



LANDSCAPES

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INFORMATION BRIEF

IDH'S APPROACH TO SUSTAINABLE LANDSCAPES

Working together to balance
sustainable production,
environmental protection
and social inclusion

Our vision: Production, Protection, Inclusion

Due to rising global demand for responsibly produced agricultural commodities, businesses and governments in producing regions as well as in consuming markets are increasingly putting sustainability commitments on their agendas.

In practice, meeting these commitments has been a challenge. Certification schemes have made progress, but they are typically focused on improving practices within single farms or commodities. That makes it difficult to address water depletion, deforestation or other land-resource management issues on a large scale. We must think bigger to make a significant leap towards sustainability.

IDH believes that agricultural production must be sustainable across entire regions, or landscapes¹. Partnerships are pivotal to our approach. We build coalitions that bring together key stakeholders in a landscape, including governments, businesses, farmers, communities, and civil society organizations.

Together, we develop sustainable land-use plans, regulatory frameworks and business models to achieve three interlinked goals: creating areas where commercial and food crops are grown sustainably (**Production**); forests and other natural resources are sustainably used and protected (**Protection**); and farmers' and communities' livelihoods are enhanced (**Inclusion**) – thereby contributing to the UN Sustainable Development Goals (SDGs) towards 2030.

The strength of this approach is that it addresses all three topics together. We also ensure market demand for these sustainably produced goods, by connecting local producers to local and global traders, retailers and others in the supply chain. In this way, we prepare these landscapes for large-scale investments needed to realize a shared vision for sustainability.

We focus on landscapes in Asia, Africa, and South America that produce globally traded agricultural and forestry commodities such as cocoa, coffee, tea, beef, soy, timber, rubber, and palm oil.



Contributing to the UN Sustainable Development Goals (SDGs) towards 2030



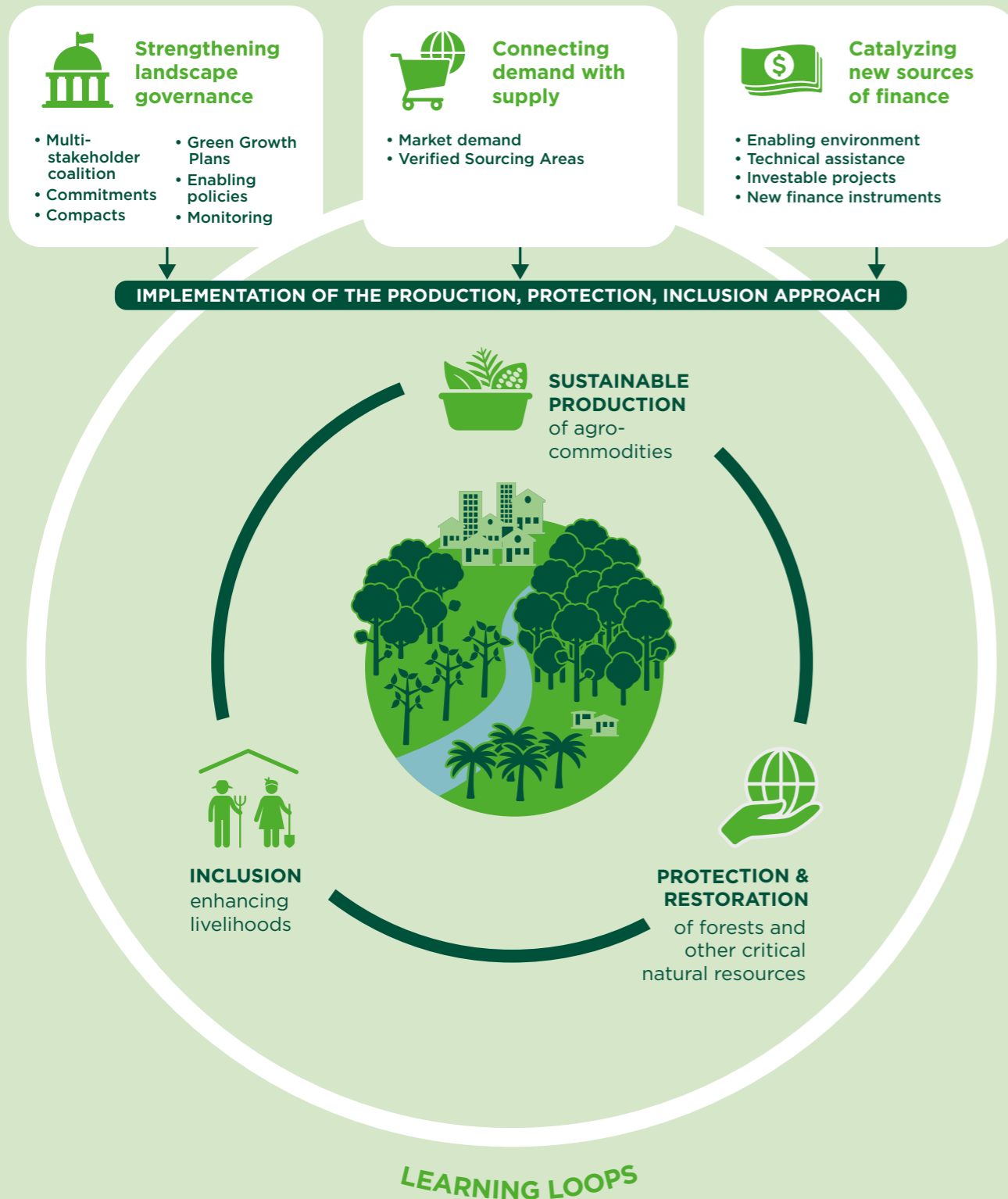
WHAT IS A SUSTAINABLE LANDSCAPE?

