



**TAKING TROPICAL
DEFORESTATION
OUT OF COMMODITY
SUPPLY CHAINS**



Many globally traded agriculture products have become indispensable fixtures in the human food chain; making their way into a vast array of foods and goods consumed by billions of people around the world. They represent a significant part of the global commodities trade and have become dominant economic forces in many national and local economies. The environmental footprint of these products in the quest to feed a growing population and meet the aspiration of a rising global middle class has been nothing short of dramatic.

Three commodities, **SOY, BEEF** and **PALM OIL** have been **RESPONSIBLE FOR CLOSE TO 80% OF TROPICAL DEFORESTATION WORLDWIDE**, reducing the provision of ecosystem services such as clean water and soil productivity, increasing the emission of greenhouse gases such as carbon and methane (responsible for 12% of emissions globally), and contributing to the loss of biodiversity from some of the biologically richest ecosystems on Earth. The loss of forests also has long-lasting effects on security and livelihoods of local communities. Anticipated global economic growth and changing diets will exacerbate the demand for agricultural commodities; making **DEFORESTATION AN INTOLERABLE EXTERNALITY OF FOOD PRODUCTION SYSTEMS**.

BREAKING THIS LOGIC AND REINVENTING A NEW BUSINESS MODEL WILL ENTAIL FORWARD-THINKING BY GOVERNMENTS, BUSINESSES, CONSUMERS AND CIVIL SOCIETY ORGANIZATIONS.

Taking an integrated approach can change commodity production pathways before they impose irreversible damage to ecosystems and the natural resource base. The approach must remove the barriers to introducing sustainability measures along a single commodity supply chain and harness the potential of addressing key agricultural commodities in a combined manner.



TAKING DEFORESTATION OUT OF COMMODITY SUPPLY CHAINS: AN INTEGRATED APPROACH

Taking Deforestation out of Commodity Supply Chains is a \$45 million pilot program over four years to build upon the significant commitments made by companies, industry groups and governments to develop results at scale in the elimination of externalities from agriculture production. Working with governments, the private sector, local communities, civil society and consumers the program intends to tackle a set of key drivers of deforestation. The GEF, working through its partner Agencies, will use this initiative to coordinate efforts and provide a model for replication across sectors and geographies.

The program seeks to turn the sustainable production of key commodities from a niche market and non-scalable specialized operations to mainstreamed business practices. Its success will be measured by the increase in the supply of key commodities through means not implicated in additional deforestation.

The integrated program will support the use of a wide range of tools within four main types of intervention to engage with global and national financial institutions, stimulate market demand, strengthen the enabling environment, and support the uptake of best practices by producers, including:

- Enhancing the understanding of the role of commodities in deforestation by decision-makers within the public and private sectors, and of the consequences of current and future increased production;
- Strengthening the enabling environment for sustainable commodities by improving land-use policy, planning and governance;
- Supporting the uptake of sustainable practices by producers by strengthening their capacity to meet standards in commodities production; and,
- Enhancing investment in deforestation-free commodities by directing finance flows to sustainable commodity management practices.

Ultimately the sustainability within commodities depends on linking long-term national sustainable development policy and programs with day-to-day value chain management approaches. An integrated approach to commodities is a means to bring about change through entire supply chains from the producers to the consumers.



TACKLING DRIVERS OF ENVIRONMENTAL DEGRADATION IN AN INTEGRATED WAY

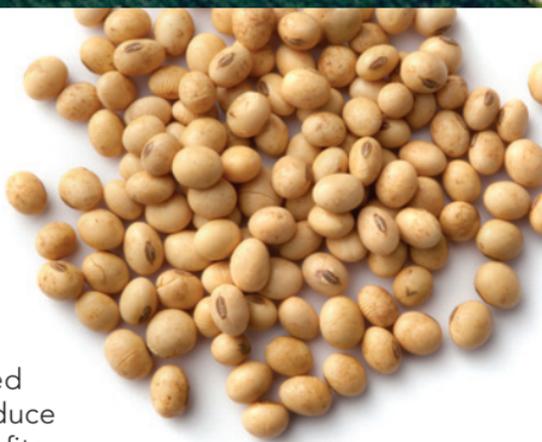
The GEF serves as financial mechanism for several multilateral environmental agreements – including biodiversity, climate change, desertification, ozone depletion and mercury, among others- each having set ambitious targets to address multiple facets of global environmental degradation.

