STRATEGIC PARTNERSHIP

Green Growth:

Achieving forest conservation in commercially productive landscapes in Indonesia, Liberia and Brazil

October 30, 2015

Norway's International Climate and Forest Initiative (NICFI)

the sustainable trade initiative

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Project details, summary

Applicant name and abbreviation:

IDH, the Sustainable Trade Initiative (IDH)

Project title:

Creating deforestation-free supply chains at scale: Forging committed public private partnerships for jurisdictional and landscape approaches.

Impact Areas Addressed by the Project				
	Natural forests are conserved to maintain their carbon storage capacity and biodiversity	Cost effective and verifiable reductions in CO_2 emissions from deforestation and forest degradation.	Sustainable development	Poverty reduction
Liberia	180,000 hectares of high conservation value and high carbon stock forest is covered by production-protection agreements	To be determined	Expansion of up to 35,000 hectares community palm oil production	Improved livelihoods of smallholders in 60 communities, benefitting 4,200 households and 21,000 household members.
Indonesia	250,000 hectares of high conservation value and high carbon stock forest and 500,000 hectares of peatland are covered by production-protection/restoration agreements	To be determined	35,000 palm oil smallholders in 3 landscapes have increased productivity by 30%.	Improved livelihoods for 20,000 community members
Brazil	100,000 hectares of high conservation value and high carbon stock forest is covered by production-protection agreements	50,000 hectares of riparian area replanted	Intensification of up to 35,000 hectares of small holder cattle land	Improved livelihoods of smallholders benefitting 1,000 households

Main thematic area:

I) Deforestation-free Commodity Supply Chains and Green Growth
III) Improved Transparency, Governance and Legality

Annual budget:
50million NOK

Main target group:
- Private sector corporations;
- Smallholder producers;
- Local and provincial governments;
- Local and indigenous communities;

Country of implementation	Geographic area
Liberia	Western palm oil landscape Eastern palm oil landscape Northern mining landscape
Indonesia	Aceh West-Kalimantan South Sumatra
Brazil	Mato Grosso

Activity profile
The IDH landscape approach is based on safeguarding natural resources in threatened tropical commodity sourcing areas by formulating and driving the business case for joint public-private landscape investment, and improving the enabling environment in which these investments are made. It is characterized by mobilizing multi-stakeholder landscape coalitions for collaborative action based on shared understanding, negotiation and commitment to long-term land-use management objectives.

Our approach is centered around five pillars:
1) Green Growth Plans of multi-stakeholder coalitions;
2) Production-Protection Agreements;
3) Co-investment in scalable intervention models;
4) Innovative finance; and
5) Monitoring

Deliverables inception year
By the end of 2016 IDH and its partners will have established multi-stakeholder coalitions in the landscapes, drafted Green Growth Plans with supporting business cases. In the landscapes IDH and its partners will create the conditions for production-protection agreements and start piloting these. We will also have created the framework for innovative finance options and start building the monitoring framework.

Context

Trends

Rising demand from growing populations and economies is putting ever greater pressure on natural resources. Of the current 7¼ billion people on the planet about 12% go to bed hungry each day[1]. It is expected that by 2050, agricultural output will need to increase by 60% globally, compared to 2005/2007[i], to respond to the demands of over 9bn people[2]; and that water scarcity will affect 54 countries, home to nearly 40% of the world's projected population[3],[4].

At the same time agricultural development is the key driver of deforestation. Between 70 and 80% of deforestation globally of tropical forest is due to agricultural expansion. The latest report by the Intergovernmental Panel on Climate Change (IPCC AR5) states that of the 49 (±4.5) GtCO2eq emissions in 2010, 24% of total net emissions were associated to Agriculture, Forestry and Other Land Uses (AFOLU).

Forests, land use change and reduced deforestation are therefore part of a sustainable economic development agenda and contribute to poverty reduction (SDG #1), food security (#2), gender equality (#5), responsible consumption and production (#12), climate action (#13), and halt land degradation and biodiversity loss (#15).

Over the next three decades, threats to food security will grow as the global population continues to climb, dietary preferences change, and the climate becomes more variable. Other factors such as unclear land tenure rights, unsustainable land management practices and uncoordinated and often competing sectoral policies are contributing to competition and conflicts over land and its resources[5]. In this context, business-as-usual approaches to natural resource management constitute a threat to human well-being, security and sustainable economic growth. An additional approach is needed.

Weak governance

According to Forest Trends (2014), 49% of total tropical deforestation between 2000 and 2012 was due to *illegal* conversion for commercial agriculture. 24% was the direct result of illegal conversion for agriculture for export markets and 49% of all agricultural commodity products produced on illegally deforested lands were destined for export markets.[6] These figures show that in order to address the issue of deforestation, governance is key.

The absence of proper land use planning and/or enforcement in the last few decades is a major obstacle to progress with commercial, conservation or community development objectives. The lack of proper land use planning does not directly cause land use conflicts,

[1] http://www.fao.org/infographics/pdf/FAO-infographic-SOFI-2012-en.pdf

[2] Alexandratos, N. and Bruinsma, J. (2012) "World Agriculture Towards 2030/2050; The 2012 Revision" *ESA Working Paper*, 12-03. Rome: Food and Agricultural Organization.

[3] UNEP (2008) "Water and Climate Change", in Diop, S. and Rekacewicz, P. (eds.) *Vital Water Graphics - An Overview of the State of the World's Fresh and Marine Waters, 2nd edition.* Nairobi, Kenya: UNEP. ISBN: 92-807-2236-0.

[4] Hoegh-Guldberg, O. et al. (2015) *Reviving the Ocean Economy: the case for action*. Gland, Geneva: WWF International.

[5] United Nations Department of Political Affairs and United Nations Environment Programme (2015) "Natural Resources and Conflict: A Guide for Mediation Practitioners", *Environmental Dimensions of Disasters and Conflicts*, 6. Nairobi: United Nations Environment Programme, and New York, NY: United Nations Department of Political Affairs.

[6] Forest Trends (2014) "Consumer Goods and Deforestation"; also http://www.supply-change.org/

but it contributes to an environment in which land use practices, land rights and future plans are not transparent and agreed, so they become highly contested.

At national level, policies and laws for the sustainable management of forested land exist, but implementation is very difficult. The size of the challenge is often greater than the available capacity and resources. At the local level, implementation faces the key issue of balancing competing land uses and changing land use trends. The opportunity presented by working at landscape scale is that the area is small enough to be manageable, but big enough to achieve a significant impact.

Private sector commitments

A growing number of retailers, manufacturers, processors and traders in the food, fuel and fiber sectors are making public commitments to establish deforestation-free supply chains. In addition, national governments are introducing procurement policies to purchase certified commodities. A few prominent ones are mentioned below.

New York Declaration on Tropical Forests (2014)
A non-legally binding political declaration signed by amongst others 34 companies, which includes the commitments to:

- At least halve the rate of loss of natural forests globally by 2020 and strive to end natural forest loss by 2030
- Support and help the private sector goal of eliminating deforestation from the production of agricultural commodities such as palm oil, soy, paper and beef products by no later than 2020, recognizing that many companies have even more ambitious targets

Tropical Forest Alliance 2020 (2012)
The initiative includes 19 companies as well as governments and non-governmental organizations, which are dedicated to help achieve zero net deforestation in tropical forest countries by 2020.

Consumer Goods Forum (2010)
A coalition of 400 companies (retailers, manufacturers and service providers) across 70 countries with combined sales of 2.5 trillion euros. In 2010 the Board of Directors agreed on a resolution on deforestation and pledged to mobilize resources within respective businesses to help achieve zero net deforestation by 2020.
However, such demand side measures alone are insufficient to shift practice away from business-as-usual, and there is currently a major gap in translating these commitments into actual impacts at the production level. For pledges towards deforestation-free supply chains to deliver actual changes, demand side commitments need to be more clearly linked with actual changes at the production level.

Key private sector partners have therefore asked IDH to develop, next to a commodity value chain approach, a landscape approach to help address public good issues (like deforestation) that require interventions beyond the farm/plantation. A combination of private sector sustainable production with government enforcement to tackle (illegal) deforestation and sustainable land-use planning will create the basis for green growth at jurisdictional level.

Increased interdependence and the need for a landscape approach

Given that different land uses often rely on the same resource base, decisions made to

improve output in a single sector without effective coordination with other sectors, can have negative impacts on the overall availability of resources. For example, Indonesia's rapid expansion of oil palm has strengthened the national economy and brought many small producers out of poverty. However, this has also led to high deforestation rates, and conversion of peat swamps leading to loss of biodiversity, increased climate emissions and wildfires.

By taking into account the interactions between different sectors and stakeholders, rather than considering them in isolation, we are better able to maximize agricultural productivity, improve livelihoods, and reduce the negative environmental impacts of deforestation and forest degradation. It will not be possible to sustain forests without considering how to meet the increasing needs for agricultural commodities. Nor can we promote agricultural intensification, without knowing the wider impact on the forests. This justifies the need to adopt a landscape approach when exploring and introducing production-protection compacts to achieve both forest conservation and agriculture goals.

Addressing this challenge will require innovative, integrated solutions, including the development of improved technologies and policies that promote more ecologically efficient food production while optimizing land allocation for forest conservation and agriculture. It will also require innovative finance, to enable the massive investment required in agricultural intensification.

This proposal

In the current inception period proposal, IDH, the Sustainable Trade Initiative proposes to lay the foundation to:

- Help reduce deforestation from agricultural expansion in seven selected landscapes;
- Help address governance challenges in the balance between agriculture, forest and people through a multi-stakeholder approach.

And

- Prepare the ground for investment in agricultural intensification, conservation and landscape restauration;
- Introducing production-protection compacts for these investments to achieve both forest conservation and development goals.

Approach

IDH programs

IDH accelerates and up-scales sustainable trade by building impact oriented coalitions of front running companies, civil society organizations, governments and other stakeholders that will deliver impact on the Sustainable Development Goals. IDH has gained an unique experience of building public-private coalitions to co-invest in impact and market oriented approaches.

IDH has been at the forefront of efforts to transform commodity markets to make them more sustainable. Since 2008 IDH has brought together governments, civil society organizations and privately owned companies in action-oriented coalitions that aim to achieve sustainable market transformation across 18 sectors. These coalitions formulate and drive joint investment programs combining public interests such as economic growth, poverty alleviation and sustainable development with private benefits such as security of supply and reputation management. Much of this pioneering work has focused on the formation of groups of committed frontrunner companies, using certification standards and labelling in combination with civil society pressure and public sector support to bring about changes. In all sectors IDH has engaged in the volumes of sustainably produced and traded commodities have increased significantly.

At producer level this has implied the internalization of externalities, for example in relation to unsustainable exploitation of forest. When addressing this kind of externality, a broader approach is needed in order to avoid that success in one supply chain is offset by setbacks in another. Through the IDH ISLA (Initiative for Sustainable Landscapes) program funded by the Dutch government, IDH is working with local government units, private sector actors, NGOs and other entities to tackle sustainability holistically across various supply chains linked to particular geographic areas or landscapes - with a strong focus on the development of the business and investment case for the key relevant stakeholders

The IDH landscape approach

The IDH landscape approach is based on safeguarding natural resources in threatened tropical commodity sourcing areas by formulating and driving the business case for joint public-private landscape investment, and improving the enabling environment in which these investments are made. It is characterized by mobilizing multi-stakeholder landscape coalitions for collaborative action based on shared understanding, negotiation and commitment to long-term land-use management objectives.

