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|  | **Output 4.2: Cross-sectoral policy, agrifood system and governance changes supported** |  |
|  | **UN-REDD Multiyear Programming Document 2026–2030 Illustrative Support Overview** |  |
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|  | **Prepared by UN-REDD Programme**  **June 2025** |  |
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|  | *This brief has been prepared by the UN-REDD Programme team based on preliminary analysis, internal assessments, and strategic insights from prior engagements and consultations. It is intended to provide illustrative information on potential areas of UN-REDD support for the 2026–2030 period. The content, including indicative budgets and activities, is for donor engagement purposes only and has not yet been discussed or consulted with the respective country authorities. As such, it does not represent an official position or commitment from the country concerned or from the UN-REDD Programme.* |  |

# Output 4.2: Cross-sectoral policy, agrifood system and governance changes supported

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| **This is one of four outputs forming Outcome 4: Enhancing Actions to Address Drivers of Deforestation*:*** Linking and leveraging actions and actors to address deforestation drivers. Strengthening and aligning policies, governance, and incentives within the forest sector and across relevant land use sectors and stakeholders towards protection of forests and reduction in forest emissions. Promoting appropriate solutions towards transformative change that address and respect safeguards. and support rural and smallholder producers, engage private sector actors, and foster cross-sector collaboration. UN-REDD will promote solutions that support transformative change, aligning mitigation, adaptation and biodiversity agendas, and strengthening access to upfront finance to enable implementation of these solutions  ***Output 4.2:***  This output will address drivers of deforestation and degradation originating across sectors, with a particular focus on the agriculture sector. Under this output, UN-REDD acts as a technical convener and catalyst by supporting countries to strengthen multisectoral dialogues, develop sustainable value chains — including by facilitating compliance with and alignment to emerging trade and production regulations — and produce new tools to fill critical knowledge gaps on available deforestation solutions, traceability and the multi-functional value of forests. Through these catalytic actions, Output 4.2 contributes directly to reducing emissions from land-use change, supporting REDD+ implementation and advancing national climate commitments. |

# The challenge

Nearly [90%](https://www.fao.org/forest-resources-assessment/remote-sensing/fra-2020-remote-sensing-survey/en/) of deforestation is driven by agricultural expansion, making it the most significant driver of deforestation globally and a major contributor to associated emissions. [A significant and growing share of the commodities produced on these new agricultural land feeds international trade](https://doi.org/10.1038/s41559-021-01417-z), intensifying the global environmental footprint of food and fiber consumption. As awareness of these possible environmental impact has grown, consumers and governments have pushed for more sustainable supply chains.

Despite decades of voluntary supply chain initiatives and market exclusionary measures, such as moratoria, [efforts to decouple agriculture from deforestation have delivered mixed results](https://doi.org/10.1146/annurev-environ-112321-121436). Numerous public and private stakeholders have made commitments, including REDD+ strategies and action plans, yet full implementation of these policies and measures to halt deforestation is still lagging. This is often linked to limited information on effective actions, siloes between land use sector actors, lack of financing as well as political, institutional, and social factors. Without effectively addressing these constraints, the drivers of deforestation will persist or even accelerate, with increased risk of non-permanence and environmental integrity of REDD+ results. Without addressing this challenge, emissions from land use change due to deforestation will continue unabated. Countries are now being confronted with rising economic and political pressures to address agriculture-driven deforestation and align solutions between trade, finance and development agendas.

One of the most pressing challenges countries faces is maintaining market access amidst increasing trade restrictions. For many countries more between 20-60% of commodities are destined for the EU, UK, or USA. This makes those countries extremely susceptible to market-based trade regulation on deforestation risk commodities, such as the EUDR. Almost all the 35 countries that [experienced deforestation](https://www.iisd.org/system/files/publications/ssi-global-market-report-cocoa.pdf) between 2010 and 2020 [export at least one commodity covered by the EUDR](https://resourcetrade.earth/). These targeted commodities (cattle, cocoa, coffee, palm oil, soybean, rubber and wood) represent all together more than 20% of the total value of agricultural international trade. Moreover, the related value chains largely rely on the production of smallholders, in particular for cocoa ([70% of the production](https://www.iisd.org/system/files/publications/ssi-global-market-report-cocoa.pdf)) and coffee ([73% of the production](https://ethosagriculture.com/wp-content/uploads/2022/02/Coffee-Barometer-2020-3.pdf)), highlighting the vulnerability of producers to trade shifts and compliance requirements. The crux of this challenge is how countries can best align national development priorities, commodity production and international climate agendas. This involves advancing governance reforms, establishing innovative systems of due diligence and cross-sectoral coordination. Addressing such challenges requires cross-sectoral dialogue and guidance from an impartial guide with a high degree of technical expertise across multiple domains. The natural convergence between the sectors provides an opportunity to achieve further emissions reductions by integrating policy roadmaps, actions for increased traceability, and elevating innovative solutions for sustainable production.

