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# LANDSCAPE SCALE ACTION FOR FORESTS, PEOPLE AND SUSTAINABLE PRODUCTION

A PRACTICAL GUIDE  
FOR COMPANIES



proforest



## ACKNOWLEDGMENTS

This Guidance emerges from four 2019 workshops in which dozens of Tropical Forest Alliance (TFA) partners explored how companies can best engage in landscape-level initiatives. The answer draws on the collective experience and expertise of non-governmental organizations (NGOs), companies and governments working to scale up responsible commodity production. WWF and Proforest led the drafting of this Guidance as part of TFA's Jurisdictional Exchange Network, and gained valuable perspectives and insights from Conservation International, Earth Innovation Institute, Governors' Climate & Forest Task Force, Lingkar Temu Kabupaten Lestari, and the World Cocoa Foundation. Meridian Institute contributed the expert design and facilitation support for the workshops and Consensus Building Institute provided superb drafting and editing assistance.

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Since needs and expectations about responsible production continue to evolve, this should be considered a "living" document. It will include further compelling examples of company engagement in landscape/jurisdictional initiatives (both successes and failures) and adapt the guidance accordingly. If you would like to contribute or comment, please email [tfa@weforum.org](mailto:tfa@weforum.org).



Produced by TFA, WWF and Proforest on behalf of the Tropical Forest Alliance and its Partners. The views and information contained herein do not necessarily represent the individual views of TFA, its Partners or TFA's hosting organization, the World Economic Forum.

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**[www.JAresourcehub.org](http://www.JAresourcehub.org)**

# CONTENTS

Acknowledgments	2
List of acronyms	4
<b>Why companies should use this Guidance</b>	5
◆ Three important caveats	5
◆ Mini reference library	6
<b>How to navigate this Guidance</b>	7
<b>Interventions</b>	
<b>A. Participate in landscape/jurisdictional planning and multi-stakeholder alignment</b>	
◆ Co-design landscape/jurisdictional goals, key performance indicators and implementation strategies	8
◆ Support development of a robust landscape/jurisdictional land use plan	12
◆ Pre-competitively align companies in your sector operating in the same geography to effectively participate in a landscape/jurisdictional initiative	16
◆ Share spatial data and land management plans with other stakeholders involved with landscape/jurisdictional land use planning and monitoring	20
<b>B. Build community and multi-stakeholder capacities</b>	
◆ Build local community capacity to engage in multi-stakeholder processes and incentivize their engagement	24
◆ Financially support coordination of the multi-stakeholder institution leading a landscape/jurisdictional initiative and implementation of agreed actions	28
<b>C. Enhance government commitment and capacity</b>	
◆ Support governments in developing jurisdictional policies tools, and investment strategies	32
◆ Build momentum for landscape/jurisdictional initiatives by sharing positive, clear stories about ongoing sustainability efforts	36
◆ Advocate with consumer-country governments to support landscape/jurisdictional approaches in commodity producing regions	40
<b>D. Link supply chain actions to landscape/jurisdictional initiatives through private sector collaboration</b>	
◆ Share responsibility for the degree of sustainability progress made at the landscape/jurisdictional level	44
◆ Collaborate on joint commodity traceability for a landscape/jurisdiction	48
◆ Align procurement specifications and supplier contract terms with landscape/jurisdictional goals and targets	52
◆ Use preferential sourcing to support landscape/jurisdictional initiatives that are demonstrating progress	56
◆ Incentivize suppliers to engage in landscape/jurisdictional initiatives	60
<b>E. Support and incentivize sustainable production and community land use practices</b>	
◆ Support farmer training on best management practices and provide extension services and incentives for implementation	64
◆ Enhance sustainability-pegged financial flows to producers	68
◆ Support landscape restoration in line with landscape/jurisdictional initiatives objectives	72
◆ Support additional/alternative livelihood activities and practices that reduce pressure on forests	76
◆ Support legalization of production to promote adoption of sustainable agricultural practices	80
<b>F. Support innovative financial mechanisms</b>	
◆ Help develop carbon offset programs that reduce deforestation at the landscape/jurisdictional scale	84
<b>Annex</b>	
◆ Annex 1: Further detail on the intervention “Co-design landscape/jurisdictional goals, key performance indicators and implementation strategies”	88
◆ Annex 2: Further detail regarding the intervention “Support development of a robust landscape/jurisdictional land use plan”	92

## LIST OF ACRONYMS

<b>3PRCL</b>	Partnership for Productivity, Protection, and Resilience in Cocoa Landscapes
<b>AFi</b>	Accountability Framework Initiative
<b>CGF</b>	Consumer Goods Forum
<b>CJA</b>	Commodities/Jurisdictions approach
<b>CREMA</b>	Community resource management area
<b>CRT</b>	Regulatory Council of Tequila
<b>CSO</b>	Civil society organization
<b>FoKSBI</b>	Forum for Sustainable Palm Oil
<b>GCFRP</b>	Ghana Cocoa Forest REDD+ Program
<b>GIZ</b>	German Agency for International Cooperation
<b>HCSA</b>	High carbon stock approach
<b>HCV</b>	High conservation value
<b>HIA</b>	Hotspot intervention area
<b>IPOP</b>	Indonesian Palm Oil Pledge
<b>JCSC</b>	Jurisdictional Certification Steering Committee
<b>KDSD</b>	Kerangka Daya Saing Daerah (Regional Competitiveness Framework)
<b>LTCL</b>	Lingkar Temu Kabupaten Lestari (Sustainable Districts Association, based in Indonesia)
<b>L/JI</b>	Landscape/Jurisdictional Initiative
<b>NDPE</b>	No Deforestation, No Peat, No Exploitation
<b>NGO</b>	Non-governmental organization
<b>RSPO</b>	Roundtable on Sustainable Palm Oil
<b>SEMADET</b>	Secretary of Environment and Territorial Development
<b>SPLP</b>	Siak Pelalawan Landscape Programme
<b>TFA</b>	Tropical Forest Alliance



# WHY COMPANIES SHOULD USE THIS GUIDANCE

Company interest in working at a landscape level to address the loss of forests and other natural ecosystems has skyrocketed. For years, companies have worked to strengthen sourcing policies, procure certified supplies and trace value chains from source to store. Such work has yielded important benefits.

Unfortunately, commodity production continues to drive conversion of forests and other natural ecosystems at alarming rates. There are several reasons for the ongoing loss. For starters, supply chain companies have limited leverage, due to poor traceability and dynamic supply relationships. They also find it hard to pass down sustainability messages to small/medium-sized producers and scale action with them. Few companies feel pressure from investors to act quickly. Inadequate integration of corporate sourcing policies with producer country strategies for natural resource governance compounds these challenges, making it hard to scale-up market approaches. As a result, companies face mounting risks to the continuity of their supply (i.e. as degraded natural lands lose their ability to provide ecosystem services on which agriculture depends), and to their reputations as responsible actors. Corporate leaders now grasp that to meet their own internal sustainability goals, they must embed their supply chain efforts in external collaborative, landscape-scale sustainability efforts that target systemic challenges.

To tackle commodity-driven deforestation at scale, individual businesses – as well as trade associations and platforms such as the Consumer Goods Forum and the Soft Commodities Forum – have begun to incorporate landscape and jurisdictional approaches into their corporate strategies. Such interventions have become widely accepted as the norm. For example, Core Principles of the Accountability Framework include collaboration for landscape and sectoral sustainability, while the Science-Based Targets Initiative shows scope 3 emissions from commodity supply chains as tightly linked with systemic drivers of land use change.

Yet while interest in tackling forest conversion “at scale” has grown, companies still seek “proof of concept” models to follow, replicate or adapt. Without proven and practical examples, few companies are willing to engage or invest in landscape-scale initiatives. **This Guidance seeks to fill this gap by explaining, through a business lens, what companies have done and can do in practice to advance sustainable landscape and jurisdictional initiatives (L/JI)<sup>1</sup> in commodity-producing geographies.**

## THREE IMPORTANT CAVEATS

**L/JIs are neither monolithic nor uniform.** The engagement required from the private sector follows from each initiative's theory of change, and varies by the contours of distinct goals (e.g. eliminate deforestation; certify a produced commodity as 100% sustainable) and strategies (e.g. jurisdiction-wide traceability; payment for performing farmers). In addition, not every participating company needs to undertake the same form of engagement but should choose actions that fit with its corporate strategy. Accordingly, this Guidance does not prescribe specific interventions to any company; rather, it describes a range of interventions that users can filter according to their unique context and priorities.

**L/JIs are both-and, not either/or.** The following interventions do not and cannot replace the critical work companies must do to rapidly eliminate deforestation and conversion of other natural ecosystems from their supply chains. L/JIs are not an alternative, but rather a complementary strategy to simultaneously address systemic factors that drive conversion in production landscapes. Advancing L/JIs helps strengthen land governance and enable the conditions for deforestation/conversion-free production over the long term.

**Traditional interventions become more potent when embedded within L/JIs.** Companies have for years undertaken some interventions described below at a site or project level – like those that directly touch the land (e.g. supporting restoration) or directly engage producers (e.g. supporting farmer training) – as part of their sustainability or supply chain improvement efforts, though rarely as part of a landscape or jurisdictional framework. When aligned with the ambitions of a scaled, multi-stakeholder initiative, these same interventions can leverage partners' efforts and help to deliver significantly greater impacts.

<sup>1</sup> Landscape initiatives and jurisdictional initiatives have at least nuanced differences that are addressed in the Mini Reference Library in this Guidance. However, the fundamentals of these initiatives and the ways in which companies can align with them are similar enough that we lump them together in this Guidance as landscape and jurisdictional initiatives (L/JI)

# MINI REFERENCE LIBRARY

## 1. Difference between landscape approaches and jurisdictional approaches

**Landscape approaches** involve collaboration of stakeholders within a defined natural or social geography, such as a watershed, biome or company sourcing area.

These approaches seek to reconcile competing social, economic and environmental goals through “integrated landscape management” – a multi-stakeholder approach that builds consensus across different sectors with or without government entities.

**Jurisdictional approaches** are a type of landscape approach operating within sub-national or national administrative boundaries with active government involvement. Some engage multiple jurisdictions within a biome or physiographic region. Each approach seeks to achieve sustainability at scale through an inclusive process engaging diverse stakeholders, and this Guidance describes interventions relevant to both.

## 2. Business case for companies to engage in L/JIs

Responsible companies that aim to eliminate commodity-driven deforestation will find L/JIs an important strategic approach that complements their own efforts to clean up individual supply chains. The specific business case for undertaking the interventions described in this Guidance accompanies each intervention.

To elaborate the overall business case for engagement in L/JIs, consider these resources:

- ♦ Value beyond value chains (see especially p.16)
- ♦ 5 reasons companies are collaborating to end deforestation
- ♦ Implementing responsible sourcing: Using landscape/ jurisdictional initiatives
- ♦ Engaging with landscape initiatives: A practical guide for companies

## 3. Credibility surrounding corporate claims on L/JIs

Important **new thinking** helps clarify what businesses may credibly claim about their interventions to address land use change and climate objectives at landscape/jurisdictional scales.

## 4. How companies can decide where to engage L/JIs

Where to engage will largely depend on a company's geographic footprint, risk exposures, sustainability goals and other factors. The following are resources exploring factors to consider and places to prioritize:

- ♦ Engaging with landscape initiatives: A practical guide for companies
- ♦ A “commodity-first” approach to identifying landscapes for private sector engagement
- ♦ Scaling regional forest conservation through place-based approaches
- ♦ The state of jurisdictional sustainability: Synthesis for practitioners and policymakers

## 5. L/JI case descriptions and lessons learned

This Guidance offers brief real-world examples that illustrate how companies have intervened, while the following resources provide lengthier L/JI descriptions and lessons learned from their implementation.

- ♦ Tackling deforestation through a jurisdictional approach: Lessons from the field
- ♦ Early lessons from jurisdictional REDD+ programs and low emissions development programs
- ♦ Jurisdictional approaches to reducing palm oil driven deforestation in Indonesia
- ♦ Exploring the reality of the jurisdictional approach as a tool to achieve sustainability commitments in palm oil and soy supply chains
- ♦ Role of jurisdictional tropical forest programs
- ♦ Agri-business partnerships for sustainable landscapes case studies



Photo: Getty Images



# HOW TO NAVIGATE THIS GUIDANCE

The online interactive version of this guide and other key resources are available at [www.JAresourcehub.org](http://www.JAresourcehub.org)

This Guidance provides 20 interventions that companies may undertake to engage in L/JIs. Each intervention has the following sections:

- ◆ Name of the intervention
- ◆ Real-world example(s) of companies that are undertaking the intervention
- ◆ Key points for companies regarding implementation
- ◆ External conditions that increase the likelihood of the intervention succeeding
- ◆ Relative cost to a company, using a scale of \$ - \$\$\$\$
- ◆ Duration of engagement (short, medium, long)
- ◆ Business case for a company to undertake the intervention

As companies and geographic contexts vary, so do the types of interventions that companies might undertake. Companies should: a) work with local stakeholders in the landscapes/jurisdictions they wish to engage to determine which interventions are needed and b) consider which interventions fit their own corporate strategy. The following graphic lists the interventions described in this Guidance; users should scan this list and flip to the interventions they wish to learn more about.

<p><b>A.</b> <b>PARTICIPATE IN LANDSCAPE/ JURISDICTIONAL PLANNING AND MULTI-STAKEHOLDER ALIGNMENT</b></p> <p>Co-design goals, key performance indicators and strategies</p> <hr/> <p>Support land use planning</p> <hr/> <p>Pre-competitively align your sector</p> <hr/> <p>Share spatial data and management plans</p>	<p><b>B.</b> <b>BUILD COMMUNITY AND MULTI-STAKEHOLDER CAPACITIES</b></p> <p>Build community capacity to engage</p> <hr/> <p>Financially support multi-stakeholder institutions</p>	<p><b>C.</b> <b>ENHANCE GOVERNMENT COMMITMENT AND CAPACITY</b></p> <p>Support development of government policies</p> <hr/> <p>Build momentum through storytelling</p> <hr/> <p>Advocate with consumer countries to support L/JIs</p>
<p><b>D.</b> <b>LINK SUPPLY CHAIN ACTIONS TO L/JIS THROUGH PRIVATE SECTOR COLLABORATION</b></p> <p>Share responsibility for L/JI progress</p> <hr/> <p>Collaborate on joint traceability</p> <hr/> <p>Align supplier requirements with L/JI goals</p> <hr/> <p>Preferentially source from progressing L/JIs</p> <hr/> <p>Incentivize suppliers to engage in L/JIs</p>	<p><b>E.</b> <b>SUPPORT AND INCENTIVIZE SUSTAINABLE PRODUCTION AND COMMUNITY LAND USE PRACTICES</b></p> <p>Support farmers to improve land management</p> <hr/> <p>Enhance sustainability-pegged financial flows</p> <hr/> <p>Support landscape restoration</p> <hr/> <p>Support additional/alternative livelihoods</p> <hr/> <p>Support legalization of production</p>	<p><b>F.</b> <b>SUPPORT INNOVATIVE FINANCIAL MECHANISMS</b></p> <p>Help develop carbon offset programs</p> <hr/>

# CO-DESIGN LANDSCAPE/JURISDICTIONAL GOALS, KEY PERFORMANCE INDICATORS AND IMPLEMENTATION STRATEGIES

## IN THE REAL WORLD

### 1. “Hotspot Intervention Areas” reduce emissions

The **Ghana Cocoa Forest REDD+ Program (GCFRP)** aims to reduce emissions driven by agriculture expansion, secure Ghana’s forests, and improve incomes and livelihood opportunities for farmers and forest users. The nation’s Forestry Commission has established a results-based planning and implementation framework through which the government, businesses, civil society, traditional authorities and local communities can collaborate. The **GCFRP has identified nine priority Hotspot Intervention Areas (HIA)** in which local public and private stakeholders jointly design and implement scaled interventions.

- a. In the Asunafo-Asutifi HIA, for example, **Eight cocoa companies have been working** with facilitation from Proforest and the World Cocoa Foundation **on landscape-level assessments to support development of a management and investment plan.**
- b. Across other HIAs in Ghana’s larger Juabeso-Bia landscape, an initiative known as the **Partnership for Productivity, Protection, and Resilience in Cocoa Landscapes (3PRCL)** seeks to remediate deforestation caused by cocoa farming and other activities. Working with key stakeholders (cocoa producers, traders, processors, chocolatiers, logging companies, civil society, and government), the agro-industrial company, **Touton, co-led a multi-year process to develop 3PRCL creating a joint governance structure, goals, and strategies** that would improve cocoa farmer yields and reduce deforestation. Through this process stakeholders in each HIA created local natural resource management bodies, each empowered to register more than 5,000 farms illegally located in forest reserves, then help traditional and governmental authorities remediate the farms’ impacts over a 25-year period. The initiative has closely aligned its goals and strategies with the GCFRP and will test the standard and certification system for “climate-smart cocoa” emerging under Ghana’s Cocoa Board.

### 2. Pursuing total statewide certification

In the state of Sabah, Malaysia, the **Jurisdictional Certification Steering Committee (JCSC)** oversees development and implementation of a work plan for achieving the goal of 100% statewide certification to the **Roundtable on Sustainable Palm Oil (RSPO)** standard. The JCSC is a multi-stakeholder group whose representatives — from government (5 departments), private sector (5 companies), and civil society (5 NGOs) — **collaborated to develop a five-year action plan to achieve Sabah’s certification.** HSBC, Sime Darby, Wilmar, and two local companies participated in this process.

### 3. Crafting local sustainability metrics

Leaders of districts with membership in the Sustainable Districts Association (LTKL) have agreed to a set of credible targets and a reporting system aimed at boosting competitiveness and attracting new investment based on each district’s demonstrated sustainability. The districts worked with 31 companies through LTKL’s Partners Network to formulate the **Kerangka Daya Saing Daerah (KDSD)/Regional Competitiveness Framework**. KDSD integrates national policies and market-based frameworks (Sustainable Development Goals, Principles & Criteria of the RSPO, Terpercaya, Sustainable Landscapes Rating Tool, and Verified Sourcing Areas) for sustainable commodities production, ensuring coherence with subnational policy. **Agribusinesses in each district are helping collect relevant data and translate the KDSD framework into locally specific targets, sustainable production plans and means of verification.**

For instance, **district-level translation of the framework in Siak**, in Riau Province, is being done by a group of companies that includes Cargill, Danone, Golden Agri-Resources, Musim Mas, Neste, PepsiCo, Unilever, Riau Andalan Pulp and Paper, Asian Pulp and Paper, and Chevron, with facilitation by Proforest and Daemeter.



