



Partnerships for 
Forests

**Solutions to
pressing challenges
in the sustainable
land use sector in
Latin America**



Introduction

We are pleased to present the Partnerships for Forests (P4F) investment portfolio in Latin America. Our portfolio was developed over the course of 2018 and early 2019, with the aim of promoting sustainable rural business initiatives that can positively impact land-use management and attract private capital for large-scale change in the sector.

Agriculture value chains are increasingly high on climate agendas. They are faced with growing demand for food, energy, fibres and other materials, on the one hand, and the need to reduce—and even reverse—the sector’s legacy of greenhouse gas emissions, on the other. Hence, one of the challenges facing the sector lies in reconciling production with forest protection.

Among available climate mitigation strategies, nature-based solutions—including ecosystem conservation and restoration, reducing deforestation, and improving rural production systems—are the most cost-effective¹. But despite their potential benefits, investments in sustainable land use and agriculture currently account for only 5 percent of funding allocated to climate mitigation. When it comes to privately sourced funding, which accounts for 56 percent of overall climate finance, less than 1 percent is earmarked for land-use solutions², representing both a gap and an opportunity. The reasons for this gap include the following perception of the private sector: that these solutions carry a large amount of risk, and that there are limited examples of success stories pointing to safe investment pathways.

Partnerships for Forests aims to change this state of affairs by positioning the private sector in a central role in building a sustainable, vibrant and inclusive rural economy that supports sustainable land-use management and helps to reduce, and even absorb, greenhouse gas emissions.

We recognize that there are numerous business opportunities needing tailored support to achieve the commercial maturity required for their financial and environmental sustainability, two factors that are crucial to unlocking new investment. Our mission is to create those success stories by providing support in the form of grant finance and technical assistance.

In Latin America we have a presence in two countries: Brazil and Colombia. Since establishing a presence in the region, we have explored the landscape for projects that

¹ Griscon et al, 2017, available at <https://www.pnas.org/content/114/44/11645>

² Global Landscape of Climate Finance 2019. Buchener et al, 2019, available at <https://climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019/>





combine high potential for short-term impact with risks acceptable to an investor. After considering more than 90 project proposals, we have built an investment portfolio of 16 projects, at different stages of development. All supported initiatives share a common goal of demonstrating business models that are financially feasible and deliver positive forest impacts and shared benefits, including economic development and human well-being. Together, they have the potential to positively impact more than 3 million hectares of land, and unlock more than £ 90 million in investment.

Each initiative, however, poses challenges that are unique to the relevant value chain or region. But when those challenges are successfully addressed, these initiatives can then be replicated elsewhere under similar circumstances. This document provides an overview of each supported project, its surrounding challenges, and the solutions it offers.

The diverse initiatives in the P4F portfolio include improving community governance models for the commercial use of forest products, achieving management excellence and cost savings across agricultural value chains, designing market and marketing strategies for sustainable products, crafting innovative financial arrangements to support agribusiness sustainability, and improving technologies to meet market needs.

Collectively, our portfolio can provide meaningful insights to entrepreneurs, investors, local communities and other stakeholders in the land-use sector. Compiling and reporting this information and future lessons learned is a part of our commitment to addressing the urgent need for better solutions in tackling the global challenge that is climate change. We hope this report can provide inspiration and contribute to achieving these vital goals for the protection of our forests and our planet.

- Marcio Sztutman,
Regional Director, Partnerships for Forests Latin America

Partnerships for Forests supports initiatives in forest landscapes at different stages of the *Forest Transition Curve*³

Our programme approach is based on three major pillars that span the diverse dynamics of economic development in forest landscapes, addressing the different circumstances that are encountered in Latin America. In forests that are well conserved and where commercial use is limited, we use an approach of **creating value from standing forest**. P4F is also present

in landscapes where forest cover has largely been lost and large-scale agriculture is dominant. In these settings, we use a **production-protection** approach. Finally, in those situations where land has been degraded after years of intensive use without adequate land management, and economic activity is declining, the programme invests in **restoration** initiatives.



1 Creating value from standing forest

P4F recognises the need to leverage economically viable options for improving the livelihoods of communities living in forested lands as a way to prevent the loss of forest cover. Our focus in these areas is primarily on non-timber forest products, such as Brazil nuts harvested by indigenous communities (in partnership with the cooperative **COOPAVAM**) and açai processed by afro-descendants living in communal lands in Colombia (with **Naidiseros del Pacifico SAS**, a small business). Production of native rubber in partnership with **Veja Shoes**, in Brazil, is another example of initiative within this strategy.

In Colombia, projects within the *value from standing forest* approach include palm-heart production by a small enterprise called **Planeta SAS**, and Jagua Blue, the world's first natural blue colorant, patented by the chemicals company **Ecoflora**. P4F is also supporting the Environmental Ministry (MADS) of Colombia, through the Humboldt Institute, in drafting a decree that will provide greater legal security for the value chain of non-timber forest products, in a project called "Unleashing Non-Timber Forest Products in Colombia".

³ Mather, A. (1992). The Forest Transition. *Area*, 24(4), 367-379, available at www.jstor.org/stable/20003181



2 Production-Protection

Where the presence of agriculture is already dominant, Partnerships for Forests fosters the adoption of good farming practices that help to protect residual forestland. Our approach in these areas includes creating economic incentives—such as improved productivity and profitability—establishing innovative funding schemes, and aligning interests across value chains. Responsible cattle intensification and expansion of soya towards already degraded lands rather than native forests are the two thematic areas under this strategic pillar.

In cattle farming, P4F is currently investing in three initiatives: **Responsible Beef Partnership**, a project designed to improve cattle traceability, initially with a focus on the Amazon; the **Accountable Beef Value Chain**, an initiative that is responding to the lack of standardisation and limited coverage of sustainability

standards in the beef cattle industry; and **PECSA**, an innovative company that is converting low-yield, extensive cattle farms into highly productive, profitable and environmentally and labour-compliant operations.

In the soy value chain, P4F supports the **UK Roundtable on Sustainable Soya**, a public-private industry coalition aiming to achieve sustainable sourcing of soy in the UK through responsible, deforestation-free value chains. Lastly, as markets become increasingly demanding in terms of where and how commodities are produced, P4F is supporting two initiatives designed to enhance transparency and gradually improve the sustainability of the agribusiness value chain—the **Responsible Commodities Facility** and the **Producing Right Platform**.

3 Restoration

P4F supports business models that make forest restoration financially attractive in areas where: forests have been extensively lost; environmental liabilities require farmers to rehabilitate parts of these ecosystems and where soils are showing signs of depletion. In Brazil, cocoa has proven to be a promising pathway. As part of the **Cocoa Agroforestry Restoration project**, P4F is participating in a joint effort of the cocoa value chain focused on using the commodity as a driver of a sustainable economic model for forest restoration in one of the Amazon regions with the highest pressure of deforestation. The programme is also helping to build the business capabilities of the **Xingu Seeds**

Network, Brazil's largest supplier of native seeds. In Colombia, in collaboration with **Corpocampo**, the biggest açai supplier in the country, P4F is investing in agroforestry systems producing this high value, superfood berry.

In parallel, the programme is supporting initiatives aimed at reducing restoration costs while enhancing social benefits. P4F has collaborated in the creation of the **Seed Paths Initiative**, a multi-stakeholder project addressing barriers to expand the use of direct seeding, a restoration method that provides cost, environmental and social advantages.

Partnerships for Forests supports three different types of projects



Photo: Agência Brasil

Partnerships for Forests supports three different types of projects. Our core focus is on the arrangements called **Forest Partnerships**—businesses offering products or services that generate economic development, environmental conservation and social benefits. We also support a smaller set of initiatives to unblock sector barriers and improve the business environment, known as **Enabling Conditions**, as well as initiatives that drive demand for sustainably sourced products, called **Demand-Side Measures**.

In Latin America, Partnerships for Forests has projects in Brazil and Colombia



NATIONAL-LEVEL PROJECTS

- 1 **Producing Right Platform**
- Brazil
- 2 **UK Rountable of Sustainable Soya**
- United Kingdom
- 3 **Unleashing non-timber forest products**
- Colombia

REGIONAL-LEVEL PROJECTS

- 4 **The Seed Paths Initiative**
- Mato Grosso and São Paulo
- 5 **Accountable Beef Value Chain**
- Pará
- 6 **Accountable Beef Value Chain**
- Amazônia
- 7 **Responsible Commodities Facility**
- Cerrado from Mato Grosso

LOCAL-LEVEL PROJECTS

- 8 **Veja Shoes**
- Resex Chico Mendes, Vale do Juruá - Acre/ Brasil
- 9 **Corpocampo**
- Puerto Asís - Putumayo / Colômbia
- 10 **Cocoa Agroforestry Restoration**
- São Félix do Xingu, Tucumã and Ourilândia- PA | Brasil
- 11 **COOPAVAM**
- Juruena - MT | Brasil
- 12 **Xingu Seeds Network**
- Canarana- MT | Brasil
- 13 **PECSA**
- Alta Floresta - MT | Brasil
- 14 **Planeta SAS**
- Vígia del Fuerte - Chocó & Antioquia / Colômbia
- 15 **Ecoflora**
- Medellin - Antioquia / Colômbia
- 16 **Naidiseros del Pacifico SAS**
- Cajambre e Pizarro - Chocó / Colômbia

Regions

Summary

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A group of white Zebu cows with prominent humps and large, floppy ears are standing in a field of green grass. The background is a dense, lush green forest with many trees. The scene is brightly lit, suggesting a sunny day. The cows are looking towards the camera.

