LANDSCAPE SOURCING

Sustainable business using the landscape approach

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Contents

SUMMARY 3

INTRODUCTION 6

PRIMER 8

WHY: The environmental crisis 10

WHAT: The landscape approach 14

Case study: When failure to address environmental issues damaged companies 15

Case study: Jurisdictional approaches in Sabah, East Malaysia 16

HOW: The foundation of building a sustainable landscape 20

Case study: Landscape returns in Spain's Altiplano 23

Box: Landscape mapping tools for the landscape approach 25

Case study: Zambia integrated forest landscape programme 26

WHAT NEXT: The way forward for businesses 27

Case study: Commodities/Jurisdictions Approach (CJA) attracts business to jurisdictions tackling deforestation at scale 32

FUNDING: Financing landscape approaches 36

Case study: Building blended financing in Fiji 42

RECOMMENDATIONS: Building a system 43

Glossary 46

Endnotes 47

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IKEA and WWF have been working together since 2002 to safeguard and manage precious natural resources and transform business. By improving standards and regulation, developing best practice, and encouraging innovation, this partnership is pioneering new ways for the forest sector to contribute to a sustainable global economy, supporting sustainable landscapes, and securing forest values for both present and future needs. Read more about the partnership at wwf.se/ikea

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SUMMARY

This report makes a case for how the business sector can support, and benefit from, landscape approaches as a supplement to promoting sustainability within supply chains more broadly. It is particularly relevant for:

1. **Buyers** purchasing natural resources and agricultural products, such as international commodity traders and manufacturers;
2. **Producers**, intermediaries and service providers seeking to build and strengthen their sustainable business practices;
3. **Retailers** who stock brands made from these traded products;
4. **Financiers and investors** active or interested in conservation finance that target large-scale, long-term transformative change.

As environmental pressures intensify, companies are facing looming threats regarding the reliability, quality and quantity of supply chain inputs. Forward-thinking companies have recognised that the environmental and social impact of their operations cannot be solved by site-based approaches alone. Site-level approaches isolate companies, reduce cost effectiveness and access to funding, risk "leakage" of impacts to other ecosystems and fail to address wider social and environmental issues, or to influence overall policies.

Landscape approaches can address these important gaps in sustainability planning by taking a more holistic methodology.

The **landscape approach** is *a conceptual framework whereby stakeholders in a landscape aim to reconcile competing social, economic and environmental objectives*. It provides tools and concepts for allocating and managing land to achieve social, economic, and environmental objectives in areas where agriculture, mining, and other productive land uses compete with environmental and biodiversity goals. The end result is a **sustainable landscape**, *a landscape that helps to meet the principles of sustainable development as defined by the UN Sustainable Development Goals (SDGs)*.

Landscape sourcing is a methodology that can be employed by economic actors in the landscape to strengthen the sustainability of their efforts and support sustainable landscapes. Specifically we define landscape sourcing as *product sourcing that contributes positively to the goals of a sustainable landscape through credible product certification coupled with consideration of social and ecological implications of management at landscape scale*.

A landscape approach may be initiated by one or more stakeholders who convene a wider group for dialogue and action in a **multi-stakeholder platform**. These work to achieve a shared understanding of the conditions, challenges and opportunities in the landscape, and to agree a **common vision and goals**. This leads to **collaborative planning** to develop an action plan, **implemented** by stakeholders. A well-designed landscape approach also incorporates **monitoring** to facilitate **adaptive management**, which also provides general lessons that feed into the design of new collaborative actions in other places.

A landscape approach includes many different land and water uses, and within a landscape three broad zones are recognised: *natural*, *combined* and *economic* zones. If well designed and implemented, these will together supply the fullest possible range of environmental and social benefits.

While committing to a landscape approach is a serious decision for any business, we believe there are sound arguments to support this concept. Failure to address challenges across the whole landscape could position companies at disadvantage.

The benefits of action at landscape scale include:

- Engaging a wider set of stakeholders who can support successful businesses
- Sharing and thereby reducing costs that would be higher if bourne independently
- Reducing brand and reputation through addressing unsustainable practices and preventing bad publicity associated with them
- Jointly tackling ecosystem risks that can impact company assets and operations - such as water failure, floods, soil erosion or wildfire
- Avoiding "leakage" of impacts from one site or ecosystem to another
- Addressing issues which need combined action and cannot be solved at site-based level alone such as: legislative and regulatory needs; vulnerability from poorly planned or insufficient infrastructure; and ensuring shared services
- Increasing access to larger-scale public funding and private investment

Any one of these threaten brand reputation and security of supply and make it relevant to consider landscape approaches as a long-term solution in a corporate sustainability strategy.

Evidence is provided where engaging with other stakeholders can reduce costs in the long run and give companies an advantage in fast-developing markets that still require additional infrastructure and financial investment support to reach their full potential. While the industry is still in its early days of establishing a standard set of services for landscape financing, an overview into the broad range of funding mechanisms to support landscape-scale approach such as financing instruments, grants, investment vehicles and support services is discussed, suggesting that the growing landscape finance ecosystem can one day become a sector of its own.

To conclude, although landscape approaches are still evolving and there is no standard blueprint for success, this report provides valuable insights gathered through robust experiences and success stories from pioneering companies, countries, and NGOs from implementing this holistic approach and why it represents a significant improvement to current practices exercised at the level of a project, site or concession. The paper ends with a series of suggested priority next steps to help companies, governments and NGOs develop tools and interventions that they can apply internally in support of a landscape approach.

INTRODUCTION

Landscape approaches seek to provide tools and concepts for managing land and resources to achieve balanced social, economic and environmental objectives in areas where productive land uses such as agriculture, mining and others compete with environmental and biodiversity goals.[1] A landscape approach assumes that it *is* possible to maximise delivery on multiple objectives through a planned mosaic of actions within a landscape or seascape. Deciding on the mix of site-level management approaches, the space devoted to each approach and their integration into a viable whole will involve land use negotiations, agreements and trade-offs among a wide range of stakeholders with competing environmental, social and economic interests in the landscape itself.[2]

The landscape approach can be directly applied to businesses and investors. Thoughtful engagement and investment at the landscape scale can benefit business bottom lines, people and the planet. Some industry-leading companies are now making the case for incorporating a landscape approach into their business strategies as a complement to the approaches typically practiced in sustainability programmes and philanthropy.

This report outlines why a landscape-scale approach that favours conservation and restoration can be valuable for business and why it represents a significant improvement to current practices exercised at the level of a project, site or concession. It focuses on the role of business in a landscape approach, explaining the motivations for businesses to engage, and summarises the values that result from integrating a landscape approach into business planning.

The report's target audience includes:

1. **Buyers** directly or indirectly purchasing natural resources and agricultural products, such as international commodity traders and manufacturers;
2. **Producers**, intermediaries and service providers seeking to build and strengthen their sustainable business practices;
3. **Retailers** who stock brands made from these traded products; and
4. **Financiers** and **investors** active or interested in conservation finance and investments that target large-scale, long-term transformative change to a landscape alongside government, local communities, and private sector stakeholders.

The report should also be useful to others collaborating on a landscape or jurisdictional approach to land and water management. This may include government officers and representatives, non-governmental organisations (NGOs), bilateral and multilateral donors, local communities, smallholder farmers and other producers living in the landscapes. In particular, donors and NGOs play critical roles in helping to mobilise community engagement, thus increasing

the chances of success for company investments in a thoughtfully, comprehensively designed landscape approach.

After outlining several definitions (the **what**) and background about the challenges, the report considers the benefits of company engagement in a landscape approach (the **why**), and details several foundations for success in a landscape approach, how companies can garner internal support for this process and ensure their activities have positive impacts at the landscape scale, and the types of interventions and models that make this impact possible (the **how**).

A series of case studies throughout the report provides practical experience from businesses, organizations, and investors that have already engaged and integrated a landscape approach into their businesses and investments. A section on **financing** outlines ways in which a landscape approach can be funded and the various players and stages that comprise blended finance funds, instruments, and transactions. Finally, the report recommends next steps (**what next**) on how to evolve these concepts from niche pilots to standard operating procedures within a business. A **glossary** at the end of the report provides more detailed definitions for the report and terms used throughout the report.

The findings and recommendations should be read with the understanding that there are many other sustainability measures that should be taken in parallel by a company committed to sustainable business.[3] These measures can include engaging through innovation and financial support for sustainable enterprises, supporting surveys of biodiversity or ecosystem services, applying stricter codes and regulations to avoid excessive environmental and social costs and adverse effects, and investing in site training and effective technology. Companies can also support credible monitoring and assurance mechanisms, several of which are mentioned in this report.[4]

During the preparation of this report, the COVID-19 pandemic has brought many parts of the world to a virtual standstill. The crisis is rewriting many long-held assumptions about the standard roles of society and business and what changes may need to be made to ensure a more sustainable and operational future. Conservative governments that have previously vowed to reduce state spending have instead made some of the largest public investments in history. Citizens have willingly made changes and adjustments to their daily lives that, in another time, would have been labelled as draconian. Priorities are being reset, with a large majority of citizens favouring improvements in health over economic growth. It is still too early to judge if these changes are a temporary blip or mark some longer-term shift in how we live and interact with the world and each other. Nor do we know if these changes will strengthen the kinds of business approaches advocated here. Will businesses be shocked into looking for a more sustainable future that balances economic recovery with changed consumer behaviours and mindsets, or will they ignore these changed behaviours in a rush for economic recovery at all costs? Reactions are likely to differ around the world. We are at a pivotal time in history, and it is more important than ever that we seize this moment to advocate for positive change.

A LANDSCAPE APPROACH PRIMER

Defining the landscape approach

In response to the ongoing conversion of natural ecosystems and environmental degradation occurring at a massive scale, many governments, companies and NGOs are attempting to integrate their responses to this crisis.[5] The broader sustainability strategies that result, which often require a high level of cooperation between many different stakeholders, are often referred to as "landscape approaches".[6] Landscape approaches provide a valuable supplement to promoting sustainability within supply chains and encourage action at a broader scale. These approaches help businesses to address several critical challenges in terms of sourcing natural resources in a sustainable way and provide potential for socially responsible business, corporate and private investment.

