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LANDSCAPE APPROACHES

Raising the bar through sustainable production, environmental protection and social inclusion

https://www.idhsustainabletrade.com/landscapes

The challenge of sustainable landscapes

Croplands and grazing lands now cover a third of the earth's land surface.

These landscapes are shaped by the people who live in them and source their livelihoods from them, as well as by those who buy their products and those who govern these processes.

46%

39%

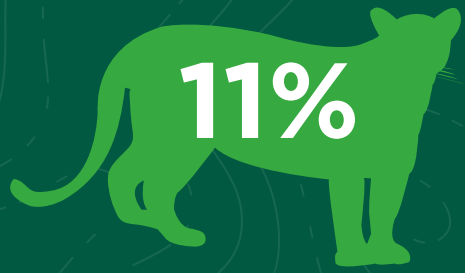
Of the cumulative sub-tropical and tropical deforestation, **46.6% is commodity-driven** and **39.5% is a result of shifting agriculture.**

4.6 million ha

Tropical forests have experienced an **annual net loss** of about 4.6 Mha between 2010 and 2015.

Habitat change due to land clearing is the **biggest driver of biodiversity loss**, especially in tropical forests, temperate grasslands, coastal and inland water habitats.

10%



11%

11 percent of animal species and 10 percent of plant species in Asia Pacific and South/Latin America are **under threat.**

Integrated solutions to global challenges

ADDRESSING LANDSCAPE DEGRADATION THROUGH LOCAL LIVELIHOODS

Land degradation occurs when land and soil lose nutrients, water flows or biological diversity, leading to lower biological productivity. If combined with issues like poor governance, a lack of investment or poor land use practices, then ***land*** degradation can become ***landscape*** degradation. This means that not only does the land lose biological productivity, but it loses economic or social value as well.

Landscape degradation's strong socioeconomic dimension therefore calls for solutions that go beyond environmental interventions and address the drivers of land degradation and deforestation.

ADDRESSING LANDSCAPE DEGRADATION THROUGH MARKET CONVENING

Because of growing global trade, up to half of the environmental impacts of consumption are now felt in parts of the world other than where the consumption takes place. Low and middle-income countries produce most of the globally-traded agricultural commodities that are primarily implicated in deforestation and consequent landscape degradation.

Global trade means that multinational companies, investors and international consumers in Europe, USA, China and India have a major impact on global landscape degradation. This means that adequately addressing the issue requires targeted activities at both the global market level as well as in the producing landscapes.