Production- Protection

Responsible Beef Partnership

Proponents

The Nature Conservancy, Amigos da Terra Brasil, Safe Trace



Project type | Enabling Condition

Supply chain | Beef

Project Location

Initially in Pará State, Brazil



The challenge

A key sustainability barrier in the beef supply chain in Brazil is the inability to monitor indirect suppliers—ranches that breed and supply calves to backgrounding and finishing operations rather than directly to meat packers. The absence of traceability from birth allows large volumes of beef from illegally deforested areas to be transferred by indirect suppliers to legally operating backgrounders and finishers, and on to slaughter. As a result, the cattle sector has been hit by multi-million-dollar fines for environmental irregularities. In addition, many

farmers who have illegally deforested land are blacklisted by authorities or private monitoring systems, and can no longer offer their cattle on the legal market. Even if these farmers become compliant with applicable legislation, the pathway back to the legal market is also unclear. This restricts the industry's ability to make full use of its installed capacity and provides few incentives for blacklisted properties to stop deforesting, while also exposing industry and retailers to legal and reputational risks.

How to remove the barriers

The Responsible Beef Partnership is developing a monitoring platform that aggregates information from different databases to enable the entire value chain to be monitored, from birth to slaughter. Concurrently, the initiative is developing a production protocol outlining a set of sustainability requirements. Farmers and meatpackers subscribing to the programme commit to provide otherwise confidential information

to the platform databases. In exchange for sharing information, farmers receive training on good agricultural practices and financial management of farm properties. Working with the appropriate government agencies, blacklisted farmers who subscribe to the protocol and monitoring platform are given the opportunity to return to the legal market.

P4F intervention

1. Develop and implement a preliminary version of the monitoring tool at the local level: identify system functionalities and set up an initial database, working with farmers, industry and retail; develop a sustainability protocol and test the platform and measure results with stakeholders in the municipality of São Félix do Xingu.

2. Develop and implement an advanced version of the tool at a regional level: engage public and private actors in helping to expand the platform initially in south-eastern Pará.

3. Prepare for scale up and develop case study: gather additional data, especially from farmers, fine-tune the platform, and elicit feedback from users on ways to scale the platform at a national level.

Progress and expected impacts

The initiative has successfully engaged a medium-large size meatpacker and a large retailer. Over 200 producers, covering an area of approximately 200,000 hectares—75 percent of which are indirect suppliers—have joined the platform as part of the initial phase. As the platform is consolidated, industry and retail will reduce risk exposure and be able to meet existing environmental commitments to sourcing products that are free of deforestation—whether legal or illegal, depending on their policies. If the initiative is successful, millions of hectares of rural properties will be placed under monitoring, enhancing efforts against illegal deforestation. The producers will also be benefited by access to legal markets.

Providing incentives for farmers to share confidential information is a key aspect of this transformational initiative, which has the potential to positively impact one of Brazil's most land-intensive industries. The monitoring tool creates the conditions to achieve true transparency in the beef cattle industry, with incentives that are tailored to each link in the value chain.

Accountable Beef Value Chain

Proponents

Imaflora



Project type | Demand-Side Measures

Supply chain | Beef

Project Location

Brazilian Amazon



The challenge

In 2009, the three largest meatpackers in operation in Brazil (JBS, Marfrig and Minerva) made a public commitment to stop buying beef coming from recently deforested areas in the Brazilian Amazon. This commitment came in response to pressure from civil society and governments due to the historical linkage between the beef industry and deforestation. Later the same year, the Brazilian Federal Prosecution Service forged an agreement with these same companies through Terms of Adjustment of Conduct (*TAC Carne Legal*) covering the entire Amazon, while the Pará State Prosecution Service drafted a similar agreement covering Pará State specifically (*TAC da Pecuária*). Independent audits on these commitments are reliant on data and reports on meatpackers' cattle purchases. However, each company applies a different method

for monitoring suppliers. The lack of standardisation across the sector prevents consistent monitoring and disclosure of progress in the industry. In addition, the lack of standards is a barrier to the expansion of those commitments to other meatpackers, which account for 53 percent of Amazon processing facilities. To make matters worse, slaughterhouses that apply a less stringent approach are at a competitive advantage, disincentivising the market from moving to more robust and transparent monitoring and enforcement. At the end of this chain are the retailers, who are also under pressure for more stringent commitments, but need the right tools for monitoring and auditing these commitments and would benefit from a more standardised process.

Demand-Side Approach

Imaflora, a Brazilian NGO, worked with the Federal Prosecution Service to conclude a technical cooperation agreement with the largest meatpackers and retailers in the country in order to standardise the approach to screening and then monitoring suppliers. The goal is to create a common monitoring, reporting and validation (MRV) protocol

establishing a consistent methodology for tracking the progress of individual companies and the industry as a whole. The aim of P4F's support is to increase the number of meatpackers committed to supplying beef in alignment with the standardised process.

P4F intervention

The intervention is structured on four pillars:

- 1. Engaging public authorities:** coordinate with the state public prosecutors of all Brazilian Amazonian states and with federal authorities to solidify the commitment and create the foundation for continuous expansion of the standardised protocol.
- 2. Engaging medium meatpackers:** extend existing commitments to meatpackers that have not yet joined and made commitments, or deepen the commitment of those who are falling short against the standardised protocol.

3. Implementing monitoring mechanisms: build meatpacker capabilities to implement the standardised MRV and train auditors from certification entities to apply the same standard.

4. Transparency: create a help desk to support meatpackers in implementing the MRV system and publishing progress reports.

Progress and expected impacts

A preliminary version of the protocol has been issued. A final version is expected to be approved by the Federal Prosecution Service in the beginning of 2020. With P4F's support, the initiative has the potential

to increase the percentage of Amazon meatpacker plants with a commitment to deforestation-free beef from 49 percent to 80 percent, by onboarding 50 new companies.

PECSA

Proponents

Pecuária Sustentável da Amazônia (PESCA)



Project type | Forest Partnership

Supply chain | Beef



Project Location

Alta Floresta, Mato Grosso, Brazil



The challenge

Traditional cattle ranching practices in Brazil exhaust the soil and result in falling production, leading ranchers to deforest new areas to maintain or increase production. The Amazon region, in particular, has suffered greatly from deforestation driven by cattle ranching, which accounts for 80 percent of historical deforestation—a cycle that began in the late 1960s with support from the national government at the time. Historically, extensive cattle ranching in Brazil has also been a way to claim territory over unoccupied land. Approximately

45 million hectares of deforested Amazon in Brazil are now cattle pasture. However, there are proven cattle intensification methods that support long-term use of pastureland with little or no loss of fertility and significantly improved productivity. But sustainable intensification is dependent on capital and high-quality technical assistance, which is needed in many regions of the Amazon.

Business model

PECSA was created as a spin-off from the local NGO Instituto Centro de Vida (ICV). PECSA establishes partnerships with farmers who lease their land and part of their herd for seven to ten years, in return for a share of the proceeds from livestock production. PESCA takes on management of the farms, including investment required for pasture reform and division for rotational grazing, nutritional supplements, drinking trough infrastructure, reforestation in areas not compliant with the Brazilian Forest Code, and farm hand training. PECSA currently has partnerships

with six farms, managing 10,000 hectares of pastures, 17,000 hectares of natural protected area and around 30,000 head of cattle. With the capital it has received from investors, PECSA has seen a substantial increase in the scale of its operations. The company's growth has come with challenges that need to be addressed to build scale.

Photo: Andrea Carlini





Foto: Andrea Carlini

P4F intervention

P4F is supporting PECSA in scaling its activities based on three pillars:

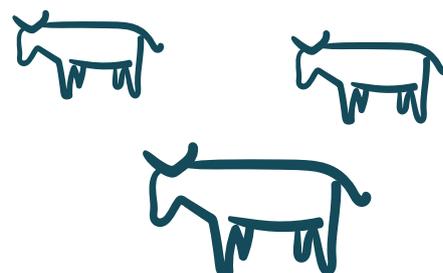
1. Transition to a new production system: PECSA has shifted its production from a female-based to a male-based system. P4F's scope includes technical support in nutrition, herd acquisition and upgrading farmers' partnerships.

2. Operational excellence: provide independent consultant support to improve PECSA's management and operational processes, including implementation of a new information management system to improve monitoring and the efficiency of the operation.

3. Preparation for scale-up: develop a business plan and funding strategy to build scale.

Progress and expected impacts

PECSA has been operating for four years and has become an example for cattle ranchers in Amazônia. The "PECSA standard" is now regionally famous. With P4F support, PECSA has successfully implemented its new production system, achieving better operational and financial results compared to the previous system. Operational excellence activities should be completed by the end of 2019, when P4F will assess its results and prepare PECSA for the scale-up phase. Between 2021 and 2025, the company expects to capture a new wave of investment, multiplying the area under improved land-use management fivefold. If successful during the scale-up phase, PECSA could set the standard in Brazil for sustainable cattle farming at scale.



Responsible Commodities Facility



Project Location
Cerrado in Mato Grosso



Proponent Sustainable Investment Management (SIM)



Project type | Forest Partnership

Supply chain | Soya

The challenge

Soya expansion resulted in the loss of approximately 1.3m ha of the *Cerrado* biome during 2007-14. Most of this conversion was legal. Projections point to continued expansion of soy crops, potentially causing the loss of an additional 1.8 million to 4 million hectares of *Cerrado* by 2026. However, 19-30m ha of deforested land now occupied by poorly productive pasture in the *Cerrado* are estimated to be of medium or high aptitude for soya, offering a viable alternative

to expand production into already degraded land. P4F assessments of the cost of soy crop implementation indicate very similar costs between expansion into already deforested areas and expansion into areas still covered with native vegetation. An effective strategy to prevent further loss of *Cerrado* could rely on financial incentives for farmers who choose to expand their crops in areas that have been cleared before, sparing areas with native vegetation.

Business model

SIM has structured a three-pronged approach to create incentives for soya farmers who choose already deforested areas to expand production. First, capital will be raised in the financial market using mechanisms such as green bonds, and then onlent to farmers at attractive interest rates in exchange for environmental commitments, such as zero deforestation. Secondly, SIM will establish an exchange platform to market grains to buyers looking for deforestation-free

soy. Third, crops from supported farmers would be traceable through blockchain systems, providing transparency around transactions. The SIM model is also based on close coordination with soya aggregators—traders, input suppliers, etc. This provides access to existing commercial networks, while also ensuring green bond requirements are aligned with the environmental requirements of aggregators.

