



## Case Study

# FACT Dialogue

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Turning the tide on  
commodity-driven  
deforestation

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Cattle in the field

**The FACT Dialogue provides a global forum for informal discussions between governments and other stakeholders from producer and consumer countries involved in the trade of commodities linked to deforestation in tropical forests. It aims to contribute towards putting an end to deforestation by encouraging open dialogue, facilitating the sharing of learning and recommendations, and providing members with tools and insights to ensure efforts are coordinated, avoid duplication and benefit people and nature.**

Deforestation is recognised as a primary cause of climate change, mainly driven by the high demand for agricultural commodities including palm oil, soya, cocoa, beef and timber.

Just seven of these commodities have accounted for 26% of global tree cover loss between 2001 and 2015<sup>1</sup>, mainly through conversion of forest areas to fields and plantations. The increasing demand for agricultural commodities makes it essential to coordinate the efforts of key actors—including governments, agricultural companies, smallholders and NGOs—to reduce pressure on forests and support sustainable livelihoods of smallholders and

forest-dependent communities. While stakeholders have taken action and developed initiatives to respond to the risks to nature and people, to date these have largely been disjointed and have not been able to address the complexity of the issues at hand. Importantly, there has not been one common forum that allowed all key stakeholders from producer and consumer countries to come together for meaningful dialogue.

As a response, **Forest, Agriculture and Commodity Trade (FACT) Dialogue** was launched to help keep countries accountable and engaged with tackling the end of commodity-driven deforestation.

1. WRI, Just 7 Commodities Replaced an Area of Forest Twice the Size of Germany Between 2001 and 2015, 11 February 2021

## FACT Dialogue brings together key stakeholders from producer and consumer countries

FACT Dialogue was launched by the UK and Indonesia (co-chairs of the initiative) in 2021, as a government-to-government dialogue to protect ecosystems such as forests, address the climate and biodiversity crises, and promote sustainable international trade practices. The forum brings together countries that are the largest producers and consumers of internationally traded agricultural commodities, with members from 28 countries, including Brazil, Ghana, Indonesia, USA and the EU. Whilst membership is largely comprised of governments, FACT Dialogue has collaborated with non-state actors such as the World Resource Institute, Proforest, Consumer Goods Forum, Africa Palm Oil Initiative and Efeca. FACT Dialogue aims to encourage collaboration and exchange of ideas, and collectively develop strategies and solutions to the complex challenges associated with deforestation.

At COP26, the FACT Dialogue co-chairs published a Roadmap of actions based on members' discussions. The Roadmap provides a framework for collaboration among governments, businesses, civil society organizations and other stakeholders to tackle deforestation and promote sustainable land use practices. The suggested actions were intended as a work in progress, for further discussion, development and implementation. They are non-exhaustive, non-binding and do not apply in all circumstances to all countries. The Roadmap sets out the work of Action Groups to enable members to have impactful conversations in four related thematic areas:

1. **Trade and market development:** co-facilitated by the co-chairs and focusing on how global markets can better incentivise sustainable agricultural and forest commodity production and trade, while supporting jobs and livelihoods and protecting forests and other terrestrial

2. COP26 YouTube channel, Lord Goldsmith: FACT Dialogue Launch, 28 October 2022

**“We believe that [...] a dialogue [based on genuine partnership of business, civil society and governments from producer and consumer, developed and developing countries] has been missing and we’re committed to working together to find a way forward. It must be a dialogue based on mutual respect and recognition of all legitimate interests and it should lead to meaningful action.”**

Zac Goldsmith, UK Minister of State for Overseas Territories, Commonwealth, Energy, Climate and Environment<sup>2</sup>



ecosystems.

