GOOD GROWTH PARTNERSHIP

VALUE BEYOND VALUE CHAINS

Case Study Collection

Private sector companies engaging beyond their own value chains

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Value Beyond Value Chains: Case study collection: Private sector companies engaging beyond their own value chains
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For more information see:
www.goodgrowthpartnership.com

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Introduction

Private sector collaboration and engagement with governments is essential to sustainable commodity production

Many companies have made commitments to eliminate deforestation from their supply chains and established mechanisms to monitor and enforce them. This may help reduce reputational and operational risk, but it does not solve the systemic problem and underlying drivers of deforestation. Indeed, major commitments like the 2020 targets within the New York Declaration on Forests have been missed by a wide margin and, globally, deforestation continues to rise in the absence of shifts in demand, production and governance and financing that supports sustainability.

Deforestation contributes to climate change, which may cause a third more of the world's people to face food insecurity by 2050. At the same time, the commodities that drive deforestation are major components of economic development in tropical forest countries, providing a route out of poverty for millions of poor farmers and families.

The actions of individual companies, each working to eliminate deforestation and reduce emissions from their own operations, are not enough to address these challenges. **If we are to transform agricultural commodity systems, companies must work with each other and, critically, with governments at various levels** to create the enabling conditions – defining and implementing the right policies, laws, and incentives – for sustainable agricultural production.

Companies need to think beyond the confines of their value chains because:

- **Establishing higher standards for commodities across entire landscapes levels the playing field for sourcing companies**. Why should the cost for addressing deforestation only fall to companies committed to doing something about it?
- **Broader challenges, such as legal compliance, poor forest governance, unclear land tenure, or indigenous and smallholder support, cannot be addressed with supply chain initiatives alone**. Left unchecked, they undermine supply chain improvements.
- **Working in concert with governments and other companies addresses these challenges, protects the value of a company's investment** in making its commodity production more sustainable, and strengthens the resilience and continuity of companies' supply chains and business models.

Engagement beyond value chains is crucial because no private sector company can address systemic risks alone: only governments have the tools and authority to address the fundamental drivers of deforestation within their jurisdictions at scale. In the long run, levelling the playing field by supporting governments to develop and implement robust policies and action plans benefits companies and industries as a whole, by addressing the systemic risk of climate change and sustainable development, and shoring up a sustainable and climate-resilient commodity supply. These collaborative approaches also need to be accompanied by other efforts to shift global drivers of deforestation such as demand and financing.

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About this document

This document was developed under the auspices of the Good Growth Partnership as part of its work to align sustainable production, demand and financing in commodity supply chains, and is designed to complement current in depth guidance from the United Nations Development Programme (UNDP) Green Commodities Programme's (GCP) Value Beyond Value Chains initiative (VBV).

These case studies accompany Value Beyond Value Chains' Guidance Presentation, specifically created to support private sector and financial actors who are beginning to consider engagement with governments through national, jurisdictional and landscape approaches as part of their perspective on sustainable commodities.

The case studies in this document, based on publicly available information, provide just a few snapshots of how private sector companies and financial actors can support multi-stakeholder initiatives at landscape, subnational and national level in commodity-producing countries. They illustrate, at a high level, how companies can collaborate with governments and other organisations - including other private sector companies - in producer countries, supporting and participating in programmes that go beyond individual value chains to create the enabling conditions for sustainable agricultural production. These initiatives are not without challenges and complexities, and many are at an early stage and will take more time to reach maturity. Here, we focus on highlighting their ambitions and successes, to illustrate the existing practices that others can build on.

Who this document is for, and how to use it

This document should be used by private sector actors, and practitioners interacting with them, that are seeking to understand both the why and the how of engagement beyond their own value chains and that are considering beginning their own journey of engagement. The case studies illustrate a variety of types and levels of collaboration that are possible, and the value that they can bring to companies as well as to our collective sustainability objectives. **They provide a first level of understanding and concrete examples from which companies can better understand the opportunities available to them**, not an in-depth analysis of their methodologies and merits.

For those seeking to go further, a variety of further resources can be found on the websites of the Good Growth Partnership and Green Commodities Programme, and in the appendices of the Guidance Presentation which accompanies this document. The UNDP Value Beyond Value Chains initiative can be contacted at: charles.omalley@undp.org

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About the Good Growth Partnership

Working across production, financing and demand, the Good Growth Partnership convenes a wide range of stakeholders and initiatives to reduce deforestation and enable sustainable development in three global commodity supply chains: soy, beef and palm oil.

Launched at the United Nations New York headquarters in 2017, the Partnership is funded by the Global Environment Facility, led by the United Nations Development Programme and implemented in collaboration with Conservation International, the International Finance Corporation, UN Environment and World Wildlife Fund.

In partnership with the governments of Brazil, Indonesia, Liberia and Paraguay, as well as civil society and major private sector players, together we aim to place sustainability at the heart of commodity supply chains.

GOOD GROWTH PARTNERSHIP

About the case studies

I. Examples of businesses engaging directly with governments at different levels

These case studies show a variety of initiatives and platforms seeking to promote sustainable commodity production through multi-stakeholder dialogue and improvements to the enabling environment for sustainability in their jurisdictions. These platforms operate at a variety of scales, ranging from national level platforms down to sub-national jurisdictions (political boundaries) and landscapes (ecological boundaries). The case studies illustrate ways in which companies can engage with these platforms and the benefits – both for sustainability and for businesses – that this engagement can create.

Quick links

National level:
National Action Plan for Sustainable Palm Oil, Indonesia
The Cocoa & Forests Initiative (CFI)
The National Oil Palm Platform of Liberia

Jurisdictional level:
Mato Grosso - Produce, Conserve, Include
Connecting corporates and landscapes through SourceUp

II. Examples of businesses collaborating for greater impact

These case studies show different ways of connecting corporates and landscapes and ways in which businesses are collaborating with each other and with other organisations like financial institutions to create impact beyond their own value chains and to drive more systemic shifts towards sustainable production. These include place and sector-specific initiatives, as well as illustrations of how companies are building on initial successes in their own supply chain sustainability efforts to bring them to scale.

Quick links

Inter-corporate collaboration:
The Soft Commodities Forum in the Cerrado

Scaling action through partnerships:
Musim Mas: building capacity for independent smallholders in Indonesia
COFCO and the IFC in MATOPIBA

Financial sector engagement:
&Green and inclusive and deforestation-free commodity supply chains
Private sector finance and engagement beyond value chains

Lessons and challenges

What do these case studies help show us?

Success factors for engagement beyond value chains

The case studies outline some key factors that enable such collaborations to succeed. Easy entry points for companies or easy-to-use tools are vital, as are clear options or roadmaps for engagement. And once an initiative has achieved a small initial benefit for a sector, stakeholders tend to sustain and deepen their engagement, and success can snowball.

The structure of an initiative matters. There is safety in numbers: associations or forums enable a group of companies to make a larger impact through collective, pre-competitive action. In one case, a state government (Mato Grosso) made a rare commitment to setting up an independent administrative structure that insulated programmes from political fluctuations, providing a measure of stability that was attractive to companies.

There are many ways to engage. Private sector engagement can range from providing technical assistance and funding to large-scale independent smallholder initiatives, to participating in industry coalitions committed to actions well aligned with government policy. Collective commitments can also form the basis of, and provide a roadmap for, individual corporates' actions within their own supply chain.

