

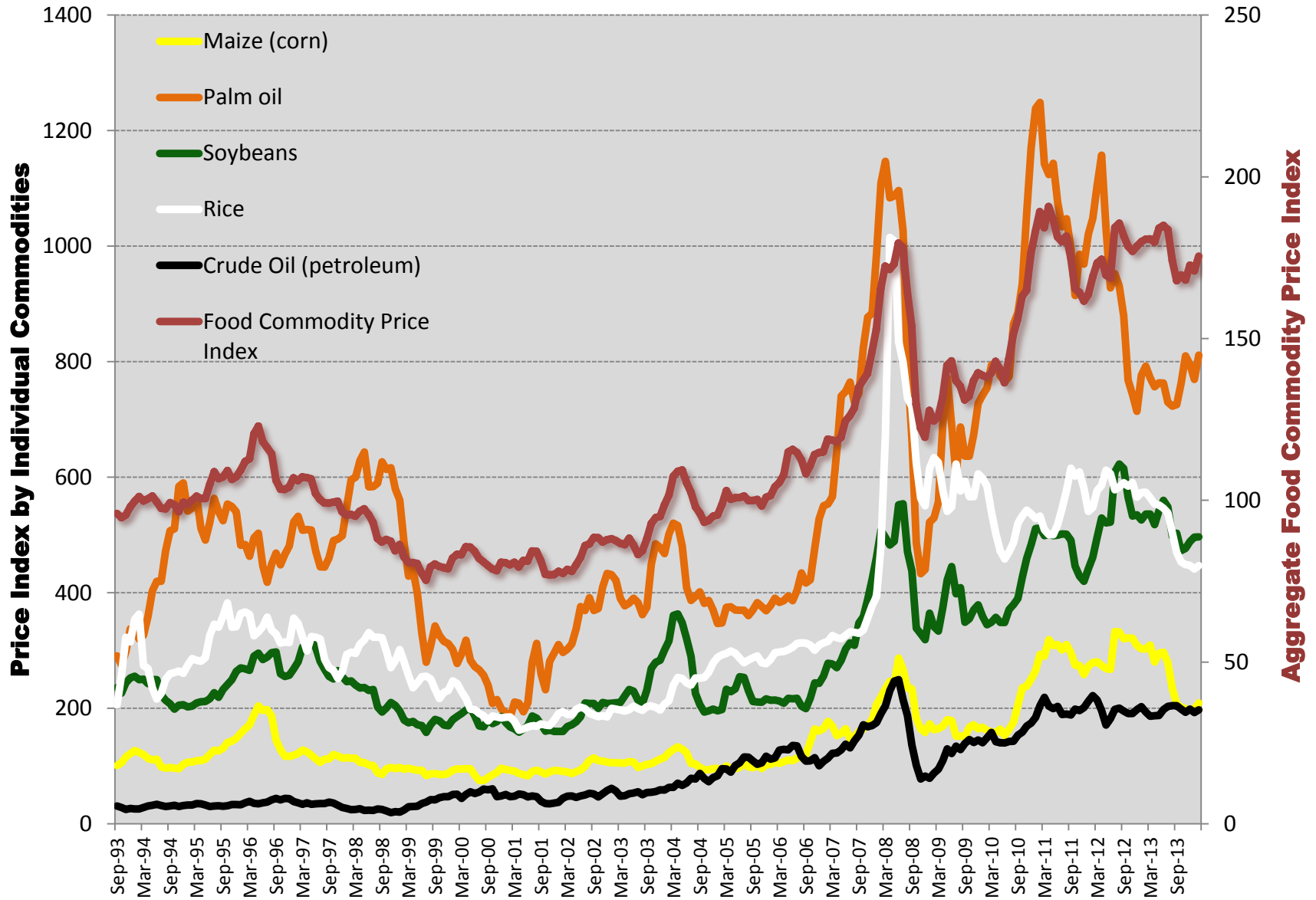


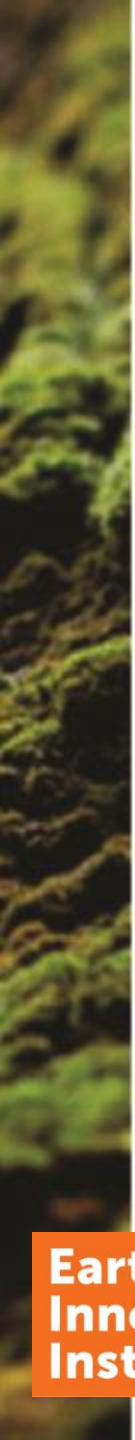
A Cheaper, Simpler Pathway to Large-Scale Agricultural Sustainability?

