

**“High-risk forests, high-value returns” and “The State of Finance for Forests”
Key Messages**

The report “High-risk forests, high-value returns: A co-benefits assessment for decision-makers” provides comprehensive data on the multiple benefits of protecting the world’s high-risk forests, including preventing pollution and supporting food and water security.

- Forests cover 30% of the Earth's land surface.
- Between 1990 and 2019, forests sequestered $13.1 \pm 1.4 \text{ GtCO}_2\text{e yr}^{-1}$ – around half of global fossil fuel emissions.
- Forests provide the habitat of some 80 per cent of terrestrial species and directly support the livelihoods and well-being of about 25 per cent of humanity.
- Natural ecosystems directly underpin at least half of the UN Sustainable Development Goals ([SDGs](#))
- In the last two decades, the world has lost approximately 10 million hectares (ha) of tropical forest per year – an area the size of Republic of Korea.
- To annually reduce 1 GtCO₂e emissions, UN-REDD seeks to protect high-risk forests (forests at high-risk of deforestation).
- There are **1.6 billion ha of pantropical forests**, nearly the size of the EU, or almost half the size of China, of which **391 million ha are high-risk forests**.
- **215 million people** live up to 5 km from the pantropical forest, of which **53 million people** live near these high-risk forests.
 - Africa has the highest number of people living within 5 km of forests,
 - Highest number of those living within 5km of high-risk forests in Asia-Pacific.

Multiple benefits of high-risk forests beyond climate stability:

- **Filtering pollutants:** Forests trap harmful substances from agricultural runoff, safeguarding drinking water of millions of people across tropical regions and preventing harmful algae blooms.
 - This includes **9 million tonnes** of nitrogen pollutants retained in pantropical forests, comparable to the annual nitrogen fertiliser consumption of the United States. **2.3 million tonnes** of these are in high-risk forests – comparable to the annual nitrogen fertiliser consumption of Canada.

- **Avoiding run-off:** When forests are cleared, rain washes large amounts of soil into rivers and clogs waterways. This leads to substantial costs in water purification, infrastructure maintenance, and enhanced agricultural productivity.
 - Protecting high-risk tropical forests can prevent about **527 million tonnes of sediment** from entering rivers each year, enough to fill around 150,000 Olympic-size swimming pools.
- **Sustaining rainfall:** High-risk forests recycle 10-14 per cent of regional rainfall, thereby contributing to water quality and availability for millions.
 - In the Amazon, studies suggest that 20-40 per cent deforestation could push parts of it past a tipping point, reducing regional precipitation and risking large parts of its to transition to a savannah state.
 - African high-risk forests have the highest moisture recycling rate.
- **Boosting crop yields:** Nearly three-quarters of the world's crop species benefit from forest-based pollination from bees and birds to bats, insects, and seed-dispersing pollinators to varying degrees, supporting vitamin-rich nutritious staples.
 - Across all pantropical forests, pollination-supported crop yields provide the equivalent of the **nutritional needs of 18 million people** annually, of which high-risk forests provide for around **10 million people** – similar to the population of Portugal – **mostly** in rural and low-income areas.
 - The values of pollination-supported nutrition are highest in the Andes-Amazon transition zone, West Africa, Borneo, and Sumatra.
- **Fuelwood and non-timber products (NTFPs):**
 - Pantropical forests provide **423 million tonnes of fuelwood** for daily cooking and heating needs to some the world's poorest people, of which 111 million tonnes serve 25 million people around high-risk forests.
 - NTFPs such as fruits, nuts, medicinal plants, fibers, and bushmeat provide **seasonal income to 91 million material-poor people** across the pantropics, of which **25 million** are around high-risk forests.
 - Africa has the highest fuelwood production and NTFP utilisation from forests.
- **Forests as natural insurance against natural hazards:**
 - Pantropical forests protect a total of **US\$ 187 billion in annual GDP**, by avoiding damage from natural hazards to infrastructure, homes, and agriculture. Of this sum, US\$ 81 billion are protected by high-risk forests.
- **Keeping trade-offs in mind:** Protecting high-carbon forests can restrict access to resources for local communities, underscoring the need for

integrated and inclusive policies that balance conservation goals with equitable development outcomes

The report “The State of Finance for Forests: Tripling investment in forests by 2030” shows the financial gaps to meet global goals on forests and makes recommendations on how to close it.