A *landscape*, the term used here and defined below, differs from general definitions found in English-language dictionaries, which usually focus on views and aesthetic appeal.[7]

Landscape: *A socio-ecological system that consists of natural and/or human-modified ecosystems, and which is influenced by distinct ecological, historical, economic and socio-cultural processes and activities.*[8]

When talking about a landscape for planning purposes, we are usually referring to an area of broadly similar ecosystems, tied together by a range of cultural, historical and socio-economic links. There is an assumption that if managed correctly, a landscape can provide the basis for *sustainable development* and the achievement of the SDGs. The factors that determine whether a landscape is a logical unit to work within is assessed on a case-by-case basis and will often be influenced by the jurisdiction or jurisdictions already present as well as ecological boundaries and social convention. Landscape boundaries will often be social (e.g. indigenous community or cultural area), environmental (for example, ecosystems, watershed) or jurisdictional (administrative boundaries such as a province, state or district). The ideal landscape boundary will reflect a combination of two or three of these elements e.g., where a river basin and administrative boundary overlap.

Landscape approach: *a conceptual framework whereby stakeholders in a landscape aim to reconcile competing social, economic and environmental objectives.*[9]

A landscape approach may be initiated by one or more **stakeholders** and should be driven by or at least planned alongside local stakeholders and in response to their needs. This implies bringing stakeholders together in a **multi-stakeholder platform** to agree on the appropriate mix of land uses and develop a shared long-term vision for a landscape. Working together, the stakeholders undertake **integrated landscape management** as a way of creating healthy

and thriving landscapes and communities. The end goal is to ensure that the various needs and ambitions from a landscape across stakeholders and across sectors are all met as much as possible, as sustainably as possible and over the long term. Landscape approaches have been a subject of discussion in conservation and restoration for some time, although practical application of such comprehensive programmes is still limited and in its early days.[10]

A **jurisdictional approach** is a form of landscape approach where the boundaries are administrative (e.g. a state, province or district). The jurisdictional approach always includes sub-national government administrative boundaries or other policy-defined boundaries to define the scope of action and involvement of stakeholders.

Jurisdiction: *a territory or sphere of activity under a common legal authority. As used here, this could be a nation, province, county, or a group of jurisdictions within a given region or biome that are aligning to a shared vision and strategy*.

A landscape approach[11] - whether jurisdictional, social or ecological – needs to have a clear purpose and specific metrics of success, such as countering deforestation, achieving deforestation-free supply, or addressing climate issues. In practice, many decisions about land and water use are made at a jurisdictional level. For planning purposes, the jurisdictional aspect will often be a leading factor, though practitioners must also recognise the need to consider wider ecosystem implications.

For a business, a landscape approach requires more than running a sustainable operation at a site level. It involves greater responsiveness to and understanding of how operations at a site level contribute positively or negatively to the broader aim of a sustainable landscape and should offer correspondingly wider benefits in terms of sustainability and good practice. Effective monitoring of impact at a landscape scale is critical to the success of landscape approaches.

A **sustainable landscape** *is a landscape that helps to meet the principles of sustainable development as defined by the UN Sustainable Development Goals*[12].

Sustainable development is defined[13] as *development that meets the needs of the present without compromising the ability of future generations to meet their own needs*. The 17 **Sustainable Development Goals** (SDGs) were agreed in 2015 and cover a range of issues, from climate change, food and water security, and life on land and in the oceans and a host of social challenges including poverty, inequality, gender equality, education, health and sanitation, nutrition and other aspects of human well-being.

WHY: THE ENVIRONMENTAL CRISIS, A CHALLENGE AND OPPORTUNITY FOR BUSINESS

Many companies see themselves as key actors in sustainable development, and they seek to work to address environmental degradation through their business practices. Such actions do not need to be at the expense of good business. When companies incorporate sustainable practices into their supply chains and activities, the resulting benefits can be both far reaching, profitable and tangible.

For responsible companies committed to improving their sustainable business practices, an abundance of environmental issues can present a bewildering array of challenges.

The world's ecosystems are facing unprecedented threats[14] along with a number of alarming changes to our planet:

- Human actions now threaten more species with global extinction than ever before;
- Land degradation has reduced the productivity of 23 percent of the global land surface;
- 33 percent of marine fish stocks were harvested at unsustainable levels in 2015;
- 100 to 300 million people are at increased risk of floods and hurricanes; and
- Around 25 percent of greenhouse gas emissions are caused by land clearing, crop production, and fertilization, with animal-based food comprising 75 percent of those emissions.

In *The Global Risks Report 2020* of the World Economic Forum, the top five risks identified are all environmental: extreme weather, climate action failure, natural disasters, biodiversity loss and human-made environmental disasters.[15] And these risks each create major threats for companies, particularly in relation to sourcing raw materials and maintaining reliance on natural resources. This can play out in a number of ways:

- **Loss of key resources.** Industries worldwide struggle with reducing resource stocks, the fishing industry being a case in point;
- **Unreliability of water flows.** For example, the cocoa industry in West Africa is facing major disruption as climate change affects water flows and reduces productivity;
- **Increased fire risk.** Australian farmers and rural business face rapidly increasing costs related to fire management on properties;
- **Changing weather patterns.** Some ski operators in the European Alps are gravely threatened by warmer and shorter winters. Crops are becoming unviable in some locations as weather alters; and

- **Catastrophic weather event.** Increasing tornadoes in the south-eastern United States drive up insurance costs and disrupt businesses.

In recent years, businesses have begun looking more closely at how they can become more sustainable and resilient to these shocks. Indeed, innovative businesses have recognised that their own continued success depends on a regenerative, healthy and natural environment and made commitments that pledge to better protect and restore the natural systems upon which they are dependent. While remaining profitable is always essential, business motivations have expanded to include environmental and social concerns, consumer demand and a desire to reduce risk. Coalitions such as Business for Nature have set goals to reverse nature loss by 2030 and are providing stimulus through frameworks, proposed targets, and opportunities to network and partner on reducing nature.[16] Such practices must be initiated early and often throughout operations, rather than planned in siloed or commodity-specific approaches

Awareness of the world's environmental crises has resulted in a growing number of multi-stakeholder alliances supporting sustainable production practices along international commodity chains, ranging from commodity certification schemes to broader policy commitments on sustainable sourcing, such as agreements to avoid deforestation or clearance of sensitive habitats. Such alliances and their members recognise that companies have responsibility for and a stake in guaranteeing future natural resources and commodity sources needed to continue to run profitable businesses. For example, over 8,000 companies from 150 countries have signed the UN Global Compact, which covers issues ranging from human rights, labour standards, environment and anti-corruption.[17] Thousands of other companies have committed to sourcing products and materials that must undergo social and environmental certification schemes.[18] The Cerrado Manifesto[19] calls on companies to prevent further land use change in the Brazilian Cerrado ecosystem and is currently endorsed by over 130+ companies.[20] The International Finance Corporation's performance standards cover topics ranging from involuntary settlement to cultural heritage. Performance Standard 6, *Biodiversity Conservation and Sustainable Management of Living Natural Resources*, addresses land-use change, biodiversity protection and maintenance of ecosystem services.[21] Stock exchanges are also increasingly incorporating sustainability requirements.[22]

Private sector leadership, commitment, and investment is essential to reach the US$4 trillion a year needed to implement the Sustainable Development Goals[23] in developing countries.[24] In addition to companies sourcing natural resources, newer industries in renewable energy, energy efficiency and recycling all directly contribute to sustainable development. There is also growing interest, investment and programmes in the **circular economy**, which aims to redefine growth, increasingly decouple economic activity from the consumption of finite resources, design waste out of the system by keeping products and materials in use and regenerate natural systems. The circular model builds economic, natural and social capital.[25]

Existing sustainability strategies have made promising improvements in business approaches, but by themselves cannot adequately address overall environmental degradation. Global indicators suggest that climate change and biodiversity loss, are worsening[26] and that commerce is still playing a negative role. Global trade in agricultural and forestry products is still a major driver of loss of natural and semi-natural ecosystems.[27] Almost a fifth of greenhouse gas emissions come from land use change[28] and the global food system accounts for around 25 percent of global emissions.[29] Unsustainable farming practices such as the growth of plantation crops[30] such as soy,[31] palm oil[32] and biofuels[33] cause land degradation and pollution.[34] Livestock farming,[35] particularly intensively raised beef[36], is a major factor due to plantation crops used for industrial animal feed.[37]

Companies first developing their sustainability strategies often focus on improving labour standards and will use metrics such as product quality and short-term cost savings, choosing to operate in politically stable areas and places projected to be less negatively affected by climate change. While these decisions are sensible from a business standpoint, they do not adequately address the major environmental problems identified nor are they focused in the company's most vulnerable landscapes. Businesses need to shift from business-as-usual to an approach based on long-term system thinking rooted in principles of sustainability. Failure to do so will make it impossible for many companies to reliably source from the landscapes upon which they are dependent, thus negatively impacting their operations and profits.

Voluntary sustainability standards do not address the wider context

The last twenty years have seen a series of important sustainability initiatives such as voluntary certification, corporate social responsibility (CSR) policies and project-level approaches to sustainable business. Well-known initiatives include the Forest Stewardship Council, the Roundtable on Sustainable Palm Oil[38] and the Accountability Framework.[39] Many related initiatives are led by NGOs, such as the deforestation free targets from WWF[40] and the Tropical Forest Alliance.[41]

Certification has come to play a central role in many industries and new schemes emerge regularly that address different areas of commerce. Many have associated tools, such as the identification of High Conservation Value (HCV) areas[42] and High Carbon Stock areas, which require special consideration within an operational site. In addition, there are international efforts to monitor and ensure best practice, such as the three ISEAL Codes of Good Practice for standards, assurance, and impacts.[43].

Voluntary certification schemes can have significant impact on consumer and corporate awareness and have played a key role in changing the management of millions of hectares worldwide. They form an excellent basis for action and participation in them should be encouraged. Certification schemes have been assessed positively in terms of their overall environmental and social benefits[44], their

effectiveness in preventing adverse impacts such as deforestation,[45] their role in biodiversity conservation[46] and their social impacts.[47]

However, few certification schemes assess impacts beyond the site to which they are applied. Such approaches also fail to address issues of cumulative or aggregated nature such as leakage, in which certain actions are locally successful but increase environmental pressures elsewhere.[48] Although focusing on commodity supply chains and reliance on certification are steps in the right direction, this approach will be considerably strengthened if complemented by landscape approaches. Certification of a landscape approach therefore requires more than just an amalgamation of site-level certification approaches. In time, a new set of landscape certification standards will probably be required and retrofitted into existing standards.