#### 4. Co-writing a road map to reach the "Green District"

In 2016, Indonesia's Siak District in Riau Province **set out with ambitions to become a "Green District."** A coalition of eight companies (Cargill, Danone, Musim Mas, Nestlé, PepsiCo, Golden Agri-Resources, Unilever and L'Oréal) convened with facilitation from Daemeter and Proforest to help implement the district's ambitious sustainability policies. These companies worked closely with the Siak government, the NGO coalition Sedagho Siak, and the community collective Kito Siak **to develop a road map that would support the transformation toward sustainable palm oil across the district.**



### DURATION

Medium

(1-3 years)



### COST

(\$-\$\$\$)

Staff time/flights to participate in meetings/provide comments to written materials

(\$)

Support for meeting costs or to fund participation by local stakeholders

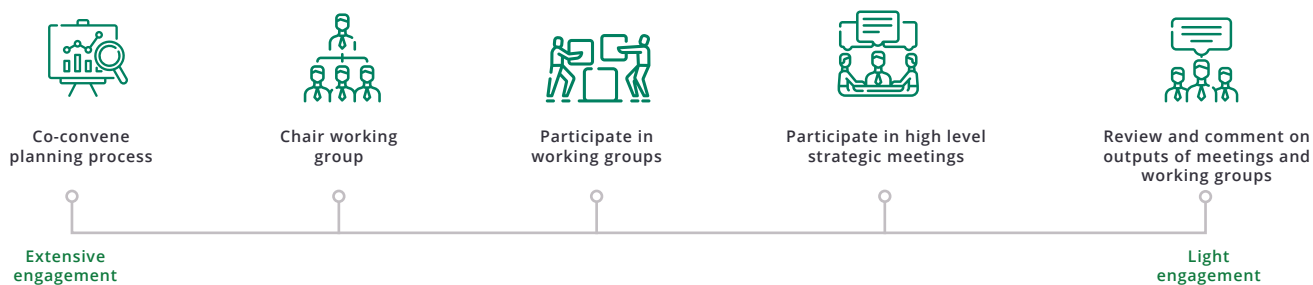
(\$\$-\$\$\$)

Consultants to assist with initiative design and facilitation

## KEY POINTS FOR COMPANIES

To shape an L/JI, a government agency or NGO typically convenes a multi-stakeholder group to develop goals, key performance indicators, and an implementation strategy (companies should see [Annex 1](#) for further details of this process). The company's role is to bring its perspective to discussions and help find solutions that boost productivity while minimizing negative environmental impacts and ensure respect for human rights. As illustrated here, a company's level of engagement may vary based on its specific goals and level of investment (and/or risks) in each geography.

### CORPORATE ENGAGEMENT LEVELS



Clarify multi-stakeholder process goals and roles: who will participate, what they will contribute, and how the process it envisions will unfold.

Carefully consider whether all key stakeholders are represented (both those who can influence and achieve goals, and those most affected by their success or failure). If any appear to be “missing”, figure out how to recruit them, either from the start or at a later date if more appropriate.



During a multi-stakeholder process, communicate and negotiate in a constructive manner through an approach based on shared interests.

Identify information and resources to bring to the table and seek complementary inputs from other participants. For example, companies can help document and visualize data, yet ensure that subsequent planning and decision-making processes (using those data as a guide) are both inclusive and highly participatory.





## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Stakeholder interests are sufficiently complementary and/or aligned to develop shared goals and plans for the L/JI
- ◆ Local government is committed to progress toward sustainable practices
- ◆ A multi-stakeholder body represents the key actors in the landscape/jurisdiction
- ◆ The multi-stakeholder group has enough upfront funding to convene and start discussions
- ◆ There's an adequate baseline for legal enforcement and relative lack of corruption
- ◆ Skilled facilitation (often by a neutral third party) is available to help build trust and find common ground



Set joint targets with suppliers that are aligned with jurisdictional targets and clearly articulate the business case for corporate engagement. Companies should feel confident that they can implement any and all actions to which they commit, or identify capacity gaps that they will need to meet and state how they will meet them within the time frames established for action. They should seek this same level of clarity about commitments and capacity gaps from other participants.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By aligning jurisdictional goals and key performance indicators with its own sustainability objectives, a company can leverage multi-stakeholder efforts to deliver outcomes it needs to deliver anyway (e.g. mapping of no-go areas, reduced illegality, verified conversion-free supply).
- ◆ Dialogue with relevant public agencies as part of the co-design process presents an opportunity to advocate and/or develop solutions to deforestation that minimize the regulatory burden and associated costs.
- ◆ Getting involved in the design process can provide a more transparent, affordable and secure way for companies to voice opinions and indirectly shape local policy than by more directly advocating with government officials.
- ◆ Direct engagement with relevant agencies, civil society organizations and communities can build relationships that prove valuable in other ways (e.g. being consulted on relevant decisions, familiarity with suppliers and their challenges/priorities).

# SUPPORT DEVELOPMENT OF A ROBUST LANDSCAPE/JURISDICTIONAL LAND USE PLAN

## IN THE REAL WORLD

### 1. Mapping priority conservation areas in Côte d'Ivoire

The French chocolate manufacturer Cémoi **co-funded and coordinated implementation of a land use planning program** in the regions of Mé, Agnéby-Tiassa and Indénié-Djuablin. The company partnered with Côte d'Ivoire's Coffee-Cacao Council (a government agency responsible for regulating and developing the coffee and cocoa sectors), other funders and technical service providers to develop a land use reference map by identifying High Carbon Stock and High Conservation Value areas and to identify and validate key areas to conserve through a process that obtains communities' free, prior and informed consent. With this mapping, partners were able to implement a range of protection, restoration and sustainable cocoa cultivation activities aligned with a spatially explicit land use plan.

### 2. Conservation planning from below

In the Kapuas Hulu district of West Kalimantan, Indonesia, Golden Agri-Resources (GAR) manages three plantations covering 20,000 ha, which overlap 14 village boundaries. GAR had made a commitment to implement the High Carbon Stock Approach (HCSA) methodology for halting deforestation. That meant reserving certain portions of its plantations for conservation. The company had to ensure that local communities would not deforest lands it would set aside and leave intact, but early efforts did not adequately engage local communities, who viewed the set-asides as land grabs. Following an **independent review** of the social impacts of the company's forest conservation policy, **GAR piloted a Participative Conservation Planning tool** with The Forest Trust, village leaders, government agencies and local NGOs. The tool combined conservation mapping with participatory village mapping, and identified which area to protect, to manage for local livelihoods, and to develop for industrial agriculture. GAR then shared these maps with local governments to inform village-level spatial plans that clarified and secured broad public support for clear land use determinations. To scale mapping and spatial planning, GIZ, the High Conservation Value Resource Network and the district government are conducting a High Conservation Value and High Carbon Stock assessment throughout the entire district.

### 3. Villages help decree wildlife migration corridors

Bumitama Agri is a large Indonesian palm oil producer that suffered a period of tensions with local communities in its concession area. In response, the company worked with IDH and Aidenvironment to **adopt village-level land use planning, empowering local stakeholders to influence decision making** and reduce future risk of conflict. This participatory approach with community members sets out to map current land use for production, protection and infrastructure/housing, as well as to propose improved land use zoning. All this is then brought to the local government for formal approval, through a village spatial plan decree.

Since 2016, the project has established participatory land use maps for eight villages. The different village-level plans are aggregated into defined zones that protect wildlife migration corridors in West Kalimantan that connect the Gunung Tarak protected forest with the Sungai Putri peat swamp forest. Beyond social and ecological benefits, Bumitama saw a **clear business case** for undertaking this work.



**DURATION**  
Medium  
(1-3 years)



**COST**

(\$)

Participant

(\$\$)

Convener/Coordinator, requiring  
significant investments of staff time  
and travel

(\$\$\$)

Funder of third-party implementers

(\$\$\$\$)

Implementer of one or more steps  
articulated through the land use  
planning process

## KEY POINTS FOR COMPANIES

Government entities have lead authority over land use planning, yet companies play an important role (see [Annex 2](#) for full details on how). They may catalyse the public process if plans are absent or need updating, and they may participate in a process that the government has already initiated. Specifically, companies can:



Support development of a land use reference map that is produced in an inclusive, participatory fashion. A company may take on this work directly or support it by funding consultants or NGOs to lead the technical effort, while also providing data and staff time to help review documents.

- ◆ A reference map helps planners grasp how different actors are using a jurisdiction's land. Stakeholders can identify overlaps with priority conservation areas, anticipate and defuse potential conflicts, and find alignments among productive uses and users.

Facilitate participation by relevant stakeholders in the planning process where these stakeholders are receptive and where the company possesses sufficient influence and trust to invite their participation. A neutral, third-party facilitator is often best positioned to convene diverse local stakeholders, including those who may not trust companies or other actors, and can mitigate the power imbalance between various interests.



Contribute staff knowledge, data and ecological training to help determine priority areas for conservation in the landscape/jurisdiction.

- ◆ The technical process of prioritization – often led by a government entity or a third party – applies tools that delineate which areas require protection, restoration or specialized management to achieve conservation outcomes (including High Carbon Stock, High Conservation Value and Key Biodiversity Area methodologies). It also assesses overlapping land ownership, usage rights and other social factors.
- ◆ GAR's experience shows how companies (or governments, for that matter) cannot undertake land use planning without consulting affected populations, even where the intent (e.g. preventing deforestation) is virtuous.





## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Stakeholders in the L/JI are willing to engage in the land use planning process based on shared interests in improving conservation while meeting economic needs.
- ◆ Government actors with land use authority demonstrate both commitment and capacity to use the resulting plan as the basis for regulation and enforcement.
- ◆ Land use experts are available who can identify and map priority conservation areas, and then integrate economic, environmental and community perspectives into the plan.
- ◆ Local communities and smallholders have enough time and organizational capacity to participate through trusted leaders and chosen representatives.
- ◆ Land tenure had been clearly defined, and there is either an absence of, or a pathway for addressing, any conflicting land use rights.
- ◆ There is participation, or at least buy-in, by a critical mass of companies whose operations have significant impacts on land, ensuring accurate information and adequate support for the land use priorities and plan that emerges.



Negotiate the land use plan in good faith, aligning corporate sustainability ambitions with job creation and social equity (empower the voices of local communities, smallholders, and women in the negotiation), while minimizing production-protection trade-offs.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By working with relevant stakeholders to generate a land use plan, a company reduces risk of conflict over misaligned objectives, avoids potential duplication of activities and investments, and clarifies the government's expectations of what companies can do to ensure their actions comply with the law.
- ◆ By aligning with the government and local stakeholders on permitted land uses, a company reduces risk that (in)action by others will undermine its own sustainability goals and targets.
- ◆ By embedding methodologies like the High Carbon Stock Approach or High Conservation Value assessments into landscape/jurisdiction-level land use plans, a company:
  - » Avoids the need to undertake conservation planning whenever it wishes to expand production or sourcing within the landscape/jurisdiction.
  - » Helps address deforestation on community-controlled forests both inside and outside the boundaries of its own managed farms or those from which it sources.

# PRE-COMPETITIVELY ALIGN COMPANIES IN YOUR SECTOR OPERATING IN THE SAME GEOGRAPHY TO EFFECTIVELY PARTICIPATE IN A LANDSCAPE/JURISDICTIONAL INITIATIVE

## IN THE REAL WORLD

### 1. Deforestation-free tequila production

The Regulatory Council of Tequila (CRT) is a Mexican industry association that promotes tequila's quality, prestige and sustainability. CRT developed a [Sustainability Strategy for the Agave-Tequila Supply Chain](#), which aimed to reduce the industry's carbon footprint, reliance on fossil fuels, and water use. To help implement this strategy, **CRT and the Jalisco State Government (at COP25 in Madrid) agreed on specific measures to reduce the negative environmental impacts of agave cultivation and tequila production.** Foremost, CRT would design and implement an [agave-tequila Zero Deforestation Protocol and Certificate](#) that integrates environmental criteria required by the state's secretary of Environment and Territorial Development (SEMADET) related to planning, zoning, and verification of new agave plantations as being deforestation-free. The Secretary is now drafting a reference map for monitoring compliance by agave producers with the deforestation-free protocol, which CRT will use to authorize future agave expansion only in unforested areas. Meanwhile, SEMADET will develop and adopt monitoring systems that report performance against deforestation in plantations.

### 2. Investing in clean Cameroonian cocoa

In two Cameroonian landscapes – Grand Mbam and Djourn-Mintom – and with facilitation from IDH and WWF, **a group of cocoa sector companies is working to identify investible projects that will contribute to achieving landscape-level targets** around sustainable production, forest protection and community livelihoods. The companies include global businesses that source from Cameroon (e.g. Olam, Cargill, Barry Callebaut, Puratos), chocolate makers and brands (e.g. Mars, Natra) and local cocoa buying companies (e.g. Neoindustry, Ndongo Essomba). Detailed plans and investment opportunities were being discussed and developed at the time of writing.

### 3. Clean fuel for Cambodia's textile industry

The public rarely traces deforestation to clothing. But H&M Group was concerned about unsustainable wood fuel used as a main source of thermal energy for garment factories. To address the issue, it launched a collaborative program in 2019 known as the [Supply Chain And Landscape Approach in the Eastern Plains Landscape of Cambodia \(SCALE\)](#). Following a multi-stakeholder workshop, other **textile brands** including Puma, Marks & Spencer and Li-fung joined the initiative and **collaborated on a call to action to accelerate the use of alternative and sustainable energy across the landscape.**

### 4. Joining forces to improve palm oil production

In two districts of Riau province, Indonesia, a group of palm oil producers and downstream buyers (Cargill, Danone, Golden Agri-Resources, Musim Mas, Nestlé, PepsiCo and Unilever) have combined their resources to collaborate under the [Siak Pelalawan Landscape Programme \(SPLP\)](#). **The companies signed an agreement that covers information sharing, funding allocation, monitoring, reporting, communication and multi-stakeholder engagement.** Within each district, SPLP is linking with multi-stakeholder processes (Green Siak in Siak and Forum for Sustainable Palm Oil in Pelalawan) to ensure alignment with local priorities. Program implementation began in 2020 and will run through 2024. Workstreams include: conservation and restoration of 5,000 hectares; village-level support on sustainable production-protection models; development and implementation of district-wide traceability to plantations; transitioning mills to NDPE compliance; and support for multi-stakeholder platform development in both districts.



## DURATION

### Medium-Long

(2 years to develop and agree on sustainability protocols; 5 years to fully implement these protocols across the sector)



## COST

(\$)

Staff time/flights to participate in technical committee meetings

(\$)

Organization cost to set up and participate in in-person meetings (e.g. travel, venue booking)

(\$\$)

Funding to convene the sector if it is not already convened

(\$\$)

Pre-feasibility studies to identify technical solutions, potentially sub-contracted to external parties

(\$\$)

Work to develop internal systems that follow agreed sustainability protocols

## 5. The danger of misalignment with government

In 2014, six of the largest palm oil producing companies in Indonesia (Asian Agri, Astra Agro Lestari, Cargill, Golden Agri-Resources, Musim Mas and Wilmar) signed the Indonesian Palm Oil Pledge (IPOP), committing themselves to zero-deforestation. The pledge was not new; each company had already published its own No Deforestation, No Peat, No Exploitation (NDPE) commitment prior to signing. But it raised concerns by Indonesia's government that IPOP might become a cartel, and a threat to smallholder development. Independent [analysis](#) suggested that the IPOP signatories organized in a way that the government perceived as a challenge to its sovereignty over producers, rule-making and economic organization. In 2016, in response to official pushback, IPOP dissolved itself. The controversy and lack of high-level buy-in highlight the limits of corporate action and the critical importance of engaging government at various levels to achieve sustainable commodity production at scale. The IPOP experience served as a primary impetus for the development of jurisdictional initiatives in Indonesia.

## KEY POINTS FOR COMPANIES

Effective L/JIs require strong government participation, but the timing of government participation may vary. In some cases, it may be more practical for the private sector first to align interests and coordinate action within a landscape/jurisdiction, then later jointly approach the relevant government entities with a proposal for addressing environmental and social challenges across the region. In short, timing matters. When government is paralyzed or distracted by upcoming elections, or internal conflict between national and regional authorities interferes with regional collaboration, companies may make more early progress aligning priorities among themselves. What's more, governments may be more willing to approve, support and join coordinated efforts to address deforestation after they see strong, unified support from the private sector. In other instances, it may be more practical for companies to reverse that sequence. For example, where officials have convened a multi-stakeholder group to tackle landscape-level challenges, the private sector may collaborate to help shape and deliver on action plans that are already being negotiated.

Make a strategic choice between a single-sector or a cross-sector L/JI. The former may be easier to start; the latter easier to expand. Either can work if the conveners have a strategy for addressing the respective challenges and risks. When a single commodity is the dominant driver, but is shaped by other factors (e.g. logging, artisanal mining, subsistence farming), it makes sense to narrow focus on the commodity. Even then, engage actors from other sectors early and often, to strengthen their commitment as the L/JI develops.



If an association or discussion platform does not already exist within the landscape/jurisdiction, a company needs first to convene its sector. A (typically large) company might choose to take on the lead role as primary convener, or work in partnership with influential peers, or several could turn for help to outside facilitation.

- ◆ While finding ways to collaborate, always observe local anti-trust laws. Find creative ways for businesses to collaboratively set sustainability targets, co-develop policies and protocols, and agree on tools to meet shared targets – without affecting the ability of individual companies to compete on price or quality.

Align the sector on an ambitious sustainability vision and agree on rules of engagement that articulate shared expectations from the joint effort. Regardless of who initiates the convening, outside facilitation can foster this alignment.

If, as in the IPOPOP case mentioned previously, there are concerns that the government might take issue with ambitions to exceed legally mandated levels of sustainability, the sector should engage the government at an early stage to seek out common ground.

To translate the vision into targets and actions, companies must first address differences in supply chain arrangements among brands and aggregators. One may operate through directly controlled plantations, another may rely on contracting with growers, still others may buy from local processors without farmer contracts.

To accommodate these differences, align on the actors to target in the landscape/jurisdiction, and on how individual companies can change incentives for those actors.

With the sector aligned, companies should work with the relevant government authority (and/or credible NGOs) to develop sectoral protocols for sustainable production and trade. Doing so will define how companies spread out costs and responsibilities to create a “level playing field.” Though companies may face different costs to meet sustainability targets, early and open public-private collaboration will reduce the risk of certain companies trying to seek unfair advantages.

- ◆ In some geographies, multiple government entities might have overlapping authority over what a sector requires to implement its sustainability vision. If this is the case, companies must clarify what authorities each government entity holds, and ensure they are all on board with the agreed protocols. Where one government entity has lead authority, make sure it is positioned to champion the agreed protocol.

Where possible, devise a sector-managed system that provides the first level of oversight, which ensures that agreed protocols are followed internally.

If not, companies should find a way to ensure all peers in the sector are at least sharing relevant data, and thus verifying that production and trade follow the protocols.



## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ A champion company within the sector, with strong and long-term ambition, leads the way.
- ◆ The sector is willing to collaborate on sustainability and drive toward a common agenda. Pre-existing industry collaboration at the global level is a plus (e.g. UNFCCC Fashion Charter, Cocoa and Forests Initiative).
- ◆ There is strong potential to develop trust between the sector and the relevant government entity.
- ◆ Key government entities are prepared to work through potential antitrust concerns, and willing to partner with the sector as a whole.
- ◆ The sector's sustainability goals/strategy are compatible with those of the government.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Companies that try to implement their own ambitious sustainability protocols may be undercut by competitors who do not. By collaborating in the jurisdiction on a shared vision and framework, then engaging the government as a sector partner, all actors compete fairly, playing by the same rules on a level field.
- ◆ By approaching the government with a clear sectoral vision and strategy for achieving sustainability goals today, companies can preempt more costly and burdensome regulations imposed on their sector tomorrow.
- ◆ By collaborating closely with government agencies, companies can leverage government resources for implementing corporate sustainability efforts.
- ◆ By certifying production across an entire sector within a jurisdiction, companies build on economies of scale. This can obviate the need for separate mechanisms to monitor compliance at site level, helping suppliers reduce audit costs and audit fatigue.
- ◆ Designation of origin can be a valuable differentiator for consumers of certain commodities (e.g. tequila, coffee). By achieving sustainability goals across the entire sector within a jurisdiction, companies can associate their branded products from that jurisdiction as a way to distinguish them from less sustainable products originating elsewhere.