For REDD+ to be sufficiently integrated across the AFOLU sector, countries need to adequately recognise the value and contribution of forests to consumptive and non-consumptive uses. In 2020, the hidden costs from agrifood systems reached to 11.6 trillion dollars - 25% of which being environmental costs, [largely associated to GHG emissions caused by land use change](https://doi.org/10.4060/cd2616en). Forests play a crucial role in providing ecosystem services that are vital for agricultural efficiency and resilience. Protecting and sustainably managing forests can enhance the potential of land for food production by regulating the water cycle, maintaining local climate, improving soil fertility, preventing erosion, and supporting pollination and genetic resources. This approach helps to achieve global climate and biodiversity goals while ensuring land remains productive for agriculture. A lack of space for policy dialogue between major land use sectors has led to increasingly siloed initiatives at a time when collaboration and coherence are the most promising approaches to achieving emissions reductions, increased resilience and reversing biodiversity loss. Due to a lack of clarity on the true costs and effectiveness of REDD+ actions, [short-term economic gains linked to the extraction of commodities or minerals have been prioritised over the medium- and long-term benefits from forests](https://www.fao.org/documents/card/en/c/cc2886en) including agricultural productivity and resilience, biodiversity as genetic resources, [and as safety nets for communities affected by disasters](http://www.fao.org/climate-smart-agriculture-sourcebook/production-resources/module-b3-forestry/chapter-b3-1/en/). To reduce these trade-offs and instead strengthen synergistic action, particular attention needs to be paid to increasing the value of forests in AFOLU sector and overall policy decision-making. It also involves creating an enabling environment in which farmers, particularly smallholders, can reap the benefits of sustainable agricultural production, linking this output to local solutions (Output 4.3).

UN-REDD countries must therefore navigate a complex convergence of agricultural transformation, forest protection, and international trade demands — all while lacking a technically robust, impartial guide to structure financing solutions that ensure forest and agriculture sectors can both adapt and thrive.

**The financial gap is a critical barrier.** Most producers — especially smallholders — lack access to affordable credit, risk mitigation tools, or transitional financing needed to adopt sustainable, traceable, and deforestation-free production practices. The cost of compliance (certifications, traceability, sustainable intensification, monitoring) is often prohibitive without external support.

This financial exclusion risks creating a negative circular economy**:**

* Small producers unable to finance compliance are excluded from premium markets.
* Exclusion exacerbates poverty and reduces income opportunities.
* This, in turn, increases pressure to expand agricultural land unsustainably, driving further deforestation.
* Governments face reduced fiscal space and investment in rural areas, further weakening governance and resilience.

# The value proposition

In recent years, UN-REDD has significantly expanded its cross-sectoral work, particularly in [advancing deforestation-free commodity supply chains](https://openknowledge.fao.org/items/78003084-efb2-4131-ac80-6a7e9246861a) has surged, especial following recommendations form COFO 2022, COFO 2024 and in response to new trade- related regulations such as the EU Deforestation Regulations. These developments have reinforced the UN-REDD Programme’s mandate to support countries in aligning agriculture, trade, and land-use decisions with forest protection and climate goals.

The Programme has been instrumental in disseminating the OECD-FAO Business Handbook on deforestation and due diligence in agricultural supply chains at a country level, which aims to help companies incorporate and promote responsible sourcing and a holistic approach to deforestation risk and forest-positive outcomes. UN-REDD agencies have provided technical assistance to various countries to demonstrate compliance with market-based measures and have successfully piloted sustainable, deforestation-free supply chain initiatives in Latin America, including in Ecuador and Costa Rica, with initial efforts in Colombia. These efforts have leveraged UN-REDD's technical convening power through **South-South exchanges** with countries like Honduras, Vietnam, and Ethiopia as well as regional Latin America exchanges with representatives of seven countries (Brazil, Colombia, Costa Rica, Ecuador, Honduras, Guatemala, and Peru). As a result, deforestation-free coffee and cacao are now entering European markets.

This Output area will draw on specialized knowledge products that address critical knowledge gaps for advancing cross-sectoral actions to halt deforestation: for example:

* advancing an interactive Solutions Tree Tool as a globally accessible repository on drivers and policy solutions for addressing agriculture-linked deforestation,
* development of physical multi-regional input-output (MRIO) framework based on FAOSTAT data to trace supply chains of both forestry and agri-food products across the world,
* developing and promoting innovative digital tools — such as AI-based traceability systems
* by facilitating the dissemination of lessons learned and South-South exchanges among countries that have succeeded in addressing commodity-driven deforestation.