P4F intervention

P4F is supporting SIM by covering part of the green bond structuring costs, including legal advisory, credit rating and listing fees.

Progress and expected impacts

SIM is currently in final negotiations with an aggregator that will be responsible for operations on the ground. To date, SIM has secured an MoU with &Green and a partnership with the United Nations Environment Programme Finance Initiative (UNEP FI). The concept was launched during an event at the London Stock Exchange in 2019. SIM has held discussions with many potential aggregators and expects to issue the first green bond by 2020, capturing hundreds of millions of dollars. This pilot should create a replicable model for financial instruments focused on agricultural sustainability.

The Responsible Commodities Facility is the first credit facility supporting responsible soy farming in Brazil.

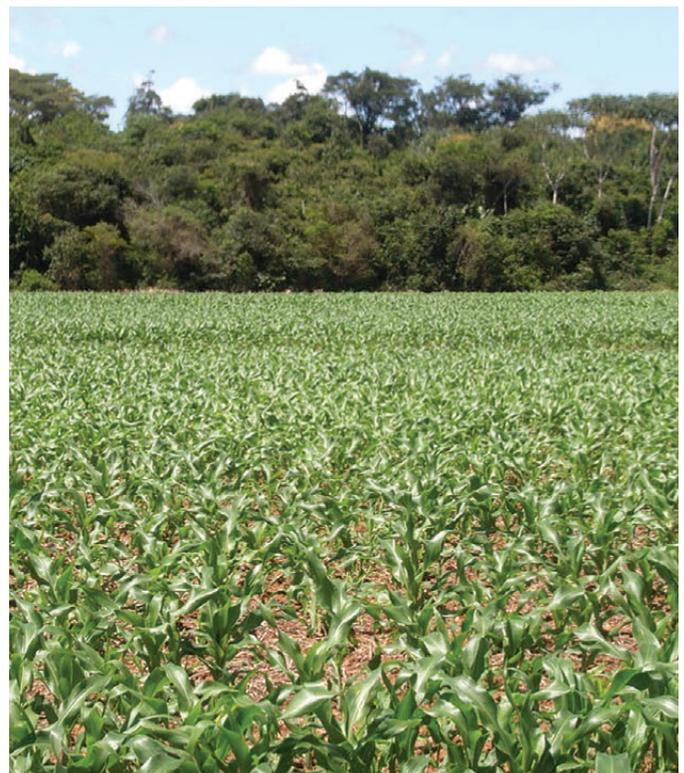


Photo: Aliança da Terra

Producing Right Platform

Proponent

Aliança da Terra S.A.


ALIANÇA DA TERRA


Project type | Forest Partnership

Supply chain | Soya, beef, others.

Project Location

Brazil



Foto: Aliança da Terra

The challenge

Many companies linked to agribusiness, such as retail brands and traders, face challenges in meeting zero deforestation commitments in their supply chains. Traceability systems are still incipient, and it can be challenging to demonstrate environmental compliance. This creates exposure to legal and reputational risks. At the other end of the value chain, farmers that meet buyers' requirements often

miss an opportunity to market their products because they are not connected to potential buyers. Farmers are also commonly unaware of the environmental liabilities on their properties for lack of adequate technical assistance, often failing to take simple and uncostly steps to achieve compliance. As a result, they miss opportunities to access more demanding, premium markets.

Business model

Aliança da Terra S.A. offers a matchmaking service connecting buyers that are concerned about responsible sourcing to farmers that are producing to high environmental and social standards. Aliança da Terra S.A. has a platform, called Producing Right (*Produzindo Certo*), with a database of properties covering 5 million hectares of farmland. The database provides productive, social and environmental information on the properties. Aliança da Terra S.A. uses this database to link companies with responsible sourcing standards to a network of farmers that can meet those standards. In addition, the firm helps farmers to gradually move toward full compliance with Brazilian environmental

regulations, by conducting on-site assessments and by delivering improvement roadmaps and technical assistance for individual farmers. In exchange for the benefits, farmers sign a non-illegal deforestation commitment and undertake to implement recommendations toward improving social, productive and environmental conditions on their properties. Properties on the platform undergo continuous monitoring against environmental and labour criteria. The firm also has a label that is granted to responsible sourcing products.



Foto: Aliança da Terra

P4F intervention

Aliança da Terra has operated the Producing Right Platform as an NGO for nearly 13 years. After establishing a good reputation among both suppliers and buyers, it reached a point where its non-profit status became a constraint on expansion. P4F's intervention is focused on helping Aliança da Terra to transition into a profitable business through two components:

- 1. Improve the digital platform:** streamline and automate the data collection process; and perform environmental, social and productive assessments on farm properties in a time- and cost-efficient manner.
- 2. Develop a marketing and sales strategy:** build a strategy for access to new clients across multiple geographies and commodities, and advertise the firm's environmental label.

Progress and expected impacts

Aliança da Terra SA was created in May 2019 as a private company through its partnership with P4F. In terms of land-use management, 350,000 new hectares of land were added to the platform. This means they are now being monitored for environmental performance and are covered by continual improvement plans. By June 2020, 1.2 million hectares of land will be registered on the platform.



Foto: Aliança da Terra

UK Roundtable for Sustainable Soya



Project Location
United Kingdom



Proponent

Efeca



Project type | Demand-Side Measures

Supply chain | Soya

The challenge

While the 2006 Soy Moratorium has succeeded in protecting the Amazon biome from further soy-related deforestation, expansion of soy production remains a significant driver of deforestation and native vegetation loss in the Cerrado. Between 2006 and 2014, crop expansion in this biome accounted for about 22 percent of total growth in soy production in Brazil. To date, the Cerrado has lost 50 percent of its original cover to agricultural expansion, primarily driven by beef and soy. This impact was highlighted in the Cerrado Manifesto of 2017,

a call to action released by a coalition of civil society organisations, calling for the adoption of effective policies and commitments to eliminate deforestation and conversion of native vegetation in the region. Currently, over 150 global brands have signed Statements of Support (SoS) for its objectives, including a significant number of companies in the UK. The British government, which has a long-term commitment to sustainable soy sourcing as part of its global climate agenda, is aligned with the Manifesto.

How to coordinate demand

Major UK retailers, brands and industry associations across the soy supply chain have asked for government support in engaging the soy industry around building a sustainable supply of soya in the UK. As a result, the UK Roundtable on Sustainable Soya (RT) was launched in mid-2018. It brings together significant players in the UK soy market, providing a pre-competitive space for companies and industry associations to work together to achieve a shared goal of a secure,

resilient, sustainable supply of soy to the UK. The RT, which is facilitated by Efeca as a technical and neutral agent, forms the core of a wider UK Sustainable Soya Initiative (UKSSI), which focuses on broadening the impact of the RT by linking to existing platforms and programmes in consumer and producer countries to identify opportunities to share lessons, collaborate and build scale.

Foto: iStock



P4F intervention

P4F's support for UKSSI is structured through two main components::

1. Gradually reducing the UK's soya carbon footprint: provide technical support for RT members to develop implementation plans to meet their voluntary commitments around soya sourcing, alongside actions to effectively monitor and report progress; support continuous learning

and alignment of the UK Soya Initiative with existing global initiatives towards sustainable soya.

2. Helping to build a sustainable soya value chain beyond UK borders by sharing experience with other national initiatives.

Progress and expected impacts

As of June 2019, eight of the largest UK supermarkets, with a combined retail market share of 83 percent, have published action plans to deliver sustainable soya to the UK market. Progress since the baseline study has been significant: the proportion of soya covered by deforestation- or conversion-free standards entering the UK has risen from 15 percent in 2018 to 27 percent in 2019, and 50 percent of RT members now have a time-bound plan in place, up from 23 percent in 2018. UK retailer commitments represent over 1.2 million imported tonnes, equivalent to 400,000 hectares of farm area. If the entire UK market follows suit—including, for example, animal feed suppliers—the estimated sustainable land use footprint would rise to around 1.2 million hectares.

Innovative models such as the Responsible Commodities Facility and Producing Right platform are ways to ensure soya production in Brazil is sustainable. For UK companies, they provide an opportunity to purchase sustainable soya in accordance with commitments undertaken in their domestic market and to consumers.

Foto: iStock





Restoration

Xingu Seeds Network

Proponent

Xingu Seeds Network (ARSX)



Project type | Forest Partnership

Supply chain |

Native tree seeds,
restoration

Project Location

Mato Grosso, Brazil



Photo: Tui Anandi /ISA

The challenge

Brazil has a lack of seed supply to satisfy its growing demand for native seeds for forest restoration projects. Meeting this demand will require expansion of seed collection and processing capabilities. The Xingu Seeds Network (ARSX) is the largest and oldest seed collector network in Brazil, comprising 500 native seed collectors located in the Xingu basin headwaters, which stretch across both the Brazilian Amazon

forest and the Cerrado. The network is organised as a legal entity and is currently looking to achieve greater scale. The ARSX business model, while highly replicable, is fairly costly to run, and revenues from seed sales are currently insufficient to cover production expense. As a result, ARSX is not yet financially sustainable and relies on donor support.

Business model

ARSX's business is to collect and sell native seeds in a network arrangement. A central office separates seed orders from buyers and allocates them to groups of collectors, according to availability and capacity. The collected seeds are then processed and sold by ARSX, which also manages seed storage. ARSX trains the collectors on best practice for collecting and pre-processing, safety, and species identification. The amount collectors are paid depends on the species,

collection difficulty, and pre-processing requirements. ARSX is currently Brazil's largest supplier of native seeds, with an output of 17 metric tons in 2018. Some of the uses of ARSX-supplied seeds include restoration projects that use direct seeding—a technique, known in Brazil as *muvuca*, that consists of planting an assortment of native seeds in the ground as opposed to planting individual seedlings—delivering more cost-efficient and higher impact forest restoration.

