



LOW-EMISSION RURAL DEVELOPMENT (LED-R) AT A GLANCE

- Agroindustrial giant with highest sub-national emission reductions (ER) (3.5 Gt CO₂) worldwide by slowing deforestation; agricultural output continues to increase
- Motivated by signs that markets could close doors to Mato Grosso soybeans due to high deforestation rates; strong civil society action
- In 2017, the Produce, Conserve, Include (PCI) strategy led to contract with Germany & UK for USD 50 million in performance-based finance (KfW REDD+ for Early Movers – REM)
- 2013 State REDD+ Law established legal framework for LED-R
- Despite massive ER achievements for 10 years, the state has only recently been recognized by pay-for-performance programs

DRIVERS OF DEFORESTATION

- Small-scale cattle ranching
- Large-scale cattle ranching
- Small-scale agriculture
- Large-scale agriculture
- Land speculation

AVERAGE ANNUAL EMISSIONS FROM DEFORESTATION 47.67 Mt CO₂ (2010-2015)
Includes above-ground biomass, below-ground biomass, & litter

AREA 903,378 km²

POPULATION 3,397,731 (2018)

HDI 72.50 (2010)

GDP USD 29.48 billion (2015, Base year 2010)

GINI 0.445 (2015)

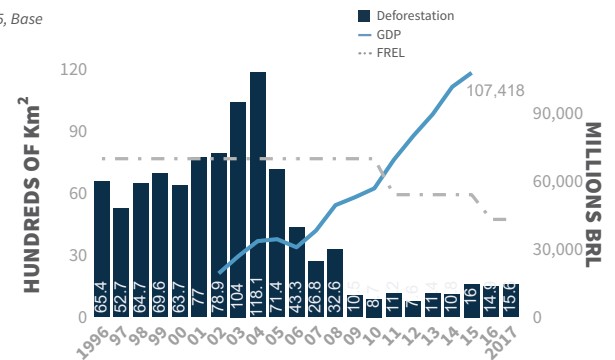
MAIN ECONOMIC ACTIVITIES

- Trade
- Public services
- Agriculture

RURAL/URBAN POPULATION 18%/82%



Data sources: Socio-economic: IBGE; Deforestation: PRODES



SPOTLIGHT ON INNOVATION

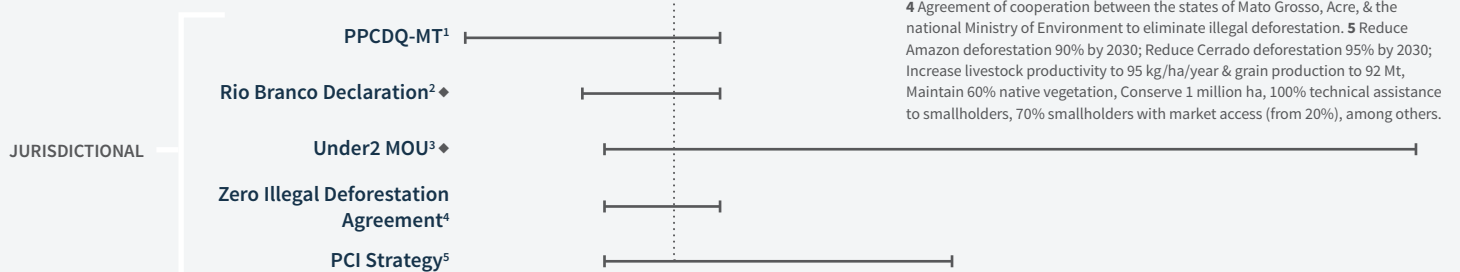
Mato Grosso is the leading laboratory globally for **Large-Scale Jurisdictional Sourcing Agreements**, with negotiations underway with the EU Animal Feed Federation (FEFAC) and the China Soy Industries Association for sustainable soy. These two markets consume more than 1/3 of global soybean production. If successful, the agreements would strengthen the state's LED-R strategy by delivering benefits to medium- and large-scale farmers, who are currently frustrated by “zero-deforestation” agenda and the lack of

positive incentives for their investments in sustainable production. Jurisdictional sourcing rules will soon be developed through multi-stakeholder process based on progress towards the state-wide goals of the PCI strategy. If successful, these agreements could contribute to a global framework for sustainable sourcing at the level of jurisdictions. Expected completion time: 2019. Negotiations are between farm and industry organizations (Aprosoja, ABIOVE, respectively) and market counterparts.

