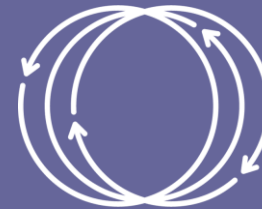


Good Growth Partnership Integrated Approach Program

“Advancing the Integrated Approach to
tackle Commodity-driven Deforestation”
GEF Technical BBL Series

22 May 2024



GOOD
GROWTH
PARTNERSHIP

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Agenda

1. Opening Remarks
2. GGP Program presentation
3. Panel Discussions and Q/A
4. Closing Remarks



Demonstrating **value-add**
of the GEF

Demonstrating **Program**
additionality

Creating institutional **framework**
for stakeholder engagement

Dealing with complexity

Achieving results by
promoting systemic shifts

Leveraging the
private sector

Cross-cutting issues:
Gender Mainstreaming,
Resilience, Stakeholder
Engagement, Private
Sector Engagement,
Knowledge
Management

Speakers



Peter Umunay, PhD
Agri-Food System
Programs Lead, GEF



Mohamed Bakarr, PhD
Manager, Integration and
KM, GEF



Andrew Bovarnick,
Global Head of FACS,
UNDP



Eric Lambin F.
Professor, University
of Louvain &
Stanford University



Guadalupe Durón,
Programme
Management Officer,
STAP



Thomas P Tomich,
Professor, University of
California, Davis



Lucie Smith, Senior
Manager, Soft
Commodities Forum,
WBCSD

GGP presentation

1. Key facts about the GGP program
2. Key achievements
3. Key learnings on the Integrated Approach
4. Key lessons for future projects

The Good Growth Partnership (GGP)

\$45 million GEF/\$255 million co-financing/5 years



Palm oil

Gbarpolu
Grand Cape Mount
Bomi
Monrovia

Liberia

Brazil

Soy

Matopiba
Brasília

Palm oil

South Tapanuli
Pelalawan
Sintang
Jakarta

Indonesia

Paraguay

Beef

The Chaco
Asunción

Implementing Partners

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Additional Partners:



Six main ways we enable change toward sustainability in commodity supply chains with a multi-scale and multi-stakeholder approach



