

Managing the Global Land Crisis



Daniel Nepstad, Director
International Program
Amazon Scenarios Program
September 26, 2011

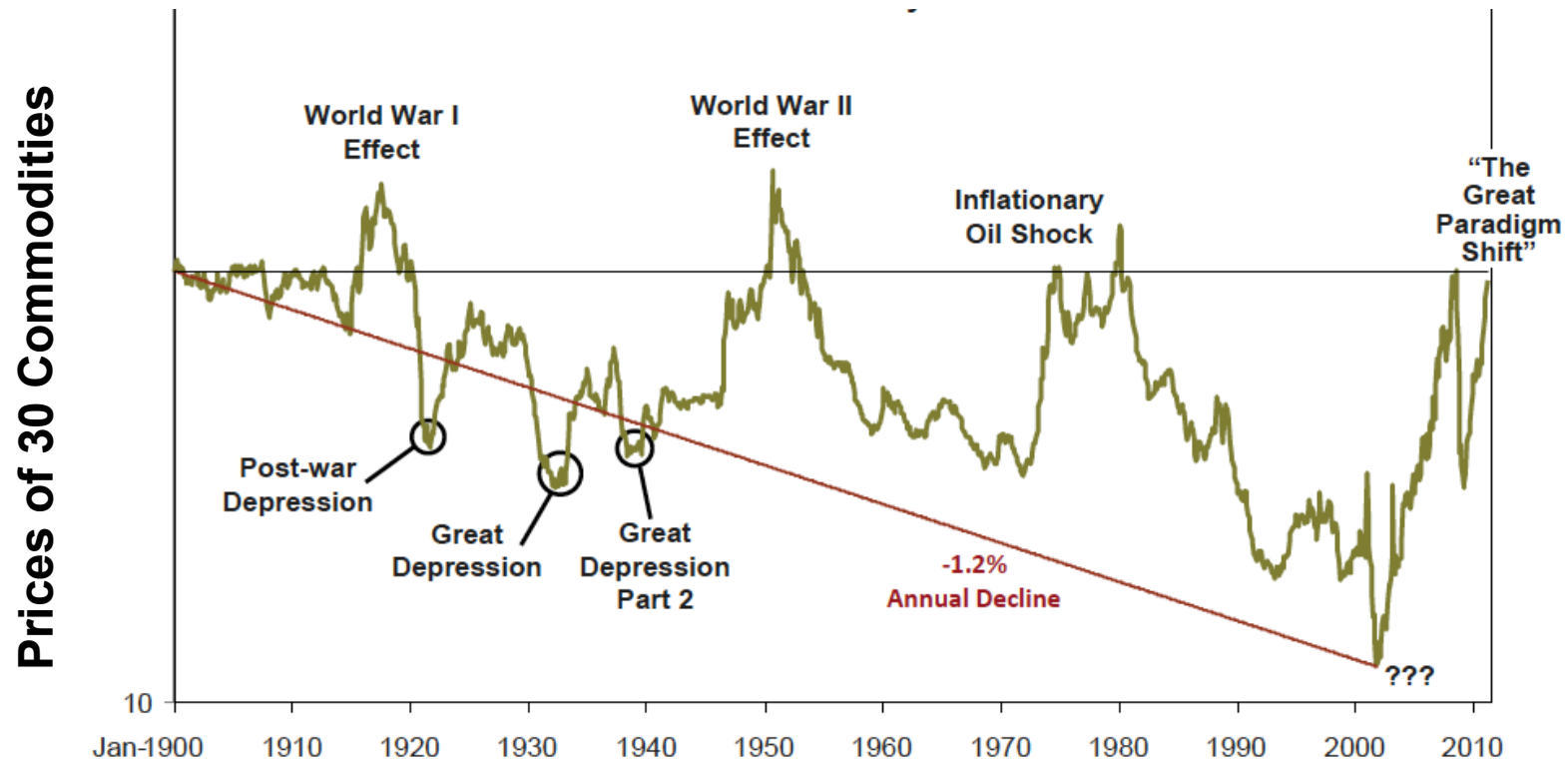
Outline

- *Evidence of a global land crisis*
- *The case for a global, cross-constituency strategy*
- *Step 1: Market transformation*
- *Step 2: REDD+*
- *Lessons from Brazil*
- *Conclusions*

Context: The Global Land Crisis

Pressures are Mounting to Convert Tropical Forests to Agriculture

Rising Commodity Prices May Signal a New Era of Scarcity, As Growth in Demand Outstrips Growth in Supply (J. Grantham)