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IDH's Global Aim 2030

We will protect and restore 5 million ha of vulnerable landscapes

KEY CROPS, SECTORS AND COMMODITIES

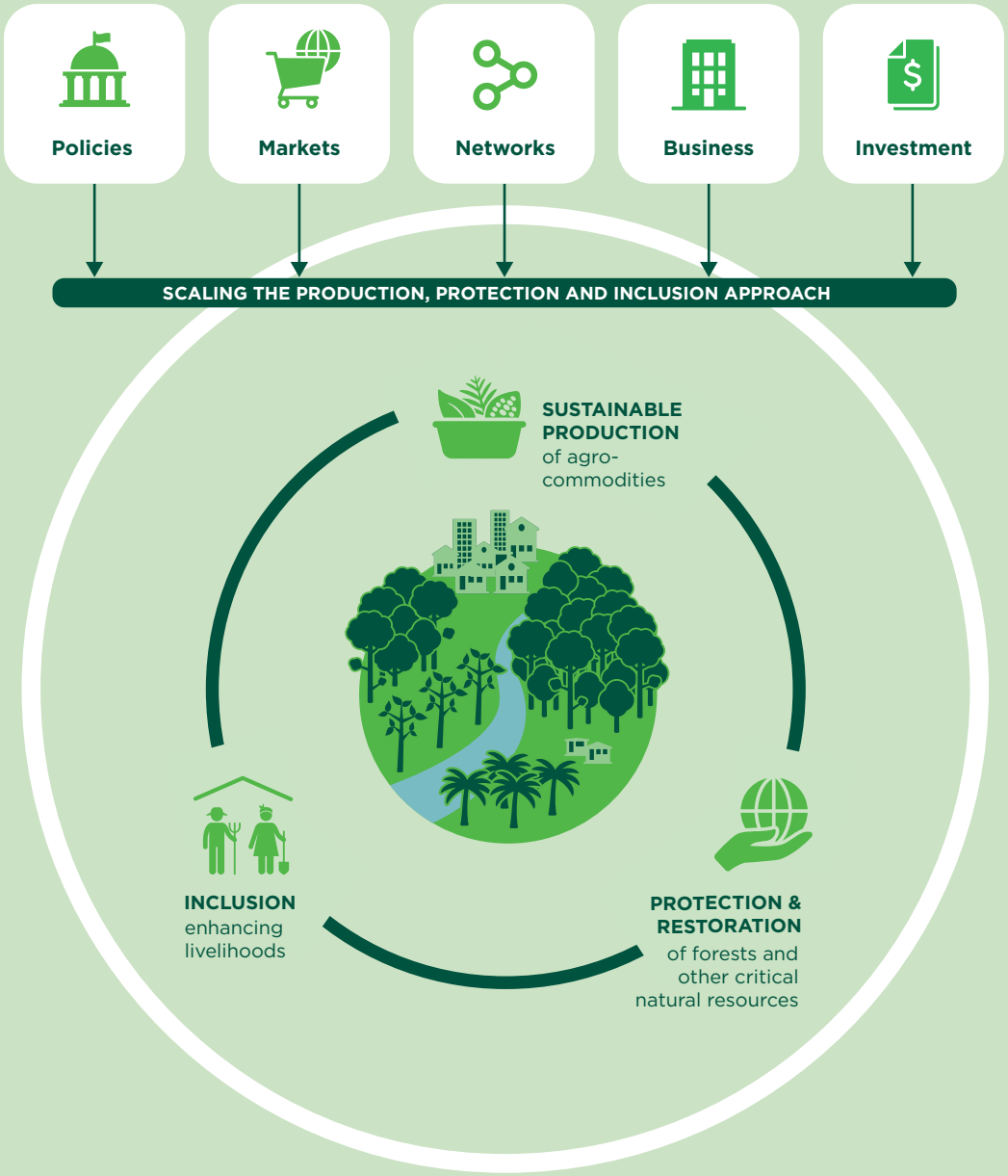
Coffee | Soy | Palm Oil | Cocoa

Beef | Wood Pulp | Rubber

Our approach to sustainable landscapes

IDH's vision for sustainable landscapes is one in which:

- Agricultural products are grown sustainably, nature can flourish, and communities prosper
- Long-lasting and stable partnerships and cooperations that outlast political cycles
- Private sector drives and finances change towards enhanced sustainability



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IDH landscapes

Aquaculture
Beef/Livestock
Cashews
Cassava
Cocoa
Co˜e e
Corn
Cotton
Dairy
Floriculture
Fresh Fruit & Veg.
Horticulture
Palm Oil
Pepper
Pulp & Paper
Rice
Rubber
Soy
Spices: Black Pepper & Turmeric
Tea
Timber
Viticulture

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Production

CASE STUDY: VILLAGE FOREST MODEL, WEST KALIMANTAN, INDONESIA

In Kubu Raya district, West Kalimantan, sustainable farming was catalysed through the innovative "village forest" business model developed by IDH. This was the first phase of a EUR 6-million loan, marking a crucial step towards scaling the business model across Indonesia.

The village forest scheme, known locally as "hutan desa", was revitalized by the Indonesian government in 2014 as part of the Indonesian president's social forestry program to encourage community-based forest management. The scheme grants licenses to selected villages to manage and protect nearby forests, peat and mangrove, whilst gaining non extractive economic benefit. It enables the connection of forest corridors and protects them from encroachment. Ultimately, it aims to increase forest sustainability, provide legal rights for the community welfare improvement and reduce pressure over land availability.

Recognizing the success of this pilot, the Indonesian government is now supporting four village farmer groups within the Village Forest to scale and strengthen the business model with a committed soft loan of EUR 6 million. This low-interest loan will help the farmers further develop their businesses sustainably and, eventually, to do so independently, without grant support.

ACHIEVEMENTS & FUTURE GOALS

70,000 ha of mangrove, peat and forest agreed to be protected by farmers.

4,918 hectares of forest and mangrove restored through natural revegetation and community forest rehabilitation programs, according to satellite data.

Indonesian government is now supporting four village farmer groups within the Village Forest to scale and strengthen the business model with a committed soft loan of EUR 6 million.

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> Social forestry program is very important. There are still 9.5 Million hectares that we need to encourage, but we also need to maintain the quality, not only the quantity. The Ministry put efforts to maintain the quality of program implementation by providing assistance, so that forest access provided can bring ecological, social and economic benefits.

Bambang Supriyanto

Director General of Social Forestry and Environmental Partnership (PSKL) of the Ministry of Environment and Forestry

Protection

CASE STUDY: AERIAL SURVEILLANCE FOR MONITORING AND MANAGING ILLEGAL FOREST ACTIVITIES IN SOUTH-WEST MAU FOREST, KENYA

Anthropogenic activities are one of the key causes of degradation in most forests across the globe. Over the last 10-15 years, the Mau Forest in Kenya has been reduced by more than 25%, and remaining forest is degraded and fragmented. As a result, the Kenya forest Service KFS and other law enforcement agencies have developed and enforced laws to control and manage these activities. Along side this, collecting and availing accurate information for targeted action is critical. As such, a routine monitoring aerial surveillance under the ISLA Kenya program was recognized as one of the key interventions to monitor and manage illegal forest activities.