P4F intervention

The programme is supporting the development of a business plan and a roadmap to transform ARSX from a non-profit entity into a profitable business with the capabilities to meet growing demand in the restoration market. P4F's scope is divided into two phases:

1. Develop business plan: identify levers to improve ARSX operations (e.g. cost reduction, revenue improvement and investment), identify

requirements to implement identified levers (e.g. changes in organisational structure and governance), cash flow projections, and risk identification.

2. Implement initiatives: based on the recommendations from the first phase, implement levers defined in the business plan.

Progress and expected impacts

A business plan has been developed with a set of priority levers for ARSX to achieve improvement in professionalisation required to break even. An action plan has been designed to improve the firm's sales and marketing strategy, streamline Network operations, strengthen the team, redesign the governance structure, and create cost controls. ARSX plans to double its revenues by 2020, achieving approximately 30 metric tons of collected seeds and contributing to 900 hectares of forest restoration in Brazil. In addition to economic and environmental benefits, native seed collection provides an important livelihood activity for socially vulnerable groups, such as rural communities and indigenous peoples.



The Seed Paths Initiative



Project Location National coverage, with a focus on Mato Grosso and São Paulo State



Proponents

Agroicone, Instituto Socioambiental



Project type | Enabling Conditions

Supply chain |

Native tree seeds, restoration

The challenge

Approximately 8-19m ha of forestland on private properties require either restoration or offsets under Brazil's Forest Code. In addition, Brazil has undertaken commitments within the Paris Agreement, as expressed in Nationally Determined Contributions, to restore 12m ha of forest by 2030. But progress on forest restoration in Brazil has been undermined

by barriers such as the country's unstructured supply chain, a lack of skilled labour and high-quality technical assistance, and insufficient supply of the primary raw material: native seeds. High implementation costs, and farmers and technicians with limited knowledge about restoration methods and alternatives, are an added challenge.

How to remove the barriers

Partnerships for Forests supported the creation of, and continues to support, the Seed Paths Initiative, a multi-stakeholder forest restoration network in Brazil, united in an initiative to promote the direct seeding method. Direct seeding refers to a set of techniques for forest restoration based on the direct planting of native seeds into the soil, as an alternative to planting seedlings. This approach has several economic, environmental and social benefits. The method can significantly reduce restoration costs, especially for farmers who already own machinery they can use to plant seeds. Direct seeding also has a greater impact

on biodiversity: while seedling planting—a common way of doing restoration in Brazil—is an adaptation of traditional commercial forestry techniques to produce wood, the direct seeding approach mimics the natural forest regeneration process, and also reduces the need for post-planting maintenance. Finally, native seed collection provides an important livelihood activity for local communities, including indigenous groups, traditional communities, and small farmers.

Photo: Agroicone



P4F intervention

P4F is promoting the direct seeding method through a grant to Agroicone, a Brazilian think tank specialised in agribusiness sustainability, using a two-phase approach:

1. **A multi-stakeholder strategy-setting phase** to agree on the best way to increase muvuca penetration in the forest restoration sector; and
2. **Implementation of identified strategies:** this includes capacity building, providing technical assistance for new reforestation areas, expanding seed production, improving legal and regulatory frameworks, and sharing expertise.

Progress and expected impacts

In the first phase (now completed), Agroicone established a multi-stakeholder strategy-setting process to agree on the best way to disseminate the direct seeding method in the forest restoration sector in Brazil, with a focus on the state of São Paulo and Mato Grosso. The project engaged 250 stakeholders from 160 organisations linked to the restoration sector, including government, academia, and private companies. The primary deliverable from this phase was a five-pillar roadmap with 13 prioritised actions. A second phase of the project is now focusing on addressing the lack of knowledge about direct seeding in industries requiring deforestation, such as infrastructure and agribusiness, by providing training on the use of the method and developing more evidence to support claims of its benefits and costs. This includes multiple knowledge products, guidance manuals and communication materials.

Direct seeding has the potential to significantly increase and accelerate reforestation efforts across the country. Moreover, an increased demand for native seeds also plays a role in increasing the value of standing forest.



Photo: João Feitosa



Photo: João Feitosa



Photo: Urplana

Cocoa Agroforestry Restoration

Proponents

The Nature Conservancy, Olam, Mondelez International, Coordenada Rural



Project type | Forest Partnership

Supply chain | Cocoa



Project Location

Southeast Pará State, Brazilian Amazon



The challenge

According to satellite monitoring data from the Brazilian government, 36 percent of Amazon deforestation in 2018 occurred in the state of Pará. In the state's south and southeast regions, 40 percent of deforestation takes place on smallholder properties, primarily driven by pasture expansion for cattle ranching. Cocoa production through agroforestry systems offers an alternative source of income for these farmers. In the fifteen top cocoa producing municipalities in Pará State, an estimated 560,000 hectares of degraded smallholder pastures could be converted into profitable cocoa agroforestry. Some of the major challenges towards that end include a lack of technical assistance and of financial mechanisms to capture the capital needed to implement these systems.

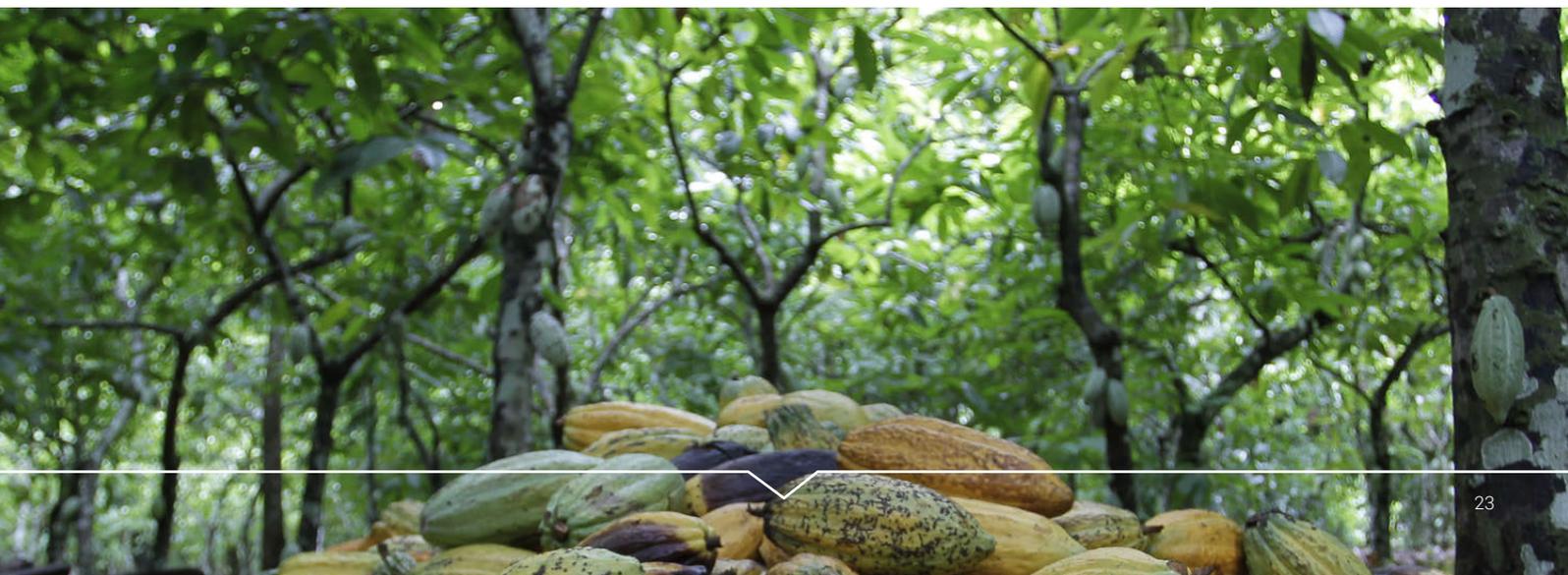
Brazil was once the world's top cocoa producer, until witches' broom disease reduced production significantly in the early 1990's, especially in Bahia State. Currently, the cocoa grinder industry in Brazil has a 20 percent idle capacity and often imports cocoa from African countries to meet internal demand. At the end of this chain, there is a growing demand for ethical, sustainable and traceable cocoa in the chocolate sector. Big traders and chocolate companies have an appetite for best-practice cocoa at scale to increase their sustainable sourcing in Brazil as part of their global commitments to create a more sustainable supply chain.