Our approach is centered on five pillars:
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2) Production-Protection Agreements;
3) Co-investment in scalable intervention models;
4) Innovative finance; and
5) Monitoring

Green Growth Plans of multi-stakeholder coalitions

If jointly working towards common goals, major stakeholders have significant leverage to conserve natural resources without compromising economic development. But this will be insufficient without development of a clear business case for stakeholders to work together across commodities. If a clear roadmap for the landscape can be developed with all relevant stakeholders, and supported by an effective multi-stakeholder governance structure, including improved spatial planning, effective incentives and disincentives to change, and targeted support to relevant stakeholders using relevant instruments, IDH believes that the objectives of different stakeholders can be reconciled.

Production-Protection Agreements

Under the business-as-usual scenario, there's no strong links between production and protection. Monitored by international NGOs, international companies will stay away from HCV/HCS Forests. But farmers and communities have different incentives and government are all looking for livelihood/economic growth options. The agreements between companies and farmers/communities/governments often don't provide for conservation of HCV/HCS forest surrounding arable land. Here is a clear win-win-win: unlocking commercial gains for farmers by enabling intensification through best-practices using private capital, catalyzing economic development and job creation, and preserving highly valuable forest and/or peatland. To do so there is a need to:

a) Establish national frameworks/requirements for linking production with protection;
b) Establish production-protection agreements in practice, through detailed land use planning and negotiation between communities and companies, supported by civil society and governments;
c) Develop an intervention package that provides strong opportunities to improve livelihoods on existing agricultural land, and thus provide alternatives to deforestation and a strong incentive to communities to agree to zero-deforestation options.

Co-investment in scalable intervention models

Mobilizing stakeholder to implement targeted interventions should be closely linked to the overall stakeholder engagement strategy developed to build a coherent and shared vision for the landscape among stakeholders. Based on this vision the appropriate number and type of landscape interventions is selected, co-financing mobilized and tested for the potential to scale-up.

Innovative finance

Within the landscapes, private sector and governments are looking to move to a farmer sourcing focus. The significant economic risks associated with the untested development of farms/plantations is for financiers, governments and companies a too precarious risk too bear alone – resulting in them being unwilling to engage without sufficient initial concessionary funding support.

The key role of innovative finance is to catalyze production-protection style deals between financial Institutions, local authorities and the private sector companies. Due to the financial attractiveness of its risk taking capabilities (i.e. willingness to provide unpriced first-loss cover) innovative finance will be able to instill its investment criteria related specifically to public good impact (not financial-return) in the deal. For a financial institution, which typically provides risk at a market/return basis, it is a complex process to also be providing a product which is concessionary.

The innovative finance itself is also focused exclusively on a certain type of deal, i.e. stimulating deforestation-free agro commodity development with companies, the government and communities/farmers in the landscapes. This distinguishes it from a risk-facility situated inside the financial institution's own structure, where the investment and advisory team of the financial institution are focused more broadly on deal flow across various sectors. This distinction should not be taken lightly considering both past experience and also the complexity of overlaying a private sector funding agreement with a strong public sector environmental agreement and enforcement.

Monitoring

Robust monitoring and enforcement is essential. Productivity increase will mitigate expansion on forested and/or peat areas only when combined with robust monitoring, enforcement and market/financial incentives.

An IDH-NICFI Partnership

The partnership

Norway has clear foreign policy objectives on climate change mitigation and rainforest protection. For years, the Norwegian government has been one of the leaders in the international community when it comes to creating agreements and policy instruments that can protect the climate as well as rainforest. REDD and REDD+ are examples of initiatives that have been supported by Norway.

IDH accelerates and up-scales sustainable trade by building impact oriented coalitions of front running companies, civil society organizations, governments and other stakeholders that will deliver impact on the Sustainable Development Goals. IDH, as outlined elsewhere in this proposal, is an actor that works with supply chain actors to internalize externalities and to address issues such as rainforest protection at a landscape level in a sustainable and market driven way.

Norway and IDH have for some time been discussing possible areas of collaboration, given the way that IDH's landscape approach is complementary to Norwegian objectives when applied in rainforest landscapes. Key deliverables in this partnership will be related to:

- Green growth planning
- Production-protection compacts

By working with local government entities, local CSOs and (crucially) with the private sector, the balance between forest and agriculture can best be found, as well as sustainable protection that is not undermined due to opportunism and corruption. The complementarity in the IDH-NICFI relationship is partly technical, in relation to common objectives concerning rainforest protection. Complementarity is also partly linked to networks; for IDH Norway is already a crucial partner when it comes to building alliances and coalitions. In Indonesia and Brazil, IDH is already enjoying a productive working relationship with the Norwegian embassies, a relationship which is helpful when engaging national and regional authorities and local actors and also in terms of tapping into the technical expertise that Norway possesses. Concerning technical expertise and the mutual exchange of technical know-how, IDH would also envisage a strategic continuation and scale-up of the technical relationship that already exists between Norway and NICFI. An IDH-NICFI partnership as outlined in this proposal would further solidify these relationships and aspirations. This partnership would be a joint initial agenda towards further strategic collaboration.

Initiated by the Dutch Government and with an extensive network of private sector partners, IDH has established convening power to get committed coalitions together for significant production-protection deals in specific geographies. That ability towards meaningful, result-oriented impact programs, through our committed, but neutral mandate, is what makes IDH an attractive partner. Our understanding of the private sector, our capability to bring them together, and in addition our capability to bring the government and local government to the table as well, are additional attributes that IDH brings into a partnership. Furthermore, IDH has expertise and networks in sectoral change, is used to working with industry, and understands private sector and supply chains.

IDH has been in operation since 2008 with strong backing from the Dutch government, and with additional support from both the Danish (DANIDA) and the Swiss government (SECO). The ability of IDH to develop and drive programs, and maintain accountability and transparency towards our donors, is well established.

Partnership inception period

IDH participated in the most recent NORAD call for proposal, with a proposal covering South-Sumatra and West-Kalimantan. During the course of 2015, at the request of NICFI, another proposal was shared with NICFI concerning Liberia. A key component of that proposal was the guarantee fund – more details on that is outlined in the Liberia chapter of this proposal. Discussions also emerged between IDH and NICFI on potential collaboration in Mato Grosso and Aceh, although for these geographies no written proposal material has been exchanged between IDH and NICFI before now.

The current partnership proposal is a consolidation of all these discussions, and outlines work streams for seven landscapes: Three in Indonesia (Aceh, South Sumatra, West-Kalimantan), three in Liberia (North, West, East) as well as Mato Grosso. As proposal material has already been shared for Liberia (informally – a proposal was shared but not linked to any "deadline") and for Indonesia (formally, through the Civil Society call), it is clear that the analysis is more mature for these landscapes than for Mato Grosso and Aceh which are newer landscapes in terms of the discussion between IDH and NICFI. The present proposal outlines all seven landscapes and the planned work-streams for all these landscapes, both in terms of narratives and result matrixes. However, the underlying analytic level of detail is greater for the landscapes were proposals have already been shared prior to the submission of the current proposal.

This proposals supersedes earlier proposals that have been submitted, in order to facilitate a strategic partnership between NICFI and IDH. The objective is to forge a long term partnership for a multi-year period, although the present proposal is limited to a more limited inception phase of 12 months. As outlined in the result framework of this proposal, our thinking is long-term. The result framework outlines long term outcomes, as well as targets that have been set for output indicators in order to show the progress after year 1. A contract linked to this proposal would be for one year but longer term success in terms of achieving the outcomes would necessitate a partnership that goes beyond the inception phase.

In that context, IDH will in 2016 start working on a longer term proposal. This is also important in terms of the partnerships that are at country level. For Liberia, the longer term work stream would also critically depend on the risk sharing facility establishment.

The landscapes

In 2016 IDH, in partnership with Norway, will work in seven landscapes across three continents. All seven landscapes are sourcing areas for multiple agro-commodities, harbor high conservation value areas (HCVA's) and are home to (indigenous) communities who depend upon natural resources for food and income-generation.

While developing economically, these landscapes face significant social and environmental issues and concerns that would benefit from a cross-sectorial, multi-stakeholder landscape approach that marries production and protection. At the same time the seven landscapes are significantly different in terms of geography, biome, size and commodities - creating an inspirational, challenging and diverse program portfolio. The seven landscapes were selected based on these main criteria:

1. Presence of relevant socio-economic & deforestation landscape risks related to development and opportunities to achieve impact in those areas;
2. Presence of a (potential) multi-stakeholder process, with local/national government, private sector, civil society, farmers and communities;
3. Relevance of landscape for supply chains: business interest in landscape approach and appetite for co-funding of landscape interventions;
4. Opportunity to combine conservation efforts with improved agricultural productivity increases;
5. Added value of IDH and its partners: status and plans of existing initiatives, possible synergies.

Table 1: Green House Gas emissions profile for the landscape countries[7]

Country	Energy sector	AFOLU
Liberia[8]	67.5%	Considered a carbon sink
Indonesia	66%	25%
Brazil	37%	56%

The following seven landscapes have been selected in 3 countries:

Liberia

North Liberia.

The landscape is centered on the Arcelor Mittal mining concession, which is located in the northern point of Nimba county, bordering Guinea and Côte d'Ivoire. The Nimba mountain range dominates the area and is a protected area, because of its unique montane ecology. In and around the concession there is dense forest, including a second (proposed) Nature Reserve and several community forests. Compared to the palm oil landscapes described below this is a relatively small area of approximately 125,000 ha. and a population of 30 - 40,000. The area can become a showcase of a mining concession landscape that combines economic growth (the mine provides several percent of Liberia's GDP) and forest conservation and restoration.

[7] Annex 1 countries: https://unfccc.int/ghg_data/ghg_data_unfccc/ghg_profiles/items/4625.php
[8] http://unfccc.int/resource/docs/natc/lbrnc1.pdf

West Liberia.

In West Liberia, the proposed landscape is centered on the palm oil and rubber concession area held by Sime Darby. This lies in the north-west corner of the country, towards the border with Sierra Leone and extends to an area of 311,187 ha. across four counties; Grand Cape Mount, Bomi, Bong and Gbarpolu. The landscape includes a complex mix of community land use for farming, hunting and other subsistence uses; local commercial agriculture, and other concessions for forestry and mining. It includes substantial areas of dense rainforest and is surrounded by protected areas and proposed protected areas. It would benefit substantially from production-protection agreements between communities, government and companies that allow for development while safeguarding the forest.

East Liberia.

The proposed landscape in south and east Liberia is centered on the palm oil concession held by Golden Veroleum Liberia (GVL). The concession stretches over five counties: River Cess, Sinoe, Grand Kru, Maryland and River Gee, but the suggested landscape is within the boundaries of the latter four counties. A boundary encircling the three main blocks of concession land encloses an area of approximately 1.6 million ha. and a rich mixture of concessions, conservation areas and communities. In conservation terms, the north-east part of the landscape represents an aspiration to protect a chain of protected areas and connecting corridors that stretch from the coast of Liberia northwest and over the border into Côte d'Ivoire (The Tai-Grebo-Sapo complex). Like the North West landscape, it would benefit substantially from production-protection agreements between communities, government and companies.

Indonesia

The province of West-Kalimantan.