# SHARE SPATIAL DATA AND LAND MANAGEMENT PLANS WITH OTHER STAKEHOLDERS INVOLVED WITH LANDSCAPE/JURISDICTIONAL LAND USE PLANNING AND MONITORING

## IN THE REAL WORLD

### 1. Sharing spatial analysis to address encroachment

In West Africa, Touton works with the Rainforest Alliance to generate useful data about the farms from which it sources cocoa. Their collaboration **runs analyses on the polygons that represent cocoa farms using geo-spatial and remote sensing data. These analyses determine the risk of encroachment in national parks and monitors real-time deforestation** at the plot level. Developing this spatial data not only helps Touton address local deforestation in its own supply chain, but can also be shared with other relevant stakeholders to support land use planning and monitoring at larger scales.

### 2. A collaborative list for tracking palm oil origins

**A growing list of companies**, including traders like Wilmar and Musim Mas, and downstream buyers like Ferrero and Nestlé, **have made publicly available the list of mills from which they or their suppliers source palm oil.** In 2018, a group of non-profit organizations (World Resources Institute, Rainforest Alliance, Proforest and Daemeter) aggregated these data for the first time in the form of the **Universal Mill List (UML)**. The UML is a collection of palm oil mill locations around the world, which can be sorted by group, company, mill name, RSPO certification status, and unique “universal ID”. Companies aren’t the only ones contributing data to the UML. The RSPO, FoodReg, government entities and supply chain researchers regularly add new spatial data, update information, correct mistakes and weave in extensive records. Even smaller companies have provided tabular data on their websites regarding mill names, locations and parent companies.

**The objective of the UML** is to provide an accurate, comprehensive, common dataset representing the palm oil industry, created by the industry itself, which it can use to identify mills across various platforms and enhance reporting efforts.



### 3. Connecting the dots on sourcing beyond palm oil

A few companies, such as [Unilever](#), have followed up this early data transparency push by publishing lists of their global suppliers for other commodities like cocoa, soy, paper and board, and tea. Cargill [publishes a map](#) that shows the name and location of the cooperative offices and buying stations in Côte d'Ivoire and Ghana from which it directly sources cocoa.



## DURATION

### Short

(6-12 months to gather data;  
1 month to share it)



## COST

### (\$)

Staff time to gather the data  
and attend workshops

### (\$)

Staff time to share the data and  
address any resulting questions

### (\$)

Organization costs to setup and  
participate in data sharing workshops

### (\$\$)

Legal and Non-Disclosure Agreements  
surrounding the use and sharing  
of spatial data

## KEY POINTS FOR COMPANIES



Data might be held by farm/concession managers if the company is a commodity producer, by the procurement or sustainability teams if the company is an upstream commodity buyer, or by producers and traders in the company's supply chain that operate in the jurisdiction.

Identify which company data other stakeholders could use to improve landscape/jurisdiction-level sustainability. Local stakeholders often lack a complete picture of land-related ecological, ownership and use characteristics or dynamics, which impedes the ability to plan, execute and monitor progress. Companies that possess these data, or that have influence with those who do, can fill important gaps in information.

- ◆ The data need not be proprietary. Companies can bring even relevant public information to the attention of other stakeholders unaware of it. For example, Global Forest Watch provides data on tree cover loss and instances of fire, which can be analyzed within any jurisdiction to determine where there may be deforestation hotspots or risk. Such data help inform land use planning decisions as well as monitoring and enforcement activities.



Relevant data could include:

- ◆ Boundaries of farms, ranches, forest management units, or concessions – including those managed by the company and by independent smallholders.
- ◆ Location coordinates of mills or other processing facilities.
- ◆ Geological, water, or other biophysical data.
- ◆ Maps of community lands and areas with important environmental attributes (e.g. High Conservation Value areas or High Carbon Stock areas).
- ◆ Management plans for land overseen by the company or by its suppliers.
- ◆ Historical maps or other records of ground cover and land use that could help establish trends over time.
- ◆ Non-competitive information on crop production, soil productivity, and/or conservation needs that could help identify good production practices.





Data should be shared with the multi-stakeholder body representing key actors in the landscape/jurisdiction to guide discussions about setting targets, planning land use, and implementing decisions (see [Co-design jurisdictional goals, key performance indicators \(KPIs\), and implementation strategies](#) and [Support development of a robust landscape/jurisdictional land use plan](#)). A robust conservation or restoration plan will take into account data about the relationship between priority conservation areas, production areas and processing facilities. Likewise, access to these data will enable the government or other stakeholders to monitor implementation of landscape/jurisdictional action plans and progress toward achieving key performance indicators.

## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Robust data management policies and metadata standards.



Data sharing can pose challenges both for local actors and to the companies that share. To mitigate these risks in advance, companies should:

- ◆ Follow national guidelines, particularly when sharing farm boundaries, and apply proper social and environmental safeguards to minimize impacts on local communities.
- ◆ Draft agreements that define who can use the shared data, and how.
- ◆ Aggregate contributions so that only consolidated data are made publicly available, with identifying information stripped out.
- ◆ Limit sharing of the most sensitive or controversial data with only those government actors engaged in land use planning or enforcement (e.g. ministries of agriculture, forestry, environment, rural development), using non-disclosure agreements to ensure confidentiality of data that informs landscape/jurisdiction-level planning efforts.

Share data in formats that match those used to develop or monitor progress toward meeting landscape/jurisdictional outcomes (ideally digital; sometimes printed maps or written descriptions are handy).



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Sharing data is an inexpensive way to show leadership while building trust with other stakeholders, advancing a culture of transparency, and encouraging others to share their own data. Companies are also in a position to determine who will gain internal or external access to confidential data, and for what purpose.

# BUILD LOCAL COMMUNITY CAPACITY TO ENGAGE IN MULTI-STAKEHOLDER PROCESSES AND INCENTIVIZE THEIR ENGAGEMENT

## IN THE REAL WORLD

### 1. Motivating forest conservation through secure land tenure

Golden Agri-Resources (GAR), a large oil palm plantation operator, worked with stakeholders in Kapuas Hulu district in West Kalimantan, Indonesia to develop a land use plan that clearly delineates areas for conservation, livelihood activities, and development. The plan grew out of a critical **independent review** when the company's earlier conservation efforts, carried out with unsatisfactory community engagement, sparked resistance by locals who considered ecological set-asides to be land grabs. This time, **GAR tested a Participative Conservation Planning tool that incorporated community views into the plan** by combining conservation mapping with participatory village mapping. The plan was ultimately approved by local government. During its negotiations with the government to get this plan approved, GAR worked to ensure that participating local communities receive land tenure security and access to loans from a state infrastructure fund.

### 2. Governing cocoa production from below

To advance sustainable cocoa production landscapes in Ghana, Touton **formed a consortium** with Ghana's Forestry Commission, Tropenbos and the Nature Conservation Research Centre, leveraging these partners' experience mobilizing communities and strengthening community-based natural resource governance.

**The consortium worked with local communities and their leaders to build governance structures** on the **Community Resource Management Area (CREMA)** approach. CREMA strengthens existing community structures by developing landscape management plans, governance boards, and constitutions governing the landscapes. The overall effort connected communities with local government administrations to directly influence and tap into development plans for the entire jurisdiction.



## DURATION

### Short

(6-12 months per capacity building intervention)



## COST

(0)

Advocacy on behalf of community representatives at meetings

(\$)

Support for community representatives to participate in meetings

(\$)

Costs of capacity building for community representatives and constituencies

(\$\$)

Costs of community capacity baseline assessment

(\$\$)

Incentives/compensation for the communities

## KEY POINTS FOR COMPANIES

What companies do will depend on communities' existing capacities. First, assess these capacities, and gaps, to understand what prevents more active community engagement in multi-stakeholder processes. Then consider the following range of actions, seeking effective and representative participation especially of women given their role in ensuring that development efforts endure:



### **Clearly articulate the value of community participation.**

Local communities may be discouraged or fatigued by years of promises from governments or companies that failed to generate tangible benefits. Provide clear incentives, status and income opportunities to secure early and ongoing participation. Don't over-promise, and be explicit about who would benefit (all members indirectly, or only those directly engaged). Clarify as well what the benefits will be (tenure security, higher crop yields or prices, improved genetic material, value-added processing, access to finance) and what participants must do, or risk, to earn them.

### **Organize communities for effective representation.**

Communities may be represented by legitimate and effective leadership through traditional local government and/or through women, youth, farmers or small businesses constituencies. But they may also be marginalized. Rather than direct or engage deeply in an effort to enfranchise communities – with which companies may have competing or conflicting interests – companies can support their empowerment process by funding an independent third party to support community dialogue and organizing.



**Build capacity for effective representation, consultation, decision making and governance.** Community representatives may need help understanding the roles, rules, tools, and steps in the landscape/jurisdictional planning process. Likewise, community members may need support to know what's at stake and how to speak through and guide their representatives. A company could fund capacity building and/or provide seasoned staff to help enhance knowledge and skills.

- ◆ Capacity building is rarely a once-off. It is needed from the outset through planning and implementation, as new kinds of information, opportunities and activities arise. Some opportunities and choices will present trade-offs within or between groups and require community dialogue to inform a response.





**Help community representatives participate in the multi-stakeholder process.** A company can offer financial support, compensating the most vulnerable community members (e.g. women, tribal or ethnic minorities) for any time away from their job or family that they invest in the landscape/jurisdiction process. It can also pay for live or written translation, to overcome language barriers to participation.

- ◆ Once in attendance, previously marginalized community representatives may often also need encouragement to speak openly and often. Companies can help create space in meetings for active participation by reserving them special time to voice their opinions, then ensure that what they say is respected. To that end, one helpful guide can be found in Tools and best practices for ensuring public participation in Environmental Impact Assessments.<sup>2</sup>

<sup>2</sup> PACT has published a number of reports on public participation in EIAs, including one for the Mekong region as part of the Mekong Partnership for the Environment: [Packworld](#)

## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ A multi-stakeholder body represents the key actors in the landscape/jurisdiction.
- ◆ Community organizations exist, and represent the interests of marginalized groups.
- ◆ Communities see pre-identified and clearly communicated incentives to engage in the process.
- ◆ Facilitators trained on public participation best practices are available to ensure a transparent and robust system for informed consent of vulnerable communities.
- ◆ Communities and the company (or an intermediary NGO or CSO) enjoy an established and trusted relationship.
- ◆ Parties have a strong understanding of socio-economic profiles of community groups and their involvement in land use issues.

**Disseminate landscape/jurisdictional information to communities.** Provide regular information, in local languages, via trusted local media, about meetings with, topics in, and opportunities to engage with the multi-stakeholder body advancing an LJI.

When government policies change, companies can leverage these communication channels to raise awareness with communities about what is happening, and why it matters.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Active and effective community participation in landscape/jurisdictional planning and implementation often helps a company to achieve its stated sustainability/sourcing goals and targets.
- ◆ Catalysing community participation in a multi-stakeholder process increases the likelihood that the solutions it advances will receive community buy-in and support, lowering risks of future conflicts.
- ◆ Direct support for community representation and participation can improve a company's reputation and enhance its social license to operate.
- ◆ Direct engagement of communities in the multi-stakeholder process may accelerate solutions for land ownership, access to credit, and loans in countries where land tenure is not fully developed.

# FINANCIALLY SUPPORT COORDINATION OF THE MULTI-STAKEHOLDER INSTITUTION LEADING A LANDSCAPE/JURISDICTIONAL INITIATIVE AND IMPLEMENTATION OF AGREED ACTIONS

## IN THE REAL WORLD

1.

### Underwriting multi-stakeholder governance

A group of companies and foundations has provided funds that support the **Coalition for Sustainable Livelihoods (CSL)** initiative in Aceh and in North Sumatra, Indonesia. Funding has gone toward high-level coordination of the initiative, convening multi-stakeholder workshops that shape the direction of the initiative, and coordination of working groups that are building out the initiative's components. Funding, technical support and guidance have come from Barry Callebaut, Mars Wrigley Confectionary, Mondelēz International, PepsiCo, Unilever, Walmart Foundation, Conservation International, Earthworm Foundation, IDH, The Livelihoods Fund, UNDP and the Global Environment Facility. Corporate funding and technical support also underwrite some regency-level L/JIs convened within the provinces under the CSL umbrella. This helps **Aceh Tamiang** and **Southern Aceh** carry out landscape-level diagnoses of deforestation drivers, develop community alternative livelihoods, and build capacity for palm oil mills and plantations to implement NDPE commitments.

2.

### Funding implementation of a jurisdictional action plan

Several companies have committed financial support for Sabah, Malaysia's **Jurisdictional Certification Steering Committee (JCSC)** – the multi-stakeholder body charged with achieving the state's certification and forest conservation goals – **and/or activities it oversees**. HSBC funds enabled district-level HCV mapping and land use planning as a first step toward scaling these efforts state-wide. **Unilever funds** enable the JCSC's secretariat to more effectively carry out its work streams. Several other companies are funding a conservation assurance index – to be developed by local government and research institutions – that will monitor progress toward the state's goals each year by providing reliable and objective information about governance, environmental health, sustainable production and social development.



## DURATION

### Medium-Long

(2-5 years; 2 years is the shortest duration for a multi-stakeholder partnership to show concrete results)



## COST

### (\$100-200K range)

approximate annual budget of a multi-stakeholder platform

(\$)

Organization costs  
(e.g. travel, venue booking)

(\$\$)

Third party to facilitate  
multi-stakeholder discussions

(\$\$\$)

Institution costs (e.g. staff, action plan  
implementation, data collection)

### 3. Tea companies support landscape-scale conservation initiative

Unilever Tea and Finlays have committed annual funding to support an **IDH initiative** to conserve a highly threatened part of the Mau Forests Complex in western Kenya, by providing economic benefit to local communities. The **corporate funds**, augmented by the Kenya Tea Development Agency and the Safaricom Foundation, **help implement the initiative's action agenda** to plant more natives trees across a 250 hectare landscape, intensify livestock grazing, and carry out surveillance against illegal activities impacting the forest.

## KEY POINTS FOR COMPANIES



Determine whether to provide unrestricted funds which the initiative allocates as needed, or funds for specific activities. Unrestricted funds help buffer unforeseen costs that can often arise and shift immediate priorities.



Rather than go it alone, an individual business can better provide a portion of the funds, then seek complementary monetary or in-kind contributions from other companies, government agencies, large conservation NGOs, etc.

Joint funding avoids any perception of disproportionate influence by any one entity and ensures that other stakeholders have “skin in the game” for the success of the initiative.

- ◆ If one or more companies provide early funding for an L/JI and are joined by other companies later on, all parties should agree on how the newcomers can equitably support later-stage needs so that they feel properly invested in the initiative's success.

Engage with the government or other entity leading the L/JI to understand the specific funding needs. The kind and costs of these needs will depend on the initiative's maturity, from outreach or convening efforts in early stages, to building consensus or developing strategies and action plans around a shared vision during middle phases, to operating expenses, hiring secretariat staff, implementing plans, monitoring data, or tracking progress as the initiative matures.

- ◆ Request a budget to better determine which categories of activity in the initiative need how much money and what other sources of funding are currently or potentially available.



Hold initiative leads accountable to ensure funding is having the desired impact. Ask periodic progress reports (e.g. semi-annual) on how the money is spent, measured against the goals to which company finances are contributing. Review reports with an eye toward effectiveness and suggest to the initiative lead how they could improve.





## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ There is adequate financial planning, management and reporting capacity of the institution leading the landscape/ jurisdictional initiative.
- ◆ Time frames for funding are consistent with company priorities and expectations for progress and results.
- ◆ The planning phase can tap into funds from a diverse coalition of sources that includes companies, government agencies, conservation NGOs, and international donors.
- ◆ There is real potential to generate additional, substantial, and sustainable funding during the implementation phase from commodity market premiums, carbon finance, and other sources.



As the L/JI shifts from planning to implementation, the scale of funding required is likely to increase by orders of magnitude (10-100), depending on how ambitious and cross-sectoral the targets and activities are.

At this stage, company support still matters, but it should identify other and more sustainable sources of financing so the initiative can achieve its landscape/jurisdictional goals.

See also [Enhance sustainability-pegged financial flows](#), and [Help develop carbon offset programs](#).



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Ensuring a financially viable multi-stakeholder L/JI platform could multiply a company's initial investment by leveraging 10x-100x additional funding through commodity and carbon markets.
- ◆ Companies that fund the multi-stakeholder platform lead by example and can encourage others to contribute.
- ◆ By highlighting its L/JI commitment, a company can increase brand value and enhance its social license to operate.
- ◆ Financial support can improve relationships with other L/JI stakeholders and clarify synergies between government priorities and private interests.

# SUPPORT GOVERNMENTS IN DEVELOPING JURISDICTIONAL POLICIES, TOOLS AND INVESTMENT STRATEGIES

## IN THE REAL WORLD

### 1. Indonesia integrates local approaches and national plans

The National Planning Agency of Indonesia (Bappenas) expressed interest to use the jurisdictional approach concept to accelerate achieving sustainable food and agriculture goals in the national development plans. With support from the German Agency for International Cooperation, Bappenas engaged the Sustainable Districts Association (LTKL) to devise a means to align the jurisdictional initiatives it supports with the National Medium-Term Development Plan technical framework. LTKL and its partners had **companies join workshops to develop the concept to integrate the jurisdictional approach into this key policy document.**

### 2. Preparing a “master class” in sustainable investment

LTKL is also working with companies that source from its member districts across Indonesia to implement **Master Classes in Sustainable Investment**. These courses equip economic development officers with the skills and tools to develop viable portfolios that will attract potential investors. An impact investment firm, Kinara Indonesia, helps districts prepare and present enticing pitch decks, while commodity sourcing **companies review portfolios and consider co-investment in new business ventures linked to their supply chains.** The goal is to bring new investors and businesses into the districts to fund activities that directly support jurisdiction-level sustainable production and forest protection goals. Companies that have agreed to co-invest include Kyuden Mirai Energy, Potato Head Group (a leading national hospitality company), and the Sustainable Coffee Association of Indonesia.

### 3. Collaborating on commitments to deforestation-free cocoa

In West Africa, **more than 25 cocoa and chocolate companies collaborating through the World Cocoa Foundation pushed for national commitments that would address cocoa-driven deforestation.** Corporate advocacy led to **creation of the Cocoa and Forests Initiative in 2017**, when these companies signed Joint Frameworks for Action with the governments of **Côte d'Ivoire** and **Ghana** pledging to end deforestation and restore degraded forests. After two years, deforestation continues to be a challenge, but companies have taken important steps to implement the national pledges. They have increased traceability in their own supply chains, implemented protocols to eliminate deforestation from their cocoa sourcing, and supported efforts to expand forest cover through cocoa agroforestry.



4.

#### Shaping national forest policy in Côte d'Ivoire

In 2019, Côte d'Ivoire's new Forest Code **provided a framework for companies to promote cocoa agroforestry and restore forests** in legally classified forest areas based on the level of nature degradation. The Ministry of Water and Forests is developing a decree with guidance to operationalize the Forest Code. **Cacao sector companies have engaged with the ministry, providing inputs and insights to support the development process.**



#### DURATION

Short-Medium

(6 months – 2 years  
for a discrete policy)



#### COST

(\$-\$\$)

depending on the extent to which  
companies provide direct funding  
support for government activities  
as opposed to engaging in dialogue  
and advocacy

## KEY POINTS FOR COMPANIES



The timing and targeting of policy development will vary: some policies may need to change for an L/JI to get underway (i.e. authorization for a government agency to participate in an initiative).