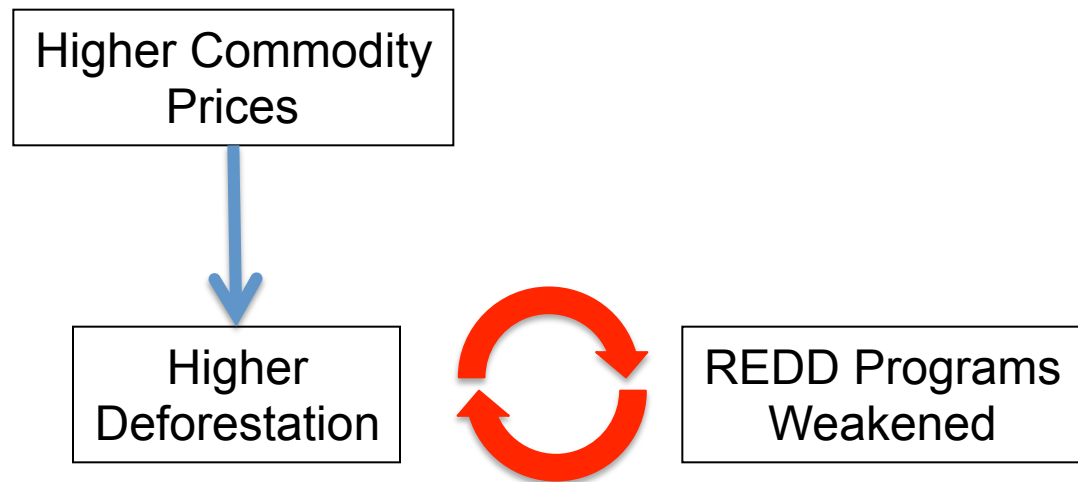
The Global Land Crisis

**Growth in
Demand**

>

**Growth in
Supply**

A Vicious Cycle Between Commodity Prices and REDD+



Responding to The Global Land Crisis:

Low-Emission Rural Development (LERD)—Broadly Defined

- *Re-Directs Agricultural Expansion Away from Forests*
- *Reduces Agricultural Emissions as It Increases Yields*
- *Alleviates Rural Poverty*
- *Secures Food Supply*
- *Recognizes/Protects Indigenous and Traditional Peoples' Rights*
- *Conserves Biodiversity, Water Resources, Soil*

Responding to The Global Land Crisis:

Low-Emission Rural Development (LERD)—Broadly Defined

- *Multiple Constituencies*
- *Tailored to local cultural, economic, political, and ecological conditions*

Step One Toward LERD: Market Transformation to Exclude Unsustainable Suppliers

- ***Commodity Roundtables***

- **Low reliance on consumer choice**
- **Goal: transform the supply chain, building in the costs of stewardship into commodity prices**
- **Multiple-stakeholder processes; broad acceptance**
- **Standards with third party verification**
- **Palm Oil (RSPO), Soy (RTRS), Sugar (Bonsucro), Beef (GRSB), Cotton (BCI), Biofuels (RSB), umbrella standard under discussion**

Step One Toward LERD: (cont'd)

- *They are moving fast!*

- RTRS required for all soy imported by Holland and Belgium by 2015

- Bonsucro & RTRS: meets Europe renewal fuel directive

- RSPO: Certified 10% of world production in first two years

Step One Toward LERD: (cont'd)

- *Consumer Goods Forum commitment to zero net deforestation by 2020*

- USD 2.8 trillion annual sales
- 400 manufacturers and retailers
- Leadership: Unilever and Tesco

- Many companies have committed to reduce their emissions: Nutreco, Coca Cola, Unilever, Mars, Danone . . .

Step One Toward LERD: (cont'd)

- ***Carbon “Bundling”***

- **Dutch Sustainable Trade Initiative (IDH), WWF, Unilever**
- **Bundling emissions reductions from land-use into supply chains**
- **Strong aversion to UN processes**

Step One Toward LERD: (cont'd)

- *There is a growing demand for carbon emission offsets within industry that is disconnected from REDD+*

Step Two Toward LERD: REDD+

- ***UNFCCC***

- REDD+ progress; but treaty at risk
- Has engaged 45+ nations
- Multiple funding processes building REDD+ capacity
 - FCPF, UN REDD, REDD+ Partnership, FIP, Bilateral