**UN-REDD’s unique value is its established role as an impartial and trusted partner to governments.** For Output 4.2, the programme will focus, as a technical convener, to facilitate cross-sectoral alignment on reducing emissions from deforestation and advancing the integration of national policy agendas in this regard. Existing trust-based partnerships and relationships with government Ministries enable the UN-REDD agencies to support policy alignment and convene actors across agriculture, environment/forestry, finance, planning, and development. The direct connection is particularly beneficial for knowledge management, where South-South exchanges are a key approach, historically used by the programme.

**UN-REDD’s broad technical expertise further strengthens its convening role in this output.** The Programme draws on the respective agencies’ wider portfolios and expertise on agriculture, forestry, economics, legal issues, investments, trade, value chains, land use governance, and rights-based approaches. UN-REDD can provide a broader view of support needs, maximising its role as a convener, and implement packages that connect into the climate agenda.

Existing initiatives in the AFOLU space that aim to achieve more integrated policy and governance, particularly regarding deforestation-free commodities, are numerous. However, few directly bridge the commodity and forest climate mitigation agendas. For major programmes where governments are the main beneficiaries, UN-REDD will seek alignment with international programmes and play a coordination role where necessary, in particular with ITC, UNCTAD, and the UK-funded initiatives: Investments in Forests and Sustainable Land Use (IFSLU2), FACT dialogue, Partnership for Forests.

UN-REDD will deepen its existing partnerships with Climate and Land Use Alliance, Food and Land Use Coalition, and Food and Agricultural Systems Community, Forest and Climate Leaders' Partnership, Tropical Forest Alliance including as a means of disseminating results into the broader knowledge landscape. Technical partnerships will be developed with organisations that bring added value such as IDH (private sector initiatives), CIFOR-ICRAF(research) and Solidaridad (sustainable practices), in particular through knowledge sharing and thematic work.

# Scenarios

As widely recognized, the primary drivers of deforestation and forest degradation originate outside the forest sector. Addressing them requires an integrated policy approach that creates synergies and manages trade-offs among the multiple development goals of partner countries. This demands strong linkages and coordinated action across a range of productive and cross-cutting sectors, including agriculture, water, mining, energy, trade, and urban development.

Shifting the broader land-use and economic systems that drive deforestation is even more complex than managing pressures within forest areas, given the scale of forces and stakeholders involved.

This output support governments to foster a symbiotic relationship between agriculture and reducing deforestation, advocating for agricultural supply chains that are sustainable and non-competitive with forests and climate goals. It will provide policy support to governments by developing a framework to connect deforestation drivers with actionable solutions and practical tools, and by facilitating dialogues and exchanges between cross-sectoral stakeholders. Moreover, UN-REDD will support countries in navigating market-based regulations (EUDR and others) on reducing deforestation, develop responsible sourcing and due diligence approaches, and to consolidate equitable legality and sustainability assurance and traceability systems for agricultural commodities.

Country-level work in this output will directly facilitate cross-sectoral national-level dialogues to reach alignment and enhance integration of policy actions and governance approaches. With UN-REDD support, countries will be better equipped to systematically analyse progress on cross-sectoral implementation, by identifying, prioritizing, and designing REDD+ interventions in strategic areas where catalytic actions can unlock transformational change at scale.

Key deliverables include:

* Advance national dialogues and governance on cross-sectoral actions to reduce deforestation and support REDD+ goals
* Strengthen countries’ enabling environments, private sector participation, and engagement with the financial sector to support sustainable commodity production, trade, and markets that are decoupled from deforestation (“deforestation-free commodities”), in alignment with REDD+ strategies and broader AFOLU objectives. This includes support for navigating emerging market regulations (such as the EU Deforestation Regulation), developing responsible sourcing and due diligence approaches, and consolidating equitable legality, sustainability assurance, and traceability systems for agricultural commodities linked to REDD+ and NDC targets.
* Support cross-sectoral, evidence-based decision making and policy development and measures to halt deforestation, by developing global tools and methodologies
* Promote integrated territorial approaches in priority landscapes (e.g., “transition labs”) to operationalize and scale cross-sectoral policies that address the drivers of deforestation through place-based, inclusive solutions.
* Strengthen capacities to improve understanding and monitoring of synergies and trade-offs between agriculture and forestry by providing data and tools on deforestation-free commodity production and traceability systems.