Other needed changes may become clear only after there is some experience implementing an L/JI (i.e. clarification of community forestry regulations). Engaging policy makers should be an iterative process. That's why companies should offer themselves to policy makers as longer-term partners in the work of the initiative.

Engage with government counterparts through development and implementation of an L/JI to ensure that policy makers know and care about the initiative's progress, see the value of company participation, and are motivated to apply emerging lessons to develop ongoing policy.



Getting governments to implement policy or enforce regulations may require companies to engage with agencies at both national and sub-national levels. Companies can call officials' attention to issues with implementation and seek creative solutions with other stakeholders.

Promoting investment and supply chain linkage opportunities, as LTKL has done in Indonesia, can open new avenues and incentives for local, national and international business partners to invest in sustainable production and protection.

Companies with national and global reach can support investment plans, identify and recruit investors, and choose to co-invest in new ventures that add value for their supply chains.





## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Government has an interest in L/JIs to meet its policy and political goals.
- ◆ The background policy environment enables policy makers to leverage multi-stakeholder approaches for land use planning and economic development programs.
- ◆ There are mechanisms for involving government agencies in the L/JI, and for consulting them during the initiative as policy issues arise.
- ◆ Joint learning opportunities focus on how government policy and its implementation have been affecting the initiative.



To avoid the perception of influencing public officials to back private interests, companies should engage with government in open platforms alongside other L/JI stakeholders.

They should also clarify when they are speaking on behalf of the initiative and when they are lobbying for their own interests.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Companies help L/JIs succeed by ensuring that government policies and implementation mechanisms are well-aligned with the initiative's goals.
- ◆ By engaging effectively with government on policy issues confronting a landscape/jurisdiction, a company gains credibility and demonstrates its commitment both to national development and commercial objectives.
- ◆ Advocating for policy change jointly with NGOs and community representatives can boost company credibility and relationships with these stakeholders.
- ◆ By helping jurisdictional governments attract new investors and sustainable businesses, companies can reduce pressure on forests, add value in their own supply chains, and expand and diversify the business and investment partners supporting the initiative.

# BUILD MOMENTUM FOR LANDSCAPE/ JURISDICTIONAL INITIATIVES BY SHARING POSITIVE, CLEAR STORIES ABOUT ONGOING SUSTAINABILITY EFFORTS

## IN THE REAL WORLD

### Showcasing progress at a green district festival

In Indonesia, the Sustainable Districts Association (LTKL) holds a festival where member districts can showcase progress towards their sustainability visions. In 2019, Siak District hosted this event to build support for its Green Siak Declaration and the multi-stakeholder collaboration that brought it to life. **Several palm oil and pulp and paper companies helped develop and implement the Festival, sharing their own actions that are contributing to the Green Siak goals.**

For example, APRIL presented its Fire-Free Villages program and its restoration initiative, and how both efforts advance Green Siak's objectives. Golden Agri-Resources shared its efforts to advance Green Siak by working with public and union officials to expand smallholder certification. A [video at the festival](#) showed company representatives discussing their engagement in the district's LJI.



## **DURATION**

**Short**

1-3 months, including preparation  
for an online presence or public event



## **COST**

**(\$-\$\$)**

depending on the level of audio/visual  
production and/or paid media required

## KEY POINTS FOR COMPANIES



Companies should share how they are advancing an L/JI's objectives as well as what progress the initiative is making overall, communicating to both internal and external stakeholders.

- ◆ Within the landscape/jurisdiction, companies can help to explain the purpose of, local benefits from, and rationale for the L/JI. They can also share with potential participants the reasons why they are engaging, how committed the government is, what current participants are doing, and how other stakeholders can get involved.
- ◆ Outside the landscape/jurisdiction, companies can indicate where the L/JI is succeeding, and where it still needs support from donors or other businesses.



All storytelling efforts should be based on a clear, shared understanding of the target audiences, their languages, trusted media, understanding of forest and commodity sustainability issues, and what narratives and messages will most likely motivate them to support the L/JI and engage with it over time.

Foremost, companies should rapidly address negative impacts associated with their own operations and sourcing, and credibly report their progress. Although L/JIs need to generate excitement, momentum and support, companies risk the “greenwashing” label if they champion an L/JI while still driving deforestation.



If a company communicates specific actions taken to support an L/JI, these should be put in context by providing a sense of the relative scale and intensity of the contribution. ISEAL Alliance has developed [recommendations](#) for ensuring that such communications and claims are made clearly, precisely, and credibly:

- ◆ Describe the nature of the actions clearly, specifically, and truthfully.
- ◆ Quantify and contextualize the extent of the actions in relation to the entity's full operations, to allow proper interpretation of their scale and scope. For example, if a company claims that it supports 10,000 oil palm smallholders to become certified, it should also state the total number of oil palm smallholders in its full supply chain.
- ◆ Define and document the timeframe for implementing the actions, along with implementation progress.
- ◆ If an action is a partial contribution to a broader effort under an L/JI, specify the extent and nature of the specific contribution.

Messengers are as important as messages. Companies and their L/JI partners should identify who among their staff are most appropriate to contribute stories and examples. If several companies participate in the L/JI, find ways for each to gain public visibility. Company representatives can best present the L/JI jointly with suppliers, community members, NGOs and government officials so it is clear that the companies are full partners in the L/JI.

“ **DEVELOPING PUBLIC MESSAGES, STORIES AND EVENTS WILL ENCOURAGE L/JI STAKEHOLDERS TO DISCUSS THE OVERALL PURPOSE OF THE INITIATIVE** ”



Developing public messages, stories and events will encourage L/JI stakeholders to discuss the overall purpose of the initiative and what is/is not working. Companies can use discussions about public communications as a way to raise concerns with their partners and positively influence what other partners say and do.

## EXTERNAL CONDITIONS

THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ The L/JI is developed enough as concept or in implementation to be ready for public launch/outreach.
- ◆ The L/JI understands its target audiences and media channels for communicating its vision and work.
- ◆ To reach these target audiences, it has access to the most relevant broadcast media (radio, TV) and social media (platforms, blogs, podcasts).
- ◆ L/JI partners are willing to contribute spokespeople and recruit well-known government, business, NGO, entertainment figures to endorse the initiative.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By aligning jurisdictional goals and key performance indicators with its own sustainability messages, a company can leverage multi-stakeholder efforts to help amplify the story it needs to convey.
- ◆ Shared narratives can serve double-duty as a company's 'unbranded' communication and augment the credibility of the message itself for targeted audiences.
- ◆ Communicating the initiative to the residents and organizations operating in the landscape/jurisdiction can help to grow local support for it.
- ◆ Honest storytelling gains recognition for the company's contributions and strengthens its credibility and relationships in the jurisdiction.

# ADVOCATE WITH CONSUMER COUNTRY GOVERNMENTS TO SUPPORT LANDSCAPE/ JURISDICTIONAL APPROACHES IN COMMODITY PRODUCING REGIONS



## IN THE REAL WORLD

### A platform to accelerate and amplify collective action

The **Tropical Forest Alliance (TFA)** – a multi-stakeholder partnership platform hosted by the World Economic Forum – is dedicated to eliminating deforestation from the production of major commodities such as soy, palm oil, beef and paper/pulp. TFA's Forest Positive Collective Action Agenda calls for the governments of countries that drive significant demand for soft commodities to implement measures that lead to decreased deforestation and conversion. To inform the development of evolving EU policies on deforestation, TFA convened industry and civil society representatives between January and July 2020 to examine the priorities of the **European Commission's Communication on Stepping up EU Action to Protect and Restore the World's Forests**. The **companies provided their perspectives and experiences, and urged the EU** to "play a key role, through development assistance, in providing support and coordination for existing regional, national and sub-national partnership initiatives." Moving forward, companies can continue to advocate for progressive policies at the EU level, through existing trade and industry groups, and through processes convened by TFA and others.



### DURATION

#### Short-Medium

(6 months - 2 years depending on the depth of engagement and the number of steps/interactions needed to secure government support)

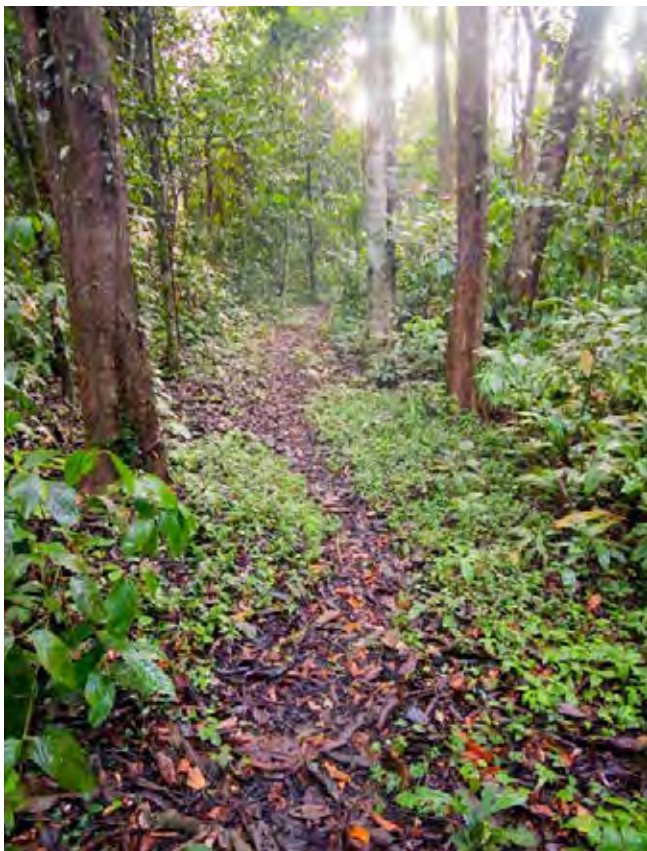


### COST

(\$-\$\$)

depending on the depth of the company's involvement in preparing for and engaging in dialogue with consumer country governments

## KEY POINTS FOR COMPANIES



“ **RESEARCH WHICH “ASKS” ARE MOST VIABLE TO DEMONSTRATE THE VALUE OF THE L/JI TO ADVANCING RELATED GOVERNMENT GOALS.**

”



Companies engaged in an L/JI should identify the main countries that consume the commodities produced in the jurisdiction, then determine:

a) what support governments of those countries can provide the L/JI; b) how best to approach those governments for this support; and c) which role (relative to other stakeholders) companies can play in engaging consumer governments.

- ◆ The “asks” for consumer country governments may include direct financial support for the L/JI through bilateral aid agencies; recognition and incentives for brands and retailers in the consumer country to source from the landscape/jurisdiction; and/or trade preferences for commodities sourced through the L/JI. Research which “asks” are most viable to demonstrate the value of the L/JI to advancing related government goals.
- ◆ Some consumer country governments (as well as the EU) already have well-established commitments to sustainable/deforestation-free commodities. These often have an office which provides a logical point of contact for the L/JI to engage. For governments without a clearly identified mandate or office, try to engage the bilateral aid agency, trade and/or environment ministries, food regulators, or other offices. Highlight how their mission aligns with the L/JI's focus on reducing deforestation, carbon emissions and biodiversity loss, and promoting sustainable commodity production and community development.
- ◆ How a company engages a consumer country government will depend on their existing relationship. Companies with headquarters, production facilities, and/or employment in the country may engage directly with its relevant government agencies, seeking to open doors for the L/JI. To avoid the perception that they are lobbying for commercial advantage, companies might partner with NGOs when engaging with governments.
- ◆ A company can enlist its supply chain partners (traders, brands, retailers) that are based in the consumer country to strengthen the case for supporting the L/JI.

“ **SOME CONSUMER COUNTRY GOVERNMENTS ALREADY HAVE WELL-ESTABLISHED COMMITMENTS TO SUSTAINABLE/ DEFORESTATION-FREE COMMODITIES.**

”



Companies involved in national or international platforms that support L/JIs (such as TFA) can indirectly work to support education and policy development with consumer governments. Participating in credible platforms and initiatives provides an effective way to engage with governments.

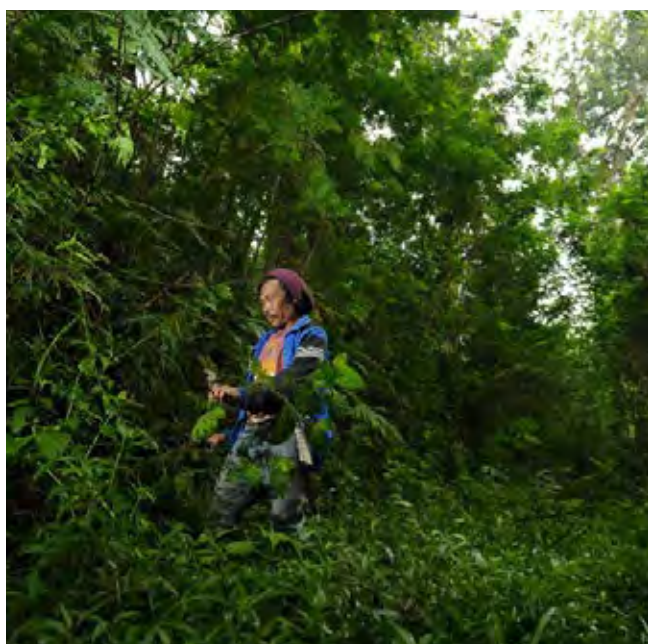
With full-time staff, the ability to use examples from several different L/JIs, and diverse stakeholders, such platforms can bring more influence with consumer governments than any one company or L/JI acting alone.

**“ BY WORKING WITH A NATIONAL OR GLOBAL PLATFORM TO ENGAGE CONSUMER COUNTRY GOVERNMENTS, COMPANIES CAN LEVERAGE ADDITIONAL RESOURCES AT RELATIVELY LOW COST TO THEMSELVES. ”**

## EXTERNAL CONDITIONS

THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Staff capacity (including from corporate government relations/public affairs offices or from leadership of the L/JI) to support company engagement with consumer country governments.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Companies that effectively engage consumer governments can advance the goals of the L/JI, secure additional resources (thus lowering internal costs), and expand additional government support for other L/JIs with which the company may work.
- ◆ Companies improve their reputations and credibility not only with consumer country governments, but also with producer country governments and NGOs involved in L/JIs.
- ◆ By working with a national or global platform to engage consumer country governments, companies can leverage additional resources at relatively low cost to themselves.

# SHARE RESPONSIBILITY FOR THE DEGREE OF SUSTAINABILITY PROGRESS MADE AT LANDSCAPE/JURISDICTIONAL LEVEL

## IN THE REAL WORLD

### 1. Forging linkages for landscape-level accountability

Companies often commit to sustainability goals that transcend what they can achieve alone, and report regularly on the steps they are taking to advance those goals. For example, the Global Reporting Initiative, within its [Biodiversity Standard](#), requires companies to report on “whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.” Numerous companies involved in L/JIs report on their contributions to those initiatives. Each effort fits like a piece in a puzzle, part of the whole.

However, there is not yet a clearly established practice of companies explicitly committing themselves to the joint achievement of L/JI outcomes and then reporting on the initiative’s overall results as a part of their corporate reporting.

### 2. Tracking progress in a larger context

In an L/JI in the Kakum area of Ghana’s Central Region, **Lindt’s Cocoa Foundation partnered with the Nature Conservation Research Center to develop a system for monitoring and evaluation (M&E)**. The M&E system will let all of the L/JI stakeholders track their progress toward meeting the initiative’s goals and enable companies to measure their contributions in a larger context. The M&E system is being designed to track socioeconomic and ecological sustainability, and how the Kakum initiative shapes local views about livelihoods and wellbeing, Climate-Smart Cocoa practices, and landscape governance and management. This effort pilots the [LandScale](#) system to track progress at landscape scales.



## **DURATION**

### **Short-Medium**

(3-6 months to expand sustainability reporting; 3 years to set up a jurisdictional monitoring system)



## **COST**

### **(no cost)**

if an external resource is available that tracks this progress

### **(\$\$\$)**

(if a monitoring system needs to be created for the landscape/jurisdiction)  
Expansion of sustainability reporting to include landscape/jurisdictional progress

### **(\$\$\$)**

Obtaining third-party verification of reported impacts if not built into the landscape/jurisdiction-level monitoring system

## KEY POINTS FOR COMPANIES



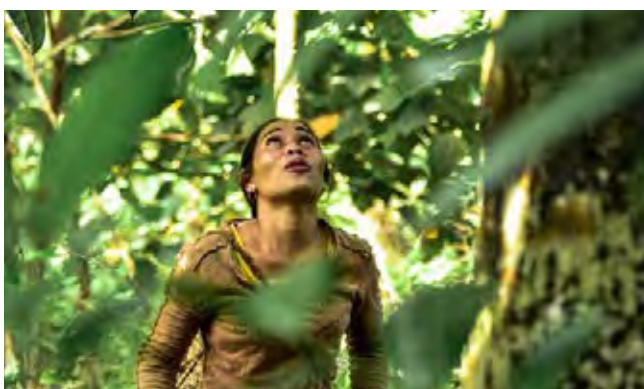
Incorporate some or all of the L/JI's sustainability targets within the company's and ensure internal buy-in to be co-accountable for meeting them.

A company may commit itself to those targets where it can make the greatest contribution, even while recognizing that the outcome largely depends on stakeholders and forces beyond the company's control.

Based on its supply chain priorities or where it wields greatest market influence, a company should choose landscapes/jurisdictions in which to take on co-responsibility for sustainability progress alongside other stakeholders. This selection should reflect the strength of the company's commitment to the achievement of specific results at the landscape/jurisdictional level, and the company's ability to contribute to those results.



Announce the company's intention to be co-responsible for progress on sustainability, jointly publicized through the L/JI's external outreach, corporate communications, and any national and global platforms in which it participates. Leverage high-profile gatherings focused on forest and climate issues (e.g. UN Climate Week, the UNFCCC COP, the TFA annual meeting) to amplify a company's message about claiming a degree of responsibility for an L/JI's progress.



Ensure a local M&E system is in place to assess progress at the landscape/jurisdictional level. **LandScale** and **Verified Sourcing Areas** are systems being developed to measure landscape progress in standardized ways, and track actors' contributions toward this progress.

- ◆ Lacking a credible and effective monitoring system, work with other stakeholders to design and build one that is transparent, impartial (assured via third party verification), generates relevant and high quality data, and tracks performance regularly over time. To that end, ISEAL Alliance and WWF have **developed guidance on creating credible monitoring systems for L/JIs**.





## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ No external conditions are required for this intervention to be a useful contribution to advancing sustainability at a landscape/ jurisdictional level. Some companies may choose to share responsibility for an L/JI's progress only when a multi-stakeholder body is driving implementation of already-defined targets. Others may want to commit to co-responsibility regardless, to signal the company's long-term intent to invest in improving the region's sustainability performance.
- ◆ Availability of dedicated staff and resources within the company and the L/JI to monitor and report on progress and use these as a management tool.



Integrate reporting on the L/JI's progress into the company's own sustainability reporting, using specific, measurable, achievable, relevant and timebound (SMART) indicators that capture what results the company has set out to achieve.

“ **INCORPORATE SOME OR ALL OF THE L/JI'S SUSTAINABILITY TARGETS WITHIN THE COMPANY'S AND ENSURE INTERNAL BUY-IN TO BE CO-ACCOUNTABLE FOR MEETING THEM.** ”



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By taking on co-responsibility, a company signals, locally and globally, its long-term support for the sustainability objectives of a high value landscape/jurisdiction.
- ◆ Aligning a landscape/jurisdiction's targets with its own can help ground and focus further actions the company might take to advance these targets.
- ◆ Public commitments to and reporting on L/JI results can attract other companies and NGOs with an interest in the same goals, creating new partnership opportunities.

