⁷ The World Bank, which currently hosts the TFFF Secretariat on an interim basis, will serve as the Facility's permanent trustee,⁸ and Luxembourg will host the TFFF's financial arm, the Tropical Forest Investment Fund.⁹ To support potential beneficiaries, including tropical forest countries and IPs and local communities (LCs), in accessing TFFF funds, new platforms are emerging, including the Fast Track Programme.¹⁰

Reaching the USD 10 billion sponsor capital target by the end of 2026 matters for two reasons: it is the threshold the TFFF's own designers set as the minimum needed to begin leveraging private bond markets at meaningful scale,¹¹ and it is the level at which Norway's pledge of up to USD 3 billion – the Facility's largest commitment – becomes unlocked. As of September 2026, pledges stand at USD 7.3 billion, leaving a USD 2.7 billion gap with roughly three months to go. On balance, the TFFF has moved faster than many comparable finance mechanisms in its first year, but reaching full scale – and the stable, large-scale forest finance it could deliver – will still take several years, with its true impact likely to be felt only toward the end of the decade.

^b Figure is taken from [TFFF Watch](#). It is unclear how many private investors have formally endorsed the TFFF or how much private capital has already been committed to it. However, several investors have released statements of support (for example, the [Rotterdam TFFF Investors Statement of Support](#)).

^c [TFFF Watch](#) uses data from Global Forest Watch (GFW) and the European Commission's Joint Research Centre (JRC) to estimate the scale of potential payouts for tropical forest countries. Hypothetical current rewards based on 2024 forest change data from GFW and GFW/JRC for fully and almost eligible countries range from USD 1.7 to 2.7 billion. If countries ended deforestation and forest degradation entirely, potential maximum rewards could range from USD 4.5 to 5.1 billion. The full methodology underlying both estimates is available [online](#).

Figure 3.4. How the Tropical Forest Forever Facility works



Source: Own elaboration based on TFFF Concept Note 3.1.

The COP26 Forest Tenure Pledge succeeded in mobilizing significant finance for tenure rights of Indigenous Peoples, Afro-descendant Peoples, and local communities. Finance for strengthening existing tenure rights, recognizing new territories, and supporting community livelihoods, policy reform and IP, ADP, and LC organizations grew significantly in the 2021-24 period after the pledge compared with the 2011-20 period. Funding for first-time territorial recognition grew by nearly 270 percent.¹²

Methodology 3.1. International public finance for forests

We estimate average annual international public finance for forests using multiple sources of public and philanthropic finance.

For the post-Glasgow Leaders' Declaration period (2022–25), the estimate combines three data sources: (i) climate-related Official Development Assistance (ODA) for the forestry sector; (ii) international REDD+ disbursements; and (iii) disbursements under major forest finance pledges by public and philanthropic donors. Forestry-sector ODA data for 2022–24 are sourced from the OECD. As 2025 data are not yet available, the 2025 value is estimated using the average annual relative change over the previous five years. REDD+ disbursements for 2022–25 are sourced from the Climate Funds Update Data Dashboard, while pledge disbursements are based on Climate Focus analysis of multiple sources.

For the 2018–20 reference period, the estimate includes climate-related ODA for the forestry sector and international REDD+ disbursements. The 2018–20 period is used to align with the reference period for tracking progress on overarching forest goals in Theme 1 and to exclude 2021, when values deviated from historical trends, presumably due to the COVID-19 pandemic.

Disbursements under forest finance pledges include a small share of philanthropic finance.

However, local and rightsholder-led organizations continue to play a secondary role as recipients of direct funds, especially from governments and multilateral donors. In addition, ongoing cuts in bilateral and multilateral funding threaten recent progress. Maintaining strong donor support for prioritizing IP, Afro-descendant Peoples (ADP), and LC tenure rights to address the climate and biodiversity crises will require a sustained effort.¹³ Indigenous and community-led funding mechanisms are powerful tools for challenging the predominance of top-down funding models. Mechanisms such as the Pawanka Fund, the Mesoamerican Territorial Fund, and Podáali align finance with local priorities and enhance self-determined development of IP, ADP, and LC territories.¹⁴

Methodology 3.2. REDD+ finance

REDD+ stands for Reducing Emissions from Deforestation and Forest Degradation, plus additional forest activities such as sustainable management and the conservation and enhancement of forest stocks.

We track REDD+ finance using two complementary measures. First, cumulative REDD+ finance from 2009–25 includes readiness and implementation finance disbursements by the Amazon Fund, the BioCarbon Fund, the Central African Forest Initiative (CAFI), the Congo Basin Forest Fund (CBFF), the Forest Carbon Partnership Facility (FCPF), the Forest Investment Program (FIP), the Green Climate Fund (GCF), and UN-REDD. These figures are based on Climate Focus analysis of data obtained from fund websites and the Climate Funds Update Data Dashboard.

Second, we track funding commitments and disbursements under active results-based payment agreements through four jurisdictional REDD+ mechanisms: FCPF, the BioCarbon Fund's Initiative for Sustainable Forest Landscapes (ISFL), the LEAF Coalition, and the Architecture for REDD+ Transactions (ART). The 20 active payment agreements identified total USD 1.9 billion, of which USD 588 million has already been disbursed, leaving up to approximately USD 1.3 billion still available for future payments. These figures are based on Climate Focus analysis of data obtained directly from the websites of the respective mechanisms.

All figures cover commitments and disbursements reported by August 31, 2026.

2.2 Private finance for forest protection and restoration

Diversification of forest-related finance beyond public funding remains low.¹⁵ Public funders contributed seven times more climate finance to the forestry sector than private actors in 2024 (USD 5.26 billion vs. USD 0.75 billion). Overall, the forestry sector remains structurally underfunded, receiving just 0.3 percent (USD 6 billion) of global climate finance (USD 2 trillion) in 2024.^d

At the same time, annual private investment in nature grew fivefold from USD 2.8 billion in 2016 to more than USD 14 billion in 2025, supporting an area at least double the size of Spain.^e While most private investment in nature over the past decade was made in the United States and Canada (a cumulative total of USD 20.8 billion, or 38%), almost a third (USD 15.3 billion) was deployed across Latin America, reflecting the region's importance as the host of ecosystems that provide globally critical services.¹⁶