Effective framing that resonates with a wide stakeholder base – such as making sustainable commodity production a point of national economic development and pride – is particularly effective for increasing engagement.

Finally, **building a firm foundation of trust and strong relationships** – often developed over time – is at the heart of success in multi-stakeholder initiatives.

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Challenges and lessons for engagement beyond value chains

Collaboration is hard – and more so between actors with at times vastly differing perspectives, organisational and sector cultures and ways of working.

Common challenges in business engagement with governments and landscapes

- **Limited awareness of systemic risks and opportunities** and their implications for the near and long-term future of commodity supply chains and tropical landscapes can mean that private sector stakeholders struggle to see the value in engaging with larger processes that can drive change at this level. The Value Beyond Value Chains initiative is specifically designed to raise awareness of systemic risks and opportunities and the importance for companies of engaging in these systemic change processes.

- **Consensus building and political processes** can both take time and move at a pace that businesses may feel to be too slow. Agreements and commitments can appear fragile in the face of political change, which can discourage private sector companies from investing time in supporting political processes. Some jurisdictional platforms have addressed this fragility by creating separate institutions responsible for the management and delivery of agreed commitments, sheltering them from political change.

- **Relationships may start with low levels of trust between stakeholders**, such as between private sector companies and smallholders or with government actors. Building this trust takes time and a commitment to multi-stakeholder processes that some actors may be unfamiliar with.

- **Relationships are often held by stakeholders at the same levels** – such as regional offices holding relationships with local government offices, and global headquarters holding relationships with national governments. Other times, different parts of the business will hold relationships with different ministries. Often, insufficient coordination or communication across levels or between departments limits a private sector company's ability to interact with different levels of government in a coherent manner.

- **The existence, scope or boundaries of jurisdictional and landscape initiatives** is sometimes not well-aligned with the most pressing forest frontiers where deforestation is occurring or where most company sourcing takes place.

- **Companies may be hesitant to associate themselves with jurisdictions or landscapes** where deforestation is taking place outside of their own sourcing areas, concerned about what could be attributed to them by "naming and shaming" NGOs.

Common challenges in other collaborations for sustainable commodities

- **Leading businesses may be hesitant to share good practices and lessons learned** with each other, especially when they enjoy a commercial or reputational advantage from these activities. Understanding the costs that working together can help mitigate, and the shared need for a sustainable commodity system, can help address this.

- **Private sector companies and financial institutions may be currently operating using a variety of different definitions, standards and metrics** for issues such as deforestation or human rights protection in their supply chains. Aligning on definitions and metrics can take time but is an important precursor to companies setting shared goals.

- **Sector or commodity focused private sector partnerships and collaborations** may not address or connect to other systemic issues that drive deforestation and other sustainability and human rights challenges in the places that they operate.

Despite these challenges, **partnering and engaging beyond value chains is an essential need for companies that are committed to reducing systemic risks and seeking to establish themselves as leaders** in the sustainable agricultural system that must be realised this decade.

© UNDP Paraguay

CASE STUDY

National Action Plan for Sustainable Palm Oil, Indonesia

© UNDP Indonesia/Agusriady Saputra

What is it?

Indonesia produces over half of the world's palm oil, which contributes some 4.5% of the country's GDP and employment for 3 million people. With steady double-digit growth rates, the palm oil sector has become vital to Indonesia's economy. However, historically, palm oil production has also contributed to rapid tropical forest destruction and climate change, accounting for 1/3 of all forest loss in Indonesia between 2001-2019, though the rate of palm oil driven deforestation appears to have slowed in recent years.

A multi-stakeholder platform for sustainable palm oil in Indonesia was launched in 2014 as FoKSBI (Forum Kelapa Sawit Berkelanjutan Indonesia) and transitioned to the National Action Plan (NAP) Implementation Team after the NAP was signed into law in 2019. Led by the government and facilitated by UNDP's Sustainable Palm Oil Initiative and the Good Growth Partnership (GGP), the platform is a space for stakeholders to gather at a national level and address key challenges in the development of sustainable palm oil in the country. The NAP developed at national level is also being implemented at a sub-national level by several provincial and district governments, in collaboration with private sector companies and other local stakeholders.

What are its goals?

Through FoKSBI, stakeholders have worked together to develop a NAP for sustainable palm oil in Indonesia. The platform brought together government officials, farmers, civil society groups and a wide range of private sector actors from across the commodity value chain to tackle the root causes of environmental, social and governance issues in the sector. It did this by collectively developing an action plan for strengthening public policies and legal frameworks as well as structures for enforcement, governance and conflict resolution; and providing support to allow farmers associations to improve their production techniques and increase market access. By defining various actions, who is responsible for them and driving government budget allocation, the NAP provides a clearer regulatory environment which in turn can help support greater investment in sustainable palm oil.

© UNDP Indonesia/Nicholas Hurt

What has it achieved so far?

In November 2019, President Joko Widodo signed the NAP for Sustainable Palm Oil. The Presidential Instruction puts the NAP into effect through 14 different Ministries, plus the governors, regents and mayors of the oil palm growing areas as well as other commodity stakeholders. **Over two years after legalisation, the NAP is demonstrating progress in implementation. The plan also supports acceleration of the implementation of the Indonesian Sustainable Palm Oil certification:** over 500 companies have been certified to date, raising the baseline for environmental standards to be met.

The Indonesian government is now **developing subnational platforms and strategies aligned with the national ones.** So far, with GGP support, platforms and action plans have been developed or are in implementation for Riau, North Sumatra, and West Kalimantan provinces and Pelalawan, South Tapanuli and Sintang districts. In Pelalawan, for example, regulation by the regency government builds on national legislation to support and coordinate programmes with stakeholders, such as strengthening palm oil data, coordination and infrastructure; improving smallholder capacity; and environmental management and monitoring. The process is being replicated in additional districts and provinces either independently by local government or with support from NGOs and international organisations.

What are the factors enabling success?

Neutral brokering

The UNDP's role in supporting the process helps to create a more neutral space for stakeholders to share their views and expectations and take collaborative action.

Wide-ranging private sector engagement

The platform has engaged a wide range of private sector companies, from demand-side retailers such as IKEA and Ahold Delhaize to manufacturers like Unilever and Mondelez and supply-side producers like Golden Agri Resources, Musim Mas and Astra Agro Lestari. Their willingness to participate in dialogues and call for ambitious policies helped to raise the urgency and ambition of the NAP.

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How can the private sector participate?

The private sector is vital to the successful implementation of the NAP. **By aligning their own supply chain efforts with national and sub-national policy priorities, businesses benefit from the enabling environment that these policies create.** In addition, private sector companies can **influence further policy making decisions** by participating in NAP Implementation Team dialogues on topics ranging from infrastructure development to labour and capacity-building, and work with subnational governments to create and implement subnational Action Plans that address the specific challenges and needs of those landscapes. Without a critical mass of private sector participants, companies miss opportunities to align their supply chain commitments and investments with national and subnational policy environments.

Key takeaways

- The landmark National Action Plan for Sustainable Palm Oil in Indonesia has been made possible **through a commitment to multi-stakeholder dialogue**, including the private sector, civil society, farmers and the government.

