



3.2 Transforming commodity supply chains to benefit people and to protect and restore nature

Background information on group and process

- Globally, the **vast majority (approximately 77%¹) of deforestation and natural habitat conversion is linked to agricultural expansion, either through large-scale commodity production, or as a result of shifting agriculture.** The continuing expansion of production of agricultural commodities such as beef, soy, cocoa, palm oil and paper/pulp are **major drivers of natural ecosystem² loss.** This loss of natural ecosystems or habitat contributes **significantly to global biodiversity loss and CO₂ emissions,** while sustainably managed natural ecosystems provide substantial and cost-effective carbon emission mitigation, while also generating broader environmental, social and economic benefits.
- There can be no nature-positive agriculture, no long-term resilience to the global food system, no sustained alleviation of rural poverty, and no guaranteed protection for indigenous peoples, if agriculture and the **trade in global commodities continues to drive further deforestation and habitat conversion,** both in the tropics as well as in all other latitudes.
- Instead, the production and trade of global commodities needs to be **tied explicitly to a scaled-up global effort to protect and restore natural ecosystems,** with producer countries committed to sustainable production appropriately rewarded by consumer countries and global markets for these efforts. A global partnership of equals is needed to this end.
- **The UK government – in its role as President of COP26 – has made reducing tropical deforestation linked to the global commodity trade an explicit focus of its Nature campaign, with the launch in early 2021 of the Forests, Agriculture, Commodity Trade (FACT) Dialogue now involving over 25 countries,** including Brazil, China, the EU, the US, Malaysia, Indonesia, Colombia, Ghana, India, Cote d'Ivoire, Peru, Myanmar, and Argentina.
- **The government-to-government FACT Dialogue is supported by an accompanying Multi-Stakeholder Dialogue, led by the Tropical Forest Alliance, intended to ensure the involvement of a much broader set of actors in support of the goals of the FACT Dialogue: supply chain companies, finance sector, indigenous peoples' representatives, civil society organizations.**
- **Together, the FACT government-to-government dialogue and its Multi-Stakeholder Dialogue will work to broker an agreement between a group of like-minded nations and non-state actors in Glasgow at the UNFCCC CoP26 of: (i) a set of principles governing the production and trade of commodities associated with deforestation; (ii) a series of road maps for immediate action in at-risk landscapes or biomes; (iii) a set of concrete commitments from producer and consumer countries and other non-state actors to deliver on these principles and roadmaps in particular geographies; and (iv) new and additional flows of public and private finance in support of these objectives.**
- **The intention is for the FACT process to lead to the creation of a long-standing partnership between governments, companies and civil society organizations intended to oversee the delivery of these principles, road maps and commitments across the world, through the 2020s.**

¹ UN FAO, State of the World's Forests 2020

² As defined by the [Accountability Framework](#): *An ecosystem that substantially resembles – in terms of species composition, structure, and ecological function – one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species composition, structure, and ecological function are present.*



- The **UK Government in its role as COP26 President has agreed that the UN Food Systems Summit is a helpful and aligned forum in which to drive forward the FACT government-to-government dialogue** – as well as the associated multistakeholder dialogue led by the TFA – in advance of the official set of announcements and partnerships planned to be launched at Glasgow in November.

1. Summary of each proposed solution

2.1 What, in brief, is the solution?

- The FACT Multi-Stakeholder Dialogue is working to bring together participants from all parts of the global commodity supply chain, balancing voices from consumer and producer countries, and seeking to build a partnership of mutual respect, collaboration and trust. Previous efforts to deliver deforestation-free or ‘nature positive’ supply chains have never before had the backing of so many national governments, including some of the major producers and consumers of forest- and ecosystem-linked soft commodities. Participants include producer and consumer companies, growers, finance institutions, local farmers, foresters, ecosystem communities and indigenous peoples, civil society organisations, academics, grassroots practitioners, global and local consumer brands, regional suppliers and processors. Through involvement in the UN Food Systems Summit, the FACT Multi-Stakeholder Dialogue can bring on board more countries, civil society actors, and companies, hitherto not involved in the Dialogue.
- **Through this involvement in the UN Food Systems Summit, the FACT Dialogue can further enhance its efforts to deliver the following outcomes at COP26 in Glasgow:**
 - Creation of national and global regulatory environments which support and incentivize producers to move to sustainable production;
 - New mechanisms and packages of financial and non-financial incentives for producers to remove deforestation, habitat conversion, and human rights abuses from commodity production, based on farmer insights and suited to the specific context of high-risk geographies;
 - Greater collaboration between producing and importing countries to reinforce legislation and incentives to eliminate deforestation and conversion from key commodity supply chains;
 - Formation of technical partnerships to ensure sustainable production and trade are scaled and mainstreamed, e.g. on agricultural R&D, transparency and traceability, or enhanced market access;
 - Pre-competitive collaboration across the supply chain of key commodity producers at both global and landscape level, to establish market mechanisms to promote zero deforestation, conversion, and prevent human rights abuses;
 - Systematic inclusion and increased transparency around no-deforestation and conversion commitments and targets into investment portfolios and lending practices among key financial institutions.

2.2 What was/were the source(s) from which this solution emerged?

This solution arises from more than a decade of work on this agenda, involving governments, companies, and NGOs, including the Tropical Forest Alliance, the New York Declaration on Forests, the Consumer Goods Forum, the Food and Land Use Coalition, and the Good Growth Partnership, and now in 2021 a focus by the UK COP26 Presidency on bringing this issue to the forefront of its signature Nature Campaign at the COP.