Within the province of West Kalimantan, the selected landscape comprises the three districts of Ketapang, Kuburaya and Kayong Utara in the southwest of West Kalimantan. It spans an ecological gradient including coastal mangroves, peatlands, and lowland forests containing at least nine distinct ecosystem types and the largest area of unconverted deep peat in the province. Agri-commodity cultivation, mainly oil palm and wood fiber, contributes to economic development in West Kalimantan and is linked to pledges on zero net deforestation of Consumer Goods Forum Companies and Tropical Forest Alliance 2020 members. However, policy incentives to encourage commodity growth and the growing industry demand for land, in combination with weak environmental and social safeguards, are putting the landscape and communities living in the landscape at risk. A balance between forest, people and economy needs to be struck.

The province of South Sumatra.

The province of South Sumatra is a significant source of commodities including palm oil, pulp and paper, pepper, rubber and coffee. While commodities production forms an important component of the provincial economy this prosperity is also being accompanied by environmental challenges - the province is estimated to have lost 130,000 hectares of primary forests since 2005 (Global Forest watch data). The Bukit Barisan National Park – listed as one of the 200 most bio-diverse and important ecoregions on Earth and home to critically endangered species such as the Sumatran elephant, Sumatran Tiger and Sumatran rhino - is considered under pressure from encroachment and illegal conversion. The governor of the province wants to part with IDH to work towards Green Growth that combines economic development with safeguarding forest and peat areas.

The province of Aceh.

Focus of the interventions is on palm oil, in partnership with the Indonesian palm oil pledge (IPOP) companies in and around the Leuser Ecosystem – covering an estimated 2.3 million hectares, mainly in Aceh with some extension into North Sumatra (for comparison, the province of Aceh covers 5.7 million hectares). IDH and its partners have identified more than 30 palm oil mills within 50 km of the ecosystem boundary. The work will focus on making the pledges on deforestation help small holders apply good agricultural practice and maintaining the forest. This requires a coordinated effort between government, companies and communities.

Brazil

The state of Mato Grosso.

Mato Grosso is an important region for the production and sourcing of soy, corn, cotton and beef. At the same time, Mato Grosso harbors large tracts of the Brazilian Amazon forest, Cerrado and Pantanal ecosystems that have seen major conversion rates over the past decades. Beef and soy farmers, the top 4 global commodity traders, the Mato Grosso government, Consumer Goods Forum Companies, Tropical Forest Alliance 2020 members and NGOs are all interested in mainstream, scalable solutions for regulatory compliance, HCVA connectivity and intensification of agriculture. Some of these players have started to develop individual solutions, whereas working cross-sector at a landscape level can be beneficial to all and that is what the program will focus on.

Partners

In order to implement this program IDH will work together with many stakeholders at landscape, national and international level. The role of IDH is to convene, broker, provide knowledge, guidance and expertise. For the implementation IDH will work closely with Implementing Partners (IPs) as IDH does in all its programs. IPs can be NGOs, companies and knowledge/technical partners and in the case of governance/enforcement also the government. Consultants will also support for the research and development related activities, to complement the expertise, network and experience of IDH and its partners. For the inception year IDH will leverage its existing IP network in the 7 landscapes, making sure the program is locally owned and executed. By working with its IPs, there is a mutual knowledge and capacity transfer between the partners and IDH.

The program is designed as such that it will strengthen existing work and experience and address gaps as identified by the partners on the ground, not duplicate. From the outset the governance and implementing structures are designed with local ownership in mind.

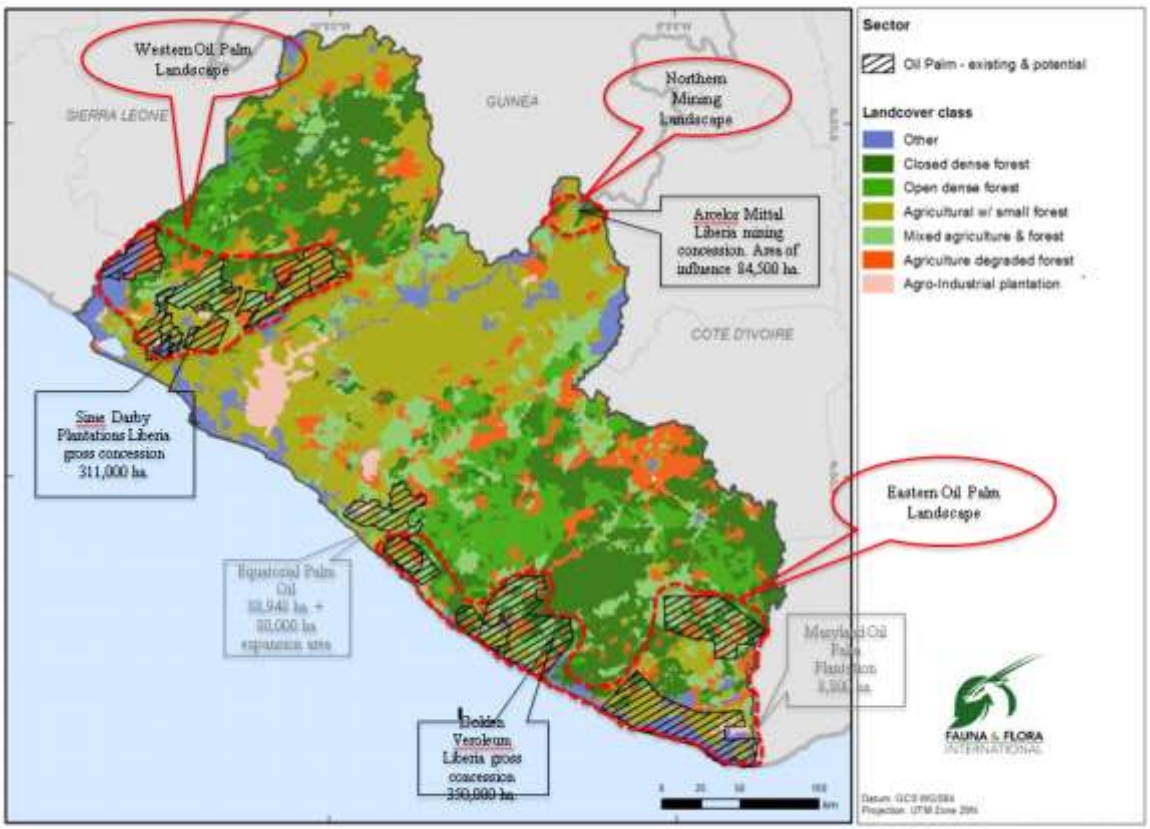
Liberia

Project location

In the inception year, the program will set up and start activities in three landscapes in Liberia. The landscapes are centred on large land-use concessions (Figure 1):

- The iron-ore mining concession held by Arcelor Mittal Liberia in the north east of the country with an area of 84,500 hectares (845 Km^2) relevant to its offset biodiversity conservation program;
- The agricultural concessions of Sime Darby Plantation Liberia (SDPL) in north west Liberia, a gross concession area of 311,000 hectares (3,110 km^2), predominantly for oil palm and rubber plantation; and
- The agricultural concession of Golden Veroleum Liberia (GVL) in south west and south east Liberia, a gross concession area of 350,000 hectares (3,500 km^2), for oil palm plantation.

Figure 1: Landscape areas (marked by red dotted line) in Liberia.



Source: Adapted from maps produced by Fauna & Flora International

Figure 2, here below, provides an overview of the key features of the selected landscapes.

Figure 2: Key Figures of the selected landscapes

North mining landscape

- Landscape linked to mining of approximately 84 500 ha
- Area includes other mining and forestry activities
- Estimated 30 000 ha of high value forest under threat.
- Population within concession with land ownership land use rights and dependent on forest resources.
- Commitment by Arcelor Mittal to the long-term development of the area and to forest conservation as compensation for its mining impact.
- Experience of community engagement, land-use planning and developing conservation agreements.

West oil palm landscape

- 311 000 ha gross concession area.

East oil palm landscape

- 350 000 ha gross concession area.

- Estimated 120 000 ha of HCV forest in each (Western and Eastern)concession and protected areas or proposed protected areas in close proximity.
- Overlapping forestry and mining concessions, plus artisanal mining, informal logging and other commercial land uses.
- Large population of communities with land ownership and land use rights, depending on forest land for food and livelihoods.
- Multi-million dollar commitment by companies and ambitious plans for development.
- Commitment to international standards for forest conservation (HCV and HCS).
- Actively engaged in mapping commercial, community and conservation qualities in concession area and brokering land use agreements with communities.

Main impact areas and outcomes

IMPACT AREAS ADDRESSED BY PROJECT			
Natural forests are conserved to maintain their carbon storage capacity and biodiversity	Cost effective and verifiable reductions in greenhouse gas emissions from deforestation and forest degradation.	Sustainable development	Poverty reduction
180,000 hectares of high conservation value and high carbon stock forest is covered by production-protection agreements	TBD	*Expansion of up to 35,000 hectares community palm oil production*	*Improved livelihoods for smallholders in 60 communities, benefitting 4,200 households and 21,000 household members.*
PROJECT SPECIFIC OUTCOMES			

1. Commercial, community and conservation interests are addressed in a Green Growth Plan, executed by public-private partners in the three landscapes.

2. Production-protection agreements between companies-government-communities in the three landscapes, contributing to reduced emissions from deforestation and forest degradation.
3.Risk sharing facility for investment in community palm oil production
4. Improved (food)crop production/diversification activities by community members to improve livelihoods.
5. Conservation, social and commercial outcomes are verified through a robust monitoring and reporting process.

Identification of changes required

The project builds on existing institutions, processes and methods but nonetheless involves a substantial scaling-up of activities in the landscapes and the introduction of some new aspects.

Four core innovation aspects of the multi-year proposal are:

I. Landscape scale focus: Land use planning for community, commercial and conservation goals involving the key stakeholders at a landscape level;
II. Production protection agreements; Production protection agreements for green and inclusive growth; Production-protection agreements that bring both agricultural and forested land under sustainable management agreements, to be signed by government, palm oil companies and communities; The production protection agreements are incentivized by agricultural intensification support and opportunities for oil palm out growers.
III. A risk sharing facility; To enable investments in oil palm out growers in Liberia, a facility will be developed that supports investors in this high risk space by taking the first loss.
IV. Forest monitoring and enforcement of forest conservation policies;

I. Landscape scale focus. The shift of focus onto a landscape scale is an important part of the theory of change in this project, as the many commercial, conservation and community issues in and around the forest do not operate or exist in isolation. The opportunity presented by working at landscape scale is that the area is small enough to be manageable, but big enough to achieve a significant impact. Large concessions are the closest example there is in Liberia to a landscape approach. The oil palm and mining concessions that are at the center of this project are necessarily dealing with commercial, conservation and community issues. The successful development of concessions necessarily requires the simultaneous achievement of commercial, community and conservation objectives. Concession holding companies have the biggest stake in making this work, and are already on the ground leading or supporting the practical work.
The absence of proper land use planning in the last few decades is a major obstacle to progress with commercial, conservation or community development objectives. The project aims to change this situation by expanding and accelerating the mapping and planning work that has been done by the companies, including plantation development, smallholder production and forest conservation.

II. Production protection agreements for green and inclusive growth; Under the business-as-usual scenario, there are no strong links between plantation and smallholder production, and the protection of forests. The project will contribute to the national initiative to establish an out grower model led by NBC and delivered by GROW to establish this link, through the development of production protection agreements including detailed land use

planning, negotiation between communities and companies and supported by civil society and government, and an intervention package that provides strong opportunities to improve livelihoods on existing agricultural land, and thus provide alternatives to deforestation and a strong incentive to communities to legally agree to zero-deforestation options.