- The National Action Plan and Implementation Team dialogues will help to **define and strengthen the enabling environment** for sustainable palm oil in Indonesia for years, including through **sub-national action plans**.

- Private sector companies will benefit from a **stronger enabling environment for sustainable palm oil production** and their support in effective implementation is vital.

CASE STUDY

The Cocoa & Forests Initiative (CFI)

© World Cocoa Foundation

What is it?

Côte d'Ivoire and Ghana produce approximately 60% of the world's annual supply of cocoa. Côte d'Ivoire and Ghana respectively lost 25% and 8% of their primary forest between 2002 - 2019, with cocoa farming contributing to a significant portion of deforestation.

The Cocoa & Forests Initiative (CFI) is an active commitment from top cocoa-producing countries with leading chocolate and cocoa companies to end deforestation and restore forest areas. The Initiative, launched in 2017, is chaired by the governments of Côte d'Ivoire, Ghana, and Colombia, and is facilitated by The Sustainable Trade Initiative (IDH) and the World Cocoa Foundation (WCF). In 2019, the Initiative was expanded to Colombia.

© World Cocoa Foundation

What are its goals?

The CFI has three overarching goals:

1. **Conservation of National Parks and forested land,** as well as restoration of forests that have been degraded by cocoa farm encroachment

2. **Sustainable intensification and diversification of income** to increase farmers' yields and livelihood, and thereby reduce pressure on forests

3. **Engagement and empowerment of cocoa-growing communities**

These goals are translated into Frameworks for Action for each country.

Based on Frameworks for Action that were shaped by public, private and civil society stakeholders, the governments of Côte d'Ivoire and Ghana released National Implementation Plans (NIPs) in the summer of 2018. These plans specify timelines, roles, and responsibilities, monitoring and evaluation, and governance. In March 2019, **33 company signatories, accounting for about 85% of global cocoa usage, released detailed individual action plans** outlining the actions they will take in 2018-2022 to deliver on their commitments set out in the Frameworks for Action. Each company action plan has been aligned to the NIPs.

In addition to this national-level collaboration, work has also begun at subnational levels. Currently, the WCF and Ghana's Forestry Commission have committed to working together to align the CFI with Ghana's Cocoa Forest REDD+ programme, which covers hotspot areas located in several different administrative districts and regions (see here).

What has it achieved so far?

The CFI now has 35 member companies. In addition to the widespread alignment and commitment achieved between stakeholders, on the ground, too, the CFI has achieved impressive results. **Côte d'Ivoire adopted a national satellite system to monitor deforestation for CFI, and planted almost 13 million trees up to 2021**, aiming to extend forest cover to 20% of the country. **Ghana restored about 226,000 hectares of forest area, or 870 football fields per day** in 2020 with cocoa landscape partnerships. Cocoa and chocolate companies have **distributed 23 million forest trees** since 2018 and reached 72% traceability in direct sourcing in both Côte d'Ivoire and Ghana. This supports agroforestry practices with direct positive impacts on resilience, yield stability and farmer incomes, with these cocoa farmers now having a unique identifying number and their plots mapped. Further, in 2021 **723,000 farmers have been trained in good agricultural practices and 253,000 have gained access to financial products** to support the uptake of more sustainable farming practices and facilitate market access. These achievements, enabled by the support of national governments, have supported a sustainable global cocoa supply, and improved the livelihoods of 100s of thousands of smallholders.

What are the factors enabling success?

Shared interest

Much of the world's cocoa is produced in Côte d'Ivoire and Ghana and the sustainability of the industry is vital to their economies, creating a strong incentive to make commitments and work with the private sector.

Private sector alignment

A relatively small number of companies source most of the world's cocoa and are committed to sustainability, aiding consensus building through a recognition that one actor alone cannot fully address deforestation. Participating companies aligned their best-practices and definitions, such as for traceability.

A history of building trust and collaboration

Since 2000, the WCF has played a key role convening the private sector and engaging with governments and other stakeholders on priority cocoa sustainability issues.

Learning from other commodities

The CFI's designers have learned from the earlier experiences of other sectors such as soy and palm oil, and from the WCF's own members whose businesses straddle multiple commodities.

What can the private sector do?

Without private sector engagement, best practices and farmer traceability would have been slower to scale. And as more cocoa-producing countries join the CFI, private sector actors not participating in the CFI may miss valuable connections with current and future sourcing regions.

Cocoa supply chain companies that are not yet members of the CFI are actively encouraged to join the initiative and develop their own Frameworks for Action. The CFI's model of collaboration – connecting governments, private sector companies and other stakeholders to build a jointly held positive vision and plan of action – has great potential in other commodity-producing regions globally. **Calls from the private sector to establish such platforms can be an important incentive for governments and other stakeholders to come to the table.**