Key Achievements – Programmatic level

GEF GLOBAL ENVIRONMENTAL BENEFITS



28+ million hectares of land under improved management



29+ million tonnes of CO2 emissions avoided



17+ thousand farmers, producers and community members benefitted

KEY OUTCOMES



23 commodity platforms and forums established



9 national and subnational action plans adopted



29 policies supported



207 financial institutions and insurance companies capacitated



\$16+ million in new investments leveraged



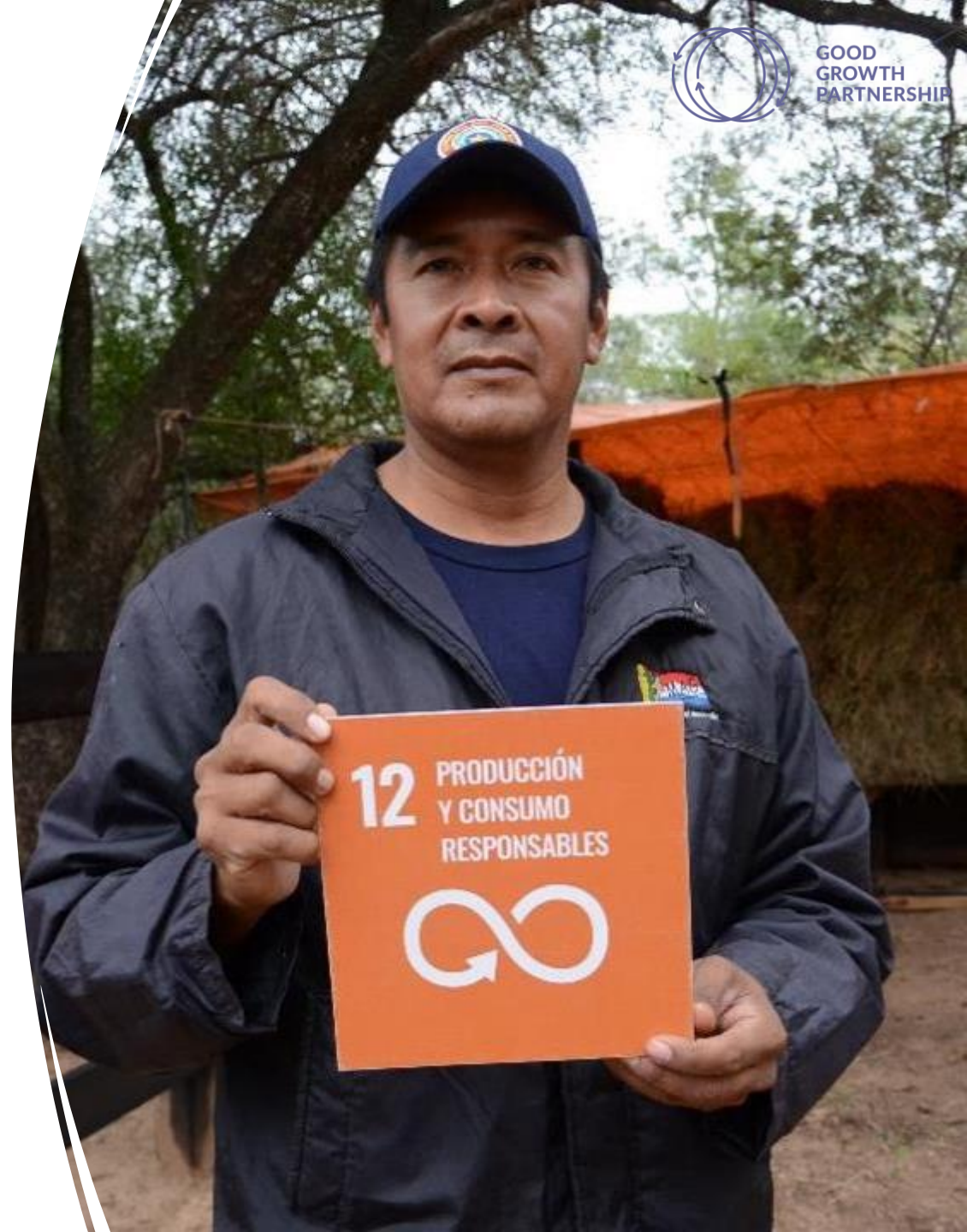
88 companies engaged



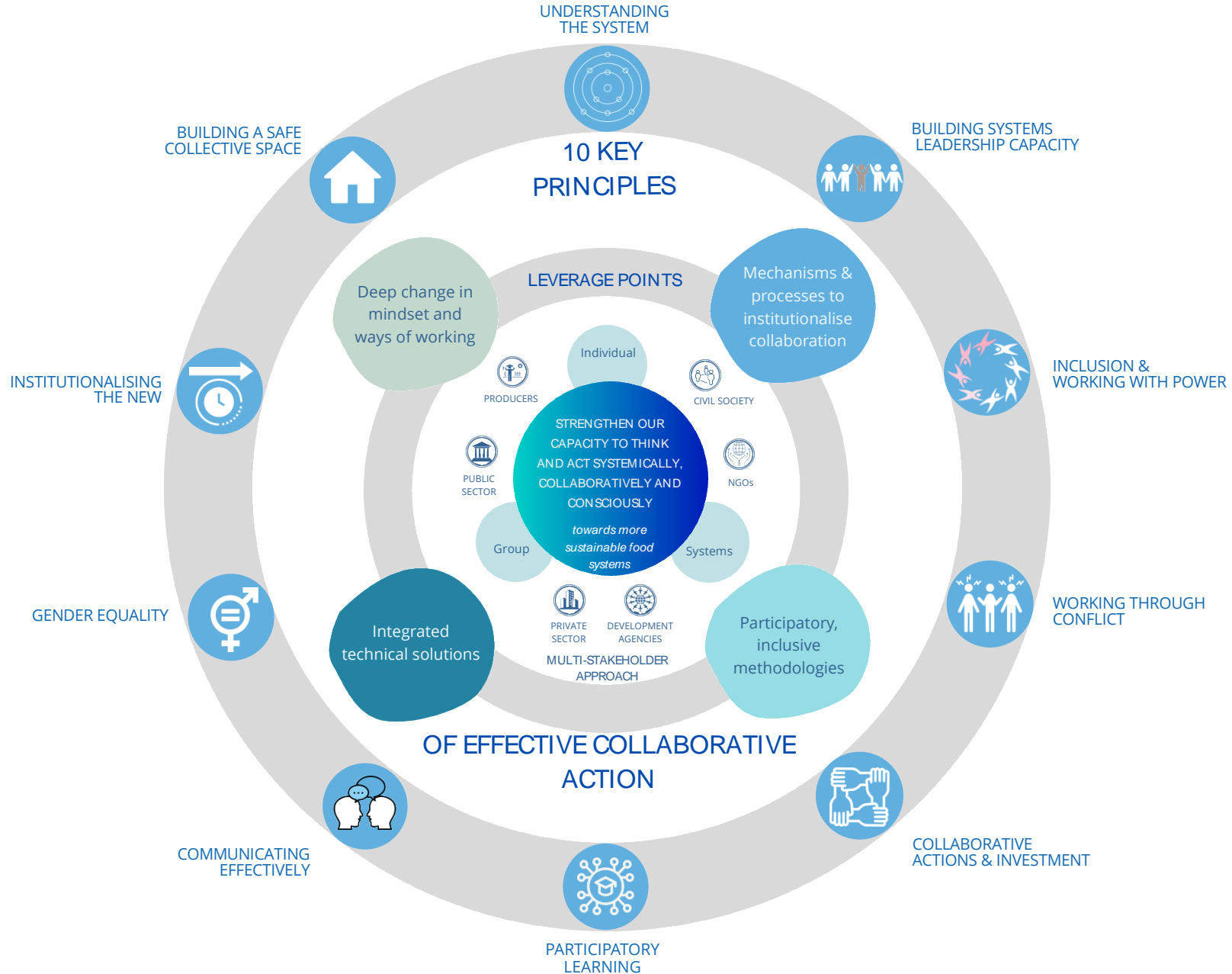
4 gender action plans developed

Key Lessons

- Voluntary, market-based approaches to creating demand have served an important role, but alone they insufficient to meet the deforestation and conversion challenge. Good governance is a critical enabling factor.
- Longer timeline and additional resources are needed for policy implementation and monitoring.
- Financial actors needs to play a more central role to drive demand; strategies targeting FIs could be more aligned and cross-cutting.
- Discussion and change in policy alongside deployment to the private sector of new financing structures, tools and frameworks is necessary.
- There is still a significant gap in consumer awareness needed to drive change in company and government behavior.



Key Lessons on Facilitating Collaboration

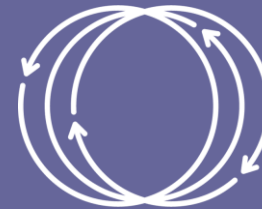


Key Learnings on the Integrated Approach

Five transformational practices are needed for the effective delivery of an integrated approach such as GGP:

1. Establishing inclusive and collaborative spaces in which stakeholders can interact build trust and develop collaborative actions.
2. Establishing and incentivizing effective coordination among partners through dedicated time and budgeted mechanisms.
3. Embracing systemic thinking and tools to ensure sound design, informed implementation, adaptation and learning.
4. Adopting agile adaptive processes for recognizing and adapting to dynamics in the system that the programme is seeking to change.
5. Using innovative tools and measures of progress that focus on impact and transformation, over output.

Thank you!