III. A risk sharing facility that enables palm oil outgrowers investment; The key change in the strategy of the oil palm concession holding companies in the project is their shift towards out grower models and community empowerment. This shift requires significant investment in small holder production. From an investor's perspective, community out grower palm oil programs carry high investment-risks of farmer/community default and thus loss of one's initial investments, without a collateral on which to claim. Hence, international palm oil companies are inclined not to invest in an out grower model themselves, without the ability to share these risks with others – specifically the Liberian government, donors, and development financial institutions. The project envisions to develop a Risk Sharing Facility to overcome this barrier.

IV. Stronger regulation, governance and forest monitoring. Incentives will not result in land use change unless they are accompanied by dis-incentives for practices that cause deforestation and forest degradation. Indeed economic development will increase consumption and hence put further pressure on the forest. The project will provide additional capacity to FDA and it will encourage compliance by bringing the various different interests together in a landscape partnership.

Year one focus

While the de-risking facility is being considered by the Government of Norway and a final decision is expected on the facility in June 2016, a work plan for the inception year has been developed.

In the inception year, the program will lay the foundation for effective program management and convene the key stakeholder in the landscapes as well as nationally. In the mining landscape, the inception year will prepare the ground for robust community conservation schemes on the basis of production and protection, and in the two palm oil landscape, the inception year will also contribute to preparing the ground for investment and support the first out grower based planting cycle in pilots in the two palm oil landscapes. In addition, a detailed proposal for the further role for the project in 2017-2020 will be set up, or alternatively a plan for a responsible exit during 2017 will be developed.

The proposal for the inception year details out the activities and output indicators for 2016. The activities are clustered into the following five work streams:

1. Program Management.
2. Convening multi stakeholder coalitions at pilot level, landscape level and national level.
3. Land scape and stakeholder mapping.
4. Developing models for piloting
    a. production protection agreements,
    b. out growers (operational and financial),
    c. farmer field schools.

In the annex of the proposal, we also refer to the long term outcomes outputs and the year 1 activities and targets.

Timing of Activities

The activities are clustered into the following work streams:

1. Project management
2. Convening
3. Diagostic studies and mapping
4. Model development

See the table on the next page for detailed activity planning in Liberia.

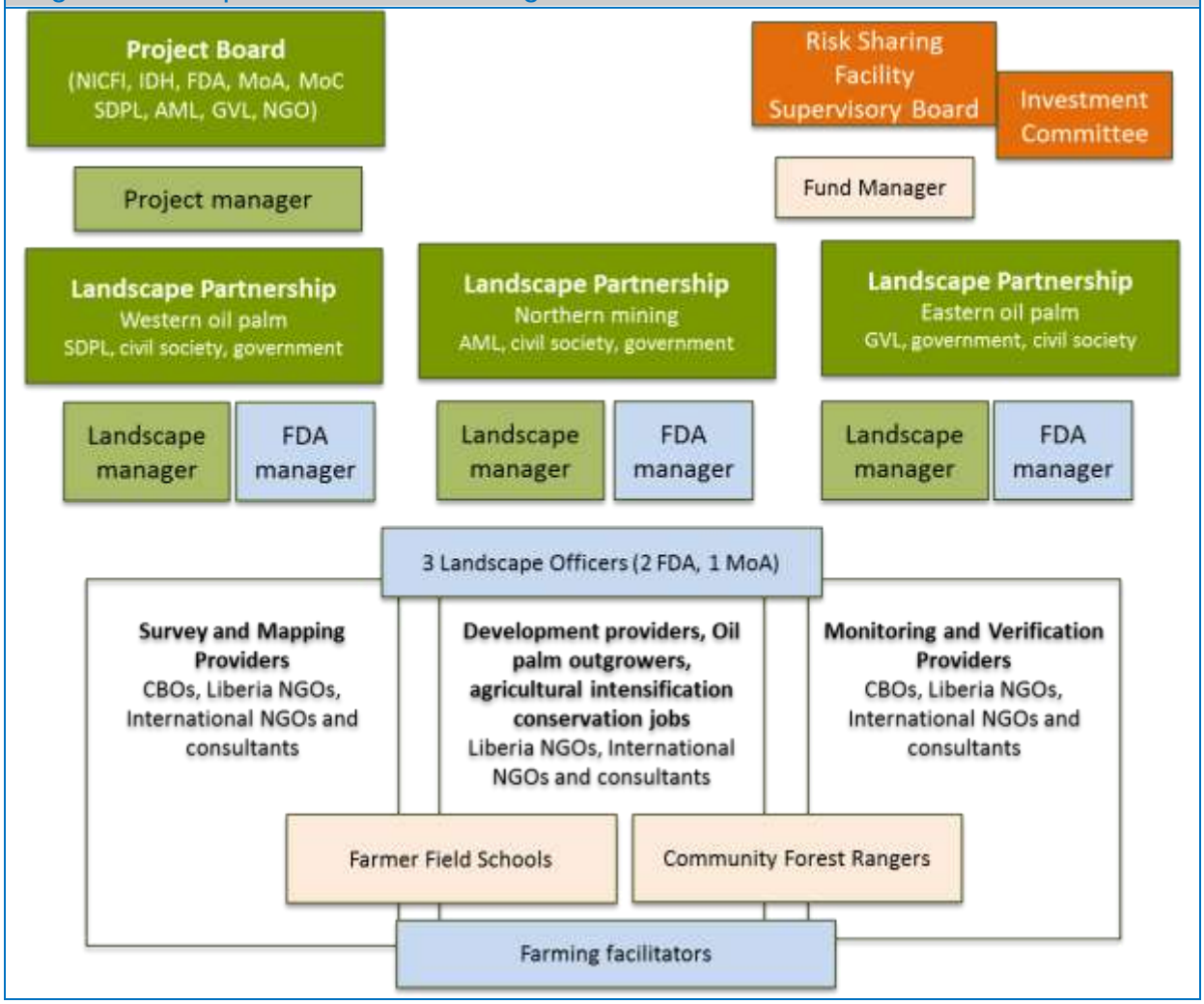
ACTIVITY PLANNING LIBERIA	jan	feb	Mar	apr	may	jun	jul	aug	sep	oct	nov	dec
Program Management												
Recruitment of program project manager, program officer and landscape conveners in Liberia.												
Developing skills and capacities of landscape conveners and program manager, involving the FDA where appropriate and feasible												
Elaborate program management structure with FDA, and other key program stakeholders.												
Design monitoring, evaluation and reporting arrangements.												
Develop program learning agenda in close consultation with key stakeholders.												
Develop a leveraged communications strategy, internationally and nationally, including development of communication and outreach partnerships, positioning strategy, program 2pager, newsletter, etc.												
Convening												
Stakeholder mapping in three landscapes;												
Building the landscape coalition; identification of key stakeholders, bilateral meetings, engagement plan, convene meetings, support discussion on developing a joint vision. In the mining landscape, emphasis may be on develop endowment fund option for mining landscape												
Building (on) a national dialogue for production protection finance												
Supporting or convening the key stakeholders around the identified pilot sites in the two palm oil landscapes												
Scenario building for the 3 landscapes: 'business as usual' and green growth scenarios												
Mapping												

Identification of target area (x ha) for pilots with out growers, HCV-HCS forest and target communities.													
Research and analysis of data sets relating to the pilots, identify knowledge gaps on pilot sites related to eg. biological, social and economic baseline studies, commission additional studies where needed.													
Discuss outcome of technical studies with key stakeholders to map out ha to be planted and number of hectares of forest to be protected within pilots.													
Model development													
Develop production-protection proposition for the pilots; define number of hectares of forest to be protected per pilot.													
Learn from existing conservation agreements in the mining and palm landscapes.													
Contract a consultant to provide lessons learned on production/protection from other localities.													
Series of meetings and workshops to discuss needs and merits production-protection model, and roles FDA and other key government bodies.													
Drafting of pilot production-protection agreements, in close consultation with key stakeholders, including communities in the identified pilot out growers areas and in adjoining HCV-HCS forest.													
Support development of outgrower model by Grow coalition													
Design (including governance) Risk Sharing Facility for investment in outgrowers													
Fundraising for RSF to meet required outstanding capital requirements for outgrower expansion in the period after 2016.													
Overview of economic opportunities that can be developed in relation to protection agreement around the pilot sites													
Research and economic analysis to identify cost-effective interventions for reducing deforestation and degradation arising from community forest-uses.													
Develop partnership with ministry of Agriculture and additional partners (to be defined and recruited) for developing and initiating farmer field school curriculum.													
Develop model for farmer field schools for pilot sites in the palm oil landscapes													

Organizational arrangements for project implementation

The project requires a solid project management structure, as well as a solid multi stakeholder board and multi stakeholder platforms or coalitions at all relevant levels to ensure participation and buy-in of key stakeholders. IDH has strong experience in developing such multi stakeholder decision- and governance structures, both in its supply chain programs as well as at the landscape level. Based on this experience, we propose a general structure for implementation of the project as shown below. The exact composition and functions of the partnerships/coalitions will be decided by the participants during the inception period. Existing governance and implementation arrangements will be used where they are fit for purpose.

Figure 15: Implementation arrangements



Program management

The table below provides a detailed overview of the activities that are foreseen in the inception phase related to building the project team and operational structures and frameworks. These activities together will lead to achieving output 1.3 of the multi-year proposal, *(1.3 Project management teams to manage and implement landscape activities on behalf of the partnerships.)*.

In the inception year, initial focus will be on recruiting the program manager, who will be based in Monrovia. Starting Q2 of the inception year, recruitment of the landscape conveners will start. We will invest in furthering skills and capacities of the recruited team by including them in the ISLA landscape convener learning days[9].
Starting the second quarter, we will finalize the project management structure, including a strong role for the FDA as a project partner, and partnerships with other organizations, such as GROW, will be made formalized through MoUs or other means.

Throughout the inception phase, as the approach of this Liberia Green Growth initiative is innovative with its explicit focus on production protection agreements, we will invest in a strong M&E framework to be able to measure outcomes, but also developing strong learning partnerships and developing a communications strategy, tools and partnerships. Our approach for learning, M&E and communications is elaborated on in the respective chapters on those subjects in this proposal.

First year activities	First year deliverables
Recruitment of program project manager and landscape conveners in Liberia.	Project team in Liberia in place.
Elaborate program management structure with FDA, and other key program stakeholders.	Program management structure in place.
Design monitoring, evaluation and reporting arrangements.	Program reporting, evaluation and reporting arrangements in place.

[9] Through its ongoing landscape program, the IDH Initiative for Sustainable Landscapes, IDH hosts semi-annual Landscape convener learning days, during which the landscape conveners from six landscapes in Brazil, Indonesia, Vietnam, Ivory Coast, Kenya and Ethiopia from come together for training and exchange on approaches and lessons.

Indonesia

Project Location

The project is located in three provinces in Indonesia: Aceh, South Sumatra and West Kalimantan. Within the provinces, specific landscapes have been selected.

Aceh

The Leuser Ecosystem covers an estimated 2.3 million hectares, mainly in Aceh (covering 13 districts) with some extension into North Sumatra (for comparison, the province of Aceh covers 5.7 million hectares). The Mount Leuser National Park fits within the ecosystem and is a formally protected area covering approximately 800,000 ha. Other areas of the ecosystem are under varying forms of protection but which are less stringent than national park status. In recent years, the Leuser Ecosystem has become particularly high-profile through the publication of a variety of reports such as *The Last Place on Earth* (Rainforest Action Network) and numerous reports by Greenomics Indonesia and Mongabay.