- 2. **Small holder support:** co-facilitated by the UK and Malaysia, to support scaling up of practices for improving the livelihood of farmers and moving towards sustainable production by strengthening capacity, increasing productivity in a sustainable way, and improving access to and availability of finance. Members agreed to prioritise the mapping of smallholder initiatives, which was commissioned by P4F (see more on page 8).
- 3. **Traceability and transparency:** co-facilitated by the co-chairs and Ghana, the group aims to identify measures and opportunities for enhanced collaboration to provide foundational

support for certification schemes and assurance of origin as a basis for sustainable agricultural commodity trade.

- 4. **Research, development and innovation:** cofacilitated by the co-chairs and Brazil, to exchange knowledge around a number of challenges including productivity improvements and intensification while minimising expansion of the land area, innovative management practices, such as landscape approaches which balance production with protection, smallholder support as well as traceability and transparency.



Cocoa farming



## FACT governance structure



### Co-Chairs (2021-2023: UK and Indonesia)

Convene and lead on the direction of FACT Dialogue.

FACT Dialogue is currently co-chaired by the UK and Indonesia. The chairs provide strategic direction and guide the Secretariat in its work. Chairs will rotate regularly to ensure that the forum is representative of the diverse membership.



### The FACT Secretariat

Coordinates the dialogue, responsible for logistics.

Co-funded by P4F for one year, the Secretariat plays a crucial role in facilitating and supporting FACT Dialogue operations. As a coordinating body, it provides administrative support such as assisting with organising meetings, managing documentation and ensuring effective communication among the members. In addition, it supports research and evidence building to enable productive discussions and collaboration.



### Non-state actors

Engage with the dialogue more informally than members.

FACT Dialogue is developing a draft paper on the option of engaging observers. Whilst not official members, observers would be able to apply to the Secretariat to join conversations for example by observing meetings, collaborating on joint initiatives and participating in knowledge sharing.



### Members

Engage with the dialogue, advancing the aims and providing their positions.

28 signatory governments, representing producer and consumer nations, have agreed to the Roadmap presented at COP26. The primary members are national governments, with NGO and private organisation members engaged in the Roadmap Action Groups in a more informal way (see “non-state actors”). Membership holds no binding obligations, with FACT Dialogue providing an informal forum to convene and engage in conversations aimed at driving collective knowledge sharing and lesson learning from the consumer and producer countries’ perspectives.





Since the Roadmap's launch in 2021, eleven virtual meetings have been held with participants from government, private sector and NGOs. The Action Groups aim to ensure members engage with FACT Dialogue in the most effective way possible, focussing on areas that have the most impact to them or that they can make the most impact within. The outcomes of these conversations were shared more widely with the FACT Dialogue membership in order to keep the dialogue cohesive, ensure synergies amongst the various parts of FACT, and to generally keep members informed.

In March 2023, the Secretariat also held a FACT Dialogue Retreat in the UK that was attended by over 80 delegates from 20 member countries. The goal was to bring the FACT Dialogue members together in person to discuss topics within the four main themes. The event, which was held under Chatham House Rules, was an opportunity for open discussion, to move to action that is

ambitious yet realistic. Sessions centred around the implementation of the Roadmap and how to drive the work of the Action Groups forward.

FACT member representatives provided positive feedback about meeting in-person and the depth of conversation that this allowed for, welcoming this useful and interactive space to advance discussions whilst re-iterating their desire to keep the forum as a place for openness, mutual trust and respect, and a move towards a common understanding of what members want FACT Dialogue to achieve. Their common view was that a hybrid approach of in-person and virtual meetings would be most effective.

Participants also expressed appreciation for the platform FACT Dialogue has provided for lesson learning and exchange, and the frank conversations that FACT Dialogue has enabled towards funding solutions to common issues across countries and commodities.<sup>3</sup>

3. FACT Dialogue internal reporting to P4F, 2023

**“From a UK Government perspective, it has been instructive to discover the excellent national progress taking place in many producer countries. Unlike donor programs, it is more challenging to find online information about national policies and programs that are in the design and political stage. Often, we only obtain information and analysis once these initiatives have been underway for a few years, allowing for research and policy analysis to be conducted. Understanding more about these nationally driven activities could prove very useful in understanding the challenges and support needed (if there are any).”**

Georgina Barker, UK representative for FACT Dialogue (as a member).