A meaningful portion of private capital is deployed to activities with potential forest benefits, illustrating forests' popularity as an asset class and portfolio insurance strategy among investors.¹⁷ This popularity is unchanged, as shown by Gresham House's recent acquisition of Molpus Woodlands Group, which created a major timberland investment manager with approximately USD 8 billion in forestry assets under management.¹⁸

The Science Based Targets initiative's (SBTi) updated Corporate Net-Zero Standard Version 2.0 could open opportunities for corporate investments in nature. The updated standard establishes an implementation hierarchy that prioritizes in-value-chain interventions that may include nature-based reductions or removals for companies with forest, land, and agriculture (FLAG) climate targets. The standard also encourages companies to address their ongoing emissions^f with activities – so-called

verified mitigation outcomes – that explicitly include protecting, restoring, and enhancing natural carbon sinks. From 2035, companies must cover at least 1 percent of their ongoing emissions with removals, of which up to 90 percent can be nature-based.¹⁹ Given that the majority of currently available global carbon removal capacity is nature-based, recognition of nature as an eligible activity enables companies to pursue a portfolio approach in which nature-based solutions work alongside engineered removals.²⁰

Already today, retirements of forest-based carbon credits enable private finance to flow into forest conservation and restoration. Nature-based removal credits from projects such as afforestation, reforestation, revegetation continue to attract the highest prices (USD 14 per tCO₂e on average). Nature-based avoidance credits from projects such as REDD+ experienced sharp price increases from July 2025 to April 2026, potentially due to constrained supply of credits from Southeast Asia.²¹

3. MITIGATING FOREST-RELATED FINANCIAL RISKS

Recognition of forest risk is expanding faster than the financial sector's action on it. The number of financial institutions with deforestation policies has almost quadrupled since 2014, but progress has stalled since 2022, and 89 of the 150 most exposed institutions still have none. Lending still broadly supports deforestation, with at least USD 429 billion extended to forest-risk commodity companies between 2016 and 2025. Some financial supervisors are moving to address the risks: over half of assessed jurisdictions now name deforestation in their environmental risk definitions, but more than 60 percent still lack disclosure requirements. Despite this, nature disclosure continues to expand, with over 800 organizations committed to TNFD reporting and ISSB standards adopted in 28 jurisdictions, up from 16 a year earlier.

3.1 Progress by financial institutions

In the decade since the adoption of the Paris Agreement, private sector finance has continued to flow to companies that are exposed to forest-destructive practices. For example, from 2016-25, financial institutions

^d Figures are based on an analysis by Climate Focus of data obtained from the [Global Landscape of Climate Finance Data Dashboard](#) by Climate Policy Initiative (CPI). The full methodology underlying CPI's data is available [online](#).

^e Figures are taken from the [State of Private Investment in Nature 2026](#) report by Forest Trends and The Nature Conservancy. Figures include investments from 2016-25 covering 1,731 nature-related transactions reported via an investor survey and publicly available data sources. The full methodology is outlined in the report.

^f Ongoing emissions are the emissions that companies keep generating while implementing reduction activities across their operations and value chains to achieve their emissions reduction targets.

provided at least USD 429 billion in credit to companies involved in the supply chains of six forest-risk commodities (beef, palm oil, pulp and paper, rubber, soy, and timber), with record amounts being provided within the last five years. And as of September 2025, financial institutions held investments in forest-risk commodity companies worth a total of USD 42 billion – USD 7.8 billion more than in late 2015.²²

These investments entail significant material risks for financial institutions. Companies in forest-risk commodity supply chains report being exposed to at least USD 279 billion in forest-related financial risks (an average of USD 338 million per company).²³ Financial institutions can mitigate these risks through targeted engagement and capital allocation decisions within high-impact sectors. Beyond individual risk mitigation, financial institutions hold significant leverage to shift the entire economic system toward more sustainable practices, particularly because more than two thirds of negative nature impacts are concentrated among a group of just 250 companies.^{9,24}

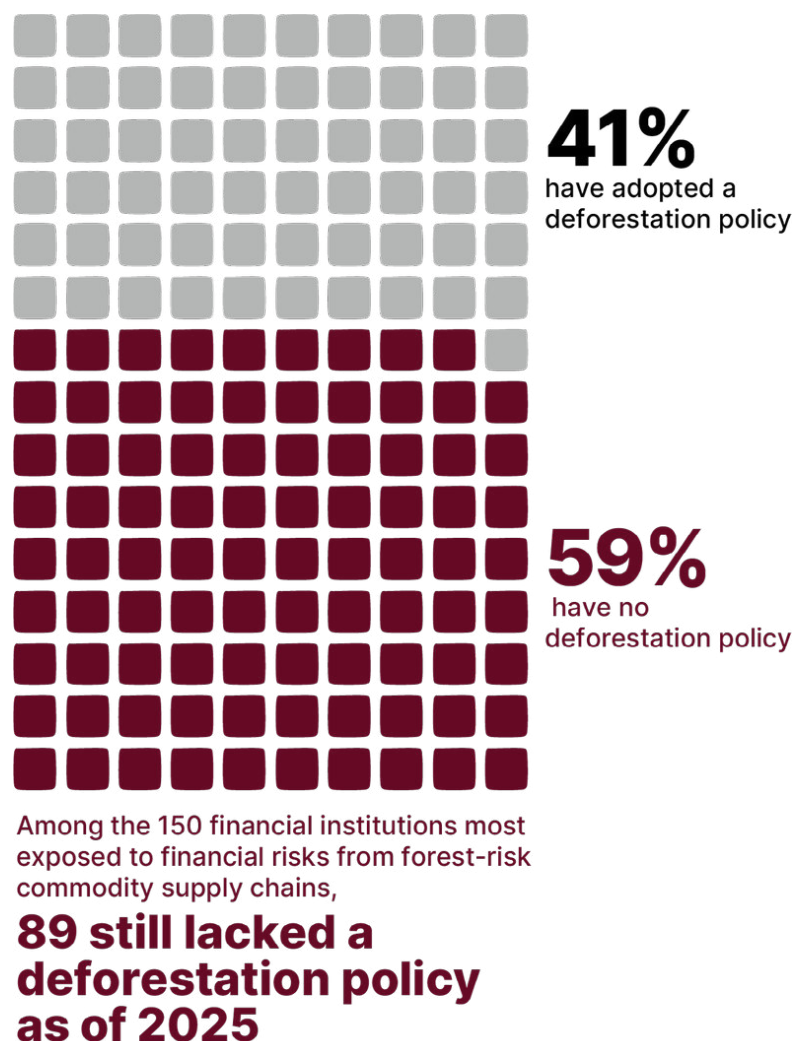
Against this backdrop, the evidence paints a mixed picture of progress: Financial institutions increasingly recognize nature loss as a systemic financial risk and are improving their risk assessment and management frameworks by adopting natural capital accounting. However, this recognition is still only partially reflected in policies, client requirements, and portfolio-level risk mitigation.²⁵

Since 2014, the number of financial institutions with deforestation policies has almost quadrupled, showing that forest-related risks have advanced on the financial sector's agenda. Unfortunately, progress has stagnated since 2022. Among the 150 financial institutions most exposed to financial risks from forest-risk commodity supply chains, 89 still lacked a deforestation policy as of 2025 (59%) (Figure 3.5).