Daniel Nepstad, PhD
Executive Director &
Senior Scientist

Foz do Iguaçu, March 19, 2014

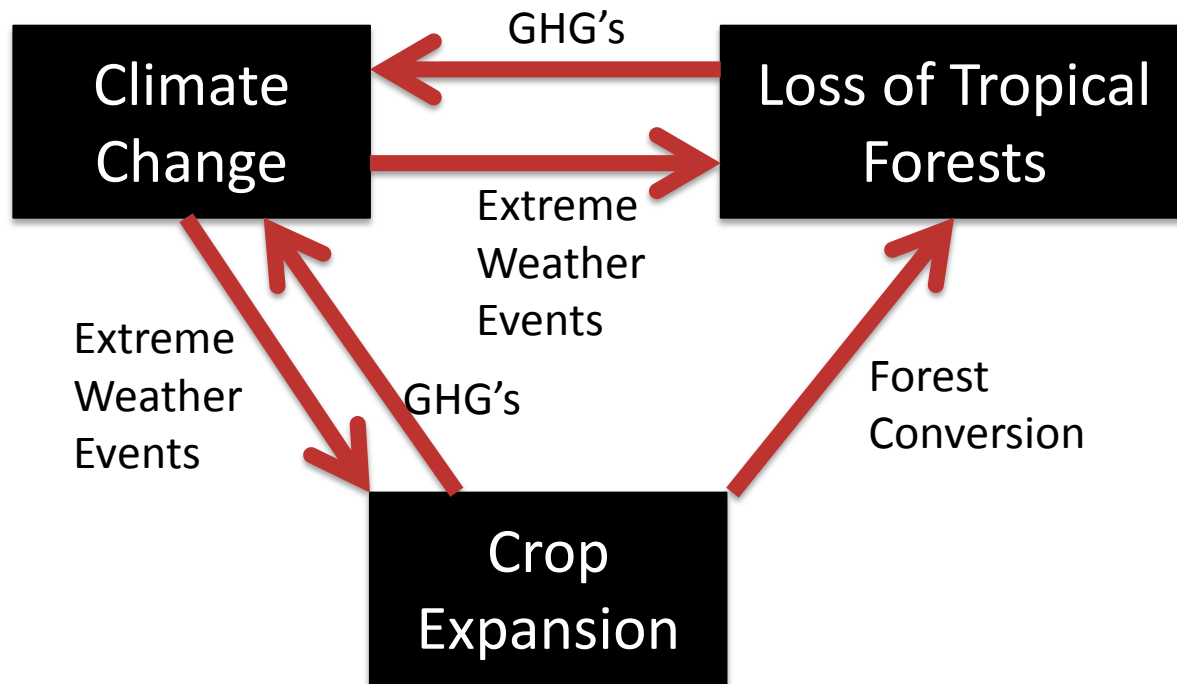
Food Price Increases: Here to Stay? \uparrow Demand > \uparrow Supply



