

Concept note for a JOINT INITIATIVE of the Collaborative Partnership on Forests

Title:**Sustainable Wood for a Sustainable World (SW4SW)****Background/rationale:**

The benefits from forests to sustainable development have been widely acknowledged. The 2030 Agenda for Sustainable Development places sustainable use of natural resources, including forests, as a key tenet of the development vision. The Paris Agreement also highlights the contributions of forests to climate change mitigation and adaptation, as countries in drawing up their (intended) nationally determined contributions to mitigation mostly confirmed the prominent role of the forest sector. Technical and methodological progress allows for better monitoring of harvested wood products' life-cycle giving them a key role in strategies for transitioning to low-carbon economies. Concurrently, the impact of sustainable management of forests on enhancing livelihoods, contributing to sustainable cities and reducing the world's carbon and material footprints is gaining attention.

Despite the well-acknowledged benefits from forests to achieve the SDGs and climate change objectives, sustainable production and consumption of forest products, in particular, wood products, have not often been given the right places it deserves in the international development agenda because of several reasons including those related to persistent unsustainable practices and negative reporting. This has contributed to low levels of finance and marketing for sustainable wood products. In this regard, there is a need for joint efforts to promote broad understanding on what sustainable forest values chains entail, where they can be found or created, what are the associated business models and how they can contribute to developmental goals at local, national and global levels.

In October 2017, The Food and Agriculture Organization (FAO) together with its Advisory Committee on Sustainable Forest-based Industries (ACSF) and in collaboration with the Center for International Forestry Research (CIFOR), the Finance Alliance for Sustainable Trade (FAST), the International Tropical Timber Organization (ITTO), the World Bank (WB) and the World Wildlife Fund (WWF), organized the Global Meeting 'Sustainable Wood for a Sustainable World' at FAO headquarters from 31 October 2017 to 1 November 2017. More than 100 delegates from 40 countries participated in this meeting.

The meeting aimed to promote the societal benefits provided by sustainable wood value chains and the critical role sustainable wood products can play in achieving the SDGs. The meeting produced a set of agreed key messages on five thematic areas:

- a. Sustainable wood value chains are relevant for all 17 SDGs, especially for SDG8, SDG12, SDG13 and SDG15.
- b. Sustainable forest management is recognized as a significant component of sustainable landscape management. Promoting wood value chains that are environmentally friendly, socially responsible, and economically sound is an important step forward in transitioning to sustainable landscapes, with positive impacts on the wider society.
- c. To enhance local livelihoods, there is a need to connect global/regional/local value chains and to diversify forest products beyond wood to make effective use of 'baskets of value chains', while supporting equitable distribution of benefits.
- d. Sustainable wood value chains are critical to mitigating climate change in several ways, including carbon storage in standing forests and harvested wood products, as well as

through the substitution of fossil-based raw materials and products. The contribution to mitigation in the construction sector is of particular interest.

e. Enhancing investments to promote sustainable wood value chains requires critical assessment of financial risks, investment barriers and opportunities along the value chain as well as better securitization and monetization of the full range of forest products and services. Creation of a virtual multi-stakeholder investment promotion facility would help tailor finance to support sustainable and inclusive wood value chains.

The meeting concluded that in order for sustainable forest management and sustainable wood value chains to achieve their potential to contribute to sustainable development and climate goals, it is important that further work by FAO and partners focuses on the above key messages. There is also a recognized need to promote the messages to a wider audience, in order to increase the visibility on the benefits of sustainable wood production and consumption, shifting the world mindset to a positive and responsible attitude towards sustainable forest value chains.

Objectives and approach:

The principal goal of this initiative is to strengthen sustainable wood value chains in order to enhance their social, economic and environmental benefits from production to consumption. This initiative aims to implement specific activities and catalyze efforts for strengthening sustainable wood value chains, focusing on sustainable production and consumption of wood products for the more efficient achievement of SDGs and climate change objectives. Through setting up collaborative activities with a broad range of stakeholders along the value chains, from the global to the local level, it is envisaged that concrete contributions to enhancing the role of wood-based products in the SDGs and the NDCs will be provided. Promotion of positive linkages to poverty reduction, sustainable landscapes and sustainable growth should underpin all activities under the initiative.