Notably, 23 institutions have not published any policy since 2014, including major asset managers such as BlackRock, State Street, and Vanguard. Progress in 2025 was concentrated among a small group of leaders and was only incremental, mainly in risk assessment and reporting on policy implementation.²⁶

⁹ A growing number of resources helps financial institutions assess, manage, and eliminate forest-related risks across investment portfolios. These include the [AFI Finance Tool](#) and practical [methodological guidance](#) by Climate & Company and Global Canopy, already piloted by the Swedish pension fund Andra AP-fonden (AP2).

Figure 3.5. Deforestation policy adoption among the 150 financial institutions most exposed to financial risks from forest-risk commodity supply chains



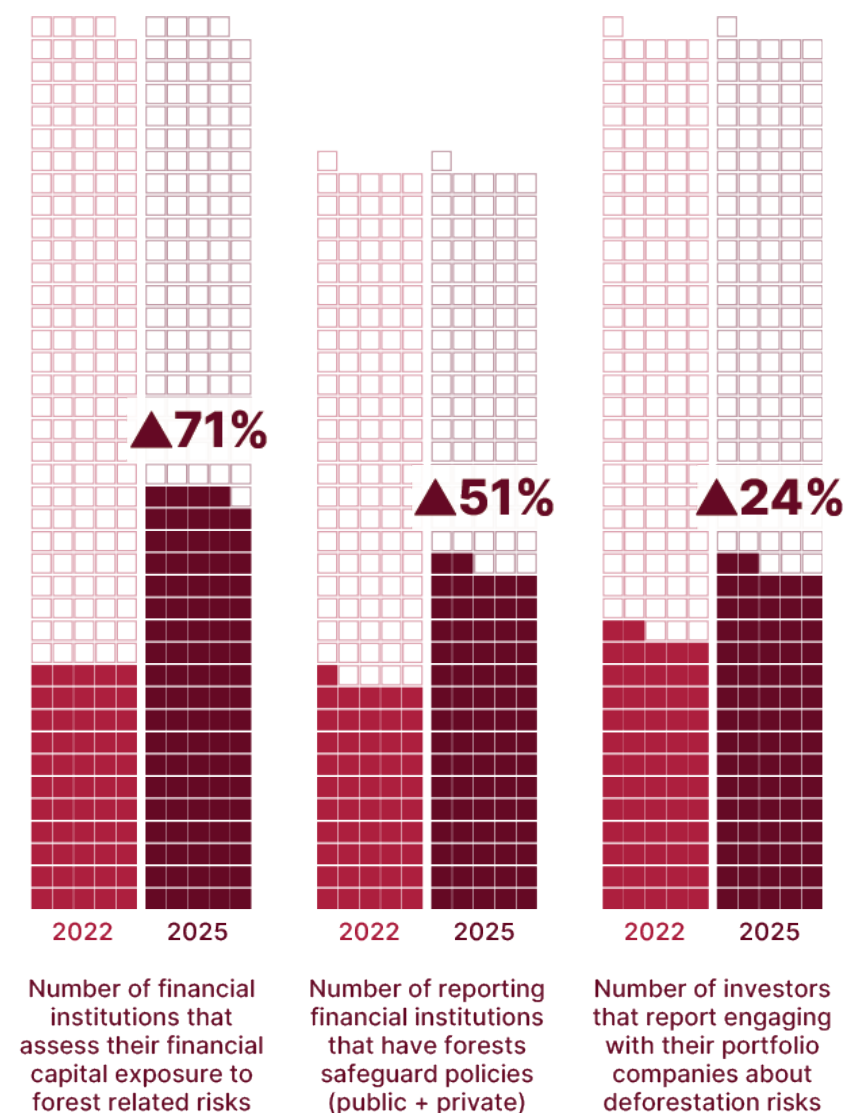
Source: Own elaboration using Global Canopy data (2026).

Among financial institutions that disclosed on forest-related issues through CDP from 2022-25, the number of organizations assessing their exposure to forest-related risks increased by 71 percent over this period. The number of reporting financial institutions with forests safeguard policies grew by 51 percent, and the number of investors engaging with their portfolio companies about deforestation risks grew by 24 percent (Figure 3.6). CDP's data suggest signs of progress among financial institutions, although fewer are currently reporting transparently on forest-related issues. More financial institutions have become aware of relevant risks and/or improved their ability to perform exposure assessments (for example, through improved assessment tools or data availability).^h

Sector standards can help convert growing risk awareness into more consistent action. SBTi's Financial Institutions Net-Zero Standard requires financial institutions to assess, monitor, disclose, and address deforestation exposure in their portfolios, but progress remains elusive: 135 financial institutions had committed to the standard as of June 2025,²⁷ but it is unclear how many more commitments have been made since then or how many policies and targets have already been set under the standard.

Implementation gaps persist even where sustainability strategies are advancing. According to WWF's regional Sustainable Banking (SUSBA) Assessment for Latin America, assessed banks in key Amazon countries such as Brazil, Colombia, and Peru have advanced the adoption of sustainability strategies. Yet, the assessed banks address deforestation-related financial risks only partially, allowing these risks to persist without appropriate mitigation measures. No bank discloses meaningful information on exposure to forest-risk commodities or requires its clients to adopt deforestation-free policies.²⁸

Figure 3.6. Progress among financial institutions that disclosed on forest-related issues through CDP from 2022-2025



^h Data provided directly by CDP. Forty-one financial institutions that disclosed through CDP in 2025 are also included in Global Canopy's [Forest 500 assessment](#) of 150 financial institutions (27%).

Source: Own elaboration using data provided directly by CDP.