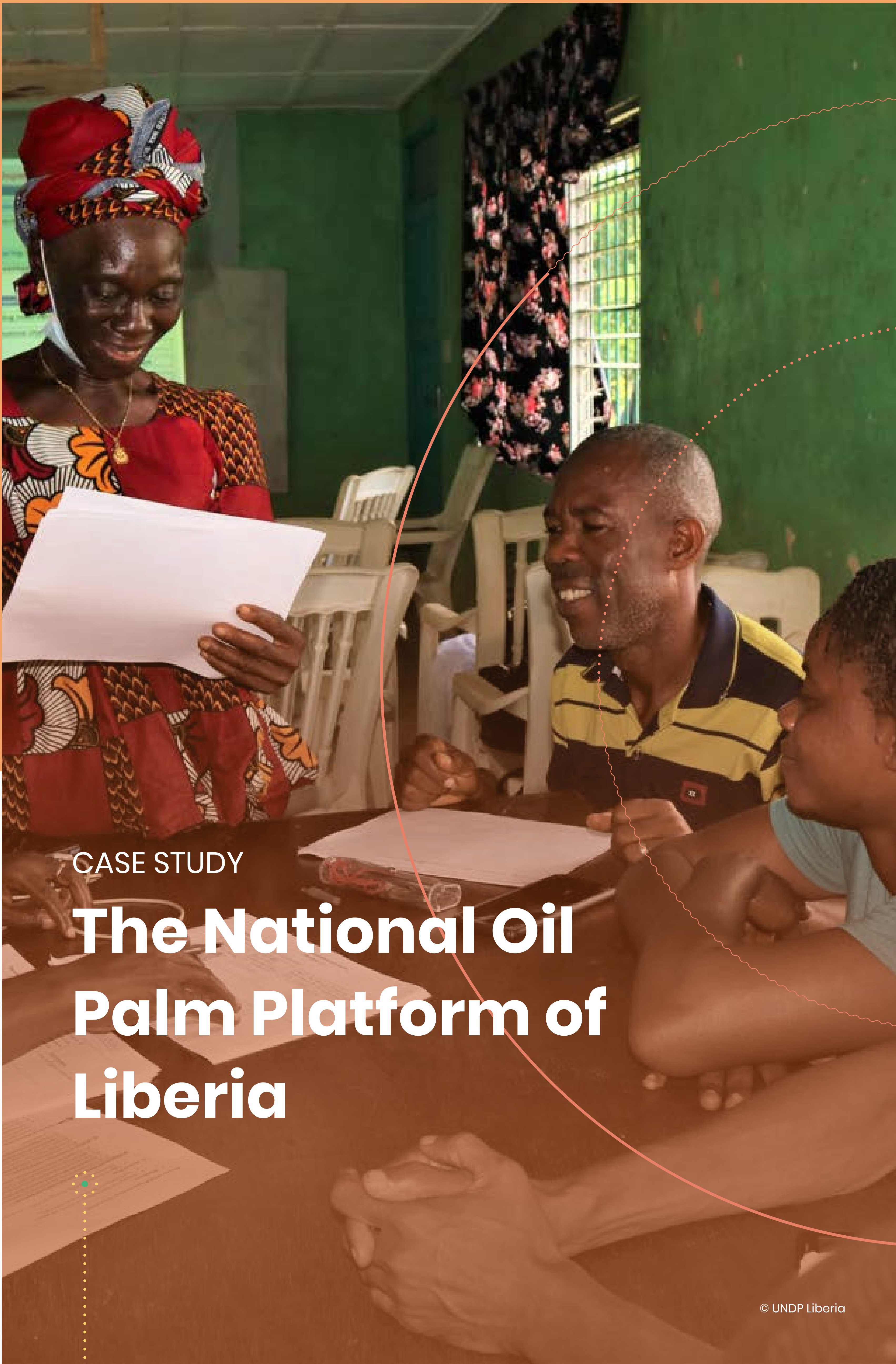
© World Cocoa Foundation

Key takeaways

- The Cocoa & Forests Initiative **has successfully brought together governments** of leading cocoa producing countries with private sector companies that use most of the world's cocoa **to create a shared plan of action that supports the development and sustainability goals of both parties.**

- **Private sector involvement was mediated through the World Cocoa Foundation,** a nonprofit with private sector membership. **By engaging collectively**, companies were able to align their actions and messaging.

- In order to accelerate impact and increase scale, **opportunities need to be identified for greater collective action, engagement and investment** involving other stakeholders. The Initiative offers a **replicable model and lessons for other commodity sectors and producing regions.**



CASE STUDY

The National Oil Palm Platform of Liberia

© UNDP Liberia

What is it?

Liberia has set its sights on palm oil as a means to rebuild its economy, following a 14-year civil war and an ebola outbreak in 2014 and 2015. Palm oil development is a significant opportunity for Liberia, providing thousands of jobs in a country where over one million people live in extreme poverty. However, without effective management of the industry as it grows, Liberia risks destroying its vast primary forests that are a key source of ecosystem services, on which commodities and local communities rely. Half the population lives within 2.5km of a forest and gather forest products for subsistence and sale, and which are home to endemic and rare species.

Via the Good Growth Partnership (GGP), UNDP has partnered with the Liberian government and Conservation International to establish the **National Oil Palm Platform of Liberia (NOPPOL)**. In this platform, co-chaired by the Liberian Ministry of Agriculture and the Forest Development Authority and the Environment Protection Agency, changemakers from the public, private and civil society sectors work together to identify and overcome key barriers to achieving sustainable palm oil production in Liberia at a national level. This moment in time represents an opportunity for farmers, government and the private sector to collectively define a sustainable vision for a sector that is still emerging, establishing a new collaborative and sustainable model for the development of commodity production in developing nations.

© Conservation International

What are its goals?

The key goal of the platform was for participants to collaborate on the development and implementation of a national strategy for sustainable oil palm. Now that **the National Oil Palm Strategy and Action Plan is launched, focus will move towards mobilising resources to implement the national plan**, monitoring plan implementation and continuing multi-stakeholder policy dialogues to keep improving the enabling environment for sustainable palm oil in the country.

While supporting the development of this plan, the GGP has also provided support to the government of Liberia in fulfilling its responsibilities as a signatory to the Convention on Biological Diversity and establishing a conservation agreement with communities in vital forest frontier landscapes. The NOPPOL is now looking at embedding this type of agreement and incentives in national legislation, so they are sustained. Together, these efforts will help to ensure a strong foundation for private sector support of Liberian palm oil development within an enabling environment that promotes and rewards sustainability.


© Conservation International/Mike Matarasso

What has it achieved so far?

The NOPPOL has **successfully convened a wide array of stakeholders including civil society, farmers, the private sector and government actors, in the discussion on palm oil sustainability** in Liberia. It has established **widespread trust and a sense of shared commitment** through facilitated discussions, creating the conditions for a national plan with strong buy-in. In 2021, thanks to consistent efforts led by NOPPOL´s secretariat, the national interpretation of the Roundtable on Sustainable Palm Oil (RSPO) standards for Liberia was approved by the NOPPOL steering committee and RSPO Board.

What are the factors enabling success?

Commitment to multi-stakeholder dialogue

The GGP's multi-stakeholder dialogue methodology and facilitation have been instrumental in creating an environment for consensus building between civil society, farmers, the private sector and government.

Appealing to heart

Framing the multi-stakeholder engagement and sustainable development as a shared endeavour and source of national pride has potential to resonate with a wide range of stakeholders.

Promises of green growth

Strong signals from the private sector have helped reinforce the government's commitment to a sustainable approach to palm oil, for which securing good livelihoods is a fundamental priority.

What can the private sector do?

Private sector companies have an important role to play in the NOPPOL and in implementing the National Strategy and Action Plan, both through continued participation in the platform to further develop a shared private sector strategy for implementation, and by aligning their practices and asks to farmers and producers with key tenets of the platform. **By participating, companies are able to influence implementation strategies and further policy making decisions, and benefit from the enabling environment created through government support.**

Key takeaways

- Liberia still has vast areas of primary forest that are now threatened by a growing palm oil industry. There is an opportunity to learn from the past and avoid mistakes made in other countries to help protect these vital ecosystems.

- The national palm oil platform offers **a space in which various stakeholders, including the private sector, can articulate their needs, overcome disputes, and agree on a shared vision** for a sustainable palm oil sector in the country.

- By engaging with the platform, private sector companies can **help to shape an agenda that will create an enabling environment** for sustainable palm oil production and economic development in the coming decades.

CASE STUDY

Mato Grosso – Produce, Conserve, Include

© Government of Mato Grosso

What is it?

The state of Mato Grosso in Brazil covers over 900km[2] and is home to 125 thousand smallholder families. It produces nearly 30% of Brazil's soy and has the largest cattle herd in Brazil, with more than 30 million cattle.

Determined to increase productivity across the state while maintaining native vegetation cover and reducing deforestation, Mato Grosso's government and partners created the **Produce, Conserve, Include (PCI)** strategy in 2015 - a jurisdictional initiative with national support. In 2019, the government appointed the PCI Institute - an independent non-profit institution - as its official vehicle to enable multi-stakeholder coordination, ensure the PCI strategy's effectiveness, explore long-term policy and financing, and provide transparent and inclusive governance. This is an example of an innovative approach to sub-national jurisdictional programmes, with which the private sector can collaborate.

© Government of Mato Grosso

What are its goals?

The ambition of the PCI is for Mato Grosso to achieve social and economic development through land use efficiency, supporting good growth across the state and to become a leading low-risk sourcing region for agricultural commodities. The PCI's goals include **eliminating illegal deforestation, increasing agricultural productivity and formalising land titles and rights under law, all whilst including smallholders and indigenous stakeholders.** If the state meets these goals, it will avoid approximately six gigatons of greenhouse gases by 2030 and create a scalable model that can be replicated across Brazil and beyond.