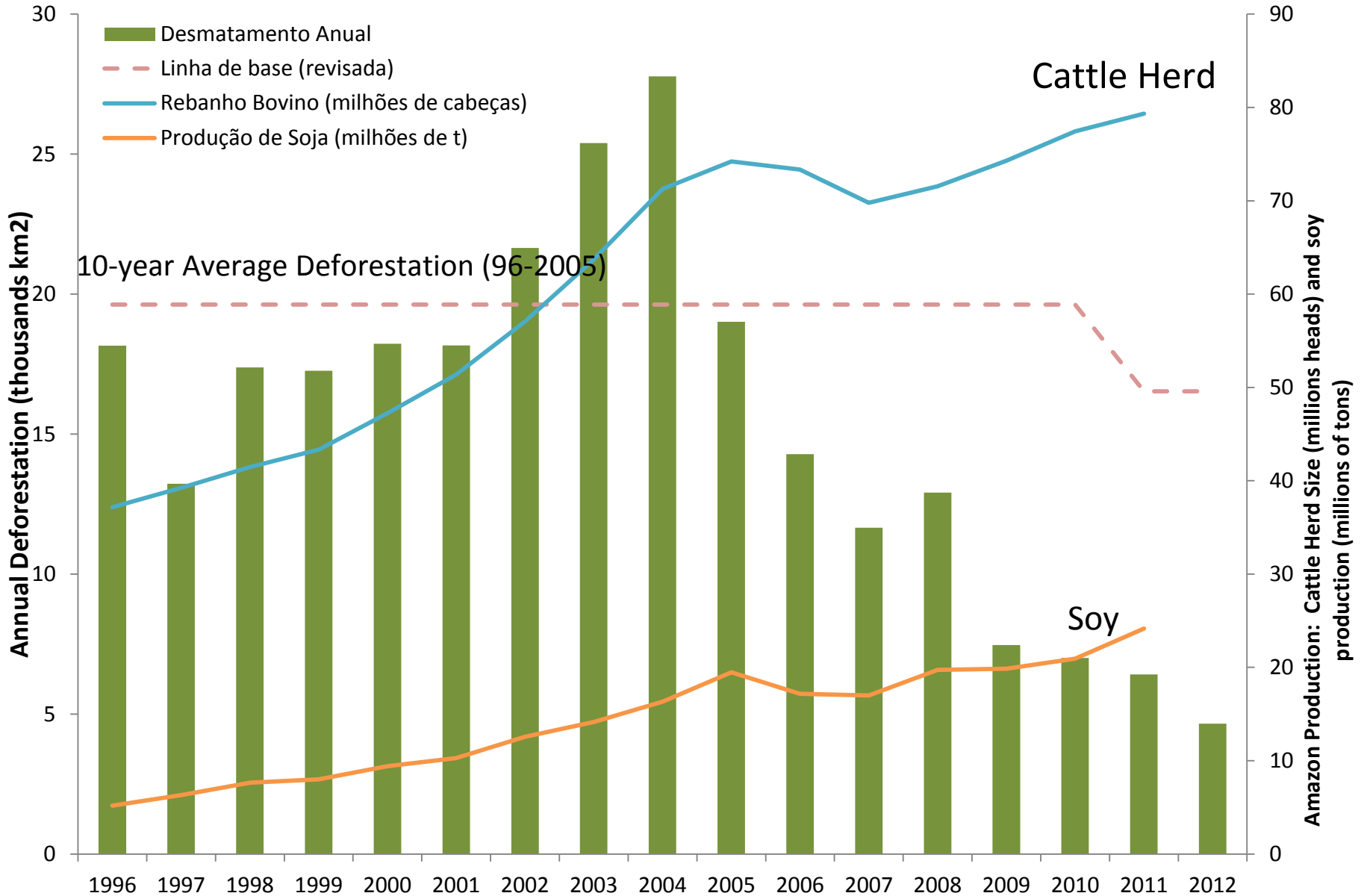


**Most of the increase in food
production in the next 20 years will
take place in the tropics and
subtropics,
led by Latin America**

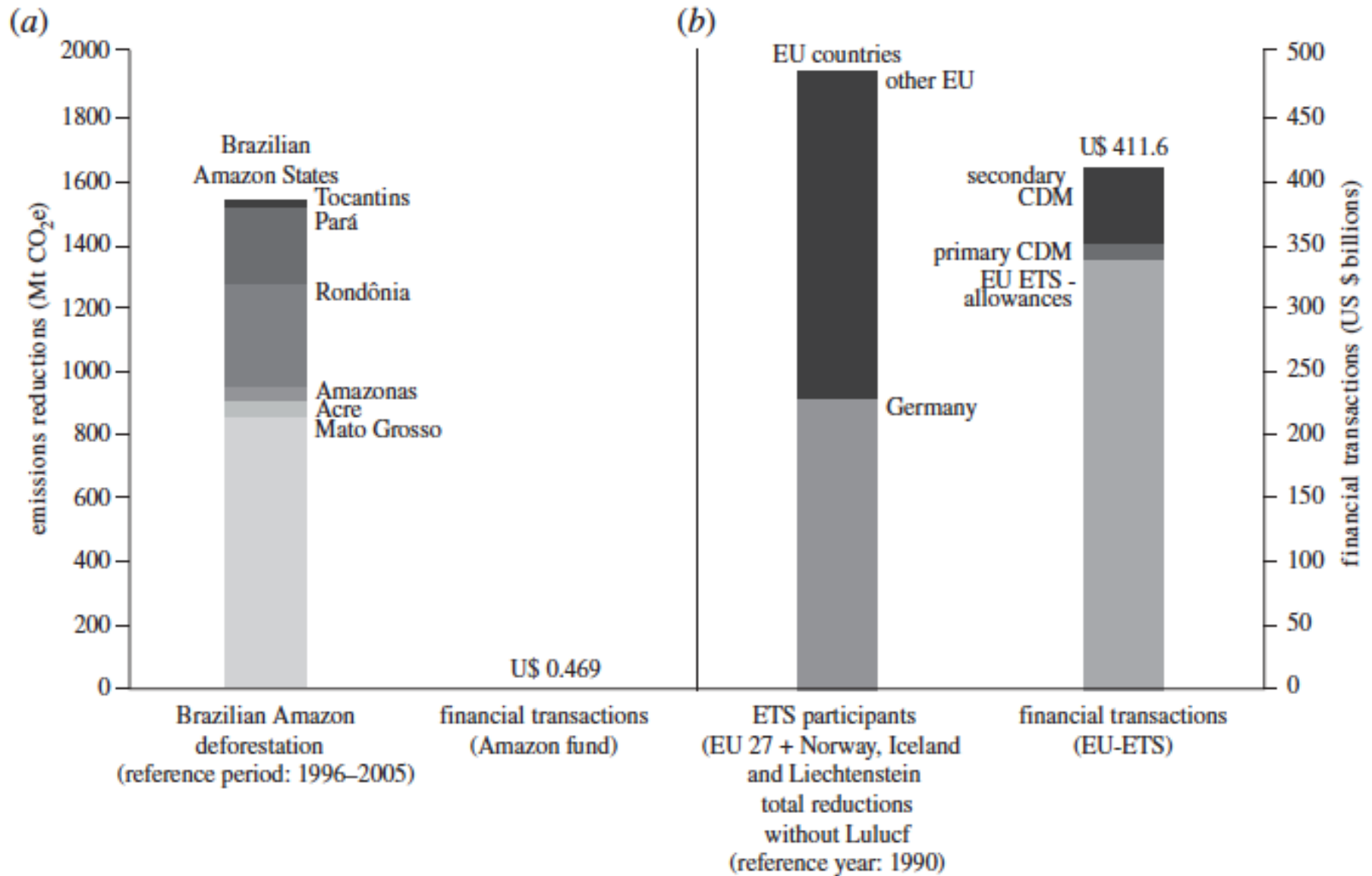
Connections between Climate Change, Deforestation, and Food Production




Deforestation in the Brazilian Amazon: A 70% Decline



CO2 Emissions Reductions 2008-2010 and Associated Financial Transactions: Deforestation in the Brazilian Amazon and European Union ETS





Brazil's national transition to low-deforestation rural development is within reach

Intensification of beef production is opening up land for crop expansion

Sustainable Agriculture=

- Food Security
- Environmental Conservation
- Climate Change Mitigation
- Poverty Alleviation

How are we doing?