Figure 1: Location of Aceh area highlighted in red (source: Google Maps)

IDH and its partners have identified more than 30 palm oil mills within 50 km of the ecosystem boundary. These mills are predominantly single site operations or are owned by small-medium size companies. Most are highly reliant on smallholders and outside crop and may be facing supply constraints or competition for supply. In some cases, mills have planned or begun expansion into nearby forest areas after having obtained all of the necessary legal permits and documentation. In other instances, forest encroachment is occurring illegally.

Figure 2: Leuser Landscape Surrounded by Palm Concessions (source: Google Earth)

The province is semi-autonomous as a result of civil conflict which came to an end in 2004. Aceh is led by Governor Dr. H. Zaini Abdullah who was elected in 2012 for a five-year term. The province is a founding member of the Governor's Climate & Forests Task Force (GCF) and signed an MoU with BP REDD+ in 2014 to implement a REDD+ approach before the BP agency was dissolved some months later. The province has recently also established a Green Caucus, in which members of parliament show strong support for sustainable development and the provincial parliament created the Leuser Ecosystem Management Agency (BPKEL) in 2006 to address the specific challenges in the area (since disbanded). However, the government has also been under pressure to allocate land to former fighters in the separatist conflict as part of the settlement agreement, and the 2014 draft spatial plan for the province was heavily criticized in *The Last Place on Earth*.

Interventions in Aceh will be based on improved spatial planning with regards to the Leuser Ecosystem. Focus of the interventions is on palm oil, in partnership with the Indonesian Palm Oil Pledge (IPOP) companies.

South Sumatra

The province of South Sumatra is a significant source of commodities including palm oil, pulp and paper, pepper, rubber and coffee. While commodities production forms an important component of the provincial economy, this prosperity is also accompanied by environmental challenges - the province is estimated to have lost 130,000 hectares of primary forests since 2005 (Global Forest watch data). The Bukit Barisan Selatan National Park – listed as one of the 200 most bio-diverse and important ecoregions on Earth and home to critically endangered species such as the Sumatran elephant, Sumatran Tiger and Sumatran rhino - is considered under pressure from encroachment and illegal conversion. The situation is also similar in Sembilang National Park, Dangku Conservation area, Harapan Rainforest, Padang Sugihan sanctuary and other forested areas in South Sumatra.

In addition, forest fire is an unsolved problem in South Sumatra with hundreds of hotspots occurring this year alone. Peat fires in dried-out peatland in the region are the core of the problem. Past experience has shown that the predominant causes of forest and land fires in the region are human-induced fires. Although fire uses for human activities on a given piece of land are normally based on the locally existing standards and regulations, controlling an escaped fire that might lead to a large scale and devastating uncontrolled fire is not an easy task. Over the last two decades this situation has been exacerbated, as most dry area tend to become more susceptible to fire when a prolonged extreme dry weather like El Nino occurs with a decreasing time interval.

In response to those challenges, Governor Alex Noerdin has played a leading role in seeking opportunities to align environmental and economic outcomes, initially positioning the province as an early adopter of the REDD+ mechanisms developed under the BP-REDD+ and more recently seeking to broker agreement between central government, companies, environmental groups and civil society on a revitalized development plan.

The Governor is establishing a "Partnership for Ecoregion and Landscape Management" (*Kemitraan Pengelolaan Ekoregion dan Lansekap Sumatera Selatan - KPEL-Sumsel*) as a public-private-people partnership to enable the province to achieve the dual goals of inclusive economic growth and environmental protection. This is also in line with the provincial commitment to implement its own greenhouse gas emissions plan (RAD-GRK) and the Bonn Challenge on land restoration.

Recognizing the important role that palm oil plays in the prosperity of the province and the conservation of forest and peat, the Governor has invited IDH to lead private sector convening towards an effective Green Growth Plan with a production-protection strategy, building on existing partnerships and linkages with companies including Cargill, Musim Mas, London Sumatra (Indofood Group), Makin Group and Wilmar.

Figure 3: South Sumatra Landscape highlighted in red (source: Google maps)

West Kalimantan

West Kalimantan covers an area of 14.7 million hectares and consists of diverse ecosystems ranging from peat lands to coastal mangroves to forests. These ecosystems are home to many endemic species such as orangutan, as well as a source of water, fire and flood control and microclimate regulation. Previous work within the IDH Initiative for Sustainable Landscapes (ISLA) in 2015 has led to the selection of a focus area of 2 million hectares, including large parts of the districts Kubu Raya, Kayong Utara and Ketapang.

The landscape stretches across an ecological gradient of coastal mangroves, peat lands with critical peat domes, and lowland tropical forests containing at least nine distinct ecosystem types (representing nearly every type of vegetation in Borneo) and the largest area of unconverted deep peat in the province. The selected landscape is home to the Gunung Palung National Park, a 90,000-hectare protected area located in Ketapang and Kayong Utara districts. In addition to being one of the most complete National Parks in Borneo, it is also a United Nations Great Ape Survival Project conservation priority area. The national park is home to an estimated 2,500 Central Bornean orangutans. Indigenous people living in the landscape base their livelihoods on rice farming and agroforestry. Upstream forest ecosystems help provide clean water for local communities, and flood control to downstream communities.

Approximately 1 million hectares of the selected landscape are still covered with forest (primary, secondary, logged) and 560,000 ha of the landscape is peat land. Like South Sumatra, West Kalimantan has many fire hotspots occurring this year. The origins of the problem are similar: human-induced fires escaping on dried-out peatland.

Figure 4: The red lines show the borders of the three districts, the white line inside West Kalimantan shows the boundary of the selected landscape. (source: Google Earth)

Approximately 100,000 hectares of forest are covered in national parks, and 230,000 ha of forest is designated as protected, although in reality both forms of protection do not guarantee that part of the areas have not been deforested or degraded yet. It also implies that the majority of the remaining forest is located on land designated to some form of production (from agricultural land to different types of production forest).

The province that is led by Governor Cornelis is an active member of GCF and also had prepared a REDD+ approach at provincial level before the Indonesian REDD+ agency dissolved. Economic development of the province is driven by agro-forestry commodity production, mainly oil palm, rubber, timber and wood. Communities are furthermore dependent on small scale agriculture and non-timber forest products such as illipe and rubber.

Policy incentives to encourage commodity growth and the growing industry demand for land have contributed to the challenge of competing claims for land use. A balance needs to be found between large scale commodity production and maintaining natural forest and peat ecosystems for biodiversity conservation, ecosystem services and use by local communities.

In the past 15 years, the forest cover (primary, secondary, logged) of these three districts in the landscape has been pushed back significantly due to expansion of oil palm, plantation forest, (illegal) logging, and mining. Some key figures on land use and land cover are summarized in the table below.

Table 1: Key land-use data for the selected landscape in West Kalimantan

Sector	Area used	Remaining forest 2014 (ha)	Of which HCVA (ha)	Deforestation 2001-13 (ha)
Palm oil	856,947	198,621	24,963	214,297
Plantation forest	669,882	238,891		
Logging	243,458	207,804	205,994	
Mining*	956,041	361,365		

*Many mining concessions overlap with other concessions, hence there is double counting of remaining forest and HCVA

Interventions in West Kalimantan will focus on improved spatial planning, piloting different options for restoration and conservation of HCV/HCS forest and peat areas, and creating ecological corridors between the remaining HCV areas in the landscape, together with palm and pulp wood companies, but also companies from the timber, mining and rubber sectors.

Outline of landscape features

Key Figures of the selected landscapes

Aceh

- 2.3 million hectares of mixed use land including at least 800,000 ha of protected forest.
- Gunung Leuser National Park one of 3 sites that make up the UNESCO tropical Forest Heritage of Sumatra world Heritage site
- Home to significant numbers of endemic species as well as large mammals such as elephant, rhino, leopard and orangutan.
- Major threats include road construction and development of palm oil.
- Aceh is a semi-autonomous province following settlement of separation conflict in 2004
- Commitment from the IPOP companies to work on sustainable palm oil production in a landscape context in this Province

South Sumatra

- Province spanning 9.2m ha and an important source of commodities including minerals, palm oil, rubber, gas and pulp and paper
- Home to the world's largest pulp and paper mill (under construction)
- At least 900,000 ha of palm oil planted

- Commitment from Asia pulp and paper to retire 7000 ha of peatland
- Significant political leadership from the Governor under the context of a green growth plan for the province
-

West Kalimantan

- Province spans 14.7 million hectares, the selected working landscape 2 million hectares
- The Governor is the National Coordinator for GCF
- At least 1 million hectares of palm oil planted and an remaining 3.5 m ha of not yet planted area
- 560,000 hectares of peat land, of which a large majority is degraded and not well-managed, posing a key risk factor in the current fire and haze crisis, already hundreds of fire hotspots in 2015.
- 1 million hectares of forest remaining, of which only 330,000 ha in theoretically "protected" areas

IMPACT AREAS ADDRESSED BY THE PROJECT			
Natural forests are conserved to maintain their carbon storage capacity and biodiversity *250,000 hectares of HCV/HCS forest and 500,000 hectares of peatland are covered by production-protection/restoration agreements*	Cost effective and verifiable reductions in greenhouse gas emissions from deforestation and forest degradation. *To be determined*	Sustainable development *35,000 palm oil smallholders in the three landscapes have increased their productivity by 30%.*	Poverty reduction *Improved livelihoods for 20,000 community members*

PROJECT SPECIFIC OUTCOMES

1. Commercial, community and conservation interests are addressed in a green growth plan, executed by public-private partners in the three landscapes
2. National public-private coordination structure that can respond to experiences in the three landscapes by providing an enabling environment at national level for plans at local level
3. Local governments (provinces and districts) and the national government developed necessary enabling environment for the production and protection objectives set by the stakeholders
4. Production-protection/restoration agreements between companies-government-communities in the three landscapes, contributing to reduced emissions from deforestation, forest degradation, peat oxidation, and forest fires
5. Improved (food)crop production/diversification activities by community members to increase livelihoods
6. Palm oil smallholders in the three landscapes have improved capacity, access to markets, and facilitated access to credit, agricultural inputs, and technology enabled by improved service delivery structures in the supply chain
7. Existing or new funds enable investments in green growth plan execution, including: land swaps, peat
8. Conservation, social and commercial outcomes are verified through a robust monitoring and reporting process

Identification of changes required

1. Landscape scale action and coordination. The presence of multiple commodities in the Indonesian landscapes provides strong justification for landscape scale intervention. To date, the majority of projects in support of sustainability have worked in relative isolation. There is now a growing awareness that integration at the landscape level is both necessary and desirable. In South Sumatra for example, the Governor is seeking to develop a comprehensive Green Growth strategy in the province, a move which is supported by the majority of commodity producers. Similarly in Aceh, IPOP companies have come together to advocate for clear and improved corporate collaboration at the landscape level. In West Kalimantan, concession holders are expressing interest to collaborate with their neighbors (other companies, communities, smallholders) on better forest and peat land management, realizing that the result of their sustainability efforts is dependent on the active involvement of the other. They also seek active support to maintain HCVA/HCS on their concessions, mostly by policy reform.

2. Public-private partnership driving the implementation of legal and voluntary sustainability requirements. Palm oil and pulp and paper companies in the three landscapes play an all-important role in the management of the landscapes, first and foremost within their concessions and secondly with their ties to small holder producers. In the last two years there has been an unprecedented increase in the number of companies that have adopted strict environmental regulations with regards to further expansion. Prime examples from leading companies are:

   - Pulp & Paper - in February 2013 APP published its' in which it announced an immediate halt to all natural forest clearing throughout the supply chain.
   - Palm Oil - in December 2013 Wilmar published its 'No Deforestation, No Peat, No Exploitation Policy'.

