



5.7 Local government must lead at jurisdictional levels

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Introduction

In reducing the deforestation of natural forests, certification has got us to a certain point (FSC 2017). It now appears that to progress to the next stage, we must adapt, adopt and scale up local governance solutions that truly meet the problems the world is facing. Jurisdictional-level and multi-stakeholder processes — led by sub-national (regional, district and local) governments — are clearly the measures that are most likely to achieve immediate and lasting impacts. Mato Grosso in Brazil (Box 1) is one example. To succeed, private-sector actors must proactively engage in discussions; donor governments have to support these processes financially, and CSOs need to provide technical assistance and watchful eyes to guarantee true transparency and ensure that community views are represented.

Mato Grosso: how to advance a jurisdictional programme

Mato Grosso is the largest producer and exporter of agricultural commodities in Brazil (IMEA 2016). Aware of the responsibility that comes with governing an agricultural powerhouse, the governor of the state of Mato Grosso announced during COP 21 a proposed strategy for reducing CO₂ emissions by as much as 6 gigatonnes by 2030. Known as Produce, Conserve, Include (PCI), this initiative encapsulates the state government's ambition to decrease deforestation while increasing agricultural production. It aims to expand and increase the efficiency of agricultural production and forestry, conserve remaining native vegetation, restore deforested areas, and enhance production and land regulation for family farmers (Domingues 2015). Acknowledging that Mato Grosso's strategy was ambitious and was possible only with cross-sectoral collaboration, the state government included NGO, private, public and government representatives. The partnerships that were established among the diverse stakeholders have been an integral part of the success in elaborating the PCI strategy. Approved in November 2015, the PCI generated momentum for a national strategy by signalling multi-stakeholder interest, attracting international



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attention, and encouraging financial investment. After the official launch in March 2016, the PCI partners created the State Strategy Committee for PCI (CEEPI) to govern the initiative's design, implementation and monitoring. CEEPI has set up an ad hoc working group, terms of reference, subgroups, and an overall work plan to approve new membership requests for both the committee and the PCI Executive Secretariat.

A year after its inception, the PCI is still evolving. During COP 22 in Marrakech, multiple events featuring the PCI were held to facilitate discussions about its design, implementation and significance. While the vision for the programme is clear, and the goals have been defined, the Mato Grosso state government is still in the process of determining how to most efficiently and effectively implement it. A primary concern is securing sustainable funding. Another outstanding issue is the broader ambiguity surrounding defining deforestation in Brazil. The PCI focuses mainly on reducing deforestation by 90% in Mato Grosso and on reaching zero illegal deforestation in the state by 2020. It remains to be seen how these objectives can be reconciled with and can further national goals.

Despite these obstacles, the PCI is making headway. The number of PCI partners has increased to 40, and now includes a broader array of participants. To ensure that PCI goals will be met, the Mato Grosso Institute of Agribusiness Economy (IMEA) compiled a report detailing progress to date (IMEA 2016). Geospatial and remote-sensing data were used to calculate the area, productivity and production allocated to agriculture, cattle ranching and planted forests; this provided a baseline for monitoring PCI goals. Results indicate that despite the challenges of achieving the PCI goals, progress is achievable (IMEA 2016). Although less than two years old, the ambitious PCI strategy represents a promising approach to reducing CO₂ emissions from deforestation. In December 2016, the Brazilian government announced that national-level deforestation had increased by 29%, but data from Mato Grosso showed a reduction of 19% in the state from the previous year. Although this decrease in deforestation cannot be attributable to the PCI alone, the programme may have played a role.

The problem

Deforestation is a global issue, but is most acute in tropical forest nations. Although overall rates of deforestation are tending to decrease, it continues to account for some 10% of global greenhouse gas emissions. Major agriculture commodities also remain the leading driver of deforestation, particularly the “big four” of beef, soy, palm oil, and wood products (Henders, Persson and Kastner 2015).

Although some deforestation is legal, most is not (Lawson 2014). This creates a governance problem, particularly for the massive deforestation that has occurred over the past 20 to 30 years. This period of time also corresponds with significant efforts to try and stop the illegal deforestation associated with the production of agricultural and forest commodities. One proposed solution was the use of third-party certification in the supply chains of the big four. This governance solution, applied to varying degrees and at different stages of the diverse supply chains, represents an agreement among members of a multi-stakeholder group that is enforced by independent auditors.

The most relevant certification bodies associated with solving the deforestation problem present in the supply chains are the Forest Stewardship Council (FSC) for timber, paper and pulp, the Roundtable on Sustainable Palm Oil (RSPO), and the Roundtable on Responsible Soy (RTRS). While RSPO and FSC have small but relevant effects on markets, the RTRS has only a minimal presence. Beef, the most significant driver of deforestation, is not governed by a certification scheme (Streck, Franziska and Roe 2016). One reason for this lack of certification is that beef is not traded internationally nearly as much as the other commodities, so a global certification would have little impact.

Beyond certification

Many private-sector actors and partners have realized that certification is not the cure-all for stopping deforestation. Many are disappointed by the significant amount of deforestation still linked to certified commodities, despite the resources allocated to implementation of certification. At the same time, the market demand from industrialized countries for certified products has more or less peaked. Furthermore, it appears as if consumers in the emerging economies are not sensitive to the deforestation problem. As a result, some producers participate in certification programmes, but their neighbours do not have to, because there is significant demand for non-certified products. This phenomenon also applies to other agricultural crops — rubber in the case of Southeast Asia, for example — that compete for land and do not have a certification system in place (Ahrends et al. 2015).