Building on the expertise and programme of work of each of the partner organizations, the Sustainable Wood for a Sustainable World Initiative (SW4SW) will support the formulation of policy frameworks and approaches, as well as market solutions, to strengthen sustainable wood value chains. This includes using smart incentives to foster sustainable wood sourcing, adopting inclusive business and investment models, facilitating the uptake of sustainable practices across various wood value chains, and promoting increased wood use for reducing material and carbon footprints. Collaborative work under the initiative should drive improvements in decision-making regarding land-use, tenure, forest management, business and investment models, and social and environmental standards in alignment with the SDGs and other international agreements and voluntary guidelines. In summary, the SW4SW will translate into meaningful benefits for all value chain actors and further increase the comparative and competitive advantages of sustainable wood products, with wider economic, social and climate benefits.

The initiative should operate at four levels: policy, operational, scientific and political.

Policy level: Through global and regional cross-sectoral and multi-stakeholder policy dialogues, supported by analytical work, the SW4SW initiative will seek to identify the needs of stakeholders and move towards improved policy, incentives and institutional frameworks, aiming at increasing sustainable production and consumption of wood and leveraging its contribution to the bioeconomy and circular economy. On request of countries or value chain

leaders, the initiative should support policy dialogues, based on scientific evidence; it will include local perspectives from different social groups (such as consumers, smallholders, indigenous people, chainsaw millers, SMEs, other local processors, and services providers). These policy dialogues should result in improved coordination among stakeholders across wood value chains, including those outside the forest sector. Furthermore, existing links between different segments of the value chains, opportunities and barriers should be assessed. Also, evidence-based recommendations should underpin policies and measures, including options to curb illegal wood supply and use, simultaneously incentivizing sustainable production and consumption of forest products. They should also propel sustainable value chains as the enabler of a virtuous cycle from forest management, to markets, to the end of life cycle, while introducing and strengthening the concepts of bio-economy and circularity, including in tropical forest countries.

Operational level: The SW4SW initiative will build the basis to support countries in strengthening capacities to develop sustainable wood value chains that contribute to national and global development objectives. It aims to promote lesson-learning and collaborative approaches for scaling up good practices and overcoming institutional and economic obstacles. Promoting knowledge and innovation, improving productivity, decent employment, forest management, governance arrangements, incentive mechanisms, and inclusiveness across wood-based value chains (including schemes for creating shared value, inclusive business models, integration of informal suppliers, fair distribution of benefits and growing gender equity in benefits sharing) are key elements of the work at country level. This initiative will lead to more substantive and tailored capacity building, information-sharing, and incentivized activities at country level, with the aim to involve relevant actors and stakeholders in moving towards tipping points for sustainability. The work should not be restricted to developing countries, but will also encompass economies in transition, benefiting from a close exchange with and support from developed countries.

Scientific level: A more holistic and evidence-based picture of wood production (including its multiple benefits, challenges, and opportunities for growth) will be generated. Science and research can contribute to disentangling some controversies and misperceptions about the sustainability of wood and its environmental and social impacts. In addition, it can also contribute to improved policy options and approaches to improve governance and sustainability performance of the sector, and cost-effective ways to remove institutional, constraints. This will better inform stakeholders and policy/decision-makers in different sectors of the economy on the advantages of wood. Strong evidence and effective communication can lead to a strengthened positive image of wood and promotion of the role of sustainable wood value chains in the development agenda.

Political level: Strong advocacy is needed to restore wood's positive public image in the global development agenda, particularly in the context of the SDGs and climate change. Promotion of the wide-reaching benefits of sustainable wood is needed to counteract the damage caused to public opinion by unsustainable practices that have led to deforestation, degradation and aggravation of social inequities. A broad coalition of governments, scientists, large and small-scale businesses, smallholders and forest communities, in collaboration with other existing initiatives and movements, can work to dispel a perception of wood production as a driver of environmental damage and inequity, by showing how, when and where wood is delivering contributions to the 2030 Agenda and what can be done to further maximise this positive contribution.