- ***National Processes***

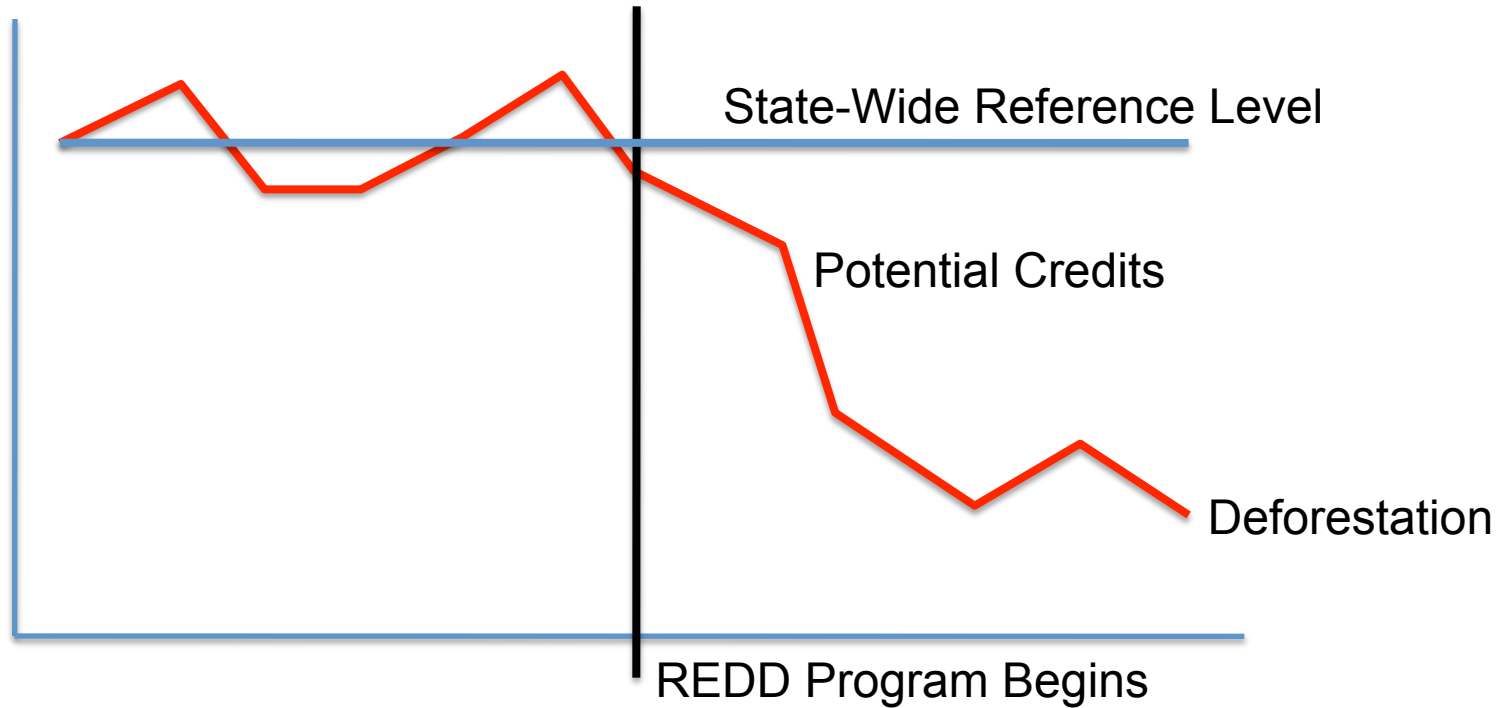
- e.g. Brazil, Indonesia, China, Australia, Mexico, Peru, Guyana, Tanzania, Ghana, others

- ***States and Provinces: GCF***

- **Nearest path to regulated REDD+ market**

Step Two Toward LERD: (cont'd)

