

Legal and Sustainable Supply Chains for Tropical Wood and Forest Products

Proposal for the Nature Based Solutions work stream of the UN Secretary General's Climate Action Summit

Submission from the International Tropical Timber Organization (ITTO)

1. Title/Heading.

Legal and Sustainable Supply Chains (LSSC) for Tropical Wood and Forest Products

2. Context and rationale.

Following several years where many citizens in industrialized countries saw tropical forest management and the use and trade of tropical forest products as major causes of forest degradation, deforestation and illegality, we now observe an increased awareness and recognition of the unique and multiple roles that tropical forests play in mitigating climate change and producing the multiple forest products and services we need, including wood as the most environmentally friendly material, clean water and biodiversity.

The latest IPCC Special Report makes it very clear: without massive investment efforts in landscape restoration, including productive forests, and the use of forest-based products as part of an effective circular economy, there is little chance of keeping the global temperature increase within the UNFCCC target of 1.5°C.

However, we also have to acknowledge the potential and real tradeoffs between feeding the rapidly growing global population and providing it with sufficient forest goods and services. Global trends in production, consumption and trade indicate not only rapidly growing needs for food but also for wood and forest products which should come from legal and sustainable sources. Recent research shows an alarming trend (especially for the Africa region) which indicates a dramatic gap between supply of and demand for roundwood, wood-based energy and other forest products. At a global scale, this annual supply gap could be as high as 6 billion m³ of wood in 2050 if not addressed by massive investments in forest landscape restoration, sustainable forest management and production as well as in conservation of unique high conservation value forests. Because of its high correlation with population growth food security and wood security therefore have to be addressed with the same degree of urgency in global development, poverty alleviation, and climate and biodiversity policies.

3. An overview of the contribution.

ITTO's goal is to make a substantial contribution towards the transition to bio-based and circular economies. It is therefore imperative to demonstrate and verify legality and sustainability throughout the entire supply chain from the tree in the forest to the end-product in consumer markets. A holistic strategy complementing existing REDD+ efforts is therefore necessary to address this critical supply gap and to ensure that tropical forests can enhance mitigation of and adaptation to climate change and provision of legal and sustainable products from productive and multifunctional tropical forests. The LSSC programme will provide a suite of targeted activities to promote sustainable tropical forest products and link such products to discerning markets through development of supply chain tracking systems, marketing and communications initiatives.

4. How the contribution leverages living natural systems as a solution to avert climate change.

The LSSC programme leverages the vast potential of the world's productive tropical forests to absorb carbon and provide other ecosystem services as a solution to mitigate and avert climate change.

5. How might the contribution support both climate mitigation and adaptation as well as other important co-benefits and social, economic and environmental outcomes in coming years? They may include:

- **Reduction in carbon emission and carbon capture (GTonnes)**
- **Increasing climate resilience**
- **Social impact (job increase; poverty reduction; Just transition, etc.)**
- **Net economic impact (total in US\$; how was it achieved?)**
- **Impact on realization of the 2030 Agenda for Sustainable Development (in particular SDGs 1,2,6,12,13,14,15,16)**
- **Food security**
- **Minimising species extinction and ecological losses and fostering an increase of biodiversity.**

Sustainable tropical forest management (and trade in products arising from such sustainable management) has vast potential to mitigate climate change by increasing the amount of carbon captured by growing forests, by substituting non-renewable materials and energy, and also by locking up carbon in long-lasting tropical wood products. Healthy forests will also help countries adapt to potential impacts of climate change. The LSSC programme will also produce benefits for biodiversity (by increasing health of forest ecosystems) and development (by promoting development of sustainable forest industries). The proposed activities under the LSSC programme will contribute to the attainment of several key SDGs balancing climate, biodiversity and development benefits, most notably SDGs 12, 13 and 15.