The monitoring surveillance flight carried out every quarter has been essential for informed decision making, especially for targeted action by the law enforcement agencies. During the flight, all agencies; Kenya forest service, Kenya Wildlife Service, County security teams and the Judiciary are involved.

Illegal forest activities such as illegal forest grazing, charcoal burning and logging are spotted and geo referenced. After every flight an enforcement action plan is drawn, and the concerned agencies are engaged for action.

ACHIEVEMENTS & FUTURE GOALS

Over 1,400 local smallholders and community members trained in sustainable water harvesting, biogas production, kitchen gardening, bee-keeping, and agroforestry practices to improve their health and incomes.

Behavioural change interventions through field-level Programs such as the Gender Empowerment Platform reached over 2,000 smallholder farmers and over 10,000 workers and dependents in 2019 alone.

Successful restoration of degraded forest: rate of forest degradation from 2014-2018 was 22.6% lower; forest regeneration was 22.7% higher; and net emissions from forest cover change were 89% lower. At current rates of improvement, all degraded forest within the South West Mau Forest could be regenerated by 2029.

Goal to restore and conserve 60,000 hectares of the forest by 2030.

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> IDH's unique approach in bringing all stakeholders in SW Mau together has provided the catalyst required for long term intervention strategies aimed at preservation and restoration of this critical water tower. Persuading all parties to identify the challenges and then work together to address those challenges has enabled the achievement of much greater progress than would have been the case from stakeholders' individual efforts. A lot remains to be done, but the chances of success are certainly enhanced by the landscapes approach.

Simeon Hutchinson

Managing Director James Finlay Kenya

Finlays Since 1750

Inclusion

CASE STUDY: COMMUNITY-DRIVEN LAND USE IN LIBERIA

Kpanyan Statutory District in Liberia's coastal south faces challenges including economic instability, inadequate critical infrastructure, land degradation and climate change. Land use is a contentious topic in Liberia, as historically, the people who traditionally lived on the land were not formally recognized as the owners. In 2018, a new Land Rights Act was passed into law, whereby communities could become legal owners of their traditional homelands. To claim their land rights, communities are required formalize their land claims and develop a Land Use Plan that accounts for the interests of all members of society.

In December 2019, Kpanyan became the second district in Liberia to have its land use plan validated by stakeholders including the Liberia Land Authority (LLA).

With the support of IDH, in summer 2020, the Liberia Land Authority officially certified six communities in Foya as land-owning communities. The law recognizes local communities' right to own their customary land and guarantees them full legal protection as private landowners. The six communities together occupy more than 55,000 hectares of land in the northern county on the borders with Guinea and Sierra Leone. The communities can now govern and manage their land collectively, according to their own by-laws administered by a representative local body.

In June 2020, IDH entered into a co-funding agreement of US$402,000 with a Liberian-owned company, the Agricultural Infrastructure and Investment Company to promote the production and processing of lowland rice in Foya.

The project targets 600 smallholder rice farmers and will rehabilitate 4 dams in the district to ensure water supply all year round. The project is encouraging farmers to use the lowlands rather than continue the traditional shifting cultivation that has led to serious forest loss in the district.

ACHIEVEMENTS & FUTURE GOALS

500,000 hectares of customary community land under land use plans and full community ownership

24,400 fruit tree seedlings targeted for production and out-planting within the communities covered

Facilitating PLUPs in Kolahun and Vahun Districts in Lofa County, covering 262,462 hectares and supporting communities in both districts to formalize their customary land claims.

Facilitating PLUPs in Wedcarba and Jaedeppo Statutory Districts in Sinoe County, covering 307,808 hectares

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> It wasn't easy from the start but today we are laughing. Thanks to IDH's bottom-to-top approach, which means starting with the community. It is one important difference between IDH and other NGOs. We started this journey with IDH and today, the Land Authority is here with us.

Moses Sonjor

Assistant Superintendent for Development of Foya

Policies

CASE STUDY: CREATING PPI COMPACTS IN MATO GROSSO, BRAZIL

Mato Grosso in Brazil has set ambitious targets for the intensification of livestock production, expansion of conservation of the forest and the Cerrado area, and the improvement of living conditions of smallholder farmers. Goals for 2030, include recovering 2.5M ha of degraded pasture, expanding 3M ha of sustainable forestry, eliminating illegal deforestation (by 2020) and sustaining 60% native vegetation, as well as increasing the internal market share from 20% to 70%.