A global commitment to halt and reverse deforestation by 2030, set out in the [Leaders’ Declaration on Forests and Land Use](#), reinforced by the [Paris Agreement](#), the [Kunming-Montreal Global Biodiversity Framework](#) and anchored in the [Rio Declaration and forest principles](#).

Triple investments to close the forest funding gap:

- Annual investment in forests must more than triple from US\$ 84 billion in 2023 to US\$ 300 billion by 2030. It must further increase to US\$ 498 billion annually by 2050.

Public finance accounts for 91 per cent (US\$ 77 billion) of global forest funding.

- Domestic government spending totals US\$ 75 billion.
 - Leading investing countries: India, Brazil, Indonesia, and Thailand.
 - Primary spending on agriculture and forestry (48 per cent) and environmental protection and research & development (25 per cent).
- International public funding, chiefly through bilateral agreements, was US\$ 2.9 billion per year.
 - Largest donor countries: Germany, the United Kingdom and Norway.
 - Key recipients (in order of volume of funding received): Democratic Republic of Congo, Peru, Brazil, and Indonesia.
 - 22 tropical forest countries are spending 36 times more on forests (on average) than they receive in international aid.
- Only 0.4% of total forest finance – US\$ 362 million – was targeting projects involving Indigenous Peoples and local communities.

Private finance accounts for 9 per cent (US\$ 7.5 billion), of global forest funding.

- Actual investment in certified commodity supply chains remains minimal despite announced zero deforestation targets by hundreds of companies, including agri-food producers, traders, consumer goods companies, banks and investors – the. In 2024, the market for beef, soybeans, palm oil and timber (which are important commodities linked to deforestation but which only represent a sub-set of the broader agri-food sector) was around US\$ 701 billion in 2024 (Grand View Research, 2024), private forest finance through

certified supply chains only represented 0.4% of market volume of those commodities.

Potentially environmentally harmful subsidies in agriculture amounted to roughly US\$ 406 billion.

- o Potentially environmentally harmful subsidies refer to public support measures that directly or indirectly incentivize production or land-use practices associated with deforestation, forest degradation and or other negative environmental impacts.
- o In 2023, such subsidies accounted for the loss of 2.2 million hectares of forest, equivalent to 14 per cent of total deforestation.
- o These subsidies are almost five times higher than forest funding.
- o Redirecting these subsidies toward sustainable land use could yield substantial environmental and economic benefits.
- o Forest protection, for example, can deliver 80 per cent of the land needed to meet global forest conservation targets by 2030, while requiring just 15 per cent (US\$ 32 billion) of the total investment. This is especially cost-effective when compared to other investments like restoring carbon in degraded ecosystems, which accounts for 45 per cent (US\$ 96 billion) of the additional annual forest finance by 2030 while covering only 10 per cent of the required land area.

Recommendations:

- **Advancing government leadership to mobilize forest finance:** regulation, legislation and incentives are critical to mobilize and de-risk private investment in forests.
- **Closely linking public expenditure to national forest objectives.** Balancing these priorities requires recognizing trade-offs between short-term economic gains and the long-term benefits of healthy forest ecosystems.
- **Accelerate financial innovation** through government leadership: Instruments such as sovereign green bonds, debt for nature swaps/debt-for-forests swaps, blended finance, high-integrity carbon markets, including compliance, voluntary, and Article 6 markets under the Paris Agreement, credits and offsets can help attract both inter-government and private investments, while diversifying sources of forest financing.
- **Adopt sustainability disclosure standards** to reporting impacts, risks, and opportunities.
- **Certification to achieve 'zero deforestation' commitments** must be complemented by broader measures in support of smallholders, improving standards and enforcement, and integrating tools like traceability systems and sustainability labels



- **Impact investing:** funding projects with measurable environmental-social outcomes.
- **Strengthen high-integrity carbon markets,** as well as payment of ecosystem services (PES), biodiversity credits and other means to monetize forest ecosystems can help strengthen the case for forest protection, restoration and sustainable use.
- **Expand the use of blended finance** through government and donor engagement.
- **Reach Indigenous Peoples and local communities** through targeted, donor support, ensuring accountability and robust safeguards.
- **Establish safeguards that guarantee transparency,** fairness, equity, and integrity.
- **Redirect capital away from deforestation-related activities.**