



Climate and Land Use Alliance

Cultivating solutions for people and the planet

Strategic Focus and Priorities

Brazil Initiative 2013-2016





THE CLIMATE AND LAND USE ALLIANCE:

An Overview

The mission of the Climate and Land Use Alliance (CLUA) is to realize the potential of forested and agricultural landscapes to mitigate climate change, benefit people, and protect the environment. The Alliance's members include the ClimateWorks Foundation, the David & Lucile Packard Foundation, the Ford Foundation, and the Gordon and Betty Moore Foundation. Each of the member foundations brings to this mission distinct organizational perspectives and priorities that inform the development of CLUA strategies and their implementation. The Margaret A. Cargill Foundation works in alignment with CLUA and supports its strategies through the implementation of site-specific activities.

WITH THE RIGHT POLICIES AND PRACTICES IN PLACE, CHANGES IN LAND USE PRACTICES CAN:

- ▶ **Yield substantial, cost-effective emission reductions**
- ▶ **Provide sustainable socio-economic development opportunities**
- ▶ **Improve the livelihoods and control over natural resources of forest-dependent communities, including indigenous peoples and smallholder farmers**
- ▶ **Provide many environmental and social “co-benefits,” including biodiversity protection, reduced air and water pollution, and protection of watersheds, which improve local and regional resilience to climate change**

CLUA strategies are currently organized into four geographically focused initiatives (Brazil, Indonesia, Mexico and Central America, and the United States) and one Global Initiative that focuses on relevant public and private sector policies and finance that are international in scope. Our multi-foundation teams bring diverse expertise and seek to develop and maintain strong relationships with partners—ranging from grantees and contractors to other donors, government agencies, and the private sector. We put priority on strategic interventions, aim to fill important gaps, and work collaboratively with others.

CLUA faces a complicated global landscape. International negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) process are too slow and alone will not achieve the fundamental objective for which the UNFCCC was intended—“the stabilization of greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous anthropogenic interference with the climate system”—or the more specific land-use-related task to which it committed itself to “slow, halt, and reverse forest cover and carbon loss.”

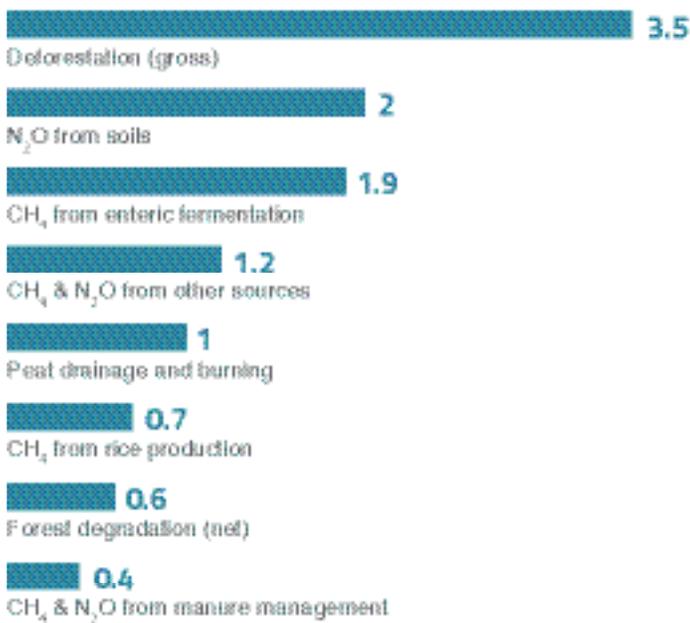
A scientific and political consensus has emerged around the imperative of limiting climate change to an increase of no more than 2 degrees Celsius. The opportunity to stabilize greenhouse gas concentrations in the atmosphere at a level that would achieve that result, however, is rapidly slipping away, with current “business-as-usual” projections at 4 to 6 degrees Celsius.



Land use is currently responsible for about 25% of greenhouse gas emissions caused by human activity—more than the transportation sector worldwide. These emissions come predominantly in the form of carbon dioxide (CO₂) from deforestation, forest degradation, and the draining and burning of tropical peatlands, as well as nitrous oxide (N₂O) production from fertilizer application to agricultural fields and methane (CH₄) from rice and cattle production. Avoiding dangerous climate change will be significantly more difficult and costly if emissions from land use are not substantially reduced.

