



# INSIGHTS AND RECOMMENDATIONS FOR PROMOTING PRIVATE INVESTMENT FOR DEFORESTATION-FREE COMMODITIES

To reduce pressure on forests  
and improve livelihoods



**aidenvironment**



# P4F evaluative case studies – Synthesis of findings

J.J. Kessler, V.J. Nelson and J.W. Molenaar

Photo credit: RLU

STRONG EMERGING PARTNERSHIPS, INNOVATIVE MODELS, AND POTENTIAL FOR TRANSFORMATIONAL CHANGE.

## Introduction

### Background

The UK government-funded Partnerships for Forests (P4F) programme seeks to support partnerships and increase private investment that delivers on commitments for deforestation-free commodities, reduce pressure on forests, and improve livelihoods. It is designed to create market-ready Forest Partnerships (FPs) and supports enabling conditions (EC) and demand side measures (DSM), with the intention of mobilising investment, principally from the private sector.

LTISI, in a consortium with the Natural Resources Institute, Greenwich University and Aidenvironment, are the evaluation managers of the P4F programme, and are contracted by the Department for International Development (DFID) in the UK. An evaluative learning approach is employed to generate lessons and to inform the P4F programme in their adaptive management, as well as to inform the UK Government on lessons learned.

## Evaluation methodology

A theory-based approach is adopted, meaning that the theory of change of the P4F programme, and the associated impact pathways and assumptions embedded within it, form the basis for the evaluative case studies.

The programme's theory of change comprises five inter-connected impact pathways:

- 1 Target producers' performance and livelihood benefits, with a focus on smallholders and communities.
- 2 Target producers' organisations as viable business units, with a focus on their governance and capacities to access markets and provide services to members.
- 3 Catalyse companies and other value chain actors, with a focus on their catalyst role, and service providers, with a focus on their capacity to serve producers, all with their business benefits.
- 4 Enrole forest/landscape actors and governance systems at different scales, with a focus on their capacities and management systems to protect the forest.
- 5 Enable conditions to support scaling and systemic change.

A methodology was developed on parameters of relevance, incremental progress, sustainability, scaling, transformative change, contribution by the project, applicable to each impact pathway and the integrated approach. The findings in this paper are based upon a review of project documentation, remote and face-to-face interviews with P4F staff, project-implementing partners, and other stakeholders involved in the projects. The methodology also included focus group discussions with final beneficiaries. Findings in this report have been validated by P4F and project implementers. Three clusters of P4F projects form the basis for this synthesis, based on baseline studies. Two clusters have

a focus on one main project with one commodity and a corresponding geographical area or landscape. The other cluster for comparison has an integrated landscape focus, in Indonesia, looking at enabling conditions and/or market linkages.

This paper presents the insights and recommendations of the baseline assessment of the below three evaluative case studies. The insights are structured by the case study research questions. This baseline assessment already provides some responses to the research questions, but the full responses are expected only after the end line / progress assessment.

**Table 1:** Clusters of P4F projects for analysis

Cluster	Focus FP	Additional FPs	EC and DSM projects
Cocoa cluster	Partnership for Productivity Protection Resilience in Cocoa Landscape (3PRCL), in Western region in Ghana, by Touton in collaboration with Agroeco, SNV, Nature Conservation Research Centre, Cocobod and Forestry Commission	<ul style="list-style-type: none"> <li>Partnership for Livelihoods and Landscapes, in Ghana, by Olam;</li> <li>Preservation of forest through Cooperative professionalisation, in Côte d'Ivoire, by CEMOI;</li> <li>Protecting forests and empowering people, in Liberia, by RSPB</li> </ul>	<ul style="list-style-type: none"> <li>EC project: Cocoa and Forests Initiative (CFI) implemented in Ghana and Côte d'Ivoire, by IDH and WCF.</li> </ul>
Palm oil cluster	Adum Bansa Net Positive Carbon and Sustainable Oil Palm Pilot, in Ghana, by Benso Oil Palm Plantation (BOPP) Limited in collaboration with Proforest Initiative Africa	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>EC project TFA2020 Africa Palm Oil Initiative (APOI)</li> <li>DSM project "Amsterdam Declarations"</li> </ul>
Rubber and ecosystem restoration concession landscape cluster	Integrated Landscape Programme in Bukit Tiga Puluh, central Sumatra, Indonesia, including: <ul style="list-style-type: none"> <li>A sustainable Natural Rubber Plantation project (RLU)</li> <li>Ecosystem Restoration Concession (ERC), by PT Alam Bukit Tigapuluh (ABT)</li> <li>P4F support to a new Landscape Protection Forum in the same area</li> </ul>		<ul style="list-style-type: none"> <li>Global Sustainable Natural Rubber Platform;</li> <li>Sustainable Landscape / Green Bond;</li> <li>Lestari Capital Sustainable Commodities Compensation Mechanism (SCCM)</li> </ul>

