



# UNDERSTANDING THE IMPLICATIONS OF DEFORESTATION FRONTS

## BRIEFING FOR BUSINESSES

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WWF has identified [24 deforestation fronts](#),<sup>1</sup> in the tropics and sub-tropics, which are characterised as places that have a concentration of deforestation hotspots and large remaining forest areas under threat. Over 43 million hectares of forest were lost in these fronts between 2004 and 2017, an area roughly twice the size of the UK. In addition to reducing overall forest cover, losses in these fronts are driving severe fragmentation of remaining forest blocks.

Our study confirms that despite global commitments to halt deforestation, we are losing ground in many critical areas. Commercial agricultural expansion is the biggest cause of this loss in Latin America and Asia, but the contribution of smallholders – increasingly linked to commodity markets – keeps growing. In Africa, small-scale agriculture remains the primary driver of deforestation. Globally, other direct drivers include infrastructure development, particularly new roads; extractive industries like mining; subsistence agriculture; fuelwood harvesting; and fires.

As the growing population consumes more food, fibre, and wood, and higher income changes people's consumption patterns, the pressure on forests keeps growing. There have been a multitude of efforts to stem the tide of forest loss – from protected areas and land-use regulations to voluntary sustainability standards and zero-deforestation policies. Our report looks at the wide range of responses and their effectiveness in conserving the world's forests in a way that benefits both nature and people, and offers recommendations to translate lessons into actions.

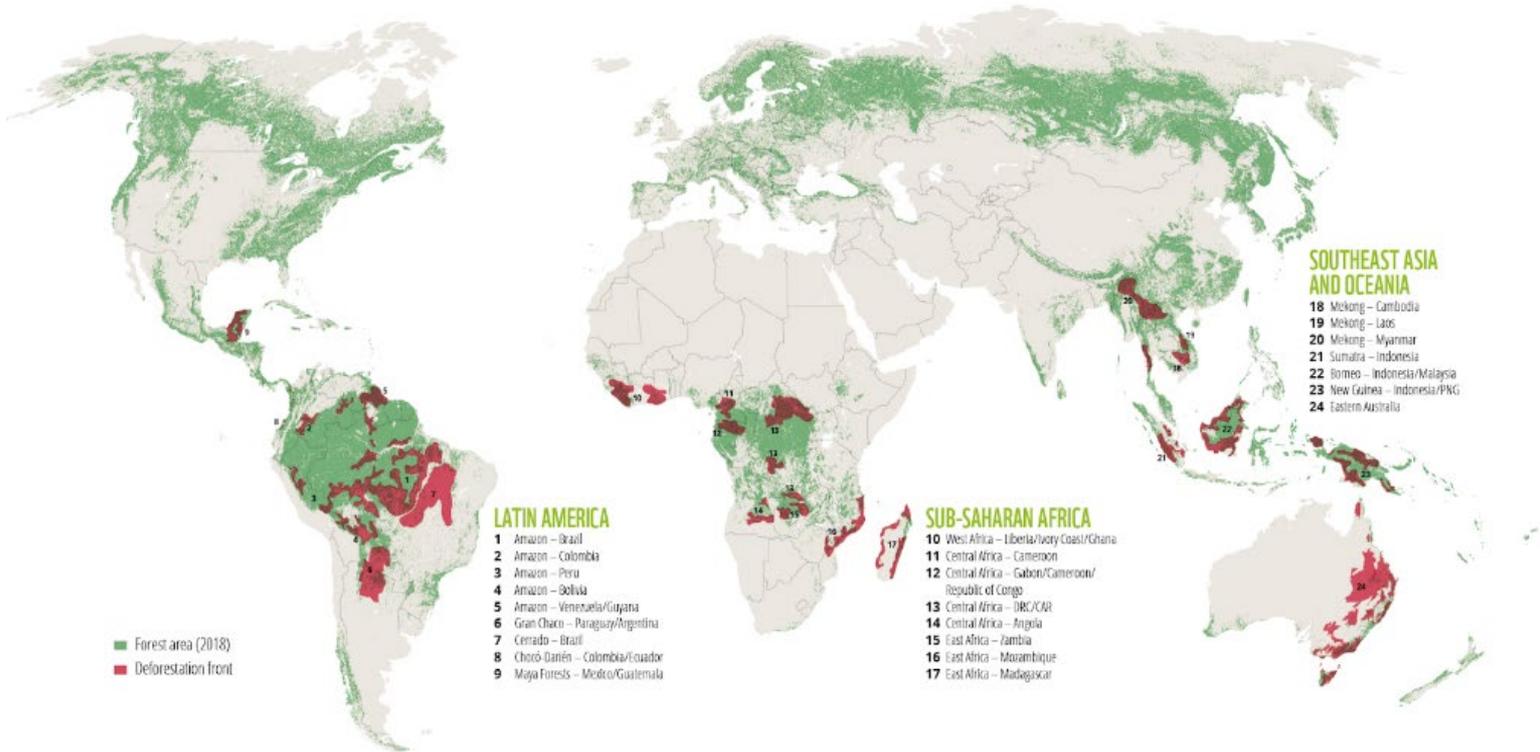
Here we provide critical action recommendations and links to additional resources to help any business actor better prioritize and target actions. The risk of deforestation and degradation may be high in other regions as well, such as in temperate and boreal forests, and conversion of other ecosystems, especially in grasslands and savannahs, is also advancing at an alarming rate. Therefore, our focus here does not mean businesses do not have to pay attention elsewhere. Businesses should have holistic sourcing policies and practices in place to cover a wide range of risks: our analysis points to specific places where concerted efforts and investments are urgent to meet the global commitments of halting deforestation and forest degradation and stopping and reversing biodiversity loss.