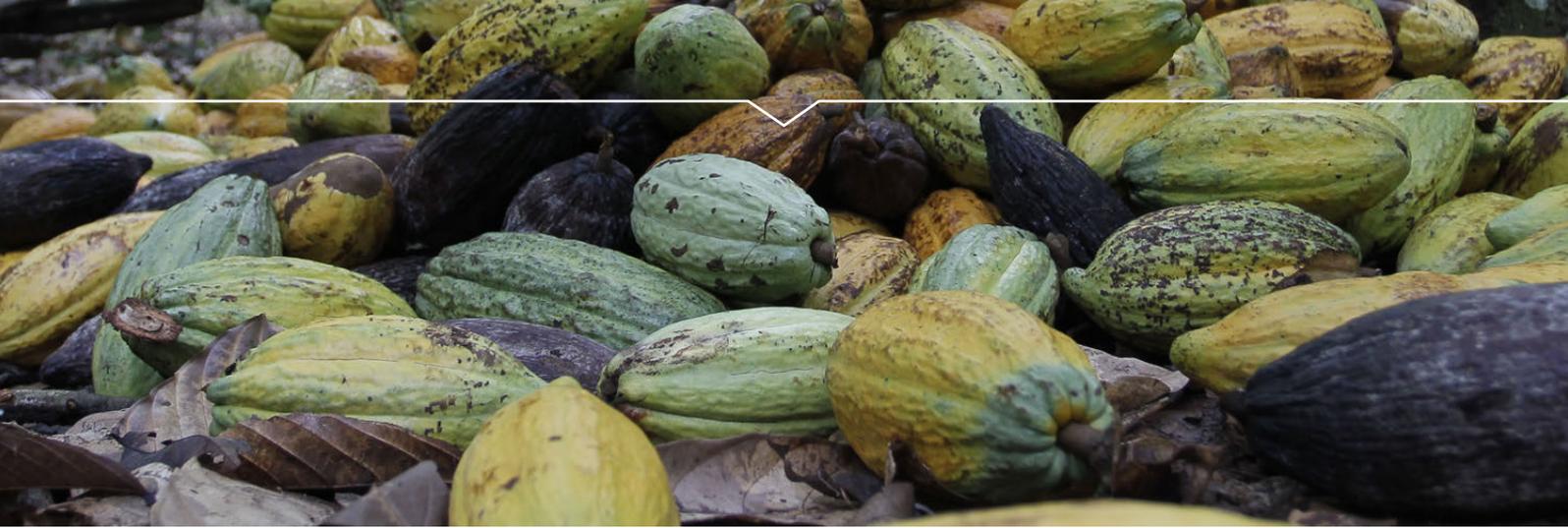
Business model

The Nature Conservancy (TNC) has perfected a cocoa production model over the past seven years that is based on restoration of degraded or poorly productive pastureland using agroforestry systems. These models support diversification through a combination of short-cycle crops that provide quick income (such as corn, cassava and bananas) and commercial, native tree species (crabwood, mahogany, cumaru, cedar, chestnut, etc.) that also offer the shade needed for optimal cocoa growth. TNC has now partnered with Mondelez-International (a chocolate company), Olam (a trader), and Coordenada Rural (a technical

assistance provider) to develop a Rural Technical Assistance Hub to support smallholders in implementing cocoa agroforestry systems and forest restoration at greater scale. The pilot platform, to be run by Coordenada Rural, offers services including (i) technical assistance for cocoa agroforestry, (ii) technical assistance for restoration of degraded lands (for compliance with existing environmental regulation) and (iii) for accessing rural credit for agroforestry systems. The costs of the Technical Assistance Hub are projected to be shared across the supply chain, including farmers, processors and chocolate companies.

Photo: João Ramid





P4F intervention

Partnerships for Forests' support includes 5 components:

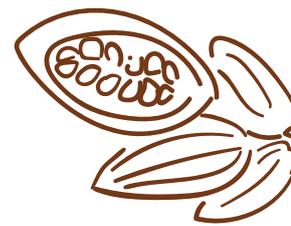
1. Develop Technical Assistance (TA) Hub model for sustainable cocoa production: promote zero-deforestation commitments from smallholders and implement Hub operations at reduced costs and with both risks and costs shared across the value chain.

2. Improve land-use practices through technical assistance delivered to 250 farmers: rehabilitate existing, poorly productive cocoa farms (with a 50 percent yield increase) and establish 200 new hectares of cocoa crops as agroforestry systems, via the TA hub.

3. Restore degraded areas: as part of smallholder's commitments, an additional 500 hectares of Permanent Protected Areas will be put under restoration, helping smallholders comply with existing environmental regulation.

4. Engage finance providers: engage local banks, and in particular Banco da Amazônia (BASA), in assessing the feasibility of individual cocoa agroforestry projects, and support smallholders in submitting applications for credit. The project aims to unlock £ 250,000 in rural credit for cocoa farmers by 2020.

5. Increase female participation in farm management: increase the number of women reached by TA efforts by 30 percent, and put women in the centre of the financial management of farm properties.



Progress and expected impacts

The TA hub is designed to provide access to new livelihood opportunities for smallholders, reduce deforestation, and help Brazil's cocoa industry to regain its international status. A business plan has been developed for the TA Hub, outlining critical steps in achieving financial feasibility. In all, 250 smallholders have joined the programme and signed zero-deforestation commitments, while 20 rural credit proposals have been delivered to Banco da Amazonia and are now being processed.

The initiative will test a number of key enablers of large-scale implementation of cocoa agroforestry systems. These include sharing risks across the supply chain—but with a common, central services hub—and close coordination with finance providers. If successful, the model has potential to attract capital and to be replicated in many other cocoa growing locations.



Photo: João Ramid

Corpocampo

Proponent

Corpocampo



Project type | Forest Partnership

Supply chain | Açai pulp

Project Location

Puerto Asís - Putumayo / Colombia



The challenge

Putumayo is the west-most department of the Amazon region in Colombia, which contains highly important and diverse ecosystems. However, Putumayo was the fourth most deforested region in Colombia in 2018. This trend is closely linked to the lack of options for sustainable and legal income-generating activities for smallholders. The super berry açai could represent a sustainable income source for hundreds of families in Colombian rainforests, with a growing commercial value that can provide new livelihood alternatives for these communities. In this context, the Corpocampo initiative has become

a leading producer of palm heart and açai in the Colombian market. The initiative currently accounts for about 70 percent of the domestic market for açai and more than 73 percent of Colombian exports of the product. Yet Corpocampo has an açai demand three times higher than its installed capacity, and plans to scale up the business in order to match demand. This scale-up process, however, involves restructuring the business into a private company to attract investors, building the company's operational capabilities and partnering with suppliers to increase volumes of supply.

Business model

Corpocampo is a local farmer-created NGO. Social and environmental impacts are core values of the business. Corpocampo sources açai either from natural forests or by partnering with smallholders to produce açai in plantations or agroforestry systems on previously degraded lands. Corpocampo's four processing plants are located in zones strongly affected by recent armed conflict and by poverty, where

the initiative is the only source of formal employment for 150 workers. To scale up its operations, Corpocampo will establish a separate private company for commercial activities, maintaining the NGO's core focus on developing sources of supply and delivering positive social and environmental impact.

P4F intervention

P4F's support will go toward expanding wild collection, developing açai agroforestry, and enhancing supply chain sustainability over time. P4F also aims to de-risk this investment case for current and new investors. This will be achieved across three fronts:

1. Scale up wild collection: onboard new communities and açai source areas, and develop forest management plans for wild collection areas, with a goal of achieving at least 2,000 hectares of impact.

2. Scale up supply from new plantations: establish 300 ha of açai agroforestry systems.

3. Support Corpocampo in achieving operational sustainability: Develop capabilities to offer services to suppliers, including technical assistance and agricultural inputs for plantations.

4. Address legal risks for future investors: support the creation of an independent fund for the organisation's operations, providing investors with visibility of and the ability to manage their investments.

Progress and expected impacts

The project has established a set of ambitious goals to be delivered by June 2020: create a new private company to handle commercial activities, unlocking £ 2.6M in new investment, and develop a self-sufficient operational model for the NGO, and an upgrade of operational capacity to increase production. In terms of environmental impact,

the project will establish an estimated 300 hectares of agroforestry systems through partnerships with 200-300 new smallholders, while capturing 2,000 hectares of wild collection area through a partnership with a new local community.

A man in a white long-sleeved shirt and dark shorts is walking away from the camera on a dirt path through a dense forest. The forest is filled with tall, thin trees and lush green foliage. A large white text box is overlaid on the right side of the image, containing the text 'Creating value from standing forest'.

Creating value from standing forest

COOPAVAM

Proponente | Coopavam



Project type | Forest Partnership

Supply Chain | Brasil nuts

Project Location

Mato Grosso, Brazil



The challenge

Cooperativa de Agricultores do Vale do Amanhecer (COOPAVAM) operates a Brazil nut processing facility in an area of Brazil's Midwest with extremely high deforestation pressures. In 2018/19, Mato Grosso accounted for 17 percent of all deforestation in the Amazon, losing 1,600 km² of forests—85 percent of this deforestation was illegal. COOPAVAM buys Brazil nuts from smallholders and indigenous communities, providing an important local-development and livelihood alternative to activities causing forest degradation or deforestation. And while the region where the cooperative operates is rich in Brazil nut trees, this potential has not been fully utilised, and market demand

exceeds the cooperative's current capacity. The primary bottleneck is a lack of working capital. When payments cannot be made immediately to collector communities, they choose to sell their stocks at lower prices to the many middlemen that travel the region during the harvest season. Governance arrangements around Brazil nut trading and formal agreements to strengthen commercial ties between the cooperative and indigenous communities are key strategies to achieving supply-chain security and enhancing forest protection through Brazil nut harvesting activities.

Business model

COOPAVAM purchases Brazil nuts under commercial agreements with indigenous peoples living on indigenous reserves in Northwest Mato Grosso and parts of Rondônia, including the Apiaká, the Kayabi, the Cinta-larga, the Munduruku, the Surui and the Zoró. Ten years of profitable collaboration have helped the cooperative to build trust with these communities. COOPAVAM also sources Brazil nuts from smallholders. It pays them above-average prices for collected

Brazil nuts, and provides training on good practices and safety. The cooperative processes the nuts—which are endemic to the Amazon and have high nutritional value—into oil, flour and as peeled nuts for use in food, health and cosmetic products, and sells these products to local markets. COOPAVAM's largest contract is currently for the supply of Brazil nut oil to Brazilian cosmetics company Natura.

Photo: Agência Brasil



P4F intervention

P4F support is structured on 3 pillars:

1. Develop a marketing and sales strategy, establishing new contracts and accessing more sophisticated marketplaces (e.g. exports) to ensure that the production scale-up has a market;

2. Create and implement territorial management plans: for target indigenous lands, building community capabilities to improve collection management and protect indigenous territories. This is

expected to improve the effectiveness of territorial surveillance and protection activities;

3. Structure a governance framework between the cooperative, indigenous communities and indigenous reserves: using a participatory approach, draft equitable agreements between stakeholders in the local value chain, providing transparency and decision-making support.