Greenhouse Gas Emissions From Land Use

Measured in CO₂e per year (billions of tons)



New risks to CLUA's mission include less political attention to climate change, generally, and to the role of land use, specifically. In addition, unrealistic expectations that accompanied new initiatives to reduce emissions from deforestation and forest degradation (REDD+) have not been realized, despite some very significant progress. Recent poor performance of carbon markets, and the risks of linking forests to those markets, has raised concerns about the “payment-for-performance” approach associated with REDD+.

Meanwhile, the expansion of commodity production and infrastructure expansion—major drivers of deforestation and the displacement of indigenous peoples and smallholder farmers—increasingly threatens tropical forests and the people who inhabit them. Agricultural commodity production itself is no longer driven primarily by demand from the industrial world but by demand from “emerging” economies.

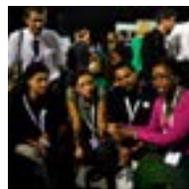
Our strategies must recognize these realities and address the challenges and opportunities they present. We recently developed revised strategies for each of our geographically focused initiatives in Brazil, Indonesia, Mexico and Central America, and the United States, and for our Global Initiative. Collectively, this work is linked by our crosscutting intent to:



Shift the expansion of commodity production away from native forests and peatlands to areas that are already under cultivation, where sustainable productivity increases are achievable, or to areas that were previously degraded and are currently underused



Increase recognition of the rights of indigenous peoples and rural communities over forests as a critical part of achieving clear and more coherent land and resource tenure



Encourage incentives for emission reductions through policies, measures, and actions that are consistent with internationally recognized guidance on safeguards, monitoring reporting and verification, and carbon reference levels



Promote transparency and strategic communications



Build relevant capacities and capabilities within our focal geographies



Brazil

The goal of our Brazil Initiative for 2020 is to contribute to the sustained achievement of the Brazilian government's efforts to reduce deforestation in the Amazon region by 80%, in ways that protect biodiversity and the rights of traditional peoples and rural communities by:

1

Strengthening and effectively monitoring implementation of the National Climate Change Policy

2

Consolidating territorial management and sustainable production systems by rural communities

3

Accelerating the shift of cattle production from expansion into native forests to intensification on previously deforested lands

4

Promoting sustainable, low-emissions development through existing and new economic instruments



THE CLIMATE AND LAND USE ALLIANCE:

Brazil Initiative

Brazil is recognized as a global leader in the international climate change arena and has already reduced deforestation in the Amazon by 76% between 2005 and 2012. In 2012, Brazil announced the lowest rate of deforestation since the adoption of its annual monitoring system in 1988, although preliminary data for 2013 suggest a likely increase.

SINCE 2005, DEFORESTATION HAS DECLINED DUE TO A COMBINATION OF:

- ▶ Lower commodity prices
- ▶ Increased governance
- ▶ Establishment of new protected areas

Since 2004, some 50 million hectares of federal and state protected areas have been created, accounting for half of the deforestation avoided between 2005 to 2009. At the same time, several major law enforcement operations were aimed at illegal deforestation and corruption in environmental agencies.

In the next four years these reductions could be reversed if policies that promote the expansion of agriculture, mining, and infrastructure do not prioritize forest conservation. As a result, maintaining and accelerating the reduction of deforestation and forest degradation and promoting sustainable, low-emission land use remains challenging.

As part of its National Climate Change Policy (NCCP), the Brazilian government has committed to an 80% deforestation reduction target for the Amazon region. The goal of CLUA's Brazil Initiative for 2020 is to contribute to the sustained achievement of this target in ways that protect biodiversity and the rights of traditional peoples and rural communities. We also recognize the importance of related NCCP land use emission reduction targets for the Cerrado biome, and for direct agricultural emissions.

This section describes the four main objectives of the Brazil Initiative and their implementing strategies.