Sustainable landscapes are geographical regions that can meet the needs of the present, without compromising the needs of future generations, thereby meeting the principles of the SDGs. More broadly, sustainable development aims to ensure synergies and minimize trade-offs between economic, social and environmental (including climate) goals where these objectives compete.

Source: Denier, L., Scherr, S., Shames, S., Chatterton, P., Hovani, L., Stam, N. 2015. The Little Sustainable Landscapes Book, Global Canopy Programme: Oxford

1. A landscape is a geographical region influenced by distinct ecological, historical, economic and socio-cultural processes and activities.

Three ingredients to fulfill our vision on sustainable landscapes: governance, connected landscapes, and innovative finance mechanisms



We use three complementary processes to design and implement a landscape’s vision, strategy and action plan:

1. STRENGTHENING LANDSCAPE AND SECTOR GOVERNANCE

Sustainability commitments from the public and private sectors are essential for change to occur, and multi-stakeholder coalitions must take ownership to ensure these commitments are met. We therefore designed the following interventions to strengthen governance:

We help public and private organizations shape their **sustainability commitments**.

In Ghana and Côte d'Ivoire, in partnership with the World Cocoa Foundation and the Prince of Wales' International Sustainability Unit, IDH created the Cocoa & Forests initiative, which facilitated the signature of commitments to end deforestation by government and companies. This was followed by the development of detailed national action plans to address deforestation, and support sustainable cocoa production and community livelihoods.

We build **multi-stakeholder coalitions** in the landscapes where we operate. These coalitions discuss and agree on land-use plans and landscape-level targets, and implement plans to achieve them.

In Côte d'Ivoire, IDH set up coalitions that bring together public, private and civil society stakeholders at national and regional level, thereby helping to strengthen the link between national policies and local implementation.

In Ethiopia's Central Rift Valley landscape, IDH has established the Ziway Shalla Sustainability Partnership, a public-private partnership of international companies, government, farmer representatives and civil society organizations around Lake Ziway, working together to identify and address challenges in land and water governance, agro-chemical use and community livelihoods.