## Theory of change and overview of findings

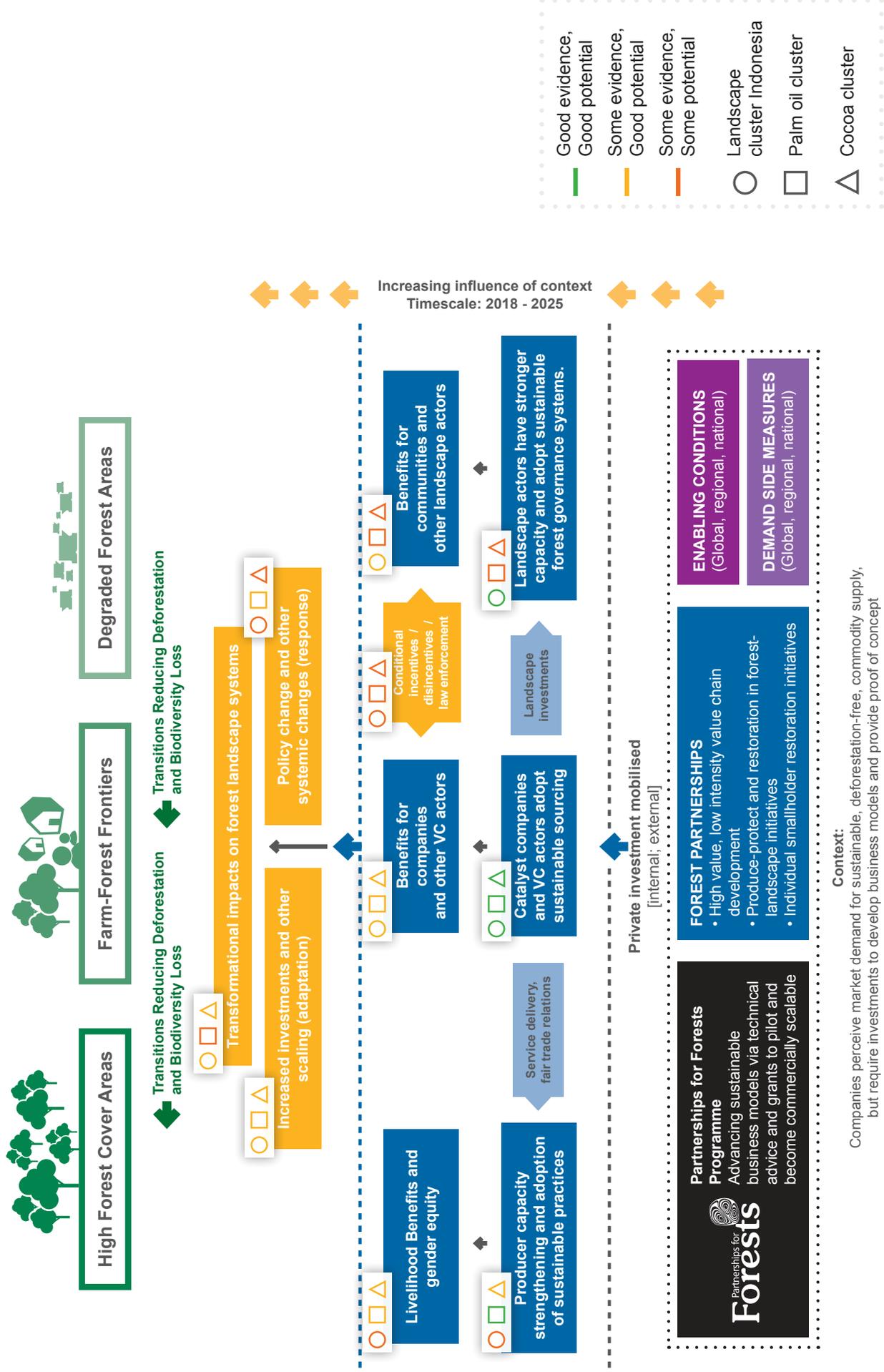
As a basis for the evaluation approach, the Evaluation Manager developed a theory of change that is applicable to the P4F program as a whole, see Figure 1 below. It shows the 5 impact pathways referred to on page 1.

The coloured shapes provide a rough indication of the progress and potentials for each pathway based on the findings of this baseline assessment, the focus FPs in the cocoa and palm projects, and all three projects for the integrated landscape programme in Indonesia. The following are some general insights from this overview, with more details provided in section 3:

- Impact pathways 1 and 2 (producers and producer organisations) have been merged in the producer pathway (left hand column). Cocoa and palm oil show good potential. In addition, there is some evidence of progress being made in terms of both capacities and benefits and some potential for the landscape Indonesia cluster; however, some important assumptions are yet to be met.
- Impact pathway 3, on the private sector (middle column), shows good evidence and good potential for capacity improvements and some evidence of benefits across all commodities.
- Impact pathway 4, on landscape actors (right-hand column), shows some potential and some evidence for both cocoa and palm oil clusters, and better scores for the Indonesia landscape project. Again, there are some important assumptions yet to be met.
- The linkages between the production and protection pathways all show some potential and some evidence, which is rather weak.
- These 4 pathways jointly have the potential to contribute to a set of changes, including increased investments and other scaling mechanisms, policy changes and other systemic changes, and overall transformational impacts. All of these show good or some potential, and some evidence.