These targets will be delivered through Production, Protection, Inclusion (PPI) Compacts, referred to in Portuguese as *PCI - Produzir, Conservar, Incluir*. Three *PCI* Compacts are currently in place in Sorriso, Juruena Valley and Barra do Garças. PPI Compacts are carried out in five key steps:

1. Scope and convene local parties in the selected area.
2. Build a coalition of stakeholders across public, private, and civil-society sectors to define a sustainable vision for the territory.
3. Translate this vision into quantifiable targets and goals formalized through the signing of an Memorandum of Understanding (MoU).
4. Develop a joint implementation roadmap based on targets and goals, fleshing out each of the stakeholders' roles and contribution, including integration into policy.
5. Monitor and evaluate based on the agreed means of verification through a post-compact agenda. This builds an investment pipeline, assesses the status of the compact, and strengthens local governance.

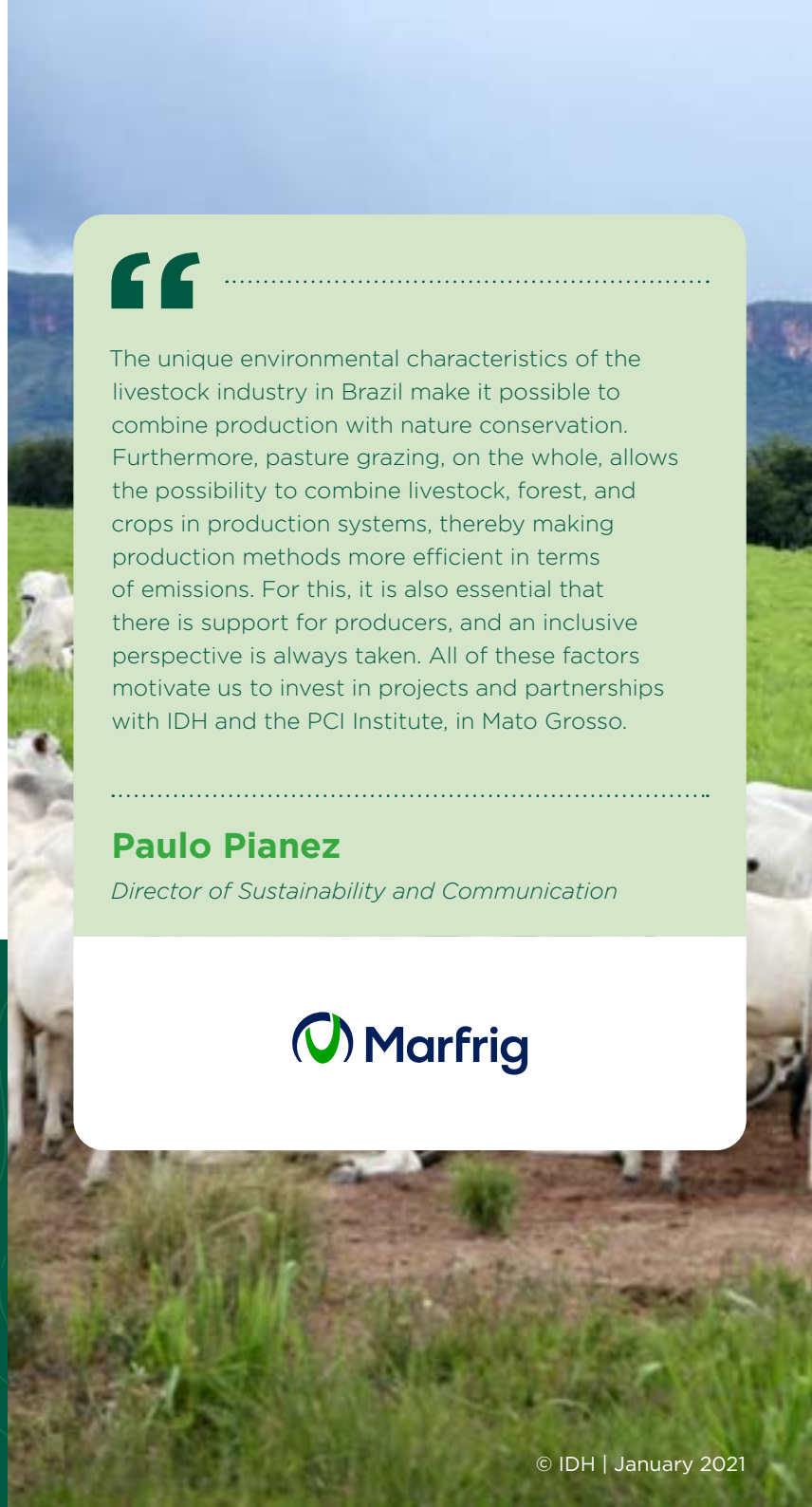
Setting these common goals and formalizing them through the signing of an MoU has been critical to driving the Compact work forward. The IDH Brazil Landscapes team also co-fund projects in parallel with the compact building process to deliver fast results from investment.

