

# **SUBMISSION TO THE COP30 PRESIDENCY ROADMAP**

## *Halting and Reversing Deforestation and Forest Degradation by 2030*

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## **Transnational Environmental Crime as a Security Threat: Toward an International Framework for Forest Finance Due Diligence**

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### **Executive Summary**

The COP28 Global Stocktake's call to halt and reverse deforestation and forest degradation by 2030 (paragraphs 33 and 34, GST1) confronts a structural obstacle that no amount of forest finance, carbon crediting architecture, or national law enforcement capacity can resolve on its own: the systematic integration of illegal deforestation into transnational organised crime networks financed through the legitimate global financial system. According to the Financial Action Task Force (FATF), the global money laundering and terrorist financing watchdog, environmental crimes — principally illegal logging, deforestation and mining — are the highest-value crime types linked to associated financial crimes, generating annual revenues of up to USD 280 billion globally, a figure

that exceeds the combined profits of human trafficking and the illegal arms trade. These revenues do not remain in forests or in producing countries. They flow through shell companies, commodity trade finance chains, correspondent banking networks, and real estate markets in financial centres across North America, Europe and the Middle East, where they are laundered, invested and recycled into further criminal enterprise. The COP30 Presidency Roadmap on deforestation therefore faces a choice: it can address the symptom — the loss of forest cover — while leaving the financial engine of that loss untouched, or it can articulate, for the first time in a dedicated climate roadmap, the governance architecture required to interdict the illicit financial flows that make large-scale deforestation economically rational for those who perpetrate it. This submission argues unequivocally for the latter.

## **1. The Financial Architecture of Transnational Deforestation Crime**

The characterisation of illegal deforestation as a conservation problem, managed primarily through national park rangers, forestry inspectors and satellite monitoring systems, has proven structurally insufficient to arrest forest loss at the scale required by the GST1 commitment. The reason is not a lack of detection capacity — satellite imagery now makes large-scale forest clearance visible within days — but a fundamental mismatch between the enforcement architecture and the economic logic of the crime. Illegal deforestation in the Amazon Basin, the Congo Basin, and across South and South-East Asia is not an artisanal activity conducted by smallholder farmers operating beyond the reach of the state. It is, in its most consequential and voluminous form, an industrial enterprise financed through sophisticated legal and financial structures, conducted at scale by transnational criminal organisations, and integrated into global commodity supply chains in ways that make the proceeds indistinguishable from legally sourced agricultural and timber products by the time they reach consuming markets.

The FACT Coalition's analysis of publicly available case data from the Amazon region has identified anonymous shell companies and front companies as the single most common vehicles used to enable and conceal the proceeds of environmental crimes in that region. In late 2024, Brazilian federal police dismantled a sprawling illegal gold mining network in Para state, exposing links to money laundering via shell companies and fraudulent permits, with funds traced to accounts in Dubai, Miami, and Panama. The operation is representative of a broader modus operandi in which illegal deforestation — whether for mining, logging, or agricultural conversion — is financed and concealed through layered corporate structures registered in jurisdictions with weak beneficial ownership transparency requirements. The Egmont Group, the international body coordinating financial intelligence units, has noted that illicit financial flows from environmental crimes cross into jurisdictions well beyond source countries, creating a multi-jurisdictional enforcement challenge that no single state can address unilaterally.

The convergence between environmental crime and other forms of transnational organised crime compounds this challenge further. Earth League International's monitoring of the Amazon Basin over a six-year period has documented how major transnational criminal organisations — including the Colombian FARC-D and the Brazilian PCC, historically associated with narcotics trafficking — have integrated environmental crime into their core operational portfolios. Illegal gold mining alone generates an estimated USD 48 billion annually at the global level. In Colombia and Peru,

illegal gold mining has surpassed cocaine as the primary revenue source for organised criminal groups since 2016. The proceeds of illegal mining and logging are laundered through cattle ranching, timber certification fraud, real estate acquisition, and commodity export chains, entering legitimate global markets at multiple points. What starts as illegal deforestation ends as supply chain contamination in the portfolios of banks, commodity traders and manufacturers in consuming economies who bear no current legal obligation to conduct forest-specific financial due diligence on their trade finance and commodity financing activities.

The SIPRI analysis of transnational organised crime as a threat to global public goods has identified clean air, biodiversity and healthy oceans as quintessential global public goods — non-excludable, non-rival in consumption, and incapable of adequate provision by any single state acting alone. The same logic applies to forest carbon sinks. The deforestation financed through illicit financial flows in the Amazon, the Congo Basin and the forests of South-East Asia releases carbon that contributes to global warming, degrades ecosystem services that support hundreds of millions of people, and undermines the Paris Agreement's temperature targets in ways that no amount of domestic mitigation action by non-forest states can compensate for. Transnational environmental crime is therefore not merely a law enforcement problem or a conservation challenge — it is a threat to the global climate commons, and the COP30 Presidency Roadmap carries both the legitimacy and the institutional mandate to say so with the specificity and force that the moment requires.