3.2 Progress by financial supervisors and regulators

Financial supervisory frameworks increasingly acknowledge deforestation and land use change as risks. Per WWF's Sustainable Financial Regulations and Central Bank Activities (SUSREG) Assessment, 54 percent of jurisdictions consider deforestation and land conversion in the environmental risk definitions of their micro-prudential supervisory framework for banks. Yet, most frameworks do not formulate any detailed guidance for effective assessment and management of these risks.

Disclosure requirements for deforestation- and conversion-related risks for banks or insurance companies remain limited – more than 60 percent of assessed countries have yet to establish them. Social risks, such as violations of Indigenous and community rights, are rarely integrated into supervisory frameworks. In general, enforcement of supervisory expectations is weak.²⁹

Nonetheless, enabling conditions for the integration of forest risks are increasingly being established despite existing challenges. Notably, two thirds of SUSREG jurisdictions – including Mexico, Singapore, and the European Union (EU) – have incorporated forest- and land use-related activities or objectives into their taxonomies.³⁰ This indicates a growing recognition of the role of land-use sectors in sustainable finance frameworks.

Moreover, several central banks (for example, Brazil) have performed stress tests of climate change-related natural disasters such as droughts and floods, signaling that central banks are starting to integrate climate considerations into their analyses. A small number of European central banks have started to expand their analyses to include nature risks, demonstrating that this is a sensible next step.³¹

3.3 Progress on nature disclosure

Nature-related disclosure continues to expand, both through voluntary reporting frameworks and emerging regulatory requirements.

Over 800 organizations representing over USD 26 trillion in assets under management have committed to reporting in line with the Taskforce on Nature-related Financial Disclosures (TNFD).³² CDP disclosures suggest that an even larger group of companies that have not publicly committed to the TNFD still reports at least some data in line with the framework, particularly in the U.S. Among 6,732 companies, 88 percent reported on at least 5 of the TNFD-recommended disclosures, followed by 63 percent reporting on at least 10, and 24 percent reporting on all 14 (**Figure 3.7**).³³ Nature-related disclosures through the CDP platform also continued to grow in 2025, with plastics and water disclosures both rising by 4 percent. The number of companies reporting on climate change, forests, and water security together grew by 2 percent from 2024 to 2025, reflecting the trend toward holistic environmental reporting.³⁴

As of April 2026, 28 jurisdictions had adopted the International Sustainability Standards Board (ISSB) standards for corporate climate and sustainability disclosure in their regulatory frameworks, up from 16 jurisdictions in 2025. A further 12 jurisdictions have announced plans to adopt them.³⁵ While the ISSB has decided against developing separate binding nature disclosures, it is now working on a Practice Statement for nature-related risks and opportunities drawing on the TNFD framework. The Practice Statement would provide companies with guidance for nature-related disclosure under reporting standards IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and S2 (Climate-related Disclosures). It is expected to advance the integration of biodiversity, forestry, and natural capital considerations into mainstream financial reporting and investment decision-making. The ISSB aims to publish an exposure draft for public comment in October 2026.³⁶

However, the ambition of disclosure frameworks varies. The ISSB focuses on how nature-related risks and opportunities affect companies financially (so-called financial materiality). By contrast, the EU Corporate Sustainability Reporting Directive (CSRD) considers environmental and social harms linked to companies' operations and value chains (so-called

impact materiality) in addition to financial impacts. Despite recent deregulatory attempts, the CSRD has retained the double materiality principle, and its disclosure requirements remain more advanced than those in other jurisdictions.³⁷

Figure 3.7. Adoption of TNFD recommendations among 6,732 companies



Source: Own elaboration based on CDP data presented by TNFD (2026).

4. REDIRECTING HARMFUL INCENTIVES

Harmful subsidies still dwarf forest finance. Governments spent an average of USD 410 billion a year on potentially harmful agricultural subsidies from 2022 to 2024, and USD 921 billion on fossil fuel subsidies in 2024. Emergency energy measures adopted in 2026 are expected to push fossil fuel subsidies above USD 1 trillion. The 2025 milestone to identify harmful incentives under Target 18 of the Global Biodiversity Framework was missed, though 19 countries have now completed national assessments of harmful subsidies. The payoff for acting is large: every dollar of agricultural support repurposed toward nature-restoring practices can generate up to USD 30 in economic benefits.

4.1 Scale of harmful subsidies

Subsidies that are structurally harmful to forests are reinforced by many policies being implemented in response to the energy crisis following the war in Iran and the closure of the Strait of Hormuz in early 2026.

Many agricultural and energy subsidies are structurally harmful to forests. Agriculture is one of the most important drivers of forest loss, especially in the tropics.³⁸ Production of fossil fuels such as oil or coal directly causes deforestation, habitat loss, and pollution at the site of exploration and exploitation. Development of road and pipeline infrastructure, settlements, and agriculture around production sites accounts for even higher deforestation rates than the direct footprint of extraction.³⁹ Production of wood pellets and chips for electricity and heat is often associated with logging practices such as clear-cutting.⁴⁰

From 2022-24, governments spent an average of USD 410 billion annually on potentially harmful subsidies linked to output or the unconstrained use of agricultural inputs (66% of USD 624 billion spent on direct producer support). This share has been relatively stable since 2000.⁴¹ Furthermore, governments spent USD 921 billion on subsidies linked to the production and use of fossil fuels in 2024.⁴² From 2002-24, major economies, including the EU, the UK, Japan, South Korea, and Canada, spent almost USD 250 billion on subsidies for the burning of woody biomass, a major source of forest degradation and carbon emissions.⁴³

USD 921 billion

The amount of subsidies linked to the production and use of fossil fuels in 2024 (Source: IISD and OECD).

Redirecting harmful incentives is a promising pathway for countries to realize substantial social, environmental, and economic benefits: every dollar of agricultural support that is repurposed to support farming practices that restore nature, such as agroforestry, silvopasture, and low-carbon agriculture, can generate up to USD 30 in economic benefits, especially for rural communities.⁴⁸

In 2026, several countries, such as South Korea, South Africa, and Australia, as well as the EU have enacted various emergency fossil fuel subsidies, mostly to ease the burden of high energy prices on consumers caused by the war in Iran. While most of these measures are intended to be temporary, they undermine efforts to switch to less harmful sources of energy.⁴⁴ With these policies in place, global fossil fuel subsidies are expected to exceed USD 1 trillion in 2026.⁴⁵

4.2 Progress on identifying and redirecting harmful subsidies

Countries are making progress in identifying harmful subsidies in line with Target 18 of the Kunming-Montreal Global Biodiversity Framework – but the target itself was not met by its 2025 deadline.