ACHIEVEMENTS & FUTURE GOALS

Mato Grosso is part of REDD Early Movers (REM) and can benefit from resources of 44 million euro on the condition of maintaining deforestation at or under the 'performance trigger' rate of 1,788 Km2 per year, according to a contract with the German government through the German Development Bank and the UK government, through the British Department for Energy and Industrial Strategy.

Co-funding of €3 660 220 million by 2021 for Sustainable Production of Calves Program, €26 655 for the Nosso Leite program, and €1.7m of co-funding by CAT Sorriso by the end of 2021.

Sustainable Production of Calves Program set up to make beef production more sustainable produce deforestation-free calves in partnership with Carrefour Brazil and Carrefour Foundation, implemented by local partners NatCap, Agrojacarezinho, and Acrimat. By 2021, through the program, 457 farmers in 5 municipalities will protect a total conservation área of 153 000 ha of tropical forests with a total pasture area under the program of 102 464 ha.



"The unique environmental characteristics of the livestock industry in Brazil make it possible to combine production with nature conservation. Furthermore, pasture grazing, on the whole, allows the possibility to combine livestock, forest, and crops in production systems, thereby making production methods more efficient in terms of emissions. For this, it is also essential that there is support for producers, and an inclusive perspective is always taken. All of these factors motivate us to invest in projects and partnerships with IDH and the PCI Institute, in Mato Grosso.