## **2. The Governance Gap: Between UNTOC, the UNFCCC and Forest Finance Due Diligence**

The international governance framework for transnational environmental crime is, as UNODC's first-ever Global Analysis of Crimes that Affect the Environment has characterised it, a patchwork. At least 85 per cent of UN Member States criminalise offences against wildlife, and the environmental offences that most frequently meet the definition of serious crimes under the UN Convention against Transnational Organized Crime (UNTOC) are those covered by well-established international frameworks — principally CITES for wildlife crime and the Basel Convention for waste trafficking. Illegal logging and deforestation, however, occupy a more ambiguous legal position: they are criminalised in most national jurisdictions but are not the subject of a dedicated international legal instrument with the mutual legal assistance, extradition, and asset recovery provisions that UNTOC makes available for predicate offences meeting the four-year custodial threshold for serious crime. UNODC has noted that this gap may be leading to the prosecution of minor offenders rather than the large economic interests that drive the crimes.

The most significant recent development in the international governance architecture is the process set in motion at the 12th Conference of the Parties to UNTOC in October 2024, when Brazil, France and Peru tabled a resolution calling for an open-ended intergovernmental expert group to evaluate existing legal frameworks, identify gaps, and assess the feasibility of an additional protocol specifically targeting crimes that affect the environment. That expert group met for the first time in Vienna in June-July 2025, reviewing cases across wildlife, timber, mining, fisheries and waste crime categories, and is expected to report to the 13th UNTOC COP in October 2026. A dedicated UNTOC protocol on environmental crime would, if adopted, mark a transformative development:

it would harmonise legal definitions across jurisdictions, establish shared enforcement principles, create obligations for mutual legal assistance and asset recovery in forest crime cases, and — critically — raise the cost for the networks of corporate facilitators, corrupt officials and financial intermediaries who currently operate with near-impunity across the forest finance chain.

The COP30 Presidency Roadmap on deforestation is positioned to contribute to this process in a manner that no law enforcement forum can replicate. The UNTOC process addresses the criminal justice dimension of environmental crime; the COP30 Roadmap addresses the climate and forest governance dimension. As analysts at the Igarape Institute and Project Syndicate have observed, the task now is to bring thematic and diplomatic coherence to these efforts: the COPs offer environmental legitimacy, UNTOC provides legal scaffolding, the G20 brings economic clout. The COP30 Roadmap should explicitly articulate this convergence, calling for the formal linkage of the UNFCCC deforestation agenda with the UNTOC intergovernmental expert group process, and recommending that the UNFCCC Secretariat establish a formal dialogue mechanism with UNODC to ensure that the technical findings of the climate and biodiversity processes inform the treaty negotiations on environmental crime.

The gap that neither UNTOC nor the existing UNFCCC framework adequately addresses is, however, the financial due diligence dimension. The EU Deforestation Regulation (EUDR), which entered into force in June 2023 and — following multiple delays — is now scheduled to become applicable for large and medium enterprises from December 2026, represents the most ambitious legislative attempt to date to interdict deforestation-linked commodities at the point of market access. The EUDR requires companies placing seven key commodities — cattle, cocoa, coffee, oil palm, rubber, soya and wood — on the EU market to demonstrate through due diligence statements that those products do not originate from land deforested after December 31, 2020. It is a supply-side trade regulation of considerable scope. What it is not, however, is a financial due diligence instrument. The EUDR places the compliance burden on commodity operators and traders. It does not impose any parallel obligation on the financial institutions — trade finance banks, commodity lending facilities, export credit agencies, and investment managers — that provide the capital enabling commodity supply chains to function. The authors identify this asymmetry as the most critical governance gap that the COP30 Roadmap on deforestation must confront.

### **3. The Financial Due Diligence Gap: Trade Finance, Correspondent Banking and Beneficial Ownership Opacity**

The FACT Coalition's policy brief, *Environmental Crimes Pose Unique Illicit Finance Challenges and Require Specific Solutions*, has argued that applying generic anti-money laundering and counter-terrorism financing approaches without tailoring them to the specific realities of environmental crime is unlikely to be effective. Environmental crimes present what the FACT Coalition terms a 'double laundering' structure: illegally sourced commodities are laundered at the physical level — making illegally sourced timber appear to be of legal origin through falsified documentation, fraudulent permits and fraudulent certification — and then laundered again at the financial level, with the proceeds of those sales entering the banking system as apparently legitimate trade revenues. By the time these funds reach correspondent banking networks or are deployed in real estate acquisition or further commodity investment in consuming-country

jurisdictions, the trail connecting them to the original act of deforestation has been deliberately obscured through multiple jurisdictional layering.