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The role of supply-chain initiatives in reducing deforestation

2018

Eric F. Lambin^{1,2,3*}, Holly K. Gibbs^{4,5}, Robert Heilmayr⁶, Kimberly M. Carlson⁷, Leonardo C. Fleck⁸, Rachael D. Garrett⁹, Yann le Polain de Waroux¹⁰, Constance L. McDermott¹¹, David McLaughlin¹², Peter Newton¹³, Christoph Nolte⁹, Pablo Pacheco¹⁴, Lisa L. Rausch⁵, Charlotte Streck¹⁵, Tannis Thorlakson¹⁶ and Nathalie F. Walker¹⁷

Annual Review of Environment and Resources

Deforestation-Free Commodity Supply Chains: Myth or Reality?

2023

Eric F. Lambin^{1,2,3} and Paul R. Furumo¹

¹Stanford Doerr School of Sustainability, Stanford University, Stanford, California, USA; email: elambin@stanford.edu

²Woods Institute for the Environment, Stanford University, Stanford, California, USA

³Earth and Life Institute, University of Louvain, Louvain-la-Neuve, Belgium

Conditions for ZDCs to eliminate *global* deforestation

1. **Agricultural commodities** account for a large share of the agricultural expansion causing deforestation.
2. Traded commodities primarily go to markets with **demand for deforestation-free production**.
3. Traders are able to transmit the demand for deforestation-free goods **to producers** through supply chains.
4. **Market coverage** of forest-risk commodity production under ZDCs is large.
5. ZDCs are not associated with significant **leakage**.
6. ZDCs don't have adverse **social impacts**.

REVIEW SUMMARY

LAND USE CHANGE

Disentangling the numbers behind agriculture-driven tropical deforestation

Florence Pendrill*, Toby A. Gardner*, Patrick Meyfroidt, U. Martin Persson, Justin Adams, Tasso Azevedo, Mairon G. Bastos Lima, Matthias Baumann, Philip G. Curtis, Veronique De Sy, Rachael Garrett, Javier Godar, Elizabeth Dow Goldman, Matthew C. Hansen, Robert Heilmayr, Martin Herold, Tobias Kuemmerle, Michael J. Lathuilière, Vivian Ribeiro, Alexandra Tyukavina, Mikaela J. Weisse, Chris West

- **90-99%** of tropical deforestation is associated with **agricultural activities** – i.e., occurs in landscapes where agriculture is the main driver of tree-cover loss.
- **45-65%** of tropical deforestation is directly attributed to the expansion of **actively-managed** cropland, pasture or tree crops.