At the same time, countries have made progress on Global Biodiversity Framework Target 18. As of October 2025, 19 countries had worked with the Biodiversity Finance Initiative (BIOFIN) to complete national-level assessments of harmful subsidies; 16 countries and two regions were in the process of conducting assessments; and 89 countries were planning to start assessments. Another 102 countries already had biodiversity-positive incentives in place.⁴⁶ In July 2026, the Secretariat of the Convention on Biological Diversity came to similar conclusions in its draft report on global progress: while limited progress has been made in scaling up positive incentives, and in identifying and reforming harmful incentives, the 2025 target was not achieved.⁴⁷

Endnotes for Theme 3

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THEME 4

FOREST RIGHTS AND GOVERNANCE



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1. INTRODUCTION

Strong forest governance and protection of rights are essential to ensure that forest commitments translate to results on the ground. In this chapter, we assess the extent to which all forest stakeholders, including Indigenous Peoples and local communities, have a say over what happens to forests; whether forest laws are equitably designed; and whether they are justly enforced. The past year delivered institutional progress, including a first intergovernmental commitment on land tenure and rapid advances in monitoring. But rights recognition still outpaces implementation, and civic space, tenure security, and forest defenders' safety are all deteriorating.

2. PARTICIPATION AND INCLUSION IN FOREST DECISION-MAKING

International processes opened new space for Indigenous Peoples and local communities over the last year, from record participation at COP30 to dedicated finance allocations under the Tropical Forests Forever Facility. However, indications of genuine inclusion remain limited – recent nationally determined contributions largely include only descriptive references to underrepresented groups. Civic space is also narrowing across many countries, limiting capacity for citizens to meaningfully engage with forest governance.

The participation of key stakeholders – such as Indigenous Peoples (IPs),^a local communities (LCs),^b women, and civil society organizations – is foundational to progress on conserving, restoring, and sustainably managing forests, other natural ecosystems, agricultural and forestry lands, and natural resources. Participation in every step of governance, from designing and deciding on policies and strategies to collaborating

^a Indigenous Peoples: "Indigenous peoples (IPs) constitute diverse, socially and culturally distinct groups whose members, individually and collectively, self-identify as indigenous and as right-holders and custodians of resources, environment and territory. In addition to sharing strong ancestral ties to collectively-held lands, territories and surrounding natural resources, IPs have distinctive traits as peoples and communities with regards to their ancestral environments, spoken languages, knowledge systems, beliefs and livelihood practices, with historical continuity to precolonial or pre-settler periods." (Larson et al., 2022)

^b Local communities: "The term local communities (LCs) is commonly used in reference to groups that traditionally hold and use lands and resources collectively under customary and/or statutory tenure, but do not self-identify as indigenous." (Larson et al., 2022)

on their implementation and enforcement, is necessary to make forest governance just and effective.

INTERNATIONAL INCLUSION

International policymaking processes continued to formalize opportunities for IPs and LCs in the past year. At COP30 in Belém, Indigenous participation reached a record scale, with the COP30 Presidency reporting record attendance by Indigenous representatives.¹ Outcomes included an Intergovernmental Land Tenure Commitment, under which 16 countries and one subnational jurisdiction have collectively pledged to recognize and strengthen 160 million additional hectares of Indigenous lands and territories, and the launch of the Tropical Forests Forever Facility, which reserves 20 percent of country-level payouts for direct transfers to Indigenous and local community organizations.² However, Indigenous coalitions stressed that record Indigenous presence at COP30 remained consultative, and that IPs still lack formal standing in the United Nations Framework Convention on Climate Change negotiating process itself.³

NATIONAL-LEVEL INCLUSION

At the national level, recent analyses highlight growing – though still uneven – recognition of IPs and LCs in national climate planning documents. A 2026 review of 84 NDC 3.0 submissions found that while over 70 percent (61 of 84) mention underrepresented groups, including IPs and/or LCs – up from 46 in the previous submission round – these references are predominantly descriptive.^{c,4} Most NDCs do not specify how these groups participated in NDC preparation or how they will participate in implementing NDC measures, and few refer to free, prior, and informed consent (FPIC), land rights, or equitable benefit-sharing where applicable. A parallel 2025 analysis by the Rights and Resources Initiative of 25 NDCs across Latin America, Africa, and Asia found that most commitments remain rhetorical, with few countries providing

^c The review did not assess ambition or depth of inclusion; rather, all mentions were counted as a rough indication of awareness and inclusion.

mechanisms for territorial rights recognition, community participation, or direct access to climate finance, despite the demonstrated role of IP- and LC-managed territories in storing carbon and reducing deforestation.⁵

Similar trends are visible in the treatment of gender. The same 2026 review found that 78 of the 84 assessed NDCs mention women or gender considerations, up from 67 in the previous submission round.⁶ As with IPs and LCs, however, the presence of gender-related terms does not necessarily imply that a gender-inclusive approach was taken to NDC development or implementation, that the diverse needs of different gender groups were considered, or that there is equity in policy design. In practice, mentions in NDCs span from women appearing only as one item in a broader consultation list to countries embedding specific, measurable commitments. The review highlights Nepal's NDC, for example, which sets a target of 50 percent women's representation (alongside proportional representation of Dalits and IPs) in community-based forest management, with equitable benefit-sharing from sustainable forest and watershed management. Colombia's NDC development process, meanwhile, included dedicated consultations with women, youth, Indigenous Peoples, and persons with disabilities, with specific gender equality and social inclusion considerations built into the plan. At the international level, Parties at COP30 adopted the Belém Gender Action Plan (2026-2034), a nine-year framework embedding gender equality across climate action through 27 activities and 98 deliverables, with accountability mechanisms including regular reporting and a midterm review in 2029.