Sustainability targets have fallen short and require more creative, holistic solutions

While motivated by good intentions, a number of heavily publicised commitments by governments and companies have not delivered on their goals. In 2014, the New York Declaration of Forests was launched as a ten-point plan to halt natural forest loss, attracting nearly 200 endorsers including 57 multinational companies, governments, NGOs and indigenous peoples' organisations. Yet in 2018, the Declaration's own analysis concluded: "*We are not on track to meet Goal 1's milestone of halving natural forest loss globally by 2020. Although partly offset by regrowth, natural forests continued to disappear at an increasing rate. Relative to 2001–13, the average gross annual rate of global tree cover loss was 42 percent higher in 2014–17.*"[49]
A year later, subsequent analysis added that "achieving the 2020 NYDF targets is likely impossible".[50] In 2018, Forest Trends also tracked 469 companies that had made public commitments to address deforestation. Only 44 percent had made any statements about their intention to ensure traceability of products, and less than half of this sub-group had attempted any clear and actionable statements on how their work and targets would be carried out.[51]

Global policy shifts towards a landscape approach

Recognition of the limitations of site-based mechanisms is creating greater interest in landscape approaches, further driven by advances such as jurisdictional REDD+ developments in the field of cocoa production. Landscape approaches have developed quickly over the past few decades. Over 80 communities of practice have been documented[52] and are globally active in person and online.[53] The UN Convention to Combat Desertification has recognised the importance of a landscape approach in attaining its target of Land Degradation Neutrality.[54] The Convention on Biological Diversity is looking closely at landscape approaches in its discussions about post-2020 biodiversity targets.

THE LANDSCAPE APPROACH: HELPING BUSINESS SUSTAINABILITY AND RESILIENCE

Committing to a landscape approach is a serious decision for any business. Yet despite the challenges in committing to this approach, there are pragmatic reasons for a company to do so.

Limitations to thinking only at site, farm, commodity or concession level

Many of the key sustainability challenges operate at a scale beyond any one site. Failure to address the challenges and pressures on a landscape as a whole can leave companies:

- Isolated from stakeholders whose support is needed to run successful businesses;
- Bearing costs independently that would otherwise be reduced by sharing them;
- Unable to influence broadscale ecosystem services such as water flows through catchments, or threats like soil erosion or wildfire that can impact company assets and operations;
- Unable to address legislative and regulatory needs which require combined action;
- Failing to address social and environmental issues that cannot be solved by site-based approaches alone;
- In danger of promoting "leakage" of damage from one ecosystem to another;
- Vulnerable to issues stemming from poorly planned or insufficient major infrastructure;
- Unable to access important sources of large-scale public and private finance; and
- Excluded from opportunities to join collective efforts that serve wider social and environmental goals.

For companies: the benefits of a landscape approach

Engaging in a landscape approach can be beneficial for a company in multiple ways. Involvement in landscape-scale sustainability initiatives can help **build a wider client base and strengthen reputation** for being a responsible and sustainable business. Providing evidence of success and demonstrating that a company is working hard to avoid environmental and social costs will attract environmentally or socially aware consumers.

A landscape approach designed in collaboration with other stakeholders can **reduce costs in the long run and give companies**

CASE STUDY

When Failure to address Environmental Issues Damages Companies

Not engaging in the sustainability agenda can carry a high cost. It has been estimated that the annual turnover of listed companies currently at risk from the side effects of deforestation is US$941 billion.[58] Actions deemed illegal or unethical can directly impact company profits. Illegal deforestation was one of the issues that mired the Brazilian company JBS in a string of accusations that brought huge reputational risk. IOI Corporation cleared 11,750 hectares illegally in Kalimantan, leading to its suspension from the Roundtable on Sustainable Palm Oil, a loss of 27 buyers, and a net income decline in tens of millions of dollars. United Cacao's role in deforestation resulted in suspension of its bond on the NEX Exchange, its delisting from the AIM, and its eventual end in 2017.[59] Cargill, once lauded for its commitments to preventing Amazon forest loss, was branded in 2019 as "the worst company in the world" for its failure to back a moratorium on deforestation in Brazil's Cerrado, where the company sources soy.[60]

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an advantage in fast-developing markets that still require additional infrastructure investment and support to reach fuller potential. One example of this is the growing coffee industry in Indonesia, where infrastructure must be built up on an industry-wide level in order to achieve more sustainable use of land, higher incomes for farmers, and higher and more efficient productivity.[55] A landscape approach can connect companies with carbon finance funding and other payments for ecosystem services (PES). If a company is working to reduce emissions from deforestation or degradation (REDD+) or a similar process, most standard setting processes require a holistic approach that addresses social and environmental concerns as well as carbon sequestration and storage.

A landscape approach can also **help the long-term viability of the business** by contributing to stable governance and predictability in supply chains. It can provide businesses with a license to operate in certain jurisdictions, thus avoiding conflicts with local communities or the wider civil society. Landscape approaches also address wider issues such as water risks and can link production to biodiversity conservation and other SDGs. This helps cost savings, long-term financial stability and security of supply of goods, which can boost market shares. The need for a multi-stakeholder platform provides opportunities to access additional resources and partners and for co-financing, reduces capital costs and investment risks and protects fixed assets.

Taking socially and environmentally responsible actions can also **help avoid negative publicity** from whistle-blowing exposes and the resulting profit losses as buyers and end users further down the supply chain distance themselves from the targeted company, as seen in the previous example from IOI Corporation in Malaysia and Cargill in Brazil.

Companies wanting to **attract the best talent** need to demonstrate that they are worth a long-term commitment, which includes working with high ethical standards. Satisfaction in working for a company that takes its responsibilities seriously is critical for long term staff, particularly for younger employees who are often motivated by mission as much as salary.[56] Given the high direct and indirect costs a company pays due to employee attrition, it is worth evaluating what motivates an employee to stay at a company and whether those values are reflecting in day-to-day operations.

Finally, landscape approaches can support business innovation. By working across a wide landscape with multiple partners, smart companies can build new approaches that would not be possible through purely site-level operations, as demonstrated in Nepal, Lao, Cambodia, Sumatra Indonesia and Vietnam.[57]

CASE STUDY

Jurisdictional Approaches in Sabah, East Malaysia

Global production of palm oil has risen from 4.5 to 70 million tonnes per year over the last 25 years, with Malaysia providing around 40 percent. The state of Sabah, on the island of Borneo, has been Malaysia's largest producer during this period, providing up to 10 percent of global supply from some 1.56m ha of plantations. The expansion of oil palm plantations resulted in major forest loss during the 1980s and 1990s, although deforestation rates have slowed since, and there has been an interest to improve sustainable production through RSPO certified production. To date, over 26 percent of the planted area is certified - mostly large estates with their own mills. There are also some 40,000 smallholder producers with 16 percent of the state's oil palm area, leaving the largest proportion of Sabah's planted areas being middle-sized growers (> 50ha) without a mill. Further improvement for sustainable production is encouraged by a Malaysian Federal regulation for all oil palm growers to be MSPO certified by end of 2019 (now extended), and an additional Sabah State ambition to have 100 percent RSPO production through a jurisdictional approach by 2025. The Sabah State also has in place a policy to establish protected areas in 30 percent of the state by 2025 (so far 26 percent designated), focusing on High Conservation Value and High Carbon Stock areas. In order to oversee the jurisdictional approach across all of Sabah, a multi-stakeholder committee has been established (Jurisdictional Certification Steering Committee), co-chaired by two government departments, with members drawn from government, business and NGO sectors.

WWF Malaysia is supporting this jurisdictional approach, working with government, industry and civil society, including with financial support from Unilever and HSBC, to develop a three-pronged Living Landscapes Programme to: protect forest and wildlife, produce certified palm oil, and restore ecological connectivity in three key landscapes: Tawau, Tabin, Lower Sugut.[61] This includes helping to prevent further deforestation in existing protected areas; working to increase RSPO certified sustainable production of palm oil (especially amongst middle-size growers) and supporting restoration of forest habitat in key wildlife corridors. The project works to provide input to the JCSC and is developing a conservation assurance monitoring scheme to show progress at a landscape scale and confirm that landscape-scale planning has been effective in delivering conservation and sustainable development.

For governments: benefits of a landscape approach

Landscape approaches are important for governments since the presence of sustainable businesses helps to meet sustainability targets and provides incentives for continued good practice. Pressure to support sustainable development is mounting. Processes such as the SDGs, Nationally Determined Contributions (NDCs) to climate mitigation from the UN Framework Convention on Climate Change, Aichi Biodiversity Targets, and the UN Convention to Combat Desertification's Land Degradation Neutrality target[62] are all goals to which most governments have committed. These processes and associated requirements are necessarily reflected in policies and activities that apply to the commercial sector.

Well planned landscape programmes create enabling environments and address policy inconsistencies efficiently, including providing a strong rule of law with respect to use of natural resources, labour laws and social infrastructure. Governments can further assist by using public procurement policies as a driver for market penetration that increases demand and supply for more sustainably sourced products. This can allow government and donor funding to stretch further through partnerships and co-investing. Whereas governments will commonly invest at a community level or in support of emerging environmental technologies, companies tend to invest in growing jobs and infrastructure. Blending varied types and timing of investments can be complementary to developing multiple industries and strengthening the economic landscape as a whole.

Where necessary, governments can enact or enforce legislation in support of landscape approaches on the production and demand side, which also helps drive company behaviour. Similarly, when governments observe that companies can operate successfully within high environmental and social standards, this can serve to encourage parliamentarians and civil servants to enshrine these practices within policy and law. This can include working within hybrid approaches such as public-private partnerships and through blended finance instruments that support company, investor, or NGO-driven efforts to develop sustainable operations, investments, and programmes.[63] Without such policies, unscrupulous companies may otherwise cut corners and disregard loosely monitored regulations, making it difficult to incentivise more responsible companies to implement sustainability measures that go further than what the law requires.

