Landscape, jurisdictional and other regional approaches are gaining momentum as a tool for the sustainable sourcing of commodities. They aim to create new frameworks for sustainable production beyond the individual site, producer or farmer level. These initiatives share the same broad goals and some of the functions of multi-stakeholder standards, and have the potential to reshape current supply chain practices.

This briefing note follows ISEAL’s 2016 report *How sustainability standards can contribute to landscape approaches and zero deforestation commitments*. One year on, new players and developments have continued to shape this emerging trend. This briefing aims to assist sustainability standards in assessing these new approaches by providing background information and five ‘entry points’ for exploring potential engagement.
STATE OF PLAY AND RECENT DEVELOPMENTS

‘Place-based’ regulations and laws have been the traditional tools of policymakers to manage sustainability, while committed businesses have focussed on their individual supply chains.

Now, multi-stakeholder coalitions of private and public actors are coming together to push sustainability performance above the minimum legal threshold at various new scales, such as ‘landscapes’, ‘jurisdictions’, or ‘regions’.

A string of recent events, reports and partnerships suggest that landscape and jurisdictional approaches are becoming more than trending buzzwords. At the same time, experimentation and a lack of consistency and clarity characterize these initiatives, making it difficult to assess their relevance and potential impact.

Getting a full picture is not easy. For landscape approaches, the Landscapes for People, Food and Nature initiative, led by organisations such as EcoAgriculture Partners and Solidaridad, documented 365 integrated landscape initiatives in Africa, Latin America and the Caribbean, and South and Southeast Asia. However, less than a quarter of these involved the private sector.

Jurisdictional approaches appear easier to identify given their stricter delimitation and need for formal government buy-in. Research commissioned by the Tropical Forest Alliance (TFA) identified 34 jurisdictions working on this approach, of which 14 had started implementation. A WWF study identified 26 ‘active geographies’ across 17 countries. Many of these jurisdictions are part of the Governors’ Climate and Forests Task Force (GTF) – a network of 35 entities across 9 countries (including two US states and one region in Spain).

While only a fraction of these initiatives directly affect the operating landscape for ISEAL members, a variety of international actors are pushing to further develop such approaches and link them to sourcing practices. These include WWF (1 and 2), IDH, Earth Innovation Institute (EII), and WBCSD. Other organizations leading on jurisdictional approaches include the Environmental Defence Fund, Global Canopy Programme and The Nature Conservancy.

Recent highlights demonstrating the growing support for these approaches include a US$400 million fund to stop tropical deforestation and boost farming, launched at Davos in January 2017. The fund, managed by IDH, aims to provide direct investment in jurisdictional forest protection strategies, among other areas. Separately, Ecuador committed to rolling out a jurisdictional approach to palm oil, signing an agreement with RSPO in March 2017.

PARADIGM CHANGE OR MUTUAL REINFORCEMENT?

Do sustainable landscapes and jurisdictions provide radical new solutions to replace certification, or do they represent new frameworks that complement existing models?

Because of their projected simplification, scalability, local buy-in and cost efficiency, some view regional approaches as the ‘endgame’ to work towards. Others see regional approaches and supply chain approaches as essentially ‘two wheels on the same bike’, and believe mutual recognition, integration and other synergies will achieve greater impacts.
THE CHALLENGE: BRINGING RISK-FREE SUPPLY TO SCALE

Corporate commitments to zero deforestation and other elements of sustainable development have created a growing demand for ‘risk-free’, ‘responsible’ or ‘sustainable’ goods.

However, the uptake of sustainability standards has not kept pace with this rising demand. New ‘place-based’ approaches offer a potential solution to the issue of scale. In doing so, these overlap with existing standards systems in two broad ways:

IDENTIFYING SUSTAINABLE PRODUCTION AND RESOURCE MANAGEMENT PRACTICES:

The environmental and social objectives pursued by landscape and jurisdictional approaches are often the same issues addressed by sustainability standards, such as deforestation and land use. Regional approaches tend to focus on a simplified set of three to five key concerns, while standards often cover a wider spectrum of sustainability issues.

ENABLING MARKET-DRIVEN INCENTIVES:

Regional approaches can provide downstream businesses with a new way to create risk-free, responsible or sustainable supply chains. The TFA study mentioned above found that current jurisdictional initiatives represent a significant share of the total global supply of key commodities and their successful implementation would provide an increase in the supply of ‘sustainable’ commodities ‘comparable in scale to the success attained by the certification movement’.