**Deforestation and forest degradation in the tropics will persist unless we step up efforts to secure forests for nature and people. Our study helps businesses better understand their ecological footprints in key regions and take actions that are needed to have lasting impact at scale.**

<sup>1</sup> See Pacheco, P., Mo, K., Dudley, N., Shapiro, A., Aguilar-Amuchastegui, N., Ling, P.Y., Anderson, C., and Marx, A. 2021. Deforestation Fronts: Drivers and responses in a changing world. WWF, Gland, Switzerland.



## DEFORESTATION FRONTS



## DEFORESTATION RESPONSES

Diverse approaches have been attempted, yet their effectiveness varies. Often this is because commitments made lacked concrete actions to fulfil them; in other cases, well-intended actions are not tailored to and compatible with the local circumstances, rendering them ineffective. Many disparate, uncoordinated interventions have not reached the scale necessary to tackle the problem. Some examples of approaches in which businesses have played an important role are:

**Zero-deforestation commitments:** More than 480 companies had made 850 commitments to eliminate deforestation from their supply chains by 2019, with beef, soy, oil palm, pulp and paper, and natural rubber sectors being the focus. However, 40% of the most influential companies in forest risk supply chains have no deforestation commitments, and almost half of the companies that do have commitments have not yet reported any progress. Commitments that have been made have not yet delivered impact. Constraints include limited uptake by upstream suppliers and market segmentation that allows deforestation-linked commodities to be channelled to buyers with no commitments or with traceability challenges. The challenge is especially stark when supply chains include smallholders or spot markets.

**Responsible finance:** A growing number of international banks and investors are incorporating zero-deforestation targets into their investment and credit policies. This is likely to have a significant influence on consumer goods companies, retailers, and traders of forest-risk commodities, but similar challenges exist as with implementing zero-deforestation commitments in supply chains.

From protected areas and land-use regulations to voluntary sustainability standards and zero-deforestation policies, diverse approaches have attempted to stem the tide of forest loss. Businesses have contributed in various deforestation responses, but effectiveness varies.



**Voluntary sustainability standards and certification:** As one of the most established sustainability tools for commodity production, voluntary certification for timber, coffee, and palm oil have seen rapid growth in the last decade. Studies have linked the adoption of sustainability standards with reduced rates of tree-cover loss in some certified locations. Nevertheless, their scale remains limited, with certified commodities making up only a small proportion of total production in most deforestation fronts.

## WHAT BUSINESS CAN - AND MUST - DO NOW

It is imperative not to underestimate the need to push harder to prevent deforestation. Actions to support this can come in the shape of:

### Take actions, make direct investments, advocate for change

**Use the deforestation fronts map to prioritize where to focus** supply chain efforts and investments and engagement in key landscapes following the definitions, core principles, and guidance of the [Accountability Framework](#).

**Increase incentives for suppliers**, particularly for smallholders, to adopt better practices. These could include fair price changes which enable the producer to invest in sustainability; results-based payments for ecosystem services and low-cost finance, long-term contracts, and preferential terms for farmers who adopt good practices that reduce deforestation.

**Prevent any negative effects on other natural ecosystems, as well as related human rights abuses.** While halting tropical deforestation is a high priority, other forest biomes and natural ecosystems including grasslands and savannahs (e.g., the Cerrado) are just as important for conserving biodiversity, stabilizing the climate, and supporting the rights of Indigenous Peoples and local communities. Companies must not only ensure that their zero-deforestation efforts do not cause leakage to other ecosystems, but also actively prevent conversion of all natural ecosystems (see Box 1).