**Figure 1:** Schematic overview of baseline study assessment scores for key elements of the theory of change and its different pathways. See legend for meaning of colours (scores) and forms (project clusters).



**Context:**  
Companies perceive market demand for sustainable, deforestation-free, commodity supply, but require investments to develop business models and provide proof of concept

## Main insights



### Relevance

#### What is the relevance and additionality of the (proposed) interventions in relation to the challenges of deforestation, reforestation and poverty reduction?

**The studied project clusters aim to solve complex problems associated with the protection/development/poverty nexus in contexts that are characterized by significant deforestation. They do so by supporting catalyst companies to introduce new partnerships and models, and by creating enabling conditions for these initiatives to become successful and enhance scaling potential.**

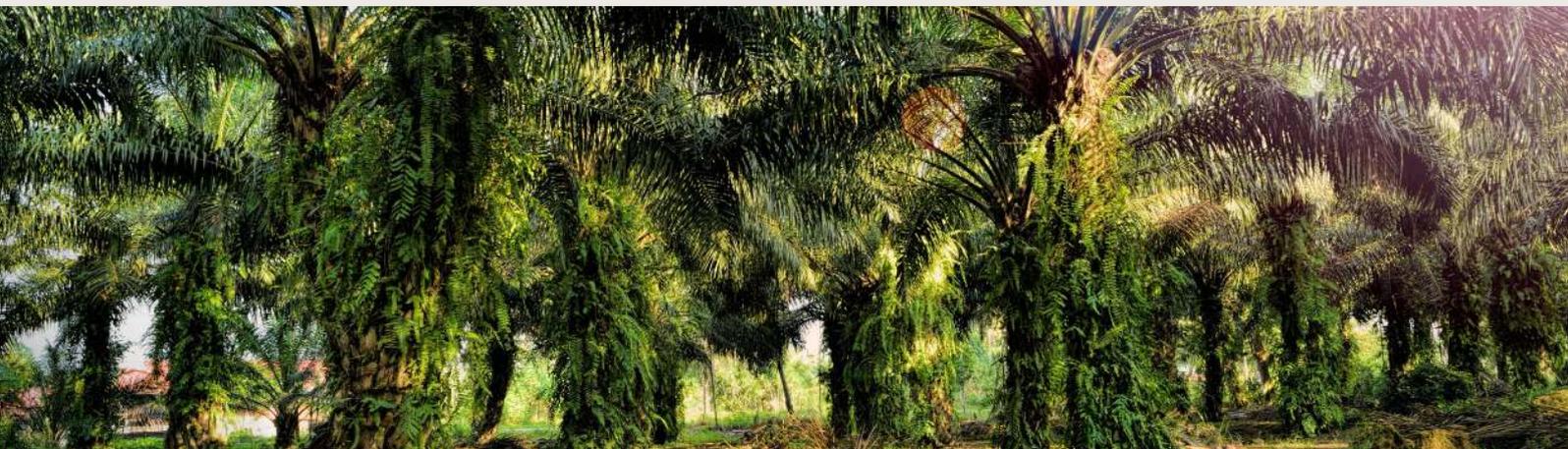
P4F supports catalyst companies to develop sustainable business models, which include relationships with smallholder producers and which ensure compliance with no deforestation targets through diverse forest protection conditionalities. The case study clusters are all located in areas characterized by significant deforestation during recent years (see Box 1), with evidence of the major root cause being associated with expanding commodity production (e.g. palm oil, cocoa, rubber etc.). These remote forested and forest-farm areas are

also characterized by producers and communities that largely fall under the poverty threshold. P4F support aims to achieve positive change in complex development-protection dynamics (also including restoration). These include:

- RLU developing its concession areas as a smallholder ingrower production scheme and a wildlife conservation area which they are setting aside as a buffer to the national park protected area.
- ERC testing a new regenerative model of generating revenues from multiple forest products to be reinvested in restoration and protection.
- BOPP investment in a palm oil smallholder outgrower model.
- Touton investment in a multi-layered forest governance structure in a cocoa production region.