Progress and expected impacts

A marketing and sales roadmap has been developed with support from specialist consultants BSD, informing an updated business plan for the cooperative. The roadmap includes diversification of COOPAVAM's customer base and training for cooperative leadership on sales. These activities are currently in progress. Concurrently, Forest Trends (an

NGO) is working with indigenous associations to develop territorial and economic management plans based around Brazil nuts. These initiatives are expected to increase COOPAVAM's processing and sales from 200 to 600 metric tons while expanding the reach of positive impacts on indigenous lands, which have a combined area of 1.2 million hectares.



Photo: Agência Brasil

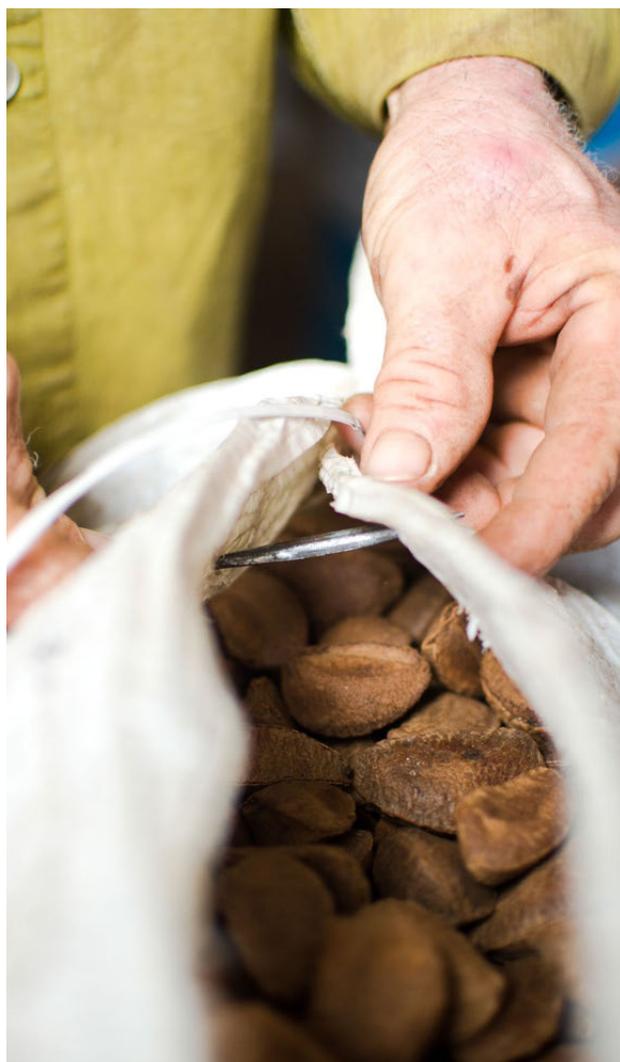


Photo: Agência Brasil

Veja Shoes

Proponent

Veja Fair Trade Comércio e Exportação de Calçados e Acessórios Ltda



Project type | Forest Partnership

Supply chain | Rubber

Project Location

Acre State, Brazil



The challenge

Native rubber tapping is a traditional and sustainable economic activity that has survived in the Amazon state of Acre, Brazil, but has been declining due to lowering demand and increased competition from rubber plantations that can produce and sell at lower costs, especially in Southeast Asia. In seeking alternative livelihoods, traditional rubber tappers—or seringueiros—are shifting away from rubber and focusing

on cattle ranching and agriculture, driving further deforestation in the region. This trend is occurring even on “extraction reserves”, a designation given to protected areas in Brazil where sustainable use of natural resources by resident traditional communities is permitted. Incentives from the Federal and state governments in the form of subsidies in the last decade have proven insufficient to reverse this trend.

Business model

The French sneakers company, Veja Fair Trade, operates on the basis of sustainability and fair trade. The company was created in 2003 with a vision of producing the most sustainable pair of trainers on the market. Veja is a certified B-Corp company and is in the process of receiving Fairtrade certification. Based in Rio Grande do Sul, the company buys native rubber from tappers in Acre as a raw material for its shoes' soles.

Veja operates in partnership with Cooperacre, the largest cooperative in Acre, and with rubber tappers associations to aggregate and organise production, and pays above-market prices for the rubber. But while this arrangement initially seemed promising, the company has struggled to source raw materials in the quantities it requires.

Photo: Hick Duarte





P4F intervention

The main objective of P4F's support is to help Veja to increase its supply of sustainable rubber in Acre, while enhancing forest protection across its supply chain. This will be achieved through three components:

1. **Expand the number of tappers within their supply chain and develop a non-deforestation protocol**, with a monitoring system as a deterrent and premium prices as an incentive against deforestation.
2. **Formalise guidelines and rules for receiving payment for social and environmental services**. This will enhance the financial incentive for producing the raw material.
3. **Offset the company's overall carbon emissions by creating a carbon inset framework linked to its production processes**, for the benefit of rubber tappers. This initiative will provide an additional source of payments to rubber tappers.



Progress and expected impacts

Veja Fair Trade has signed an MoU with all rubber tappers associations and Cooperacre, outlining objectives, roles, responsibilities and a workplan. By June 2020, it expects to have 150,000 ha of forest under active and sustainable management, while capturing £0.9m in private capital for communities and generating 300 metric tons of collected rubber annually.



This project will test the hypothesis that sourcing wild rubber at higher prices provides tappers with an attractive and sustainable alternative to cattle ranching.

Unleashing non-timber forest products



Proponents

Alexander von Humboldt Foundation, Ministry of Environment (MADS), National Industry Association (ANDI)



Project type | Enabling Conditions

Supply chain |

Non-timber Forest Products (NTFPs)

The challenge

Colombia is the second most biodiverse country in the world and has a unique potential to explore non-timber forest products sustainably. Despite this potential, less than 2 percent of native forestland is used sustainably as a source of timber or non-timber products. One of the factors in this underutilisation is the absence of robust regulation on permits for harvesting forest products. The legal framework on NTFP is outdated (based on regulations issued in 1974 and last updated in 1993)

and has a number of issues. The Colombian Ministry of the Environment (MADS) estimates that the number of NTFP permits issued reflects less than 10 percent of existing commercial operations, meaning that the country's NTFP industry is largely informal and illegal. As a consequence, many rural communities and companies are unable to advance NTFP-based business plans and the sector has faced difficulties in attracting the capital needed to realise its potential.

How to remove the barriers

The Colombian government has placed sustainable exploitation of its forests at the core of its post-conflict plans for rural economic development. A new regulation on NTFPs has been announced as one of the measures to address barriers. The aim is to define a single national framework aligning permit processes at all environmental authorities and establishing clear rules of the game for all stakeholders. A preliminary set of principles has been adopted to inform the development of the new

regulations, including: (1) ensure stakeholders are given a voice so that policy proposals are responsive to local stakeholders' needs; (2) use best available scientific knowledge on ecosystem and species management; (3) build on previous known successes and failures in NTFPs regulation; and (4) combine regulatory improvement with other necessary enabling conditions, such as capacity building for environmental authorities and alignment with broader land use policies.

P4F intervention

The project design comprises three fronts:

1. Active consultation: Elicit inputs from the full range of stakeholders on the technical and legal aspects of the new decree. This will ensure the new regulation is sound and functional, and that benefits are shared equitably.

2. Develop technical procedures: a standard protocol will be produced with general guidelines on species management, alongside six species-specific management protocols for priority food and cosmetic species.

3. Fast track implementation: to demonstrate the effectiveness of the new legal framework, the final component will provide training to environmental authorities on how to apply the new decree, as well as support on issuing the first permit.

Progress and expected impacts

As of the end of November 2019, a total of five workshops have been conducted at strategic locations for non-timber forest products in Colombia, with a significant attendance of representatives of farmer, afro-descent and indigenous communities, alongside the private sector and environmental authorities. A wide range of stakeholder feedback was compiled during the workshops and will be organised and submitted to the government for review. Expected impacts once the new regulation is in place include a much larger number of legal businesses engaged in the

sustainable use of NTFPs, resulting in more resilient local communities, increased access to funding, and greater incentives for forest protection.

The initiative will create new business opportunities that capture value from standing forests and can drive investment and benefit rural communities.