We develop **green growth² plans** at large-scale jurisdictional level³ (e.g. a state or province), in collaboration with public and private stakeholders. We also ensure that these plans are embedded in the jurisdiction's long-term planning process.

In Vietnam, we support the Lam Dong province on developing its Green Growth Action Plan, which will be integrated in the Provincial Master plan, a legally binding document that will be approved by the Prime Minister of Vietnam and will receive public funding for its implementation. The Green Growth Action Plan sets a course for the jurisdiction to become sustainable in 2030.

2. Green growth is a subset of sustainable development. It is narrower in scope, entailing an operational policy agenda that can help achieve concrete, measurable progress at the interface between the economy and the environment. It provides a strong focus on fostering the necessary conditions for innovation, investment and competition that can give rise to new sources of economic growth - consistent with resilient ecosystems. Source: OECD (2011). *Towards Green Growth*, OECD Publishing.

3. In this context, a jurisdiction is a landscape to which legal or political authority applies, such as a state, province, district, or municipality.

At a smaller-scale jurisdictional level (e.g. district or municipality), we facilitate the design and adoption of **Production, Protection, Inclusion (PPI) compacts** – landscape-level agreements between key stakeholders, to enhance the sustainability and productivity of land and secure community livelihoods in exchange for forest/natural resources protection.

- ◆ Our landscapes in Brazil and Indonesia are the first in which PPI compacts have been signed or are in the process of being signed. In Mato Grosso, Brazil, these agreements have been signed in two municipalities: Jurueña and Cotriguaçu.

We **drive policies and regulations**, by for example piloting new policies to demonstrate how they can be effective.

- ◆ In Kubu Raya (West Kalimantan, Indonesia), we support the development of new business opportunities and forest protection activities as part of a Village Forest community license. We therefore offer the Ministry of Environment and Forestry an example of how to successfully implement its community forestry policy.

We **measure and monitor progress** and achievements in the landscape.

- ◆ In Jurueña Valley (Mato Grosso, Brazil), we support the creation of a monitoring system to track progress against targets agreed by stakeholders in the PPI compact signed in May 2018.
- ◆ In Kenya, IDH and the private sector co-fund a quarterly aerial surveillance flight over the South West Mau forest to spot illegal activities (e.g. charcoal kilns, logging, cultivation, livestock). This feeds into an enforcement plan that aims to address illegal activities spotted during the flight.



CASE STUDY

Building strong landscape governance to protect the South West Mau Forest in Kenya

THE CHALLENGE

The Mau Forest Complex in western Kenya covers an area of over 400,000 hectares and is ecologically and economically critical for Kenya and parts of East Africa. More than 10 million people depend on its rivers. The forest also influences the region's microclimate such as rainfall patterns, creating ideal conditions to produce crops such as tea and support subsistence farming for local communities.

In recent decades, more than 25% of the forest has either been cut down or degraded, putting tea production, other sectors and community livelihoods at risk. This is caused by growing populations, unsustainable livestock grazing, charcoal burning and timber extraction from the forest.

Addressing these issues has been challenging due to limited coordination among key stakeholders. Past sustainability initiatives have also focused on individual organizations or value chains, hence having a limited impact on the wider region.

OUR APPROACH

IDH built a strong coalition of the Nakuru, Kericho and Bomet county governments, national government agencies, tea, energy, telecommunications and timber companies and civil society to work together to protect the South West Mau forest. In close collaboration with the coalition, IDH developed an integrated action plan based on forest conservation, improvement of water flow and access to water, sustainable energy, and alternative livelihoods for communities. Coalition members have already translated this plan into action, with concrete projects in terms of forest restoration, water flow improvement and alternative livelihoods.