The corporate transparency dimension of this problem has been rendered more acute by recent political developments. The FACT Coalition has warned that the rollback of the bipartisan Corporate Transparency Act in the United States — which was designed to combat shell companies used in cases of corruption, environmental destruction and organised crime — represents a significant regression in the anti-money laundering architecture that consuming-country financial intelligence units depend upon. Anonymous shell and front companies are the most common vehicles identified in FACT's Amazon-region case analysis for enabling and concealing environmental crime proceeds. Reducing beneficial ownership transparency in one of the world's largest financial centres directly impairs the capacity of Amazon-region countries to trace the financial networks behind illegal deforestation on their own territory. This is not an abstraction: the 2024 Brazilian Federal Police operation in Para traced deforestation financing to accounts in Miami and Panama — jurisdictions whose corporate transparency frameworks are directly relevant to Brazilian enforcement capacity.

The EUDR's limitations in this regard are instructive. The regulation benchmarks countries by deforestation risk and assigns due diligence obligations to commodity operators and traders on the basis of where their products originate. It does not extend these obligations to the trade finance banks that provide letters of credit, pre-export finance and commodity lending to operators in high-risk jurisdictions, nor to the investment banks and asset managers that underwrite equity and debt instruments for the agribusiness and logging companies operating in those supply chains. The asymmetry is structural: the regulation creates a compliance burden for commodity importers while leaving the financial enablers of deforestation supply chains outside its scope. WWF and the anti-money laundering software developer Themis have developed an Environmental Crime Financial Toolkit, launched at the 2024 UN Biodiversity Conference, to help the financial sector understand illicit activities associated with nature crime — but this remains a voluntary instrument with no binding effect on financial institution conduct.

The Roadmap should therefore recommend the development of a binding international standard for forest finance due diligence, applicable to financial institutions providing trade finance, commodity lending, project finance, and investment management services to operators in forest-risk commodity sectors. Such a standard would require financial institutions to conduct deforestation-specific due diligence as a condition of extending credit or investment to counterparties whose activities are materially connected to forest-risk commodities, to verify beneficial ownership of corporate counterparties in deforestation-sensitive jurisdictions, and to report suspicious transactions indicative of environmental crime laundering to relevant financial intelligence units. The Financial Action Task Force, which has already identified illegal logging and deforestation as high-value crime types linked to financial crime, is the appropriate international standard-setter for such an obligation, and the COP30 Roadmap should call upon the FATF to develop dedicated guidance on forest finance due diligence as a component of anti-money laundering compliance frameworks.

#### **4. International Institutional Architecture: Coherence, Coordination and the COP30 Opportunity**

The governance landscape for transnational environmental crime currently involves multiple international institutions operating in parallel without effective coordination: the UNFCCC and its subsidiary bodies address the climate dimension of forest loss; UNTOC and UNODC address the organised crime dimension; CITES addresses the wildlife trafficking dimension; the FATF addresses the money laundering dimension; and the EUDR and emerging national supply chain due diligence frameworks address the trade dimension. As analysts have observed, each forum approaches environmental crime differently, creating a governance architecture that is simultaneously over-populated with processes and under-equipped with enforcement. The COP processes offer environmental legitimacy; UNTOC provides legal scaffolding; the G20 brings economic clout. What is missing is the connective tissue — the formal interoperability between these frameworks that would allow a suspicious transaction flagged by a financial intelligence unit in a consuming country to contribute to a forest crime prosecution in a producing country, or a satellite-detected deforestation event to trigger an automatic trade finance suspension at the commodity's next point of sale.

The G20 has taken modest but meaningful steps toward integrating environmental crime into its broader economic and financial stability agenda. At the 2024 G20 summit in Brazil, delegates collectively endorsed, for the first time, measures to track and disrupt illicit financial flows linked to environmental crime. The BRICS grouping has tentatively identified environmental crime as a point of mutual concern, with environment ministers explicitly acknowledging the threats posed by wildlife crime at a 2021 meeting. The Amazon Region Initiative Against Illicit Finance, launched by the US Treasury Department in July 2024 in partnership with Brazil, Colombia, Ecuador, Guyana, Peru and Suriname, represents a regional model of the kind of 'follow the money' law enforcement cooperation that the international community requires at global scale: it targets the proceeds of nature crimes through enhanced information sharing, joint investigations, and new training programmes for law enforcement in the Amazon region. Brazil also launched the CCPI-Amazon international police centre in early 2024 specifically to foster cooperation on financial crimes linked to environmental offences.