What has it achieved so far?

For many years, Mato Grosso has been a rare success story in reducing deforestation. Against a backdrop of rising deforestation rates in Brazil, official data from the Deforestation Detection System in Real Time - part of Brazil's National Space Research Institute (INPE) - showed a 33.8% drop in deforestation alerts between August 2020 and February 2021 when compared to the same period from 2019-2020, compared to an average drop in cumulative deforestation rates of 21% across the Amazon. Mato Grosso enjoyed dramatic success in reducing deforestation in past years with an 88% decline between 2005 and 2012. However, achievements in the Mato Grosso region remain vulnerable, as INPE data released in November 2021 show rising deforestation over the course of the year.

Whilst these achievements are not directly attributable to the Institute, the **PCI has been celebrated as an innovative model for multi-stakeholder sub-national engagement.** Today, with the support of the PCI Institute, **more than 206 projects are underway across the state in both soy and cattle sectors, with the support of many private sector companies.** Resources like the PCI Pitchbook and an updated website are helping connect these stakeholders, and the projects that the private sector is supporting are contributing to REDD+ criteria in the state. Recently, the PCI has launched a new Engagement Guide for companies, based on ISEAL's newly launched guidelines for companies and jurisdictions.

© Government of Mato Grosso

What are the factors enabling success?

Innovative structure

The PCI Institute's independent structure insulates the programme from political change, increases transparency and compliance, reduces risk for investors and donors and enables the PCI Institute to be more agile.

Combining commodity and climate agendas

Mato Grosso is both successfully engaging the private sector and local stakeholders in commodities with supply chain-oriented projects and connecting to climate finance through REDD+.

Ease of engagement

Private sector companies can explore and select specific programmes in the state to support, either within or outside of their own sourcing areas.

© UNDP Brazil

What can the private sector do?

Companies have been an integral part of the PCI strategy since its inception by feeding into the goals and action plans of the initiative and through direct partnership or support of projects. Now, as many projects start to display results, the PCI is actively seeking to increase private sector engagement, investment, and sourcing to reward and build on its success to date. **Companies can source from priority PCI projects and are encouraged to enter into long-term sourcing agreements. They can also provide financial or capacity-based support to projects, supporting efforts like farmer training and financing.** Blending direct supply chain integration and broader support for developing projects can help companies to manage their own supply chains more sustainably whilst scaling the PCI vision.

To support corporates to identify action quickly, the **PCI has created a series of resources and working groups.** The Corporate Action Group helps companies to stay connected to the PCI and provide feedback from a corporate perspective, shaping future programmes. The PCI Pitchbook provides a menu of existing initiatives that corporates can support and source from.

Key takeaways

- Mato Grosso's **PCI Strategy is one of the world's leading jurisdictional approaches**.
- For much of the PCI Strategy's history, the state has bucked the wider trend in Brazil by **reducing deforestation and improving productivity**.
- The PCI Strategy has **increased cross-sector collaboration** and contributed to **improved land-use governance.**
- Private sector companies can **source confidently from individual low-risk projects** whilst also supporting the PCI to scale to achieve jurisdiction-wide targets.

© Guilherme Milhomem

CASE STUDY

Connecting corporates and landscapes through SourceUp

© IDH SourceUp

What is it?

The Vietnamese Highlands are a major producing region of coffee and other crops, and the agricultural sector is dominated by small-scale farming. While coffee production makes for a good living for these small-scale farmers, they struggle to find better markets for more sustainably produced products. The patched landscape makes it more challenging to implement existing solutions for supply chain sustainability like certification schemes. Those solutions are often also not sufficient to address issues that reach beyond individual farms or that require government support such as water efficiency or reduced use of agrochemicals.

In this landscape, **a coalition of producers, government and civil society have come together to form a set of 'Compacts' and develop a sustainability plan for their larger area. Through The Sustainable Trade Initiative (IDH)´s SourceUp platform - a new platform for supply chain sustainability that connects coalitions of stakeholders in commodity-producing landscapes and jurisdictions to private sector companies - Compact members have found the support of traders and buyers to implement their plans.** Conversely, many large companies have difficulty identifying sub-national jurisdictional and landscape platforms of sufficient scale through which to align and collaborate with governments; SourceUp addresses this challenge by facilitating these connections. Different stakeholders can start a Compact, and they are managed by Compact members with the support of IDH as central facilitators and connectors between those groups.

What are its goals, and what has it achieved so far?

The Compacts in Vietnam are set on further advancing sustainable production practices across the subnational region and, through SourceUp, mobilising the support of the market. Already, the Compacts have had a significant impact. **Coffee from the jurisdictions of Krong Nang and Dak Lak has been produced with 20% less water, 14% of reduced chemical fertiliser use and zero use of banned pesticides. Coffee farmers in the area, covering more than 10,000ha of coffee and intercrop production, earned 20% higher income compared with farmers outside the area.** By 2025, this Compact aims to reduce water use by 25%, chemical fertiliser use by 15% and to increase farmer incomes by 30%.

JDE, a major coffee roaster, has committed to support a Compact, to promote sustainability in their own supply chain and beyond.

JDE supports the Compact as an Anchor Partner, providing direct support to run the Compact and implement projects. Other private sector players, such as local traders and aggregators, are **active participants in decision-making and implementation** - taking on agreed goals and providing technical assistance to farmers.

© IDH SourceUp

What are the factors enabling success?

Access to information

Companies can easily locate projects in their sourcing areas, understand what challenges are being addressed there through distinct projects and commit to support these.

Ease of use

The platform provides companies with up-to-date, detailed data that can be used in corporate reporting to evidence sustainability commitments and progress.

© IDH SourceUp

How can the private sector participate?

Globally, SourceUp has simplified and structured the ways in which sourcing companies can participate in multi-stakeholder collaborations that can have a systemic impact well beyond their own supply chains. Supporting businesses not only enhance their own supply chain sustainability - but they also report clear results on a wider range of Key Performance Indicators (KPIs) than traditional supply chain schemes, and count on local private and public stakeholders as partners in achieving their sustainability goals. The number of Compacts available to support is growing rapidly, covering a range of critical landscapes and commodities. **Buyers and retailers can use SourceUp to identify Compacts to support, connecting areas that perform better in terms of sustainability with companies who want to reward and engage with sustainable landscapes through preferential sourcing, funding, and technical assistance.** Beyond sourcing directly from Compact areas, **companies can support individual projects taking place and participate in multi-stakeholder dialogues** to establish shared goals and processes.

Key takeaways

- Platforms and strategies like SourceUp are **simplifying and growing opportunities for private sector companies** to support and source from landscape and jurisdictional initiatives.

- Landscape initiatives supported by SourceUp help **connect governments, businesses and other local stakeholders key partners** in supporting shared goals that are complementary to corporate supply chain sustainability ambitions.

- These easily accessible initiatives help companies **source sustainable products at scale, enhance supply chain due-diligence strategies and generate direct impact stories** in key sourcing landscapes.

CASE STUDY

The Soft Commodities Forum in the Cerrado

© Fellipe Abreu

What is it?