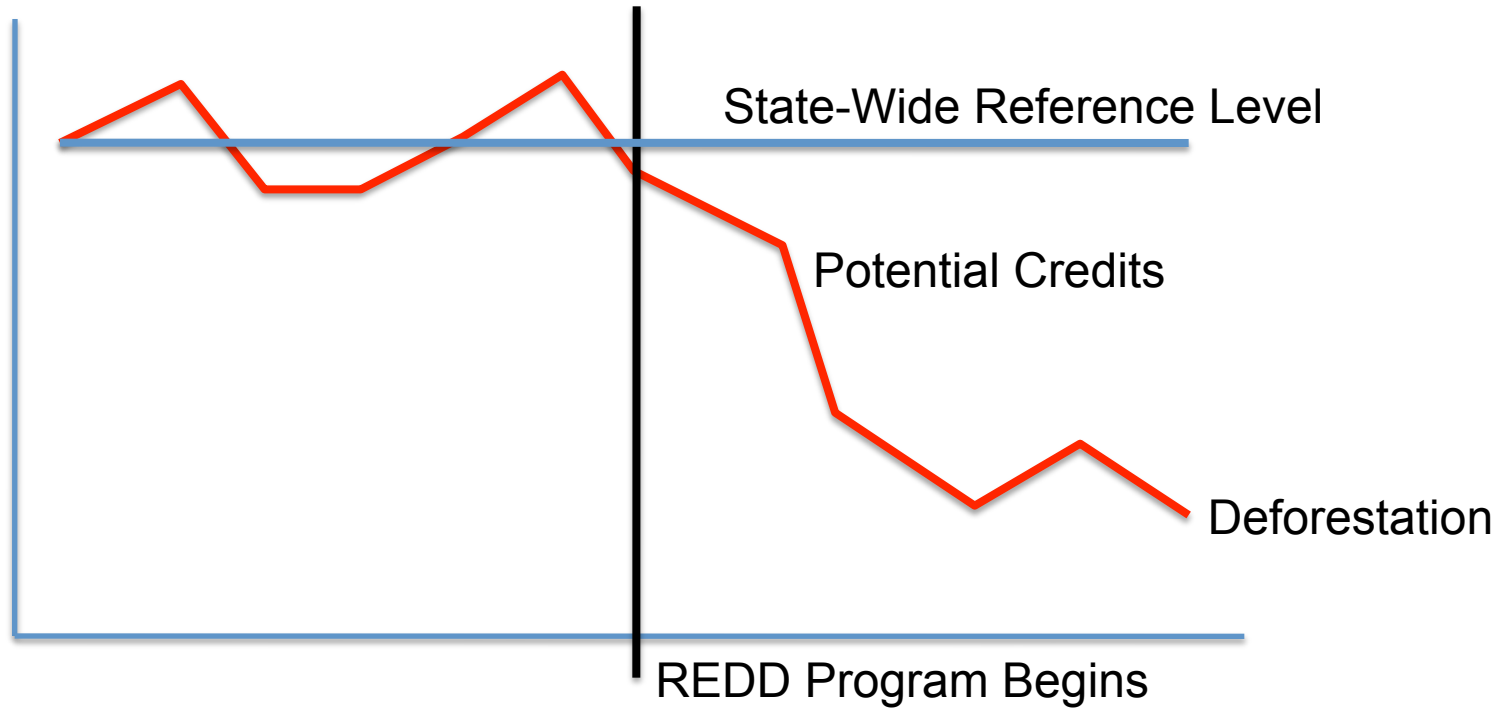
Jurisdiction-wide



We must keep our eye on the state- or province-wide reference level, and the programs, institutional innovations, and stakeholder engagement necessary to sustainably reduce emissions.

Step Two Toward LERD: (cont'd)

Jurisdiction-wide



We must keep our eye on the state- or province-wide reference level, and the programs, institutional innovations, and stakeholder engagement necessary to sustainably reduce emissions.

Step Two Toward LERD: REDD+

Challenge: Moving Beyond Projects

Projects ➡➡ Jurisdictions

- **Policy** alignment
- **Institutional innovation**
- **Reduced transaction costs** (shift away from project-level accounting)
- **Safeguards institutionalized**, monitored through census and sampling
- **Projects** as important **laboratories**

Step Two Toward LERD: REDD+ ***Attracting and Re-Directing Private Investment***

- **REDD finance will not carry the transition to LERD**
- **Private investors bring innovation, but they need acceptable levels of risk**
- **They don't want to make deals with governments: need for new institutions**
- **REDD fast track finance should help agricultural investors become REDD and LERD investors**

