

Taking Deforestation Out of Commodity Supply Chains



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THE ISSUE

Soy, beef and palm oil are used in a wide range of foods and goods that are consumed by billions of people around the world. They are a key part of global commodities trade and have become dominant economic forces in many national and local economies. Together, these three commodities are responsible for about 80% of the approximately 7.6 million hectares of tropical forest that are lost every year – an area roughly the size of the Czech Republic.

Today, soy, beef and palm oil yield about \$92 billion a year to producers, many of whom are small-scale rural farmers. These commodities thus become important in many local and national economies. Therefore, sustainability within commodities will only be achieved by linking long-term national sustainable development plans with day-to-day value chain management.

Anticipated global economic growth and changing diets will increase the demand for agricultural commodities and place additional pressure on forests. The challenge is to develop forward-thinking business models to manage sustainable commodity production that also maintains forests and important ecosystem services. To achieve this will require the combined efforts of governments, businesses, consumers, and civil society organizations.

OUR APPROACH

An opportunity exists to change commodity production pathways by placing long-term sustainability at the heart of the supply chain. There are already a number of initiatives underway in major producer countries to promote sustainable production of commodities. The Roundtable on Sustainable Palm Oil, Tropical Forest Alliance, and Consumer Goods Forum are among the existing platforms influencing supply chain actors, to work toward diverting the frontier for commodities away from primary forests and areas of high conservation value.

The value-added of GEF is to link such efforts with the work of governments and others along the entire global supply chain for soy, beef and oil palm, and strengthening engagement by a wide range of stakeholders involved, from smallholder farmers to global corporations. Instead of treating production-side and demand-side interventions as separate tracks, the GEF has launched the program on *Taking Deforestation out of Commodity Supply Chains*.

The Program promotes a holistic approach that encompasses entire commodity supply chains. The combined forces of support to production and stimuli of demand for sustainable commodities have great potential to change the market by taking advantage of the momentum created by existing platforms and initiatives.

THE PROGRAM

With nearly US\$500 million in funding from a variety of sources, *Taking Deforestation out of Commodity Supply Chains* will focus specifically on introducing sustainability measures throughout commodity supply chains. The program will work in key commodity production and demand geographies and offer a wide range of support along and across the entire commodity value chain. On the one hand, it will invest at specific points in commodity supply chains that are currently barriers or choke-points but can unlock greater uptake of sustainable practices. On the other, it will link successful, but siloed, existing initiatives that can unlock replication throughout the sector.

The program draws on a range of skills and experience from across and beyond the GEF partnership. In addition to a consortium of GEF Agencies, it includes a wide range of other partners to catalyze wider action within the commodities sector and along the entire supply chain—from government bodies, financial institutions, companies and CSOs to private foundations, and forest carbon and REDD+ initiatives.

The commodities sectors are fast moving and react rapidly to local, national and global influences and the development field for the production-protection agenda already has a host of players. Hence, identifying critical interventions and coordinating the entire programmatic response is a complex, but vital, component. The program is linking with existing initiatives and building synergy with nascent and emerging processes that can address important barriers along the value chain.

The integrated nature of the program also offers the opportunity to share knowledge and experience not only among direct partners, but with the wider commodity community of practice. Disseminating results and information to a wide audience will help embed the program's aims into national and corporate policies and ensure its approach is increasingly accepted as the commercial norm in the commodities sector.

EXPECTED RESULTS

The program aims to bring 23 million hectares of land under sustainable management practices and mitigate 80 million tCO₂e of GHG emissions through its support for transformational shifts towards low-emission and resilient commodity production.



LINKING LONG-TERM NATIONAL SUSTAINABLE DEVELOPMENT POLICIES AND PROGRAMS WITH DAY-TO-DAY VALUE CHAIN MANAGEMENT APPROACHES



The Global Environment Facility (GEF) was established on the eve of the 1992 Rio Earth Summit, to help tackle our planet's most pressing environmental problems. Since then, the GEF has provided \$14.5 billion in grants and mobilized \$75.4 billion in additional financing for almost 4,000 projects. The GEF has become an international partnership of 183 countries, international institutions, civil society organizations, and private sector to address global environmental issues.

The GEF's 18 implementing partners are: Asian Development Bank (ADB), African Development Bank (AFDB), Development Bank of Latin America (CAF), Conservation International (CI), Development Bank of Southern Africa (DBSA), European Bank for

Reconstruction and Development (EBRD), Foreign Economic Cooperation Office–Ministry of Environmental Protection of China (FECO), Food and Agriculture Organization of the United Nations (FAO), Fundo Brasileiro para a Biodiversidade (FUNBIO), Inter-American Development Bank (IDB), International Fund for Agricultural Development (IFAD), International Union for Conservation of Nature (IUCN), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Industrial Development Organization (UNIDO), West African Development Bank (BOAD), World Bank (WB), World Wildlife Fund US (WWF-US).

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