This will be done by supporting informed cross-sectoral dialogues on the role of forests in the various planning development processes, promoting dialogue across sectors; supporting countries to develop effective consideration of the roles of forests in policies related to agrifood systems transformation, decoupling agriculture from deforestation and promoting sustainable commodities production and trade. Key deliverables may include:

| **Deliverables** | **Types of Activities** |
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| 1. Advance national dialogues and governance on cross-sectoral actions to reduce deforestation and support REDD+ goals | 1. Convene and facilitate inclusive multi-sectoral stakeholder dialogues and foresight exercises at local, subnational, and national levels to co-develop shared visions of sustainable land use. These dialogues will integrate the economic, livelihood, and environmental co-benefits of reducing deforestation and align with national REDD+ strategies. 2. Develop and deliver tailored policy guidance packages to strengthen cross-sectorial collaboration at national and sub-national level and support the integration of REDD+ objectives into broader national sectoral planning — including agriculture, trade, finance, and development — ensuring coherence with NDCs, SDGs, and deforestation-free market requirements. 3. Support the alignment of deforestation risk-reduction measures within national agrifood systems transformation pathways, ensuring these systems contribute to climate and development goals while strengthening resilience and market access. |
| 1. Strengthen countries’ enabling environments, private sector participation, and engagement with the financial sector to support sustainable commodity production, trade, and markets that are decoupled from deforestation (“deforestation-free commodities”), in alignment with REDD+ strategies and broader AFOLU objectives. | 1. Conduct gap and readiness assessment of national and subnational production systems for deforestation-free commodities, identifying institutional, technical and financial needs. 2. Deliver targeted Technical Assistance and capacity building on due diligence requirements, subnational monitoring of deforestation free commodities, traceability systems and legality criteria for market-based regulations (e.g. “EUDR readiness packages”). 3. Support the development, alignment and strengthening of domestic policies, standards and legal frameworks for sustainable production to be decoupled from deforestation 4. Develop and disseminate know Products and disseminate on sustainable commodities supply chains and evolving deforestation-free trade regulations and facilitate technical exchanges with relevant stakeholders 5. Facilitate regional and global knowledge sharing platforms on sustainable committees’ production and national responses market-based regulations, including South–South learning, technical roundtables, and dialogues between government, private sector, and civil society. |
| 1. Support cross-sectoral, evidence-based decision making and policy development and measures to halt deforestation, by developing global tools and methodologies | 1. Pilot cost-benefit analysis of REDD+ actions across sectors to quantify economic, environmental, and social trade-offs and co-benefits, and to support integration into national planning and budgeting processes. 2. Expand the Solutions Tree tool to include regional and country-level modules that address a broader range of deforestation drivers beyond the agriculture–forestry nexus. Include decision-support filters and case studies to help countries prioritize interventions based on multi-sectoral benefits and feasibility. |
| 1. Promote integrated territorial approaches in key landscapes to operationalize and scale cross-sectoral policies that align sustainable land use, forest conservation, and rural development | 1. Pilot integrated land-use and investment planning frameworks in deforestation-risk landscapes, aligning production, conservation, and rural development objectives. These frameworks will incorporate engagement with public and private financial institutions to facilitate deforestation-free investment flows. 2. Establish participatory policy innovation spaces where smallholders, cooperatives, Indigenous Peoples, government institutions, and financial actors co-design inclusive pathways to decouple agricultural production from deforestation and enhance territorial resilience. 3. Explore and document successful incentive mechanisms for smallholders to transition to sustainable land use practices and enhance their livelihoods, with linkages with national development planning and cross-sectoral policies. Synthesize and document lessons learned from territorial approaches to inform national guidance on cross-sectoral policy coherence, sustainable finance integration, and deforestation-free rural development strategies. |
| 1. Strengthen capacities to improve understanding and monitoring of synergies and trade-offs between agriculture and forestry by providing data and tools on deforestation-free commodity production and traceability systems. | 1. Enhance and promote assessment frameworks for assessing land footprints of agrifood and forestry trade and consumption commodities 2. Support the development, deployment, and scaling of AI-powered tools and digital platforms for monitoring deforestation-free commodity production at national and subnational levels, enabling real-time traceability, risk detection, and policy alignment with market regulations (e.g., EUDR). 3. Build institutional and technical capacities of government agencies, producer organizations, and subnational authorities to operate and maintain monitoring systems, integrating geospatial, socioeconomic, and deforestation-risk data. 4. Facilitate multi-stakeholder collaboration to co-design adaptive monitoring systems that reflect the needs and roles of smallholders, Indigenous Peoples, local communities, the private sector, and financial institutions — promoting trust, shared responsibility, and benefit-sharing. 5. Strengthen governance and decision-making processes by embedding monitoring outputs into national planning, legality verification, and compliance frameworks — ensuring actionable information for regulators, buyers, and investors. 6. Link monitoring systems to financial risk reduction strategies, enabling financial institutions to better assess deforestation exposure in their portfolios and align credit and investment flows with sustainability standards. |