Despite sharing similar functions, various differences with standards systems stand out:

- New approaches are framed as locally defined and locally driven processes, in contrast to the ‘top-down’ nature of international sustainability standards. In particular, the involvement of national or local governments enhances their implementation potential.
- Arguably, the issue of ‘leakage’ associated with sustainability standards is addressed more effectively, as producers who fail to meet the standards of buyers demanding responsible or sustainable goods cannot simply shift their products to other markets.

Proponents of landscape or jurisdictional approaches project various benefits, including simplified and more cost-efficient verification processes, although to date little evidence is available to support this.

As experimentation continues, one emerging conclusion is that ‘place-based’ approaches will need to build from and engage with ‘supply-chain’ approaches, particularly multi-stakeholder standards, if they are to add value to the already dense landscape of sustainable production and sourcing.

CONVENING LANDSCAPE AND JURISDICTIONAL PARTNERSHIPS

Regional initiatives emulate the step-wise development processes of standards systems:

(i) a mobilization phase leads to a multi-stakeholder coalition which (ii) collectively agrees on common goals, objectives and targets, (iii) develops a monitoring framework and (iv) establishes a formal governance structure to manage and facilitate implementation. Like standards systems, the long-term viability of these new approaches depends on how they become self-sufficient and remain relevant to their core stakeholders.
DRIVERS AND ENTRY POINTS

This briefing identifies five drivers of newly emerging approaches which offer ‘entry points’ for multi-stakeholder standards. ISEAL members and other sustainability standards can use these as ‘conversation starters’ and to identify the relevance of new approaches to their specific system.

They complement the various areas of adaptation identified in ISEAL’s 2016 report on landscape approaches to zero deforestation. There are strong interlinkages between the different entry points, and depending on the commodity, issue or region, all are likely to be relevant.

1. Preferential or Risk-Based Sourcing
2. Land-Use Planning and Landscape Connectivity
3. Government and Local Stakeholder Mobilization
4. Producer Support at Scale
5. Leveraging Climate Funding and Sustainable Finance
Both sustainability standards and regional approaches can enable flows of ‘risk-free’, ‘responsible’, or ‘sustainable’ goods or products. Whereas the supply generated by standards increases gradually as more production sites become certified, landscape, jurisdictional or other approaches have the potential to deliver at a much larger scale and across a range of commodities.

However, even the most developed landscape or jurisdictional set-ups do not yet provide this market function in the way standards systems do. With the exception of commodity-specific jurisdictional approaches, such as those piloted in Indonesia and Malaysia in collaboration with RSPO, most of these initiatives were not designed with preferential sourcing in mind.

Several organizations leading on jurisdictional approaches are beginning to make links with existing sourcing policies and sustainability standards, including IDH, TFA, EII and WWF. These have all touched on the possibility of embedding existing ‘supply chain’ approaches within jurisdictional or landscape approaches; the idea is that buyers will choose to source from the regions in question because they know they can do so with confidence. For example, IDH uses the concept of ‘verified sourcing area’ to encourage long-term commitment from buyers. Similar to the TFA proposal (see box), the EII and the GTF are aiming to propose a roadmap for sustainable jurisdictions by 2020.

### TFA’S SUSTAINABLE SOURCING ROADMAPS

The Tropical Forest Alliance is a public-private coalition working towards deforestation-free supply chains. In its latest annual report, TFA discusses the possibility of developing ‘sustainable sourcing roadmaps’ for jurisdictions where its members are active. In each jurisdiction, TFA members would come together to define ‘minimum criteria for sustainable practices for a given commodity, based on their own requirements and relevant, internationally recognized certifications’. This would be coupled to an action plan agreed with all the jurisdiction’s stakeholders. The proposed roadmaps would enable TFA companies to scale up sustainable sourcing based on existing sourcing practices and standards systems, reducing confusion around different sourcing processes.

### M&S AND UNILEVER ‘PRODUCE AND PROTECT’ APPROACH

At the Paris climate summit in 2015, M&S and Unilever set out the concept of ‘produce and protect’ as a new way to achieve their zero-deforestation commitments. The approach aims to source preferentially from jurisdictions that meet a set of criteria – an emissions-reduction strategy and monitoring system in place, high-level political buy-in, etc. While the degree to which jurisdictional level preferential sourcing is currently being implemented remains unclear, Unilever’s signing of a three-year memorandum with the central and provincial governments in Indonesia in January 2017 indicates a push towards implementation.