The Belem Declaration of 2023, signed by all Amazon Basin country leaders, described environmental crimes as a threat to climate and environmental priorities as well as to governance and sustainable development — a framing that explicitly links the security and governance dimensions of forest crime that the international community has too often treated as separate agendas. The COP30 Presidency, meeting in Belem and carrying the authority of that Declaration, is uniquely positioned to give institutional form to this convergence. The Roadmap should call for the establishment of a permanent multilateral coordination mechanism — housed within or formally linked to the UNFCCC Secretariat — that connects the climate governance bodies with UNODC, the FATF, Interpol's Environmental Security Program, and the UNTOC intergovernmental expert group process. Such a mechanism would produce annual assessments of the financial flows enabling illegal deforestation, provide technical input to the UNTOC protocol negotiations, and serve as an institutional bridge between the forest finance due diligence standard proposed above and the national-level enforcement agencies responsible for its implementation.

The gender dimension of this governance architecture deserves explicit attention. Transnational environmental crime is not a gender-neutral phenomenon. Women and girls in forest-dependent communities bear disproportionate burdens from illegal deforestation — through loss of livelihood, displacement, exposure to violence associated with criminal mining and logging operations, and the erosion of customary land rights through fraudulent titling schemes. Research on narco-deforestation and illegal mining communities has documented elevated rates of gender-based violence in zones of criminal land acquisition. The governance frameworks proposed in this submission — forest finance due diligence, beneficial ownership transparency, and UNTOC protocol development — must be designed and implemented with explicit attention to their implications for the rights, safety and economic participation of women and girls in forest-dependent communities, and the Roadmap should call for gender-disaggregated impact assessments of all forest finance governance instruments.

## **5. Recommendations to the COP30 Presidency Roadmap**

The authors advance the following five recommendations to the COP30 Presidency Roadmap on Halting and Reversing Deforestation and Forest Degradation by 2030.

The Roadmap should, first, explicitly characterise transnational environmental crime and its associated illicit financial flows as a primary structural driver of deforestation and forest degradation, and call upon the UNFCCC Secretariat to establish a formal dialogue mechanism with UNODC to ensure that the technical findings of the UNFCCC process inform the UNTOC intergovernmental expert group's deliberations on a potential protocol addressing crimes that affect the environment, ahead of its reporting deadline at the 13th UNTOC COP in October 2026.

The Roadmap should, second, call upon the Financial Action Task Force to develop dedicated guidance on forest finance due diligence as a component of anti-money laundering and counter-financing-of-crime compliance frameworks, establishing an obligation for financial institutions providing trade finance, commodity lending, project finance and investment management services in forest-risk commodity sectors to conduct deforestation-specific due diligence, verify beneficial ownership of corporate counterparties in deforestation-sensitive jurisdictions, and report suspicious transactions to relevant financial intelligence units.

The Roadmap should, third, call for the extension of supply chain due diligence obligations — modelled on the EUDR but addressing its current limitation to commodity operators — to financial institutions providing trade finance and investment services to forest-risk commodity supply chains, thereby closing the asymmetry between the compliance burden imposed on commodity importers and the absence of equivalent obligations on the financial enablers of those supply chains.

The Roadmap should, fourth, call for the establishment of a permanent multilateral coordination mechanism linked to the UNFCCC Secretariat, connecting the climate governance bodies with UNODC, the FATF, Interpol's Environmental Security Program, and the UNTOC intergovernmental expert group, to produce annual assessments of the financial flows enabling illegal deforestation and to serve as an institutional bridge between forest finance due diligence standards and national enforcement agencies.

The Roadmap should, fifth, require that all forest finance governance instruments developed pursuant to the Roadmap be subject to gender-disaggregated impact assessments, recognising that women and girls in forest-dependent communities bear disproportionate burdens from transnational environmental crime and that the governance architecture required to halt deforestation must be designed with explicit attention to gender equity, the rights of indigenous peoples and local communities, and the protection of environmental human rights defenders.

## **Conclusion**

The 2030 commitment to halt and reverse deforestation cannot be achieved while the financial architecture enabling large-scale illegal forest clearance remains beyond the reach of the climate governance framework. Transnational environmental crime generates revenues measured in hundreds of billions of dollars annually, flows through the same correspondent banking networks and corporate opacity structures that enable other forms of serious organised crime, and is financed by the same trade finance and commodity lending instruments that legitimate supply chains depend upon. The COP30 Presidency Roadmap represents a historically significant opportunity to bridge the gap between the climate governance framework, where the deforestation commitment lives, and the financial and criminal justice governance frameworks where the money that drives that deforestation flows. The authors urge the Presidency to seize this opportunity with the ambition and specificity the moment demands, in the knowledge that without dismantling the financial engine of deforestation, no forest conservation commitment — however well-intentioned — will prove durable.

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