For communities: benefits of a landscape approach

For communities, a landscape approach helps to ensure their participation in discussions with businesses and governments so that community needs and interests are acknowledged, addressed and planned for. Through the multi-stakeholder platform, a landscape approach can also help to improve and integrate their own community resource management into supply chains, helping to increase and sustain the number of viable enterprises and sustainable jobs over the long term. Over time, as trust is built between local communities and companies, longer-term economic security can also be secured.

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HOW: THE FOUNDATION FOR BUILDING A SUSTAINABLE LANDSCAPE

5 ELEMENTS, 4 RETURNS, 3 ZONES

A sustainable landscape helps to meet the principles of sustainable development as defined by the SDGs. **Integrated landscape management** is a multi-stakeholder approach applied at a broad scale to achieve sustainable landscape management. If a sustainable landscape is the end goal, then integrated landscape management is the process needed to get there.

Process: The five elements needed for integrated landscape management

Engaging in integrated landscape management can take many different forms; stakeholders will vary as will their level of cooperation and whether the process is formalised or remains more ad hoc. Nonetheless, there are a number of similarities that are present in all such attempts. *The Little Sustainable Landscapes Book* launched at the Paris climate convention in 2015 identifies five key elements in achieving integrated landscape management (see Figure 1):

1. Interested stakeholders convene for cooperative dialogue and action in a **multi-stakeholder platform**;
2. They undertake a systematic process to exchange information and discuss perspectives to achieve a shared understanding of the landscape conditions, challenges and opportunities, agreeing upon a **common vision and goals**;
3. This enables **collaborative planning** to develop an agreed-upon action plan;
4. Stakeholders **implement the plan**, with attention to maintaining collaborative commitments; and
5. Stakeholders undertake **monitoring for adaptive management** and accountability, which feeds into subsequent rounds of dialogue, knowledge exchange and the design of new collaborative actions.

There is an increased likelihood of success in a landscape approach if three catalysts are also in place: good **governance** and access to adequate and sustainable **finance** and **markets**.[64]

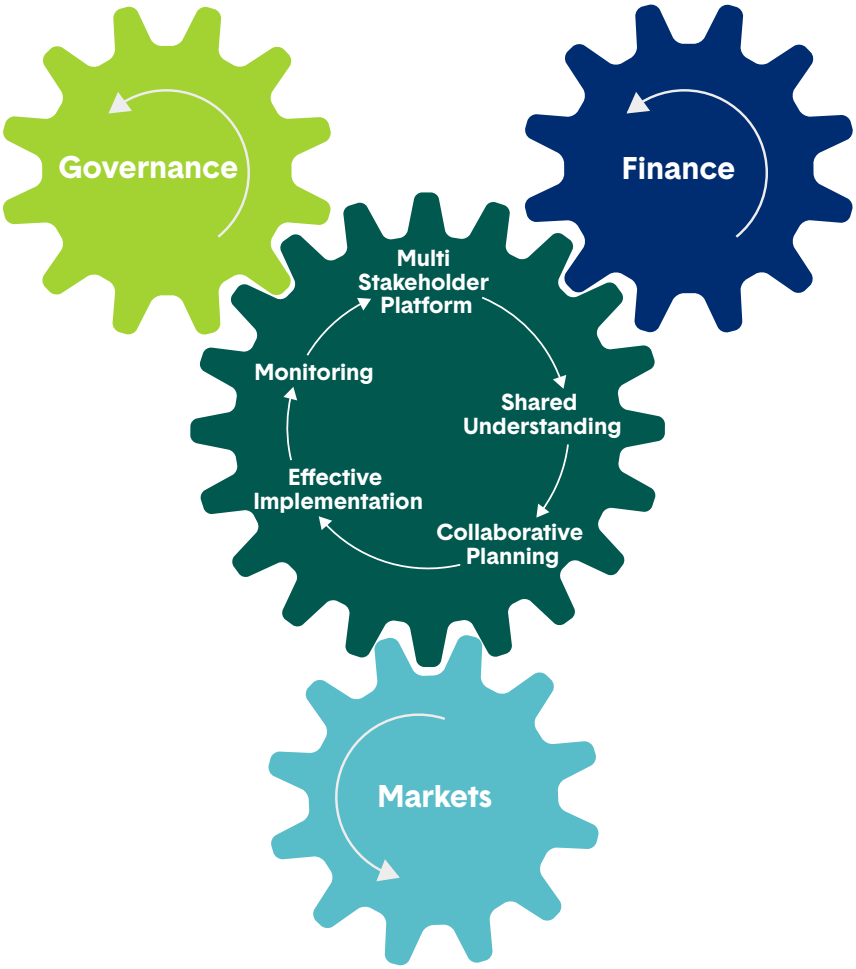


Figure 1: The five key elements in achieving integrated landscape management

"Our partnership [with IKEA] has motivated many cotton farmers to adopt better practices. Now we're taking a holistic approach to sustainable production through supporting farm mechanisation, tackling climate change and soil erosion, implementing wetland conservation and agroforestry, and improving cotton quality from farm to gin."

Hajra Atiq, Cotton Co-ordinator, WWF Pakistan

Products: The four returns from a sustainable landscape

The process of integrated landscape management allows stakeholders to construct a set of actions that deliver on the targets of the landscape programme and produce SDG impacts. The landscape approach helps to achieve **four returns**[65] as practical, measurable and understandable objectives (see Figure #):

1. **Social capital**: jobs, income, good governance, security and social cohesion;
2. **Natural capital**: soil and water quality and biodiversity;
3. **Financial capital**: financial performance (profit); and
4. **Inspiration (emotional capital)**: hope, engagement, awareness and passion.[66]

Figure 2: The four returns from a sustainable landscape

These have been identified by the NGO Commonland[67] as a shorthand summary of the Sustainable Development Goals. In other words, a landscape approach helps to balance the financial and profit-based needs of companies with the social and environmental needs of a landscape. Accomplishing this together thus builds emotional capital for those actors involved.

CASE STUDY

Landscape returns in Spain's altiplano

Landscape sourcing does not need to be solely the domain of larger business. A local-landscape association of farmers, nature organisations, entrepreneurs and governments in south west Spain, with support from landscape regeneration specialist Commonland,[68] is proving that it is possible to transform even the most challenging landscapes based on sustainable business models.

The AlVelAl Association[69] operates in the Altiplano Esteporia landscape, a high plateau reaching 1200 metres above sea-level covering almost 1 million hectares with important flora and habitat for steppe-birds and invertebrates. This semi-arid region has been used historically for dryland farming (cereals and vegetables) and supports around 250,000 inhabitants. However, the landscape is now degrading as a consequence of deforestation, depopulation, intensified land use and shifting weather patterns.

AlVelAl began in 2014 with a collaborative long term vision for the Altiplano, and based on this has rolled out initiatives that transition farmers to regenerative farming practices such as restoring terraces, planting green cover and creating windbreaks to retain soil and water and enhance biodiversity. A "4 Returns" marketing business sells regenerative produce ecosystem including organic almonds, wine, cereals, honey, aromatic herbs and olives with a premium supporting in this case restoration of 25,000 hectares of natural vegetation, while within the entire Altiplano landscape, AlVelAl has identified several thousands of hectares to ready for nature restoration.

A Commonland - KPMG study this year to monetise the returns shows significant results across the Commonland 4 Returns:

- **Return of financial capital:** increased earnings of farmers, traders and tourism; risk reduction; job creation; income and business tax generation and avoided unemployment costs;
- **Return of natural capital**: improved water retention and local water availability; regenerative agriculture and restoration of the natural zone; increased carbon sequestration with potential to monetized this; increased crop yield from pollination and erosion prevention;
- **Return of social capital:** bringing back jobs, business activity, education and security; and
- **Return of inspiration:** restoration gives local communities a sense of purpose.

Commonland-KPMG found, based on current progress, that landscape restoration can generate returns for farming communities, governments and private investors in different scenarios.[70]

© Erica ten Broeke, Commonland

Places: The three zones ensuring protection and sustainable production

Zoning is an important component of a landscape approach and ensures that all important uses of the landscape are provided the space needed to perform their respective function. Within a landscape, multiple actors are present and will need to work collectively to achieve sustainability. To implement this framework within landscapes, three simple landscaping zones are often recognised: *natural*, *combined* and *economic* zones.[71] As Commonland points out, more complex approaches are possible of course, but in the end these three core zones must be able to be identified. Figure 3 below helps illustrate this concept:

Figure 3: Three zones ensuring protection and sustainable production

The **natural zone** maintains and where necessary restores biodiversity, maintaining a range of ecosystem services including forest products and opportunities for leisure and hunting. It will include protected and conserved areas, buffer zones, connectivity corridors, recreational areas and places set aside for particular ecosystem services or for restoration. The **combined zone** delivers relatively low-level economic productivity, supplies partially restored biodiversity along with soil recovery, carbon sequestration, and commodities such as timber, along with opportunities for leisure. Land and water use in the combined zone will include production from biologically diverse cultural landscapes such as: traditional farming practices, cork-oak forests, vineyards, and traditional and low intensity grazing mainly on natural rangelands; collection of wild foods including fish; and selective harvesting of timber from native forests. Finally, the **economic zone** delivers high economic productivity, with productive zones for sustainable agriculture and dedicated zones for real estate and infrastructure. This can include production from an intensive tree or crop plantations and intensive grazing land, particularly if using non-native grasses. This third zone can also contain urban areas and other settlements, transport infrastructure, industrial areas and quarries and mines. (Note some activities in the combined zone can also have quite high economic value.)

A landscape approach will be made up of many different land and water uses. If well designed and implemented, these uses will together supply the fullest possible range of potential environmental and social benefits. Some uses can be accommodated together in the same site; others need more dedicated spaces within the landscape. For example, a single forest might supply a sustainable harvest of a particular fruit, tourism opportunities, watershed protection and prevention of landslides while still providing useful nature conservation values. On the other hand, a fast-growing pulp plantation of non-native tree species might be essential for a village but provide few other ecosystem services. By contrast, a particularly fragile or endangered wetland habitat might need to be set aside completely from other activities. Balancing different needs is a complex and subtle art and depends on careful facilitation to address factors such as scale, offsite impacts and connectivity.