The Soft Commodities Forum (SCF), established in 2018 by the World Business Council for Sustainable Development (WBCSD), brings together six major agribusinesses, working with governments, producers, consumers and civil society, to advance **shared action on a conversion-free soy supply chain in the Cerrado**, via collective work and shared participation in multi-stakeholder platforms and dialogues. The collaboration of these companies creates a vehicle through which they can more easily and cohesively interact with government stakeholders.

The tropical savannah Cerrado region, covering more than 20% of Brazil, is the country's latest soy frontier. Whilst exact estimates of remaining vegetation vary, monitoring indicates that more than half of the Cerrado's forests and native vegetation has been cleared for agricultural expansion and, further, the region is one of the least well protected by current laws. Within the Cerrado, 80.5% of soy-driven conversion is concentrated in what is known as MATOPIBA, the Cerrado area spanning the states of Maranhão, Tocantins, Piauí and Bahía, which is home to 5% of the world's animal and plant biodiversity.

© Iamilly Cunha

What are its goals?

SCF member companies have each pledged to track and eliminate native vegetation conversion from their agricultural supply chains worldwide, deploying science-based methodologies to define forests and biodiversity. Each has committed to report annual progress towards key performance indicators related to deforestation and land conversion in their agricultural supply chains. In June 2021, the six SCF members expanded their scope to cover additional municipalities in the Brazilian Cerrado region. Their area of work now covers 70 percent of all recent soy-driven conversion areas in the biome. **This collective commitment sends a strong signal** to suppliers, local governments, and other actors in the Cerrado to prioritise sustainability, and is backed up by direct engagement by the SCF.

Collectively, the SCF is committed to improving sector transparency and traceability of soy supply chains over time through voluntary standards for monitoring and verifying progress on company commitments. They have also committed to promote the **development of new financing mechanisms to enhance the flow of capital and technical assistance to producers** who avoid deforestation and conversion, advance sustainable agricultural practices and protect environmental services. To advance these agendas, the SCF and its members participate in several multi-stakeholder platforms, presenting their aligned vision and interacting with other actors to build consensus on shared needs and activities. At the COP26 World Leaders Summit on Forests and Land Use, all six SCF members communicated their joint commitment to develop, by COP27, a sector-wide roadmap for enhanced supply chain action that is consistent with a 1.5° C pathway.

What has it achieved so far?

Satellite data shows that between 2006 - 2007 and 2019 - 2020, the land area covered by soy plantations in the Cerrado has grown by 86%, yet soy-driven conversion decreased by 58% over the same period - meaning producers were finding new and more sustainable ways to increase their yields without conversion, by expanding production on already cleared land or available pastures.

SCF partners Solidaridad and the PCI Institute have now engaged with more than 100 soy producers in the Cerrado to better understand the drivers of land-use change, and to identify the long-term incentives that will encourage sustainable production. Based on this work and their on-going collaboration, the SCF members have developed **a shared engagement and investment strategy - the Farmer First Clusters Initiative - to preserve priority Cerrado landscapes.** Members have also agreed a new standardised reporting architecture for soy sourced by joint ventures, and a methodology to report on verified deforestation- and conversion-free (DCF) soy.

As of December 2021, SCF members could trace **at least 95% of their directly sourced purchases back to farm level in 61 focus municipalities**, and continue to disclose their individual performance of verified DCF soy volumes sourced. In support of this, the SCF have developed an improved approach to support indirect suppliers to monitor their own suppliers. Indirect suppliers will be prioritized according to the highest number of SCF members they supply.

The SCF has also decided to establish a structured collaboration with ViSeC, a multi-stakeholder platform that promotes sustainable soy in the Argentinean Gran Chaco, with a focus on science-based monitoring and land-use change, and has recently outlined the landscape interventions it will deploy in Western Mato Grosso, Southern Maranhão, Western Bahia and Tocantins in 2022.

What are the factors enabling success?

Multi-stakeholder dialogue

The SCF participates in multi-stakeholder platforms concerning soy supply chains and the Cerrado biome, bringing an aligned and powerful private sector voice to these discussions. This dialogue built on useful pre-existing relationships between companies, producers, the financial sector, and regulators to navigate complex regulatory environments.

Raising the floor

Different companies have different levels of maturity in their approach to sustainable supply chains. The SCF works to increase baseline understanding and participation for companies in the soy value chain, including those less advanced in their sustainability awareness and practices.

Sector-wide benefits

By committing equally to increase transparency across their soy supply chains, SCF member companies can help to create a more level playing field, accelerate their own commitments, and help their customers do the same.

© Fellipe Abreu

How can the private sector participate?

The SCF is actively encouraging others in the sector and across the value chain to **create incentives for producers and to adopt SCF frameworks for measuring impact and progress.** The **SCF model could be replicated** in other key landscapes or across multiple landscapes with concentrated commodity production – increasing the ability of private sector companies to participate in dialogues and support projects in a coordinated fashion.

Key takeaways

- The SCF provides a vehicle for **collective action by a significant group of global soy buyers** in a critical landscape.

- By working collectively, the SCF brings a **powerful and significant voice to multi-stakeholder platforms** where they can leverage their own commitments and call for support from other actors, including local and national government.

CASE STUDY

Musim Mas building capacity for independent smallholders in Indonesia

© Musim Mas

What is it?

According to the Palm Oil Agribusiness Strategic Policy Initiative, smallholder farmers will manage 60% of Indonesia's oil palm plantations by 2030. Independent smallholders face challenges such as poor access to finance and a lack of knowledge about good agricultural practices, as they are often excluded from corporate efforts to improve supply chain sustainability. Improving smallholders' practices is vital to their livelihoods and the long-term sustainability of the palm oil sector in the country.

Musim Mas is one of the world's leading palm oil companies. It is a founding member of the Roundtable on Sustainable Palm Oil (RSPO), and its palm oil production is 100% RSPO certified. Indonesia is the world's top producer and exporter of palm oil, and a significant proportion of Musim Mas' palm oil operations are in the country. In 2020, Indonesia's production of this commodity amounted to around 48.3 million metric tons.

Working with the International Finance Corporation (IFC), a member of the World Bank Group and partner of the Good Growth Partnership (GGP), **Musim Mas initiated Indonesia's largest-scale smallholder programme in 2015 specifically to address challenges faced by smallholders in the provinces of North Sumatra and Riau.** The IFC provided training for the trainers in the programme, which guided smallholders in good agricultural practices, business management, access to financial assistance and markets, social factors including gender inclusion and food security, and support towards actions like forming farmers' associations. Importantly, smallholder farmers participating in the programme are not contractually bound to supply palm oil to Musim Mas. **This partnership is a strong example of a private sector company working with financial actors**, which provide expertise based on their experience, to scale and expand their sustainability activities.

What are its goals?

Overall, the programme aims to integrate independent oil palm smallholders into sustainable palm oil supply chains and reduce deforestation by improving smallholder livelihoods.

What has it achieved so far?

Since 2015, Musim Mas and IFC have engaged over 35,000 smallholders. Over 2,000 farmers from the IFC programme are now RSPO certified, and Musim Mas is now working with these farmers to ensure compliance with the Indonesian Sustainable Palm Oil certification. Having gained RSPO certification in 2019 via the programme, a **farmers' association has brokered a deal with Unilever** in 2020 for the purchase of independent smallholders' RSPO credits. Similar deals have also been agreed with companies including Nestlé and PepsiCo. Building on its success to date, **Musim Mas is exploring different collaborations with buyers, NGOs, and other actors** to expand its smallholders' programme at a landscape level working with local governments via a Smallholders Hub approach. With the support of the Livelihoods Funds, ADM Capital and other partners, this programme is being built upon and scaled in North Sumatra, whilst it has been scaled in Pelalawan with the support of the GGP.