#### Case study locations and deforestation trends

- The cocoa project cluster is focused on the Bia-Juabeso landscape of Western region in Ghana. The trend suggests an increase of deforestation activity since 2014 with an average of 2,941 ha loss per year, compared to an annual average of 551 ha in the period 2001 – 2013. The peak of deforestation was reached in 2018, with 4,575 ha of forest loss.
- The Nueng South Forest Reserve (Western Ghana) located nearby the project area has a total area of 13,261 ha. Its forest loss between 2013 – 2018 was 0.3% per year. Palm oil has likely contributed to this trend. Recent data shows that in 2019 deforestation was very limited.
- The integrated BTP Landscape Programme is located in Sumatra, Indonesia. In the 2000 – 2017 period, 40% of forest land was cleared, almost completely covering the Rubber Area of Interest (only 15% of original forest remaining) while in the ERC area 69% of original forest remains. The root causes are expansion of palm oil and rubber, weak law enforcement and a lack of alternative livelihoods.



**While the projects aim to address the root causes of deforestation linked to the threats from global commodities, their relevance to forest protection is enhanced by the promotion of inclusive landscape governance approaches.**

The cocoa and palm case study projects aim to increase productivity of single commodities for smallholder production systems. There are linkages to forest protection, but also support forest landscape governance structures, recognizing that sound and inclusive forest landscape governance is a key condition to achieve impact at scale and sustained in time. The latter is an area of

great interest, with a rapidly growing number of initiatives worldwide and scarce evidence-based success stories.

For example, the Touton project is considered as the main forest governance initiative in Ghana and many are keen to see it succeed. Likewise, the ERC project studied is one of several purpose driven companies in Indonesia building regenerative models of forest landscape restoration and protection in degraded lowland forests, promoting a land sharing approach and a multiplicity of value chain development. P4F is helping them to build a business case for a landscape approach by developing commercial viability.



## Effectiveness and impact

**How effective has the project been in realizing the expected benefits (including reach and response)?**

**Are there any negative or unexpected effects, and if yes, for what type of stakeholders / actors and with what implications?**

### ... | IMPACT PATHWAY 1 | ... ▶

**All FPs support capacity building aimed at improving livelihood benefits of producers / community members (through raising yields or diversifying livelihood opportunities), and aim to make these benefits conditional on forest protection measures. While early livelihood benefits have been realized, in some cases expected benefits will take more time to materialize. It remains a challenge to develop a proof of concept of the piloted models and several assumptions need to be addressed. Interventions in the other pathways support the sustainability of the outcomes in this pathway.**

As Figure 1 shows, for most project clusters, that there is good potential and both capacities and early benefits for producers and communities are being realized, except for the Indonesia landscape cluster. These results often build upon earlier initiatives or pilots. Improved benefits originate mainly from improved productivity and quality of the main commodity (palm oil, cocoa, and rubber) or harvesting of forest products (ERC honey, vanilla, PES payments), following application of good practices. For instance, with the ERC Sialang wild honey value chain project (which has been successfully piloted), tree owners have received premium prices. The product has been sold in Jakarta by a retail partner and scale up activities are underway. In the palm oil and cocoa

projects, to diversify incomes and provide incentives for forest protection, alternative livelihoods are being introduced and supported. However, on alternative livelihoods progress is slower as new value chains take time to develop. Incomes from carbon credits may also be considered but are not realized. In some cases, as the honey mentioned above, premium prices are possible but for cocoa and palm this is unlikely to happen.

It is too early to conclude on a clear proof of concept of these new market-oriented, forest-friendly production models for several reasons. First, several assumptions need to be taken into account, including the sustainability of production and harvesting practices; the quality of land conflict resolution processes in terms of tenure security; fairness in terms of who benefits and how; gender aspects; and community ownership. Second, a key question is whether the anticipated benefits (from commodity and alternative livelihoods) are sufficient to motivate producers to adopt and comply with forest protection conditionalities. Thirdly, it is unclear whether the increased incomes constitute a living income or whether living wages will be paid and whether at the community level different social groups and women will benefit in an equitable way. Lastly, producers should not become too dependent on one source of income or buyer, thus income and trading partner diversity is important.

## ... | IMPACT PATHWAY 2 | .....▶

**The attention to producer organization is higher in an outgrower setting (such as palm) than in the smallholder (cocoa, ERC) setting. Key benefits of producer organizations are increased access to services and markets. Benefits to the company include reduced transaction costs and increased security of supply. Issues of ownership and improved bargaining power are not addressed. Producer groups can also be instrumental in the forest protection mechanisms.**

Attention for aggregating producers into an organisation is included or foreseen for outgrower (palm) or ingrower schemes (rubber). However, for cocoa, independent smallholders are involved, and in the ERC community members will be incorporated into the value chains in

diverse ways which are largely still to be developed. In the ERC, project, concession area producer organization is low and the project does not specifically prioritize producer organization. For the palm oil project, BOPP has built up good relations with the village chief and communities and has established community committees with bottom-up participatory decision-making. It has designed plots reserved for individual community members (i.e. the smallholders), a plot for community development (of which the proceedings will go into a Community Development Fund) and a plot for the traditional chiefs. The presence of a revolving fund for the additional livelihoods and a community fund drawing upon the oil palm revenues of the community plots will further legitimize the presence of these structures. Issues of ownership and improved bargaining power apparently are not addressed.