Additionally, few local, state, and/or national governments from emerging countries choose to support certification because they view such systems as undermining their legitimate roles (Hospes, Dermawan and Termeer 2016). Certain government institutions are also concerned that some certification schemes use reference dates to exclude producers in their jurisdictions from participating, even if they stop deforestation and meet the rest of the certification criteria.

Another significant critique of certifications is the “race to the bottom” that commonly results from a consensus governance approach that focuses on maximizing participation by the private sector (Haufler 2003). It happens when minimal private-sector participation in the certification market does not generate the desired impacts, so certification standards are modified lower to attract the private sector while still trying to incrementally improve the situation.

Additionally, few if any private-sector actors would be willing to submit to a certification scheme that does not include them in its governance structure. Therefore, private-sector actors are often (but not always) the ones arguing — or demanding — that governance and standard setting processes not change existing practices too drastically, because a new higher standard could put them at a competitive disadvantage.

Given these circumstances, it seems as if the externally created governance solution of certification to reduce deforestation in major commodity production is probably at its zenith. However, rather than do away with certification initiatives and call them a failure,

companies and policy-makers need to use them as a bridge until local and national governance can be improved, and should leverage those aspects that are working in order to create a more comprehensive solution.

Holistic long-term solutions

The valuable parts of certification systems are the platforms that bring together the many and varied actors involved in the production of commodities. These multi-stakeholder platforms are essential for getting civil society, private-sector players — from small producers to multinationals, and including representatives from various levels of government — to sit down and discuss challenging topics in a constructive manner. However, certification processes have not been led by governments nor in many cases have they even included local governments. In future, governments need to act as conveners and make these platforms available on a national and sub-national, rather than a global, level.

Fortunately, many national and sub-national governments have already started convening similar types of platforms, with financing from REDD+ readiness programmes. However, very few if any private-sector actors participate, which prevents these platforms from making a notable impact. There is a need to merge global certification platforms with these newer national and sub-national government-convened initiatives. What will result is a more comprehensive (but more complicated) set of actors, whose efforts are moderated by governments but who are better positioned to develop much-needed long-term governance solutions. Platforms convened by governments should be inclusive and should seek inputs from all sectors. Ultimately, though, the governments themselves must make the final decisions on definitions, activities to be supported, and on implementing monitoring systems, to ensure that the standards are upheld.

Recently, RSPO has embraced the jurisdictional approach, but what that actually means has yet to be determined. RSPO's recent press releases (dating from 2015) congratulate national and provincial governments from Ecuador, Indonesia (Central Kalimantan) and Malaysia (Sabah) for committing to a jurisdictional approach. It is positive news that RSPO is recognizing local government leadership and embracing such platforms, but no details are available on how it is actually engaging with its members regarding these new pledges.

Easy in theory

Multi-stakeholder platforms should start by focusing on definitions; specifically, what deforestation means in each jurisdiction and what zero deforestation looks like. Those definitions are key; the private sector must be able to report against the commitments they make and are held accountable for. Some countries and jurisdictions may permit a certain amount of deforestation under current legal frameworks, so an additional definition of zero deforestation may be needed.

After agreeing on a definition of zero deforestation, various sets of activities and policy changes are needed for different contexts; these should be discussed and agreed upon.

The platforms should provide all actors with the assistance they need to achieve the end result and to monitor progress. Government monitoring is essential for enforcing the law and for giving private-sector and civil-society actors the confidence to continue participating.

Other key actors

Although the importance of government and private sector actors is paramount, civil-society actors also have key roles to play, and their efforts should be respected and incorporated by other participants. Civil society can and should provide independent technical assistance and analysis to governments and platforms, and should function as watchdogs to ensure that environmental and social integrity standards are upheld.

Multinational private-sector players also need to change who participates in these platforms. For those operating upstream, operational staff at the relevant jurisdictional level should be engaged, rather than their global colleagues headquartered in different countries or continents. Similarly, downstream multinationals need to mandate that their suppliers participate and support such participation with guidance from their sustainability teams. And both should ensure that governments are being realistic in what they might be proposing, especially the potential benefits for various actors. Civil society needs to monitor and safeguard environmental and social standards, and the private sector needs to ensure that governments are not setting unreasonable expectations.

But who pays?

Successful platforms will need sufficient resources to allow them to convene frequently, contract for technical analysis, and subsidize participation by key actors, who are often financially challenged. This includes the governments themselves and representatives of smallholder producers. Initial financing will have to come from external sources. Currently, some financial resources are available from global programmes to support governments in convening platforms. These include various multilateral REDD+ readiness initiatives, such as the Forest Carbon Partnership Facility and UN-REDD Programme, the Green Climate Fund, and bilateral ODA programmes. In some cases, multinational companies or civil society groups might be willing to provide technical and analytical help, logistical assistance, and other support.

Conclusions

Trying to solve the local governance issues that lie at the heart of deforestation through global certification processes and without the inclusive participation of local governments has achieved as much as it can. Local governments must take the lead in developing, proposing and implementing solutions, and certification can and should play a part. Certification does support efforts that help to reduce deforestations, but it has its limits. Certification schemes should be leveraged for the value of their existing multi-stakeholder platforms and to encourage the engagement of private-sector participants in new jurisdictional programmes that are being created, as RSPO is doing. Mato Grosso is one example that local governments can look to, regarding how to create

multi-stakeholder platforms and make progress on other components of a programme to achieve zero deforestation.

To make this work, donors need to target more of their support to building much-needed multi-stakeholder platforms and supporting local governments to do so. Private-sector actors need to change who engages in discussions at these platforms. Civil-society efforts as watchdogs and providers of technical assistance needs to be supported and respected. If that can be done, it will put governments on the path to solving the deforestation problem in the medium to long term.

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