# COLLABORATE ON JOINT COMMODITY TRACEABILITY FOR A LANDSCAPE/ JURISDICTION

## IN THE REAL WORLD

### Expanding certification through Centers of Excellence

In Indonesia, companies are working with member districts of the Sustainable Districts Association (LTKL) to create jurisdiction-level commodity certification. Participating companies include Musim Mas, PepsiCo, Mondélez, Kirana Megatama and Cargill, while work is taking place in Musi Banyuasin, Aceh Tamiang and Siak districts. The parties are creating district-level Centers of Agricultural Excellence to effectively monitor and report each district's progress on achieving sustainable commodity production based on credible data. The centers also seek to expand RSPO certification and participation in schemes – such as the Verified Sourcing Area system – that expand market access for sustainable commodities. To back such efforts the RSPO is adapting its standard to enable extension of the certification approach to the level of a jurisdiction.



## DURATION

**Short**

(6-12 months to establish, depending  
on availability of data)



## COST

**(\$)**

Staff time for ongoing data collection  
and monitoring

**(\$-\$\$)**

Cost to establish/strengthen landscape/  
jurisdictional partnerships for  
traceability and certification

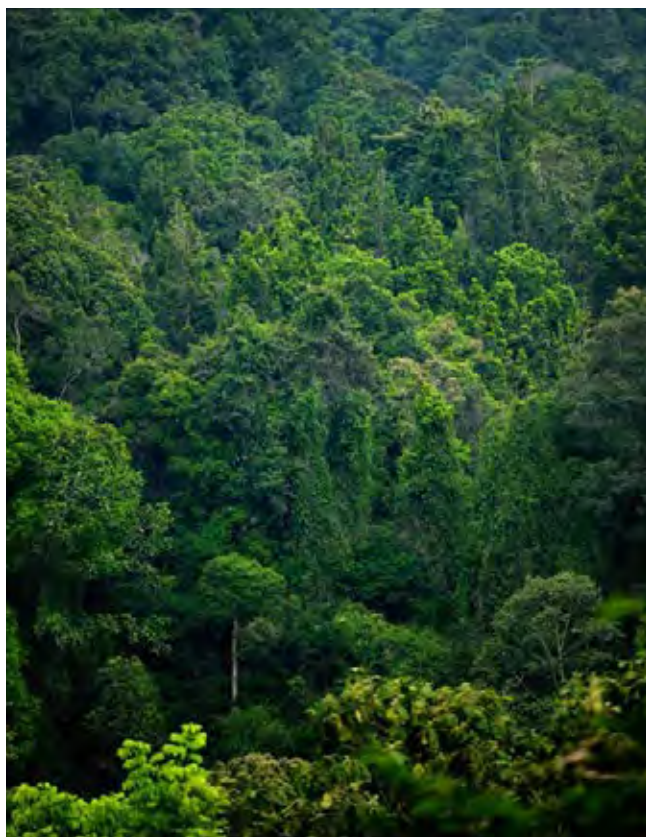
**(\$\$)**

Cost to create baseline data  
for traceability and certification

**(\$\$\$-\$\$\$\$)**

Cost of technical assistance to set up  
traceability and certification systems

## KEY POINTS FOR COMPANIES

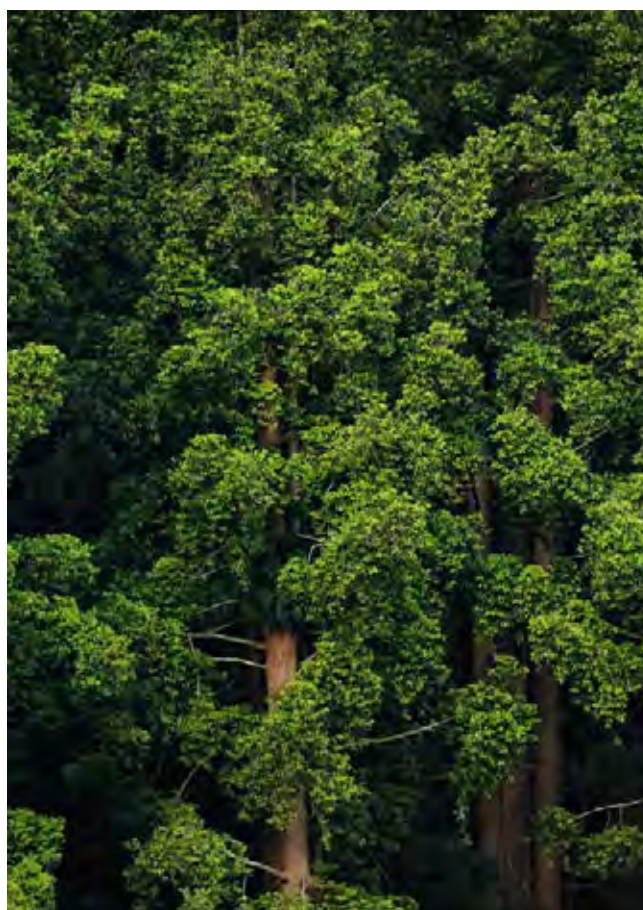


Work together to set up jointly funded, independently operated, open source tracing systems for commodities produced within a landscape/jurisdiction. Under such a system:

- ◆ Land use maps and a traceability system are developed through, agreed to, and regularly updated by L/JI stakeholders.
- ◆ An independent third party gathers stakeholders' information, including satellite imagery, locations from which companies make purchases, and the movements of commodities from farmgate to their exit from the jurisdiction.
- ◆ The company integrates this local system with its own tracking efforts from the landscape/jurisdiction further downstream.
- ◆ All stakeholders regularly update data to maintain the integrity of their joint traceability system.

If there is interest in expanding from joint traceability to a full certification system for the landscape/jurisdiction, collaborate with the government and third-party independent certifiers to create one. Key elements of this approach:

- ◆ A clear linkage of the certification effort to an L/JI ensures all partners in the initiative support certification as a contribution toward meeting the initiative's goals.
- ◆ Established and credible standards, and direct engagement with international certifying bodies, enable the landscape/jurisdiction to develop its certification system.
- ◆ Certification bodies have capacity to educate producers and other supply chain partners on the value and the process for achieving certification at the landscape/jurisdictional level.
- ◆ Demonstrated value-add of certification for producers and other supply chain partners motivates and sustains their participation.





## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

For traceability systems:

- ◆ An independent third party with technical capacity to develop a tracing system.
- ◆ Appropriate training and technology for all actors who need to contribute data to the system and use data produced by the system.
- ◆ Capacity to gather data (particularly those which are often only available to the government) and to develop digitized maps.

For landscape/jurisdiction-level certification systems:

- ◆ Availability of credible international commodity certification standards and bodies for the commodities produced in the landscape/jurisdiction to serve as a reference point and source of technical guidance.
- ◆ A public, non-profit, private, or multi-stakeholder entity based in the landscape/jurisdiction that is willing and able to develop and operate a certification system.
- ◆ Significant potential benefits for producers and supply chain partners from participating in certification at the landscape/jurisdictional level.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Access to landscape/jurisdiction-level traceability and/or certification systems increases the effectiveness of company investments in an L/JI and can reduce company costs for tracing and certifying commodities produced in the region.
- ◆ Joint tracing/certification levels the playing field and makes it harder for laggards to free ride on the sustainable sourcing efforts of leading companies.
- ◆ Better information from tracing can identify areas where commodities are not being produced sustainably, and certification can identify trouble spots within the landscape/jurisdiction, making it easier for L/JI partners to target resources and strategies.

# ALIGN PROCUREMENT SPECIFICATIONS AND SUPPLIER CONTRACT TERMS WITH LANDSCAPE/JURISDICTIONAL GOALS AND TARGETS

## IN THE REAL WORLD

### Rewarding growers who graduate into green production

Unilever is engaged in several jurisdictional initiatives that seek to achieve jurisdiction-wide Roundtable on Sustainable Palm Oil (RSPO) certification.

Beyond upfront support to help smallholders in these jurisdictions qualify for certification (see [“Support farmer training”](#)), **Unilever company leverages its procurement power – purchasing the certified palm oil that they produce – to incentivize smallholders to become certified.**

In 2019, the company purchased 40,000 tons of certified palm oil and palm kernel oil from 30 Independent Smallholder Farmer Groups that represent more than 6,900 independent smallholders across Indonesia, Malaysia and Thailand.



## DURATION

Short

(3-6 months)



## COST

(\$)

Preparing new supplier contracts  
or corporate policies

(\$\$)

Possible increased cost of supply  
due to new contract terms

## KEY POINTS FOR COMPANIES

Companies already participating in L/JIs should align procurement policies and supplier contracts with the initiative's objectives. Those not yet engaged should focus on L/JIs in one or more landscapes/jurisdictions where the company buys a lot of product.



Translate the L/JI's targets into a demand signal for suppliers. This can be accomplished in a few ways:

- ◆ Incorporate landscape/jurisdictional targets into the terms of supplier contracts to ensure that supply is produced in accordance with the targets. For example:
  - » One of Mato Grosso's targets is that 90% of rural properties be registered in the environmental rural registry. To support this target, a company could write supplier contracts to require that supply originate only from registered farms.
  - » Mato Grosso is one of many L/JIs that include a target to reduce deforestation or conversion of other ecosystems. Companies can drive this target by aligning their own deforestation/conversion-free sourcing policies with [Accountability Framework](#) guidance, and linking the demand they make of suppliers for commodities produced without deforestation or conversion with the L/JI's targets.
- ◆ Create positive incentives for suppliers by offering long-term contracts, price premiums, and/or additional payments for environmental services to suppliers who demonstrate they are meeting the L/JI's goals by producing sustainably, restoring, and/or conserving forest areas.
- ◆ Incorporate jurisdictional targets into corporate policies to guide the company's decisions within the landscape/jurisdiction. In Mato Grosso, for example, one target is to reduce conversion of the Cerrado biome by 95% below historical levels. A company could support this target by a principle ensuring its commodity sourcing does not originate from recently converted land in the Cerrado. That policy could then guide how supplier contracts are drafted, where investments are directed, and advocacy priorities with the government.

Review the L/JI's goals and targets. These vary by landscape/jurisdiction, but often include economic, environmental and social components.

- ◆ In Mato Grosso, Brazil the "Produce, Conserve, Include" initiative has formulated a set of targets that nest within the three categories represented in the initiative's name. "Produce" targets include ambitions for grain, livestock, and timber yields and for land area under cultivation. "Conserve" targets include land area covered with native vegetation, percentages in the Amazon and Cerrado biomes being converted, and the area of degraded land being restored. "Include" targets include percentages of families receiving technical assistance and rural extension, proportion of smallholders with market access, and amount of credit available to family farms.



Ask suppliers what incentives they need to achieve landscape/jurisdictional objectives. Such outreach better ensures the desired outcomes and also creates a sense of shared commitment and ownership.



An LJI's targets may lack enough detail to easily or immediately incorporate them into company policies or contracts. In such cases, reach out to the government or entity leading the LJI to clarify the target that the company should support.

## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Well-articulated jurisdictional targets/objectives.
- ◆ Good relationships with suppliers in the jurisdiction.
- ◆ Contracting methods that ensure agreements can be well specified, verified, and enforced by purchaser and supplier.
- ◆ Effective legal, arbitration, or alternative dispute resolution bodies that allow parties to address conflicts and disagreements.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Referring to LJI targets when making requests of suppliers can help justify what might otherwise be perceived as burdensome requirements.
- ◆ Contracting fairly with suppliers to achieve an LJI's objectives strengthens suppliers' understanding and commitment to mutually desired outcomes.
- ◆ Aligning LJI targets with a company's policies is a low-cost way to signal long-term support for the sustainability objectives of a landscape/jurisdiction it values.
- ◆ This alignment can also help ground and focus further actions the company might take to advance the targets.

# USE PREFERENTIAL SOURCING TO SUPPORT LANDSCAPE/JURISDICTIONAL INITIATIVES THAT ARE DEMONSTRATING PROGRESS



## IN THE REAL WORLD

### 1. Curating change through a qualifying list

At the 2015 UNFCCC Conference of the Parties, the then co-chairs of the Consumer Goods Forum **Unilever and Marks & Spencer announced that each company would prioritize sourcing commodities from areas that have designed and are implementing jurisdictional forest and climate initiatives.** Since then, they have worked closely with other companies, NGOs, and individual experts on how best to do so. The group's resulting **Commodities/Jurisdiction Approach (CJA)** defines a set of criteria for evaluating jurisdictions' forest and climate progress, and curates a list of jurisdictions that quality. Companies can use this list to inform their procurement decisions with a preferential bias toward qualifying jurisdictions as a complement to their supplier-specific sourcing criteria. The CJA enables companies sourcing different commodities from multiple geographies to adopt a harmonized approach to drive increasingly sustainable outcomes.

### 2. Keeping an eye on ethical commitments

The **Accountability Framework Initiative (AFi)** is a collaboration of global and regional environmental and social NGOs. It provides guidance to companies on how to establish, implement, and monitor ethical supply chain commitments. **AFi has produced brief guidance on preferential sourcing from L/JIs**, and how the incentives and rewards from doing so can drive measurable progress. Yet it also cautions against completely disinvesting from problematic jurisdictions. Rather, companies should keep sourcing from sustainable suppliers within those jurisdictions, while closely engaging with government, suppliers, NGOs, and communities to bolster sustainable production and forest protection in the jurisdictions overall.



### DURATION Short

(3-12 months to establish preferential sourcing, then ongoing)



### COST

(\$-\$\$\$)

depending on whether the company chooses to adopt existing standards and criteria and work with existing L/JIs, and whether its own purchasing systems can easily adapt to implement preferential sourcing

## KEY POINTS FOR COMPANIES



**Adoption:** Adopt clear and consistent criteria for preferential sourcing at the landscape/jurisdictional level. These criteria will define levels and types of preference in sourcing, and the conditions under which the company will reduce or discontinue sourcing from suppliers in a given landscape/jurisdiction.

- ◆ Criteria for measuring the quality of L/JIs should address their social, environmental and economic goals; strategic plans; role of governance and policy; and M&E system. The [Commodities/Jurisdiction Approach](#) is one tool that provides predetermined criteria for assessing L/JIs.

**Implementation:** Seek new suppliers within landscapes/jurisdictions that meet selected criteria and/or expand sourcing from existing suppliers in these regions. For early stage L/JIs, companies may still need to assess and verify whether individual suppliers comply with social and environmental targets. As more advanced L/JIs can demonstrate a high level of effectiveness in stopping deforestation and exploitation, companies may be able to rely on monitoring done at landscape/jurisdictional scale to ensure suppliers meet their sourcing criteria. Companies should publicly specify their use of landscape/jurisdictional preferencing, criteria, and preferred sourcing regions. This sends a clear market signal that progress at that level of the landscape/jurisdiction strongly informs sourcing decisions.

- ◆ Link decisions to decrease purchases from jurisdictions struggling to meet sustainability criteria with ongoing dialogue and engagement with other purchasers, and with the government, suppliers, and other stakeholders in the region. This incentivizes improvement, rather than just letting these jurisdictions default to supplying purchasers with lower standards.

**Growing support:** Engage directly with L/JIs to help them achieve and maintain their qualifications for preferential sourcing. Brands and retailers with purchasing power can profoundly influence suppliers and governments within a landscape/ jurisdiction and should coordinate on preferential sourcing approaches through industry platforms such as the Consumer Goods Forum.

The combined influence of several major downstream purchasers can have far greater influence than when purchasers act alone.





## EXTERNAL CONDITIONS

THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Stakeholders have access to existing standards and approaches to preferential sourcing from successful L/JIs.
- ◆ Forums exist for companies to speak to and coordinate with other purchasers of the same commodity, both globally and at the level of individual jurisdictions.
- ◆ On its own or by working with other purchasers, a company exercises significant leverage over suppliers in priority jurisdictions.
- ◆ The company can shift a significant proportion of its sourcing to send clear market signals to both preferred and non-preferred jurisdictions in the supply chain.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By adapting a landscape/jurisdiction-level set of preferences, a company can simplify supplier selection and sustainability verification.
- ◆ By coordinating preferential sourcing with other purchasers, a company can significantly increase its leverage on landscape/jurisdictional actors and accelerate progress toward sustainable production and forest protection.
- ◆ Over time, the spread of preferential sourcing at the landscape/jurisdiction-level can expand the number and diversity of qualified suppliers, with potential financial and sustainability benefits to purchasers.

# INCENTIVIZE SUPPLIERS TO ENGAGE IN LANDSCAPE/JURISDICTIONAL INITIATIVES

## IN THE REAL WORLD

### Recognizing and resourcing supplier efforts to reducing emissions

**Project Gigaton** is Walmart's program for reducing scope 3 emissions from its supply chain. Under the program, Walmart asks its suppliers to cut greenhouse gas emissions, use built-in calculators to estimate the reductions, and report results to Walmart.

**Walmart's annual sustainability summit celebrates supplier achievements and announces new commitments.** In Project Gigaton's third year, a new Walmart **webpage** added "engagement in jurisdictional initiatives" as one action for which suppliers could claim credit. The page offers data to help suppliers understand where they are likely sourcing commodities, whether these supply origins are at high risk of deforestation, and how best to engage with sensitive, high-risk jurisdictions to improve sustainability outcomes.



## **DURATION**

**Medium-Long**

(2-5 years to catalyse and sustain supplier engagement)



## **COST**

**(\$-\$\$\$)**

depending on how much a company decides to spend on financial incentives for suppliers vs. technical support, recognition and facilitating linkages to other sources of funding

## KEY POINTS FOR COMPANIES

Companies can incentivize suppliers to engage in L/JIs in several ways. Upstream companies can work directly with suppliers in the context of an L/JI. Downstream companies can use preferred sourcing and other incentives that send market signals through the supply chain. All companies can give public recognition and visibility to suppliers, tailored to the audiences that matter most to them. Whatever approach is used, companies should consult with suppliers to clearly convey their own motivations and learn which incentives and supports are most attractive.



**Support suppliers to engage in L/JIs.** Companies can support suppliers (farmers, local aggregators, processors and traders) in many ways including by **co-designing L/JI strategies, supporting training, or legalizing production.** The goal is to help suppliers see how they can maintain and increase their incomes while reducing deforestation.

**Contract incentives.** Both upstream and downstream companies can integrate L/JI goals and targets into their contracting mechanisms. Companies can integrate preferences for commodities sourced from effective L/JIs into their overall sourcing policies (see **Use preferential sourcing to support L/JIs that are demonstrating progress**). They can also provide preferential contract terms (such as higher volume, longer term, price premium) for suppliers participating in L/JIs (see **Align corporate policy specifications and supplier contract terms with landscape/jurisdictional goals and targets**). In general, contract incentives should be conditioned on both the individual supplier's performance and the overall progress of the L/JI. By linking incentives to objectives, companies motivate suppliers to support the initiative, engage with government, and collaborate with communities and suppliers to accelerate adoption of good production and protection practices across the landscape/jurisdiction.



**Production-protection incentives/payment for environmental services.** Companies can directly pay farmers who protect and restore forests (see **"Support landscape restoration in line with L/JI objectives"**). They can also ensure suppliers gain access to government, multilateral, and carbon market funds that provide payment for environmental services (see **"Help develop jurisdictional scale offset programs for deforestation"**). As with supply contract incentives, suppliers and communities should be rewarded for progress on protection and restoration both for which they are directly responsible and at the level of the landscape/jurisdiction.



## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ A prerequisite for effective engagement is an in-depth understanding of supplier interests, options and constraints in relation to L/JIs. Downstream companies need to understand linkages among supply chain partners to identify the best engagement strategies across the chain.
- ◆ Good relationships and open lines of communication with supply chain partners can help companies engage suppliers in L/JIs.
- ◆ Well-coordinated company teams that link procurement, contracting, sustainability, and communications in order to develop and implement effective supplier engagement strategies.



**Recognition and public visibility.** Downstream companies with significant public visibility (brands, retailers) can motivate upstream participants in their supply chains to participate in L/JIs by giving them public recognition as partners in sustainable sourcing. By recognizing upstream supply partners, downstream companies also add credibility to their own sustainable sourcing commitments.

“ **UPSTREAM COMPANIES CAN WORK DIRECTLY WITH SUPPLIERS IN THE CONTEXT OF AN L/JI. DOWNSTREAM COMPANIES CAN USE PREFERRED SOURCING AND OTHER INCENTIVES THAT SEND MARKET SIGNALS THROUGH THE SUPPLY CHAIN.** ”



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Companies can only advance L/JIs as a strategy to meet their own deforestation/conversion-free commitments if suppliers willingly and effectively participate.
- ◆ Companies with strong leverage over suppliers can achieve significant results with limited investment; others can promote and coordinate participation in the L/JI in ways that enhance leverage and incentives.
- ◆ Sharing recognition with suppliers benefits both supplier and purchaser, and strengthens companies' credibility as they publicize their sustainable sourcing commitments.

# SUPPORT FARMER TRAINING ON BEST MANAGEMENT PRACTICES AND PROVIDE INCENTIVES TO IMPLEMENT THEM

## IN THE REAL WORLD

Company support for farmers to improve production practices is not new. Yet these efforts are too often disconnected from broader landscape/jurisdictional strategies. The following examples include cases in which companies took important action in the absence of agreed or clearly articulated L/JI goals and priorities. If undertaken in the context of an L/JI, such actions could leverage partners' efforts and help to deliver significantly greater impacts.

### 1. Training smallholders to reduce deforestation

Unilever helps Indonesian oil palm farmers improve management practices in several jurisdictions. The company funds project implementers to help certify smallholders to the Roundtable on Sustainable Palm Oil (RSPO) standard. That process involves mapping and surveying smallholders, identifying gaps to obtain certification, securing the required land titles and business permits, providing personal protective equipment, training on Good Agricultural Practices, socializing expectations around no deforestation, peat, and exploitation, and building farmer groups and internal control systems. Unilever also buys the RSPO credits smallholders generate once they are certified. Examples include:

- a. In the Kotawaringin Barat district of Central Kalimantan province, the company has partnered with the district and provincial governments, Earth Innovation Institute, and Yayasan Inovasi Bumi to **advance jurisdiction-wide palm oil certification** across the village of Pangkalan Tiga. **Unilever provides capital to establish extension services for certifying smallholders, secure agreements for certified products, and incentivize sustainable production.** By the end of 2017, the project had certified 190 independent smallholders under the RSPO and Indonesian Sustainable Palm Oil standards and is targeting over 1,000 more.
- b. In the Indragiri Hulu and Indragiri Hilir districts of Riau province, Unilever partnered with Daemeter, World Education International, an independent palm oil mill, and surrounding independent smallholders to **improve smallholder yields. Company funds enabled the mapping of 4,000 farmers, training of 1,864 at Farmer Field Schools, and hiring 26 Farmer Facilitators.** Farmers learned Good Agricultural Practices, and gained awareness on no deforestation, peat, and exploitation objectives, while still improving productivity.
- c. The **Coalition for Sustainable Livelihoods (CSL)** is a multi-stakeholder initiative in Aceh and North Sumatra provinces aimed at driving economic development, reducing poverty, and improving natural resource management. **Unilever is supporting the CSL by engaging their palm oil suppliers and funding Conservation International and the regency government of Tapanuli Selatan in North Sumatra to train 1,000 smallholder farmers** at a sustainable

palm oil field school. Lessons focus on Good Agricultural Practices for oil palm production as a step toward achieving RSPO certification. (Unilever is also supporting restoration in this landscape – see “Support landscape restoration in line with L/JI objectives”).

### 2. Building capacity for greener farms

Musim Mas and IFC lead a large Indonesian program that, by 2020, **targets 20,000 smallholders for outreach** and 2,000 for capacity building to achieve RSPO certification. In the regency of Aceh Singkil, **General Mills and Musim Mas are collaborating to create a ‘Smallholder Hub’ that trains smallholder palm oil farmers in Good Agricultural Practices, business management, and practices that avoid deforestation and degradation of peat soils.** General Mills will fund half of a two-year program that targets 1,000 smallholders. To expand the program's reach Musim Mas will train government extension officers who will then in turn train smallholders. Musim Mas aims to establish additional Smallholder Hubs to facilitate companies combining their resources and expertise to train farmers.

### 3. Investing in ranchers to shrink cattle's forest footprint

**Sao Marcelo Farms, a large livestock seller in Mato Grosso, Brazil, is working with Carrefour and IDH to engage its calf suppliers to improve quality, intensify production, conserve forests, and comply with environmental and land use laws.** **This work** is carried out under the PCI Regional Compact in the Jurueña River Valley – a regionalization of Mato Grosso's statewide Produce, Conserve, Include (PCI) initiative. In 2018, Carrefour entered into a **three-year partnership** with IDH to increase sustainable cattle production in the Jurueña and Araguaia valleys, where the company's foundation is **investing EUR 1.9 million in 450 ranchers who will intensify cattle production on smaller land footprints, restore degraded pasture, access credit, and comply with Brazil's Forest Code.**

### 4. Custom-tailored training for cocoa farmers in the field

Three dozen leading cocoa and chocolate companies are engaging the governments of Côte d'Ivoire and Ghana through the **Cocoa & Forests Initiative**—an agreement and accompanying action plan to end deforestation from cocoa production and reforest degraded landscapes. Under CFI action plans, **companies directly provide or finance the training of cocoa farmers in Good Agricultural Practices and Climate-Smart Agriculture in Cocoa.** For instance:

- a. **Cargill Farmer Field Schools** bring community facilitators to train groups of farmers in the field for seven months of demonstrations, idea sharing, and field practices that enhance climate resilience. Cargill also offers one-on-one coaching to help farmers develop digital Farm Development Plans to improve their long-term financial planning and has established seedling nurseries for native tree species to provide stocks for transplanting onto farms.

- b. Touton uses its **Rural Service Centre (RSC) model in Ghana's Ashanti and Brong Regions** to introduce farm-level training, professionalization, coaching on climate-smart principles, and support in creating Farm Development Plans. Together with Solidaridad, the company uses an app that standardizes the farmer engagement process: first it sensitizes farmers on the need to professionalize farm practices in ways that increase yields and improve wellbeing; then it generates a set of recommendations tailored to each farmer's stated aspirations regarding cocoa farming; finally, it asks whether farmers wish to enroll in the training program. RSC agronomists train enrolled farmers to rehabilitate degraded cocoa farms, properly use agricultural inputs, and develop business skills for planning investments. Touton and Rainforest Alliance implement another app, FarmGrow, which provides farmers with long-term personal coaching plans and techniques to improve cocoa yields on existing cultivated land. The app combines detailed household profile data with the agronomic status of cocoa plots to create a business plan, complete with a profit-and-loss statement tailored to the individual farm. By collecting data about farmer interests, Touton can segment and tailor the support it provides and more effectively direct investments.
- c. To inform its investments and enhance cacao agroforestry, Cémoi conducted baseline studies of farmers' agricultural practices and perceptions of non-cacao trees. It then developed cacao-based agroforestry models, invested in nursery capacity to increase availability of seedlings for restoring forest cover on farms, trained nursery workers, established agroforestry resource centers, created demonstration plots, and trained and coached farmers on growing shade cocoa.

## 5. Training the trainers in Ghana's forest frontline

A key strategy of Ghana's national action plan under the **Africa Palm Oil Initiative (APOI)** is to eliminate deforestation associated with smallholder-grown oil palm, while helping them increase productivity by adopting Best Management Practices (BMPs). The **Ghana National APOI Platform** identifies Agricultural Extension Officers and Regional Crop Officers of the Ministry of Food and Agriculture as key partners who can effectively disseminate BMPs (e.g. new findings, knowledge, and techniques in managing oil palm). Since these frontline officers interact with smallholders in their daily operations, building officer capacity is crucial to achieving Ghana's sustainability goals. **Oil palm companies worked with the government and NGOs to develop a "train-the-trainer" course.** The course strengthens the capacity of government officers to help farmers adopt oil palm BMPs, with regular checks to monitor progress.

## 6. Earning income from deforestation-free livelihoods

In 2018 Benso Oil Palm Plantation (BOPP), with Proforest and Partnership for Forests, developed a **community-private partnership** to help smallholder palm oil producers overcome challenges in Ghana's Adum Bansa traditional area. The initiative **offered training and guidance on social and environmental best practice requirements in line with RSPO standards.** It also worked with local NGOs to help smallholder farmers develop alternative livelihoods, so they wouldn't clear forest frontiers for income.

## 7. Tying farmer incentives to conservation

Golden Veroleum Liberia (GVL) and IDH crafted an investment scheme that would incentivize communities to protect forests and biodiversity. Under its concession agreement with the Liberian government, the company is required to support 1 ha of palm oil outgrowers – pre-contracted farmers – for every 5 ha of company-managed

plantation. Under the outgrower scheme, GVL and communities would develop land use plans, support community land rights, and sign **production-protection agreements under which the communities would conserve 5 ha of forest for every 1 ha of community oil palm plantation.** Outgrowers would also receive incentive payments for complying with the forest protection plan, and GVL would provide capital and technical assistance to establish the community plantations. Regrettably, the outgrower scheme has not yet materialized; changes in both the Liberian government and GVL's management led negotiations to slow down.



**DURATION**  
Medium-Long  
(1-5 years)



**COST**

(\$)

Sharing knowledge and experience

(\$\$)

Funds to conduct farmer baseline assessment, if needed

(\$\$)

Funds to support implementing agencies that coordinate and conducting farmer training and extension

(\$\$)

Staff time to conduct farmer trainings

(\$\$)

Monitoring and evaluation

(\$\$\$)

Resources and supplies provided to farmers (e.g. harvesting equipment, seed, fertilizer)

## KEY POINTS FOR COMPANIES

A company must first determine whether the target landscape/jurisdiction has set a goal around training farmers for sustainable commodity production. If so, companies should align their efforts with the L/JI's geographic priorities. Alignment could mean redirecting and/or expanding existing farmer training or investing in programs delivered by others. Upstream companies with capacity to engage and train farmers can take the lead, while downstream companies could provide funding and incentives for farmers to adopt best management practices.

Companies can support farmers in several ways:

**Understand the dynamics that farmers confront** within a given L/JI. This ensures that chosen interventions fit the context. Most farmers want to manage land sustainably but may often lack knowledge, skills, or access to money and tools that could help them do so. By understanding baseline conditions and practices, companies can better identify specific gaps that prevent farmers from increasing productivity and avoiding deforestation, and thus result in better designed and targeted interventions.

- ◆ If these gaps have not yet been defined, consider funding local partners to collect baseline data on smallholder farmers, location and quality of forest and conservation areas, location and yield of commodity production areas, and the locally relevant government policies and programs that impact farmers.
- ◆ More advanced initiatives may have already specified these gaps in an action plan jointly developed by a multi-stakeholder body that includes farmer representation. If so, consider selecting and undertaking one or more interventions that align with the identified needs.
- ◆ The most advanced initiatives may have developed their own farmer training and/or agroforestry programs to disseminate best practices. Consider funding these programs to expand the number of farmers receiving training, support technical or equipment needs, or spread awareness about the programs among farmers.

**Fund training and extension programs**, to help farmers overcome gaps in knowledge or skills. Too often, cocoa farmers clear forest simply due to the misconception that sun-grown cocoa trees are more productive than those grown in the shade. Likewise, rubber tappers often do not know the proper cutting angle and depth to maximize latex yield from a rubber tree. Companies at all supply chain levels can fund training and extension programs run by government agencies, civil society experts or private service providers. Producers, processors and traders often employ in-house agricultural experts, who could directly teach and advise farmers or augment public extension initiatives. Companies can run courses, support logistics for training sessions, provide equipment or educational materials, and distribute high-yielding seedlings and fertilizers.

- ◆ To expand the reach of training programs, companies could compensate farmers reluctant to take time off (and forgo income) so they can afford to attend trainings.

**Upstream companies should ensure farmers have access to the best available technology.** Smallholder oil palm growers, for instance, often rely on inferior germplasm with yields far below those on industrial plantations; with better plant materials, they could significantly increase their incomes without needing to expand their farms.

**Incentivize best management practices.** Rewarding uptake of good practice through preferential sourcing from performing farmers, price premiums, or long-term purchase guarantees increases the likelihood that training and extension programs will create meaningful and lasting behavior change among recipient farmers.

**Fund or provide staff for monitoring and evaluation (M&E).** M&E should measure the degree to which trained farmers adopt best management practices, and the impacts adoption has toward sustainable outcomes. Assessment will determine how effective farmer trainings are, and where to modify and improve interventions.



Photo by Ricky Martin/CIFOR



## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Clear priorities for farmer training, extension and incentives have been linked to landscape/jurisdictional goals and strategy.
- ◆ Linkages between company interventions and priorities, programs and policies of government and other partners, ensuring continued support for implementation of best practices once the company's engagement ends.
- ◆ Farmers have granted free, prior and informed consent to participate in any programs, activities, data collection or polygon mapping.
- ◆ Farmers are receptive to new management practices and trust the entities who provide training and extension services.
- ◆ Initiative partners have clearly defined roles, responsibilities and capacity to provide culturally and agriculturally appropriate training.



### Scale the improvement of management practices.

Farmers throughout a landscape/jurisdiction will benefit from access to training and tools, but an individual company can only support so many by itself. To expand the impact, a company should:

- ◆ Share its accumulated knowledge and experience – both challenges and successes – and encourage peers to support other farmers.
- ◆ Directly train or indirectly fund the training of government extension officers so they can reach more farmers. To avoid any perception of improper influence, be sure that government support responds to needs raised through multi-stakeholder consensus and is transparently overseen by the initiative's stakeholders.
- ◆ Advocate and engage with relevant government entities to embed improved management into rural development policies.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Helping farmers improve yields without clearing more land directly increases deforestation/conversion-free supplies with which to meet corporate sourcing commitments.
- ◆ Companies who support farmer training can cement connections with responsible suppliers who improve the company's ability to secure deforestation/conversion-free supply in competitive regions where producers can choose to whom they sell.
- ◆ Building trust and relationships with farmers through support programs can strengthen farmers' long-term commitment to work with the company, reducing churn.

# ENHANCE SUSTAINABILITY-PEGGED FINANCIAL FLOWS TO PRODUCERS

## IN THE REAL WORLD

Many companies help smallholders gain access to financing, but these efforts have rarely been connected with broader landscape/jurisdictional strategies. If undertaken in the context of an LJI, the same efforts can leverage partners' works and deliver significantly greater impacts.

### 1. Lending cash to conserve the forests' future

In Ucayali, Peru, the French chocolate company **KAOKA** signed a **long-term partnership agreement** with a cocoa producers cooperative (**Collpa de Loros**), which leveraged the agreement to **lower its risk profile when seeking a loan**. The loan enabled the cooperative to invest in cocoa harvesting and processing infrastructure, rehabilitate 200 hectares of cocoa plantings to increase yields, and develop demonstration plots to boost productivity even further. The cooperative also received the equivalent of a \$285,000 loan guarantee from a regional development fund established by the Ucayali government (FONDESAM), on condition that it agreed to maintain existing forest cover on the individual producers' farms. **About 100 smallholders were able to use this credit guarantee to access a US\$385,000 bank loan** at an interest rate 5% lower than the prime rate offered by the traditional agricultural lender, Agrobanco. The Ucayali government is now working to scale and replicate the successful financing of this cooperative by developing a technical assistance and financial incentive program for producers that adhere to sustainability criteria contained within the regional government's Marca Ucayali initiative.

### 2. Leveraging loans to transform palm oil production

In Colombia, Cargill is teaming up with Solidaridad and Oleoflores to **offer loans used by farmers to implement sustainable palm oil production practices**. Under this program, a credit scoring tool considers farmers' agronomic practices, collateral and capacity for repayment to show which farmers are eligible for loans. The program aims to extend credit to more than 5,000 farmers across the country.



## DURATION

### Short-Medium

training (1-3 months); engaging with a fund to support smallholders (1 year); providing loans, guarantees, or offtake agreements or (up to 3 years)



## COST

(\$)

Staff time to engage with government and/or private financial institutions to create/improve a development fund to support smallholders

(\$)

Staff time and/or funding to train smallholders on financial basics

(\$-\$\$\$)

Direct loans to smallholders

(\$\$\$)

Guaranteed smallholders loans or offtake agreements

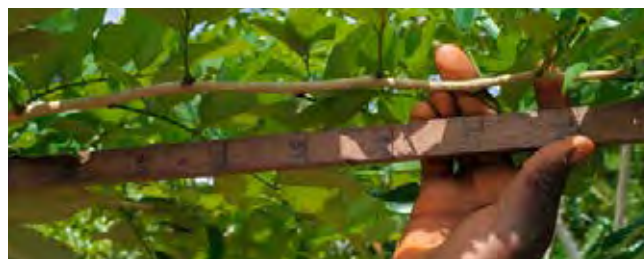
## KEY POINTS FOR COMPANIES

Determine whether the target landscape/jurisdiction has set a goal around enhancing smallholder finance in support of sustainable production. If so, companies should align their efforts with the L/JI's goals and geographic priorities. Alignment could mean adjusting their own existing efforts or investing in programs delivered by others. Upstream companies with capacity to engage smallholders should take the lead; downstream companies can provide funding to support financing programs.



Identify which smallholders need to participate to meet landscape/jurisdiction-level conservation and sustainable production goals, and determine what they need to succeed:

- ◆ If not already organized into groups, encourage smallholders to do so, with help from local civil society organizations.
- ◆ Identify the financial hurdles that prevent smallholders from earning a living in a way that protects forests and meets other conservation goals.
- ◆ Design interventions in a way that links financial access to forest protection and/or soil conservation, better cropping practices, etc.
- ◆ Ask smallholder participants to provide geo-coordinates (an effort eased by technical assistance) for their plots, thus enabling remote sensing to monitor performance and ensure compliance with forest conservation agreements.



Tailor the specific form of a company's intervention should to the identified financial hurdles:

- ◆ **If farmers lack capital to invest in sustainable practices,** a company could provide long-term contracts to help them access loans with reasonable terms. That would enable smallholders to make the needed investments yet maintain their livelihoods for the loan's duration.
- ◆ **If farmers lack experience or comfort dealing with banks,** a company could help train them to engage in the formal financial market. Smallholders could especially benefit from assistance in creating the formal business plans that lenders require before deciding to extend credit. A company could also foster relationships between smallholders and a microfinance, regional or national financial program/institution. They are uniquely positioned to show the big picture of how access to finance can build financial security, and can help smallholders gain saving, borrowing and repayment experience.
- ◆ **If farmers can't provide lenders with a loan guarantee,** or collateral, a company could step in to guarantee loans on smallholders' behalf. It could also negotiate long-term offtake agreements with smallholders for the commodities they produce, which could serve as collateral for their loans.
- ◆ **If farmers are so small or remote, they can only access disadvantageous loan terms,** a company can offer supply chain financing, extend other forms of credit, or offer small loans to these farmers directly. Such alternative loans should offer terms on par with traditional financial institutions, structured flexibly enough to account for the more challenging environments smallholders face. Alternatively, a company might advocate and work with government to create or improve a development fund designed to finance smallholders that have difficulty accessing credit from traditional lenders. In both cases, the company should streamline the loan process, for example by creating a way for smallholders to prequalify their business plans with potential funders.



## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ The existence of smallholder cooperatives significantly reduces the transaction costs associated with getting financing to individual smallholders.
- ◆ The smallholders' business needs to be viable (or capable of becoming viable with a loan), even if a business plan has yet to be spelled out in terms that a lender could engage with.
- ◆ An existing fund or other financial institution dedicated to supporting smallholders is not critical to a company's ability to link smallholders with financing, but it can expand the range of ways a company can support financing.



Consider both up-front financing to support a transition to sustainable production, and results-based payments that reward smallholders and communities for maintaining forest cover and other valuable natural resources in the landscape.

Results-based payments can take the form of: renewable offtake guarantees, where renewal is contingent on forest protection; periodic direct payments to households, cooperatives, and/or community funds for forest protection; and/or contributions to jurisdiction-level or national funds (for example, REDD+ funds) that are allocated to communities and smallholders by an L/JI in exchange for forest protection.

- ◆ Where local laws provide payment for environmental services, companies can connect smallholders with information about how to access these funding streams.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ Association with increased access to finance can strengthen a company's bond with more sustainable producers, thus improving the company's access to deforestation/conversion-free supply.
- ◆ Increasing smallholders' access to finance will help them provide consistent or enhanced levels of high-quality supply.
- ◆ Conditioning finance on sustainability performance links smallholders' livelihoods with and incentivizes pursuit of positive environmental impacts.
- ◆ Georeferencing smallholder plots as part of their application to receive financing makes it easier to ensure compliance with forest protection agreements.

# SUPPORT LANDSCAPE RESTORATION IN LINE WITH L/JI OBJECTIVES

## IN THE REAL WORLD

### 1. Restoring forests in Malaysia

To support the conservation goals of Sabah, Malaysia, **Unilever is funding the restoration of 1,400 hectares of riparian forests and wildlife corridors.** Unilever funds have enabled a local timber plantation company, Sabah Softwoods Berhad, to restore a wildlife corridor that links large blocks of intact forest. This has allowed elephants and other species to travel between forest areas unimpeded, which has dramatically reduced loss of revenues due to crop damage on plantation land. There are also plans to restore riparian reserves, where oil palm trees were wrongly planted up to riverbanks, which will protect rivers from sedimentation and rehabilitate pathways for wildlife movement.

### 2. Leveraging agroforestry for landscape restoration in Indonesia

Working with Conservation International and the Tapanuli Selatan district government in North Sumatra, Indonesia, **Unilever has initiated a 100-hectare agroforestry pilot** that will restore native trees to the landscape. By training farmers to make money from multi-species agroforestry systems, the pilot also will help stem illegal incursions into the forests for small scale palm oil production. The initiative is intended to serve as a best practice model for transitioning smallholder production in support of the district-wide goal to restore 21,000 priority hectares and the province-wide goal of restoring 500,000 priority hectares by 2030.

### 3. Co-planting forests and food to restore degraded landscapes in Ghana

**Mondelēz International is supporting restoration of 400 hectares in Ghana's Brong Region** in collaboration with Ghana's Forestry Commission, UNDP and communities around the Ayum Forest Reserve. With government permission, Mondelēz and UNDP advanced restoration in the Reserve using the **Modified Taungya System**, whereby farmers receive access to degraded areas for planting trees interspersed with food crops until the tree canopy closes. The partners created nurseries to raise native tree seedlings chosen for ecological fit and utility to local communities, distributed two-hectare plots to farmers, and are developing a scheme to pay participating farmers for environmental services.



4.

#### Unlocking Brazil's basin-level restoration priorities

In partnership with WWF and local NGOs, International Paper (IP) and HP are **funding restoration of 600 hectares** in Brazil's Atlantic Forest biome. **IP funds have supported prioritization of land parcels for restoration in São Paulo and Minas Gerais states, convening local stakeholders to agree on the prioritization and implementation strategies, landowner outreach, planting operations, and monitoring of plantings. HP funds are leveraging this investment to expand the area restored in São Paulo state, and to replicate this work in Paraná and Rio de Janeiro states.** These efforts are advancing basin-level restoration priorities to protect riparian areas and ensure connectivity of key biodiversity habitats.



#### DURATION

Medium-Long  
(3-5 years)

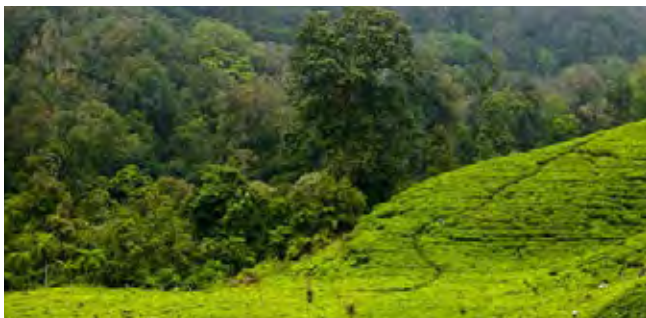


#### COST

(\$\$-\$\$\$\$)

depending on scale of restoration, availability of other sources of funding, and extent of existing capacity (staff nurseries, monitoring systems, etc.)

## KEY POINTS FOR COMPANIES



Determine whether the target landscape/jurisdiction has identified the extent and type of degradation, set a restoration goal, and mapped areas in need of restoration. If so, support restoration in one or more prioritized areas.

If restoration goals have not yet been set, work with other stakeholders in the landscape/jurisdiction to define them (see [Co-design jurisdictional goals, key performance indicators \(KPIs\)](#), and implementation strategies), knowing that long-term sustainability must mitigate the underlying causes of deforestation and degradation.



If restoration areas have yet to be prioritized, work through the L/JI with local experts (e.g. government agencies, NGOs, universities, naturalists) to determine where restoration would have the highest impact.

Optimal locations maximize benefits for nature (e.g. habitat connectivity, water flows) and communities (e.g. non-timber forest products, poverty reduction, health) at the lowest cost.

Fund local partners to procure tree seedlings and cover the costs of planting them in prioritized areas. If nurseries can't provide enough seedlings to match the scale of planned restoration work, consider funding their expansion and partnering with botanical gardens.

Funds are also needed for maintenance and monitoring to ensure plantings survive.





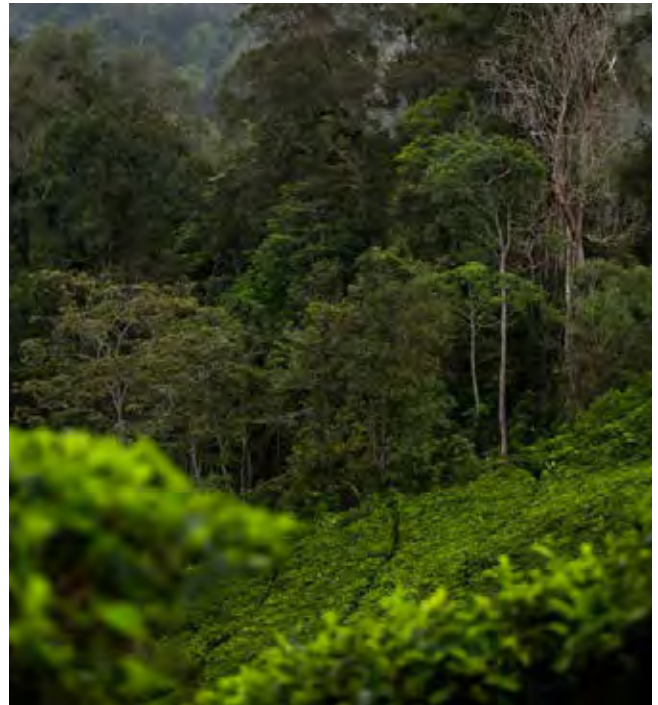
## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ A comprehensive forest landscape restoration assessment has identified degraded land and priority areas for restoration.
- ◆ The landscape/jurisdiction has built consensus on restoration objectives for its natural and human communities.
- ◆ Nurseries can supply the right tree species, and protocols are in place for seed collection, restoration planting, and maintenance
- ◆ Farmers are willing to engage in restoration activities.
- ◆ Qualified agricultural/agroforestry/forestry experts are available to train and support landowners/communities to undertake restoration.
- ◆ Effective systems are in place to monitor and verify restoration efforts.
- ◆ There are enough public and private funds to scale restoration, then support monitoring and maintenance.



As restoration includes not just direct costs (e.g. buying, planting, and weeding around seedlings) but also opportunity costs to landowners from not farming on restored land, companies should pay landowners and managers for environmental services generated when they reserve and maintain portions of their land toward restoration. Establishing a system for ongoing payments increase the odds of long-term success. Companies can offer premium crop prices to farmers undertaking restoration, make direct payments based on evidence of continuing restoration, or contribute to restoration funds at the community or landscape/jurisdictional level. To ensure that incentives to maintain restored areas endure, companies should position other entities to take on these payments over time.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By working with diverse stakeholders to prioritize areas for restoration in the landscape/jurisdiction, the company promotes synergies in the region and reduces the risk of conflicting objectives or competing interventions.
- ◆ By supporting restoration as part of an LJI, the company helps reverse deforestation both inside and outside its operations or those of its suppliers.
- ◆ Restoration can help a company demonstrate and fulfil its commitments to conservation, sustainability, and emissions reduction beyond the scope of its own production or sourcing.

# SUPPORT ADDITIONAL/ALTERNATIVE LIVELIHOOD ACTIVITIES AND PRACTICES THAT REDUCE PRESSURE ON FORESTS

## IN THE REAL WORLD

While companies have long helped farmers and communities to diversify livelihoods, few have done so as part of landscape/jurisdictional strategies. The following cases include some in which companies have taken important action in the absence of agreed or clearly articulated L/JI goals and priorities. If undertaken in the context of an L/JI, the same actions can leverage partners' efforts and help to deliver significantly greater impacts.

### 1. West Africans cook food without consuming forests

Nestlé has **distributed over 800 efficient cookstoves in Côte d'Ivoire and Ghana to reduce pressure on forests and improve family health. The company has also helped establish village savings and loan associations for over 9,400 people to finance their small business opportunities.**

2.

### Preventing future unemployment-driven deforestation

**Golden Agri-Resources (GAR) offers livelihood packages to the communities that supply its labour force.**

The company recognizes that automation trends in palm oil production will displace labour and erode jobs over time, at which point underemployed workers may take up unsustainable practices to make up lost income. To anticipate and mitigate this risk, the company livelihood package includes training, support with agricultural inputs, and market access for activities like yield improvement on rubber plantations, organic farming, and aquaculture. GAR also manages an outgrower scheme, in which smallholder cooperatives gain dedicated training to convert non forested community land into productive plantations.

3.

### Boosting productivity, shrinking farmland footprints

**Hershey's has invested in increasing the economic resilience of cocoa farmers by supporting over 14,000 farmers in sustainable livelihood and income diversification programs.** These programs provide training on cassava and plantain production and other income generating activities, which may help farmers earn enough that they need not expand their farm footprints. It has also helped to establish almost 200 Village Saving and Loan Associations, totaling over 5,000 farmers, to educate communities on responsible saving, borrowing, and investment. These Associations have provided over \$250,000 in loans to support education and micro businesses.



#### 4. Earning income without jeopardizing Ghana's forests

In 2018, Benso Oil Palm Plantation partnered with communities in Ghana's Adum Bansa traditional area, Proforest and Partnership for Forests to address challenges faced by smallholder palm oil producers. This initiative trained farmers on social and environmental best practices for growing palm oil and worked with local NGOs to **develop alternative livelihood schemes to prevent further clearance of forest frontiers**. Over time, stakeholders formed local Forest Landscape Governance Board Committees to oversee efforts to protect forests and reduce social impacts in the area.



### DURATION

#### Medium-Long

(2 years for baseline assessment and planning; 5 years to achieve self-sustaining alternative livelihoods)



### COST

(\$)

Staff time to liaise with jurisdictional governments and communities

(\$)

Costs associated with workshops and meetings

(\$)

Training on developing new products, entrepreneurship, and attracting investment (e.g. business and investment plans)

(\$)

Participatory socio-economic studies to identify gaps, needs, and opportunities

(\$\$)

Processes to implement Free, Prior, and Informed Consent, when needed

## KEY POINTS FOR COMPANIES

Determine whether the target landscape/jurisdiction has set a goal to promote additional or alternative livelihoods to those that drive forest loss or environmental degradation. If so, companies should align their efforts with the L/JI's goals and geographic priorities. Alignment could mean redirecting and/or expanding current livelihoods support or investing in programs delivered by others. Upstream companies with robust community outreach capacities can take the lead in training for alternative livelihoods, backed by funding and incentives from downstream companies.



Companies can support additional/alternative livelihoods if they:

- ◆ Identify value-addition opportunities within the supply chain
- ◆ Support crop diversification through land assessment, farmer extension services, and long-term commodity purchasing programs
- ◆ Promote other viable business opportunities that generate non-farm employment in target communities (e.g. clean energy, clean water, education)
- ◆ Help farmers develop financial literacy, management, and entrepreneurship skills
- ◆ Invest seed capital into micro-finance for small and medium enterprise development (directly and with local, national, and international co-investors)

There are various strategies to unlock additional or alternative livelihoods:

- ◆ **Support stakeholder mapping and analysis** to identify who needs what outcomes, and why. Collaborate with an organization that has a track record supporting community economic development. Then help stakeholders establish governance structures, appropriate smallholder schemes, livelihood models, and mechanisms for monitoring and evaluation.
- ◆ **Identify alternative livelihood opportunities in the company's operations** and supply chains that are consistent with the strategies of the L/JI. For example, companies could promote alternative crops in suitable locations, invest in shared processing plants, and expand economic opportunity to women.
- ◆ **Open new alternative livelihood opportunities** by contributing business planning expertise, funding the provision of relevant expertise, and encouraging and supporting the participation of relevant suppliers. Specific arenas for support include:
  - » **Business models:** conduct market research on service industries and sustainable forest-based, agricultural, or non-natural resource products; product development; market testing; business plan development; legal entity establishment.
  - » **Human resources:** assess capacities and bridge gaps for village planning groups, community-based entrepreneurs, innovation hub managers, business expert rosters, and government economic development agencies and programs.
  - » **Institutional and policy dynamics:** assess how best to integrate new products and services into local and regional economic development plans and programs, as well as changes needed to regulatory frameworks to enable and incentivize community-based enterprises and regional industries.
  - » **Investor communication and outreach:** identify potential investors and engage them through a well-developed communications and marketing effort; present a compelling business opportunity, facilitate due diligence, and broker relationships.
- ◆ **Train and build the capacity of local communities** to establish and run small businesses. Communities often need help promoting a savings culture to boost their financial management skills and credit worthiness. Companies should align support with the L/JI's objectives, with an eye to helping today's new businesses become future sustainable supply chain partners.
- ◆ **Promote regular progress reports** to the L/JI from beneficiaries trained in alternative livelihoods.



## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Clarity on communities' gaps, needs and opportunities.
- ◆ Communities feel ownership of any alternative livelihood options that arise.
- ◆ Livelihood opportunities are grounded in viable markets, as grant/donation-based opportunities have limited or short-lived impacts.
- ◆ Stakeholders enjoy free, prior, and informed consent (FPIC) when required.
- ◆ Secured market access and purchasing agreements for new products that are developed.
- ◆ The system for education and skill development (i.e., vocational study) is aligned with landscape/jurisdictional priorities.
- ◆ Smallholders have access to finance, particularly seed funding to initiate and/or upscale their businesses.
- ◆ Communities are familiar with real success stories to overcome their reluctance to change livelihood models.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By supporting livelihood activities, a company can generate goodwill, build long-term relationships and enhance its social license to operate, thus reducing potential costs of community conflict and reputational risk.
- ◆ To the extent that communities are company suppliers, company support may engender loyalty and gain an advantage in a seller's market.
- ◆ Building market-based alternative livelihoods can create opportunities to source new products and develop new markets.

# SUPPORT LEGALIZATION OF PRODUCTION TO PROMOTE ADOPTION OF SUSTAINABLE AGRICULTURAL PRACTICES IN LINE WITH LANDSCAPE/JURISDICTIONAL INITIATIVE OBJECTIVES

## IN THE REAL WORLD

### 1. Licensing smallholder farms paves the way for certification

To advance jurisdiction-wide palm oil certification, Unilever teamed up with Earth Innovation Institute, Yayasan Inovasi Bumi, the Central Kalimantan Provincial Government, and the Kotawaringin Barat District Government. **This partnership helped a cooperative of smallholder oil palm producers in Pangkalan Tiga village transition to legal and RSPO certified production systems.**

Through the project, farmers obtain formal land certificates, business licenses, and environmental permits to bring their production into the legal economy. The approach to legalization leverages technology to accelerate land registration, including mobile phone apps and open source geospatial information systems. The project also provides capital to establish extension services to smallholders to facilitate sustainability certification, offtake agreements for certified products, and other incentives for sustainable production.

### 2. Guatemala's milestone in palm oil certification

In a milestone toward achieving RSPO certification in Guatemala, **Cargill, Oleon, and Palmas del Ixcán worked closely with Solidaridad to support smallholder palm oil farmers to legalize their operations.** The partners **conducted smallholder environmental impact assessments**, then submitted these to the Guatemalan government, which issued 91 environmental licenses.



## DURATION

Long  
(3+ years)



## COST

(\$-\$\$\$)

Assessment of legal issues

(\$-\$\$\$)

Engagement with communities,  
producers, and government on  
legal issues

(\$-\$\$\$)

Support to legalization processes

(\$\$-\$\$\$)

Incentives for legal and sustainable  
production

## KEY POINTS FOR COMPANIES

Determine whether the target landscape/jurisdiction has set a goal around legalizing commodity production. If so, companies should align their efforts with the LJI's goals and geographic priorities. Alignment could mean redirecting and/or expanding current legalization support or investing in programs delivered by others. Upstream companies with robust farmer outreach and hands-on training capacities may take on leading roles, while downstream companies are better positioned to provide funding and support legalization efforts from a distance.



Assess the legal issues related to land tenure and identify the most significant obstacles to sustainable production.

Multi-stakeholder working groups can offer diverse expertise and experience, while companies can provide legal expertise to identify bottlenecks and regulatory challenges that hinder legalization of smallholder production.

Clarify how legalization will contribute to sustainable conservation and production goals:

- ◆ Inside forest reserves, recognize land claims of Indigenous Peoples. It may be inappropriate to legalize farms recently developed by external actors.
- ◆ Outside forest reserves, customary land tenure may conflict with government titling, or private land titling may be incomplete. In either case, the lack of clear land rights can create an informal and insecure land market that undermines incentives for individuals, cooperatives, and small enterprises to invest in sustainable production. Clarifying and formalizing tenure can support the security and sustainability of commercial production.



Government agencies play a central role in galvanizing and legitimizing any multi-stakeholder legalization initiative.

If agencies with authority over land rights are not already part of the multi-stakeholder group, participating agencies or companies with the right relationships can wrap them into the discussions.



