2019

May

HOW CAN COMPANIES DELIVER ON THEIR 2020 “ZERO DEFORESTATION” PLEDGES? (HINT: COLLABORATE)

Daniel Nepstad | Executive Director & President

Hundreds of companies are rapidly approaching a 2020 deadline with important implications for both tropical forests and climate change. These companies pledged to achieve deforestation-free supplies of palm oil, soybeans, beef, timber, pulp and other commodities grown in tropical forest regions through, for example, the Consumer Goods Forum and the New York Declaration on Forests. Most will fall far short, posing an important question: with only months remaining, what can companies realistically do to make a *positive contribution* to tropical forests? This is the most important question to ask right now because it is directly focused on the ultimate goal behind these pledges: to slow the loss and speed the recovery of tropical forests at scale. Corporate zero-deforestation commitments themselves are very important, of course, but they are a means for achieving this goal, not an end. Companies can make a large contribution to tropical forests in a short time frame and at low cost—delivering on their 2020 deforestation commitments—by collaborating with the jurisdictions that produce their raw materials. The opportunities for collaboration are enormous (see map). Once established, these collaborations should be considered as progress towards companies’ “zero deforestation” supply chain targets.

[responsive_img imageid="9322" size1="0" size2="481" size3="961" size4="1441" sizes=""]

The 35 tropical states and provinces that have made commitments to reduce deforestation 80% by 2020, and that encompass 1/3 of the world’s tropical forests (www.gcftaskforce.org). Only five (in purple) have established formal partnerships with companies to help them achieve the 2020 target. Unilever, Mars, Carrefour, Marks&Spencer, and other companies are pioneering partnerships with jurisdictions.

Some companies are already moving forward with a collaborative approach to the implementation of their deforestation pledges hoping to achieve greater positive impact. In Central Kalimantan, Indonesia, for example, Unilever and INOBU, an Indonesian NGO, are supporting the district government of Kotawaringin Barat by mapping smallholder palm oil producers, bringing them into the formal economy and supporting their certification under the “Roundtable for Sustainable Palm Oil” standard. Partnerships can take many forms, including technical support, the siting of processing

plants, commodity offtake agreements, and many others. Some may ask: wouldn't it be better to hold companies accountable for their supply chain commitments? Isn't it dangerous to "let them off the hook"? Companies need to do both, of course. The last ten years of corporate supply chain work have demonstrated, however, that supply chain pledges are difficult and expensive to implement and, even when implemented, their positive impacts can be hard to measure. The Brazilian Soy Moratorium, perhaps the most widely cited story of successful market-driven action on deforestation, made only a modest contribution to Brazil's 60 to 70% decline in Amazon deforestation. Corporate deforestation pledges are most effective when they encourage or reinforce strong public policies for tropical forests. There are also signs that "zero deforestation" pledges may be backfiring, as we described recently for the strong farm sector support for Brazil President Jair Bolsonaro's environmental deregulation agenda. So if a committed company can do something positive for tropical forests that goes beyond its supply chains – through linkages to the public policies and programs that can address the tropical forest challenge at scale – they should be encouraged and applauded. The goods news is: *they can*. That is because there are other tropical forest pledges that have received far less attention than the big company commitments, but are potentially more significant. These pledges were made by the governments of states, provinces and regions in the tropics—the elected officials whose administrations are often in charge of land-use regulations, protected area creation and management, agricultural credit programs, agrarian reform and spatial planning. They have their hands on the big levers of change. The most prominent jurisdictional pledge is the "Rio Branco Declaration" (RBD) of 2014. Its 38 signatories, including California, Catalonia and 35 tropical forest governments that are members of the Governors' Climate and Forests Task Force (GCF TF) (see map above), encompass one third of the world's tropical forests. The appeal to companies that is made in the Declaration is quite clear:

> *We call upon the Consumer Goods Forum and other private sector initiatives aimed at achieving zero net deforestation supply chains to partner with us as we build robust jurisdictional programs for REDD+ and low emissions development and to develop programs for preferential sourcing of agricultural commodities from GCF jurisdictions that demonstrate performance. (Rio Branco Declaration, August 2014)*

Unfortunately, these partnerships have been slow to materialize. Our survey of all 35 of the tropical government signatories of the RBD found that only five had formal contracted partnerships connected to their commitment four years after the RBD was launched (see map). Why are partnerships between companies and governments to solve tropical deforestation so rare? Many companies we have talked with say that partnering with the government of a jurisdiction exposes them to "black-listed" actors in that jurisdiction and this exposure can lead to attacks from advocacy NGOs. These campaigning groups have been effective at creating risk for those high profile companies and investors that are associated with deforestation, but they have been less effective in establishing simple and safe

pathways for partnering with tropical forest jurisdictions that are striving to achieve forest-, community- and climate-friendly development. Companies are also hesitant to partner with jurisdictions because they are uncertain about how to go about it—they are unaware of the specific needs that a jurisdiction has that could be addressed through a partnership, and how such a partnership could be formed. Some companies say they are concerned that partnering with local governments could lead to expectations that they are unable to meet. A solution to these barriers is now coming into focus. Over the last two years, the "Call for Collaboration from Tropical Forest Government Leaders" has been developed under the leadership of tropical forest government officials with guidance from corporate, donor, and NGO leaders, coordinated by EII and the GCF Secretariat. A few rules of thumb for successful collaborations are presented in the "Call". By building on their risk management strategies to assume their full potential in helping to foster forest-, community-, and climate-friendly development regionally, companies can become critical partners to aspiring tropical forest jurisdictions. Successful partnerships:

- are mutually beneficial, constructed through dialogue that includes critical sectors and stakeholders of the regional society where the commodity is grown
- often begin by addressing an issue that is a priority in the producing region, but is not directly connected to deforestation (e.g. smallholder mapping, technical support)
- find ways to include farmers and rural communities in markets—local, regional and international—rather than exclude them
- are based upon a shared definition of success, which for local governments means incremental approaches that are solving core social issues and are consistent with relevant public policies and programs.

To foster corporate-jurisdiction partnerships based on these rules of thumb, and with a leadership role for local governments and farm sectors, EII is launching a new initiative called "Tropical Forest Champions" that will be discussed at the Annual Meeting of the Governors' Climate and Forests Task Force and the Tropical Forest Alliance in Colombia this May. The core premise of this system is that partnerships will flourish—and forests will be conserved—when it becomes simple and safe for both parties to collaborate, and when the mutual benefits of the collaboration are realized early and grow over time.

Partnerships are the building blocks of real progress in advancing tropical forest solutions.