### PREFERENTIAL OR RISK-BASED SOURCING

#### HOW STANDARDS SYSTEMS CAN ENGAGE

To enable sustainable regional sourcing, emerging landscape, jurisdictional or similar approaches will need to integrate – in a credible, transparent manner – a number of functions that standards systems provide. Various options for interaction, integration and adaptation should be explored:

- Standards’ practice or performance criteria can be used to shape and create sustainability objectives and targets at different territorial levels.
- The information generated by standards’ verification, certification and internal M&E systems can be integrated in landscape/jurisdictional M&E and performance dashboards.
- Standards systems can help adapt and develop new, credible verification or monitoring methods suitable for different territorial scales.
- In the longer term, standards with chain of custody systems can allow for new ways of communicating regional, landscape or jurisdictional information on products.
The driving logic behind landscape approaches is their ability to work beyond production units in a coherent manner, balancing and managing different functions across a landscape. Cross-sectoral land-use management is thus at the heart of ‘landscape perspectives.’

The focus on cross-sectoral land-use planning is apparent in some of the more developed approaches, including in particular the various initiatives piloted by several of Brazil’s Amazon states, such as Mato Grosso (see box).

Standards systems already integrate land-use planning into their requirements or toolboxes in a variety of ways, for example by specifying criteria for maintaining riparian buffer zones. Various standards also use high conservation value (HCV) assessments or mapping approaches to identify and manage the different areas within a certified unit. As such, the implementation of standards provides ‘building blocks’ for wider landscape approaches.

The increasing use of location data by standards systems is an essential enabler in this context – without spatial information on certified entities, integrating them in land-use planning is not possible.

Given that a multi-sectoral approach provides coherence and the potential to scale up impacts, proposals have been launched to integrate various commodity-specific or sectoral initiatives and standards into a single land-use framework. The TFA’s proposal for developing ‘sustainable sourcing roadmaps’ for jurisdictions (see above) is one example. A variation of this is the concept of cross-commodity ‘landscape standard’, integrating all available land-use and water-use data across commodities or production clusters.

While landscape-approaches aim to address land-use issues beyond the confines of production sites, it’s worth noting that the leverage of (international) businesses and their supply chains remains ‘confined’. How to solve trade-offs between producers, and provide adequate ‘site-level’ incentives to implement ambitious landscape-wide plans thus appears as a major question for conveners.

### LAND-USE PLANNING AND LANDSCAPE CONNECTIVITY

#### HOW STANDARDS SYSTEMS CAN ENGAGE

Either through their sustainability requirements or related tools and initiatives, standards systems can connect to emerging landscape or other approaches to enable better and more accurate land-use planning:

- Generating location data and developing mapping tools is a key area for standards and emerging landscape approaches to coordinate and share information.
- Standards and their stakeholders can provide technical expertise to shape the development of land-use planning goals and targets, using their in-house expertise on HCVs and insights on ground-level implementation to identify obstacles, opportunities and trade-offs.
- Standards can enable dialogue across producers and existing certificate holders on landscape connectivity and other issues that go beyond the individual production unit.

### ‘PRODUCE, CONSERVE AND INCLUDE’ STRATEGY OF MATO GROSSO STATE

Mato Grosso covers 53% of Brazil’s Amazon region and is the country’s largest producer of cattle and soybeans. Under this plan, the state defined various jurisdiction-wide targets towards 2030. These include rehabilitating 2.5 million hectares of degraded pasture, expanding soy and grain production on existing degraded land rather than converting forests, and increasing sustainable forest management by 6 million hectares. If implemented, these targets will set clear land-use parameters for business. Using satellite imaging, a ‘territorial performance system’ (developed in partnership with EII) would allow accurate land-use monitoring to assess progress down to the municipality level.
The ability to mobilize new coalitions representing local interests is one of the key features of landscape and jurisdictional approaches. Buy-in from governmental actors is of particular importance as it can unlock public resources and management structures, enabling implementation and verification. Inclusive coalition-building and local ownership are therefore seen as crucial ingredients, even if many of these new approaches are supported by international funding.

For their part, international standards have sought to address the issue of local adaptation in different ways. ISEAL’s Codes and guidance encourage standards systems to engage local stakeholders and governmental actors in both their international and their ‘localizing’ processes, but many struggle to do so. Lack of capacity, and the tension between local adaptation and retaining the core, ‘universal’ elements of a standard, are common obstacles.

Whether landscape and jurisdictional approaches will succeed in bringing together lasting ‘local’ stakeholder coalitions in the absence of international donor funding remains to be seen. Nonetheless, some initiatives do seem to enjoy support from local governments: examples include the members of the Governors’ Climate and Forests Task Force (GTF) and in particular the Amazon states in Brazil, which are some of the most active jurisdictions in this network.

Such political support should be seen as part of a rising global interest among policy-makers in sustainability and the incentives or trade benefits it can bring.