Key Outcomes of the FACT Dialogue Retreat:

- FACT Dialogue is valued as an honest and respectful platform where members can engage in knowledge sharing.
- FACT Dialogue is valued for its informal nature.
- FACT Dialogue progress should be assessed, with the identification of tangible outcomes. An update on progress will be provided at COP28.
- Producer countries raised concerns over incoming consumer country regulations. Consumer countries were able to provide some support and clarifications. FACT Dialogue was generally considered as a useful aligner for issues such as these.

**“The FACT Retreat allowed for openness and trust amongst countries. [...] There was continued interest to engage as all participants were committed to navigating complex issues.”**

FACT Secretariat representative



Participants at the FACT Dialogue retreat 2023 (left top)

FACT Dialogue co-chairs and representatives from the UK and Indonesia (right top)

Houria Djoudi (FACT Dialogue Secretariat) at the FACT Dialogue retreat (left bottom)



## FACT Dialogue Discussion Paper: Smallholder Support Initiatives

### An initial mapping of smallholder support initiatives



The role of smallholder farmers in commodity value chains has been central to the FACT Dialogue objectives. The Roadmap identified smallholder support as a key factor in sustainable agricultural commodities and supporting smallholders is a primary objective of FACT Dialogue. Globally, 1.6 bn people rely on the commodities sector for jobs and livelihoods. They are integral to forest management, conservation and restoration, and it is essential to enhance their adoption of sustainable practices. Access to support and resources is crucial for smallholders being able to promote sustainable land use, aligning with the overall goals of FACT Dialogue. Within the broader Roadmap, Ghana and Malaysia co-facilitated a smallholder working group under the Smallholder Action Group, which identified three actions: 1) Exchange good practice and identify effective approaches to scaling up support and finance for smallholder farmers; 2) Improve access to and availability of finance for smallholders; and 3) Map and consider existing smallholder support initiatives. As a result, Terranomics was engaged by P4F on behalf of the FACT Smallholder Group to conduct a Smallholder Mapping Study.

*The FACT Dialogue Discussion Paper: Smallholder Support Initiatives* aimed to close the research gap and provide an overview and analysis of existing efforts to serve as a tool for subsequent discussions by the FACT Smallholder Action Group. The mapping of smallholder support initiatives addressed approaches already under implementation in FACT producer countries relating to land use change and barriers to improving livelihoods, provides learnings that the FACT groups can use to build discussions upon and identifies opportunities to scale approaches to other countries.

The mapping report was shared and discussed by the Smallholder Support Action Group. Balancing the ways in which the FACT Dialogue moves forward is crucial for its longevity, taking into account stakeholder engagement without overwhelming members. Considering the early implementation stage, there have been suggestions for non-member actors to engage within defined parameters.



## FACT Dialogue is taking learnings onboard to facilitate essential conversations needed to end deforestation

Following the first year of active engagement, FACT Dialogue is looking to continue supporting members' discussions on the four priority areas, and to build on them and improve synergies between them. Facilitation will shift to more in-depth, in-person discussions to ensure the greatest impact.

FACT Dialogue will continue to be an open space for collaboration between consumer and producer countries. It will remain a multi-government platform, where building consensus with participating countries is key to drive forward the conversation, and strengthen its multistakeholder element.