## EXTERNAL CONDITIONS

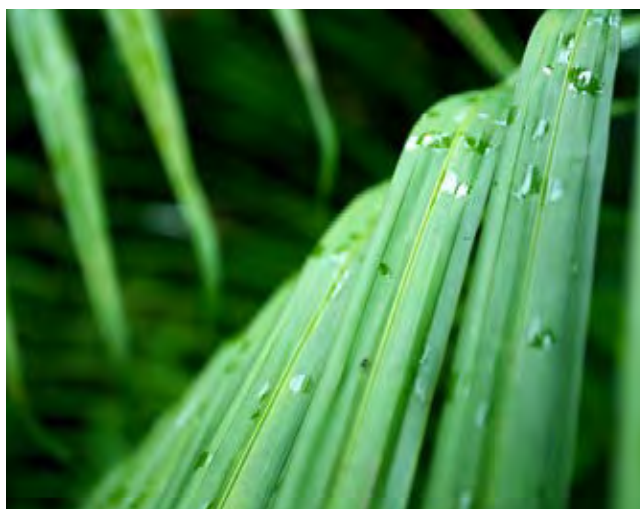
### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Political will and support from government regulators of land and agriculture.
- ◆ Multi-stakeholder participatory design of the intervention.
- ◆ Land use planning and zoning at local and jurisdictional levels to ensure legalization focuses on land that can support sustainable agriculture, and does not create new incentives for deforestation.
- ◆ Beneficiaries of legalization can access incentives and capacity building to become sustainable producers.



To resolve legal issues, companies should prepare to do substantial outreach, support, and dialogue.

- ◆ To help resolve tenure conflicts, companies can provide funding for technical expertise, mediation, and other services.
- ◆ Where there is informal production, companies can incentivize farmers and local traders to register and become licensed by committing to purchase from them, and/or by offering other services and support.
- ◆ Companies can also advocate with government agencies to simplify administrative requirements for small-scale commercial production.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By legalizing commodity production, companies can make progress on their sustainability goals, particularly for commodity sectors in which smallholder production comprises a significant share of overall production (including oil palm, coffee, cacao, rubber and timber).
- ◆ Companies that invest in legalization can increase the availability, diversity and reliability of supply of sustainably produced products.
- ◆ Companies can attribute multiple co-benefits and value added to modest supply chain investments, including enhanced food and water security, health, education and general socioeconomic well-being of participating farmers.

# HELP DEVELOP CARBON OFFSET PROGRAMS THAT REDUCE DEFORESTATION AT THE LANDSCAPE/JURISDICTIONAL SCALE

## IN THE REAL WORLD

### Investing in Cambodia's carbon-rich forest credits

In the threatened forest region of Cambodia's Eastern Plains Landscape, **H&M partnered with WWF** to launch the Supply Chain and Landscape approach (SCALE). The goal is to create a landscape investment program using REDD+ credits generated at the landscape scale to transform the textile industry and energy supply chains, thus bringing multiple benefits to the forest and the region's stakeholders.



## DURATION

### Short-Long

(1 month to purchase carbon credits;  
3+ years to create an L/JI with the ability  
to generate carbon credits)



## COST

### Option 1:

cost of carbon credit purchases from  
an L/JI (\$-\$\$ depending on depth of  
company due diligence)

### Option 2:

cost of adding a carbon credit  
component to an L/JI (\$-\$-\$\$\$)

### Option 3:

cost of creating an L/JI designed to  
generate carbon credits (\$-\$-\$\$\$  
depending on the scale of company  
investment needed)

## KEY POINTS FOR COMPANIES

The global REDD+ framework rewards countries that reduce deforestation and enhance forest carbon sinks. It includes a mechanism for results-based payments to national and sub-national governments, communities and private investors. The architecture for providing these payments is complex and evolving.

However, sub-national jurisdictional initiatives are a particularly promising focus for REDD+ investment and carbon credits because they combine government involvement and oversight with supply chain and community actions to stop deforestation and may generate payments for all these actors. For carbon finance investors, L/JIs may offer economies of scale relative to individual, site-specific projects within a jurisdiction, while also enabling private investment more readily than national-scale government programs.



Companies can invest in landscape/jurisdiction-scale carbon offsets in three ways, ranging from simple to complex:

1. Source carbon credits from an existing L/JI that has an established mechanism for carbon finance. This option is a relatively easy one for a company that wishes to support an L/JI and gain carbon credits, but does not seek to become directly involved in the initiative. It may also be a way for a company to become engaged in an L/JI as a first step that might lead to greater involvement over time.
2. Integrate carbon finance into an existing L/JI (as Touton is doing with cocoa suppliers in Western Ghana, see [Co-design jurisdictional goals, key performance indicators \(KPIs\), and implementation strategies](#)). This approach may be attractive to companies looking for additional long-term financing for an L/JI and can work with other stakeholders to link the initiative to public and private carbon markets to obtain credits. The company itself can be (but does not have to be) an investor in carbon offsets. It may be equally valuable to the company to have other investors financially supporting the L/JI in the form of carbon finance, so that the company can contain its costs in supporting the initiative.
3. Co-initiate and co-finance a carbon credit program at the scale of a landscape/jurisdiction. This option requires substantial company involvement and investment, generally with NGO and/or private partners with specialized expertise in REDD+ carbon finance. It may be an appropriate pathway for companies with substantial commitments to reducing carbon emissions, and equally substantial opportunities to work with suppliers and other stakeholders in a landscape/jurisdiction from which it sources commodities linked to deforestation. **The REDD+ Environmental Excellence Standard (TREES)** provides one vehicle for countries and eligible subnational jurisdictions to generate verified emissions reduction credits through actions to reduce deforestation and degradation.





## EXTERNAL CONDITIONS

### THAT IMPROVE LIKELIHOOD OF SUCCESS

- ◆ Clarity on status of REDD+ carbon credits, and on options for an L/JI to qualify for public (compliance) and private (voluntary) carbon finance.
- ◆ Strong alignment with government policy priorities and REDD+ programs.
- ◆ Close engagement in an L/JI by the government agencies responsible for climate policies.
- ◆ Capacity within a landscape/jurisdiction to meet the baseline monitoring, reporting, and verification requirements for calculating carbon credits.
- ◆ Up-front agreement among the stakeholders in a landscape/jurisdiction on benefit sharing from any carbon offset payments
- ◆ Availability of carbon market experts to support a L/JI in all the areas noted above.



For Options 2 and 3, a company must understand the carbon finance possibilities available to the L/JI, as well as the risks and price volatility associated with the carbon market. Companies should engage with the government and other stakeholders to identify current and potential sources of funding, and to discuss benefit sharing mechanisms and the carbon claims companies could make.

If REDD+ carbon finance is shown to be feasible to support an L/JI, companies can advocate for and/or support a REDD+ program that is in line with good practice for carbon offsets from land use projects.



## THE BUSINESS CASE FOR THIS INTERVENTION

- ◆ By supporting L/JIs that include carbon credits for avoided deforestation and forest conservation, companies not only advance their commitments to deforestation/conversion-free sourcing, but they may also gain carbon credits to offset emissions from their activities.
- ◆ Jurisdictional REDD+ programs have the potential to generate larger carbon reductions at a lower cost than single-site projects.
- ◆ Companies could create a long-term stream of payments to suppliers and other L/JI participants, reducing the need for company financing over time.



Portrait of Partai, oil palm plantation worker in Sabintulung village, Kuala Karanegara, East Kalimantan Photo: Ricky Martin/CIFOR.

# ANNEX 1

## FURTHER DETAIL ON THE INTERVENTION CO-DESIGN LANDSCAPE/JURISDICTIONAL GOALS, KEY PERFORMANCE INDICATORS, AND IMPLEMENTATION STRATEGIES

The essential and collective work of designing landscape/jurisdictional goals, key performance indicators, and implementation strategies means aligning with diverse stakeholders who may distrust one another or disagree on how to balance economic, social and environmental objectives. The company's role is to bring its perspective to multi-stakeholder discussions and collaborate on solutions that boost productivity without eroding human rights and environmental integrity.

The design process has four components. **First**, create or join a multi-stakeholder group with shared commitment to responsible production and conservation. **Second**, build a shared understanding of challenges and opportunities for all parties to meet common goals. **Third**, develop a framework or plan, with shared accountability, to guide conservation and economic activities. **Fourth**, expand the multi-stakeholder group to include previously uninvolved stakeholders.



## 1. CREATE OR JOIN A MULTI-STAKEHOLDER GROUP WITH SHARED COMMITMENT TO RESPONSIBLE PRODUCTION AND CONSERVATION

- ◆ **Convening vs. participating:** Initially, a government agency or NGO may approach a company and ask it to participate as a co-convenor or stakeholder. If a multi-stakeholder group is not already being convened, a company may approach government agency(ies) and/or NGOs to help it do so. If invited, the company should clarify the goals of, roles in, steps through, and participants involved in the multi-stakeholder process.
- ◆ **Single-sector vs. cross-sector:** One key question at the outset will be whether the L/JI should focus on a specific sector (e.g. a single major commodity driving impacts on forests or other ecosystems), or seek to address several sectors that may have complex interactions and effects on conservation and development. A single-sector approach may be easier to begin, but more challenging to expand than a multi-sector approach. Either can be appropriate if the conveners have a strategy for addressing their respective challenges and risks. When a single commodity is the dominant driver of impacts, but other factors (e.g. logging, other commodities, subsistence farming) interact with the dominant driver, it may be wise to begin with a focus on the commodity, but recognize the need to engage actors in other sectors early in the process and strengthen their commitment as the L/JI develops.
- ◆ **Goal setting:** Some stakeholders may have very high ambitions, while others may be more cautious or concerned about the impact of the process on their activities. Goal setting works best when the convener and other stakeholders find a set of broadly shared jurisdictional conservation and development goals. These goals are neither so detailed as to become the focus of intense negotiation, nor so broad that they make it hard to assess progress. Rather, they reflect both conservation and development aspirations, showing how they can be mutually supportive.
- ◆ **Representation:** Carefully consider whether all key stakeholders are represented – not only those who can influence the plan, but those who may be most impacted by it. If there are “missing stakeholders,” the group must figure out whether they need to be recruited to the table early or later.
- ◆ **Ground rules:** Any group process needs guidelines that encourage collaboration and mutual accountability, so a company should work with other stakeholders to develop ground rules.

Rules should specify that members are expected, for example, to participate in good faith, with an open mind, speak up consistently, contribute information and/or resources on schedule, communicate back and forth with constituencies, and negotiate actions and commitments in ways that meet both one's own and each other's interests (“interest-based negotiation”).

- ◆ **Resources:** Companies may be asked to provide a substantial share of the resources for the planning process. Companies should seek proportionate or complementary resources from others so that all stakeholders are invested with “skin in the game,” and the process won't be perceived as controlled by the companies.
- ◆ **Facilitation:** Contract a neutral facilitator to help navigate and find common ground among stakeholders.



Palm Oil Workers at a palm oil plantation cooperative, East Kalimantan, Photo by Ricky Martin/CIFOR



## 2. BUILD A SHARED UNDERSTANDING OF CHALLENGES AND OPPORTUNITIES FOR ALL PARTIES TO MEET COMMON GOALS.

- ◆ During a multi-stakeholder process, use a constructive, interest-based approach to communication and negotiation.
- ◆ Identify information and resources the company can bring to the table and seek complementary inputs from other participants. For example, companies can help with data visualization and documentation, but ensure that subsequent planning processes, using data to guide decision-making, is highly participatory.
- ◆ Where parties disagree about conservation status (e.g. deforestation rates) and/or about the primary drivers (e.g. large vs. small-scale agriculture), a valuable tool is joint fact finding (JFF). JFF requires the group to agree on the questions (e.g. what is the deforestation rate?), the methods to answer those questions (e.g. use of historical aerial/satellite data, ground-truthed with longer-term residents and operators), and the persons or institutions involved (e.g. a jointly selected consultant to collect and review the aerial/satellite data, plus multi-stakeholder teams interviewing longer-term residents and operators).
- ◆ To graduate from analysis to planning, the group needs to create a shared understanding of the status of key conservation and development goals and the main drivers of impact, using text, maps, and visualizations. That shared understanding should reflect what is known and agreed, along with outstanding questions and uncertainties. It is not necessary or possible to answer all questions to start planning. Adaptive management makes it possible to deal with uncertainties through trial and error experiments.

## 3. DEVELOP A FRAMEWORK OR PLAN, WITH SHARED ACCOUNTABILITY, TO GUIDE CONSERVATION AND ECONOMIC ACTIVITIES

In most cases, this stage of the process will lead to the creation or revision of a landscape/jurisdictional land use plan, with priority conservation areas and specified allowable land uses in and around those areas (see [Support development of a robust landscape/jurisdictional land use plan](#)).

Frameworks and plans for achieving goals need to specify agreed targets (positive changes in the landscape, in economic activities, and in benefits for participants), along with actors, actions and time frames for each.

- ◆ With targets and indicators defined, an action plan to meet the targets can be developed. Responsibility for advancing discrete elements of the action plan needs to be allocated among the landscape stakeholders, with each actor's role well defined. The level of effort can start lower (e.g. sharing information about changes in individual companies' activities aligned to the framework) and increase over time (e.g. jointly supporting a best practices training program for farmers). There is benefit from starting with actions that are well within reach for all actors, and building from small initial successes to more ambitious, joint actions.
- ◆ To motivate action, embed within the plan a clear timeline with identified milestones and explicit accountability of individual participants to the multi-stakeholder group.

In addition to any more specifically identified roles, companies can support implementation by setting joint targets with suppliers that are aligned with jurisdictional targets, and by clearly articulating the business case for corporate engagement.

- ◆ Companies should be confident that they can implement any and all actions to which they commit, or identify capacity gaps that they will need to meet and state how they will meet them within the time frames established for action. They should seek the same clarity about commitments and capacity gaps from other participants.

Metrics need to be developed for monitoring and evaluating the various activities being undertaken to meet the targets, and appropriate monitoring tools need to be chosen.

- ◆ Several tools provide metrics frameworks that can be used for evaluating landscape-level progress, including LandScale, the Commodities-Jurisdictions Approach, and VSA.
- ◆ Joint reporting, monitoring, and evaluation by the participants can increase trust and accelerate responses to unforeseen challenges. An ongoing working group of participants can be tasked with monitoring, and all participants can be asked to report relevant data and information (e.g. government forest agencies can report on permit issuance and enforcement; communities can report on watershed protection activities; and companies can report on new plantation areas and activities). All participants should jointly evaluate progress toward goals through periodic meetings.



#### 4. EXPAND THE MULTI-STAKEHOLDER GROUP TO INCLUDE PREVIOUSLY UNINVOLVED STAKEHOLDERS

- ◆ If the initial group was small by design, then participating companies can begin reaching out to other companies during early implementation, in coordination with the conveners. That outreach can include information about the initiative and its early implementation, and invitations for companies to join.
- ◆ The process of incorporating new stakeholders does not require re-opening all agreed parameters of the initiative, but may require reviewing and revising some goals, targets and actions. This should be done in the same spirit of relationship building and interest-based negotiation that the initial participants used. New stakeholders should be treated as full and equal participants once their commitment is clear, and not perceived as secondary to the initial cohort.
- ◆ Companies and others may need to modify targets and KPIs if new actors become landscape stakeholders or if existing stakeholders, who did not initially participate in the design process, join in. This may occur, for example, if initial KPIs are negotiated with reference to one commodity sector in a landscape with multiple commodity drivers of environmental degradation.
- ◆ Above all, it is essential to learn from early implementation how well the actions are contributing to the results that the group aims to accomplish. Because of time lags and complex interactions, it may take seasons or years before initial changes become apparent. So, companies must plan ahead for ongoing participation, without expecting or promising dramatic change, and with a strong commitment to ongoing monitoring, evaluation, and adaptation.



Oil palm crops on the way to the Norderth hamlet. Photo by Marion del Aguila Guerrero/CIFOR



# ANNEX 2

## FURTHER DETAIL ON THE INTERVENTION SUPPORT DEVELOPMENT OF A ROBUST LANDSCAPE/JURISDICTIONAL LAND USE PLAN

When developing a land use plan within the selected landscape/jurisdiction, first identify the key stakeholders needed to shape it, ask what they seek or fear, and determine whether there is room for a collaborative approach to produce it together.

Key stakeholders include the government entity (or entities) with authority over land use, communities and other producers who would be affected by the land use plan, companies operating in or sourcing from the landscape, and civil society organizations with interest in social and/or environmental impacts in the landscape.

- ◆ A company may have enough clout and trust to convene relevant stakeholders who would welcome its facilitation. Even so, a neutral, third party facilitator might be better positioned to convene more diverse stakeholders, including those that may not trust companies.
- ◆ Companies not in a position to convene can identify government and civil society organizations who are, promote a collaborative process to create a jurisdictional land use plan, and support their leadership while participating as stakeholders.
- ◆ If a current land use plan needs improvement, the process is similar, but begins with reviewing the existing plan and aligning on the aspects that need adjustment.

Then, before creating any new plan, stakeholders should produce a reference map to understand how a jurisdiction's land is currently being used by different actors.

The map provides one layer in an exercise to identify overlaps with priority conservation areas, as well as conflicts and complementarities among productive uses and users. A transparent and inclusive mapping process will capture land use, ensure local understanding, and acknowledge conflicts in the open.

Participatory mapping must be undertaken by diverse stakeholders, ensure in particular that female stakeholders feel free to speak up and make decisions without undue influence from men, as the genders can have widely differing ideas as to how land is used.

- ◆ Companies may directly lead or indirectly pay consultants or NGOs to lead on the technical effort, then provide data and sufficient staff time to review documents.

Next, prioritize where to focus conservation efforts on the landscape. This technical exercise requires tools that delineate areas requiring protection, restoration, or specialized management to achieve conservation outcomes.



Local people of Gede Pangrango, Dadin, a 45 year old man, fishing in the lake using a traditional net. Photo by Ricky Martin/CIFOR

Appropriate tools include the High Carbon Stock, High Conservation Value, and Key Biodiversity Area methodologies. To apply these tools, environmental experts typically consult with the key stakeholders to understand the range of land use issues and concerns and to identify sources of local knowledge.

They then draft the priority conservation areas map based on scientific parameters such as maximizing habitat connectivity or protecting riparian areas.

Stakeholders validate the map to ensure it considers local conservation needs, such as sacred sites or natural areas important for extraction of non-timber forest products.

- ◆ Not all stakeholders need be involved to the same degree in every step, but each needs their perspectives included in the process. For example, a smaller group can develop a baseline assessment of land use, then present this technical document to other stakeholders for review and approval.
- ◆ Company staff with environmental expertise may contribute knowledge and data, but setting the conservation agenda is often led by a government entity or a third party applying one or more prioritization methodologies.

Creating a new plan that addresses tensions between current land uses and conservation priorities typically requires making tradeoffs. The goal is to maximize both livelihood and conservation outcomes. All stakeholders need to take part in this process to ensure that all perspectives are weighed fairly.

- ◆ A company's role is to advocate for its own interests in line with corporate sustainability ambitions, to help ensure communities or smallholders with less power are able to make their voices heard, and to negotiate in good faith so that all stakeholders can maximize joint gains and complementarities, while minimizing production-protection trade-offs.

“ **A TRANSPARENT  
AND INCLUSIVE MAPPING  
PROCESS WILL CAPTURE  
LAND USE, ENSURE LOCAL  
UNDERSTANDING,  
AND ACKNOWLEDGE  
CONFLICTS IN THE OPEN.** ”



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