Landscape mapping tools for the landscape approach

A landscape approach involves developing an in-depth understanding of the area itself and agreeing on a series of common aims with other stakeholders. A company's business operations may be a major part of this but will not be the only important factor. Some of the tools and approaches required to better understand the individual actors in the context of the entire landscape include:

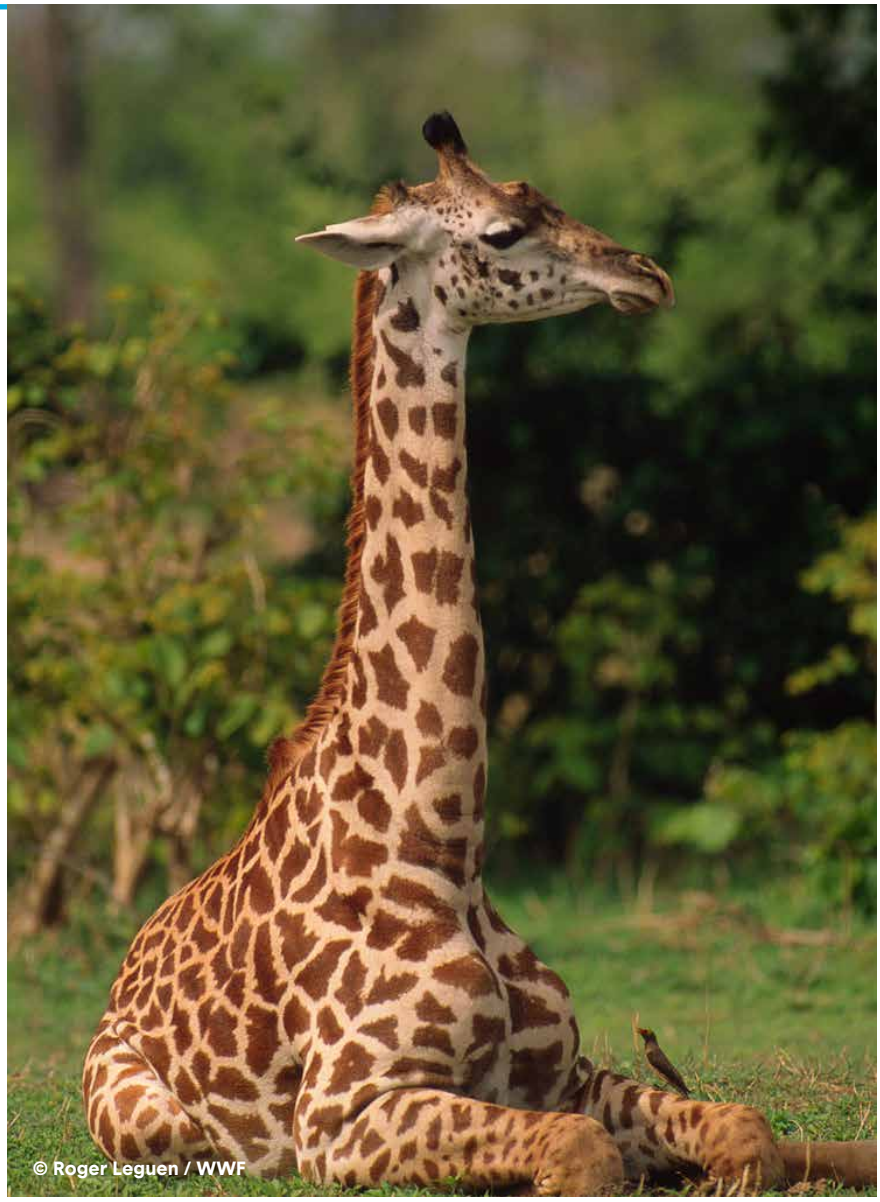
- Access to **mapping**, with emphasis on natural ecosystems, transport infrastructure, existing protected areas and OECMs, tenure arrangements, local socio-cultural landscape mosaics and ecosystem services. Maps that illustrate change over time are particularly useful to judge the pressures on a landscape. Google offers a simple and free service through Google Maps and covers much of the globe in its mapping.
- Existing **resource inventories** and data sets to help judge the overall value of a landscape, including Key Biodiversity Area analysis[72] and similar prioritisation exercises (Important Bird Areas,[73] IUCN Red List of Ecosystems,[74] occurrence of species listed as threatened on the IUCN Red List, etc).
- **Systematic conservation planning** expertise, coupled with site-level tools such as High Conservation Value analysis,[75] to identify options and priorities for maintaining natural ecosystems.
- **Participatory planning and assessment** approaches with local communities, governments, other sectors, other companies, etc., to identify existing resource uses and needs, maps of livelihood options, and what people need and desire from the landscape.

The extent to which this information is available will vary. Indeed, availability of information may be a decisive factor in the potential for taking on a landscape approach. However, it may not be necessary for a company to do everything in-house; there are many examples of companies and NGOs working together on such exercises. Once information is collected, an overview analysis is needed in collaboration with all relevant stakeholders to judge the wider impacts, both positive and negative, of the intended actions.

CASE STUDY

Zambia Integrated Forest Landscape Programme

The sub-national, jurisdictional programme will combine sustainable agriculture and carbon activities over 5Mha of eastern Zambia, in a ten-year effort to reduce a total of 35 million tCO_2. The programme aims to improve management at a landscape scale and to increase environmental and economic benefits for targeted rural communities. A mosaic of land-uses is envisaged, including community and private croplands, Game Management Areas and other protected areas. Partners include local and national government, the private sector, international agencies and NGOs and CSOs, and held together by strong partnerships with local communities. A range of projects is planned, including development of non-timber forest products and associated markets, tourism, game ranching, eco-charcoal and renewable energy technologies, along with agricultural-based incentive payments for conservation. The programme sits within the Zambia-wide Vision 2030, which aims to make Zambia a prosperous middle-income country over the coming decade, and the national REDD+ strategy for carbon sequestration and storage. It will offer guidance to key sectors and on thematic issues such as incentives, financing, benefit sharing, safeguards, carbon rights, conflict management, measurement, reporting and verification systems, and Reference Emission Levels. The landscape programme is intended to serve as a platform, and pilot for jurisdictional REDD+ throughout Zambia.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HOW: THE WAY FORWARD FOR BUSINESS BEYOND 2020

Shifting to a landscape approach can involve significant changes to business models. This will involve working alongside and coming to agreements with multiple partners, taking on new skills and responsibilities, and taking risks. None of these challenges are insurmountable, but they do require a serious commitment. There are many different avenues for companies to engage in landscape approaches, all of which can vary depending on the type of company, what type of footprint it has on the ground, and place-based conditions including government capacity, bilateral or multilateral funding opportunities, and local partners and their capacity.

This section focuses on the ways in which a company can engage in and contribute to a landscape approach.[76] It is not an exhaustive list of actions but provides guidance on how to consider the broader landscape as a part of company decision making. Company engagement in a landscape approach can include any of the following:

- Assess the company's current approach to landscapes and identify opportunities to improve, reform, such as including landscape-scale targets in corporate sustainable development policies;
- Join an existing landscape initiative. e.g., by contributing to meeting the shared goals of a multi-stakeholder platform or working with the government to meet objectives in a joint action plan;
- Strengthen staff capacity or knowledge around business unit operations as part of a landscape approach;
- Engage or partner with stakeholders including NGOs, national and sub-national government agencies, and campaigners in addressing issues that pertain to sustainable production, nature protection, and social inclusion beyond supply chains;
- Share information such as spatial data for land-use planning;
- Enter in pre-competitive collaboration with industry actors;
- Offer Purchase Agreements for products that are assessed and certified from a landscape rather than just a site-level location;
- Provide funding to support multi-stakeholder institutions leading landscape initiatives and help develop shared action plans and programmes such as platforms, roundtables, and national frameworks for action;
- Contribute to initiating a landscape approach, including working with the government, helping to shape a shared vision for the landscape, or influencing other companies to engage;

- Invest in infrastructure that will support sustainable development in the landscape, such as roads, facilities, and restoration planting;
- Encourage local suppliers throughout the supply chain to participate in and contribute to the shared landscape approach and goals; and
- In the case of impact investors, tailor financing policies that can benefit and be applied to companies that operate using a landscape approach.

A company-specific approach might involve looking solely at the company's own operations and how they influence society and the environment at a landscape scale. A more general landscape approach usually requires involvement in or the creation of a multi-stakeholder platform, in which a supportive company will be a key member. The latter will attempt to reach a certain set of goals for the whole landscape while the former will focus on particular attributes within the landscape. Specific interventions like those listed above are described in existing resources[77,78,79].

In addition, WWF, Proforest, the Tropical Forest Alliance, Meridian Institute and other partners are also developing an online platform that provides practical guidance, specific examples of corporate interventions in landscape and jurisdictional sustainability initiatives, and the relevance or limitations of these interventions within various industries and companies. The 1000 Landscapes for 1 Billion People Initiative[80] is another that brings together over 25 organisations and companies to provide support on landscape methodologies and finance.

Making the internal case for a landscape approach

The first step for a company often involves persuading and convincing management, peers and colleagues that the ambition of investing and engaging in a landscape approach is worth the effort. Commonly, one person or group- such as the company's sustainability officer or the sustainability team- will introduce the concept and benefits of a landscape approach. In the event that the company's chief executive is the main thrust behind this support, they will still need to demonstrate to staff, board of directors, and shareholders the benefits of engaging in a landscape approach. It is important to target strategic roles and positions in this process for various teams in the company – including finance, marketing, and operations – in a way that helps to support the landscape approach throughout the sourcing and production process, thus working towards company-wide transformation and gaining recognition and support from various parts of the business. This process can take time and is often underestimated. The arguments for this work must be done with care and detail, focusing on both the potential financial and operational costs and opportunities versus exposure to any environmental and social risks.