Reference to UNFF or other governing body decisions:

This initiative links closely with the UN Strategic Plan for Forests and the six Global Forest Goals. It also aligns with the Aichi Biodiversity Targets, 4, 5, 7. This could also contribute to the objectives of the Bonn Challenge and New York Declaration on Forests.

Relevance for Global Forest Goals and Sustainable Developments Goals and their associated targets:

Through its objectives, the SW4SW directly contributes to the achievement of SDGs 1, 4, 5, 7, 8, 11, 12, 13, 15 and 17 and all six Global Forest Goals, as mentioned above.

Expected results/outputs:

In order to achieve the objectives mentioned previously, the SW4SW, as an umbrella initiative, will build on the activities of its partner organizations. This will include the activities to promote and build capacities, disseminate knowledge and understanding about benefits from sustainable wood, enhance land-use planning and governance, business and investment models and mobilize resources towards sustainable forest management and sustainable wood value chains, with a particular focus on smallholders and SMEs. The four outcomes expected and outputs envisaged under the initiative are outlined below.

Outcome 1: Benefits from sustainable wood value chains and sustainable wood products are fully recognized in international policy dialogues, sustainable development and climate change strategies and national policy frameworks.

Output 1.1: Increased awareness of benefits from sustainable wood value chains and sustainable wood products.

Output 1.2: Increased consideration of sustainable forest management and sustainable wood value chains in climate change strategies.

Outcome 2: Capacities for managing forests for sustainable wood production and in the context of sustainable landscapes are built at all levels.

Output 2.1: Increased legality and sustainability in production and trade.

Output 2.2: Increased adoption of sustainable forest management practices that recognize rights, needs and knowledge of indigenous peoples and forest communities, and the complementarity between wood and the other multiple forest products and services.

Output 2.3: Enhanced implementation of fair business practices and equitable and transparent benefit distribution across all sustainable wood value chains and improved livelihoods.

Outcome 3: Markets and finance for sustainable wood value chains and sustainable wood products are broadened.

Output 3.1: Improved approaches for increasing public and private finance for sustainable wood value chains .

Output 3.2: Increased exchange of knowledge and information across the value chain and between value chain actors and the financial sector.

Output 3.3: Increased implementation of policies and institutional mechanisms promoting sustainable wood value chains and consumption of wood products.

Outcome 4: Sustainable wood value chains and sustainable wood products contributions to the bioeconomy and the circularity approach are strengthened in both developed and developing countries.

Output 4.1: Improved knowledge, awareness and promotion of sustainable wood value chains and sustainable wood products and their contributions to sustainable bioeconomy and circularity.

The indicative activities under the above outputs are detailed in Annex 1. Some activities proposed are already being carried out by the partners; these will be strategically aligned with the objectives of the SW4SW.

Target groups/audience/beneficiary:

Primary wood value chains stakeholders (including producer associations), Industry associations, including SMEs organizations, Policymakers, Governments, Financial sector, Non-forest sectors, consumers of wood, Intergovernmental mechanisms, Opinion Shapers.

Timeframe:

4 years (July 2018 – July 2022)

Main tasks and resource needs:

Sources of finance and in-kind contributions (total for four years):

- Total: USD 18.81 million
- Own, in kind: USD 0.86 million
- Own, cash: USD 1.0 million
- Raised, cash: USD 7.66 million
- Cash to be raised: 9.28 million

See Annex 2 for details of results-based budget¹

Partners indicated the budget are CIFOR (USD 11.68 million), ITTO (USD 3.18 million) and FAO (USD 3.95 million). See Annex 3 for the details.