1 Our first objective is to strengthen and effectively monitor implementation of the National Climate Change Policy.

The NCCP has set ambitious targets for reducing emissions from land use and deforestation. The NCCP's effectiveness depends on its key policies, specifically the state and national Plans for Control of Deforestation and the Low Carbon Agriculture Program. In addition, implementation of a newly revised Forest Code will have a big influence on achievement of NCCP targets. The Code requires implementation of a rural land registry (CAR) that could be a powerful instrument to monitor and prevent deforestation. In late 2012, the Ministry of Environment announced the ambitious aim of having all of the country's 5.5 million rural properties in the National CAR system by the end of 2014. This registry has also been expanded to other land use types, such as agrarian settlements and *quilombos*, and it could contribute to the advance of land regularization in private properties if it is well integrated with the land titling process.

CLUA resources will support civil society organizations' analysis and advocacy, along with government processes, to monitor and advance the transparency, effectiveness, accountability, and better integration of the implementation of these key climate and related socio-environmental policies.



CLUA BRAZIL INITIATIVE – OBJECTIVE 1

Strengthen and effectively monitor implementation of the National Climate Change Policy

CHANGES NEEDED

- ▶ Effective monitoring of policy results
- ▶ Forest Code regulated and implemented in key Amazonian States
- ▶ Zero deforestation goal mainstreamed amongst opinion formers and decision makers
- ▶ Leading municipalities model and disseminate effective environmental control and territorial management

IMPLEMENTING STRATEGIES

- ▶ Enhance multi-stakeholder initiatives for monitoring key policies, including the National Climate Change Strategy, the National and State Plans to Tackle Deforestation, and the Low Carbon Agriculture Plan
- ▶ Advance implementation of the new Forest Code
- ▶ Advance the debate on the pathway towards zero deforestation
- ▶ Support development and implementation of innovative approaches for environmental control and territorial management at municipal level

2 Our second objective is to consolidate territorial management and sustainable production systems by rural communities.

Approximately 60% of Brazil's indigenous population lives in the Amazon region; demarcated Indigenous Territories occupy 22% of the Amazon area and contain 30% of the Amazon's carbon stock. In addition, "sustainable use protected areas," such as extractive reserves and *quilombos*, occupy an additional 6%.

Promising sustainable management models for indigenous lands and rural settlements are emerging and being strengthened in specific territories in recent years.

CRITICAL CHALLENGES FOR THESE INITIATIVES INCLUDE:

- ▶ Lack of customized technical assistance
- ▶ Differentiated access to markets
- ▶ Inadequate regulatory frameworks

Ensuring the recognition of traditional peoples' lands and their tenure security addresses both a right included in the Brazilian Constitution and a precondition for traditional peoples to improve their livelihoods and plan the sustainable management of their territories. Indigenous lands and extractive reserves occupied by traditional peoples have been shown to serve as effective barriers to deforestation.

CLUA will emphasize the expansion and consolidation of traditional peoples' land and resource rights. We will support improved territorial protection and management and seek to promote the long-term economic viability of their forest-based economies. CLUA will also contribute to analysis of the role of public lands in preventing land grabbing, contributing to low-carbon development, and recognizing indigenous peoples' and rural communities' rights to forests.



CLUA BRAZIL INITIATIVE – OBJECTIVE 2

Consolidate territorial management and sustainable production systems by rural communities

CHANGES NEEDED

- ▶ Recognition of land rights of traditional peoples fully mainstreamed and upheld
- ▶ Sustainable production and management by rural communities and traditional peoples widely demonstrated and supported by effective policies

IMPLEMENTING STRATEGIES

- ▶ Strengthen policy implementation and law enforcement to guarantee territorial rights of and sustainable forest management and land use by traditional peoples (applies to second change needed as well)
- ▶ Contribute to developing and implementing socio environmentally sustainable agrarian reform rural settlements and family farms
- ▶ Expand on-the-ground community-based forest management and sustainable land uses models in key sub-regions of our geographic focus areas

Our third objective is to accelerate the shift of cattle production from expansion into native forests to intensification on previously deforested lands.



Brazil is the largest producer, consumer, and exporter of beef in the world, with a herd of more than 200 million head, of which 70 to 80 million are in the Amazon region. Cattle ranching occupies 62% of the area deforested in the Amazon region and was responsible for half of all Brazilian greenhouse gases emissions between 2003 and 2008.