Sustainable supply chain initiatives are having a hard time achieving market transformation

- High cost of farm-by-farm, mill-by-mill certification
- Low demand for certified production
- Ambitious company commitments to sustainable sourcing are difficult to meet

How are we doing?

- *Likelihood of a near-term global climate treaty with “teeth” and finance at scale is low*
- Binding commitments within UNFCCC postponed to 2020
- REDD+ has advanced far, but lacking financial mechanism

How are we doing?

- *Domestic policy support for transition to sustainable agriculture limited*
- Low political will
- Low institutional capacity

Fragmentation: a profusion of initiatives, each with its own vocabulary, processes and metrics

Reserva Legal

APP

HCVA

EMBARGO

Moratoria

Modulos Fiscais

REDD

Lista Negra

CRA

Desmatamento Zero

CAR

LINHA DE REFERENCIA

Strengths and Weaknesses

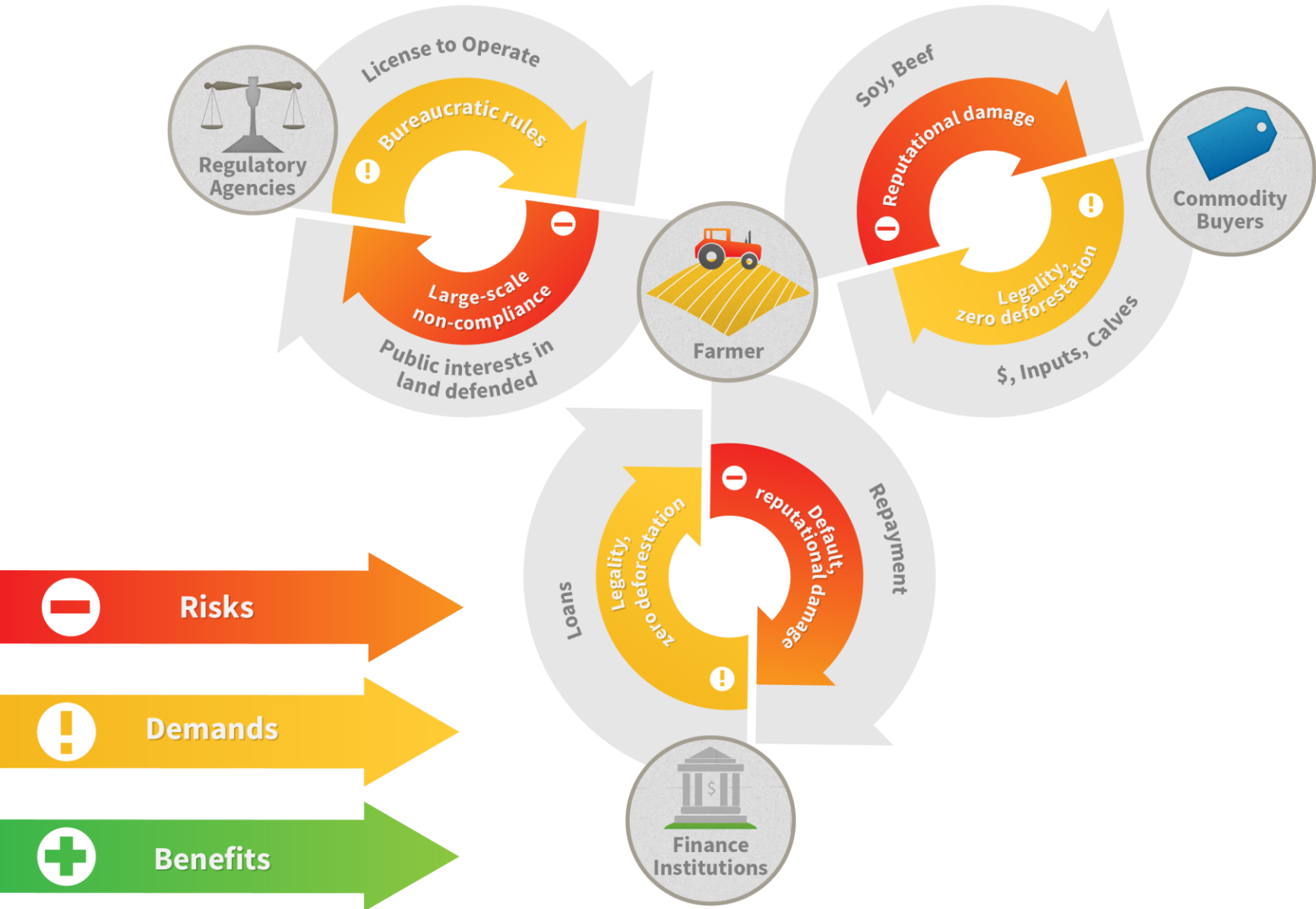
	Sustainable Supply Chains	International Finance (REDD+)	Domestic Policy/Finance
Private Sector Engagement	High	Low	High
Achieving large-scale impacts?	?	?	Varied
Benefits to sustainable farmers	Low	Low	Low