Although many national laws formally recognize civil society's right to participate in policy and forest governance decisions, governments are increasingly moving to curtail that space in practice. According to the V-Dem Institute's Democracy Report 2026, attacks on civil society organizations have become markedly more common among autocratizing^d countries, rising from 49 percent in 2024 to 68 percent in 2025, meaning civil society repression now affects two thirds of all autocratizing countries. Beyond direct repression, governments are also asserting greater control over civil society organizations' ability to operate, with entry and exit restrictions tightening in 37 countries. This shrinking civic space has direct implications for forest and ecosystem governance,

^d Autocratization, per V-Dem's methodology, is defined as the process of political change in an autocratic direction, signaling a substantial decline in democratic institutions, civil liberties, and the rule of law.

where meaningful community and civil society participation is essential to effective and equitable outcomes. This aligns with CIVICUS's 2026 State of Civil Society Report, based on interviews across roughly 100 countries, which similarly found continued global deterioration in civic space, with civic freedoms rated as obstructed, repressed, or closed for the majority of the world's population.⁷

Over the last year, implementation of the Escazú Agreement – a binding treaty that guarantees access to environmental information, participation in environmental decision-making, and access to justice in environmental matters – continued to advance in Latin America and the Caribbean. Its fourth Conference of the Parties (COP4), held in Nassau, Bahamas, in April 2026, adopted ten decisions, including new working groups on access to environmental justice and pollutant release and transfer registers, and advanced the regional Action Plan on Human Rights Defenders in Environmental Matters, including a regional diagnostic of the risks defenders face.⁸ As of COP4, 19 countries had ratified the Agreement, though several of the deadliest countries for environmental defenders had yet to do so.⁹

3. LEGAL AND POLICY FRAMEWORKS FOR EQUITABLE AND SUSTAINABLE FOREST LANDSCAPES

Forest-relevant legal and policy frameworks remain fragmented, with climate, biodiversity, forest, and agricultural instruments setting incongruent targets under separate mandates. Protected area coverage currently stands at 17.33 percent of the world's land and inland waters, so reaching the 30x30 target will require a near doubling over the next four years. Tenure recognition also shows a substantial gap: Indigenous Peoples and local communities hold customary rights over almost half of the world's land, but only about a fifth is legally recognized.

FOREST POLICY COHERENCE

Legal and policy frameworks governing forests remain fragmented across many national governments, with misalignment evident even within forest-specific instruments: climate, biodiversity, and forest strategies frequently set incongruent targets and rely on disconnected knowledge bases despite formal claims of coherence.¹⁰ This incoherence deepens across sectors, where forestry and agricultural authorities often operate with little coordination.¹¹ Globally, ministries responsible for forests, agricultural subsidies, trade, and finance typically work under separate mandates and timelines, weakening the cross-sectoral alignment needed to translate climate and forest commitments into implementation on the ground.¹² The same disconnect appears at the international reporting level: national climate plans continue to set weak or absent forest-specific targets, showing that even where forests are nominally prioritized, ambition rarely translates into binding, cross-sectoral commitments.¹³ Across countries, definitions, standards, and monitoring practices can vary significantly, leading to major disparities in ambition and making comparability and progress tracking more difficult.¹⁴

PROTECTED AREA COVERAGE

The Kunming-Montreal Global Biodiversity Framework's "30x30" target (Target 3) commits Parties to conserve at least 30 percent of the world's terrestrial, inland water, coastal, and marine areas by 2030 through effectively managed and equitably governed protected areas and other effective area-based conservation measures (OECMs), while ensuring ecological representation, connectivity, and respect for the rights of Indigenous Peoples and local communities. Protected areas and OECMs currently cover 17.33 percent of terrestrial and inland waters globally¹⁵ – up from 16.64 percent in 2010 – meaning that this area must nearly double by 2030 to meet Target 3's spatial coverage element, while also meeting crucial requirements for ecological representation, connectivity, rights-compatible governance, and equity.

Such an acceleration would have substantial social and governance implications, as expanding conservation is not simply a matter of increasing the area protected but also of determining where protection

occurs and how it is governed. A 2026 study modeling the social implications of the 30x30 target finds that outcomes will depend heavily on which lands are prioritized, and that the population residing within protected and conserved areas could reach 2.2 billion people – more than five times the approximately 396 million people currently living within them.¹⁶ An approach prioritizing Indigenous and traditional territories would expand coverage with substantially less population disruption.¹⁷ These findings underscore that meeting the 30x30 target is as much a governance challenge as a spatial one: the social consequences of expansion will depend fundamentally on where new protected and conserved areas are established and the governance approaches through which they are implemented.

The effectiveness of conservation also depends not only on the area designated but also on the strength and durability of the protections applied and on how sites are managed in practice. In the United States, for example, the rescission of the 2001 Roadless Rule, proposed in August 2026, would remove nationwide restrictions on road building and commercial timber harvesting across 44.7 million acres of inventoried roadless areas, potentially increasing exposure to activities associated with landscape fragmentation and loss of ecological values.¹⁸

RIGHTS-BASED FOREST GOVERNANCE

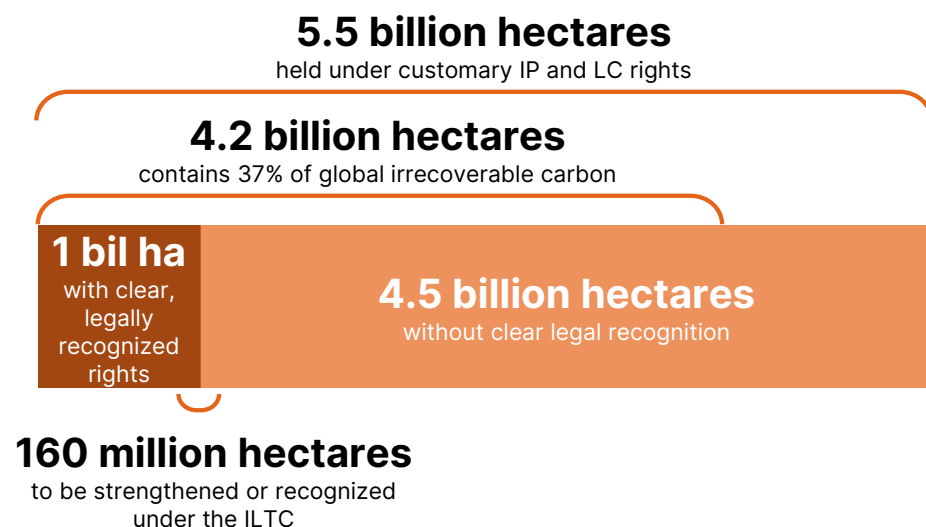
Equitable forest governance includes transparent, predictable, and defensible rights – particularly the rights of IPs, Afro-descendant Peoples (ADPs), LCs, and other frontline or vulnerable groups – as well as robust and comprehensive laws. Recognizing and respecting the rights of IPs, ADPs, and LCs from those groups is essential for the conservation of forests and other natural ecosystems.¹⁹ Forest and ecosystem landscapes are often the ancestral domains of IPs and other traditional communities. When IPs and LCs have strong legal rights to the territories they have customarily owned and managed, those ecosystems have significantly more positive ecological outcomes (e.g., lower deforestation and higher carbon sequestration rates) than forests and ecosystems under other management regimes.²⁰ Legally recognizing land and forest tenure rights is therefore highly effective in advancing forest conservation.²¹