   These examples have been followed by many other companies. By the end of 2014, 96% of all global palm oil trade is now tied – to various binding extents - to no deforestation, no new peat and no exploitation and is committed to HCV, HCS and FPIC concepts.[10] RSPO members furthermore have an obligation to compensate HCV areas that have been inadvertently lost to deforestation since 2005.
   If palm oil and pulp & paper companies would succeed in implementing the above policies and laws, they would provide a very significant contribution towards sustainable landscape management.

   The implementation of these corporate commitments needs an enabling environment created by local (Provincial and District) governments and the national government. On the one hand, Indonesia has comprehensive regulations on forests and peatland. On the other hand, some regulations or weak enforcement seriously hamper the commitments of companies. For example, until recently, companies were legally not allowed to set aside HCV land inside their concessions. This would be considered as land not taken into production and would be taken back by the District government for allocation to another land-user. Smallholders lacking land titles have little incentives to invest in sustainable practices and refrain from encroaching forest and peat land areas.

10 [http://chainreactionresearch.com/2014/12/08/the-chain-96-of-global-palm-oil-trade-covered-by-zero-deforestatio-plus-jokowi-brazil-kl]

In addition, conflicting regulations at national and local level are also hampering progress. There are cases of locally assigned concessions overlapping with nationally assigned village forests or customary land rights: a recipe for company-community conflicts. Substantial attention therefore needs to be paid as well to mapping conflicting and complementary policies and regulations at both national and local levels. This exercise can be more powerful when mandated by a coalition of public and private stakeholders.
In both of the above-mentioned areas for change, much attention will need to be paid to transparent land-use planning. Indonesia is a densely populated country and land needs to be used optimally in order to achieve both production and protection objectives of different stakeholders. The absence of transparent, multi-stakeholder land use planning in the last few decades is a major obstacle to progress on these objectives. In Aceh for example, the spatial plan for the province has been heavily criticized by civil society groups.

3. Business cases for production-protection. Through previous engagements, IDH aims to build on its experience that key stakeholders need to recognize the business case. In the first phase of the program IDH will commission detailed research into the business case for various stakeholders to fully understand: the impact and role they play in the supply chains and landscapes, the levers affecting each (sets of incentives/disincentives) that can be used to effect change, and the business cases for sustainability that will make cooperation with our project of clear value to players throughout the supply chains and landscapes.
For example, many of the major palm oil and pulp & paper companies active within or sourcing from the landscapes (such as APP or IPOP companies, but also Consumer Goods Forum members) have committed to stringent environmental and social sustainability criteria. The challenge comes in translating these commitments into action on the ground, particularly with smaller 3rd party suppliers, communities and smallholders. The project will work to define the business case for more sustainable activity by these parties, and deliver support to implement it. The project will develop mechanisms that tie production or livelihoods support to credible action on protection, and reward those that perform well.

   In palm oil, IDH can draw on examples elsewhere to support the production-protection concept. For example, in Malaysia IDH is supporting smallholders to boost productivity and achieve certification, so long as smallholders sign a compact that they always obtain agreement in advance before expanding their plantation. Protection-production agreements are necessary because there is a high risk that only focusing on production will drive up the value of remaining Forest and peatland, encouraging further expansion. Furthermore, successful protection requires the buy-in from all stakeholders, and thus those closest to the ground (such as smallholders, but also medium-size companies) are critical.

4. Innovative finance for Green Growth. Many of these business cases must be supported by innovative financial mechanisms to become reality, because the projects to be invested in are too risky for the average investor. There are huge investments needed in the three landscapes in for example smallholder productivity-enhancement projects, alternative livelihoods projects, peat land restoration, HCV conservation, and land swaps. This will require the strengthening and/or leveraging of existing finance, as well as creating new options for the 'gap' by combining public money as de-risking to enable financial entities to invest. This will be the key driver to get to scale and provide the right incentives to key stakeholders by showing that production and protection can be combined.

5. Smart solutions for sustainable management of forest and peat land. Designating remaining forest as National Parks or Protected Forests does not ensure full protection in a situation where enforcement by the government is weak. New

options need to be looked for, smartly combining production, protection, and community livelihoods. There are many possibilities of which some are already being piloted at different scales in some of the landscapes:

- Designating forest as village forest, with the nearby communities being responsible for sustainable forest management. They can benefit from non-timber forests products sustaining their traditional livelihoods and from payments for environmental services schemes, financed by companies, the government, international donors or impact investors.
- Enabling the existence of multiple-use concessions, whereby the owner of the concession is responsible for sustainable management of the remaining forest inside the concession. The remaining forest could also be used economically in a sustainable manner, e.g. via FSC-certified timber production.

Contribution of this project to the required changes

This project builds on existing institutions, processes and methods but nonetheless involves a substantial scaling-up of activities in the landscapes and the introduction of some new aspects to address key gaps. Based on the analysis of the required changes, the core innovation aspects of the project are:

- Public-private partnership for a green growth plan at landscape scale, addressing commercial, community and conservation interests**.** The project aims to work in partnership with local governments, private sector and civil society to draft green growth plans, including spatial plans. The partnership will further play an important role to mandate actions to contribute to the execution of the green growth plan, monitor progress, and as a lever for change that needs to happen at national level. The planning process will be supported by tools supporting spatial planning and assessing land swap opportunities.

- Improved enabling environment and greater enforcement of existing regulation**.** Incentives will not result in land uses change unless they are accompanied by disincentives for practices that cause deforestation and forest degradation. Indeed economic development will make available capital and the value of production land and hence put further pressure on the forest. The project will seek to enhance the enabling environment for sustainability by starting diagnostic studies at national and local level of regulations and policies promoting or constraining sustainable production and land-use practices. These studies will as much as possible be mandated by the public-private partnership at landscape-level and the coordination structure at national level, to ensure stronger commitments for the recommended enforcement and changes afterwards.

- Production-protection agreements between companies, government and communities can bring both agricultural, forested land and peatland under sustainable management agreements. The production protection agreements are incentivized by support for agricultural productivity improvement, alternative livelihood development, rewards from actors within or beyond the supply chain for the commercial and conservation objectives achieved. The above-mentioned business cases and smart solutions for sustainable forest and peat management will be implemented under production-protection agreements. The production-protection agreements will in particular be supported by:

  - Improved (food) crop production and conservation activities by community members, and
  - A productivity package for palm oil smallholders.

  Replanting is a critical component of increased productivity. Much of South Sumatra was planted in the 1990s and is now approaching the end of the palm life cycle. If

smallholders are not supported to replant, declining yields are likely to encourage them to expand into other areas, possibly forests. Successful replanting schemes are few in Indonesia, and this would serve as a critical pilot for others to learn from, especially where coupled with protection-production agreements. Furthermore, increased smallholder supply is also an important part of the business case for participation of actors further down the chain such as medium-size companies, and the thus re-planting is important.

- Financial mechanisms enabling green growth plan execution**.** There are a number of funds being set up by donors and impact investors for investments in land and forest restoration and HCV conservation, exactly the type of interventions for which substantial investment will be required in the three landscapes. This project aims to assess whether existing funds can be accessed or whether new structures need to be set up. This will be followed by developing investment cases for specific interventions and the development of new investment structures if required. Part of this package is the set up of a risk sharing facility; with a particular focus on palm oil replanting, the proposal seeks to identify and implement new models for financing replanting and incorporate greater risk sharing amongst banks, growers and donors. IDH is in discussions with the Indonesian government over the potential to leverage funding from the "CPO fund" - a newly created facility funded by export tariffs on palm oil (CPO). It is expected that South Sumatra could become a pilot province for CPO Fund replanting support.

- Tools for monitoring and verification of landscape-level progress and risk-free sourcing. Governments and local civil society need to be able to monitor progress against the objectives of the green growth plan. Companies sourcing from the landscapes want to be assured that their supply chain or supply shed is free from environmental and social risks. This requires adaptation of existing or design of new monitoring, verification and assurance systems monitoring conservation, social and commercial outcomes at landscape-level. In addition, the project aims to build capacity within government for monitoring, using new and existing tools.

Other factors explaining the focus of this project proposal

To understand the focus of the current project proposal, it is important to note that there are different programs within IDH working on the above-mentioned elements:

- In South Sumatra, IDH already has significant engagements in the province with private sector companies including Cargill, Wilmar, Musim Mas and London Sumatra (Indofood group). IDH has also been in discussions with other companies directly across the border in Jambi including Prosympac and Asian Agri because these sourcing areas overlap critical areas in South Sumatra including Dangku-Sembilang and Harapan rainforest. IDH has partnered with London Sumatra in South Sumatra to support improved production and certification as well as forest monitoring for 3,144 smallholders on 6,000 ha. Other projects in the pipeline include similar levels of support in turn for protection agreements with medium-size companies on smallholders covering a further 25,000 ha in South Sumatra and bordering areas of Jambi. In addition, IDH is in discussions with a major palm oil producer to pilot an innovative risk sharing finance program for palm oil replanting with 3,000 smallholders. Funding secured under this proposal would support greater political engagement and establishment of relevant platforms to bring multi commodity approaches together under the green growth umbrella. There is also the possibility to significantly scale up the de-risking funding to help drive replanting as a core component of green growth. IDH has been in discussions with the Indonesian CPO fund which is keen to use South Sumatra as a testbed for large-scale replanting. As part of that, funding under this proposal would seek to drive large-scale accelerated smallholder legalization which is critical for interventions in the future and could also serve as a valuable proof of concept.

In Aceh it is likely that the palm oil program will use existing funding to implement projects in support of companies to work with third-party suppliers and smallholders to achieve sustainability policy compliance. Funding achieved from this proposal would be used to scale up approaches towards a more coherent provincial level approach, possibly building around the concept of an "Aceh fund" for green growth in the province.

- In the West-Kalimantan landscape, the program works in collaboration with WWF Indonesia, Kemitraan Partnership and Sampan Kalimantan supporting 2 sub landscapes. One consists of PT. MTI, PT. WSL, and PT ATP. PT. DTK and PT. MP and the other consist of PT. KLIA, PT. BSN and PT. EKL. Both sub landscapes cover more than 500,000 ha of lowland, peat and mangrove forest.

  For South Sumatera, IDH's Pulp and Paper program in collaboration with Palm program are supporting a landscape consortium together with APP, ZSL, Deltares, Daemeter, and SNV to manage the Sembilang landscape. The Pulp and Paper program, together with ZSL and APP, will also provide key interventions for the OKI landscape in the near future.

- The Initiative for Sustainable Landscapes (ISLA) started its inception year in 2014 and is funded by a separate grant from the Dutch Ministry of Foreign Affairs. The West Kalimantan landscape is part of the ISLA program, the landscapes in Aceh and South Sumatra are not. The scope of ISLA hence fully overlaps with the scope of this project proposal as regards West Kalimantan, meaning that the grant from NORAD/NICFI will leverage the ISLA funding available for West Kalimantan[11]. In 2015, ISLA has already funded activities which form the basis for the current project proposal.