This proposal has been put forward by the Forests, Agriculture, Commodity Trade Dialogue (FACT Dialogue) Multi-Stakeholder Working Group (in collaboration with The Tropical Forest Alliance (TFA), The Food and Land Use Coalition (FOLU), WWF and WBCSD)

2.3 What problem is it trying to address within food systems?

The world cannot achieve the aims of the Paris Agreement to keep global temperature rise to well below two degrees Celsius without halting global deforestation and natural habitat conversion. Yet, pressure for agricultural expansion, economic development, and trade have and will continue to increase deforestation and natural habitat conversion if not comprehensively addressed. Business-as-usual in agricultural production and consumption has created unsustainable food systems that have trickle-down impacts on human rights, global food security, efficiency of supply chains, health, nutrition, and livelihoods.

Despite considerable efforts and commitments being set by the public and private sector alike to address commodity-driven deforestation and conversion, these have not yet been translated into the necessary impact on the ground. The FACT Dialogue's multi-stakeholder approach and emphasis on government involvement is the first time producer and consumer perspectives will be linked directly and systemically to broader trade and sustainable development processes.

2.4 Why is addressing that problem important for achieving the goal of your ACAI?

The implementation of this game-changer will contribute to a shared sustainable development agenda for nations post-COVID-19. Fundamentally, this is about ensuring equity for producers and communities across the world, by offering the right incentives for producers, as well as ensuring sustainable food production systems that do not destroy the environment. This would lead to the elimination of the conversion of natural ecosystems (forests, grasslands, wetlands, etc.) for food production, halting biodiversity loss associated with that loss or degradation of habitat, and supporting GHG emissions reductions, all while leading to enhanced food security and more sustainable livelihoods.

2.5 How can this solution address that problem?

Specifically, the participation of the FACT multi-stakeholder dialogue in the UN Food Systems Summit will:

- Provide a platform for nations already involved in the FACT Multi-Stakeholder Dialogue to engage with a wider group of interested nations, building support and momentum in advance of COP26;
- Provide an opportunity for wider inclusion of non-state actors including producer companies, consumer companies, manufacturers, brands, growers, finance institutions, local farmers, foresters, forest communities and indigenous peoples, civil society organisations, academics, grassroots practitioners, global and local consumer brands, regional suppliers and processors involved in the Summit to participate in the Multi-Stakeholder Dialogue;
- An opportunity for nations and actors already involved in the FACT Dialogue to engage with a wider group of interested nations, building support and giving momentum in advance of Cop26.

2.6 Why does this solution align to the definition and criteria for a 'game changing solution' developed by the Summit?



- (1) impact potential at scale³ (including return on investment): a global shift in soft commodity production and trade to zero-deforestation and natural habitat conversion, measured by concrete, time-bound commitments from producer and consumer countries, as well as from companies and civil society organizations, to higher ambition biodiversity, climate and SDG agendas over the 2020s;
- (2) actionability (taking into account politics, capacity, costs) --- the FACT Multi-Stakeholder Dialogue enjoys the political backing of over at least 25 countries involved, and lead to a roadmap and process to take forward work post-COP26, through the 2020s;
- (3) sustainability (i.e., the ability to keep delivering to 2030 and beyond) --- it is likely that the FACT Dialogue will be funded to continue work through the 2020s, and enjoy political backing from the governments involved.

In addition, this game-changing solution aligns well with other game-changer ideas in Action Tracks 2, 4, and 5, as well as the cross-cuts on finance and innovation.

2.7 What is the existing evidence supporting the argument that this solution will work, or at least that it will achieve the initial outcomes described above?

- There is a significant body of evidence suggesting that governments and companies can act to eliminate deforestation and conversion in commodity supply chains, and a clear shared sense of the actions required to achieve this goal.
- Previous attempts at reform have not addressed the underlying factors that drive deforestation and conversion, such as the economic, social, and political incentives that are aligned with short-term gains and outweigh the perceived benefits of long-term climate stability. The FACT Multi-Stakeholder Dialogue’s collaborative approach, backed by strong involvement from national governments, is well-placed to seek alignment between key producer and consumer countries to eliminate deforestation and conversion driven by globally traded commodities based on the foundation of trade, economic cooperation, investment, and sustainable ecosystem management.

2.8 What is the current and/or likely political support for this idea?

- High level of political support from the UK government to support this idea en route to COP26 and beyond, in its role as President of COP26;
- High level of involvement and commitment from over 25 other national governments involved (see launch event [here](#).) This representation from the nations most closely linked to forest soft commodities is unprecedented when compared with previous efforts.

2.9 Are there certain contexts for which this solution is particularly well suited, or, conversely, contexts for which it is not well-suited at all?

- The contexts where this is particularly important and well-suited include, but are not restricted to producer countries such as Brazil, Colombia, Indonesia, Malaysia, Ghana, Cote d’Ivoire, and Congo Basin countries (e.g. Cameroon, DRC); and consumer countries such as the UK, EU, US, India, and China. But the relevance of this agenda is ultimately global and of concern to all nation states involved in the UN Food Systems Summit.

2.10 Who are the key stakeholders to be further involved in the process of developing and refining the solution idea?

³ Does not necessarily imply a single large intervention as opposed to enabling multiple small actions



- UK Government COP26 Nature Campaign
- Members of the TFA-led FACT Multi-Stakeholder Dialogue
- Food and Land Use Coalition (FOLU)
- World Business Council For Sustainable Development (WBCSD)
- World Wildlife Fund (WWF)