The formal recognition of IPs' and LCs' land tenure rights remains critically incomplete (**Figure 4.1**). While IPs and LCs are estimated to hold customary rights over 5.5 billion hectares – 42 percent of the world's land – only around 1 billion hectares carry clear, legally recognized ownership rights, leaving vast carbon-rich territories in a state of legal uncertainty.²² Some 37 percent of the world's irrecoverable carbon stocks lie within the 4.2 billion hectares of customary territory that has been mapped, with 85 percent of this carbon located in forests.²³

Against this backdrop, a landmark political commitment emerged at the World Leaders Summit ahead of COP30: the Intergovernmental Land Tenure Commitment (ILTC), the first global commitment of its kind, pledging to collectively recognize and strengthen 160 million hectares of IP and LC lands by 2030, alongside a renewed Forest and Land Tenure Pledge to mobilize direct community financing. Protection of collective tenure rights depends not just on recognizing rights, but also on investing in the systems that make those rights real. The persistent gap between formal recognition and on-the-ground tenure security underscores the chronic underfunding and limited institutional capacity that continue to constrain tenure reform globally, as well as slow-moving political commitments.²⁴

Progress on women's land rights within these broader tenure reform efforts is similarly uneven. A 2025 review of land tenure governance across 18 countries in Africa and Asia found meaningful advances at the policy level: most countries that adopted new legislation over the past two decades have strengthened women's legal land rights and introduced targets for women's representation in land governance structures.²⁵ Yet implementation consistently lags behind stated commitments, with gendered power relations continuing to marginalize women in practice. Encouragingly, some large-scale land registration programs (notably in Ethiopia, Rwanda, and Botswana) have issued more certificates to women than to men, or achieved near gender parity, demonstrating that rights-based registration can advance gender equity when backed by political will and institutional capacity.

Figure 4.1. Customary IP and LC land rights, legally recognized ownership, and the 2030 Intergovernmental Land Tenure Commitment



Source: Own elaboration based on FAO, ILC, & CIRAD (2026) The status of land tenure and governance; and the International Land Tenure Commitment.

4. JUST ENFORCEMENT OF FOREST LAWS

Enforcement remains a weak link in forest governance. The vast majority of tropical deforestation for commercial agriculture is illegal, and environmental crime remains extremely lucrative. At least 358 human rights defenders were killed in 2025, with land, environmental, and Indigenous rights defenders among those most frequently targeted. Encouragingly, the capacity to detect illegal deforestation is improving quickly, via improved technology, increased transnational cooperation, and new national traceability systems. The harder task is ensuring fairness in enforcement, so that small-scale actors and communities do not bear a disproportionate burden.

FOREST CRIMES AND VIOLENCE AGAINST ENVIRONMENTAL DEFENDERS

Failure to uphold existing laws – due to lack of capacity, political will, or entrenched impunity for large actors – is a key barrier to effective forest governance. Forest crimes remain one of the most pervasive and profitable forms of organized crime globally. Estimates suggest that between 61 and 94 percent of tropical deforestation for commercial agriculture is illegal.²⁶ Environmental crime – including illegal deforestation, and timber and wildlife trafficking – generates as much as USD 281 billion annually.²⁷ A 2025 United Nations Office on Drugs and Crime (UNODC) study highlights how actors committing these offenses are frequently involved in other criminal activities, including drug and wildlife trafficking, illegal mining, and human trafficking, underscoring both the scale and the systemic complexity of the problem.²⁸

Environmental defenders – including Indigenous and community members, activists, journalists, and smallholder farmers – face high rates of physical violence and killings.²⁹ According to Global Witness, at least 124 land and environmental defenders were killed in 2025.³⁰ Land disputes drove more than half of all these documented killings, and nearly three quarters of victims were Indigenous people, small-scale farmers, or Afro-descendant communities (35% small-scale farmers, 35% Indigenous, 2% Afro-descendant). Front Line Defenders reported the killings of at least 358 human rights defenders in 28 countries in 2025, with defenders

working on land, environmental and peasant communities' rights (23.46%) and those working on Indigenous peoples' rights (17.03%) frequently targeted.³¹

FOREST AND ECOSYSTEM MONITORING AND TRACEABILITY SYSTEMS

Forest and ecosystem monitoring and transparency systems have advanced considerably in recent years. In November 2025, UNODC and INTERPOL launched the third phase of the Law Enforcement Assistance Programme to Reduce Tropical Deforestation (LEAP), which supports cross-border investigations, information sharing, and capacity building among law enforcement, customs, and financial intelligence agencies to disrupt the transnational criminal networks – often linked to money laundering and document fraud – that drive illegal timber trafficking and mining.

New technologies are also emerging to close illegal deforestation monitoring gaps on the ground. For example, in Guatemala's Maya Biosphere Reserve, researchers are deploying AI-powered bioacoustic sensors trained to recognize the sounds of chainsaws, gunshots, and engines, giving rangers near-real-time alerts to illegal logging and land clearance in areas too remote for regular patrols.³² Meanwhile, species-identification tools using AI image recognition and DNA analysis are being tested to help customs and forestry officials verify whether traded timber (including high-value, frequently trafficked species like rosewood) was legally harvested.³³

In response to the impending entry into force of the EUDR, producer countries are preparing to respond to its requirements, including through investment in national-level traceability systems (see Chapter 2 for more on these efforts). However, there remain concerns about the cost of compliance for smallholder commodity producers, and the potential that under-resourced producers could be pushed out of the European market.³⁴ Among smallholders surveyed across Africa, Asia, and Latin America, those who operate independently, rather than as part of an organized supply chain or a voluntary sustainability initiative, report having less access to traceability tools.³⁵ Smallholder organizations

themselves are far from unified in how they weigh this trade-off.³⁶ Cocoa cooperatives and producer organizations in Côte d'Ivoire and Ghana have publicly backed the EUDR and opposed its delays.³⁷ The multi-stakeholder Cocoa Coalition, has also consistently backed the regulation, although it supported a 12-month implementation delay in 2024.