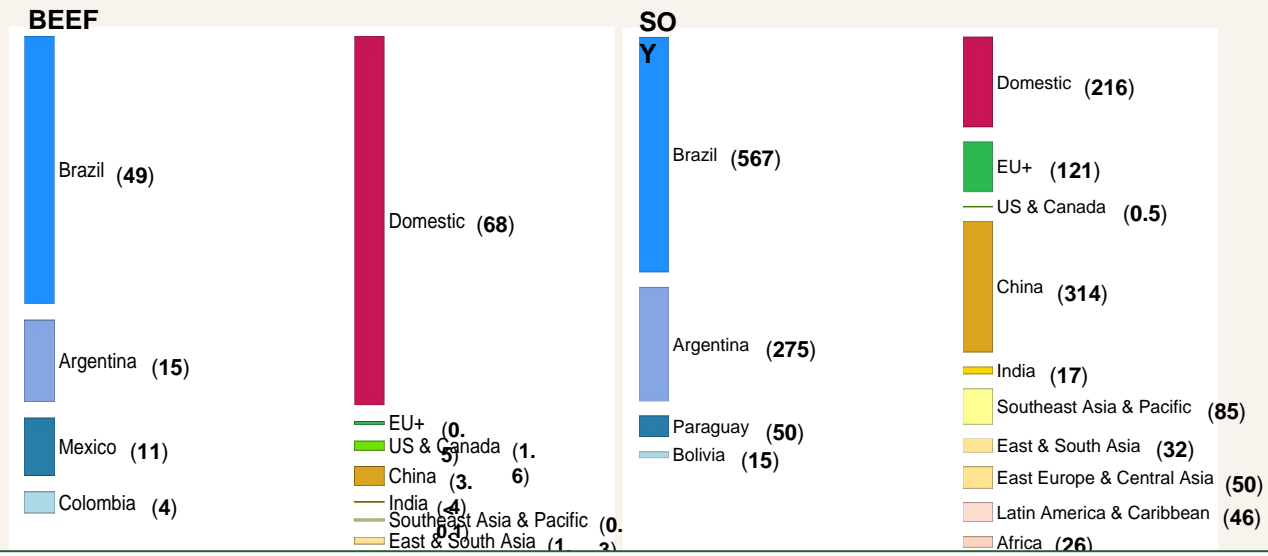
ESTIMATING THE ROLE OF SEVEN COMMODITIES IN AGRICULTURE-LINKED DEFORESTATION: OIL PALM, SOY, CATTLE, WOOD FIBER, COCOA, COFFEE, AND RUBBER

ELIZABETH GOLDMAN, MIKAELA J. WEISSE, NANCY HARRIS, AND MARTINA SCHNEIDER

Table 4 | **Total Forest Area Replaced by Analyzed Commodities, 2001–2015**

COMMODITY	DEFORESTATION (2001–2015, MHA)	DEFORESTATION (MHA/YEAR)
Cattle	45.1	3.0
Oil palm	10.5 (of which 6.2 was direct) ^a	0.7
Soy	8.2 (of which 3.9 was direct) ^a	0.5
Cocoa	2.3	0.2
Plantation rubber ^b	2.1	0.1
Coffee	1.9	0.1
Plantation wood fiber ^c	1.8	0.1
TOTAL	71.9	4.8

Over 2001–2015, cattle, oil palm, soy, cocoa, coffee, wood fiber, and rubber accounted for **58%** of all agriculture-linked deforestation.



1. Large share of forest-risk commodity production for domestic markets (~65%)
2. Small share of forest-risk commodity production exported to Europe and North America (~9%)
3. Growing share of exports to **emerging markets** that prioritize cheap imports with little attention so far to sustainability standards

Transmission to producers of demands for deforestation-free commodities requires that traders:

1. Know the producers they are sourcing from;
2. Establish a long-term relationship with them.

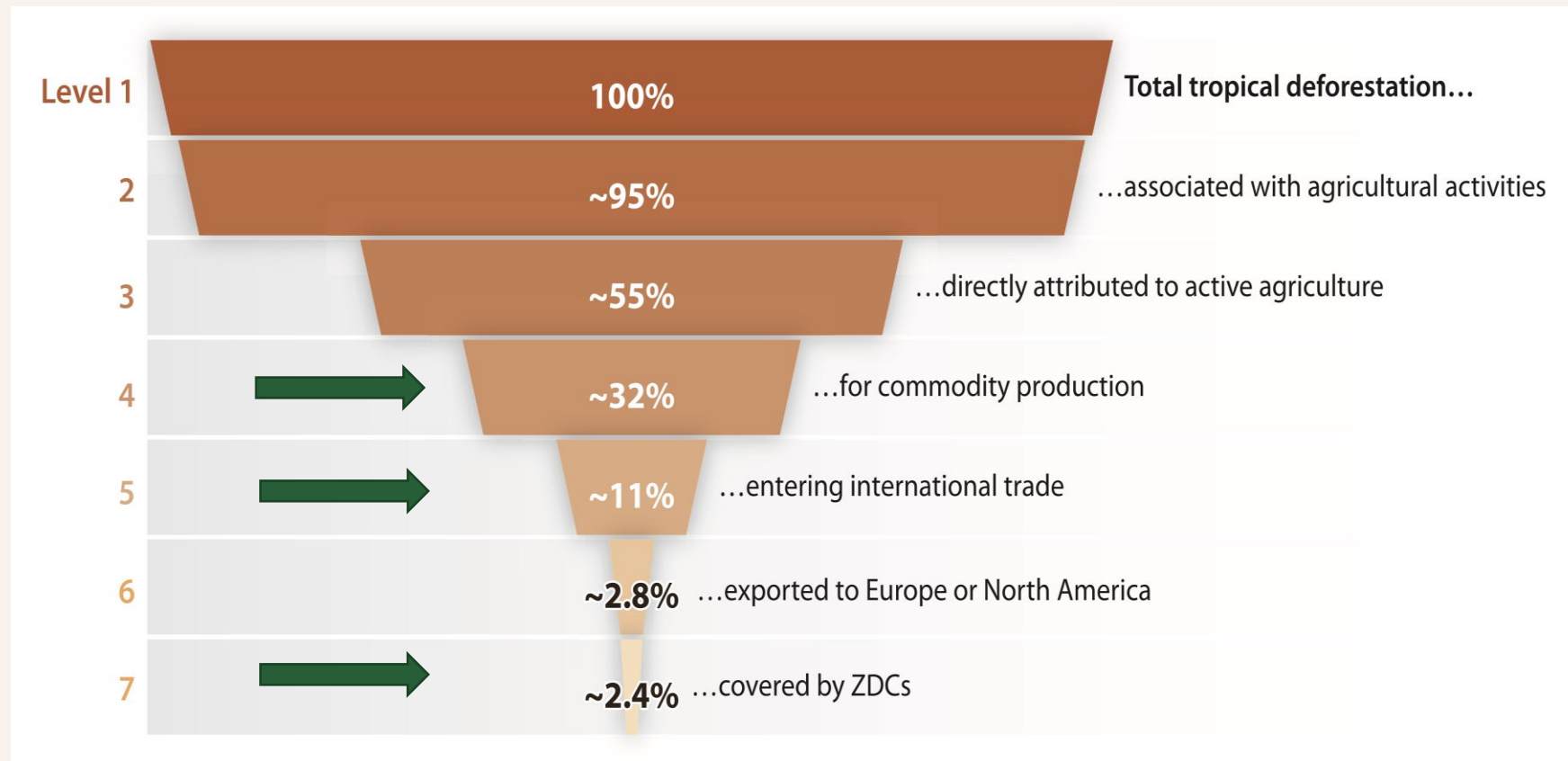
1. **Indirect suppliers:** 12-42% soy sourcing, 15-90% palm oil sourcing, 94-99% live cattle exports, up to 100% cocoa sourcing (zu Ermgassen et al. 2022).

2. Some trading relationships display **stickiness** (Villoria and Hertel, 2011).

3. Some traders have **volatile geographic sourcing patterns:**

- Meet their ZDCs by shifting from regions with high to low deforestation risks (Reis et al., 2020).

Small share of deforestation frontiers meets all conditions



Rough estimates!

Spillovers and leakage

- Leakage is real but rarely cancels all benefits from ZD policies
- Multiple market-mediated impacts at a global scale

Social sustainability of ZDCs

- Exclusion of small producers from international markets, with adverse livelihood outcomes
- **Effectiveness-equity trade-off:** ZDC effectiveness undermined if excluded producers continue to clear forest
- Empower local communities to create more diverse livelihood and land use options

Conclusions

1. ZDCs have spurred **progress** in monitoring, traceability, and awareness of deforestation.
2. Implementation of supply chain ZDCs across **entire supply bases** and with greater **market coverage** – including domestic markets – would greatly increase their impact.
3. ZDCs risk **excluding marginal producers**.
4. ZDCs are just one component of broader **policy mixes**.

Policy options: premises

Premise 1: Policy options and associated dilemmas in achieving desired impacts have been **reasonably well understood for at least 20 years**. Therefore, learning lessons from implementation to improve policy and programmatic design is key to achieving desired impacts at scale.

Premise 2: Policy options are both **interdependent and time dependent** (i.e., sequencing matters) and a systems approach is required for meaningful evaluation, learning, and impact assessment.