## ... | IMPACT PATHWAY 3 | .....▶

**Catalyst companies target tangible benefits (e.g. more, better and sustainable supply), but these take time to materialize. Already companies perceive non-tangible benefits (e.g. better relations with communities, collaboration with NGOs, profile as leading sustainability initiatives). Both types of benefits should be considered in the proof of concept of the business case.**

There is a strong emphasis by P4F to develop viable business cases and then prove their validity. The main focus has been on tangible and financial benefits. Investments in plantation development and smallholder production systems are generally based on financial considerations. Yet, all the case studies provide evidence of the importance of non-tangible benefits. These include, the development of a relationship of trust with producers and communities, and as a consequence less risks of conflicts, increased access to land, reduced risks of side-selling, improved collaboration with CBOs or NGOs and improved reputation e.g. as leaders of sustainability. All of these intangible benefits might be translated into indirect financial benefits. In fact, this is already done in the case of RLU as its business case rests on a land reclaim process which includes tackling land legacy issues through conflict mediation. Assessing and documenting the learnings on how the intangible benefits can be realized will strengthen the business case for the adaptation of innovative production models by other companies.

**Improved service delivery (of knowledge, inputs, finance) is a critical aspect of the collaboration between private company and producers. In most cases farmer demand for services cannot be fully met. Different models are being explored, but making them commercially viable (and thus scalable) remains a challenge. There is increased attention at developing an investment case for these type of models.**

Access to quality services and markets is an important condition to realize potential production and livelihood benefits. For the company this is important for a high quality and timely supply of products. This is also why in the palm project BOPP, takes full control over some key services such as plantation establishment, fertiliser prescriptions, and pest management. In cocoa, Touton has made centrally available relevant agricultural and financial services to all cocoa farmers at Rural Service Centres, including finance, inputs (e.g. agro-chemicals) and good agricultural practices training. Two of these centers are operational, reaching around 4,000 farmers. However, farmer demand for some agricultural services cannot be met. Olam is experimenting with cooperatives, lead farmer and direct provision models. Both in palm and cocoa, access to finance by independent smallholder farmers remains a constraint. For the RLU project, services were directly provided to smallholders in the ingrower scheme by the project implementers.

## ... | IMPACT PATHWAY 4 | .....▶

**Providing incentives to community-based forest protection activities (e.g. forest patrolling) seems to be promising in the short-term. It is however not clear how the projects contribute to incentive mechanisms which will convince and enable communities to sustain this role over time. Moreover, there may be conflicting interests with production goals.**

All projects are providing direct support for forest protection activities. For example, with P4F support, RLU has made investments in establishing a Wildlife Conservation Area in the buffer zone to protected forests. This includes, sensitization of communities, patrolling and monitoring, initiation of conflict mediation, and engaging local communities to reclaim control of the land with a view to establishing forest partnership arrangements. All of which may contribute to forest protection and restoration. In the case of ERC, with the support of P4F, protection capacity is also being strengthened and ranger presence on the ground has increased. In the case of palm oil, support has been provided for communities to do patrols in the forest reserve area neighbouring their community and this seems to be effective. In cocoa, there are investments in developing and building capacity on a safeguards information system.

There are concerns about whether the above mentioned measures will be sustainable over time.. This will depend upon the mandate of the community protection structures, whether the communities perceive concrete benefits, and whether they have resources. In the cocoa case, there is a risk that the dual mandate of forest protection and climate-smart cocoa production could be somewhat conflicting. Much of the attention in project implementation is on transitioning to climate-smart cocoa production systems (the 'carrot'). However, forest

protection should be a priority (the 'stick'). In the case of palm, merging the forest protection committees with those of the oil palm producer association and the future community fund can sustain their presence.

**All FPs aim to support capacity building for improved livelihood benefits of producers / communities (see impact pathway 1) while making support conditional on forest protection and/or restoration activities, e.g. through partnership agreements, byelaws, premium prices, etc. The expected pathways and the sequencing of activities to assure forest protection are not so clear. There is need to verify whether producers / communities perceive the benefits being obtained by forest protection measures and whether they change behaviour at scale.**

All projects have forest protection goals and making these conditional for support on production and livelihood benefits. However, for cocoa production, improvements (IP 1) come first and forest protection comes later, while for palm the relevance for forest protection is less. In both cases the actual conditionalities were gradually developed and are not yet fully implemented.

In the Indonesia landscape project, a variety of conditional agreements are being developed by both RLU and ERC with indigenous communities and migrant groups. The conflict mediation process is still underway to, firstly, resolve land conflicts and then to establish partnership agreements and their implementation. RLU are also beginning a smallholder rubber in-grower scheme. This includes environmental rules as set by government, with the local government responsible for monitoring. Hence, their effectiveness is uncertain.