Panel discussion during the FACT Dialogue retreat, ministers and representatives from the UK and Indonesia

Next steps include:

- **Revising the structure of FACT Dialogue engagement:** after several rounds of virtual Action Group meetings and hosting an in-person FACT Dialogue retreat in 2023, there is momentum to catalyse more in-depth conversations. The interconnectedness of the four themes lends itself to in-person events and moving away from the focus on more siloed Action Groups, which would help address this complexity more easily. Annual FACT Dialogue retreats, which would bring members together for several days and allow for both structured and more informal discussions, would be supplemented by ad-hoc meetings or newsletters coordinated by the Secretariat.
- **Maintaining the open meeting space of FACT Dialogue:** FACT Dialogue's unique feature is that it brings all key stakeholders of the agricultural commodity trade together in an informal way, and thus creates an open meeting space. Members have expressed satisfaction with the informal nature of current FACT engagement, where membership is not binding and does not pressure members to comply and achieve certain targets. Rather it is a forum to foster genuine conversations amongst producer and consumer countries, to gauge perspectives and help countries potentially identify tailored actions.



## References

COP26 YouTube channel, **Lord Goldsmith: FACT Dialogue Launch**, 28 October 2021 [🔗](#)

World Resources Institute (WRI), **Just 7 Commodities Replaced an Area of Forest Twice the Size of Germany Between 2001 and 2015**, 11 February 2021 [🔗](#)

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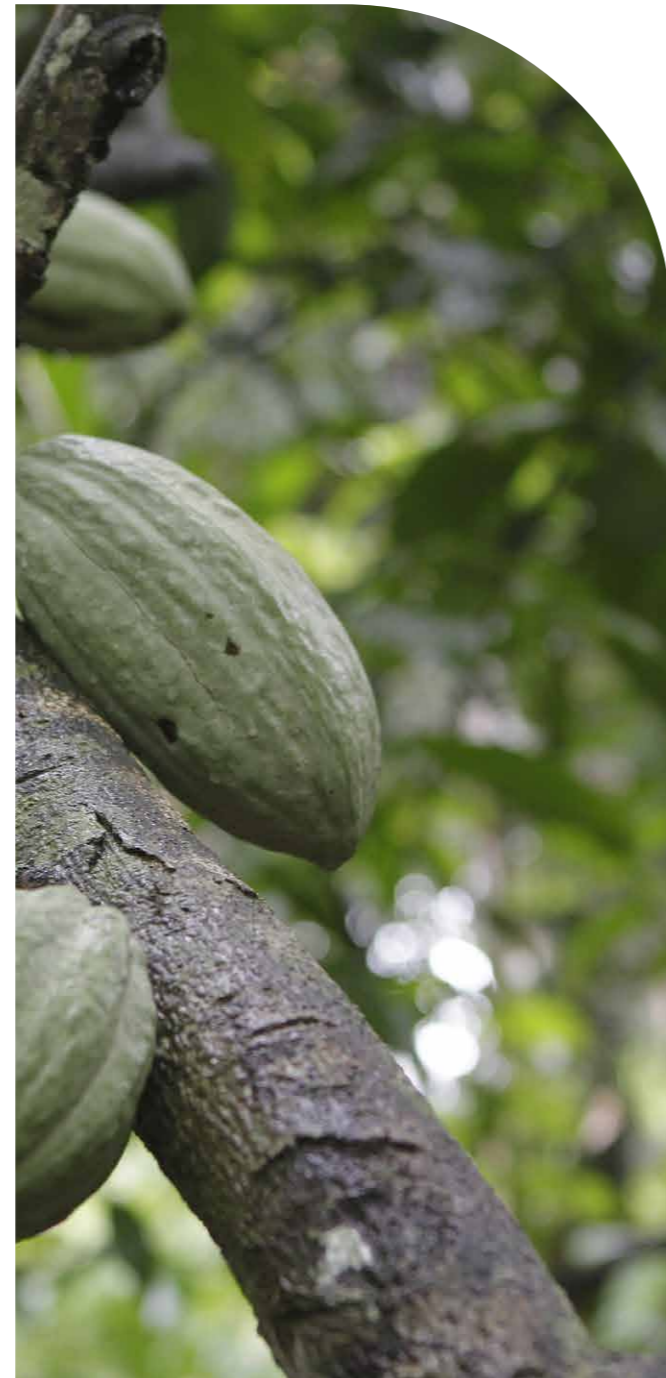
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