The Forest, Agriculture and Commodity Trade (FACT) Dialogue

Solutions proposed to the G2G Working Groups on Transparency and Traceability

(v.28/Jun/21)

Considering the establishment of a Transparency and Traceability Technical Deep Dive in the context of the COP26 FACT Dialogue,

Considering the discussions and the summary document of the first Government to Government Working Group meeting on Transparency and Traceability that took place in June 2nd,

Considering discussion with the FACT Multistakeholder taskforce meeting that took place on June 13th, as well as previous and subsequent consultations with other experts and external stakeholders,

Considering the structure and content of the first draft of the FACT Chairs´ Proposal to the Working Groups,

The purpose of this document is to:

1. Propose <u>concrete and actionable ideas</u>, drawing from the "Areas for Action" on Transparency and Traceability included in the FACT Chairs Proposal.

2. Provide a basis for further discussions that could be incorporated into a roadmap.

Two central objectives were identified to achieve the <u>FACT Dialogue Joint Statement</u> goal of creating "*the enabling environments that enhance transparency and traceability of information to support decision making throughout the supply chain through information collection, monitoring and disclosure".* They are:

- **Decreasing barriers to transparency**: Information about commodity production and trade, ranging from information about land cover and land ownership of production areas to information on downstream purchasing and importation, is essential for enabling more sustainable commodity flows and supporting best practices on the ground. However, unlocking the potential of greater transparency requires dismantling existing barriers to information access as well as achieving greater clarification of how the data will be used, who will use it, and what needs to be available and to who.

- **Creating enabling environments for transparency and traceability**: There are no one-size-fits-all solutions but creating key enabling conditions can catalyze the development of targeted solutions. Key enabling conditions include clear legal frameworks, and the appropriate use of information systems and technologies that effectively link downstream products to production regions or units, that can enable a broad range of supply chain actors, including the more vulnerable actors such as smallholders.

These two central objectives are intrinsically aligned to two of the FACT Chairs suggestions on "Possible Actions" (´Barriers to traceability and transparency´ & ´Supportive enabling environments´) **and a precondition to the third one** (´Commonality and interoperability in traceability systems´).

Therefore, two "Actionable Ideas" are suggested:

- **IDEA 1: Development of a multilateral (or plurilateral) standard for transparency and reporting at governmental level,** including recommendations and requirements for specific types of information and disclosure that only governments can achieve. This would include guidelines for what, how and when data should be disclosed, shared or accessed and by who, as well as quality control and auditing track mechanisms.

    a. <u>short term</u>: identify the most urgent information needs and start work to define transparency recommendations and requirements to improve accessibility of key datasets and consistency of disclosure standards.

    b. <u>medium term</u>: define a reporting standard, drawing from lessons learned from existing governmental processes (like the Enhanced Transparency Framework for action and support, established by the Paris Agreement), as well as existing private and multi-stakeholder processes. The standard should include considerations of the scope and quality of disclosed information, efficiency considerations and verification/auditing procedures for building credibility and legitimacy.

    c. <u>long term</u>: define a method for assessing if standard requirements are met, operationalize reporting structures and create support mechanisms to incentivize higher levels of transparency.

- **IDEA 2: Establishment of a global coalition to motivate, develop, compile, and help manage key data sets needed for transforming the sustainability of agricultural**

commodity production, trade and consumption systems, including but not limited to traceability and producer support initiatives.

   a. <u>Short term</u>: Negotiate and define priority datasets for global collective action on sustainable commodity production, trade and consumption, as well as the governments' roles to support their creation or dissemination.

   > *<u>Additional short-term goal</u>: Work with governments owning and operating land observation satellites to promote long term and open access to raw data, as well as committed investments to continue these satellite missions, which are necessary for some of the key data sets (see table below).*

   b. <u>Medium term</u>: Implement coordinated disclosure processes for these datasets among participating governments. Draw from existing multilateral reporting processes – such as the ones already managed by multi-lateral organizations – to facilitate information management.

   c. <u>Long term</u>: Apply this information as indicators of success for multinational, pluri-national or bilateral trade and financial agreements

It is noteworthy to highlight that for unlocking the potential of transparent traceability information, this information needs to be as granular as possible at the subnational level (ex: geographic explicit datasets) while still considering sensitivities and ethical concerns.

Finally, the table below summarizes five of these potential collective action efforts under Idea 2. The list serves as an example and is not exhaustive.