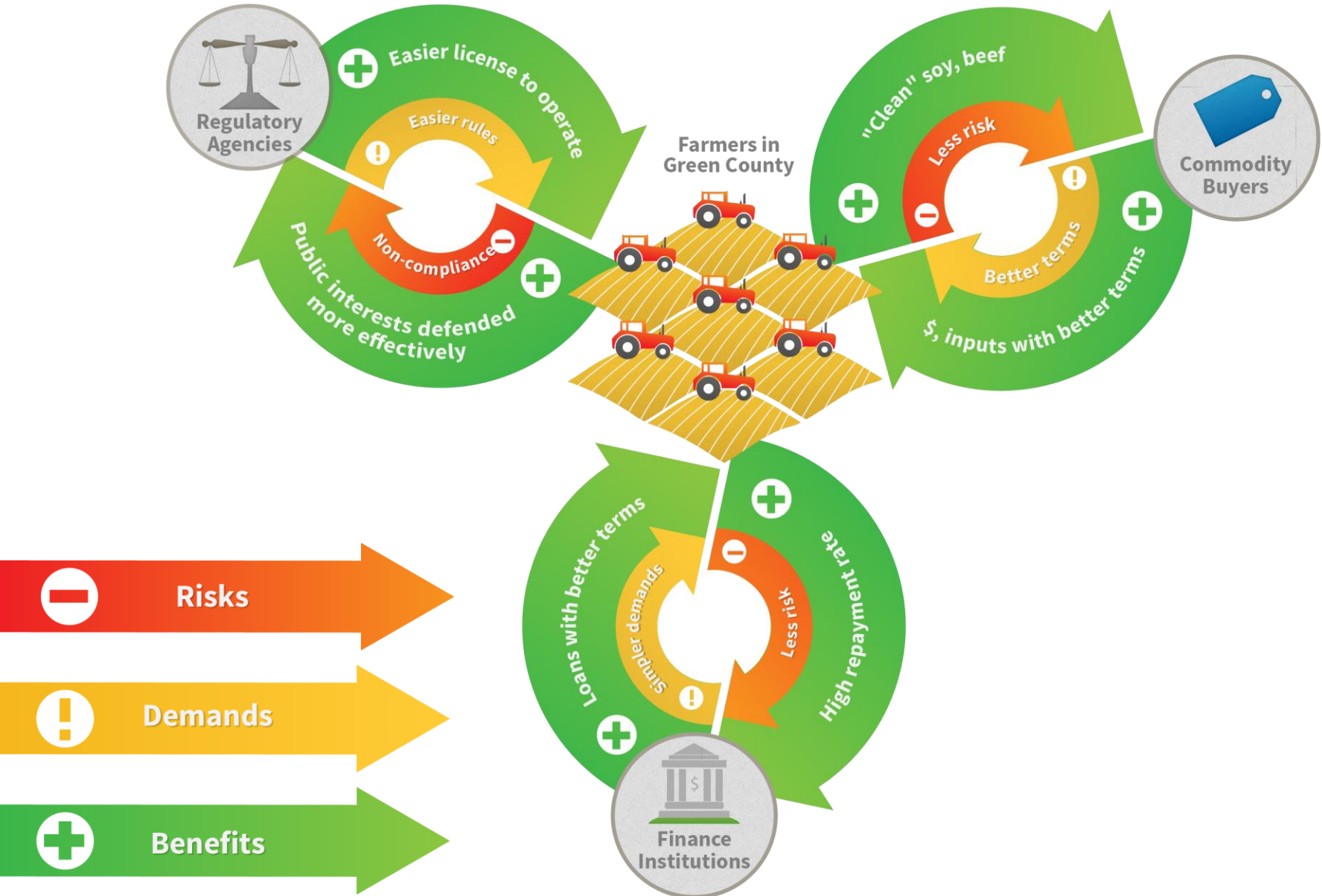
Can we link the three approaches?

