



Sustainable trade contributes to the protection of tropical forests

Promoting sustainable value chains as well as climate finance are important contributions to the conservation of tropical forests while combating poverty at the same time.

Background

Forests constitute the key livelihood for around one fourth of the world population. An estimated 90 percent of all people in extreme poverty rely on the resources of the forest for employment, economic activities and income, as well as for food and health. The importance of intact forests is also explicitly reflected in the Sustainable Development Goals (see goal 15 of the Agenda 2030), the Aichi Biodiversity Targets 2020, the UN Framework Convention on Climate Change, and the first UN Strategic Plan for Forests 2017-2030.

In particular tropical forests are of fundamental significance in social, environmental and economic terms. They form the livelihood for local communities and indigenous people, are home to around half of all animal and plant species worldwide and make a substantial contribution to biodiversity. Moreover, tropical forests provide numerous services of local, regional and global significance. These include protection against flooding and landslides, the provision of clean drinking water, and the important storage function for greenhouse gas emissions. However, the protection and sustainable management of tropical forests remain a major challenge. Uncontrolled deforestation and conversion into other forms of land use – such as agriculture and mining – are widespread and result in a substantial reduction in the area, quality of tropical forests and releases enormous amounts of greenhouse gases. On this background, the responsible use of the forest constitutes a promising solution.

Objectives and activities

SECO approaches the threat to tropical forests by creating incentives for their sustainable use. Naturally, it is acknowledged that there are forest regions which are under full protection and should not be used in any form. The valorisation of certain forest areas aims to support the sustainable management of forest resources. This approach is balancing short-term with long-term interests and is thus helping to permanently conserve tropical forests.

Especially local residents are the biggest beneficiaries of strengthened value chains for forest products, because their inclusion in (international) trade provides additional job and income opportunities in the forest and in connection with it.

Country/region

Global, Amazon, Andes, Mekong, Sub-Saharan Africa

Multilateral partners

World Bank, UNCTAD, IBRD, ITTO, IDB

Implementing partners for bilateral programmes

Swisscontact, GIZ, IDH, Helvetas Swiss Intercooperation, ISEAL, Projekt-Consult, RMF

SECO contribution

CHF 75 million

SECO has adopted various measures and project approaches in a number of selected key sectors to directly or indirectly promote the sustainable use of tropical forests. In addition, because of its institutional responsibility for the International Tropical Timber Organization (ITTO), SECO follows the international discussion on sustainable forest management. Moreover, the activities of SECO are embedded in the Confederation's overall commitment for the forest and implemented in cooperation with different actors and partners on both national and international level:

SECO's support to forest conservation follows a two-pronged approach:

- **Through climate finance measures SECO supports the prevention and reduction of greenhouse gas emissions.** Minimising the destruction of the tropical forest is a key factor here. Deforestation and changes in land use are responsible for around ten percent of the global greenhouse gas emissions. Targeted performance-related and result-oriented payments in partner countries are a promising approach for protecting tropical forests while reducing corresponding emissions. For instance, payments from the World Bank's Forest Carbon Partnership Facility are disbursed to REDD+ programmes¹ in countries that can substantiate significant progress with regards to the protection of the forest and its sustainable use. This also includes SECO priority countries, such as Ghana, Indonesia, Colombia, Peru and Vietnam. In these countries alone, the World Bank programme covers an estimated 40 million hectares of forest.
- **Promoting sustainable value chains contributes to the uptake of more holistic approaches that take into account the economic, social and ecologic dimensions of forests.** Through cooperative partnership approaches (commodity platforms) value chain wide sustainability solutions are developed and promoted. Furthermore the sustainable use of the tropical forests are supported by credible sustainability standards with adequate measurement and control processes, as well as mechanisms for continuous reinforcement. In this context, voluntary certifications and criteria form a key market instrument for achieving independent and systematic control of production and ensuring compliance with the requirements. This is the only way to ensure credibility for the efforts to protect the tropical forests. SECO promotes the harmonisation of standards and norms, as well as their further development with regards to the inclusion of a larger number of producers, efficiency of the assessment procedure and the effectiveness of the different measures. The certification guidelines of the partner and umbrella organisation ISEAL (whose members include the Forest Stewardship Council FSC, Rainforest Alliance and the Roundtable on Sustainable Palm Oil (RSPO)) are of vital importance in this regards.