Lead agencies:

FAO, ITTO, CIFOR

Steering Committee:

FAO, CIFOR, ITTO, WB, WWF

CPF partners:

FAO, CIFOR, ITTO, WB

External partners²:

- Intergovernmental and governmental organizations, Research/Academia
- Non-governmental partners: WWF

¹ The World Bank and WWF have not indicated specific budget for conduction of the activities. For activities with their participation, a budget will be reassigned to them or an amendment to the budget will be made.

² Other organizations may request to join after the launch of the initiative.

Annex 1. SW4SW Logical Framework

Outcome 1: Benefits from sustainable wood value chains and sustainable wood products are fully recognized in international policy dialogues, sustainable development and climate change strategies and national policy frameworks.

Outputs:

1.1 Increased awareness of benefits from sustainable wood value chains and sustainable wood products.

Activities:

- 1.1.1- Development of conceptual paper presenting the SW4SW;
- 1.1.2- Systematic feed of SW4SW knowledge and key messages at global and regional dialogues; (Side-event on the SW4SW theme at UNFF 13 in May 2018, global and regional dialogues in selected countries and Session at 4th ICPF on barriers and opportunities to realising the full value of planted forests)
- 1.1.3- Multi-stakeholder declaration on the contributions from sustainable wood value chains and sustainable wood products to the SDGs to be endorsed by governments, the private sector, forest communities and civil society.
- 1.1.4- Communication, media strategies, monitoring of relevant initiatives, events and technical work, and continuous dissemination and networking with relevant stakeholders.

1.2 Increased consideration of sustainable forest management and sustainable wood value chains in climate change strategies.

Activities:

- 1.2.1- Collaboration with governments, the private sector, professional associations and business associations for policy, measures and actions that promote the use of sustainable wood products and its derivatives for mitigation of climate change.
- 1.2.2- Support, on request of countries or value chain leaders, evidence-based policy dialogues, that include assessment of existing links between different segments across the value chains, opportunities and barriers and provision of evidence-based recommendations for policies and measures, including options to curb illegal wood supply and use.

Outcome 2: Capacities for managing forests for sustainable wood production and in the context of sustainable landscapes are built at all levels.

Outputs:

2.1 Increased legality and sustainability in production and trade.

Activities:

- 2.1.1 Development of a set of guiding legal principles and indicators on sustainable timber production and trade

2.1.2. Development and testing of a global impact monitoring system for the FLEGT Action Plan, 2018-2021, building upon the results of the Independent Market Monitoring Project.

2.1.3 Implementation of pilots on innovative solutions in sustainable production of charcoal across sub-Saharan Africa

2.1.4. Implementation of the activities planned under the Green Supply Chain Initiative (ITTO)

2.2 Increased adoption of sustainable forest management practices that recognize rights, needs and knowledge of indigenous peoples and forest communities, and the complementarity between wood and the other multiple forest products and services.

Activities:

2.2.1 Development of guidelines for managing public production forests in tropical countries through forest concessions

2.2.2 Support for countries in assessing their enabling conditions for implementing forest concessions.

2.2.3. Technical and institutional capacity development to increase the adoption of inclusive SFM practices

2.3 Enhanced implementation of fair business practices and equitable and transparent benefit distribution across all sustainable wood value chains and improved livelihoods.

Activities:

2.3.1 Development of consolidated principles for sustainable wood value chains

2.3.2 Monitoring of social contracts signed between logging concessions and local communities and Indigenous Peoples

2.3.3 Assessment and monitoring of alignment to international and national social standards, social protection coverage, as well as gender across wood value chains

Outcome 3: Markets and finance for sustainable wood value chains and sustainable wood products are broadened.

Outputs:

3.1 Improved approaches for increasing public and private finance for sustainable wood value chains.

Activities:

3.1.1 Development of approaches to inclusive forest investments and business models, including through forest restoration and family farming

3.1.2 Systematization of experiences on innovative schemes for mobilizing finance, engaging financial institutions and addressing risks of sustainable wood value chains

3.1.3 Support participatory country assessments of sustainability of wood value chains and formulation of strategies and monitoring frameworks for strengthening them.