A “jurisdictional” or “territorial”
performance approach

Today: Isolated Farmers, Few Positive Incentives



Farmers in "Green" Counties



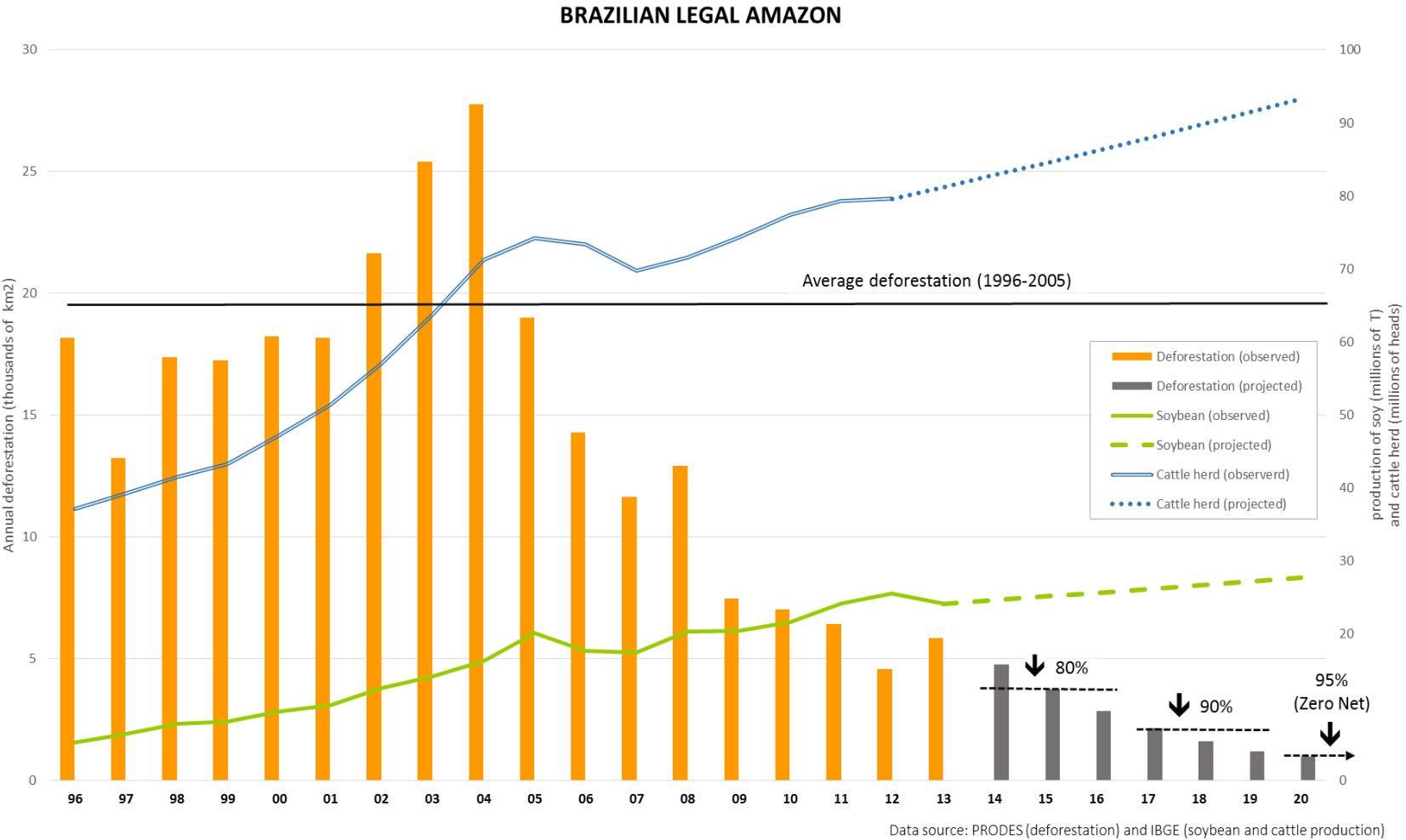
Key Elements of a “Territorial Performance System”

- Consensus on step-wise pathway to large-scale sustainability
- Incentives to support this transition at farm level
- Monitoring platform for measuring and reporting progress
- Pilots for testing and refining

Potential Advantages

- Simpler
- Cheaper
- Embeds sustainability in public policy
- Less dependent on reputational risk
- Potential for large-scale impact

Possible Consensus on Incremental Pathway to Zero Net Deforestation in Brazilian Amazon