In response to NGO and legal pressure, major players in Brazil's beef industry started to adopt social and environmental safeguards in 2009, including commitments to prohibit the purchase of cattle from newly deforested areas. The need to intensify beef production systems is now starting to be mainstreamed among key influencers and opinion formers, and it is the most important target of the Low Carbon Agriculture Plan (ABC). The beef industry has a very dispersed supply chain, however, with several large players and a large number of small, unregulated producers and processors, and 40% of the industry is estimated to be non-compliant with environmental regulations.

CLUA will focus on strengthening the commitment of the main slaughterhouses to eliminate deforestation from their supply chains. We will also help to scale up successful pilot projects that offer targeted technical assistance, preferential credit, and visibility for intensification and compliance with environmental legislation in order to hasten the development of a new production and supply chain model.

CLUA BRAZIL INITIATIVE – OBJECTIVE 3

Accelerate the shift in cattle ranching production from expansion into native forests to intensification on previously deforested lands

CHANGES NEEDED

- ▶ Intensification of cattle production without new deforestation adopted, mainstreamed, and enforced

IMPLEMENTING STRATEGIES

- ▶ Promote responsible sourcing initiatives aiming at exclusion of deforestation from the beef supply chain
- ▶ Support demonstration projects for the intensification of cattle ranching
- ▶ Advance and improve the implementation of the ABC Plan in key states

Our fourth objective is to promote sustainable, low-emissions development through existing and new economic instruments.

The Low Carbon Agriculture Program is a low-interest credit line that aims to stimulate the adoption of low carbon emission agricultural practices included in the NCCP. This funding is important to promote intensification of cattle ranching production in the country and supports restoration of degraded pastures. In addition to ABC, there are other specific credit lines stimulating new production models, such as PRONAF. The Climate Change Fund, created in 2010 and funded by oil royalties, last year disbursed US\$115 million, working mostly in the northeast region on disaster preparedness, emissions monitoring, and scientific studies.

THESE FUNDING SOURCES HAVE GREAT POTENTIAL BUT ALSO FACE A SET OF OBSTACLES TO EFFECTIVE IMPLEMENTATION:

- ▶ Administrative and bureaucratic hurdles tend to exclude many stakeholders.
- ▶ Design issues need to be worked out, including making the funding sources more accessible to landowners.
- ▶ Bank officials need to become familiar and engaged with these new and complex funding sources, and instruments need to be established to track the use of these credit lines.

CLUA will support analysis and advocacy that promotes the improvement of existing funding mechanisms and helps priority groups that are key to the climate change agenda gain access to these resources, in particular the Amazon Fund, ABC Program, and PRONAF. The Alliance will also support the development of new economic mechanisms and their integration within relevant development policies.



CLUA BRAZIL INITIATIVE – OBJECTIVE 4

Promote sustainable, low-emissions development through both existing and new economic instruments

CHANGES NEEDED

- ▶ Innovative funding instruments established to incentivize sustainable, low-emissions land use
- ▶ Improve implementation of existing economic instruments for low-emissions land use
- ▶ Improved Amazon Fund implementation promotes access to funding support for traditional peoples and social movements

IMPLEMENTING STRATEGIES

- ▶ Promote the development of new economic instruments that incentivize sustainable, low-emissions land use
- ▶ Unlock the use of existing economic instruments for low-emission and sustainable land use
- ▶ Enable traditional people and members of social movements to access the Amazon Fund

In addition to these four objectives, there are two other objectives that CLUA is not currently allocating resources to, although we also consider them to be significant.

The first is to protect 60 million hectares under the Amazon Region Protected Areas Program (ARPA). The numbers and extent of the protected areas in the Amazon Region are already impressive, and their importance is nationally and internationally recognized. ARPA is considered the largest conservation program in the world. It is funded by the Global Environment Facility, the German government, and the Amazon Fund. ARPA is now beginning a new phase, targeting

fundraising through public-private partnerships to ensure the long-term viability of protected areas.