In cocoa, it seems that production interventions advance earlier and quicker than protection interventions. The sequencing of production-protection interventions should be an area of attention. In the RA Olam project, communities sign Production-Protection Agreements as a pre-cursor to any incentives provided, and these are reviewed together with general forest conditions before further resources or support for intensification is provided. This seems to be an effective model.

In the palm project, the relevance of forest protection for the communities is not so clear as interaction between the communities and the Reserve is limited. Yet the project shows different types of safeguards to ensure future forest protection. First, a production-protection agreement was signed by BOPP and the three beneficiary communities which represents a long-term commitment to protect the Nueng South Forest Reserve. Second, the Central Community Forest Protection Committee is governed by by-laws which give legal backing to the protection of the forest reserve. Third, there is a buy-in from the traditional chiefs, who also have a lot to gain from the project having their own oil palm plot. Lastly, BOPP has the option to exclude individual smallholders from the plantation scheme if they do not respect forest protection agreements.

**Multi-stakeholder landscape governance platforms which are being created and/or supported have the potential to create the conditions for forest protection (beyond the single commodity scope). However, poor law enforcement remains an issue. Most platforms are in an nascent stage and their effectiveness, sustainability and sustained legitimacy vis-à-vis communities is yet to be proven. A lesson is that having one company with commercial interests in the landscape as initiator of such a platform can impede other companies to join. Rather, a 'neutral' convener (such as an NGO or civil society organization) could be preferable. Some accountability issues also exist.**



For the palm and cocoa project clusters the potential for landscape management boards is modest and so is the evidence of results obtained so far (see Figure 1). In the cocoa project, the efforts by the project have focused on developing the landscape governance system. At the landscape, sub-landscape and community levels, constitutions and/or by-laws are being developed to define and agree on rules, roles, and responsibilities. The Hotspot Intervention Area board responsible for the Bia Juaboso landscape now comprises six sub-HIA Boards who oversee one or more community-based CREMAs to jointly implement the landscape governance activities. However, the legitimacy of the landscape governance structures and system vis-à-vis the cocoa producers and their communities remains a key point of concern. The development process for the landscape governance system has improved local coordination between the Forestry Commission and Cocobod, with the idea that it will also provide a representative body with which private-sector actors wishing to do business in the landscape must interact.

In the palm project, the Landscape Governance Board is functioning and improving relationships and collaboration between its members. As a result, local authorities and the Forestry Commission now support the project.

In 2019, P4F adopted a more comprehensive 'hands-on' approach to support a BTP landscape management program which supports a new landscape protection forum for large-concession holders. While this is a good example of a strategic investment to increase the likelihood of positive environmental outcomes, they lack representation from civil society. The major challenge remains poor law enforcement.



... | IMPACT PATHWAY 5 | .....▶

**The EC and DSM initiatives (mainly as separate mechanisms) have an important potential to contribute to sustaining and scaling of FP innovations. This is done through the development of market conditions, common standards, regulatory reforms and financing vehicles. They also have the potential to facilitate stakeholder alignment, coordination and learning.**

The case studies show the relevance of several measures and changes in terms of providing a more enabling context and access to markets for the FPs to be successful. Usually these are separate EC or DSM projects funded by P4F. The case studies show evidence that these measures have contributed to the success of the FPs, and have enhanced potential for scaling. The following are some examples.

- BTP Integrated Landscape: P4F support to Sustainable Commodities Compensation Mechanism and Green Landscape Bond
- Palm: P4F has supported the African Palm Oil Initiative which has contributed to the establishment of the Tree Crop Development Authority (TCDA). This will have as mandate to govern the palm oil sector. The establishment of the TCDA implies a fundamental reform in the palm oil sector in Ghana.
- Palm: P4F supported the Amsterdam Declaration which calls for both voluntary and mandatory action of importing only sustainable palm oil into the EU, and thus strengthens the business case for sustainable palm oil in Ghana and West Africa.
- Cocoa: P4F support to CFI has helped create the conditions in which the Touton landscape governance project could be successful. In turn this provides a forum through which the Touton project can share best practice and lessons learned in order to support the achievement of CFI objectives.





## Contributions by P4F

### What has been the relative contribution by the project to the observed changes? What is the relative contribution of other external factors?