These two approaches are often combined in specific sector work, with different levels of directly forest related activities, as illustrated by the examples below:

- **Agricultural value chains:** The cultivation – and in particular the extension of cultivation areas – of agricultural commodities such as cocoa, coffee or palm oil are also drivers of deforestation and displacement of tropical forests. Transparent and sustainable value chains can counteract that. Many of SECO's resource-specific programmes or public-private partnerships are committed to avoid deforestation ("zero-deforestation commitment") and can therefore make a crucial and, above all, coordinated contribution to the protection of the tropical forests. Based on the corresponding standards, 450 large corporations have committed to preventing the destruction of the forest in their production chains.
- **Trade & Biodiversity:** Different BioTrade initiatives contribute to biodiversity conservation by promoting activities relating to the production and commercialisation of goods and services from native biodiversity while fulfilling social, environmental and economic sustainability criteria. This also includes a multitude of products from tropical forests, such as medicinal plants or fibres in high demand. The trade with these products aims to facilitate an economic upswing and improve the living conditions of the affected population groups while also protecting tropical forests and biodiversity. SECO supports the global UNCTAD BioTrade programme as well as additional country-specific projects. Certifications, such as by the Union for Ethical BioTrade (UEBT), play an important role in relation with sustainability. With the BioTrade initiatives, more than 19 million hectares of land are sustainably managed worldwide.
- **Extractives & Forest:** The Extractive Industry poses significant risks to tropical forests worldwide. Commodity-driven deforestation, habitat fragmentation and biodiversity loss due to mining threatens ecosystems, their resilience and the capacity of communities to withstand climate-

¹ Measures for reducing greenhouse gas emissions from deforestation and forest degradation.

related hazards and natural disasters. SECO is invested in bilateral and multilateral programs to increase the awareness of environmental, social and governance issues in the mining sector (large scale mining as well as small scale and artisanal mining). These are often working hand in hand with climate finance initiatives financed through the Global Environment Facility (GEF). Another global key instrument to support a more responsible and sustainable extractive sector is the World Bank's Extractive Global Programmatic Support (EGPS II) Trust Fund, where SECO is a contributor. Through the Responsible Mining Foundation, SECO supports more informed engagement, discourse and transparency in the sector. SECO also supports the creation of value chains for responsibly sourced gold from artisanal and small-scale mines through a public-private partnership, the BGI Initiative. The objective is to reduce poverty while improving the social and environmental conditions, including reforestation initiatives.

- **Valorisation of forest assets for tourism:** Sustainable tourism facilitates alternative forms of forest management and has the potential to adequately reflect the economic value of an undamaged forest. In addition to the classical forest resources (e.g. timber), an intact forest landscape can also be used for economic gains. As an additional source of income, sustainable (eco-) tourism is an alternative, and allows the local population to adopt sustainable forms of use. In accordance with this approach, SECO supports various projects in partner countries to strengthen the competitive position of sustainable tourism. The UNWTO Global Sustainable Tourism Criteria, as well as the standards of the certification organisation Travelife play a key role in ensuring sustainability in this context.