For standards systems, using jurisdictional lenses can be a way to explore interactions with governments that want to tap into this potential. RSPO’s role in jurisdictional approaches is indicative. The ongoing pilots (in Malaysia, Indonesia and Ecuador) follow different pathways, but all have enabled RSPO to engage governments in a targeted yet flexible way.
4  PRODUCER SUPPORT AT SCALE

Supporting the adoption of sustainable practices by producers across a whole landscape or jurisdiction is a recurring element in new approaches – and will be central to their success. Adopting a landscape or jurisdictional scale to devise cost-sharing agreements between private and public, international and national actors is logical.

For companies that source from many scattered smallholder farmers or producers within an identifiable geography, this approach also makes sense.

Some landscape initiatives that prioritize producer support are driven by leading companies in international supply chains. These include the Livelihoods Fund for Family Farming (L3F), established by Danone and Mars in 2015 to invest in large-scale sustainable agriculture projects that take a landscape approach to building the capacity of farming communities.

While these new approaches could offer locally embedded approaches to smallholder and SME support, it remains to be seen whether they are more effective than ‘traditional’ extension services or capacity-building programmes.

Landscape or jurisdictional level support for producers may tackle a smaller set of issues than voluntary standards, perhaps only verifying bottom-line legality. Nonetheless, they have significant potential to make standards uptake more accessible – if the necessary incentive structure is there. Ensuring these new processes connect to higher performance standards is both an opportunity and a challenge.

PRODUCER SUPPORT AT SCALE

HOW STANDARDS SYSTEMS CAN ENGAGE

Standards systems and landscape/jurisdictional approaches share the objective of increasing support for smallholders and SMEs to adopt sustainable production processes:

- New approaches can be used to streamline support for producers and develop connected pathways enabling them to reach ‘low-bar’ performance criteria and progress towards ‘higher bar’ practices which facilitate certification.

- Emerging approaches which set out long-term plans for large-scale producer support can leverage the expertise and prior efforts of standards systems and their implementation partners.

- With the local conveners, standards systems can adapt their tools, guidance and expertise for capacity building to fit specific local needs or characteristics.

SCALING PRODUCER SUPPORT IN CENTRAL KALIMANTAN

In Central Kalimantan, where the government, RSPO and INOBU/IEE are piloting a jurisdictional approach to palm oil production, district-level ‘agriculture facilities’ are being developed for smallholders. These offer a ‘one-stop shop’ for producer capacity building, facilitating certification uptake. The idea is to leverage district government resources supported by funding from international supply chain actors such as Unilever, as well as international donors and contributions from the national government.
Gaining access to funding that compensates governments for reducing emissions from deforestation and forest degradation (REDD+) has been the starting point of many jurisdictional approaches. The potential of using other sources of finance are further being explored.

While REDD+ is not new, implementation and the accompanying financial transfers have been lagging. Many jurisdictions which have invested in and developed mechanisms to account for climate mitigation (or other performance areas) are looking to tap into other sources of finance provided by impact investors or finance flows determined by ESG (environmental, social and governance) risks.

An early example is the Athelia Climate Fund, which is looking into using Mato Grosso’s jurisdictional framework to provide incentives for sustainable land use and other types of sustainable performance. In its latest annual report, TFA suggests it can formulate a methodology for quantifying the investments needed to implement sustainable practices across jurisdictions, as well as the potential returns, and act as a matchmaker between jurisdictions and potential investors.

New financial incentives are also emerging to finance standards compliance. Standards systems are being integrated or used in a variety of financial policies or products, including risk assessment (e.g. ABN AMRO and others using certification to assess risk in their portfolios), ‘impact’ investments (e.g. Root Capital investment in cocoa, coffee and other agricultural areas), or the development of climate bonds (e.g. the CBI’s eligibility criteria for climate bonds for biofuels based on certification under several other existing standards).

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LEVERAGING CLIMATE FUNDING AND SUSTAINABLE FINANCE

HOW STANDARDS SYSTEMS CAN ENGAGE

As both regional approaches and standards systems aim to leverage new flows of finance and investment, various synergies can be explored:

- The performance levels set by international standards can be used to develop consistent methodologies to identify investment gaps at different levels (national, jurisdictional, etc.), while landscape- or jurisdictional approaches can enable the aggregation of investment needs.
- Collaboration between standards systems and jurisdictional/landscape conveners can strengthen confidence and risk management for investors.
- Sustainability standards can identify laggards and high performers, enabling the use of financial incentives (access to finance, payment for ecosystem services, etc.) at site level to incentivize continuous improvement within the landscape, jurisdiction or region.