**P4F investments have not been working in isolation, neither are they completely new interventions, but were generally a follow-up or complementary to other support which has enhanced effectiveness. The contribution by P4F has generally been well chosen and essential, e.g. to carry out pilots, create collaborative actions or provide institutional support. The contribution seems to have been most additional for IP4 (establishing linkages with forest protection) and IP5 (creating enabling conditions).**

From the case studies there are several examples of the added value and contribution by P4F. To mention a few examples:

- For ERC/RLU, the most important contribution by P4F to ABT has been the business support for business maturity. For RLU, it has been in establishing the WCA. For both, the creation of a smaller, protection-focused, and problem-oriented landscape forum is likely to hold value.
- Cocoa: The Touton project's main contribution has been on the development of the Ghana Climate Smart

Cocoa Standard. The climate smart cocoa standard is nearly approved but some pilot implementation has occurred in practice (although not necessarily in a systematic way). P4F funding has supported CFI to improve enabling conditions for the uptake of holistic climate-smart cocoa and its scaling in cocoa landscapes, though implementation and mechanisms to push the achievement of CFI objectives are lacking. P4F contributed strongly to the establishment of the landscape governance system in the Touton project and the creation of its membership.

- Palm: The financial contribution by P4F allowed the projects to do things they would have otherwise done more slowly or not at all. The P4F funding opportunity on the non-oil palm activities gave BOPP an important push to come up with their own funding for plantation development. It also allowed BOPP to give more emphasis on the social and environmental aspects.
- In palm, for APOI and the Amsterdam Declaration, P4F is the main donor of both initiatives.



## Scaling and sustainability



Has the project contributed to scaling, through any / all the following?

- Wider adoption and adaptation by targeted and non-targeted producers?
- Expansion through crowding in by other companies in the same landscape / sector?
- Response in terms of changes in public policies, at sector (e.g. adoption of standards) and landscape scale (e.g. law enforcement)?

**True scaling is not replication but achievement of change at larger scale through enabling conditions and financial models. The projects have good potential for scaling. However, this requires more attention to develop and disseminate the proof of concepts of the new business models, investment propositions supported by evidence on the impact on livelihoods and forest protection. In addition, scaling will depend on how successful EC and DSM measures are in creating the right enabling conditions.**

There are some early examples of crowding in and copying, especially in cocoa and palm oil. However, much larger potential for scaling can result from improved enabling conditions and access to markets. One important condition is that the business case for companies and other value chain actors should be clear and evidence-based, which is not yet the case.

In cocoa, good potential exists for implementing the climate smart cocoa standard in the entire Bia-Juabeso landscape and beyond. The expected international demand for deforestation-free cocoa underpins this potential. The potential for scaling is evident also through coordination with the Ivorian government on the standard and across CFI signatories. In palm oil, the true scaling potential will depend on the attractiveness of

the model to other companies across Ghana and other African countries. This requires a proof of concept of the business model, corresponding investment proposition and its impact on livelihoods and forest protection.

Scaling potential will also depend on the effectiveness of the Tree Crop Development Authority (TCDA). If effective, it can address many of the systemic issues around national standards, land use zoning, grievance mechanisms, technical assistance, and pricing mechanisms. For the integrated landscape project in Indonesia, the Green Bond financing is a scaling mechanism for other concession holders to access sustainable finance. Also, the Sustainable Commodity Compensation Mechanism (SCCM) is a mechanisms in which ERCs could be scaled up by providing access to funds.

As the current models are heavily subsidized, financial models (as well as incentives, and disincentives for non-performance more broadly) are critical to support scaling. In the palm case study, blended finance models are being explored, involving a mixture of affordable credit to beneficiaries, company and donor investment. Also, revenue generating models (such as ERC is in itself) and revolving funds are options that are being tested and should be evaluated.





## Transformational impact

To what extent are observed changes transformative (i.e. perceived as systemic in nature or disruptive business models, leading to changes in mindset, creating leverage, game changers?)

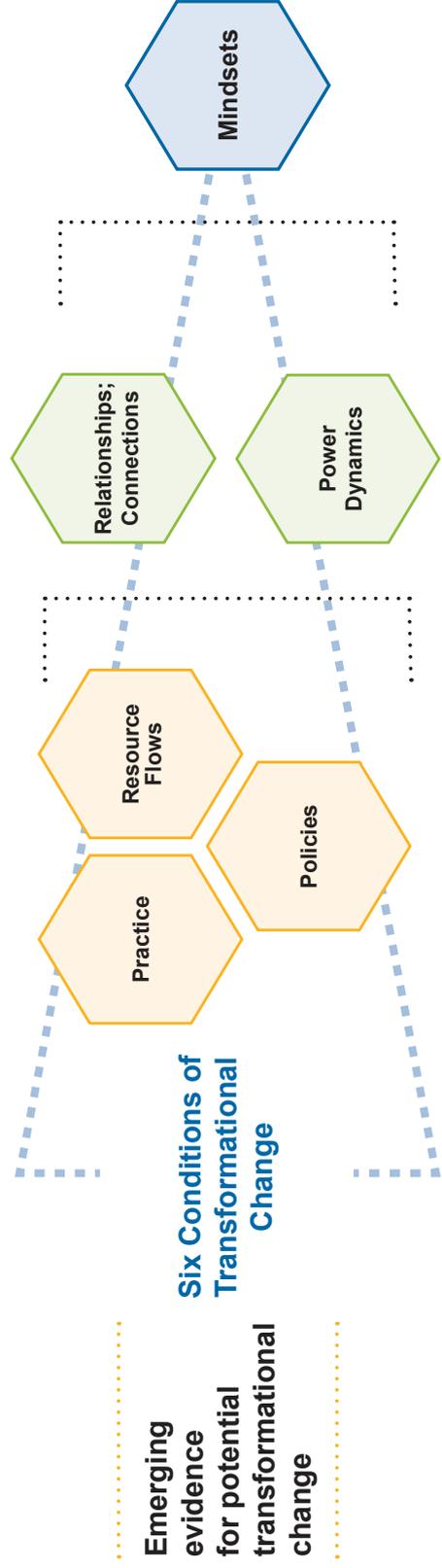
Change can be incremental, or transformative in nature, being more systemic and addressing root causes. There are several examples of potential transformational impact within the project boundaries associated with P4F support. In particular, these are seen where P4F has taken a holistic vision and integrated the different impact pathways. At landscape level, it seems most effective to link producer support or market incentives to forest protection commitments, while in parallel develop forest protection mechanisms. Therefore developing a business case for integrated production and protection goals at a landscape level.