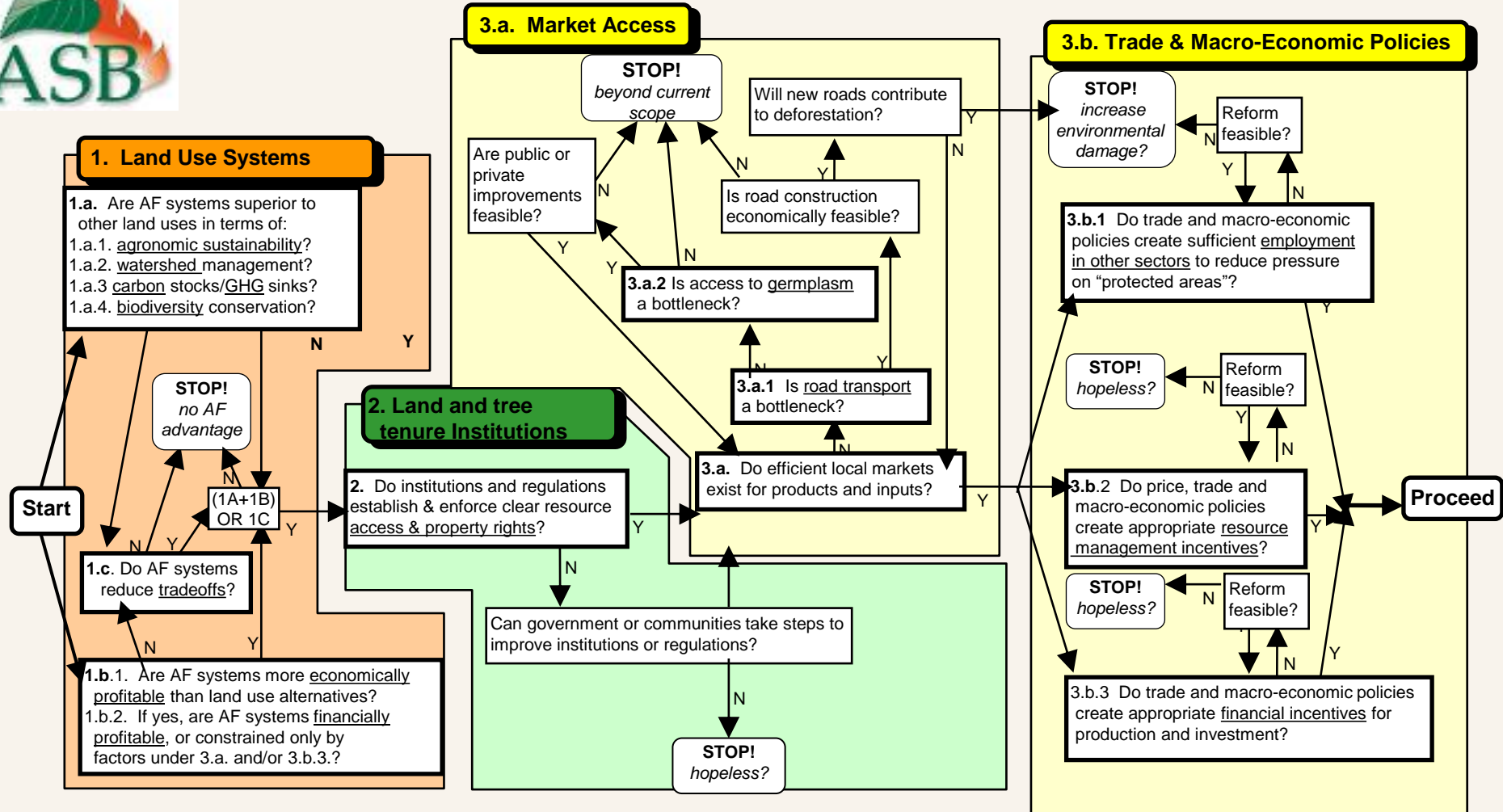
Neil Byron's parable of the locks: Reducing deforestation is like getting through a door with many locks – one needs the key to each lock to get through the door.

Premise 3: These challenges rarely can be addressed effectively through “stroke of the pen” policy reforms. **Effectiveness of many policy options requires attention to implementation**, including necessary capacity building and institutional development.

Policy options interact across drivers and across scales



Decision Tree for Upland Resource Management in SE Asia



Policy research for sustainable upland systems in Southeast Asia. TP Tomich, DE Thomas, and M van Noordwijk. 1998. *Agroforestry Today* 10(2): 23-25.

Policy implementation challenges

Recent example from in Indonesia

Lack of an effective and just balance between authentic local participation and national leadership on setting goals serving the collective national interest, including meeting international commitments (e.g., on GHG emissions and biodiversity conservation)

... need for a much clearer and more specific approach to “participation” by different groups, including the government, which often is left vague in program design.

Soft Commodities Forum

*Overview & Farmer First
Clusters initiative*



World Business
Council
for Sustainable
Development



The Soft Commodities Forum

Ambition

Created in **2018**, the SCF aims to **eliminate soy-driven deforestation from high-risk landscapes** through **traceability** of supply, **engagement** of customers in shared solutions and positive **transformation** of landscapes in partnership with producers