WHAT?	WHY?	WHO?	HOW?	Government's roles	Examples of initiatives (non-exhaustive)
A UNIFIED LAND USE DATABASE *(who is on the land)* Land use/ allocation/ classification, including land tenure and indigenous and traditional people's areas	Understanding the designated use for the land is necessary to put land cover change into context and effectively link commodity volumes to production units. A precondition to measure associated sustainability characteristics to incentivize best practices and unlock traceability systems. This data also can support improved land tenure security for indigenous or local communities, as well as a precondition for farmer support programs.	Governments	Compilation of national databases and disclosure on publicly available platforms with geospatial information on land allocations.	Support national efforts by least developed countries on data management for land use/allocation/classification. Disclosure by all countries on geographic explicit land use/allocation/classification.	*From governments* **BRAZIL** – Rural Environmental Registry makes the locations of farms publicly available in a web-based platform, including full disclosure of its technical methodology **INDONESIA** – One Map Policy, for standardizing and unifying spatial data across government agencies, including participatory processes, as well the public disclosure of some datasets **MALAYSIA (Sabah state)** – disclosed palm oil concession maps as a transparency effort **DRC, GABON, LIBERIA & REPUBLIC OF CONGO** – all have we based Forest Atlases which include geospatial disclosure of concessions and protected areas and more. Some also include the legal

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					documents establishing or conceding those areas. *From multilateral organizations and international coalitions* **UNEP/IUCN/WCPA** – World Database on Protected Areas in which data is collected from international convention secretariats, governments and collaborating NGOs, and then siting under UNEP custody *From civil society* **CIVIL SOCIETY** – Landmark compiles and publishes official and self-declared geographically explicit information about indigenous and community lands.
MAPPING WHAT OCCUPIES THE WORLD´S LAND *(what is on the land: biophysical characteristics)*	**Supports** land use planning and monitoring, identification of drivers of land use change and mapping of accountability.	Researchers, remote sensers, scientists	Remote sensing algorithms, AI applied to image recognition	Governments do not necessarily have to produce these datasets but could support research-based and transparent initiatives to promote remote sensing science.	*From governments* **US** – makes Landsat imagery freely available to all, creating a $3.5bi in economic benefits per year (40% of it happens abroad)

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Land cover and land cover change	Also supports accurate reporting and measurement on carbon stocks, sequestration, and emission for corporate and national target setting processes.			However, the commitment by governments operating satellite constellations for continued free and universal access is necessary, as well as commitments to the continuation of investment in land observation missions.	**EU** – also makes Sentinel data freely and publicly available **BRAZIL** – makes fully public its Prodes and Deter systems for quantifying and identifying deforestation
ENABLING MINIMUM TRACEABILITY Flow of goods	Disclosing trade flows, both international, sub-national or intra-block is paramount for both accountability as well as support. Before farm to fork, countries must be able to map country-to-country flows with detail	Governments	Disclosure of trade data	Disclose data.	*From governments* **US** – Customs and border protection (CBP) discloses the their Automated Manifest System (AMS) and has a subscription to download the detailed bills. The US Census Bureau offers also other products.

LEGAL COMPLIANCE Legality/illegality of land conversion	Differentiating land conversion that occurs in accordance with local law and conversion that does not is essential for market transparency	Governments	Several possible strategies	Disclosure of datasets indicating the land clearings that occurred in accordance with legal requirements (so it can be differentiated from the illegal ones).	*From academics* **RESEARCHERS** have created models to estimate illegality, (examples here and here) but they can only be made in countries when some level of government disclosure exists.

				Short term: tabular compilation of total area with authorized land clearing Short-medium term: disclosure of legal authorization documentation Medium-longer term: geographic explicit dataset of legal clearings	
GLOBAL CENSUS OF ASSETS Supply chain asset locations	It is essential for traceability systems to flourish, local actors to ultimately differentiate themselves and reap benefits. Assets include facilities for transport (ex: ports), processing (ex: mills and factories) and productive land (ex: concessions or farms)	Governments and/or private sector and/or civil society	A global reporting initiative for auto declaration of an asset's location, creating a 'global census' of geospatial information of assets	Governments could support and mandate an institution to create and manage such a global effort. An ethical committee could be established to define access levels and mitigation strategies for unintended consequences.	*From private sector and civil society* **COMPANIES** have precompetitive shared information on palm mill locations to increase efficiency of due diligence processes and facilitate traceability initiatives