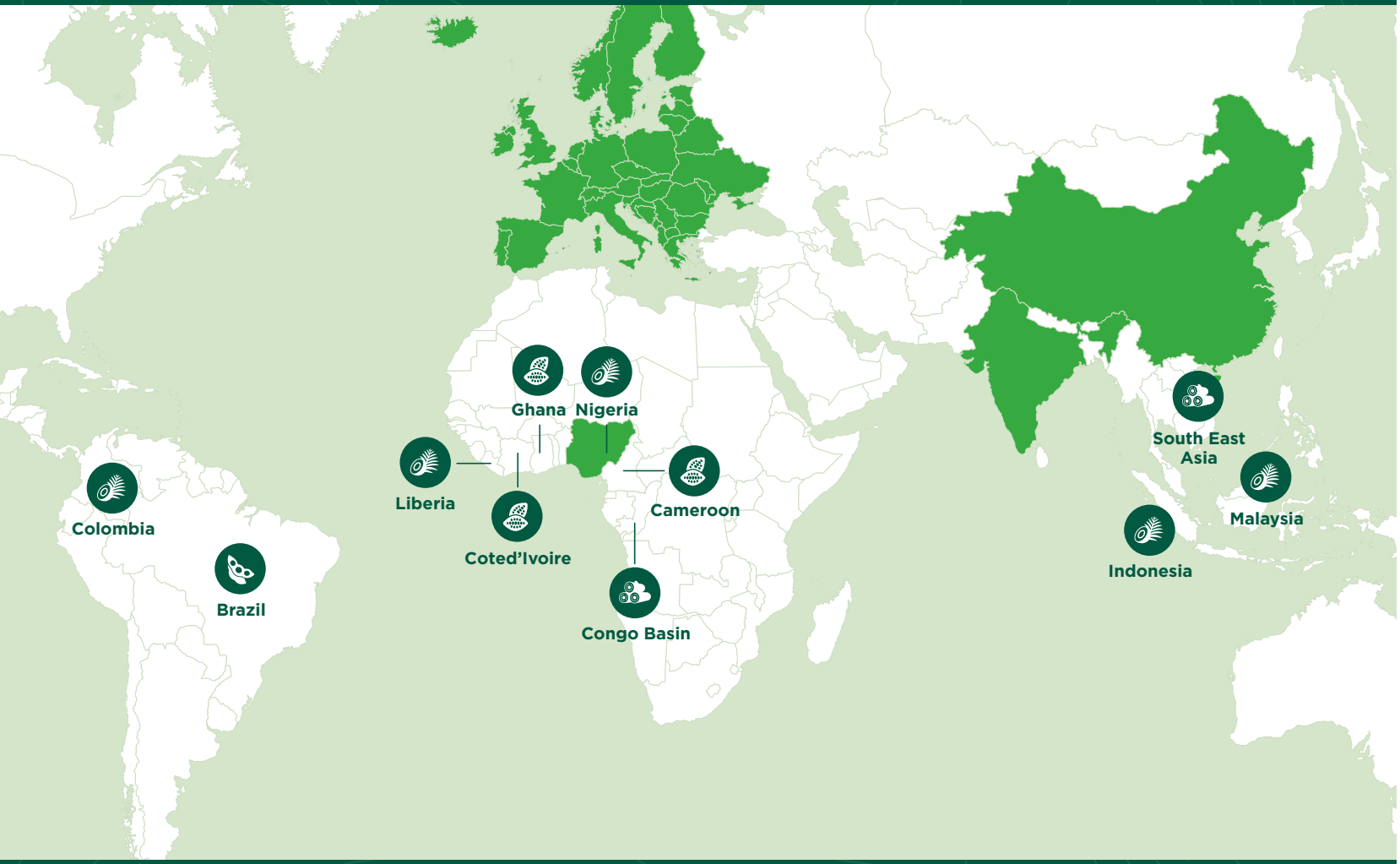
Paulo Pianez

Director of Sustainability and Communication

Marfrig

Markets

As part of the Landscapes approach we enable key round tables that focus on accelerating the **market demand** and **uptake of sustainably sourced commodities** both at a domestic and international level.



INTERNATIONAL PLATFORM

SourceUp

Verified Sourcing Areas

EUROPE MARKET ROUND TABLES

Beyond Chocolate

DISCO
DUTCH INITIATIVE ON SUSTAINABLE COCOA

espo
EUROPEAN SUSTAINABLE PALM OIL

STTC
EUROPEAN SUSTAINABLE TROPICAL TIMBER COALITION

Secretariat to European National Soy Initiatives

INDIA MARKET ROUND TABLES

National Initiatives for Sustainable & Climate Smart Oil Palm Smallholders (NISCOPS)

Business SourceUp

A new collaboration platform connecting landscapes with markets

SourceUp is a new platform for companies and stakeholders in producing regions, to work together on sustainable agri-commodity sourcing. SourceUp supports sustainable development at the landscape level and helps companies deliver on their corporate sustainability commitments based on relevant, verified data and contribute to the UN Sustainable Development Goals.

HOW LANDSCAPE COALITIONS CAN USE SOURCEUP

SourceUp connects the local collaborations on sustainability, called Compacts, to companies sourcing products from the area. These buyers can support a Compact through preferential sourcing, training or funding support.

In Vietnam, Di Linh and Krong Nang Compacts are working to ensure sustainable coffee production. Together, producers and government are implementing ambitious plans to switch to regenerative agriculture, reduce water use and store carbon. They report on results for their entire landscape through the SourceUp platform. This approach also works for the many families having just a small plot of coffee, who don't have the means to report individually.

HOW BUSINESSES CAN USE SOURCEUP

Businesses that source agricultural commodities can use the information on SourceUp to find out how different sourcing areas operate as part of implementation of corporate sustainability goals. Through the platform, companies can connect with likeminded Compacts and engage with them, for example through sourcing commitments or by investing in funding, time, or expertise.

Businesses can also create impact on their sourcing area by using SourceUp to find a suitable partner to implement a specific sustainability initiative. Such support can create jobs while building sustainability into companies' supply chains. Those commitments and actions are documented on the platform and are publicly accessible.

GET INVOLVED

The SourceUp platform is now online and interested parties can request access through www.sourceup.org or ask for more information by contacting support@sourceup.org..

STAGES OF A COMPACT

1 SCOPING AND DESIGNING

2 COMPACT UNDER IMPLEMENTATION

- MoU signed by relevant stakeholders
- Due process followed - see Compact Manual
- Meeting some minimum conditions

3 VERIFIED SOURCING AREA

- Reporting or explaining on all required indicators
- Data sources identifies and approved
- Panel review has found reporting to be credible
- All process evidences following guidelines and submitted
- MoU covering all mentioned areas
- Minimum criteria on Human Rights

⚠ The term **VSA Readiness Pilot** was previously in use to refer to some outstanding coalitions working together and applying the landscape approach. With the launch of SourceUp, these pilots are now **Compacts** and can share information through the SourceUp platform as part of their journey to becoming officially recognized **Verified Sourcing Areas.**

"SourceUp's focus on local ownership and the involvement of other companies gives promise for success. IDH has convened a number of companies such as, Pepsico, Musim Mas (palm oil producer) and Unilever to all work in parallel, so you can start to develop the critical mass that is required for this level.

Reuben Blackie

Manager of Sustainable Agriculture (APAC and AMESA), Pepsico

PEPSICO

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Networks

CASE STUDY: NATIONAL INITIATIVES FOR SUSTAINABLE & CLIMATE SMART OIL PALM SMALLHOLDERS

Bilateral national agreements can enable palm oil producing countries to become more economically robust and socially just, while protecting and restoring valuable natural resources. Technical committees for Indonesia, Malaysia and Nigeria have developed Climate Smart Oil Palm objectives and worked with national and international research institutions to develop KPIs to measure progress towards these objectives. These technical committees also serve as a space to discuss climate and land use policy, with the aim to reach national scale after 2023. IDH implements NI-SCOPS in cooperation with Solidaridad.