Indonesia's independent oil-palm smallholders' union (SPKS) has likewise backed the EUDR while calling for support to comply.³⁸ In general, these groups argue that the traceability required by the EUDR offers smallholders greater market visibility, reduced dependence on intermediary traders, and fairer terms of trade. However, they still call for buyer companies, governments, and donors to fund the traceability and mapping support smallholders need rather than passing compliance costs on to farmers.

In general, smallholders' risks of noncompliance are solvable – not, for example, when they result from clearing forest after the regulation's cutoff date, but when they arise from weak documentation systems or a lack of farm geolocation data. This means that targeted support, from consumer- and producer-country governments, and particularly from sourcing companies, could ensure that affected producers are able to achieve compliance. Some of these companies have leveraged the risk of smallholder market exclusion as an argument for weakening or delaying the EUDR, while few of these same companies have made comparable investments in the technical support and financing that would allow smallholders to comply.³⁹

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Conclusion

This year's numbers offer a measure of relief, however modest: deforestation in 2025 was lower than in most of the preceding decade, and finance flows to forests grew, among other signs of progress. These are wins worth celebrating, even as the broader trajectory remains far off track.

But these wins should not be mistaken for the transformation still needed. Relatively lower deforestation in 2025 likely stems from short-term forces – stronger enforcement in a handful of jurisdictions, shifting commodity prices, and macroeconomic headwinds that temporarily dampened land conversion – rather than a durable shift in the incentives driving deforestation. A dip in a bad trend is not the same as a bend in the curve.

The relief is also uneven. Behind the global 15 percent drop in deforestation from 2024 to 2025 lie three regional stories that are diverging, not converging. Tropical LAC's 33 percent improvement traces to enforcement decisions in specific countries — gains that are vulnerable to political change, foreign pressure, and the backslide that follows when efforts are discontinued. Tropical Asia's trajectory looks more like a plateau than a recovery: two consecutive years of modest decline, even as the structural drivers of deforestation remain in place. Tropical Africa is moving the other way: deforestation there is now, for the first time in this report's time series, comparable in scale to Tropical LAC's, driven by smallholder agricultural expansion, increasing timber and mineral extraction, and enforcement capacity that has not kept pace. A single global average smooths over the three different regional dynamics and the different solutions that are needed.

Similarly, from 2024 to 2025, degradation of tropical moist forests declined by 34 percent across the tropics. However, this aggregate trend masks substantial regional variation: degradation decreased by 50 percent in Tropical LAC, where degradation was exceptionally high in 2024 due to Amazon fires,¹ while it increased by 25 percent in Tropical Africa, where fires contribute far less to forest degradation than they do in the Amazon.

Transformative change would look different: redirecting harmful subsidies in fossil fuels, agriculture, and infrastructure that still vastly outweigh nature-positive public finance; mandatory rather than voluntary disclosure and due diligence for companies and financial institutions that capture both deforestation and forest degradation; public finance that helps to close the estimated USD 216 billion gap between what is currently flowing to forests each year, and what the transition requires;² and legally secure, enforceable tenure rights. Economies built on continued forest clearing and degradation eventually undermine their own productive base.³ Deforestation-free pathways, by contrast, can provide substantial and durable increases in prosperity.⁴

We are beginning to see indications of this shift. The EU's deforestation regulation, though twice delayed, is pushing companies and producer countries to build the traceability systems that are crucial for sustainable commodity production.⁵ Over 800 organizations, representing at least USD 9 trillion in market capitalization and over USD 22 trillion in assets under management, have committed to reporting in line with the TNFD.⁶ Blended finance vehicles like Innovative Finance for the Amazon, Cerrado and Chaco are beginning to channel capital toward deforestation- and conversion-free production at a landscape scale, and the Tropical Forest Forever Facility could provide long-term, predictable payments for standing forests, including direct access for Indigenous Peoples and local communities.⁷ None of these efforts are sufficient on their own, but they represent the kind of structural shift this moment demands.

Strong policy, backed by robust enforcement, remains the most durable lever for lasting change. Voluntary commitments, however well-intentioned, can unravel quickly once the underlying incentives shift. For instance, the Amazon Soy Moratorium, which for two decades was one of the few unambiguous successes of effective voluntary commitments, began unraveling in late 2025 after a single Brazilian state stripped tax incentives from companies that upheld it.⁸ Government policy is not immune to this fragility either, as the EUDR's repeated delays also show. But it offers something voluntary action cannot: a legal floor that persists beyond the willingness of any single company or trader to keep its word.

Long-term policy – multiyear regulatory frameworks, sustained public investment in enforcement institutions, tenure recognition backed by durable legal title – builds the conditions for structural change. Short-term measures, like temporary import bans or one-off crackdowns, might bend a curve for a year but rarely change the incentives behind them.

If deforestation and degradation continue on anything like their current trajectory rather than converging toward zero, the world stands to lose millions of additional hectares of forest by 2030. If we were able to replicate the one-year, 15 percent drop in deforestation from 2024 to 2025 and apply that rate from 2026 to 2030, we would still lose 22.5 Mha of forest, an area nearly the size of the United Kingdom. If we replicated only the average annual progress since the beginning of the decade – an average reduction of 3 percent per year – we would lose 32 Mha over the same period, an area the size of Italy and Belgium together.

These risks are also not equally distributed. Many forest-rich countries face the greatest development pressures while being asked to maintain, with limited resources, ecosystems that deliver benefits far beyond their borders. This is the case in the Amazon basin, for instance. The recent progress in Tropical LAC rests heavily on the choices of a small number of governments and remains highly vulnerable to political shifts associated with recent and forthcoming elections across the Amazon basin, which are themselves influenced by both national and foreign pressures.⁹ The countries and communities bearing the costs of forest loss are frequently not the ones driving the demand that causes it. Forests will not be saved by strategies where the wealthiest set the terms and the most vulnerable shoulder the burden.

The path to 2030 runs through large-scale incentive reform, inclusive governance, and rights-based approaches that confront these power asymmetries directly. That is harder than issuing another pledge, but not impossible: this report shows the pieces already taking shape, however unevenly. The question this report opened with, whether decisions, investments, and partnerships can match the scale of the pressures forests face, remains open. Closing it will take action ambitious enough to match the challenge and equitable enough to endure.

Endnotes for Conclusion

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