The landscape approach will necessarily be context-based, and it will be important to speak with key stakeholders that live and work in the identified area. It may also be useful to speak with companies that have done similar work on a landscape approach, whether in that geography or elsewhere, in order to better understand the local context, challenges, successes, and lessons learned. If the company intends to partner with an NGO or donor agency, it will also be important to acknowledge the gaps in culture between the involved organizations and invest the time and efforts needed to bridge these differences. Various counterparts representing NGOs, business, scientists and communities will likely have unique experiences and perspectives and will come from different disciplines. It can take time to understand the approach, vocabulary, timelines, culture, and processes that each party has within its own organization.

In the event that local communities are involved, it is essential to follow a thorough inclusion process that may require Free, Prior and Informed Consent (FPIC) and other best practices that help ensure environmental and social safeguards are respected regarding these communities and their surrounding natural resources and landscapes.

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Taking a landscape approach to sourcing

LANDSCAPE SOURCING: Product sourcing that contributes positively to the Sustainable Development Goals of a sustainable landscape through credible product certification coupled with consideration of social and ecological implications of management at a landscape scale.

Landscape sourcing is a methodology that can be employed by economic actors in the landscape to strengthen sustainability of their efforts and support sustainable landscapes.

For many companies, contributions to sustainable landscapes will be through the decisions made on the sourcing of food, products and other raw materials. Many companies want to source materials that minimise environmental and social costs, while prioritising the quality of goods and security of supply. But there are challenges to doing so.

The simplest way for a company to be involved is by shifting its own purchasing policies from a site-level approach to one that takes a full landscape perspective. When discussing sustainable sourcing at a landscape scale, questions should not simply address how the *site* is being managed, but also the wider role of this site in an overall *landscape*, and how activities interact with each other. For example, the sustainability of a plantation cannot only be determined by how it is managed on the site, but must also incorporate questions such as how much of the landscape it covers, whether the plantation affects water flow to other parts of the catchment,[81] whether it interferes with connectivity between two protected areas,[82] whether it supplies needed non-timber forest products to local communities, if its use has resulted in social conflicts, and so on. Landscape sourcing supports sustainable development by:

- **Providing a wider context for certification** by including additional questions that extend the standards of a product beyond the boundaries of the site itself.
- **Integrating sourcing within systematic conservation and other land-use planning**. This will need to also include consideration of how purchasing policies affect ecosystem services.
- **Applying footprint and handprint analysis**. For example, how a company can balance product sourcing with energy supply, offsite impacts, water resources and human wellbeing.
- **Promoting integrated approaches** such as preferentially sourcing from a landscape where different aspects of production are consciously integrated (e.g. water and energy supply and forest management).
- **Extending planning for a circular economy.** This should consider and plan for ecosystem services and biodiversity and create higher value from the supply chain by using, recycling and re-using existing materials.

- **Extending social, environmental and economic assessments** (ESIAs) to include a wider assessment of project impacts at a landscape scale. Current ESIAs do not assess this to the fullest and most helpful extent.
- **Increasing transparency in sourcing practices** including publishing supply chains online.

CASE STUDY

Commodities/Jurisdictions Approach (CJA) attracts business to jurisdictions tackling deforestation at scale[85]

At the climate negotiations meeting in Paris in 2015, Unilever[83] and Marks & Spencer announced that they would look to procure goods increasingly from jurisdictions that show ambition and progress in reducing deforestation at scale. A consortium of individuals from companies, governments and civil society came together to develop a methodology and platform to facilitate these linkages. To be eligible, a jurisdiction must meet a series of criteria aligned with REDD+ guidance laid out by the UNFCCC. These include a jurisdiction-wide strategy for reducing deforestation, a forest monitoring system that allows measurement of forest-related emissions against a robust baseline, a commitment to adhere to (and monitor and report) social and environmental safeguards, a high standard of transparency and inclusion in the design and implementation of the initiative, and a high level of political support (e.g., through inclusion of land sector in the country's Nationally Determined Contribution).

The platform will use independent technical panels to assess eligibility of jurisdictions that want to be included, and profile these jurisdictions and the relevant agricultural commodities they produce for businesses to help inform company sourcing decisions. The CJA sets a fairly high bar, in that a jurisdiction must be measuring and reducing deforestation jurisdiction-wide but the process can provide important additional incentives to these jurisdictions in the form of improved market access to help meet their goals. Several existing sustainability standards, including the Carbon Fund's Methodological Framework[84] (with a pipeline of over 15 jurisdictions), were determined to be consistent with CJA's eligibility criteria.

The initiative will formally launch in 2020 and will announce the first set of qualifying jurisdictions and company partnerships.

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Engaging in a multi-stakeholder platform

Multi-stakeholder platform members will consist of a wide range of interests including national and local government; local communities and indigenous peoples; the private sector including financial institutions, investors, producers, traders and manufacturers; multilateral and bilateral donors; and non-profit and non-governmental organizations.

An interested company can either join an existing platform, if one exists, or can initiate the steps necessary to create a platform with other willing stakeholders. The second option will obviously involve greater commitment and resources. It has generally proved more effective when companies consciously do this in association with partners, such as social and environmental NGOs or a member of the donor community. A thorough understanding of landscape approaches requires a number of elements. The following may seem like a long list, but much of the information is likely already known by members of the MSP or can be easily resolved:

1. The physical attributes of the landscape under consideration: how large is the area and what are the boundaries (e.g., a watershed, a forest or a political boundary such as a county)? The size of the landscape must be large enough to provide meaningful trade-offs.
2. The landscape provision profile: is it a production or a conservation landscape? Does the landscape already provide goods and include ecosystem services, biodiversity conservation, existing livelihood strategies and resource extraction?
3. What the company wishes to source from the landscape, such as natural products, energy, and land for agriculture.
4. A stakeholder mapping and engagement strategy, including expectations and objectives of local and more geographically distant stakeholders. What does the landscape currently provide for them and what may it provide or need to provide in the future?
5. Threats and drivers: what impacts will the company's objectives have on wider landscape provisioning in terms of resources, ecosystem services, biodiversity, pollution and social development, economic aspects?
6. Opportunities and mitigation and compensation measures: if the above impacts are detrimental, can they be ameliorated through changes in management to create a neutral or- ideally- a positive result?

Many aspects of the above list would likely be included in a thorough Environmental and Social Impact Assessment (ESIA), although it is worth noting that many impact assessments do not go deep in addressing off-site impacts.

Engaging in a landscape approach

Companies choose to engage in many different ways and through different leverage points depending on the role each part plays in the supply chain. For example, producers are responsible for operations on the ground. Primary purchasers have a clear line of communication to producers and can influence where and how they obtain resources and plan processes. Secondary purchasers have a more indirect influence and can make purchasing requirements via the primary purchasers with whom they work. While large corporates often have the greatest influence, smaller companies have been highly influential by backing smaller-scale innovators who are often in developing more sustainable practices. For example, the earliest companies involved in organic agriculture and timber certification were all small, providing the experience for larger companies to later follow along. These different roles and players influence how a company engages in a landscape approach, as well as its role and eye on accountability.

Monitoring a landscape approach

To some extent, every landscape approach is an experiment and stakeholders need to know how the experiment is working and whether adjustments and adaptation is needed. Landscape approaches therefore require strong monitoring systems, means of verification and assurance systems,[86] standards and possibly a tailored accreditation scheme or schemes. Over the past five years, a range of assessments and standards have emerged[87] covering a variety of issues that together begin to provide an overview of what progress looks like in a landscape approach:

- The **Sustainable Landscapes Rating Tool** from the Climate, Community and Biodiversity Alliance uses existing data wherever possible to assess enabling policy and governance conditions for future sustainability at a landscape scale. The tool also examines strengths and weaknesses of individual jurisdictions with respect to these enabling conditions.[88]
- The **Landscape Assessment Framework** from Conservation International measures indicators that collectively characterise the sustainability of a landscape against broader management objectives.[89]
- **Landscale** is a shared initiative of the Climate, Community and Biodiversity Alliance, the Rainforest Alliance and Verra, that jointly developed a methodology for measuring and verifying a set of social, environmental, production and governance outcomes at a landscape scale.[90]
- **IDH Verified Sourcing Areas** is an emerging approach to drive the sustainability of a jurisdiction, with local stakeholders agreeing to a set of sustainability goals and indicators while also mobilizing direct support from committed end buyers.[91]

- **Commodities / Jurisdictional Approach** is a multi-organisational initiative to link companies that have committed to reducing deforestation to jurisdictions (typically states and provinces) that are demonstrating reduced deforestation at scale.[92] By doing more business in these jurisdictions, companies can reduce deforestation-related risks in their supply chains while providing incentives (in the form of increased business) for jurisdictional sustainability programmes (including REDD+ programmes) to succeed.

Landscape approaches are still evolving and there is no standard blueprint for success; every case is different, and ideas will change and be refined over time. However, there are enough experiences from pioneering companies, countries, and NGOs from which we can draw some common lessons.

Short term costs for long term benefits: overcoming barriers to adopting a landscape approach

The steps required for a company to take on a landscape approach, or even participate in an existing approach, can be expensive and time-consuming. In a process that inevitably involves many rightsholders and stakeholders, progress has to proceed at a pace at which everyone feels comfortable, ideally through a multi-stakeholder platform. It is important to find some easy "wins" early in the process, such as achieving stakeholder agreement upon a landscape vision and targets, to maintain enthusiasm for the landscape vision and plan. On the other hand, reaching agreement with other stakeholders on the definition of sustainability can take time.

Standards such as the Accountability Framework seeks to establish global norms on how companies meet sustainability criteria, but many anomalies still remain. For example, efforts to prevent further deforestation have in some parts of the world resulted in the conversion of native grasslands to plantation forests, leading to loss of ecologically important grassland and savannah ecosystems.[93] Understanding the impact resulting from carbon loss from soils and peat has focused attention on the importance of conservation and restoration of peatland habitats .[94] But these ideas are not entirely new and landscape approaches have been used for many decades in places such as the Great Barrier Reef, Tennessee River Valley and the Danube Basin.

Greater understanding of what constitutes sustainability and how this may differ between stakeholders will evolve for each stakeholder as each actor learns more about ecosystem functions within the landscape, threats to wild species, human needs and the side effects of production systems. Initial efforts and costs are typically borne by the MSP stakeholders, but many funding sources exist for the next stages of design and implementation. The following financing section details where such resources can come from.