In Malaysia, NI-SCOPS reports to the Sub-Committee on Oil Palm (SCOP), under a bilateral agreement between Malaysia and the Netherlands. A Memorandum of Understanding (MoU) between Indonesia and the Netherlands is in place.

In Nigeria, a NI-SCOPS National Forum (NNF) has been established, bringing together key stakeholders from civil society, public and private sector. In Ghana, a National Advisory Committee (NAC) has been established.

Private companies can engage:

- As a landscape partner to implement or support climate smart palm oil production in the target districts;
- As an innovation partner, funding or co-funding innovations such as smallholder carbon, biodiversity or livelihood assets;
- As a supply chain partner, through physical or certificate trade of sustainable palm oil or derivatives (Verified Sourcing Areas, Independent Smallholder Certificates or Certified Palm Oil).

ACHIEVEMENTS & FUTURE GOALS

4 country-level technical committees established to develop Climate Smart Oil Palm objectives.

2 Memoranda of Understanding signed between FAO member countries.

3 sets of nationally-tailored KPIs to measure progress towards sustainability objectives developed.

Climate smart agriculture operational in six Nigerian states: Akwa Ibom, Cross River, Edo, Enugu, Kogi and Ondo.

> In the supply chain, you don't have a 100% sustainable source of sustainable palm oil. We have to take care of the environment, we have to take care of how we use the chemicals, how we use the pesticides... how we take care of the workers and the communities, the environment... We went along to the government almost every week to engage with the smallholders, to engage with the small farmers and there's greater awareness.

Chew Jit Seng

CEO, Malaysian Palm Oil Certification Council

MPOCC

Investment

Sustainable land use investments are set to become a new asset class that can transform the global market for the benefit of people and the planet.

The vast demand for agricultural commodities worldwide creates an increasing pressure to convert natural vegetation into productive land. A thought-through and monitored transition of land use is critical if we wish to reduce the impacts of agriculture and livestock on the climate, prevent ecosystem degradation, soil erosion and the loss of valuable land to desertification. Land use must therefore be managed intelligently to halt land and forest degradation.

Thankfully, the world is seeing a rise in forward-thinking banks, companies, and other investors seeking to invest in sustainable land use, taking into account both socially equitable and environmental returns along with financial returns. However, at the same time, we also see a shortage of investable projects as they often require new types of collaborations, and the criteria of the investment funds can be challenging to meet.

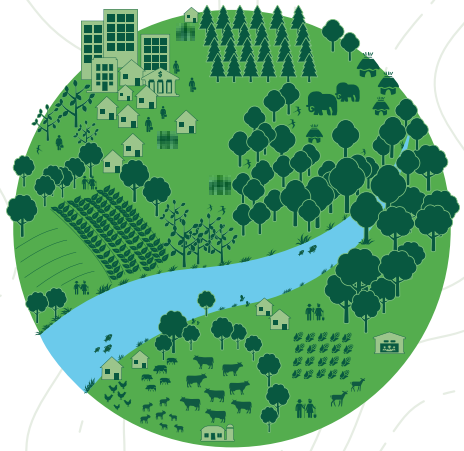
The gap between motivated investors and innovative project developers needs to be closed – and this is where IDH comes in. Through our **Technical Assistance Facilities**, each linked to a specific investment fund, we prepare projects for investment, reduce risk, build capacity and establish dataflows for increasing impact. Simultaneously, we also support program teams in IDH landscapes to develop investable propositions and assist in learning and knowledge sharing of successful models.

How the Technical Assistance Facilities work:

- **Data based approach** – Adaptive management, proof of concept
- **Protect & restore** – Climate, land, water, biodiversity
- **Inclusion** – Smallholders, communities, women & youth, land rights
- **ESG compliance**
- **Operational & financial structures**

