Fostering Low-Emission Rural Development from the Ground Up

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Building a common agenda for sustainable rural development & climate change

• A global transition to sustainable food, fuel and fiber production is urgently needed if we are to make significant progress in slowing climate change before 2020.

• Tropical deforestation could become a major “victory” on the road to sustainability because of progress in domestic policies, voluntary supply chains initiatives and climate finance (REDD+).

• This victory will elude us as long as domestic policy initiatives, supply chain interventions and international climate finance operate in parallel, with different definitions of success, different stakeholder processes, different scales (farms vs. jurisdictions) & a lack of positive incentives reaching farmers & communities on the ground.
What is Low-Emissions Rural Development (LED-R)?

- **Bottom-up**: Top-down strategies for slowing deforestation and reducing greenhouse gas emissions are failing to penetrate regional development strategies and improve well-being.
- **Innovative, holistic approaches** that integrate climate change mitigation and adaptation goals with the concerns for human well-being and that engage a range of relevant actors are needed.
- Solutions to deforestation, fisheries depletion and other challenges must be **anchored in local societies**, economies, policies, and business models.
- **Politically viable**: all stakeholders see a benefit for themselves (e.g., increased rights or benefits, reduced risk).
- **Compatible with existing frameworks** (including REDD+, Sustainable Dev’t Goals, Consumer Goods Forum, etc.).
- LED-R is **sustainable development, designed to reduce impacts on climate**.
- **Unit of performance is the county, state or nation**, not farms or mills.

Stickler et al. 2014. *Fostering Low-Emission Rural Development From the Ground Up.*
5 Pillars of LED-R

- Well-being
- Equitable Social Systems
- Climate Change Mitigation
- Sustainable Economic Development
- Healthy Ecosystems

Stickler et al. 2014
Jurisdictional LED-R: a few questions

Is jurisdictional LED-R already happening? Yes, through “jurisdictional REDD” programs and through domestic policies (e.g., Governors’ Climate & Forests task force; RSPO & RTRS developing “jurisdictional certification” case studies)

Why is it needed?

• Governments need the efficiency, political prestige, finance and market power of private sector support to succeed

• Businesses with ambitious zero deforestation sourcing commitments need laws, law enforcement, and finance provided by and law enforcement of governments to succeed

• Smallholders and communities need governments and private sector support as they seek to become more productive with better livelihoods
Jurisdictional LED-R: a few more questions

How does it work?

• Through regionally-tailored “territorial performance systems”
• Achieve multi-stakeholder consensus around a single shared definition of success
• Develop incentives systems (financial, regulatory, technical)
• A monitoring system for tracking this progress

Does this replace supply chain initiatives? or domestic policy? No.

• Should strengthen supply chain initiatives by engaging governments, building consensus around performance metrics, creating farm-level incentives, and lowering the costs of monitoring
• Should strengthen governments’ ability to implement policies by engaging private sector actors
Low-Emissions Rural Development (LED-R) in 8 Jurisdictions

Main drivers of deforestation across 8 regions

- **Small-scale agriculture** = universal high-impact driver of deforestation across regions
- Underlying causes of these drivers of deforestation = predominantly demographic, economic, & political and are **overwhelmingly regional and national** in character
- Large-scale agriculture, ranching and transportation infrastructure reflect national and regional responses to global market demands
- **Economic, political and institutional, cultural, and demographic factors** are more common drivers of deforestation than are social and technological factors
## Progress towards LED-R

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*Stickler et al. 2014*
### Stakeholder Dynamics

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<th>Impact on Deforestation</th>
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- **Government, Finance & Large-Scale Agriculture** tended to have highest impact on deforestation/LULCC & highest degree of influence over decision-making.
- **Smallholder or family agriculture** had highest impact in terms of land-cover change but only moderate decision-making power.

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*Stickler et al. 2014*
Stakeholders’ Potential Roles in Transition to LED-R

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<th>Role</th>
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<th>Public Finance</th>
<th>Large-Scale Agriculture</th>
<th>Smallholders</th>
<th>Private Finance</th>
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<th>Indigenous Peoples</th>
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Stickler et al. 2014
Barriers to LED-R across jurisdictions

• Rural development programs are shortsighted
• Drivers of deforestation are not being adequately addressed by climate change programs and development programs are not adequately addressing climate change
• Small-scale farmers have been left out of LED-R dialogue
• Moving beyond projects to a jurisdictional mindset
• Legal protections for indigenous and community lands are fragile
Opportunities for LED-R across jurisdictions

• Strong potential for increasing agricultural productivity, improving livelihoods while restoring landscapes across the tropics
• National and regional climate change targets have the potential to strengthen political will
• Opportunities for consensus around new vision of development
• The race to the top for zero deforestation commodity supply chains
• Multi-stakeholder processes are under development
• Jurisdictional monitoring systems underway
Case Study: Central Kalimantan, Indonesia

Government needs incentives to provide enabling conditions for businesses to operate sustainably.