Step Two Toward LERD: REDD+

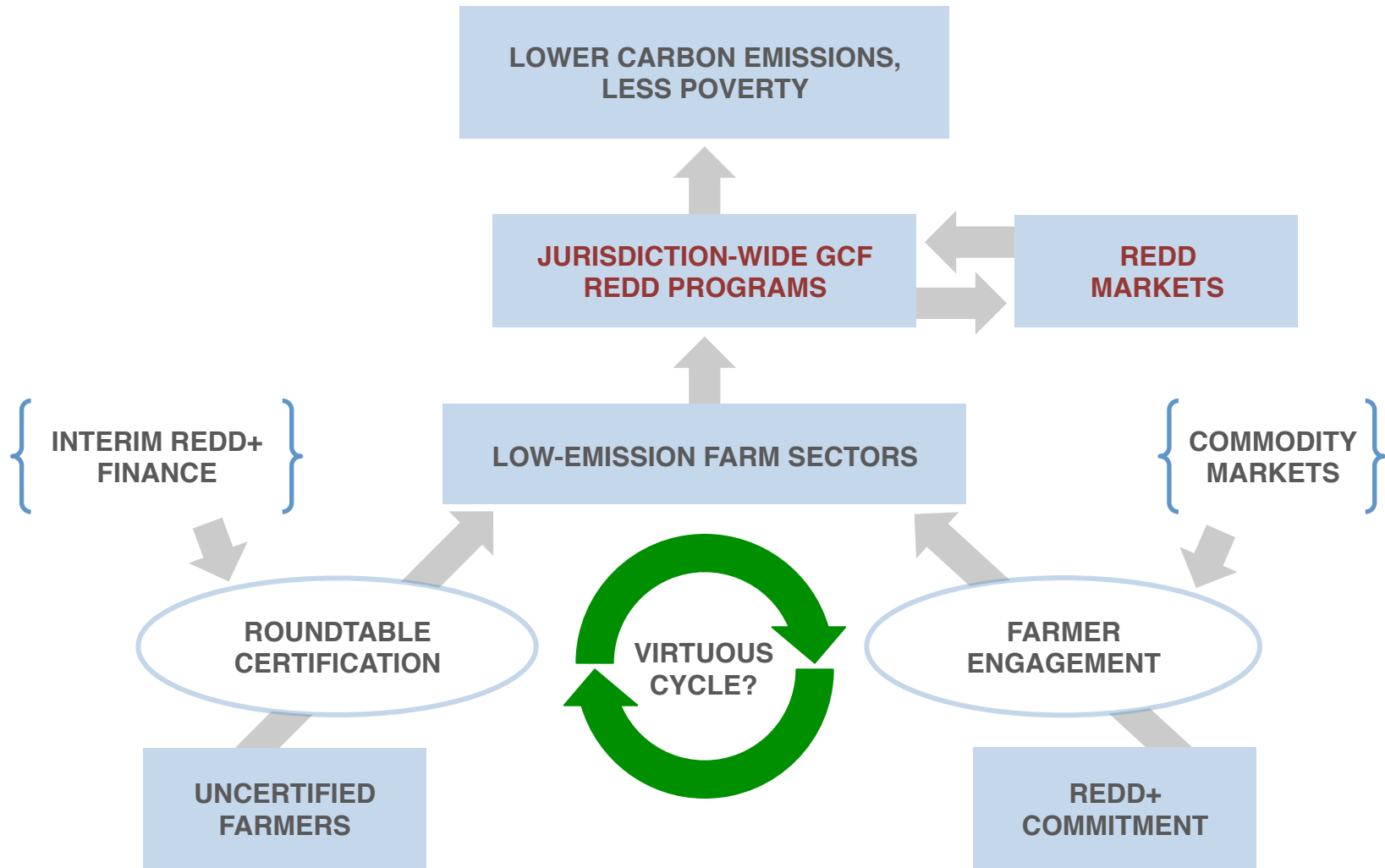
Financial Instruments

- **REDD Bonds**
- **Floor price for REDD carbon/feed-in tariffs**
- **Insurance, buffers, credit guarantees**

Potential Synergies between REDD+ & Commodity Roundtables

	REDD+	Roundtables
<i>Restrictions on Deforestation?</i>	YES	YES
<i>Strong Farmer Engagement?</i>	NO	YES
<i>Available Funding?</i>	YES	NO
<i>Social & Environmental Safeguards?</i>	YES	YES

A Virtuous Cycle Between Roundtables and GCF?