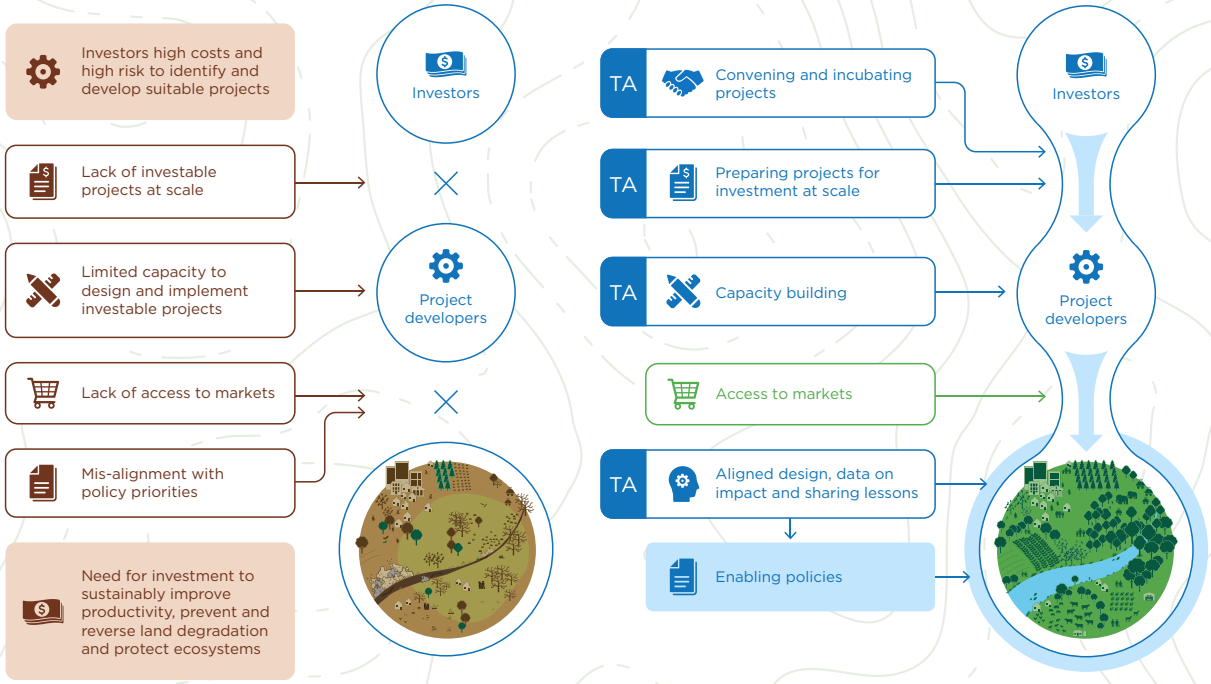
REDUCING PROJECT RISK

- Learning & sharing knowledge
- Maximizing social & environmental impact
- Investment readiness



New asset class

We catalyze new sources of finance to mitigate deforestation and reverse land degradation:



IDH helps to increase the number of (inter)national investment funds, carbon funds and new initiatives that seek reliable projects to reduce carbon emissions, deforestation and better include local communities and smallholders in these investments.

Our Technical Assistance Facilities provide support to enable the investment transaction, reduce risks and increase development impact.

THE LAND DEGRADATION NEUTRALITY TECHNICAL ASSISTANCE FACILITY (LDN TAF)

Investments in sustainable land management practices are needed to avoid, reduce and reverse land degradation. However, project preparedness can be a major bottleneck for Sustainable Land Management investment. In 2018, IDH was selected to establish the LDN technical assistance facility (TAF) that helps to alleviate this bottleneck, and link projects to the LDN Fund and LDN impacts.

AGRI3 TECHNICAL ASSISTANCE FACILITY (AGRI3 TAF)

Farmers sit at the heart of the AGRI3 Fund. Their intrinsic drive and need for sustainability is the starting point of change. The Fund bridges the gap between the needs of farmers and the limitations of banks. The Fund provides de-risking financial instruments and tailor-made technical assistance. The open structure of the Fund enables others to help facilitate the transition towards more sustainable food systems. The operational capabilities of partner banks to actually execute transactions adds unique value and creates true impact.

&GREEN TECHNICAL ASSISTANCE FACILITY

&Green invests in commercial projects in agricultural production value chains in order to protect and restore tropical forests and peatlands and make agriculture more sustainable and inclusive – involving local communities, producers, financiers, supply chain companies, local and national government and civil society. The Fund's goal is to prove that financing inclusive, sustainable and deforestation-free commodity production can be commercially viable and replicable, thus strengthening the case for a rural development paradigm that protects valuable forests and peatlands and supports high-productivity agriculture.

Who we work with

PARTNERS

Cargill
中粮国际 COFCO INTL
CONSERVATION INTERNATIONAL
ECOM
JDE JACOBS DOUWE EGBERTS
JALA
Mondelēz International
Marfrig
MUSIM MAS
Nestlé
Olam
PEPSICO
Rabobank
SIMEXCO DAKLAK, LTD.
THE WORLD BANK
Unilever
WORLD RESOURCES INSTITUTE
WWF

DONORS

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DANIDA
Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra
Swiss Confederation
Federal Department of Economic Affairs, Education and Research EAER
State Secretariat for Economic Affairs SECO
NICFI
Norway's International Climate and Forest Initiative
gef
GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET
AFD
AGENCE FRANÇAISE DE DÉVELOPPEMENT
Partnerships for Forests
UNDP
P4G
Partnering for Green Growth and the Global Goals 2030
Laudes Foundation

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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 23 landscapes in over 50 countries worldwide.

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