**Adopt science-based targets** to set ambitious targets in line with keeping global warming within 1.5°C and take actions to reduce the loss of nature. WWF's [Blueprint for Corporate Action on Climate and Nature](#) outlines a hierarchical set of actions that companies should take to rapidly decarbonize their business, and invest for positive climate and nature impact.

**Advocate for stronger government efforts** to strengthen environmental policies and regulations, such as the EU's ongoing efforts to combat illegal logging and reduce its overseas forest footprint, and Indonesia's moratorium on clearing primary forest and peatlands. These policies, when properly implemented, can help not only reduce deforestation (see Box 2), but also create level playing field for responsible businesses.

**We need bolder actions and transformational changes in the way deforestation commodities are produced, consumed, and traded. There are concrete things that businesses can do to make difference.**

### Box 1: Extending deforestation and conversion-free commitments beyond forests

The Soy Moratorium, a voluntary industry agreement to stop buying soy from deforested areas in the Amazon in 2006, led to a dramatic drop in soy expansion on forested land without limiting increases in production. In the two years before the agreement, 30% of soy expansion came through deforestation, rather than on already cleared land; by 2014, this had fallen to just 1%. During the same period, soy production in Brazil increased by 65% despite the Moratorium. Some critics argue that soybean expansion on pasturelands displaced cattle production into new forest areas, and that the moratorium may have led to increased conversion for soy in the adjacent Cerrado biome. This reinforces the need for joined-up solutions. Extending the Soy Moratorium to the Cerrado could prevent the conversion of 3.6 million hectares of native vegetation by 2050.



## Seek innovations in business approaches

**Investigate what is happening where you source from so that your business can go beyond individual supply chains** to embrace and contribute to landscape or jurisdictional approaches in those places. This means to help local stakeholders improve governance and build capacity to pursue more sustainable, low-carbon development at the landscape or sub-national level. View [WWF's Landscape Sourcing report](#) and visit [Jurisdictional Approaches Resource Hub](#) to learn more about the many ways for companies to engage.

**Enable and insist on responsible (ESG) finance** by [incorporating zero-deforestation and conversion targets into responsible investment and credit policies](#). Schemes for de-risking finance can support farmers to improve their practices, increasing yields while reducing pressures on forests.

**Expand alliances** with governments, communities, civil society, consumers, and other sectors, to amplify the impacts of actions on the ground. Everyone with a stake in protecting a forest landscape needs to come together, rather than disparate independent efforts. When stakeholders have shared vision, clear responsibility, and coordinated actions, there is a better chance to halt deforestation for good, in a way that benefits nature and people.

### Box 2: Learning from the forest sector

Logging for timber, pulp, and paper has declined as a primary driver of forest loss in most fronts, although it still often precedes clearing for other land uses, and illegal logging remains significant in some countries. The diminishing role of the forest sector as a major driver of deforestation reflects the valuable efforts of the timber industry over recent decades to clean up timber supply chains. Good progress has been made in lowering the rate of deforestation where integrated approaches have been implemented that engage local communities. Policy developments in major consumer countries such as the EU and US to promote legality and sustainability, while in need of improved scope and enforcement, have incentivized due diligence actions among businesses importing into these markets.

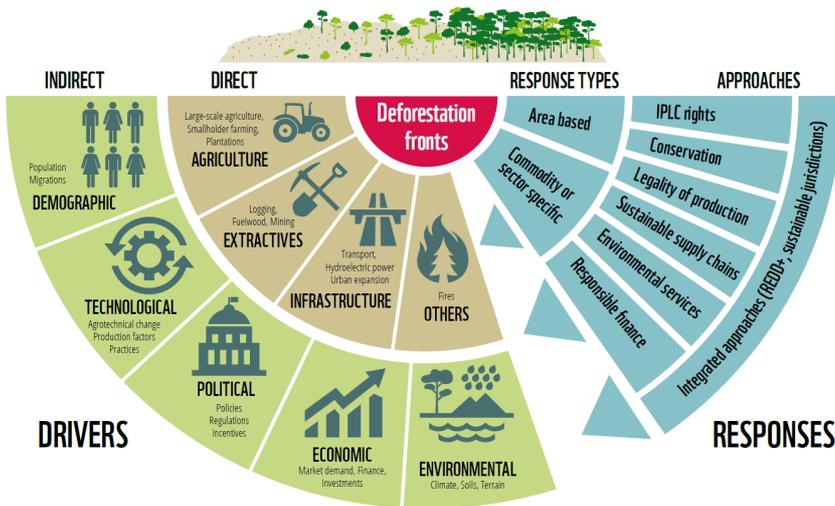
## Definitely avoid

**Making undefined or unsubstantiated commitments.** Business-as-usual is not going to work for your business, for society, for nature and for people. If you are unsure of whether you are addressing your businesses' most pressing impact and resilience issues, and need help, reach out to us or the access the resources and support openly and in many cases freely available to get you designing the right actions now. Whether you are doing business in emerging markets or advanced ones, companies that fail to take steps will be judged poorly by society.