Selected project examples

Project	Objectives and activities relating to tropical forests	SECO budget	Country / region	Project duration	Website
Forest Carbon Partnership Facility	Performance-related payments for the protection of the forest from deforestation	CHF 8 million	Global	2008-25	www.forestcarbonpartnership.org
UNCTAD BioTrade	Support for the global BioTrade initiative aiming at sustainable trade maintaining, restoring or enhancing biodiversity, including ecosystems such as tropical forests, ecological processes, natural habitats, and species.	CHF 3 million	Global	2018-22	www.biotrade.org
BioTrade country programmes	Support for the sustainable management of and trade with products based on biological ingredients available in the forest	CHF 7.5 million	Mekong, South Africa	2016-20 2018-21	www.helvetas.org/en/switzerland/what-we-do/how-we-work/our-projects/asia/vietnam/vietnam-laos-myanmar-regional-market
Secompetitivo	Increase the competitiveness of sustainable value chains, including forest-based tourism and agroforestry production systems for coffee and cocoa.	CHF 12 million	Peru	2018-22	www.cooperacionsuiza.pe/seco/
Sustainable Tourism Development in Indonesia	Increase the competitiveness of sustainable tourism to create income, thereby incentivising the protection of forests and their biodiversity.	CHF 12 million	Indonesia	2017-22	www.swisscontact.org/en/projects/sted
IDH	Initiative for promoting sustainability in commodity value chains including various directly forest related activities such as the Cocoa & Forests Initiative (CFI)	CHF 30 million	Global	2013-20	www.idhsustainabletrade.com
ISEAL, the global membership organisation for credible sustainability standards	Support to ISEAL and associated sustainability standards to further develop innovative certification tools to halt deforestation and to enhance biodiversity in global value chains.	CHF 8.7 million	Global	2016-22	www.isealliance.org/innovations-standards

Swiss Platform for Sustainable Cocoa	Swiss multistakeholder Initiative involving business, NGO, research and public sector to foster climate resilience and biodiversity in the cocoa value chain.	CHF 9 million	Ghana, Peru, Colombia	2018-22	www.kakaoplattform.ch
Ghana Private Sector Competitiveness Program	Strengthening the competitiveness of deforestation-free palm oil and cashew production	CHF 11.5 million	Ghana	2017-21	www.eda.admin.ch/countries/ghana/en/home/international-cooperation.html
Colombia Sostenible	Supporting the construction and consolidation of peace in Colombia, by strengthening environmental sustainability and promoting rural development initiatives. On the one hand, the fund supports the design and implementation of policy and instruments driven to deforestation reduction and restoration in Colombia. And on the other, it builds local capacities through sustainable productive projects.	CHF 5 million	Colombia	2016-20	www.apccolombia.gov.co/Fondo-Colombia-Sostenible
Colombia + Competitiva	Increase the competitiveness of sustainable value chains, including forest-based tourism and agroforestry production systems for cocoa and natural ingredients.	CHF 13.4 million	Colombia	2016-20	www.colombiamascompetitiva.com
UNDP National Commodities Platform	Support multi-stakeholder action in soft commodities to combat deforestation, and promote sustainability more generally.	CHF 5 million	Global, Peru, Indonesia	2018-23	www.greengrowthknowledge.org/project/green-commodities-programme
RMF Responsible Mining Foundation	Climate change considerations including de/reforestation are a subset within the thematic area of Environmental Responsibility, one of the six thematic areas covered by the RMF/RMI. Mines may create a net addition of carbon to the atmosphere through the removal of "carbon pools" such as forests, which may also have impacts on biodiversity.	CHF 2.1 million	Global	2018-21	https://2020.responsibleminingindex.org
Better Gold Initiative for Artisanal and Small-Scale Mining	Create sustainable value chains for ASM gold. Reduce poverty while improving the social and environmental conditions, including reforestation initiatives.	CHF 8 million	Peru, Colombia, Bolivia	2017-21	www.ororesponsable.org www.swissbettergold.ch
Extractive Global Programmatic Support (EGPS)	The program aims to ensure inclusive and sustainable development at the local and national levels, including the forest capital of the beneficiary countries.	CHF 7 million	Global	2019-25	www.worldbank.org/en/programs/egps

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