



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

- Agroindustrial giant with highest sub-national emission reductions (ER) (3.5 Gt CO<sub>2</sub>) 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, UK)
- 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
- Large-scale cattle
- Smallholder agriculture
- Industrial agriculture
- Land speculation

#### AVERAGE ANNUAL EMISSIONS FROM DEFORESTATION

47.67 Mt CO<sub>2</sub> (2010-2015)  
Includes above-ground biomass, below-ground biomass, & litter

AREA 903,378 km<sup>2</sup>

POPULATION 3,397,731 (2018)

HDI 72.50 (2010)

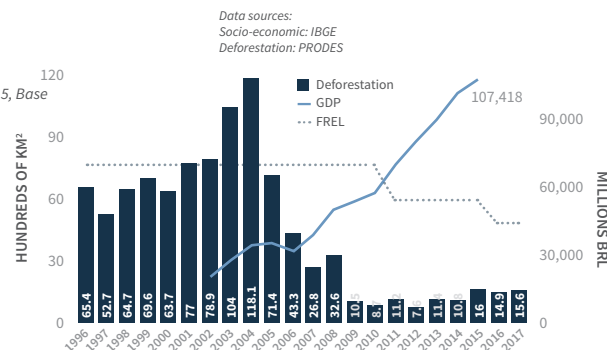
GDP USD 29.48 billion (2015, Base year 2010)

GINI 0.445 (2015)

#### MAIN ECONOMIC ACTIVITIES

- Agriculture
- Industry
- Mining
- Timber extraction

RURAL/URBAN POPULATION 18%/82%



### SPOTLIGHT ON INNOVATION

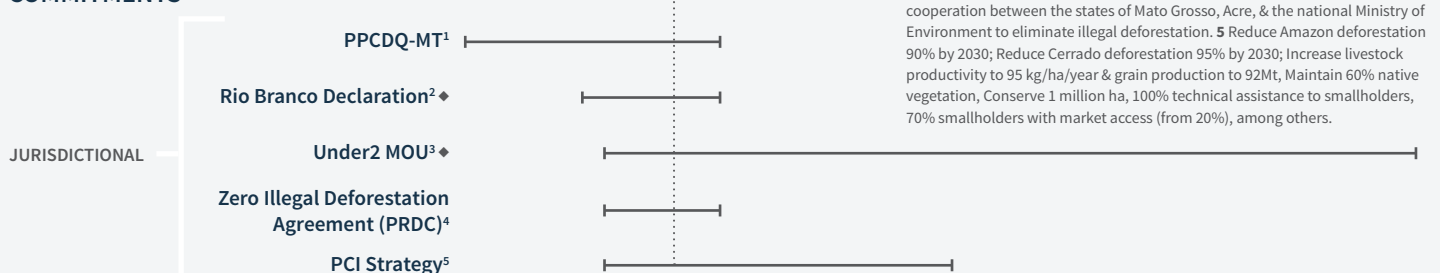
Mato Grosso is the leading laboratory globally for **Large-Scale Jurisdictional Sourcing Agreements**, with negotiations underway with the EU Animal Feed Federation (FEFAC) and the China Soy Industries Association for sustainable soy. These two markets consume more than 1/3 of global soybean production. 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



### FORMALLY ESTABLISHED COMMITMENTS



1 Reduce deforestation 89%; reached 88% reduction 2012. 2 Reduce emissions 80% below baseline. 3 Limit emissions 80-95% below BAU levels. 4 Agreement of cooperation between the states of Mato Grosso, Acre, & the national Ministry of Environment to eliminate illegal deforestation. 5 Reduce Amazon deforestation 90% by 2030; Reduce Cerrado deforestation 95% by 2030; Increase livestock productivity to 95 kg/ha/year & grain production to 92Mt, Maintain 60% native vegetation, Conserve 1 million ha, 100% technical assistance to smallholders, 70% smallholders with market access (from 20%), among others.

## KEY INTERVENTIONS



DISINCENTIVES



ENABLING MEASURES



INCENTIVES



1 Secretary of Environment (SEMA). 2 State Environmental Foundation (FEMA – precursor to SEMA). 3 KfW Development Bank REDD+ Early Movers (REM) program (resources from Germany & UK. 4 Norway via IDH – The Sustainable Trade Initiative, most stakeholders were self-sponsored. 5 State PCI Steering Committee (CEEPCI) – includes public, private, NGO, & productive sector representatives. 6 National Development Bank (BNDES)/Amazon Fund; 7 Ministry of Environment. 8 Mato Grosso Military Fire Brigade (CBMMT). 9 Management Council, Scientific Panel, State Climate Change Forum.

## PROGRESS TO JURISDICTIONAL SUSTAINABILITY

○ EARLY ● INTERMEDIATE ● ADVANCED

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

## 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

**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.), in *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](http://www.earthinnovation.org/state-of-jurisdictional-sustainability)

### TECHNICAL TEAM



### SUPPORTED BY



based on a decision of the German Bundestag