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What are the factors enabling success?

Clear incentives

The programme is attractive to smallholders because it increases their productivity and economic outcomes while improving sustainability.

Relationships and trust

Musim Mas' relationships on the ground facilitated credibility and trust among smallholders, increasing smallholders' willingness to participate in the initiative and take actions such as becoming RSPO-certified.

Knowledge transfer

Designed well, new learnings can spread to other smallholders and throughout communities.

© UNDP Indonesia

How can the private sector replicate?

Senior leadership at Musim Mas recognises the short- and long-term business cases for engaging beyond the company's own value chain, and the company has made long-term commitments and investments to boost sustainability of the wider palm oil sector by strategically supporting smallholders. Customers of Musim Mas have reported that the work with smallholders is valuable and integral to their sustainability strategy for palm oil.

The Group believes that, over the years, its stakeholders have aligned with its strategy - and has benefited in ways such as being a preferred sustainable palm oil supplier to many global consumer goods companies. **Other private sector companies can replicate this approach by identifying their own strengths and articulating the importance of long-term investments to their own business continuity.**

Key takeaways

- Musim Mas' engagement beyond its value chain is **improving sustainability and economic outcomes** in key palm-oil-producing regions in Indonesia.
- The company's engagement beyond its value chain has strong internal support and a clear business case: **ensuring the long-term resilience and quality of palm oil globally**.
- The company has identified its strengths and ways in which it can **best contribute to broader efforts to promote sustainability and good livelihoods** in the palm oil sector beyond its own value chain.

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CASE STUDY

COFCO and the IFC in MATOPIBA

What is it?

The MATOPIBA region is an area of around 73 million hectares spanning across the Brazilian states of Maranhão, Tocantins, Piauí, and Bahía, highlighted in a Brazilian federal government agricultural-development plan as a single zone for agricultural investment. More than 90% of MATOPIBA lies in the Cerrado - recognised as the world's most biodiverse savannah. In the 2020 - 2021 crop year, the amount of soy planted on top of areas cleared between 2014 and 2020 was 0.62 million hectares in the Cerrado - representing 10.6% of total conversion in the biome, and of which 80.5% is concentrated in MATOPIBA.

COFCO International is a member of the Soft Commodities Forum (SCF), a coalition of six major agri-businesses that have made commitments to advance collective action towards conversion-free soy supply chains. COFCO has been working with the International Finance Corporation (IFC) – a member of the Good Growth Partnership - and Agrosatélite **to develop a more traceable and sustainable supply chain in MATOPIBA, tracking and screening suppliers to ensure compliance with key environmental and social criteria, and delivering training to build farmer capacity in sustainable soy production**. This example illustrates how companies can scale and improve their capacity and sustainability performance through partnerships.

What are its goals?

Screening will help COFCO **verify that supplier farms are free of forced labour and not located on indigenous land, conservation units or embargoed areas according to national legislation.** It will also assess supplier compliance with the National Rural Environmental Registry (CAR), a mandatory electronic registration which combines geospatial data for rural properties with environmental characteristics, including legally protected areas, and can support identification of the latest conversion among MATOPIBA suppliers.

COFCO and the IFC aimed to track 85% of COFCO's direct suppliers in MATOPIBA by the end of 2021, a goal that was achieved, and to monitor and assess these farmers against the key sustainability criteria by 2022. These are a core element of COFCO's sustainability strategy.

What has it achieved so far?

A first version of the traceability and screening tool has been developed, and, by the end of 2021, COFCO surpassed the goal by **tracing and screening all its current direct supplying farms in MATOPIBA**. COFCO and the IFC have also begun to identify farmers to receive training on better farming practices and sustainability. These activities have **enabled COFCO to fulfil key criteria for financing agreements with green-oriented financial institutions** and supported COFCO's delivery of commitments made via the SCF.

© UNDP Brazil

What are the factors enabling success?

Sustainability strategy

One of COFCO International's core values is Sustainability, which has a dedicated Strategy formed by five pillars including "Connecting Supply and Demand Responsibly". This pillar supports and directs COFCO International risk management and opportunity initiatives of the supply chains in which the company operates, such as this project in partnership with IFC.

Stakeholder demand

Increased demand for sustainable soy in key markets and positive pressure from civil society have contributed to strengthening COFCO's commitment to sustainability.

Green finance

Traceability and improved sustainability performance are requirements of green-oriented financing secured by COFCO – incentivising action to improve their performance through more favourable financing conditions.

© Paula Maria

What can the private sector learn?

Other commodity traders and producers can learn from the process that COFCO has followed to define commitments, implement them and build accountability. By joining coalitions like the SCF, and by participating in other multi-stakeholder dialogues, **companies can develop standards that are well aligned with private sector needs, and that create a level playing field between companies, all whilst improving sustainability performance.** In-depth partnerships with organisations like the IFC provides access to leading expertise and implementing capacity and can help to ensure quality tools are developed.

Key takeaways

- COFCO has made **significant investments to support its commitments to sustainability and traceability**, which were informed by the company's participation in the Soft Commodities Forum.
- **Collective commitments** can form the basis of **individual corporate actions within their own supply chains**, whilst supporting alignment of standards and practices in wider commodity sectors.
- **Investing in traceability**, due diligence and improved sustainability **can help companies to secure long-term finance** under favourable terms tied to sustainability performance.

CASE STUDY

&Green and inclusive and deforestation-free commodity supply chains

© UNDP Indonesia/Agusriady Saputra

What is it?

&Green was launched in 2017 by The Sustainable Trade Initiative (IDH) and Norway´s International Climate and Forest Initiative (NICFI) - with the goal to drive transformational change of agri-commodity production from expansion and deforestation to businesses and supply chains that empower communities and protect forests at a landscape level.

&Green focuses on the tropical forests and peatlands most in need of protection, located in Latin America, Africa and Southeast Asia, and looks for opportunities to invest in the agri-commodity businesses most active in those valuable ecosystems, i.e., beef (livestock), palm oil, soy and forestry (including rubber).

To ensure progressive forest restoration and protection strategies, **&Green only invests in jurisdictions assessed and approved through its 'Jurisdictional Eligibility Criteria Assessments' (JECAs)**. The selected jurisdictions are areas with significant forest resources and progressive forest and/or peat protections agendas, meaning that their regulatory framework will support and long-term secure the forest protection achievements realised through &Green's work with the private sector and the inclusion of communities and CSOs.

What are its goals?

The purpose of the Jurisdiction Eligibility Criteria Assessments (JECA) is to help &Green to find and develop potential projects of interest and improve the country and environmental risk profile of &Green's investments. This process is mandatory prior to investment and **assures investors that the policy context of the investment is amenable and supportive of the transformational change sought.** &Green's approach and frameworks help to raise government awareness and **create new incentives to support the enabling conditions for green investments to be secured.** By actively engaging with stakeholders in target countries, &Green is able to collaborate with actors at a landscape level while linking its impact to host governments' policies on climate mitigation and adaptation.