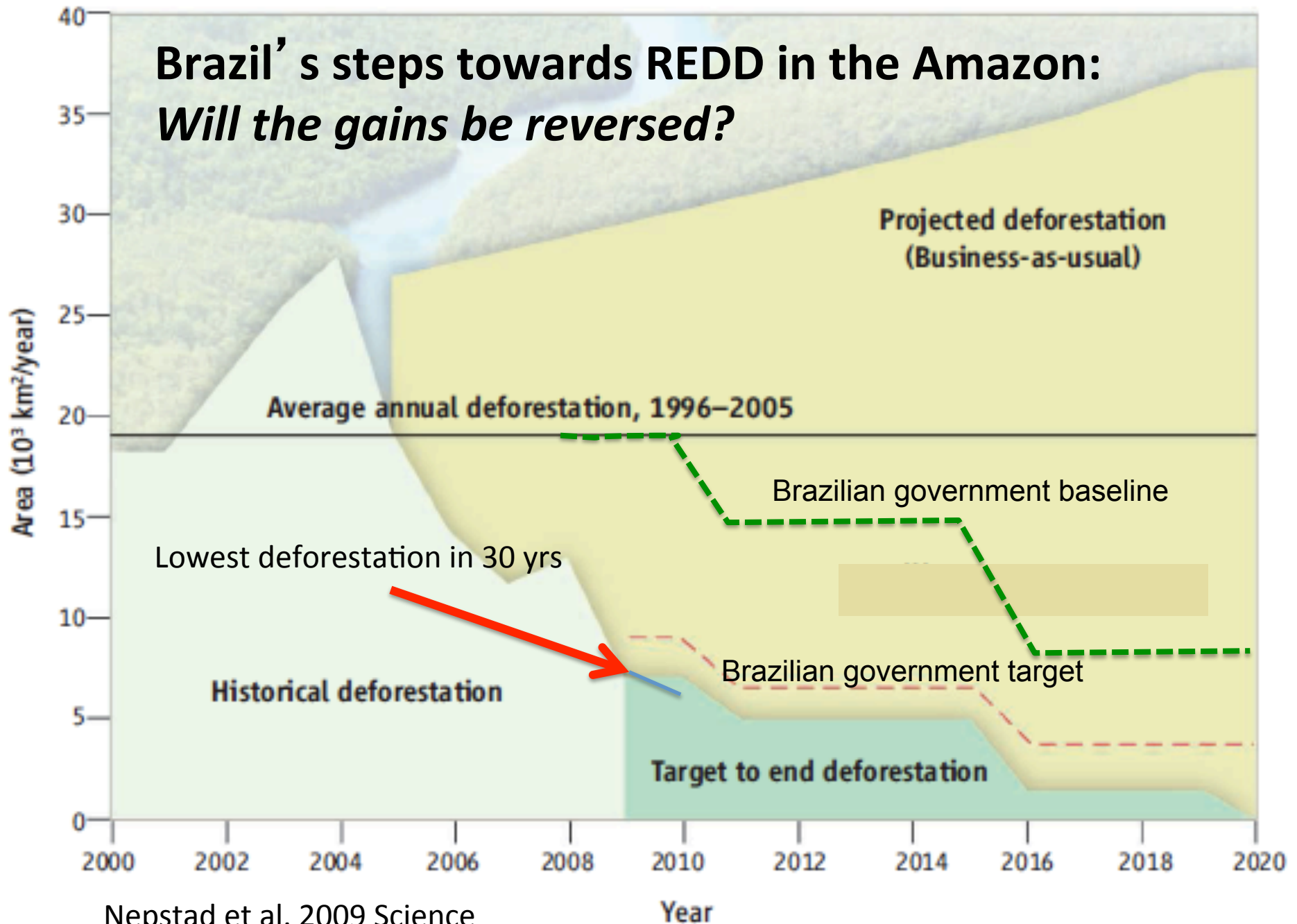
Building a Bridge Between Commodity Roundtables and REDD