FUNDING: Financing Landscape Approaches

Research has shown that the gap in needed investment for conservation projects is approximately US$300-400 billion per year, yet only US$52 billion per year is funded annually and largely through public and philanthropic sources.[95] To date, mobilising finance remains one of the biggest challenges for achieving integrated landscape management.

Generally, it has been simplest to leave investment choices in the hands of individual actors in a landscape. Financiers prefer to work with clients in a sector with which they are familiar and across which they can reach scale given the transaction costs involved. From a risk management and regulatory perspective, it is also more difficult to have multiple asset classes involved. Bundling different types of activities and investments can be complex, costly and time consuming and is rarely encouraged. Project-level investments do not generally achieve sustainability at landscape scale. Only a portfolio approach allows this; either one company with several concessions, or various companies across a common sector, or an aggregated portfolio.

However, a project-based or even sectoral approach to finance can have unwanted consequences. Highly profitable oil palm investments across Asia have directly destroyed millions of hectares of forests with massive greenhouse gas emissions. Continued industrial pollution across China's waterways has created a major threat to human health and city functions. To combat climate change requires combined and coordinated action by many industries and in many locations. As corporates commit to deforestation-free and sustainable sourcing, there is a need for financing that supports supply chain action not at a site level, but on a landscape-scale.

Financing at a landscape-scale can provide the rationale needed for the more complex act of bundling investments across asset types and scales. Landscape investment solutions may be needed to:

- solve a problem that no one actor or sector can address alone;
- manage conflict and negative feedback loops between actors and sectors;
- create synergies that benefit all actors; and
- access a scale of finance not available to single actors.

This section examines the increasingly broad range of landscape financing sources, financing instruments, investment vehicles and support services. While it is too early to say that a landscape finance industry has been established, the signs are increasingly positive that such an industry will soon emerge. This section also draws significantly on a forthcoming report on landscape investment models by EcoAgriculture Partners.[96]

A typology of investments in a landscape

Until recently, landscape sourcing and integrated landscape management have been seen as a public good largely requiring public or philanthropic investment. This last decade has seen increasing growth in private sector financing and the development of new investment models suggesting that landscape financing may be moving increasingly into the commercial realm.

Landscape investment covers a broad spectrum of models from simple grant payments to loans and insurance products:

- **Grants.** Direct grants from governments, multilaterals and philanthropic organisations has been a mainstay for landscape finance. For example, the collaborative management of the Great Barrier Reef in Australia under its marine park authority generated value of more than AUD 6.4 billion per year[97] at an average annual cost of AUD 42 million (US$28 million) for administration, largely paid for by national and state governments. In Europe, joint action under the Danube River Commission has greatly improved water quality across 13 countries and reduced costs from pollution. The Commission has been financed by member states who also directly contribute actions as part of the Annual Workplan. Many multilateral and bilateral donors, such as the Global Environment Facility (GEF), now have funding windows with a landscape element.
- **Performance payments**. Payments for preventing emissions for deforestation were first signalled in 2007 and the global system for what became known as REDD+ was signed at the Warsaw conference of the Climate Convention in 2014, coming into force after the 2015 Paris Conference with over USD 7 billion funding pledged. Performance payments pay directly for results rather than the more traditional activity-based funding. Since the REDD+ agreement was signed, a small number of multisectoral jurisdictional programmes have been successfully financed. One such programme is the Mai Ndombe Emission Reductions programme[98] in the Democratic Republic of Congo, which has enabled a partnership of 15 organisations to unlock US$170 million in REDD+ financing for protecting and sustainably managing rainforests in an area equivalent to the size of Greece. Carbon finance through the voluntary market also supports projects such as the Katingan Mentaya project[99] in Indonesia led by PT Rimba Mukmar Utama and Permian Global. There continues to be debate about whether smaller, voluntary market-supported projects effect transformative impact at scale; increasingly, civil society organizations expect these to be "nested" into jurisdictional programmes to avoid leakage. That said, while REDD+ investment has slowed in recent years, the future is more optimistic under the Paris Agreement and the recent CORSIA agreement,[100] the latter of which focuses on carbon offsetting and reductions in the airline industry and is estimated to attract US$40 billion in climate finance.

- **Loans**. More recently, landscape investment blended finance vehicles have helped to secure and manage loan finance for green business activities that contribute to landscape goals. The Tropical Landscape Finance Facility[101] has provided a secured loan of more than $95 million for wildlife-friendly rubber and conservation area management in the Jambi province of Indonesia. The funding needed was obtained by offering a different risk type of bonds to multiple investors. In Fiji, the Matanataki investment facility[102] seeks to establish an investment fund for smaller businesses that can contribute to the targets of the Great Sea Reef Resilience Programme. In addition to Matanataki, a parallel Green Climate Fund proposal will seek grant financing to establish a governance and monitoring structure across four Fijian provinces where the country's coral reef system is prevalent. Lastly, loans may be grouped into themed bonds such as the US$152 million IFC Forest Bond in Kenya,[103] which supports savanna and forest restoration and carbon retention.
- **Risk reduction**. Landscape results can also be driven by innovative instruments that reduce risk using derivatives, insurance products and first loss guarantees. The United States Agency for International Development (USAID) provides a US$33 million guarantee for the Tropical Landscape Finance Facility mentioned above in Jambi, Indonesia to help hedge risk and secure investors. In California, Encourage Capital and Blue Forest Conservation have developed an innovative forest resilience bond[104] that converts restoration benefits into cash flows for investors to help secure finance for actions that reduce fire risk across public forest estates.
- **Equity**. One last strategy is to take joint ownership in companies that can generate profit while contributing to landscape regeneration. Netherlands-based foundation Commonland[105] is active in this field, having supported four landscape restoration companies now under development in Spain, the Netherlands, South Africa, and Australia. These companies start with one core enterprise that is based on and operates using the vision of landscape stakeholders, and then broadens its business over time to support additional landscape priorities.

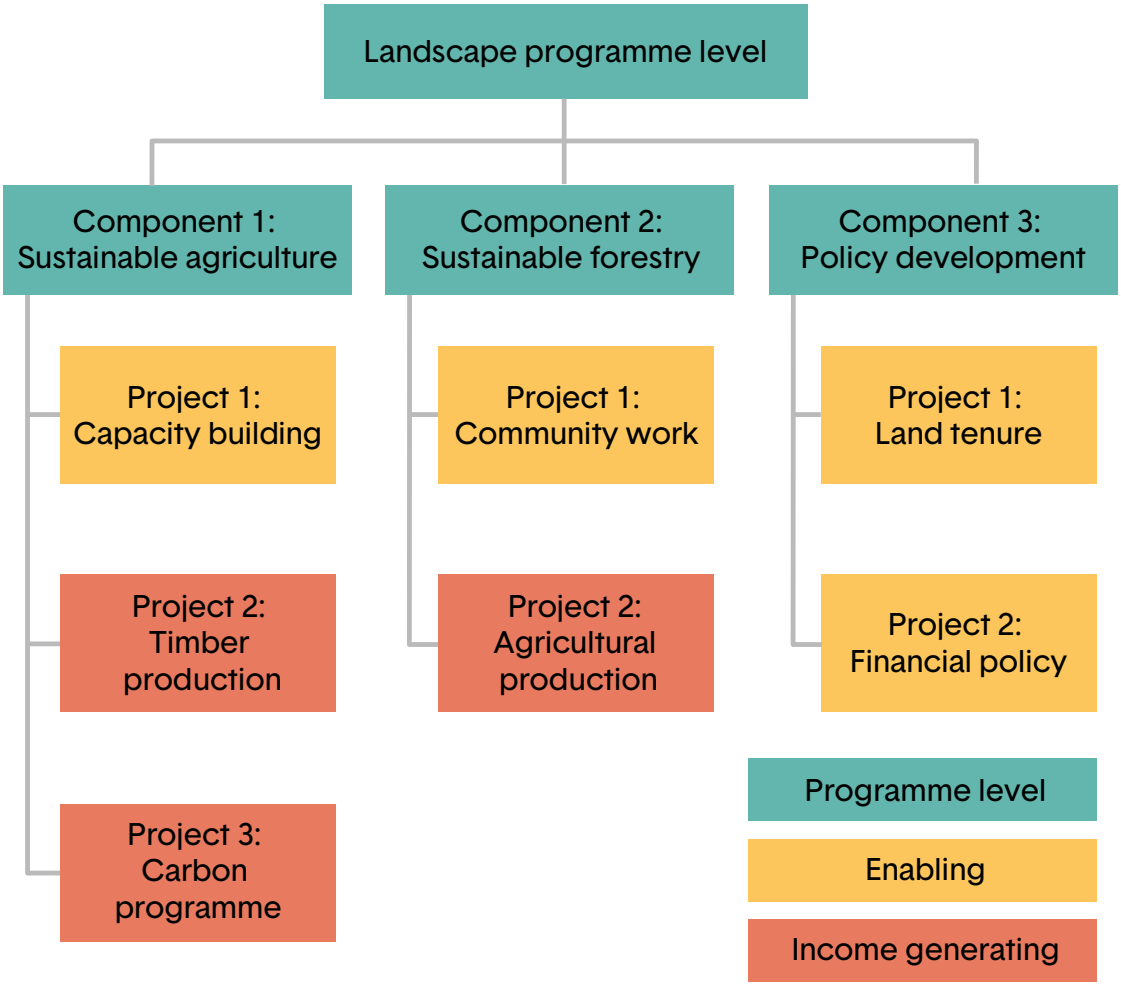
Landscape investment vehicles

Generally, landscape programmes may involve both grant-based (enabling) activities alongside cash flow generating activities. Multiple types of finance can be beneficial in building landscape programmes. Grants can be used to pay for the upfront costs of developing carbon programmes or business loans, thus helping ready businesses so that these businesses are later able to attract investor finance. Grant financing may also be used to create or strengthen an enabling environment through activities such as clarifying land tenure or conducting social interviews to better understand the impacts of profit generating activities. Risk guarantees, differences in collateral and tenor can make financial requests more attractive, bringing in financiers that might otherwise shy away from higher-risk countries or conservation portfolios with which they are less

familiar. Carbon and other performance payments can bring in additional income streams to cover part of the costs for sustainable activities within the landscape. Whether grant funded or financed, the activities planned and implemented together under these two types of financing can help to achieve larger landscape targets under specific goals, as demonstrated below. This blend of finance naturally raises the question of how to manage such different instruments and investments to ensure coordination.

