Zero deforestation supply chains: promoting sustainable cocoa

Marisa Camargo - University of Helsinki and Isilda Nhantumbo - IIED

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1. The problem
- Agriculture commodities (beef, cocoa, soya) account for 80% of deforestation
- Population growth and expansion of middle class will contribute 70% increase in food demand by 2050
- REDD+ has yet to engage private sector actors at scale to significantly reduce emissions

How to increase productivity and production while conserving and restoring forests?

2. The opportunity
- Aging farmers, little interest of new generations
- Low-productivity, lack of TA, little access to credit
- Farmers dependency in 1 commodity
- Climate change impacts on cocoa growing area
- Cocoa not alone in the landscape (competing LUs)
- Little research on agro-ecology and agroforestry potential for sustainable cocoa production
- Need to build synergies between industry initiatives (CSR efforts with farmers), and development agencies' projects (e.g. ODA to develop capacity) for larger impacts.

3. The context
- Zero-deforestation ‘Plus’
- Cocoa smallholders scattered in the landscape
- Benefit-sharing: Farmers receive 3% of chocolate bar price
- Little research on agro-ecology and agroforestry potential for sustainable cocoa production
- Cocoa not alone in the landscape (competing LUs)
- All actors generate negative externalities

4. Chocolate supply chain
- Several actors along the chocolate value chain benefit from cocoa.
- They need to share responsibilities, costs, risks and promote more equitable distribution of benefits, e.g. empower farmers, and increase income.
- GHG emissions from deforestation, but also transport and manufacturing - cumulative impact is substantial.
- Actors need to promote in-setting = internalise both supply chain externalities and the costs of sustainable production.

5. Landscape approach
- Cocoa productivity depends on resilient ecosystems
- Deforestation is a big problem and solutions must include
  > Restoration and promotion of agroforestry systems and agroecology that provide balance between agriculture matrix, and environmental services for human wellbeing
  > Climate change mitigation and adaptation activities have larger multiplier effect if implemented in larger landscapes or jurisdictions
- Need to build synergies between industry initiatives (CSR efforts with farmers), and development agencies’ projects (e.g. ODA to develop capacity) for larger impacts.

6. Conclusions/Recommendations
- To include restoration, increase productivity through sustainable supply chains including supporting actions by smallholders;
- Adopt integrated approaches to effectively address the cross-sector nature of drivers of deforestation;
- Bring together several actors to develop cross-sector planning
  > International institutions should identify and build innovative platforms (e.g. capitalize on Forest Investment Program) and leverage funding
  > Governments to set up monitoring, reporting and verification systems
  > Private sector to pay the bill and develop efficient processes and partnerships to reduce emissions along the value chain

Benefits for companies include:
- Internalise externalities - contributing for a more sustainable supply chain including supporting actions by smallholders;
- Spend sustainability budgets not only to ‘green image’, but to secure sustainable supply of commodities; showing investors their commitment to sustainability and ‘preparedness’ to future regulations;
- Improve corporate image towards consumers;
- Tighten the relationship with other supply chain actors;
- Address climate related risks.

CONCLUSIONS/LESSONS LEARNED/WAY FORWARD/WHY IT MATTERS

SCOPE AND MAIN OBJECTIVES

INNOVATIVE APPROACH/RESULTS

Zero-deforestation Supply Chain commitments from Industry
- Global efforts to build a green economy
- Growing pressure for businesses to internalize externalities
- Countries getting ready for REDD+ including addressing the big drivers of deforestation and forest degradation

Inventive approach/results
- Internalise externalities - contributing for a more sustainable supply chain including supporting actions by smallholders;
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