Year one focus

It should be understood that the level of progress at the present time differs across the landscapes. In South Sumatra for example, the relationship with the Governor is well advanced and IDH already has significant partnerships on the ground with both civil society and private sector and a roadmap for moving forward. West Kalimantan has already progressed in mapping and data collection; engagement with NGOs, District government, and companies; and the identification of key intervention areas as part of ISLA. By contrast in Aceh, IDH has a strong partnership with IPOP companies to work together in the province, but potential interventions are still in scoping stage.
In the inception year, the project will make a start with laying the foundations which are required for the contributions to change listed above. The project will focus on the following outputs:

- Establishment of a multi-stakeholder landscape partnerships in each landscape;
- Drafting the green growth plans for these landscapes;
- Start of development of the necessary enabling environment for the production and protection objectives set by the stakeholders;
- Production-protection/restoration agreements between companies-government-communities in the landscapes resulting in a number of pilots;
- Business and investment case to enable investments in green growth plan execution, including: land swaps, peat land restoration and better peat land management, HCV protection.

[11] 2 million EUR for co-funding public-private interventions for the period 2016-2018, plus 500,000 EUR for research, stakeholder meetings, and communication. In addition, at least 1 million EUR of private sector co-funding is expected to be raised by ISLA.

- Analysis of current commodity- and landscape-based monitoring and verification systems and suggestions for an integrated approach to drive implementation market sustainability commitments

Timing of Activities

The activities are clustered into the following work streams:

1. Program Management.
2. Convening multi stakeholder coalitions at pilot level, landscape level and national level.
3. Diagnostic studies and mapping
4. Developing models for production protection agreements
5. Prototyping new models on financing palm smallholder production support and replanting.

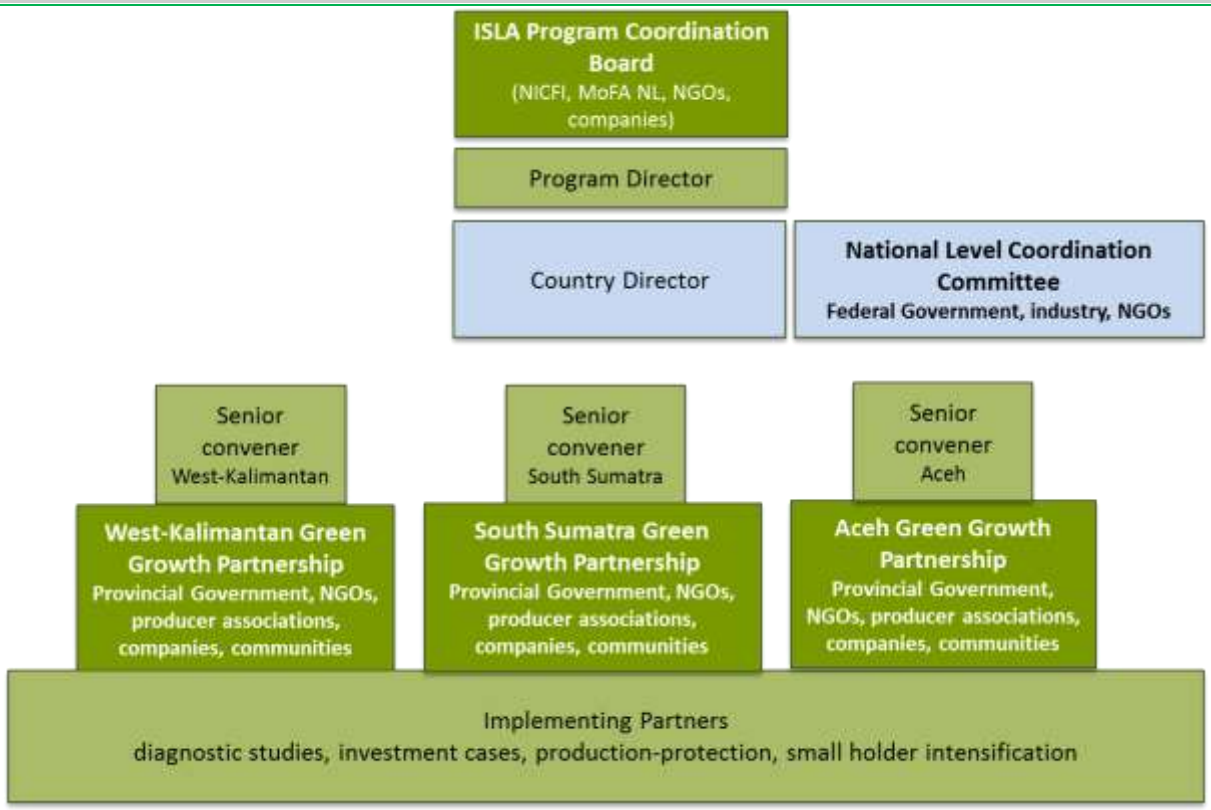
See the detailed planning of activities below.

ACTIVITY PLANNING: INDONESIA	jan	feb	Mar	apr	may	jun	jul	aug	sep	oct	nov	dec
Program Management												
Recruitment of team												
Close new agreements with implementing partners and consultants												
Design monitoring, evaluation and reporting arrangements.												
Develop program learning agenda in close consultation with key stakeholders.												
Continue development of a communications strategy, internationally and nationally, including development of communication and outreach partnerships, positioning strategy, program 2pager, newsletter, etc.												
Convening												
Contribute to structuring governance, joint communication, and progress monitoring of the public-private partnerships in the landscapes												
Participate in regular meetings with key stakeholders												
Meetings with key national government officials and head quarter meetings with executives of key commodity companies for national alignment with the State level plans												
Development of draft green growth plan for use with key stakeholders												
Consultation activities related to green growth plan												
Launching workshop on green growth plan												
Diagnostic studies and mapping												

Stakeholder mapping in three landscapes												
Compilation and application of data required for green growth plan												
Scenario building for the 3 landscapes: 'business as usual' and green growth scenarios												
Development of business and investment cases												
Commission legal experts to do a study on policies and regulations												
Deeper analysis in pilot areas												
Verification meetings with key stakeholders												
Commission analysis of monitoring and verification systems and suggestions for harmonization, extension, or development of a new system												
Model development												
Consultancy to provide lessons learned on production/protection from other locations.												
Gap analysis (knowledge, data, good practices) and technical guidance (see above) to fill gaps and develop draft models												
Develop production-protection proposition for the pilots; define number of hectares of forest to be protected per pilot.												
Drafting of pilot production-protection agreements, in close consultation with key stakeholders, including communities in the identified pilot out-growers areas and in adjoining HCV-HCS forest.												
Prototyping new models on financing palm smallholder production support and replanting.												
Based on other outcomes, identify the need for the creation of new funds or the requirements that projects need to meet to benefit from existing funds												

Organizational arrangements for project implementation

Figure 4: Implementation arrangements



Program management

At headquarters level, the project will be coordinated through the existing program structure of ISLA, and in Indonesia via the Jakarta office. In Indonesia, the project will have a senior program manager (the country director) whom will also manage contacts with key ministries and CEOs, and a senior convener per landscape to engage with stakeholders at strategic level. The program coordinator and senior conveners are supported by a project coordinator.

Stakeholders in the multi-stakeholder coalitions will prioritize interventions. The senior conveners will work with different implementing partners to support projects already prioritized by the stakeholders. These will over time mature in self-sustaining organizational structures in which the stakeholders (government, producers, industry, and financial institutions) will themselves take the lead. The role of IDH is to help establish these.

First year activities	First year deliverables
Recruitment of senior program manager and landscape conveners in Indonesia	Project team in Indonesia in place.
Elaborate program management structure	Program management structure in place.
Design monitoring, evaluation and reporting arrangements.	Program reporting, evaluation and reporting arrangements in place.

Mato Grosso

Project location

The location of the project is the State of Mato Grosso, located in the Centre-West Region of Brazil. Mato Grosso has a total area of 903,000 square kilometers (90 million hectares), composed of three main biomes: the Amazon (represents 53% of the territory), the Cerrado (40%), and the Pantanal (7%). Its population totals approximately 3.0 million people, with an urbanization rate of 82%.

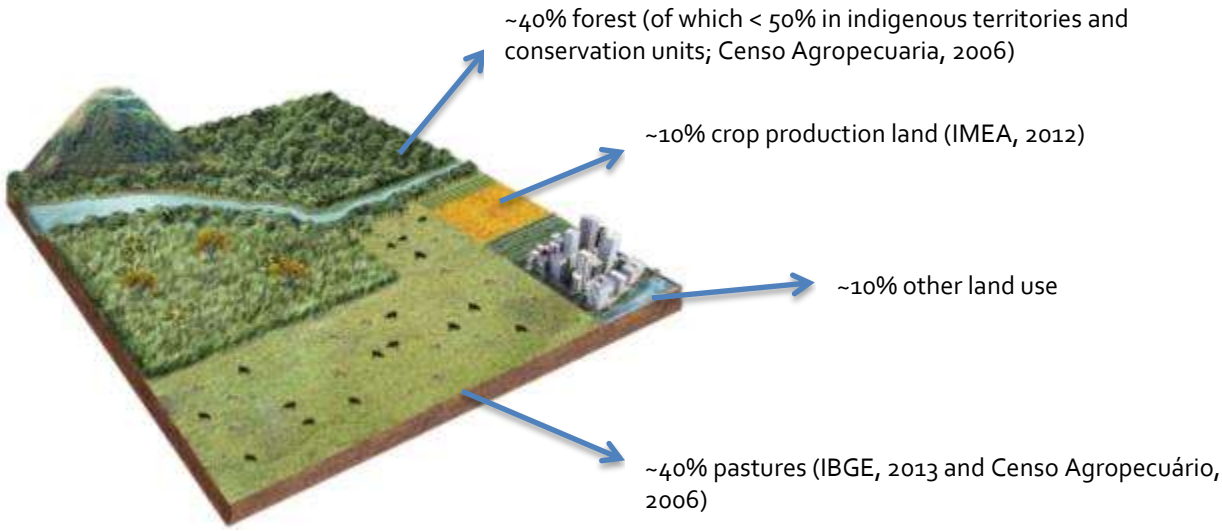
Source: SEMA MT and Google maps

With one of the world's largest wetland complexes, the Amazon rainforest, and the transition between the Cerrado and Amazon biomes, Mato Grosso is crucial for forest and biodiversity conservation. Yet the state is also a world-leading producer of agricultural commodities such as grains, cotton, and meat.

The state has still 40% (Censo Agropecuario, 2006) to 58% (SEMA, 2014) of its territory devoted to forests (different sources of statistics provide different figures). As can be seen in the land-use statistics figure below, the area used for agriculture covers approximately 50%. State-wide deforestation rates have decreased by 91% between 2000 and 2014 (SEMA MT, 2015) thanks to the introduction of robust public policies and voluntary measures by industry and NGOs.

However, agricultural and meat production in tons of product are projected to increase by 76% by 2022 (base year 2012, IMEA, 2012). If not well addressed, these ambitions will continue to constitute a key driver of deforestation, threatening primary forest and high conservation value areas. Also smallholder producers in rural settlements will continue to encroach forests unless viable economic alternatives are created for them. Until 2014, 40% of the total forested areas had been cleared for agricultural production. And Mato Grosso was rresponsible for 34% of the Legal Amazon deforestation between 1988 and 2014.