To strengthen the governance of the initiative and to ensure its financial viability, a trust was created in 2017, bringing together more than 16 stakeholders from private sector, county governments, national government agencies, community groups and NGOs. This trust will help catalyze landscape investments towards forest conservation, along with the improvement of smallholder livelihoods among surrounding communities. Because of the coalition, the private sector has already shifted to investing in larger sustainability projects beyond farm level.



2. CONNECTING DEMAND WITH SUPPLY OF AGRICULTURAL PRODUCTS IN LANDSCAPES

For sustainable agriculture to switch from niche to norm, we must work with buyers and farmers to increase both the demand for, and the supply of, sustainable agricultural commodities. On the one hand, companies and government must adopt strict sustainability policies that guide the way they source or produce commodities. On the other, we must ensure that the supply of sustainable products is high enough to meet demand, and that this can be verified at landscape level.

Boosting the demand for sustainable commodities

We have developed a set of activities that aim to increase the demand for deforestation-free commodities such as palm oil, soy, tropical timber, and cocoa in EU markets:

- Convening public-private partnerships for palm oil, soy, tropical timber, and cocoa at EU and national level, to create shared governance of targets on sustainable sourcing and import of commodities, as well as new or strengthened frameworks and policies that will support uptake of sustainable commodities in major markets;
- Convening traders, manufacturers, and consumer-facing companies, to strengthen the link between demand and sustainable supply, in particular through Verified Sourcing Areas (VSAs);
- Monitoring uptake of sustainably produced commodities at EU level, providing strong evidence to support the design of strengthened frameworks or policies by governments and companies.

Connecting demand to supply through Verified Sourcing Areas

Under the guidance of a Global Steering Committee of key public, private and civil society representatives, we are designing a new mechanism known as Verified Sourcing Areas (VSAs). VSAs aim to accelerate the production of sustainable food, feed and fiber crops, and the uptake of these commodities by national and international buyers, hence helping them meet their sustainability commitments. These VSAs correspond to jurisdictions (e.g. municipalities, districts) that have set up a multi-stakeholder coalition, have agreed on a clear set of sustainability targets (for example through a PPI compact), and have designed a realistic road map that will drive progress on the targets, with a regular assessment of progress by an independent third party. VSAs are currently being piloted in Mato Grosso, Brazil, and in South Sumatra and Aceh, Indonesia.

- In Sorriso (Mato Grosso, Brazil), public, private and civil society stakeholders have agreed to collaborate on a green growth agenda⁴. In September 2018, they agreed to working together to set sustainability targets related to production of soy and other key commodities, conservation and restoration of forests, and social inclusion. This agreement is a stepping stone towards the signature of a PPI compact and subsequently the creation of a VSA in Sorriso, which will provide the guarantee to buyers that the crops produced in the municipality are on track to meet key sustainability criteria demanded by national and international buyers – thereby linking the growing demand for more sustainable commodities to the Sorriso municipality.

4. In December 2015, during the Climate Convention in Paris (COP 21), the State of Mato Grosso launched the Produce, Conserve and Include (PCI) Strategy. It is based on a broad set of targets that aim to conciliate a sustainable low carbon economy with environmental conservation and social inclusion, contributing to climate change mitigation and adaptation.



CASE STUDY

Connecting landscape to buyers and investors through Verified Sourcing Areas in Aceh, Indonesia

THE CHALLENGE

The Leuser ecosystem in the province of Aceh is one of the most biodiverse locations on Earth, home to Sumatran orangutans, elephants, tigers, rhinos, sun bears, and many other species. It contains large areas of peatland, which are up to 8 meters deep, and has a forest cover of more than 3 million hectares that acts as a significant carbon sink.

Aceh is increasingly becoming an important producer of palm oil, rubber, coffee, cocoa, and other agricultural commodities. While this is critical in supporting economic development, the increase in agricultural production negatively impacts the state of the forest and of the Leuser ecosystem.