6. Which countries and organisations are involved in the contribution?

ITTO's membership of 73 countries accounts for over 80 percent of global tropical forests and nearly all international trade in tropical forest products. In addition to its member countries, ITTO will implement the LSSC programme in close collaboration and partnership with other member organizations of the Collaborative Partnership on Forests (CPF), in particular members of the Sustainable Wood for Sustainable World (SW4SW) initiative, including governments and international partners and, most importantly, trade organizations and the private sector at large to promote the sustainable production and consumption of legal and sustainable wood and forest products in international and domestic markets. ITTO is a key facilitator and sponsor of the so-called Global Green Supply Chain (GGSC) Platform which is an emerging Chinese private sector initiative with the objective to connect tropical producers, processing industry and consumer companies on a global industry platform. So far, the total trade value of participating enterprises is about US\$ 16 billion and will grow further.

7. How have stakeholders (for example local communities, youth and indigenous peoples, where applicable) been consulted in developing the contribution?

ITTO's governing Council (which includes participation of multiple stakeholders like local communities, youth and indigenous peoples) has reviewed and approved the LSSC programme concept, and has urged ITTO to undertake fundraising to allow its full implementation. As part of the GGSC initiative stakeholders in several Congo Basin countries have been visited and consulted on a joint fact finding mission with Chinese and African enterprises. Further consultations are planned in Latin America and South-East Asia.

8. Where can the contribution be put into action?

Globally, with a focus on major consumers and producers of tropical forest products. The initial LSSC focus is on producers in Central Africa, the Mekong Sub-Region and later the Amazon Region.

9. How the contribution will be delivered? How will different stakeholders be engaged in its implementation? What are the potential transformational impacts?

The LSSC programme will be implemented by the ITTO Secretariat, making use of a network of executing agencies throughout the tropics and in other regions. A programme steering committee will be established to oversee implementation and ensure relevant stakeholder inputs are considered. A special priority will be to support the emerging Global Green Supply Chain (GGSC) initiative by jointly organizing an ITTO-GGSC-ATIBT global conference in October 2019 in Shanghai, by developing a private sector information and exchange platform and consulting with interested private sector partners in tropical producers countries.

10. Is this initiative contributing to other Climate Action Summit workstreams (industry transition; energy transition; climate finance and carbon pricing; infrastructure, cities and local action; resilience and adaptation; youth and citizen mobilization; social and political drivers; mitigation strategy)?

The LSSC programme could make valuable contributions to all of these workstreams, particularly through mobilizing private sector action for climate and development, the transition to sustainable forest industries, the development of forest-based mitigation strategies and by promoting bio-economy/circular economy pathways.

11. How does this contribution build upon examples of experience to date? How does the contribution link with different ongoing initiatives?

ITTO is an action and field-oriented organization with more than 30 years of experience. It has funded and assisted in the implementation of more than 1000 projects and other activities addressing the many aspects of SFM, such as forest restoration; wood-use efficiency; the competitiveness of wood products; market intelligence and transparency in the tropical timber trade and tropical timber supply chains; forest law enforcement and governance; illegal logging; biodiversity conservation; climate-change mitigation and adaptation; the contributions of non-timber forest products and environmental services; and the livelihoods of forest-dependent communities. As already noted, the LSSC programme will link to the ongoing SW4SW initiative being implemented by several CPF organizations. LSSC will be a key facilitator and supporter of the GGSC initiative

12. What are the mechanisms for funding (with specific emphasis on potential for partnerships)?

The bulk of the LSSC funding is expected to come from ODA budgets of ITTO member countries. Additional funding is expected from participating private-sector partners.

13. What are the means of stewardship, metrics for monitoring?

ITTO's Manual for Project Monitoring and Evaluation will form the basis for stewardship and monitoring implementation of the LSSC programme.

14. What is the communication strategy?

ITTO's communications team will develop a formal communications strategy for the LSSC programme based on development of relevant social media, publications and website content. ITTO is financing and helping to develop a GGSC Platform webpage.

15. What are the details of proponents (indicating the degree of commitment among the countries and organizations that are named).

See item 7 above; all ITTO members and partners named a fully supportive of the implementation of the LSSC programme.