Strong calls are being made to **promote complementarity in addressing problems that are cross-cutting in nature**, seeking to deliver more effective and scaled-up investment packages that benefit developing countries.

The GEF is uniquely positioned among multilateral financial mechanisms for its ability to integrate funding lines and reinforce the multiple objectives required to promote transformational change.

Recognizing the need to increase the impact of its investments given the environmental issues facing the planet, the GEF has refreshed its global strategy to guide funding over the next four years. The strategy now puts a **strong focus on tackling the drivers of environmental degradation**, which is critical to slow and eventually reverse environmental trends.





A select number of integrated investments will seek to produce multiple environmental benefits by working with a broad range of organizations and sectors, including government agencies, businesses and NGOs. This new and more integrated approach is being added to existing GEF funding modalities to strengthen its capacity to respond to priorities identified by multiple conventions and stakeholders.

The GEF-6 integrated approaches include pilot investments in programs addressing:

- Global Commodities
- Sustainable Cities
- Food Security in Africa

These will test delivery of a more integrated approach to address time-bound global environment challenges whose resolution are closely aligned with targets and goals of the multilateral environmental agreements which the GEF serves as a financial mechanism.





GLOBAL ISSUES GLOBAL PARTNERSHIP

The expansion of key commodities such as soy, beef, palm oil and pulp and paper is concentrated in the forests of Amazonia, Central/West Africa, and South East Asia where production must be reconciled with other societal objectives such as forest conservation, maintenance of ecosystem services, and climate regulation.

The program is working with **countries** that share the desire to address the impacts of commodity expansion and **develop the foundation to ensure sustainable growth**. Working along entire commodity value chains to stimulate improved practice and avoid deforestation, the integrated approach pilot will work with different sets of actors committed to this overall goal:

- National governments – through developing the enabling conditions for sustainable practices;
- Producers – from international companies to small scale producers and local communities;
- Commodity users – including traders, the informal sector, processors in order to link brands and retailers with national programs; and
- Financial institutions – investing in commodity value chains at national, regional, and global levels.





ALLIANCES FOR CHANGE

A range of skills and experience is being drawn from across and beyond the GEF partnership to design and implement the integrated programs. A consortium of six GEF Agencies will implement the Commodities program together with a wide range of value chain partners to catalyze broader action within the commodities sector.

Alliances are also being built between the integrated approach pilot and other key initiatives committed to removing deforestation from commodity production. These include a wide range of government bodies and value chain actors as well as CSOs, private foundations, the commodity roundtables, certification schemes, forest carbon and REDD+ initiatives. Discussion is already underway with potential partners with the aim of fostering synergy and collaboration.



Further information

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ABOUT THE GEF

The Global Environment Facility is a partnership for international cooperation where 183 countries work together with international institutions, civil society organizations and the private sector, to address global environmental issues.

Since 1991, the GEF has provided US\$12.5 billion in grants and leveraged US\$58 billion in co-financing for 3,690 projects in 165 developing countries. For 23 years, developed and developing countries alike have provided these funds to support activities related to biodiversity, climate change, international waters, land degradation, and chemicals and waste in the context of development projects and programs.

Through its Small Grants Programme (SGP) the GEF has made more than 20,000 grants to civil society and community based organizations for a total of US\$1 billion.

Among the major results of these investments, the GEF has set up protected areas around the world equal roughly to the area of Brazil; reduced carbon emissions by 2.3 billion tons; eliminated the use of ozone depleting substances in Central and Eastern Europe and Central Asia; transformed the management of 33 major river basins and one-third of the world's large marine ecosystems; slowed the advance of desertification in Africa by improving agricultural practices and all this while contributing to better the livelihood and food security of millions of people.

During the latest replenishment of the GEF (GEF-6) 30 donor countries have pledged the record amount of US\$4.43 billion to support developing countries' efforts over the next four years to prevent degradation of the global environment.

GEF PARTNER AGENCIES

Asian Development Bank (ADB)
African Development Bank (AfDB)
Conservation International (CI)
Development Bank of Southern Africa (DBSA)
European Bank for Reconstruction and Development (EBRD)
Food and Agriculture Organization of the United Nations (FAO)
Inter-American Development Bank (IADB)
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)
The World Bank
World Wildlife Fund (WWF-US)

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