OUR APPROACH

In 2017, IDH supported provincial and district governments with the development of a provincial green growth plan as the mandatory component of the new medium-term development plan for Aceh Tamiang, combining forest protection in the Leuser ecosystem with opportunities for sustainable commodity

development for smallholders, and rural and forest communities. This was the first time that forest protection and commodity-based economic development were addressed in one plan in Aceh. Later, this plan will be translated into a spatial plan for Aceh Tamiang.

The final plan is now being integrated into government planning and is already taking effect. For example, the government has recently developed a strategy for revitalizing palm oil and rubber production in the district.

IDH is now working with public, private and civil society stakeholders towards setting up a Verified Sourcing Area (VSA) in Aceh Tamiang. This includes signing a jurisdictional compact, which will define targets on forest and peat protection, good governance, labor, land tenure, and transparency. Aceh Tamiang's spatial plan will also be used as a legal basis to implement VSAs. In parallel, IDH is liaising with global buyers of palm oil and rubber, who confirmed their interest in sourcing from Aceh Tamiang, to ensure that the commodity they purchase tick the boxes of their sustainability commitments.



3. CATALYZING NEW SOURCES OF FINANCE

Access to finance is a critical success factor for landscape initiatives. Our activities largely focus on mobilizing large-scale investments required to fulfil the landscape’s vision for sustainable development, and on ensuring the right match between projects and investors’ requirements. We do so by:

Creating an enabling environment for high impact investments in sustainable commodity production and natural resource protection

We are building strong landscape coalitions and creating an environment in which investments can maximize sustainability impacts. This includes creating financial structures to attract and manage investment flows.

- In Juruena Valley in Brazil, we engage with private and public actors through municipality-level coalitions, to identify a possible financing mechanism that can help implement targets agreed under the Juruena and Cotriguaçu PPI compacts. We identify the investment needs for each target, the most suitable financing format to respond to these needs, and the current ways available to address it. We also initiate cooperation with public and private banks to support new credit solutions.

Structuring and managing technical assistance for investment funds

Well-structured and well-informed technical assistance (TA) can play a crucial role in risk reduction and development of investable project pipelines, and catalyze more and better investments in sustainable land use.

- IDH is TA partner for three innovative investment funds that promote sustainable land use: the Land Degradation Neutrality Fund, the &Green Fund, and the AGR13 Fund. TA supports promising projects that would otherwise not meet investment criteria, through technical advice, feasibility assessments, and financial structuring. Post-investment TA helps maximize the project’s sustainable land-use impact, and monitor the investment’s impact on ESG criteria.

Developing a pipeline of projects that are attractive to investors, and can achieve high impact at landscape level

Our landscape-level interventions are systematically designed to attract other sources of funding and investments, which ensures the viability of the interventions in the long term. VSAs will offer a clear pipeline of projects in which end-buyers and other value chain companies can invest, to support progress of the jurisdiction against the VSA targets.

- In Liberia, IDH worked with communities, palm oil companies, civil society and government to develop an investment proposal for an innovative oil palm outgrower scheme, which includes an incentive mechanism to secure forest conservation in the long run.

Creating blended finance instruments

We also acknowledge that new instruments are needed to finance projects that are considered “high risk” by conventional investors. This is why IDH is also working on the creation of new blended finance instruments, which can take first loss and de-risk investments in landscapes.

- In January 2017, we incorporated and launched the &Green Fund, in partnership with the Government of Norway. With a potential US \$400 million conditional de-risking capital, the &Green Fund expects to trigger US \$1.6 billion in private-sector investments to protect 5 million hectares of tropical forests and peatlands by 2022.

WHAT IS BLENDED FINANCE?

Blended finance is a tool that can help mitigate investment risks and secure returns. It works by combining private capital with public funding, which then takes first loss. It can therefore be a critical stepping stone to unlock additional investments in more productive land use, in measures to protect forests and other natural ecosystems, and in alternative sources of income for communities that are depending on natural ecosystems for their livelihoods.