A Cross-Sector Alliance

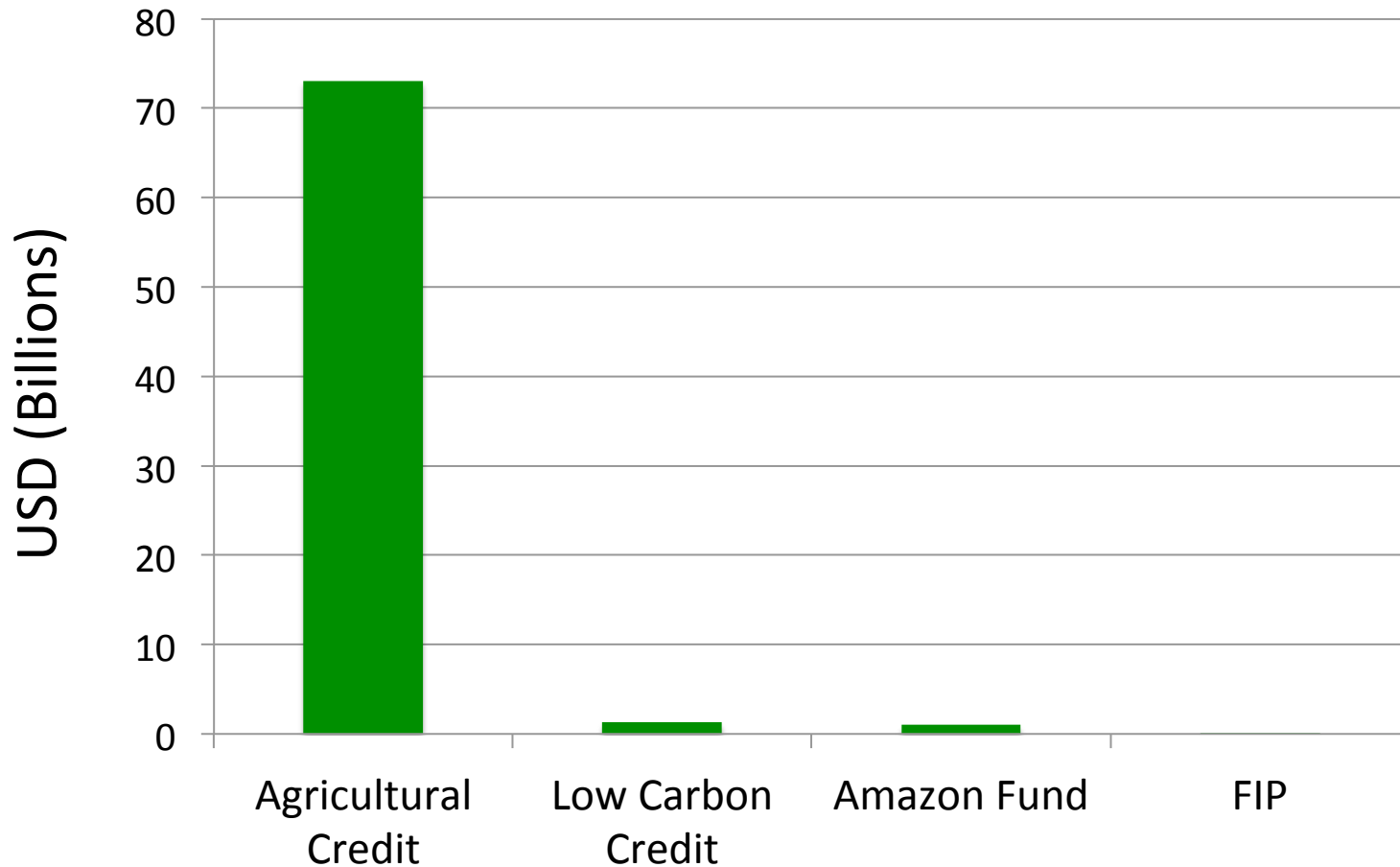


25 Nations Where REDD Finance and Roundtables Overlap

Brazil's steps towards REDD in the Amazon: *Will the gains be reversed?*

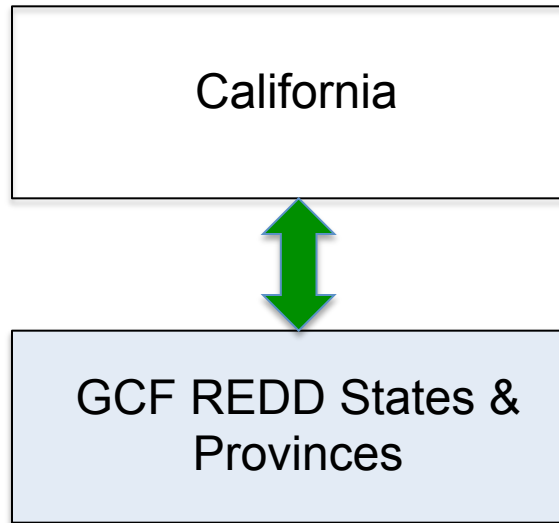


LERD Must Leverage National and State Policies, Credit Lines, Budgets

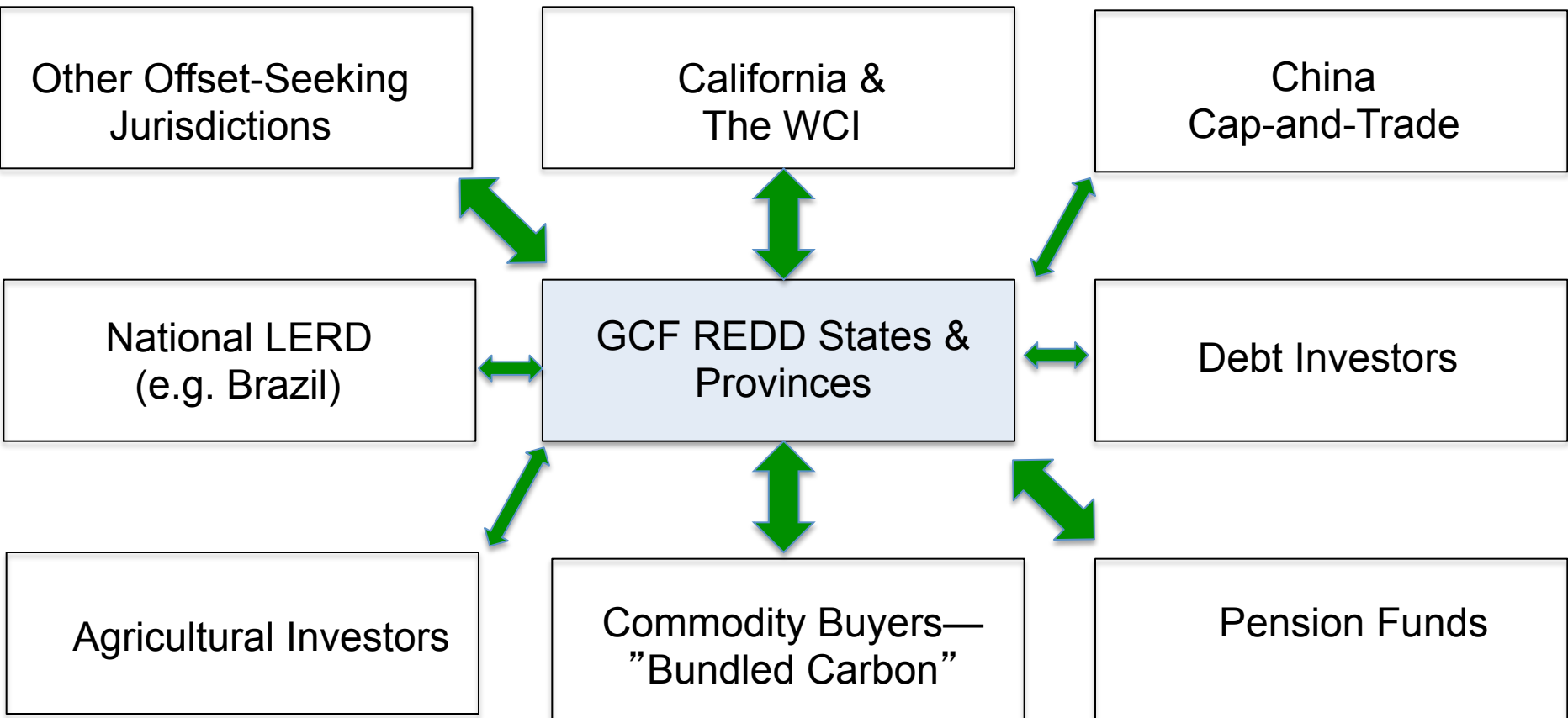


Example: Brazil Agriculture and REDD+ Finance*

The GCF Today



The GCF in 2015?



Aligning REDD+ & Roundtables: 25 nations

 =priority

		FCPF	UN REDD	FIP	Norway	GCF	National Low C Ag	Roundtables/ Schokland
Argentina	X							RTRS, Bonsucro
Bolivia	X	x						RTRS, Bonsucro
Brazil				X	X	X	X	RTRS, RSPO
Cambodia	X	X						[potential]
Colombia	X							Bonsucro
Costa Rica	X							RSPO, Bonsucro
DRC	X	X	X					[potential]
Ethiopia	X							
Ghana	X			X				RSPO
Guyana	X				X			
Honduras	X							Bonsucro, RSPO
Kenya	X							
India								ALL
Indonesia	X	X	X	X	X	X		RSPO
Lao PDR	X			X				
Mexico	X			X		X		Bonsucro
Panama	X	X						
Pap N Guin	X	X						RSPO
Paraguay	X	X						RTRS, Bonsucro
Peru	X			X				RSPO
Rep Congo	X							
Tanzania	X	X						[potential]
Thailand	X							RSPO, Bonsucro
Viet Nam	X	X						[potential]
Zambia			X					[potential]

Key Challenges:

- 1. Thinking Outside of the UNFCCC Box**
- 2. Rural Development**
- 3. Seeding the virtuous cycle**