PLATAFORMA DE DESEMPENHO TERRITORIAL

Meio Ambiente ▶

Social ▼

Produção ▼

Florestas/Savannas ▶

Gases Efeito Estufa

Fogo

Água

Conectividade/Fragmentação

Biomassas

Historia de Desmatamento ▶

Pacto Desmatamento 2020

Grafico

Tabela

Mapa ▶

Area

Região ▶

Estado

Município

Brasil

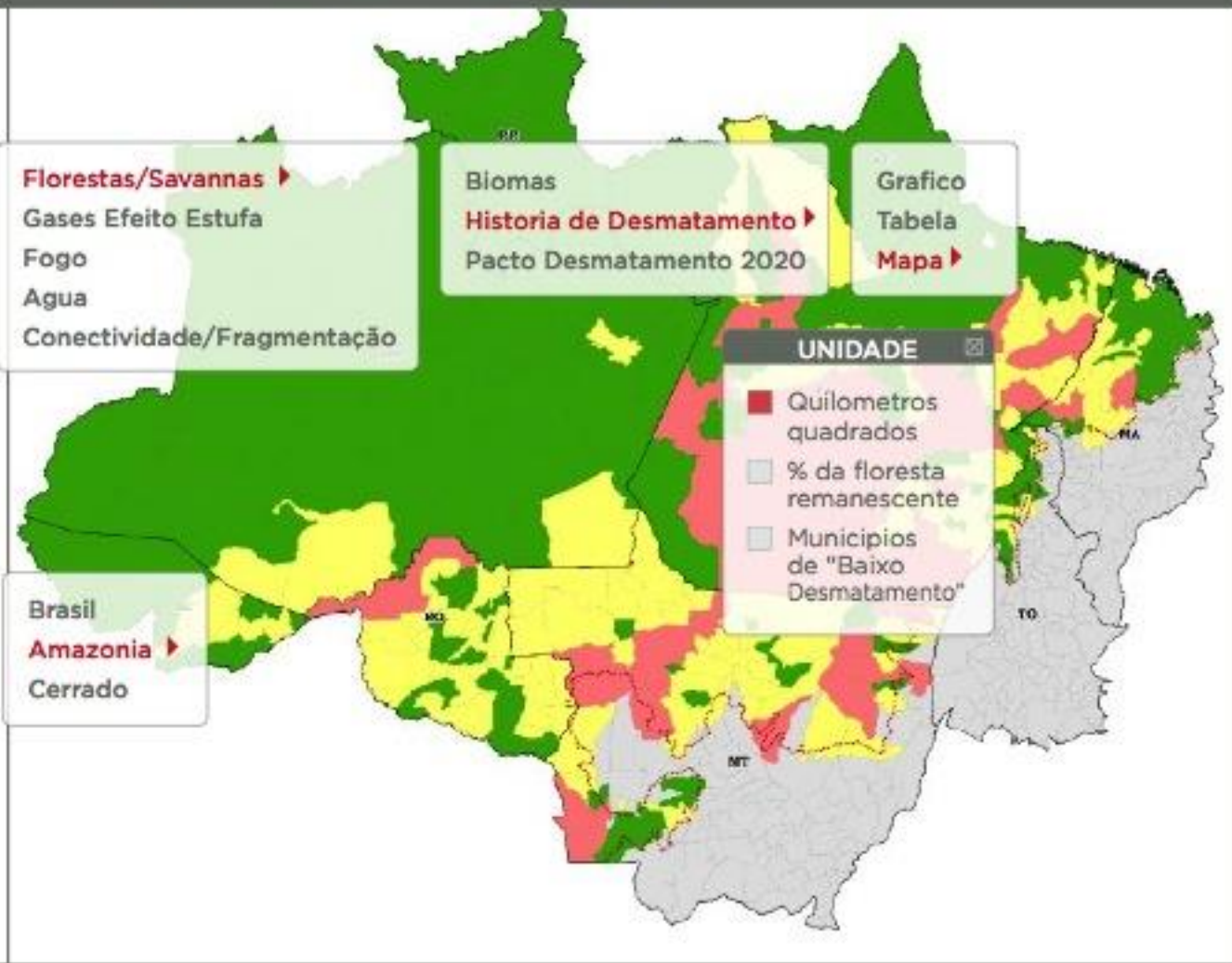
Amazonia ▶

Cerrado

UNIDADE

- Quilômetros quadrados
- % da floresta remanescente
- Municípios de "Baixo Desmatamento"

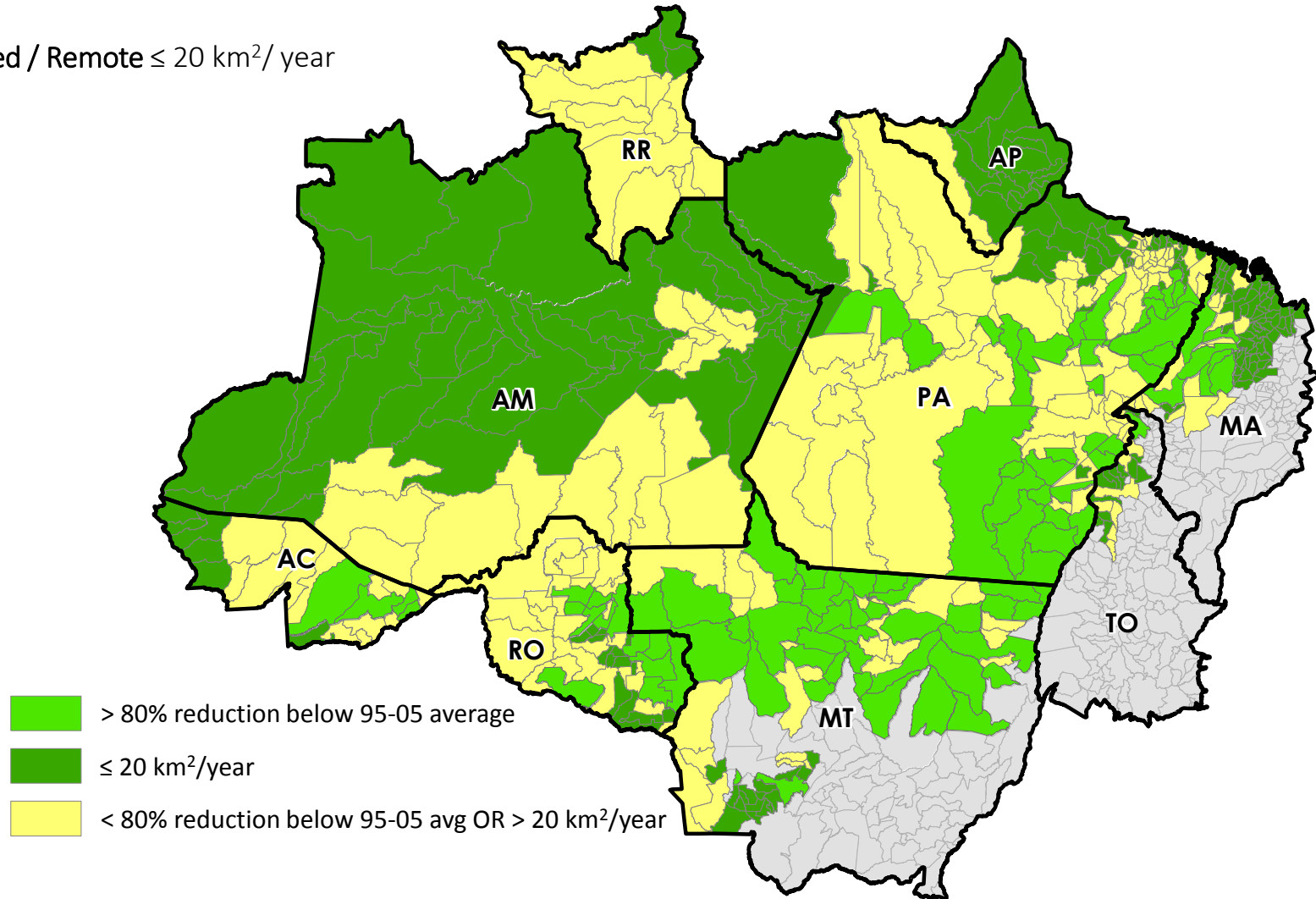
Area Nova



Deforestation (2013)