CASE STUDY

Catalyzing new sources of finance to support sustainable development in Mato Grosso, Brazil

THE CHALLENGE

The State of Mato Grosso in Brazil is a biodiversity hotspot, spanning three biomes: the Amazon, Cerrado and Pantanal. It is also the largest sub-national jurisdictional producer of soy, corn, beef and cotton in Latin America. Land clearing for timber, followed by cattle ranching in the cleared area, is the biggest driver of illegal deforestation. However, more than half of the ranches are highly unproductive, which means that intensifying cattle production is key to reducing pressure on forests.

OUR APPROACH

IDH focuses on the municipalities of Juruena and Cotriguaçu, where deforestation is driven by farm expansion. Together with our implementation partner NatCap, we brought together the local government, private-sector stakeholders, farmers and community representatives, supporting discussions on how to translate the Mato Grosso state-level PCI strategy into an actionable municipality-level plan. These discussions led to the signature of a PPI compact in May 2018, through which the stakeholders committed to ambitious targets on sustainable production, forest protection,

restoration, and social inclusion. The compact targets include restoring up to 182,904 hectares of degraded pastureland for sustainable production across both municipalities by 2023, primarily through intensified cattle farming. It also includes the preservation of 970,000 hectares of the Amazon Rainforest.

A few months after its signature, the compact attracted a commitment from the French multinational retailer Carrefour to invest €1.9 million to source sustainable beef from Juruena and Cotriguaçu. This investment will be directed towards intensification of cattle ranching, restoration of degraded pastureland, and freeing up land, which can then be used for other production activities. This will accelerate economic development in the area, reducing the need for farmers to convert forests into farmland. In addition, the initiative aims to boost livelihood opportunities by providing technical assistance and access to credit to farmers, and helping them comply with the Brazilian Forest Code – a set of legal requirements for landowners on forest conservation on their properties.

We expect this first project will attract other investments in the region.

Our method: Learning and innovation

Our innovation lies in the above-mentioned ingredients, which IDH is piloting in 15 landscapes in Asia, Africa and South America. Learning from successes and failures is also at the heart of these innovative approaches. We collect learnings from our pilots, engage with knowledge partners and share lessons to ensure our projects reach impact and scale, and can be easily replicated by others. For example, we were a major contributor to the **Little Sustainable Landscape Book**, collaborated with EcoAgriculture Partners on the development of a **Conveners Guide for building landscape coalitions**, and developed a set of **Landscape business case studies** documenting how and why companies are engaging in landscape approaches.

Our landscapes: Where we work

IDH Landscape program is active in 8 countries, covering 15 landscapes. Our approach guides the way IDH shapes new governance models and supports sustainable production and sourcing of commodities, while changing business models and attracting new sources of finance to the landscape. However, given political, environmental and socio-economic differences between the landscapes, we adapt our approach to each local context.

We encourage you to visit the **IDH website** (www.idhtrade.org) for more information about our work in each of the below landscapes.



About IDH, the Sustainable Trade Initiative

IDH convenes companies, civil society organizations, governments and others in public-private partnerships. Together we drive the joint design, co-funding and prototyping of new economically viable approaches to realize green and inclusive growth at scale in commodity sectors and sourcing areas. Our approaches are designed to drive sustainability from niche to norm in mainstream markets, delivering impact on the Sustainable Development Goals. We focus on creating positive impact on deforestation, living incomes and living wages, working conditions, toxic loading and gender. IDH is supported by multiple European governments, including our institutional donors: the Netherlands Ministry of Foreign Affairs (BUZA); the Swiss State Secretariat of Economic Affairs (SECO); and the Danish International Development Agency (DANIDA). We also receive support on individual approaches, donors including the Norwegian, American and British governments. We work with over 500 companies, civil society organizations, financial institutions, producer organizations and governments in 11 sectors and 15 landscapes in over 50 countries worldwide.

www.idhsustainabletrade.com

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