FARMER
FIRST
CLUSTERS

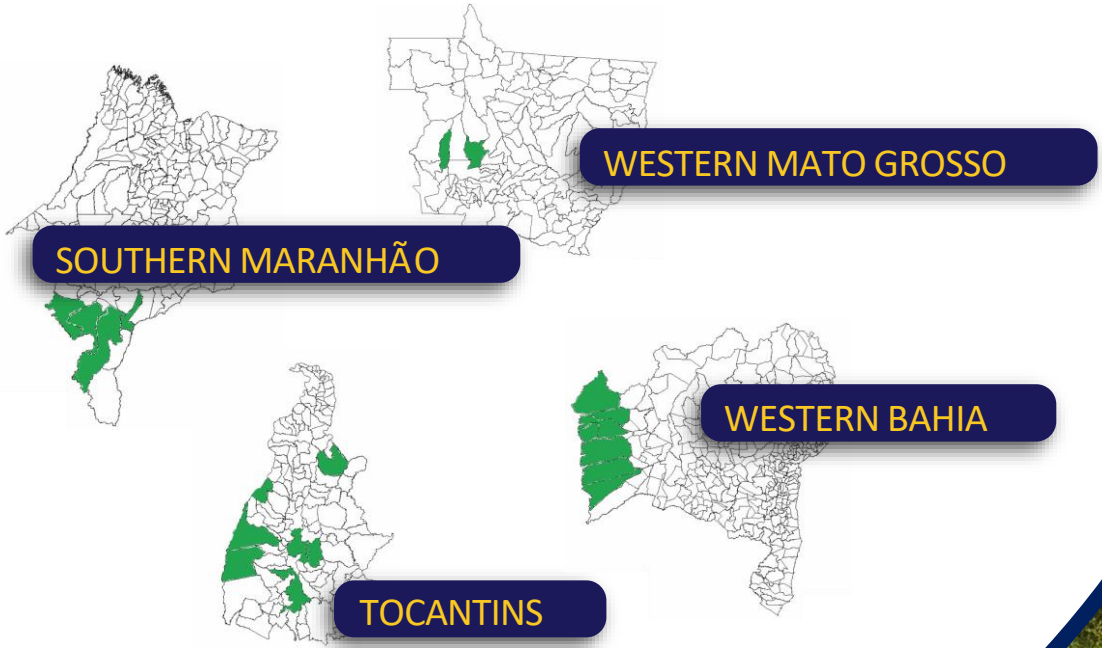
A BETTER WAY
TO SUPPLY
THE WORLD'S

COMMODITIES
MARKETS



THE CHALLENGE: MEETING FOOD SECURITY WHILE PROTECTING THE CERRADO

The Farmer First Clusters focuses on municipalities where the risk of deforestation and conversion is highest and where supporting conditions are present, maximizing impact on the ground.



25,4 Million hectares can potentially be **legally deforested or converted** to soy production in the Cerrado

40,7 Million hectares **Already cleared pasture and degraded lands** could be converted to soy agriculture in the Cerrado alone, meeting all soy expansion needs

* Source: [Agrosatelite/ABIOVE](#)

OUR THEORY OF CHANGE

The Farmer First Clusters leverages agri-traders' strategic position to deploy a smart-mix of incentives that nudge producers away from the opportunity cost of deforestation.

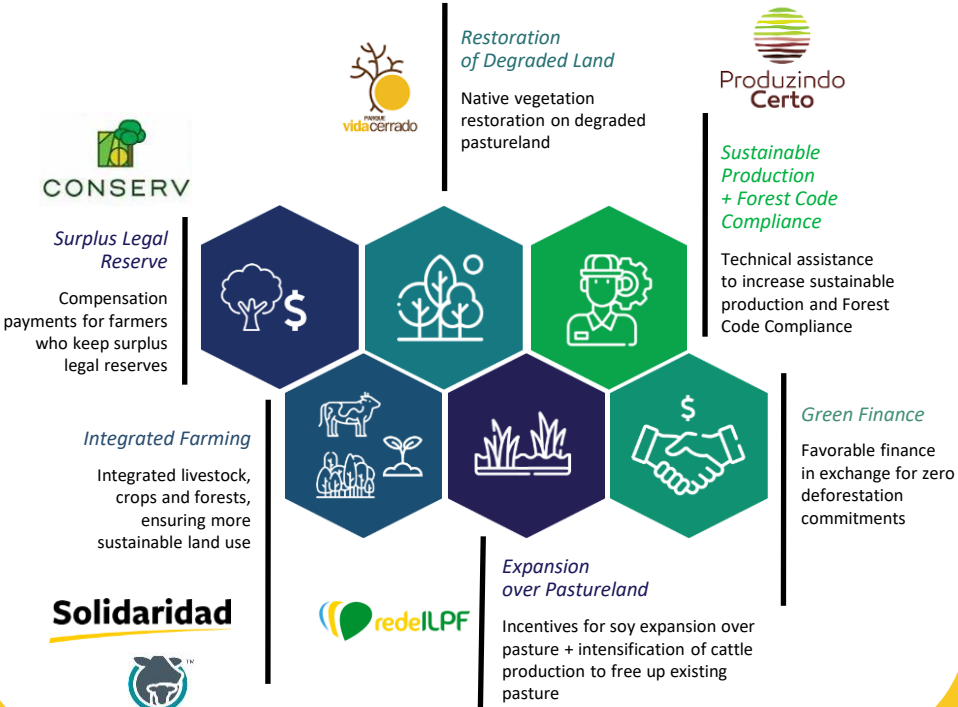
VALUE PROPOSITION

- 1. Cooperation:** The FFC is an innovative pre-competitive solution, championed by agri-traders
- 2. Centricity:** Farmers are at the center of the solutions, engaged by commercial teams
- 3. Connectivity:** Agri-traders can ensure connectivity across the soy supply chain
- 4. Climate & Nature-positive:** Solutions mitigate emissions and increase resilience, protecting biodiversity and equity



There is no one-size-fits-all solution.