3.2 Increased exchange of knowledge and information across the wood value chains, including an exchange with non-forest actors and the financial sector.

Activity:

- 3.2.1 Development of technical capacity and tools for exchanging knowledge and information on sustainable wood value chains, sustainable wood products, including on issues related to resource management, economic outlook and financial aspects.

3.3 Increased implementation of policies and institutional mechanisms promoting sustainable wood value chains and consumption of wood products.

Activity:

- 3.3.1 Support country, regional and international policies towards an institutional framework that provide an enabling environment for market recognition of benefits of sustainable wood.

Outcome 4: Sustainable wood value chains and sustainable wood products contributions to the bioeconomy and the circularity approach are strengthened in both developed and developing countries.

Output:

4.1 Improved knowledge, awareness and promotion of sustainable wood value chains and sustainable wood products and their contributions to sustainable bioeconomy and circularity, including climate impacts, resource efficiency, and contributions to sustainable forest management and sustainable landscapes.

Activities:

- 4.1.1 Production of guidelines for sustainable bioeconomy based on wood products as part of the general guidelines for sustainable bioeconomy
- 4.1.2. Assessment of wood contributions to circularity and bioeconomy, including collection and systematization of good practices.

Annex 2. Results-based budget

Output	Output Title	Lead Institutions ³	Estimated Budget (USD) FROM 2018 TO 2022			
			Own Cash	Cash already raised/to be raised ⁴	Own/in-kind	Total
1.1	Increased awareness of benefits from sustainable wood value chains and sustainable wood products	All Partners	324,000	298,463	267,590	890,053
1.2	Increased consideration of sustainable forest management and sustainable wood value chains in climate change strategies	FAO, ITTO, WB	130,500	673,463	68,280	872,243
2.1	Increased legality and sustainability in production and trade	CIFOR, FAO, ITTO, WWF	0	9,010,404	10,000	9,020,404
2.2	Increased adoption of sustainable forest management practices that recognize rights, needs and knowledge of indigenous peoples and forest communities, and the complementarity between wood and the other multiple forest products and services	CIFOR FAO, WB.	207,497	490,984	130,330	828,811
2.3	Enhanced implementation of fair business practices and equitable and transparent benefit distribution across all sustainable wood value chains and improved livelihoods	FAO, WWF	287,000	278,125	64,280	629,405
3.1	Improved approaches for increasing public and private finance for sustainable wood value chains	CIFOR, FAO, ITTO, WB, WWF	50,000	3,746,385	10,000	3,806,385
3.2	Increased exchange of knowledge and information across the wood value chains, including an exchange with non-forest actors and between value chain actors and the financial sector	FAO, ITTO, CIFOR	7,500	903,925	248,000	1,159,425
3.3	Increased implementation of policies and institutional mechanisms promoting sustainable wood value chains and consumption of wood products	CIFOR, FAO, WWF, ITTO	0	1,155,925	10,000	1,165,925
4.1	Improved knowledge, awareness and promotion of sustainable wood value chains and sustainable wood products and their contributions to sustainable bioeconomy and circularity, including climate impacts, resource efficiency, and contributions to sustainable forest management and sustainable landscapes	CIFOR, FAO, ITTO	0	382,800	51,340	434,140
TOTAL			1,006,497	16,940,474	859,820	18,806,791

³ Lead institutions will lead the output but will count with the collaboration, including in implementation of other partners within the initiative. Outputs might be implemented also in collaboration with organizations outside the SW4SW, subject to SW4SW non-objection.

⁴ Include direct support to countries by the partner organizations.

Annex 3: Budget (in 1000 USD)⁵

	ITTO	CIFOR	FAO	Total
Total	3,180	11,680	3,948	18,81
Own, in kind	40		819	0.86
Own, cash	50		957	1.00
Raised, cash	230	7,177	250	7.66,
Funding need	2,86	4,50	1,92	9,28

⁵ Indicated by three partner organizations: CIFOR, ITTO and FAO