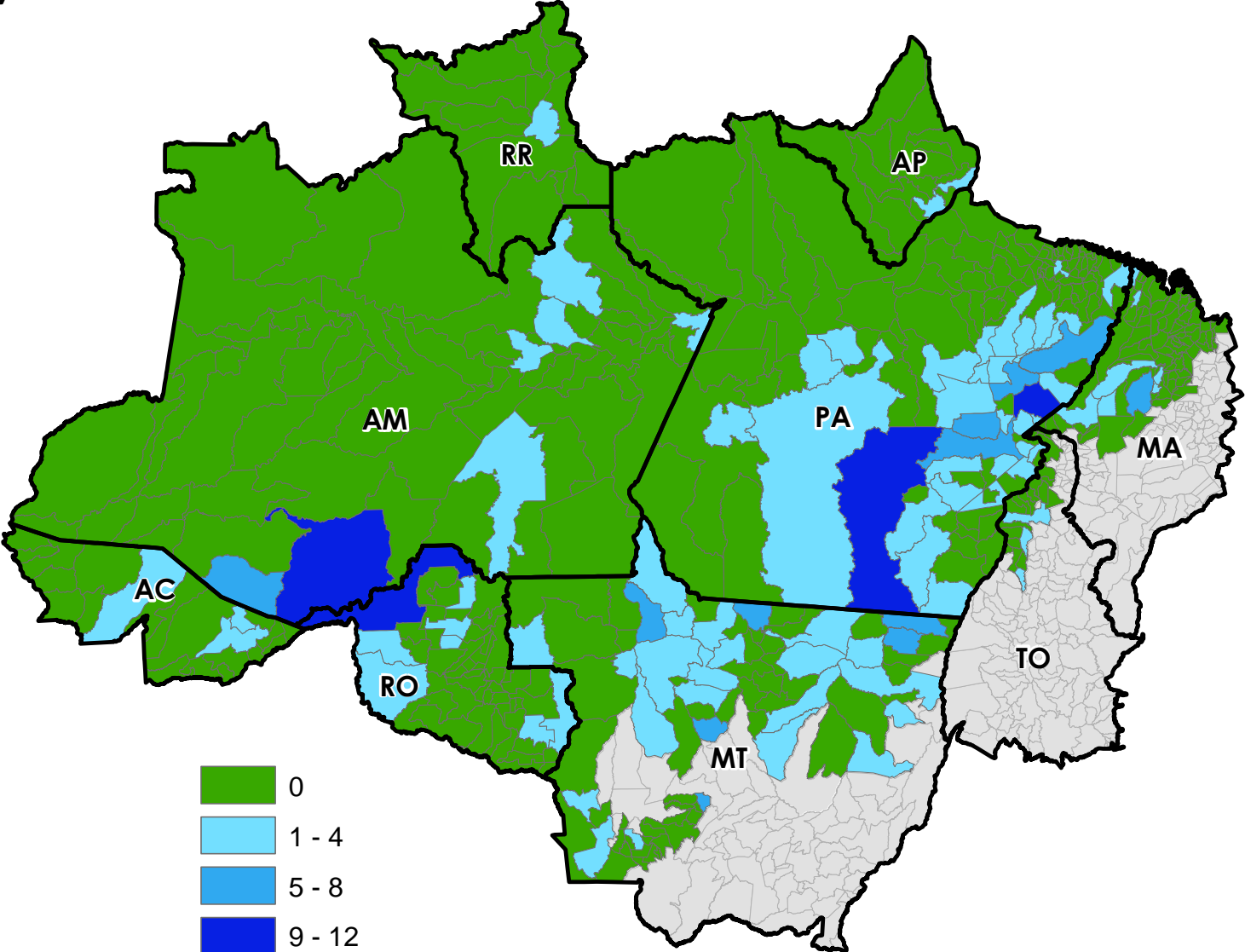
Frontier: reduction > 80% below 1996-2005 average

Consolidated / Remote $\leq 20 \text{ km}^2/\text{year}$



Forced Labor Incidences

(2010 - 2013)



Integrating Processes: Compliance with Forest Code & Deforestation



The Brazilian Territorial Performance Process

APROSOJA	ABIOVE	ADM	BUNGE	CARGILL	AMAGGI
ABIEC	JBS	MARFRIG	MINERVA	BR FOODS	IDH
EMBRAPA	UERJ	SEMA	IMC	PMV	MIN. DA FAZENDA
DOW	MONSANTO	SYNGENTA	UNILEVER	MARS	NORWAY
PROFOREST	SOLIDARIDAD	ALIANÇA DA TERRA	IPAM	FOREST TRENDS	NWF
EII	WWF	TNC	ICV	ISA	EDF
BV RIO	SANTANDER	RABOBANK	WORLD BANK	CERT ID	CONTROL UNION
GTPS	GRSB	RTRS	GTS	AGRO.ICONE	IGEAGRO

Conclusions:

- Latin America critical to food security, climate change mitigation, conservation
- Potential to align incentives and regulations in support of transition to large-scale sustainability developed through “bottom-up” consensus
- Could strengthen existing initiatives