What has it achieved so far?

By working at a jurisdictional and landscape level, &Green has so far **closed six transactions across three jurisdictions (Indonesia, Brazil and Colombia), has put 1.4 million hectares of forest under protection and improved the livelihoods of more than 10 thousand households.**


© Oliver Kornblihtt

What are the factors enabling success?

Stakeholder engagement

&Green significantly engages with local, regional and national governments, as these key actors set the necessary enabling environment that precedes and contributes to transformational change.

Partnerships

Engagements with communities and local, regional and national government is often facilitated by &Green's long-term partner IDH, which works closely with public and private actors to develop potential projects in &Green's key jurisdictions and support local governments in meeting &Green JECAs, or by &Green's local teams and other partners.

What can the private sector/ finance sector learn?

&Green's experience demonstrates to the finance sector that the success of a sustainable business model can be achieved only through **deep engagement with the industry as well as governments and local authorities**, therefore going beyond typical value chains. Collective commitments at a local, regional or national level can form the basis of individual corporate actions within their own supply chains, whilst supporting alignment of standards and practices in wider commodity sectors.

Key takeaways

- Through its Jurisdictional Eligibility Criteria Assessments, **&Green identifies those countries and states that are most committed to tackling deforestation and unsustainable land conversion** and can therefore effectively contribute to the transformation of agri-commodity supply chains at scale.

- By actively engaging with stakeholders in target countries, **&Green collaborates with actors at a landscape level while linking its impact to host government policies on climate mitigation and adaptation**.

- &Green's investments are intended to encourage improved regulation and enforcement in approved jurisdiction. **With &Green's jurisdictional approach, public policy is linked more directly to private sector commitments**. Ultimately, regulation and its implementation is a critical process to protect natural forest and the private sector has a strong role to play in supporting that process.

CASE STUDY

Private sector finance and engagement beyond value chains

© Government of Mato Grosso

What is it?

Deforestation and biodiversity loss contribute to the systemic risk of climate change and risks to food and agricultural production and supply chains, posing material risks for investors. However, there is a massive shortfall in investment to address these challenges. To preserve and restore ecosystems globally in a way that helps meet the Sustainable Development Goals by 2030, some US$300 to US$400 billion of investment a year is needed, up from the current US$52 billion. Sustainable commodity production offers opportunities for private sector investment to close the gap.

Currently, private-sector financial actors such as impact investors, pension funds and other institutional investors contribute to sustainable commodity production in a few ways: by investing directly in companies along commodity value chains, or indirectly in forest and land trusts or blended-finance development projects. **Supporting companies and initiatives that engage beyond companies' own value chains**, at a landscape or jurisdictional level, can be a way to sustain and scale progress on sustainable commodity production.

How can private sector finance participate?

Pathways for private sector finance engagement with governments at national and subnational levels have been limited to date, but there is a nascent range of options for participating in activities that expand an enabling environment for sustainable commodity production. Some examples:

- **The Tropical Landscapes Finance Facility (TLFF)**, a blended finance facility for Indonesia, was established in 2016 by the United Nations Environment Programme, World Agroforestry, ADM Capital, and BNP Paribas to bring long-term finance to projects and companies that stimulate green growth and improve rural livelihoods. **It leverages public funding to unlock private finance for sustainable land use** including agriculture and ecosystem restoration, and its strict lending criteria support deforestation-free supply chains. ADM Capital manages the TLFF lending platform, while BNP Paribas arranges long-term commercially priced, long-tenor debt for individual projects. The TLFF has concluded one project to date, a sustainability bond for sustainable rubber production in Indonesia, and has a pipeline of projects in renewable energy and sustainable agriculture sectors.

- **Lingkar Temu Kabupaten Lestari (LTKL)**, an association formed and managed by Indonesian district governments, developed a series of 'Masterclass' training programmes to **help member districts attract** green investment. The first series, held from December 2018 to June 2019 in collaboration with Indonesia's District Governments Association (APKASI), the Tropical Forest Alliance (TFA), and the Carbon Disclosure Project (CDP) focused on investment to transition production of strategic commodities, such as palm oil, rubber, and cocoa toward sustainability. Local governments were encouraged to develop an investment portfolio that was presented to potential investors at the end of the program. To date, companies that have agreed to co-invest include renewable energy firm Kyuden Mirai, Indonesian hospitality company Potato Head Group and the Sustainable Coffee Association of Indonesia.

- **The Coalition for Sustainable Livelihoods,** a place-based multi-stakeholder platform initiated in 2018 with initial support from Barry Callebaut, Conservation International (CI), Danone, Earthworm Foundation (formerly The Forest Trust), The Sustainable Trade Initiative (IDH), The Livelihoods Fund, Mars Wrigley, Mondelēz International, PepsiCo, Unilever and the United Nations Development Programme (UNDP). As a platform, CSL convenes multi-stakeholders to identify and advance shared goals and government endorsed sustainable development plans in Aceh and North Sumatra. At provincial, district and/or landscape levels, CSL provides a **space for alignment and investment to encourage the development and implementation of sustainable development plans** such as the Provincial Action Plan for Sustainable Palm Oil in North Sumatra, Tapanuli Selatan's District Action Plan for Sustainable Palm Oil, or Aceh's Green Growth Plan. CSL partner collaborations and investments at the district/landscape level directly contribute to implementation of these government supported plans and achieving shared goals. CSL partners are currently investing in platform activities as well as initiatives in three districts that are focused on building smallholder farmer productivity, halting illegal deforestation, restoring degraded lands and strengthening forest management.

What are the factors enabling success?

Transitioning to regenerative and climate-resilient forms of agricultural production typically require an upfront investment and longer horizons for generating returns. To address these issues, there is **a need for more blended finance models**, using public-sector funding and resources to de-risk private sector investments. As investor pathways to supporting engagement beyond value chains are relatively new, data about financial returns and impacts is sparse. Tools such as the Global Impact Investing Network's (GIIN) Navigating Impact project can provide **evidence and metrics to measure progress toward investors' goals.**

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Key takeaways

- **Investments that support companies' engagement beyond their value chains**, particularly with government at landscape or jurisdictional level, can **help sustain and scale sustainable commodity production**.

- Private sector finance actors need but may not currently have a **clear view of investable opportunities for sustainable commodity production, and tools that enable them to measure and monitor their impact.**

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Conclusion

Engaging beyond value chains is essential for long-term progress

Many companies are already engaging beyond their value chains in different ways, assessing their strengths, their capabilities and their stake in a production region to prioritise with whom and how they engage. Rarely do private sector companies need to design a new initiative or policy from scratch. Rather, they **can build on existing relationships, information, tools and initiatives and work with peers and other partners** to engage in meaningful ways that can have an outsized impact on the systemic challenge of deforestation and sustainable commodities production.

These case studies are only a small selection of the initiatives taking place beyond individual private sector value chains. As always, there are no silver bullets. Companies should view engagement with governments, with other companies and in national, jurisdictional and landscape approaches as additional and complementary to supply chain initiatives. And no one single approach will be right for every context or commodity. That is why **it is essential to engage with government, communities and other stakeholders at a range of different levels to transform agricultural production for a sustainable, resilient future.**

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