Figure 4 below shows how this might work in a practical example.

Figure 4: Some possible steps in a landscape-scale approach



Entities that manage the flow of funds in a landscape, whether grant or profit-making, and ensures that activities meet landscape goals are generically termed as "**landscape investment vehicles**". These vehicles are structures that are set up to make a variety of inter-related investments in a landscape that advance landscape-wide goals. These vehicles are distinguished by:

1. **Linking project and landscape levels** with individual investable projects, all of which are embedded in a landscape frame and meet agreed-upon targets set by a multi-stakeholder platform;
2. **Generating social and or biodiversity returns** as well as profit;
3. Combining action across **multiple sectors**; and
4. **A governance and monitoring framework** that confirms individual project impact and the collective impact created by synergies between or aggregation of projects across the landscape.

Landscape investment vehicles can take a number of forms. The Imarisha Naivasha Sustainable Landscape Fund in Kenya coordinates responses to ecosystem degradation in the Lake Naivasha watershed. The Annapurna Conservation Area programme uses a trust fund to support activities that prevent overharvesting of mountain forests and channels funding to the management body that implements these actions. The REDD+ Fund in DRC is envisioned to hold investments from the World Bank and national government contributors to the Mai Ndombe Emissions Reduction programme, while its management body oversees programme activities and makes recommendations on fund disbursement for areas where there are proven emission reductions. Alternatively, landscape investment vehicles can also hold cash flow created by activities in the landscape, such as the entry fees charged to tourists in some east African game reserves that are later used to recover operating expenses.

While landscape investment vehicles require expertise and significant financial acumen to execute, they also offer a way to meet large impact goals and- in some cases- can create commercial synergies that generate significant value and further investment.

Landscape finance support services

There has been a significant growth in the number and type of landscape investment vehicles in recent years. This growth has been partly triggered by a recent proliferation in **grant and impact funds for landscape investment**. Examples include funds such as the Moringa Fund, the Livelihoods Fund, the Althelia Climate Fund, the Land Degradation Neutrality Fund, and & Green, all of which are investment funds that operate using environmental criteria and a landscape lens. More recently, we have seen the emergence of **support services** for landscape investment that are required to operate in concert with investment vehicles in order for landscape investment programmes to succeed. These support services can be provided by landscape programme developers (such as the WWF

Landscape Finance Lab, IDH and Commonland), landscape investment advisors (Ikigai GmbH) and landscape investment incubators that build investment-readiness at both the landscape and individual project level.

Towards a landscape finance industry

While the industry is still in its early days of establishing a standard set of services for landscape financing, recent developments suggest that the growing landscape finance ecosystem can one day become a sector of its own. Just as renewable energy investment was unthinkable at any scale two decades ago but is now commonplace, so the land use space has significant potential to evolve. Landscape sourcing in particular offers promise as corporates continue to struggle with the need to address SDG commitments and companies facing looming threats to the reliability, quality and quantity of supply chain inputs as climate change worsens.

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CASE STUDY

Building blended finance in Fiji

Matanataki (*action* or *doing* in Fijian) is a financial development and management company working to catalyse high impact investments to address the acute nature of climate change and facilitate regeneration and conservation of land and seascapes. Matanataki is a partnership between The Earth Care Agency, Ennovent, Ikigai Advisors and the Landscape Finance Lab. In the Great Sea Reef Development Facility, Matanataki will channel impact investment into Fiji businesses to support the goals of the Great Sea Reef Resilience Programme, driven by WWF Pacific and supported by WWF's Landscape Finance Lab. Matanataki has adopted the 14 Sustainable Blue Economy Finance Principles, which are expressly intended to further the implementation of the Sustainable Development Goals (SDGs), and are compliant with IFC Performance Standards and EIB Environmental and Social Principles and Standards.

Its three programme components address threats from habitat destruction, overfishing and waste pollution and aims to raise US$30 million of public sector funding backed by US$50 million in private sector finance. Following a rigorous review process, some 37 blue and green businesses were identified, including ecotourism, manufacturing, waste management, fisheries and agriculture. Most of these businesses require some level of incubation support. Examples include an industrial waste management facility, sustainable Tilapia aquaculture, liquid waste management, community production of *bêche-de-mer* (sea cucumber), plastic waste recycling and coral reef restoration. Investors have direct oversight. Around 30 pipeline businesses are estimated to be ready for investment over the next year

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RECOMMENDATIONS

Landscape approaches will be critical for integrating corporate activities into sustainable development. We have demonstrated the many pragmatic reasons for a company to engage in a landscape approach, but we have also been clear this is an emerging field with costs and challenges that requires vision, responsibility, and commitment amongst those that engage.

Companies can help pave the way for wider uptake of landscape approaches by:

- Incorporating landscape- and seascape-scale considerations into their long-term business strategies;
- Seeking the right NGO, donor, and community partners to help build landscape initiatives in places where their businesses operate;
- Taking an active part in existing initiatives; and
- Preferentially sourcing products from operations that are actively engaging in landscape approaches aimed at improving environmental and social sustainability.

Governments and NGOs can bolster landscape efforts at a policy and institutional level by:

- Strong leadership from governments and the international community in promoting landscape approaches through international targets. An example of this are the post-2020 CBD biodiversity targets and the ability to directly link targets with delivery of specific SDGs.
- Production of clear guidelines on different strategies used to apply sustainability commitments to a landscape or seascape level along with illustrative case studies describing successful attempts to incorporate landscape approaches into company and investor strategies.
- Development of new tools to support implementation, including landscape scale considerations within voluntary certification systems, methodologies for calculating the value of ecosystem services and opportunities for financing of landscape approaches.
- Development and implementation of agreed-upon monitoring systems for landscape approaches that are measured against widely accepted standards and supported by key financial institutions.
- Modelling multi-stakeholder partnerships that pool together and coordinate the allocation of resources within a given landscape in a way that is more efficient and impactful than any of the individual stakeholders would have been able to achieve on their own.

The **finance sector** can also introduce some innovations in order to make landscape finance a reality:

- Solidify an agreed-upon typology for landscape investment vehicles and support services for such vehicles.
- Build a structure that encourages knowledge exchange within shared platforms such as the Global Landscape Forum and Coalition for Private Investment in Conservation.
- Provide a single set of monitoring criteria and indicators that can be integrated within risk systems in a way that is acceptable to regulators. Althelia's metrics, used to assess potential and current investments, are practical, efficient, and closely linked to the SDGs. The indicator sets for the standards of the Climate Bonds Initiative also provide a strong set of criteria from which to begin. Using criteria that have been established by industry pioneers can facilitate later tasks of social, environmental and financial measurement that are often required by those donors or investors that are most active in landscape finance and investment.
- Make technical assistance and grant funding available to fund the early costs of readying a company or portfolio to receive landscape finance investments.
- Simplify the rules of carbon and biodiversity performance payments to help speed up development of these instruments.

Many of these ideas remain fairly new, and forward-thinking organizations and businesses are still measuring initial progress and modifying programmes that have been only recently designed using the landscape approach. While there are dangers in overloading businesses with too many tools, systems, and varying benchmarks and standards, existing site-specific initiatives or certifications have demonstrated their own limitations. As seen via the many conservation organizations and businesses that have banded together in associations, coalitions, and partnerships to address and reduce the impact of business on the environment, it is encouraging to see that a broader landscape approach to sustainability is emerging. This openness to develop, explore, and design sourcing and land use programming through a landscape lens bring both fresh opportunities and challenges to businesses operating in these arenas. We at WWF remain committed to supporting the integration of landscape approaches into business, and will continue to have tough conversations, partner with other forward-thinking organizations, investors, and companies, and work to attract finance to creatively-designed initiatives and funds we truly believe can transform and restore our planet's natural systems.

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GLOSSARY

Biodiversity: a shortened form of **biological diversity**, defined by the UN Convention on Biological Diversity as: *the variability among living organisms from all sources, including, 'inter alia', terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part: this includes diversity within species, between species and of ecosystems.*[106]

Credible product certification: Certification systems that meet ISEAL's three Codes of Good Practice for Setting Social and Environmental Standards.[107]

Ecosystem services: according to the 2005 Millennium Ecosystem Assessment (MEA), ecosystem services are: *the benefits people obtain from ecosystems*. The MEA also distinguished four main types of ecosystem service: supporting, provisioning, regulating and cultural services.[108]

Jurisdiction: a territory or sphere of activity under a common legal authority: as used here this could be for instance a nation, province, county, etc.

Jurisdictional approach: working within an existing jurisdiction; a territory or sphere of activity under a common legal authority.

Landscape: *A socio-ecological system that consists of natural and/or human-modified ecosystems, and which is influenced by distinct ecological, historical, economic and socio-cultural processes and activities.*

Landscape approach: *a conceptual framework whereby stakeholders in a landscape aim to reconcile competing social, economic and environmental objectives.*

LANDSCAPE SOURCING: *product sourcing that contributes positively to a landscape approach and the Sustainable Development Goals, through credible product certification coupled with consideration of social and ecological implications of management at a landscape scale.*

Sustainable development: *development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*

Sustainable landscape: *a sustainable landscape helps to meet the principles of sustainable development as defined in the UN Sustainable Development Goals (SDGs).* In production landscapes, this means that there is enough space and resources to balance economic, social and environmental needs: production, ecosystem services including biodiversity conservation, space for people to live, aesthetic and spiritual needs and so on.

Voluntary certification: voluntary, usually third party-assessed, norms and standards relating to environmental, social, ethical and food safety issues, adopted by companies to demonstrate the performance of their organizations or products in specific areas. Often called "ecolabelling".

Zero Net Deforestation and Forest Degradation: *no net forest loss through deforestation and no net decline in forest quality through degradation.*[109]

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WWF Landscape Finance Lab
landscapefinancelab.org
Ottakringer Straße 114-116, 1160 Vienna
+43 676 83 488 224
info@landscapefinance.org