As each landscape has its own level of institutional maturity and its own deforestation and conversion parameters, the program offers a bundle of solutions, referred to as 'clusters', combined for each local reality:



ACHIEVEMENTS TO DATE

An innovative multi-stakeholder landscapes model



> 1.280.000 Ha of Farm area enrolled

> 250.000 Ha of Native vegetation conserved

78 Participating farms



Funding: A core funding coalition, composed of the SCF's six members, has committed up to **USD 7.2 M direct funding**, and is now co-funded by the CGF Forest Positive Coalition.



Engagement: Key partnerships provide co-funding and technical support, while ensuring connectivity with producers, key local stakeholders and governance structures. Currently engaging a **pipeline of 300+ producers in 4 key Cerrado landscapes**.



Implementation Toolkit: Monitoring & Evaluation framework **developed in collaboration with downstream and financial partners**, Farm Eligibility Criteria, Farmer DCF commitments, Producer Engagement Protocol, etc.

THANK YOU!

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Thinking about transformation

Guadalupe Duron, GEF STAP



To be transformative...

“...overt intent to transform, an explicit approach to scaling, and a focus on the durability of the new system (as well as declining resilience in the old system) are mandatory criteria for an investment claiming to be transformative...” (STAP, GIZ)

GIZ, 2020. *Transforming Our Work: Getting Ready for Transformational Projects: Guidance*. <https://www.giz.de/expertise/html/61603.html>

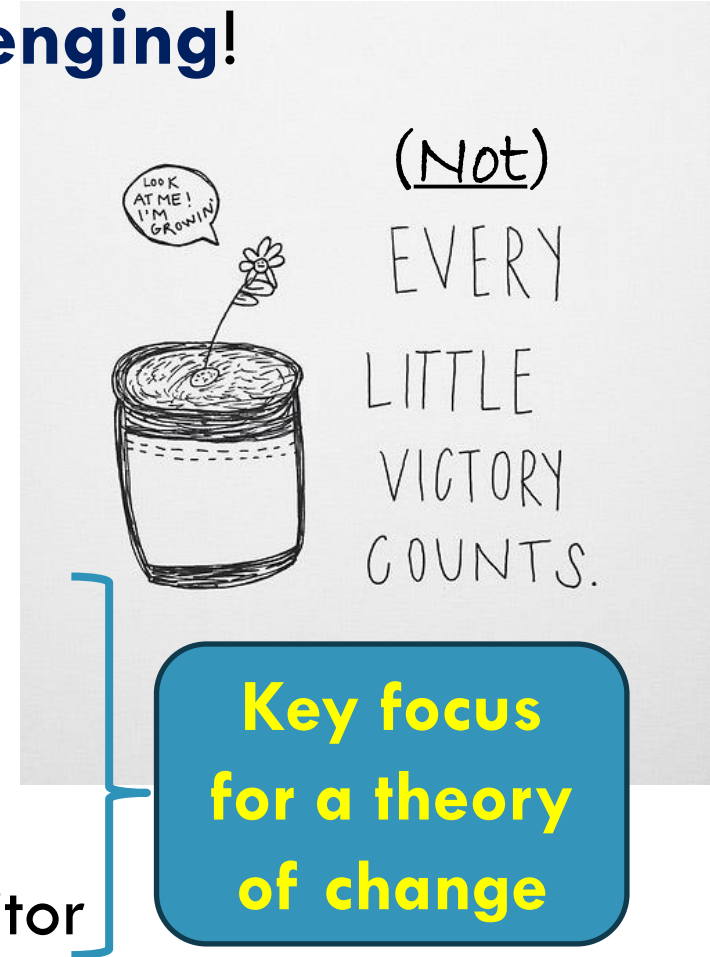
For the GEF:

A transformative investment should “lead to **enduring change** at a **sufficient scale** to deliver a **step improvement** in GEBs”

STAP, 2022. <https://www.stapgef.org/resources/advisory-documents/achieving-transformation-through-gef-investments>

Achieving transformation (at a global level)

- **Real transformation** at a global level **is challenging!**
- **Strong leverage points** are hard to effect
 - but can be preconditioned by many weaker/easier leverage points (**well-targeted ‘small wins’**)
- Need **real transformation ambition** to aim at
 - **Go beyond** replicating and disseminating to **scaling deep and up** – the strong levers.
 - Be prepared for **‘policy windows’**
 - **Set pathways & scaling** towards success, and monitor



Transformation: metrics for learning and adapting

STAP encourages **tracking metrics** in each of the following classes of lead indicators for transformation:

1. Capacity for change
 2. Governance and policies
 3. Multi-stakeholder dialogues
 4. Innovation and learning
 5. Financial leverage
- *GIZ work reminds us we should monitor the decline of the old system as well as the rise of the new*
 - *And provides many potential metrics*



Photo: Recoftc.org

Thank you!

Peter Umunay, PhD

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