TIMELINE OF IMPORTANT EVENTS



PLEDGES & COMMITMENTS



KEY INTERVENTIONS

✘ DISINCENTIVES 📋 ENABLING MEASURES 🏆 INCENTIVES



1 KfW Development Bank REDD+ Early Movers (REM) program (resources from Germany & UK). 2 Norway via IDH – The Sustainable Trade Initiative, most stakeholders were self-sponsored. 3 State PCI Steering Committee (CEEPCI) – includes public, private, NGO, & productive sector representatives. 4 National Development Bank (BNDES)/Amazon Fund; 5 Ministry of Environment. 6 Secretary of Environment (SEMA) 7 Mato Grosso Military Fire Brigade (CBMMT). 8 Management Council, Scientific Panel, State Climate Change Forum. 9 Regional Development Office (GDR); 10 15 intermunicipal consortia integrating a total of 59 municipalities. 11 Management Committee including representatives of state agencies, NGOs, financial institutions.

PROGRESS TO JURISDICTIONAL SUSTAINABILITY

🟡 EARLY 🟠 INTERMEDIATE 🟢 ADVANCED

Integrated LED-R Strategy	🟢	<ul style="list-style-type: none"> REM proposal development motivated integration of statewide SisREDD+ legal framework with PCI targets & coherent strategies for each major sector Active multi-stakeholder PCI Steering Committee (CEEPCI) approves sectoral plans, oversees implementation of strategies & targets
Spatial plan	🟡	<ul style="list-style-type: none"> ZEE approved & sanctioned in 2011; however, implementation suspended due to non-compliance with Legal Amazon macro-zoning
Performance targets	🟢	<ul style="list-style-type: none"> PCI sets 21 time-bound & quantitative targets for production, conservation, & inclusion, designed in collaboration with govt, civil society & private sector
Monitoring, reporting & verification (MRV)	🟡	<ul style="list-style-type: none"> National large-scale deforestation data publicly available (PRODES & DETER) for Amazon biome Summary reports (but not data) available for SEMA statewide annual deforestation monitoring Online platform (PCImonitor.org) tracks progress toward PCI targets
Policies & incentives	🟡	<ul style="list-style-type: none"> Many relevant (primarily) command-and-control policies including State REDD+ Law, Climate Change Policy PPCDQ addresses deforestation drivers & fires, linked to National Plan for the Prevention & Control of Deforestation
Multi-stakeholder governance	🟡	<ul style="list-style-type: none"> CEEPCI composed of representatives of 42 different groups representing 5 different sectors (state & federal government agencies, NGOs, private sector, producer associations) State REDD+ System Management Council & State Climate Change Forum include public, private, NGOs, IP & TC representatives
Sustainable agriculture	🟢	<ul style="list-style-type: none"> Soy Moratorium & Brazilian Cattle Agreement: 1st sector-wide zero-deforestation agreements Numerous sustainable production initiatives incl Roundtable for Responsible Soy (RTRS), ProTerra, International Sustainability & Carbon Certification (ISCC), SojaPlus, etc.
Indigenous peoples & local communities	🟡	<ul style="list-style-type: none"> State REDD+ Law mandates IP participation IP & TC participation in PCI established in 2016 by FEPOIMT IP consulted for establishing PCI-REM program targets
LED-R finance	🟡	<ul style="list-style-type: none"> Performance-based finance (REM) to combat deforestation & support smallholder agriculture & TC via Germany (€17M) & UK (£23.9M) Other financial mechanisms under development: Kaeté Fund, &Green, TPS fund Projects funded by Amazon Fund (BNDES/Norway)

CITATION | D. Nepstad, C. Stickler, O. Carvalho, M. Leal, J. Shimada, O. David, A. Ribeiro. 2018. “Mato Grosso, Brazil” in C. Stickler et al. (Eds.), *The State of Jurisdictional Sustainability*. San Francisco, CA: EII; Bogor, Indonesia: CIFOR; Boulder, CO: GCF-TF.

COMPLETE REFERENCES & DATA SOURCES PROVIDED AT www.earthinnovation.org/state-of-jurisdictional-sustainability
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TECHNICAL TEAM



SUPPORTED BY



based on a decision of the German Bundestag

CHALLENGES & OPPORTUNITIES

CHALLENGES

- PCI success depends upon increased investment in sustainable production & low-carbon industries
- Lack of positive incentives (incl. low market demand for certified commodities & land tenure regularization) for farmer transition to sustainable production impedes their support
- Weak market access & lack of technical assistance for agrarian reform settlement farmers
- Lack of widely agreed definition of “sustainable product” (rhetoric focused on “zero-deforestation”)

OPPORTUNITIES

- Use PCI monitoring platform (PCImonitor.org) to attract investors, donors & corporate partners
- REM resources make PCI strategy implementation possible & establish potential for corporate investment in Mato Grosso as a sourcing region
- FEFAC & China (2/3 global trade in soy) could engage in jurisdictional sourcing agreements with Mato Grosso for Carbon Neutral Soy initiative
- Jurisdictional sourcing agreements for soybeans & beef, potentially with low- or zero-carbon option