- Indonesia’s 3rd-largest palm oil producer
- Deforestation declined in 2012
- REDD pilot province for REDD+ under $1 billion Norway pledge
- Smallholders still largely untouched by deforestation agenda
- Member of Governors’ Climate and Forests task force (GCF)

Key Innovative Initiatives:
- Sustainable plantation regulation: Perda 5/2011
- Governor’s Roadmap: target for reducing deforestation 80% by 2020 & increasing smallholder participation from 11 to 20% of production
## Central Kalimantan: Progress toward LED-R

### PROGRESS TO LED-R

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| **POLICIES**              | • Ambitious national targets to reduce emissions 26% alone and 41% with international assistance  
• Lack of integration between climate change goals and economic development policies driving oil palm expansion  
• Provincial legislation (Perda 5) provides legal framework for sustainable palm oil industry |
| **MECHANISMS FOR LED-R**  | • 2011 National Forest Moratorium  
• Pilot region for UN-REDD and Norway commitment  
• Sustainable Supply Chain initiatives, such as RSPO, have engaged many palm oil companies |
| **LED-R FINANCE**         | • Funds for REDD have not yet reached the ground                                                                                                                                                    |
| **MONITORING SYSTEMS**    | • Ministry of Forestry deforestation monitoring system incomplete, but could easily be improved  
• Plantation monitoring system launched for Kotawaringin Barat District.                                                                                           |
| **LAND TENURE SECURITY**  | • Recent legislation provides opportunities for securing community land rights  
• Land conflict common when plantation or logging concessions are granted on community lands                                                                         |
| **MULTI-STAKEHOLDER PROCESSES** | • The Central Kalimantan Roadmap to Low-Deforestation Rural Development provides basis for an incipient multi-stakeholder process.                                                                 |

Categories: EARLY, INTERMEDIATE, ADVANCED
Central Kalimantan: Challenges & Opportunities

Barriers & Risks

• **Opportunity Costs**: Approximately 2.4 million ha of forests could be legally cleared and converted to oil palm

• **Certification**: Inconsistent land-use zoning complicates companies’ plans to set aside forest reserves

• **Incentives**: Absence of positive incentives for farmers and local governments striving for sustainability

• **Smallholders Excluded**: Insufficient technical assistance for Dayak communities and other smallholders to participate in lucrative palm oil industry

• **Lack of trust**: Stakeholders (companies, government & communities) should work together but often don’t trust each other

Opportunities

• **Community land rights**: new Constitutional Court ruling orders all customary lands to be excluded from state-controlled forests, creates opportunity for titling of customary lands and empowerment of communities

• **On-line Plantation Monitoring System** launched, facilitating deforestation and fire monitoring, and enabling the Government to assess companies on deforestation commitment and performance

• **Commitments** of major multinational companies towards zero deforestation products.
Central Kalimantan: Multi-stakeholder dialogue

• Provincial REDD dialogue has had difficulties engaging palm oil companies

• Global dialogues on sustainability, such as the Roundtable for Sustainable Palm Oil, have no government involvement

• There is a need & opportunity for a Province-wide multi-stakeholder process that links the logic of sustainable supply chains with domestic policy
Central Kalimantan’s needs:

- **Markets**: Share the cost of moving towards sustainability, particularly when demanding for zero deforestation products for the entire supply chain.

- **Finance**: Support producers and governments who are reducing deforestation and increasing productivity.

- **Producers**: Big producers (private companies) assist smallholders (usually hold around 2 hectares of land) to move towards sustainability.

- **National Government**: Create incentives and disincentives for local governments to create an enabling environment for businesses to operate sustainably.
Lessons from LED-R: Central Kalimantan

- Large-scale agribusinesses operations, often the major driver of deforestation, also provide an opportunity to reduce deforestation through sustainable supply chain initiatives
- While companies can move towards sustainability using their own resources, smallholder farmers (who make up a big proportion of land users in the region) have difficulties in changing their mode of operation
- Government must provide enabling environment for companies to operate sustainably, as well as assist the smallholders to participate in sustainable supply chain
General Conclusions

- Many jurisdictions still lack performance targets and reference levels
- Lack of policy alignment
- REDD finance has not reached most jurisdictions
- Many LED-R pieces are in place, but separated by metrics
- Forest monitoring weak outside of Brazil
- Land rights advanced in Latin America, with progress in Indonesia
- Multi-Stakeholder dialogues patchy
Thank you!

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