**Blindly purchasing offsets in any shape or form** without understanding first how they work and what, if anything, is appropriate for your business. You could risk wasting tons of money on investments that don't deliver and end up disillusioned with the end results, or see none at all. The purchase of high-quality carbon credits can be an effective way for businesses to contribute to their climate goals, but companies should follow a [robust mitigation hierarchy](#) – to first reduce direct and indirect emissions. Carbon credit purchases should only be made *in addition* to such a strategy. Ask for credible advice and be informed to spend your budget wisely.



## UNDERSTANDING THE IMPLICATIONS OF DEFORESTATION FRONTS FOR BUSINESS



Find the responses you can take part in and start addressing the drivers of deforestation.

Be part of the solution. Now more than ever.

## SELECT RESOURCES

### For buyers of forest and agricultural commodities:

- The [Accountability Framework](#) lays out 12 Core Principles supported by Operational Guidance to help companies build and scale up ethical supply chains for agricultural and forestry products.
- The Collaboration for Forests and Agriculture (CFA) [Regional Guidance](#) supports companies to implement deforestation and conversion free soy and beef in the Amazon and Cerrado regions in Brazil and in the Gran Chaco region spanning Argentina and Paraguay. Its tools, templates, and technical references help companies implement in line with the Accountability Framework.
- The [Palm Oil Buyers Scorecard website](#) provides detailed recommendations for different stakeholders on palm oil sourcing. The latest scorecard assessment results can be found in the [Summary Report](#).
- [Guide to Sustainable Palm Oil](#), published by Southeast Asia Alliance for Sustainable Palm Oil (primarily for Singaporean companies, but also applicable to others), provides an in-depth analysis of the business case and guidelines for sustainable palm oil.
- [Landscape Scale Action for Forests, People, and Sustainable Production: A Practical Guide for Companies](#) explains, through a business lens, what companies have done and can do in practice to advance sustainable landscape and jurisdictional initiatives in commodity-producing geographies.

### For industrial agricultural producers:

- Credible certification schemes remain an important tool for companies to implement best practices to avoid deforestation and conversion. [ISEAL](#), the global membership organization for sustainability systems, offers a wide range of resources and guidance about certification schemes.



- WWF's Certification Assessment Tool (CAT) assesses which certification schemes are likely to deliver the best social and environmental impact. [CAT assessment has been done for numerous forest certification schemes](#) and is updated regularly to address upcoming issues and fairly reflect progress made by schemes to deliver better outcomes.
- [Evaluation of the Roundtable on Sustainable Palm Oil's \(RSPO\) Principles & Criteria 2018](#) with WWF (CAT 4.0) highlights the strengths and areas for improvement for the certification scheme.
- The [High Conservation Value approach](#) outlines three-step methodology that helps stakeholders identify and protect HCVs primarily in prospective forestry and agricultural plantations.

### For financial institutions:

- [A framework on responsible investment](#) outlines the key elements that asset managers need to consider to integrate environmental, social and governance (ESG) factors into their core businesses.
- [The Ceres investor guide to deforestation and climate](#) gives investors unfamiliar with deforestation issues a framework to help them understand and engage on deforestation-driven climate risks across their portfolios.
- [Recommendations for investors on deforestation and conversion risks related to cattle ranching and beef supply chains in Latin America](#)

[WWF's statement](#) on the role of financial institutions in addressing palm oil sector sustainability offers concrete asks.

- For infrastructure investment, WWF's report, [Incorporating Sustainability into Infrastructure](#) identifies what investors are doing to better integrate climate- and nature-related ESG factors in the infrastructure investment process, such as forest and biodiversity.

## ABOUT WWF'S CORPORATE ENGAGEMENT

WWF has decades of experience in guiding [businesses](#) through the sustainability journey, offering sector-specific expertise and on-the-ground insights. Our programmatic work includes, but not limited to, the following:

- Promoting more sustainable food system and commodity production, including [palm oil](#), [beef](#), and [soy](#).
- Collaborating with partners to provide tools, guidance, and hands-on support to implement [landscape and jurisdictional approaches](#).
- Demonstrating the full value of forests via [Forests Forward](#), a performance-based programme to mobilize and catalyse action to better manage, protect, and restore forests.

For more information, please visit [panda.org/deforestationfronts](https://panda.org/deforestationfronts) and [forestsolutions.panda.org](https://forestsolutions.panda.org).



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