Ecoflora

Proponent

Ecoflora



ecoflora
cares



Project type | Forest Partnership

Supply chain | Non-Timber Forest
Products: Jagua

Project Location

Antioquia, Colombia

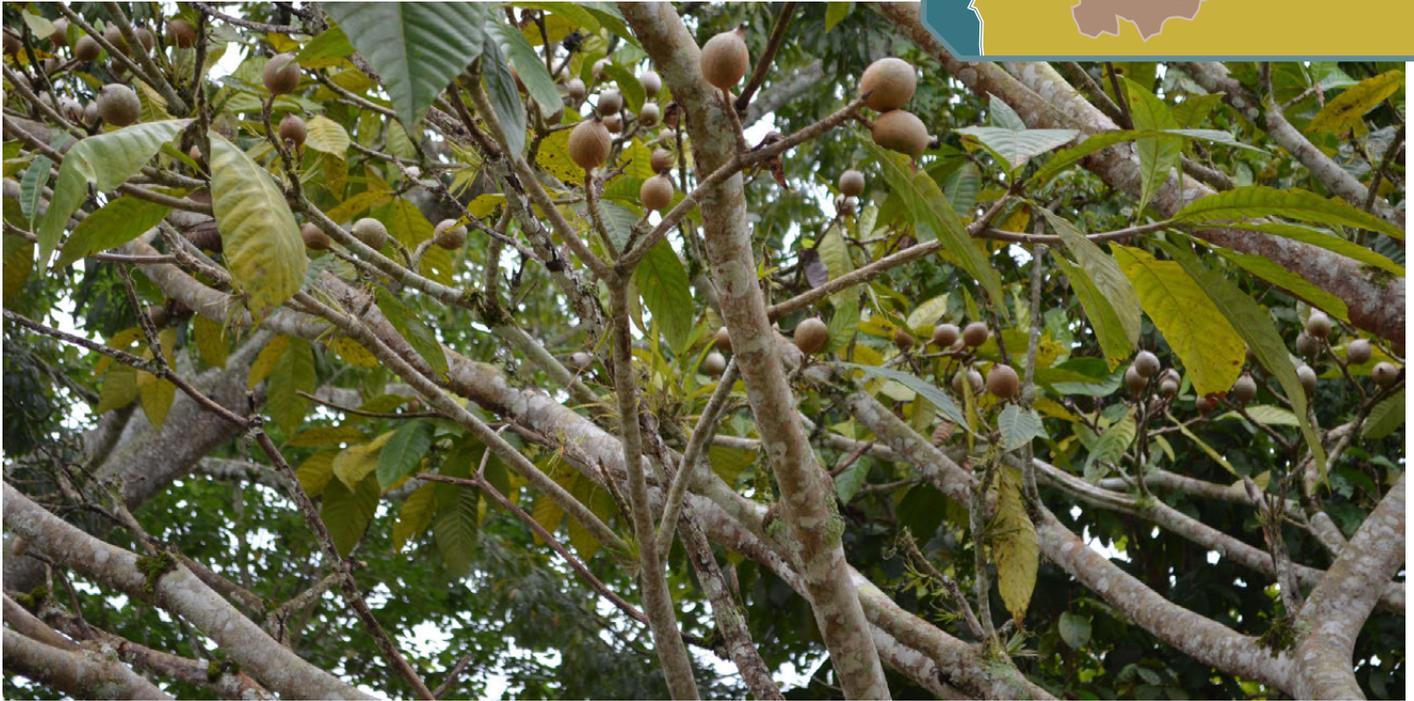


Photo: Paulo Pulgarin

The Challenge

The department of Antioquia, in central west Colombia, contains highly important and diverse ecosystems, but has seen increasing rates of deforestation in recent years, primarily driven by the peace process and compounded by the lack of options for sustainable livelihoods. As in many other locations in the country, local forests are a source

of innumerable products with potential applications in manufacturing. Harnessing that potential into actual products that are responsive to market demand is a challenge that many tropical regions face. In this context, a company in Colombia has made significant breakthroughs in research and development of new products.

Business model

Founded in 1998, Ecoflora has pioneered the development of commercial applications for jagua (*Genipa americana*), a native species found in Colombia and many other South American countries. The company has developed and patented a process to extract a natural blue colorant from this species, called *Jagua Blue*. The product has applications primarily in the food industry, which has long been in search of a blue colorant that is chemically stable—i.e. that retains its properties over time—to complete the pallet of basic natural colorants. A market for these products has emerged as demand for healthier products increases. Ecoflora is currently in the final steps of a ten-year

process for obtaining FDA approval for human consumption of *Jagua Blue*. FDA approval will unlock the US and other important markets for the colorant, and Ecoflora is preparing for an extremely aggressive expansion of production capacity. Currently, the company buys jagua fruits from trees within private properties through, still informal, agreements with smallholders. Ecoflora then processes the fruits into the colourant and sells *Jagua Blue* to colorant companies. A number of large corporations have already made significant investments in Ecoflora.



Photo: Juliana Tinoco

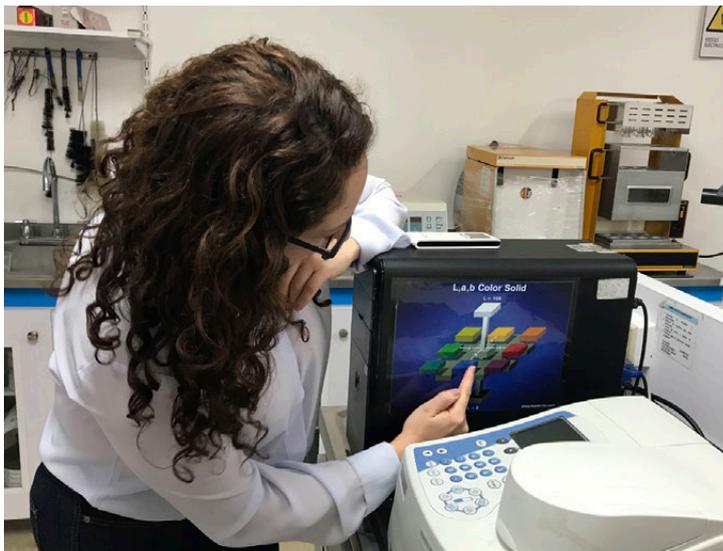


Photo: Juliana Tinoco

P4F intervention

P4F's intervention has been designed to expand Ecoflora's supply of jagua by structuring a supply chain that creates positive environmental impact in areas currently used for cattle ranching. The initiative operates on five fronts:

1. **Develop conservation agreements with 100 rural properties offering jagua fruits:** incorporate environmental commitments—including zero deforestation commitments—in commercial agreements with suppliers.
2. **Increase supply of jagua:** this includes preparing an inventory of existing jagua trees, securing harvest permits, and conducting a feasibility assessment on jagua-based silvopastoral systems, and potentially supporting implementation of these systems.
3. **Secure regulatory approval:** accelerate approvals for human consumption of Jagua Blue, expanding market potential for the product.

4. **Increase value capture from jagua:** Develop applications for by-products from jagua processing into colorants, supporting larger payments to suppliers and higher margins for the company.

5. **Implement Payments for Ecosystem Services:** implement a Payment for Ecosystem Services scheme for fruit suppliers who commit to zero deforestation. This initiative is being developed in partnership with the local environmental authority, CORNARE.

Progress and expected impacts

The partnership with Ecoflora is expected to bring 7,000 hectares under improved land management by 2020, and a much greater area in years to come. Moreover, its example of transforming local biodiversity into commercial products through technology provides a source of inspiration for local actors looking to develop forest-based business opportunities. It also points to new pathways for partnerships with farmers in areas currently used for unproductive and unprofitable—yet expanding—cattle farms.

Photo: Paulo Pulgarín



Naidiseros del Pacifico SAS



Project Location

Chocó and Valle del Cauca,
Colombian Pacific region



Proponent

Naidiseros del Pacifico SAS, Fondo Acción



Project type | Forest Partnership

Supply chain | Açai pulp

The challenge

Colombia's Pacific coast region had the highest rates of deforestation in the country in 2018—12 percent of the national total. The withdrawal of armed groups that used to control some of the forests, as part of the recent peace process, has left a vacuum of power that has led to a spike in unsustainable economic activities, especially farming, illegal mining and the expansion of pastureland. The region is largely populated by afro-descent and indigenous communities, who are now seeking to play an active role in local economic development within an entrepreneurial

agenda. However, the institutions representing these communities suffer from institutional weaknesses typical of remote rural areas, including deficient communication with the communities they represent and the use of still-incipient management tools. In business development, factors such as distance from markets and deficient infrastructure are additional challenges.

Business model

In 2016, the NGO Fondo Acción started an açai collection and processing pilot with Naidiseros del Pacifico SAS, a private company set up in 2015 by seven afro-descent community councils as shareholders. Naidiseros del Pacifico creates revenue by harvesting, processing and marketing açai fruit. Community collectors harvest fruit from the palm trees, then

the pulp is extracted in collection centres and packaged for sale, mainly as frozen paste for beverage companies. Due to the remoteness of the region, the main cost driver is transportation. Given the nascent nature of the company, financial stability is a challenge and it is still reliant on donor funds.

Photo: Fred Mauro

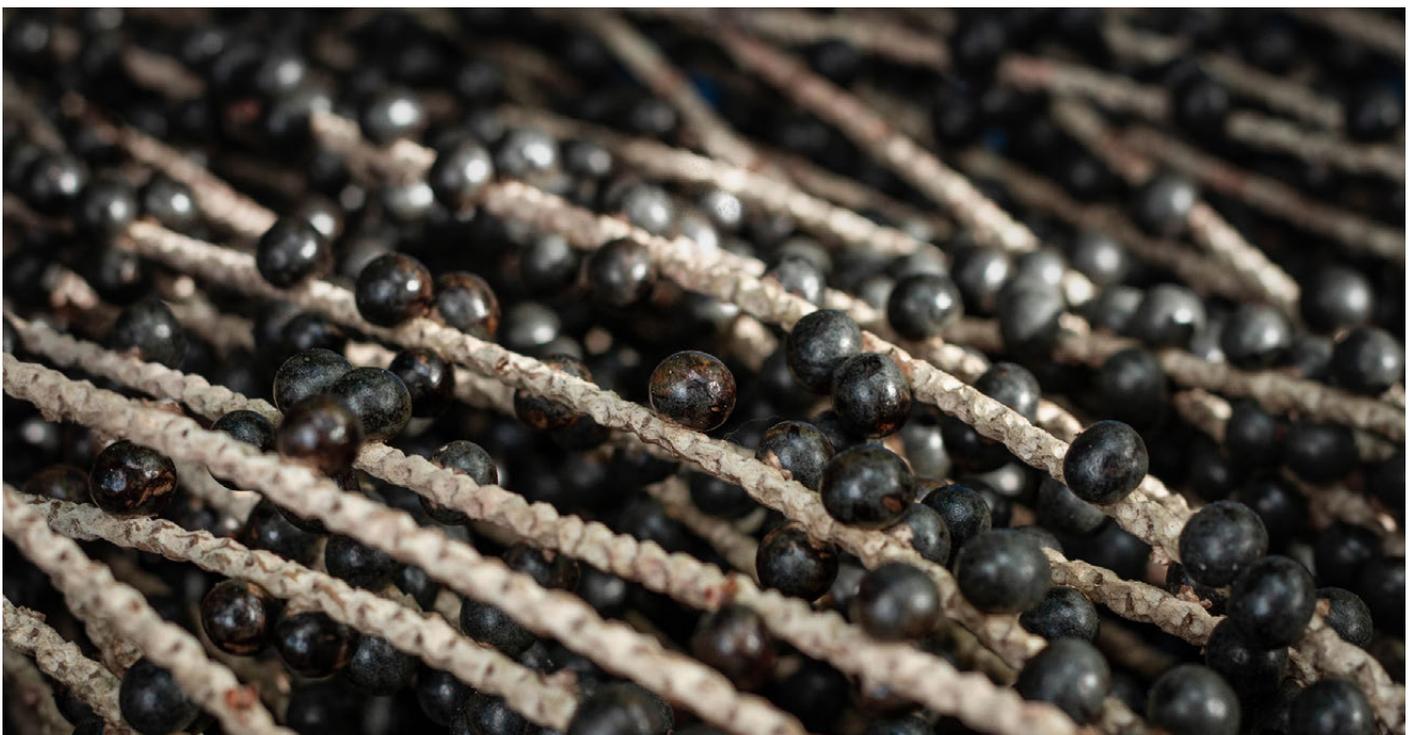




Foto: Fred Mauro

P4F intervention

The project is structured in two phases:

1. Operational and commercial improvement: this phase includes an assessment of operational and logistics processes to reduce and optimise costs. The assessment will be supported by açaí value-chain experts from Brazil and inputs drawn from a large açaí hub in Belém, northern Brazil. On the commercial end, P4F will expand the company's pool of local and regional buyers by assisting in contract negotiations. Around 10-20 metric tons of pulp will be produced and marketed in the 2019/20

season, and the new marketing and sales function will be implemented as part of this phase.

2. Demonstrate the environmental conservation benefits from sustainable commercial operations: this phase will develop new forest protection and management strategies, including a monitoring protocol, good grove management practices, and the incorporation of native bee and bush species in protection plans.

Progress and expected impacts

Phase 1 has been completed and resulted in an in-depth assessment of operations and logistics at Naidiseros del Pacifico SAS, and a credible roadmap toward best-practice açaí management. A marketing and sales consultant established market connections with major potential açaí buyers in Colombia and began building the company's marketing capabilities. Phase 2 is now under development with the objective of stress-testing the harvesting, production, logistics, and marketing set-

up to identify true operating costs and any clear pathways to further efficiency gains. In parallel, the pilot will test relationships with buyers both in key consumption centres like Cali, Medellín and Bogotá, as well as local markets such as Pizarro and Buenaventura. Successful implementation of the pilot activities will result in 56,000 hectares of forest under active, sustainable management by 2020.

Planeta SAS



Project Location

Vigia del Fuerte, Pacific region of Colombia



Proponent

Planeta CHB SAS, BioInnova



Project type | Forest Partnership

Supply chain | Açai palm heart

The challenge

Like Nadiseros SAS, Planeta SAS is another example of a small, community-led company that is pursuing a sustainable business model amid the challenges of the Colombian Pacific region, where deforestation

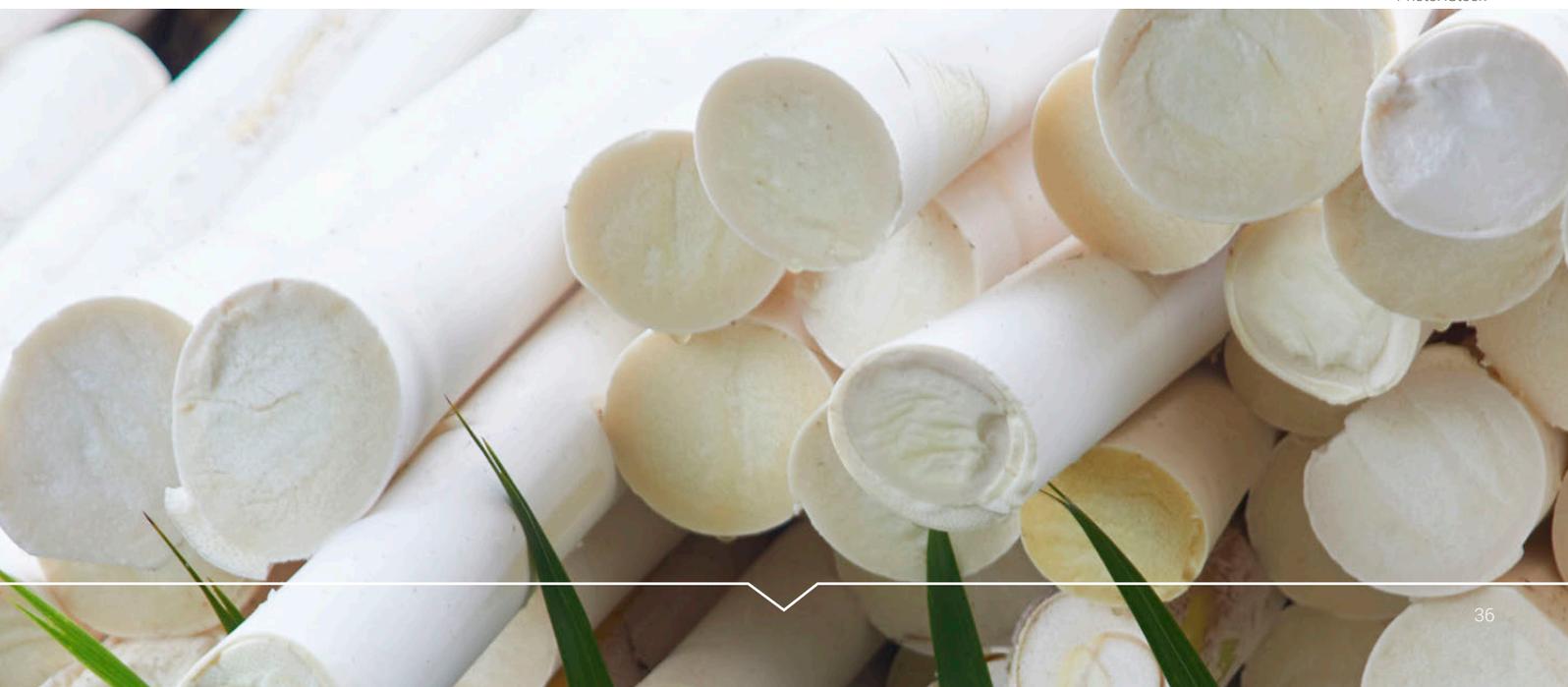
has been on the rise in recent years on the back of expanding agriculture, illegal mining and pastureland.

Business model

Planeta SAS is organised as a private enterprise that is owned, managed and staffed by people from local communities in the department of Antioquia and Chocó, in the Atrato middle basin, in the Pacific region of Colombia. The company produces heart of palm from *Euterpe oleracea*, the same species from which açai pulp is produced. Planeta SAS has nine shareholders representing different communities in the region. The company buys heart of palm (palmito) from local collectors and communities and transforms it into a product ready for sale. Palm heart collection is twice as profitable for the community as engaging in illegal timber activities and, as a lawful activity for which they receive training and full certification, it is also more secure. Planeta SAS works in association with collectors and directly employs staff at the processing plant, located in the small village of Vigia del Fuerte. Collectors are paid according to the harvested quantity. Processed palm heart is sold to outlets in Bogotá and Medellín.

The company is well established and has Crepes & Waffles, one of the largest restaurant chains in Colombia, as its main client. Crepes & Waffles pays a premium as an acknowledgment of the bundled environmental, social and quality attributes of Planeta's product. At present, Planeta supplies 30 percent of the restaurant network's heart of palm requirement. Planeta SAS has experienced significant growth in the past two years and further growth is planned, mostly driven by the expansion of supply to Crepes & Waffles. The restaurant chain is committed to reconciling the higher volumes with an above average price, but has indicated that the premium will eventually be reduced. To properly intake this reduction and open new markets, it is critical for Planeta to reduce operational costs, optimise their processes and consolidate their social, environmental and quality values.

Photo: iStock





P4F intervention

This project aims to support the commercial scale-up of Planeta SAS in four key areas:

- 1. Improve product quality:** implement enhanced quality control practices, including newer and more efficient equipment.
- 2. Achieve operational excellence:** improve management practices in order to reduce the end cost of the product. This includes, for example, developing an optimal packaging solution for end products.

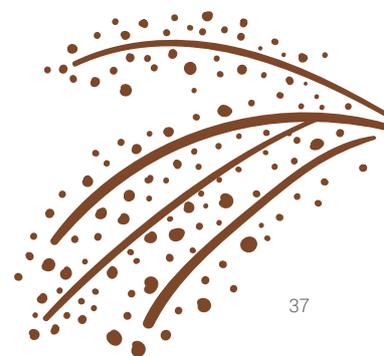
3. Diversify customer and product portfolio: acquire new customers in addition to Crepes & Waffles, and experiment with selling açai pulp.

4. Strengthen forest protection: this includes renewing harvesting permits, creating an agroforestry production portfolio that implements zero-deforestation agreements, and structuring a payment for ecosystem services scheme that ties benefits to forest conservation outcomes.

Progress and expected impacts

Planeta SAS can help to protect 60,000 hectares of forests that will be covered by usage permits and hence subject to sound territorial and natural resource management plans. In addition, promoting the heart of palm business in the Colombian Pacific region can be an important driver of forest protection by providing better returns than current, unsustainable alternatives. Following expansion, Planeta SAS can provide structured employment and increased incomes to more than 50 people in the short term, impacting the livelihoods of more than 200 people in one of the country's poorest regions. The fair-trade agreement between the company and the restaurant network carries a powerful message that can influence others.

The project has the potential to consolidate a genuine story of sustainable socio-economic development. Planeta SAS has become a regional star for forest protection, while uniting afro-descendant and indigenous Colombians around a common vision for the territory, with further impact expected following commercial expansion.



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and Knowledge*

Luiz Almeida
*Monitoring, Evaluation
and Learning*