At sector level, the EC measures increase the potential for transformational change at sector level, though these may require a longer time horizon.

Several examples of the potential for transformational change are illustrated below in the tabular overview. The components for transformational change were developed by the EM and are based on literature and experiences within different commodities (documented in a separate paper).



Figure 2. The emerging evidence from the three case studies for enhancing the potential for transformational change (reference of figure: FSG, 2018). The Water of Systems Change. By: Kania, J., Kramer, M., Senge, P. [https://www.fsg.org/publications/water\\_of\\_systems\\_change](https://www.fsg.org/publications/water_of_systems_change)



COMPONENT	PALM OIL	COCOA	BTP INTEGRATED LANDSCAPE PERSPECTIVE
Policies and implementation	Establishment of Tree Crop Development Authority	Cocoa and Forests Initiative Implementing climate smart cocoa standard	
Investment innovations	Impact investment case Blended finance		Green Landscape Bond SCCM
Business model innovations	Sustainable model of oil palm expansion		ERC to restore & protect Sustainable Plantation + WCA
Market demand change	Amsterdam Declaration sustainable palm oil EU	Demand for climate smart cocoa	Building premium honey brand & ERC Origin Brand
Technological innovations	Revolving fund for investments to generate additional incomes	Income diversification More sustainable farm model	Joint SMART patrols, daytime honey harvesting, traceability
Supportive services and finance	Fully integrated service model	RSCs as hubs for service delivery	Integrated where smallholders are part of the model
Economic incentives linked to goals	Conditional incentives for forest protection	Conditional incentives for forest protection	Conditional incentives & agreements for forest protection
Organisational models and capabilities	Community Forest Protection Committees		Technical programme. Joint patrols, ERC, In-growers.
Relationships and transactions	Company-community relations based on trust	Improved relations between landscape-stakeholders	Large concessions holders – NP. Company-community relations
Coordination and dialogue	Ghana National Platform, Landscape Governance Board	Landscape governance multi-stakeholder Board	Landscape Protection Forum
Accountability and participation	Engagement of village chiefs and community (?)	Engagement of village chiefs and non-voting members (?)	
Evidence-based & adaptive learning	Sharing experiences within P4F and APOI constituency	Sharing experiences with CFI structure	
Mindset, commitment and ownership	Community and company on forest protection	Mindset change of farmers related so shade trees	ERC more business oriented. RLU more conservation oriented.

**Insights and recommendations for promoting private investment for deforestation-free commodities**

To reduce pressure on forests and improve livelihoods



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**For Further Information Please Contact**

**Jan Joost Kessler**

Evaluative case study leader

[kessler@aidenvironment.org](mailto:kessler@aidenvironment.org)

**Valerie Nelson**

Evaluative case study leader

[v.j.nelson@gre.ac.uk](mailto:v.j.nelson@gre.ac.uk)

**Jan Willem Molenaar**

Evaluative case study leader

[molenaar@aidenvironment.org](mailto:molenaar@aidenvironment.org)

**Lizzy Whitehead**

Evaluation team leader

[lizzy-whitehead@ltsi.co.uk](mailto:lizzy-whitehead@ltsi.co.uk)

Study authors:

JJ, Kessler, V, Nelson, JW, Molenaar, L, Whitehead, D, Smith, H, Betts (2020).

See additional baseline assessment and recommendation case studies in this series produced by the Evaluative Learning Team:

Partnerships for Forests Bukit Tigapuluh Integrated Landscape Programme

Partnerships for Forests Cocoa Projects in West Africa

Partnerships for Forests Palm Oil Projects in Ghana