The second is to promote the restoration of 15 million hectares of degraded pastures. The Ministry of Agriculture is responsible for implementation of the US\$2 million Program of Degraded Areas in the Amazon (Pradam), which has the financial support of the U.N. Food and Agriculture Organization. Pradam will stimulate good practices related to the restoration of degraded pastures and the development of sustainable production systems.

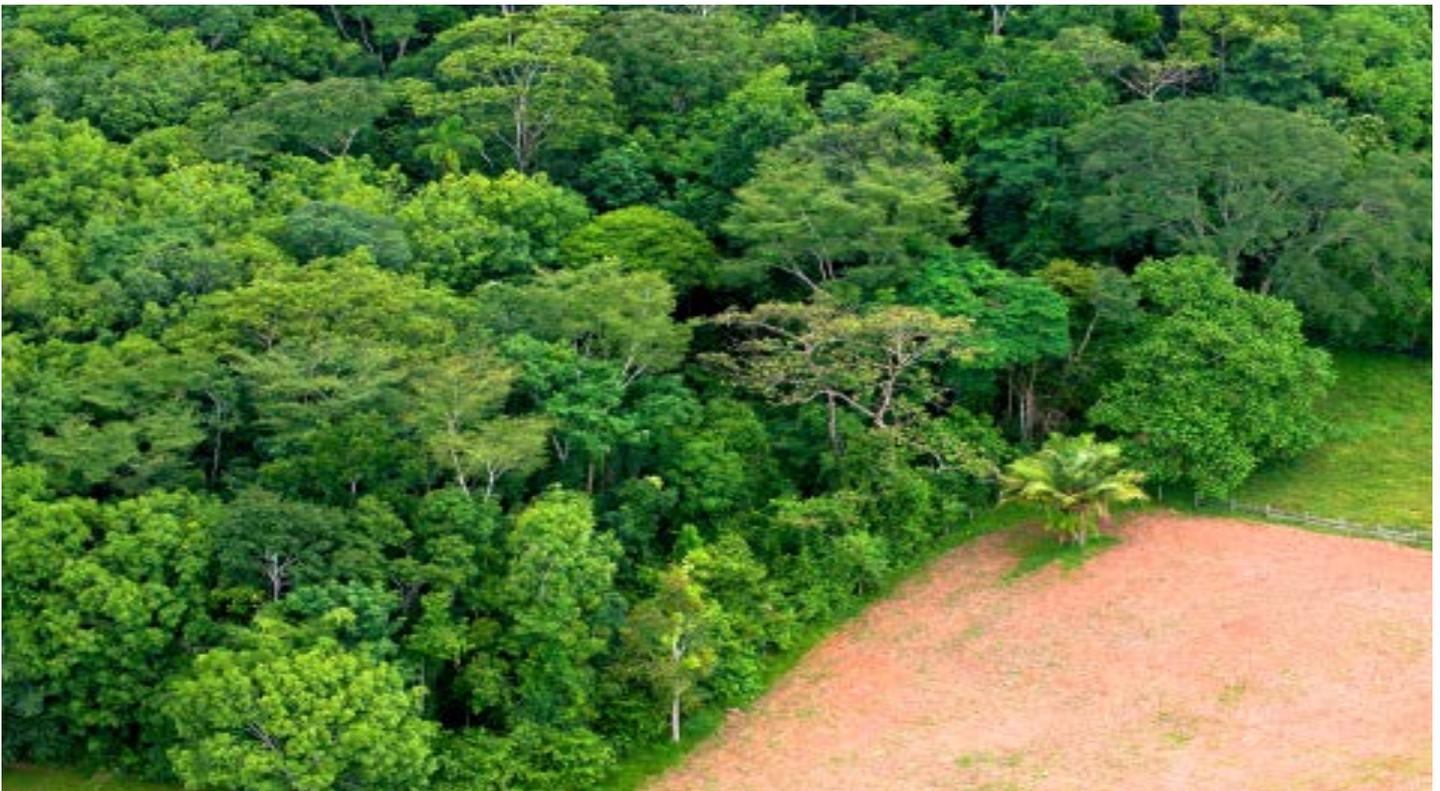




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