Figure 1: Approximate division of land-use/cover in Mato Grosso



Mato Grosso

- World's most competitive grain producer responsible for 9% of global soy output and 30% of national production, largest beef producer in Brazil (exports over US$ 1 billion), and leading cotton producer with 60% of national production.
- Agricultural and meat production in tons of product are projected to increase by 76% by 2022 (base year 2012).
- ~40% of the land is occupied by largely unproductive pastures
- 40 - 58% of the territory is forest, of which the majority is located on privately owned land
- State-wide deforestation rates have decreased by 91% between 2000 and 2014
- 40% of forested area cleared for production until 2014
- Responsible for 34% of the Legal Amazon deforestation between 1988 and 2014
- 4.4 million hectares of environmental deficit as per the Forest Code (see text box on Forest Code below)

Main impact areas and outcomes

IMPACT AREAS ADDRESSED BY PROJECT			
Natural forests are conserved to maintain their carbon storage capacity and biodiversity	Cost effective and verifiable reductions in greenhouse gas emissions from deforestation and forest degradation.	Sustainable development	Poverty reduction
200,000 hectares of deforestation indirectly avoided by expanding crop production on existing cleared areas	*150,000 hectares of legal reserves set-aside for reforestation* *500,000 hectares of degraded pasture land restored* *5,000 hectares of degraded riparian and*	*200 cattle farmers have intensified and/or specialized their cattle business, thereby increasing productivity while freeing up land to lease to*	*The income of 200 cattle farmers (small-medium-and large scale) has increased with an average of 30% over the project period*

	other sensitive areas replanted	*crop farmers*	

PROJECT SPECIFIC OUTCOMES

1. Commercial, community and conservation interests are addressed in a green growth plan, executed by public-private partners in the landscape
2. The State and Federal governments developed enabling environment for the production and protection objectives set by the stakeholders
3. Cattle ranchers have intensified their production and restored degraded pastures, resulting in the freeing up of land for reforestation and crop production
4. A de-risking facility developed and operational for mainstream investments in intensification and reforestation for medium and large producers
5. Land-use optimization at State level: HCV forest and connected areas are protected through set-aside RLs and the CRA market, while land freed up by cattle intensification is used for agricultural production
6. Conservation, restoration, and intensification achievements are enabled and rewarded by market players using robust monitoring and verification tools for risk-free sourcing

Identification of changes required

Direct involvement of land-users is crucial to achieve forest conservation and restoration targets

The involvement of land-users – farmers, cattle ranchers, and forestry companies - in forest protection initiatives has so far been limited. In fact there is a historic distrust and confrontation between land-users and agribusiness on the one hand and environmental protection authorities and NGOs on the other. However now is the momentum to transition forest conservation from a "command and control" agenda into "positive business opportunity agenda". The large majority of the remaining forest in the State is located on privately owned land, and Brazil's recently revised Forest Code has made private land-users the primary custodian of forests. In the years ahead it is essential that producers are enabled to fulfil this role of forest custodian and invest in sustainable land-use. The regional stakeholders, including government, producers, industry and NGOs, realize they are in this important point of transition, and are looking to build new relationships and mechanisms to make this possible. Our proposed interventions are designed to leverage this energy from the stakeholders and help build it out from fragile intents into a solid green growth partnership.

The Forest Code

The Code also requires the conservation of native vegetation by setting aside so-called legal reserve areas (RL) on the property (80% of the property in the Amazon, 20% in other biomes) and by restoring environmentally sensitive areas near rivers and on hilltops and slopes that are designated as permanent protection areas (APPs). The latter have to be conserved and restored in any case. When farmers do not meet the legal reserve requirements, they can either buy environmental quotas (CRAs) from other property owners with a legal reserve surplus in the same biome and preferably in the same state, or restore the deficit area. Recent calculations show that the demand for CRAs in the Amazon biome in Mato Grosso will be higher than the supply. This implies that part of the RL deficit needs to be reforested.

The behavior of land-users can change by smartly combining production and protection

Growth of agricultural production in Mato Grosso can create value for both business and environment. There is ample room for optimizing land-use on the currently available agricultural land and accommodating future growth within the same area. In particular the pasture land, occupying 24 million hectares, is largely unproductive. Cattle intensification, using existing technologies and management practices, could raise productivity and profitability for cattle ranchers and at the same time free up approximately 5 million hectares of land for planting other crops and for reforestation as per legal requirements. The costs of reforestation can be diminished, when the reforested area can (partly) be economically productive, by planting for example fruit trees or species suitable for timber. Calculations by IDH and AgroIcone show a positive business case of cattle intensification combined with forest restoration for medium to large scale cattle ranchers.

So by smartly combining production and protection further growth of agricultural production can happen within compromising the need for conservation and restoration of forest. Three main transformations for land-users in Mato Grosso are needed to achieve this:

1. Cattle ranchers intensify production and restore degraded pastures, so they free up land for crop production while generating funds to finance reforestation and/or compensation of legal reserve deficits;
2. Crop farmers expand production on existing lands, while reforesting and/or compensating legal reserve deficits;
3. Smallholder farmers diversify and specialize in high-value supply chains, while avoiding further encroachment into forests.

The right policy, finance and market incentives will catalyze the land-use transformation

This transformation requires appropriate incentives for producers to invest in sustainable land-use. These incentives come from a set of enabling conditions in the domains of policy, markets and finance, as shown in the table below.

Public policy	Finance	Markets
• Further Forest Code regularization to enable (partial) economic use of compensated and restored forest areas • Spatial planning • Optiming land rental markets • Improved (decentralized) environmental governance in municipalities • Land tenure for smallholders • Support for economic alternatives for small-holders & communities in settlements • REDD+ law	• Attractive finance for mainstream investments in intensification & restoration • Tailored finance for smallholdes and communities in settlements • Risk-sharing by strategic investors and donors • Payment for environmental services • Green bonds	• Monitoring and verification systems for risk-free sourcing areas • International markets buying from the Amazon to enable producers to protect forests • Market system for trading in environmental quotas valuing connectivity and biodiversity • Unlock potential for the forest restoration industry

Many projects and initiatives in Mato Grosso are already addressing one of more of these enabling conditions. These are summarized in the table below, the list is not exhaustive.

Initiative	Organizations involved	Topics addressed
Public policy		
Forest Code	National and State governments	Minimum forest cover on private properties, conservation and restoration requirements
Soy Moratorium	Soy Working Group (government, NGOs, and soy traders)	Moratorium on trade of soybeans produced in areas of the Amazon Biome deforested after July 2008
Cattle Agreement	Cattle industry, Greenpeace, Federal State Prosecutor	Industry agrees to stop buying cattle from newly deforested areas of the Amazon rainforest
MT Plan to prevent & control deforestation & fires	State of Mato Grosso	Achieved progress on the registry of rural properties, a key step towards legal compliance
Programa Municipios Sustentaveis	Municipalities and NGOs	Improve environmental governance capacities of municipalities
Various projects for settlements	NGOs like IPAM, ISA, others	Land rights, legal compliance, and livelihood improvements for farmers in settlements
Markets		
Restoration pilots	TNC	APP restoration pilots and mapping the restoration value chain in some municipalities
SojaPlus	Soy producers and industry	Checklist and training for sustainable soy production
Roundtables for soy and beef	Soy producers and buyers	Guidelines and/or certification of sustainable commodity production
Sourcing guidelines	Feed industry and consumer goods companies in Europe	Verification of sustainable commodity origins
Investments		
Amazon Fund	BNDES, donors including Norway, NGOs and local government are executing funded projects	Non-reimbursable investments preventing, monitoring and combating deforestation, and promoting the preservation and sustainable use of forests in the Amazon Biome
Novo Campo and Pecsa	ICV, Solidaridad, Imaflora, JBS, farmers organisations, Embrapa, and funders including NORAD (NC) and Althelia	Cattle intensification and pasture restoration, technical assistance and a commercial investment in 20 farmers

	(Pecsa)	
Territorial Performance Indicators	Earth Innovation Institute	Design of system for environmentally & socially performance-based payments to municipalities

This overview shows indeed that a lot of good contributions are already being made to the different pieces of the production and protection puzzle. It also shows that (i) agricultural production and forest protection are still often treated as two separate arenas; (ii) there are relatively few initiatives leveraging finance and markets for impact at scale yet;(iii) the initiatives in the different domains are not necessarily linked to each other in order to benefit from synergies.

The proposed contributions of IDH and partners to realizing the land-use transformations

This IDH project builds on existing institutions, processes and methods but nonetheless involves a substantial scaling-up of activities in the landscapes and the introduction of some new aspects.

Based on the analysis of the opportunities and the current "landscape" of initiatives, the core innovation aspects of the project are:

1. Establising a state-wide public-private partnership with a Green Growth Plan.
   The focus of the partnership is to strengthen enabling conditions in policy, finance and markets that will catalyse initiatives on the ground by businesses and civil society. At the core of the partnership is a joint Green Growth Plan for Mato Grosso, with state-wide targets, a governance group, and a consolidated proposition to attract markets and investors. Field-level projects are left to private initiative. This partnership will leverage existing initiatives rather than duplicating them, and will only initiate new actions only when these are prioritized by the partners.
   In the run up to the COP21, different State Secretaries and NGOs are currently trying to build up this public-private partnership, although the participation of the private sector is far from secured yet. IDH is part of this dynamic and its role will be to ensure active participation of the private sector in the partnership and to mobilize traders and European buyers to support the efforts of the Brazilian producers and industry to take an active role in this partnership.
   The actions mentioned below have already been prioritized by stakeholders in Mato Grosso, that is why IDH, partners and stakeholders are moving ahead with these in parallel to the state-wide partnership.

2. An enabling environment at State and Federal level for the production and protection objectives set by the stakeholders
   The changes at field level the project aims for can only be realized when complemented with the right (dis)incentives from policies and regulation. For example, in the above-mentioned business case, cattle and also crop farmers can mitigate the negative cashflow impacts of investing in reforestation on their business by planting tree crops and species that also provide economic benefits. However, this requires further regularization of the Forest Code to clarify what species can be planted in APPs and RLs. In addition, well-functioning land rental markets are needed to enable the owners of pasture land to lease surplus land, freed up through cattle intensification, to crop farmers. And a certain level of oversight on the environmental reserve quota

market will be required to direct compensation to the conservation of HCV and HCS forest, while also ensuring connectivity between conserved areas.

3. A de-risking facility for cattle intensification and reforestation at scale
Business case modelling by IDH's partner in its on-going landscape initiative in Mato Grosso, AgroIcone, shows a positive intensification-reforestation business case for medium to large scale cattle producers: intensification of production will increase their cashflows, with which they can finance the costs of reforestation. However, the investment in this business case will be risky for a farmer and the payback time is relatively long (8-11 years). Innovative finance facilities addressing these issues are therefore required. As possible example is a blended finance fund combining commercial capital with concessionary finance from donors and impact investors. This reduces risks and allows part of the funds to be spent on technical assistance for farmers. The fund will enable private initiative on the ground by input suppliers, forestry companies, cattle associations and non-profits. The role of IDH and partners, such as AgroIcone and McKinsey, will be to structure these finance facilities and attract investors.

4. Technical assistance complementing the fund
In addition, the fund should include or be complemented by technical assistance for intensification and reforestation. Therefore IDH and partners, such as TNC and ICV, also aim to support the set-up of cattle hubs and and support key agents in the restoration value chain, such as input and service providers.

5. Technical and policy guidance for land swaps
Cattle intensification will make large parts of the currently unproductive pastureland available for other purposes. Directing crop or cattle farmers who want to expand their business to this land instead of opening up new forest areas is crucial. This requires crop expansion scenarios, engagement and coordination with organisations of crop farmers, and substantial research into the functioning of land markets, providing recommendations for changes in policies and regulation (see also point 2. above).

6. Markets: monitoring and verification tools for risk-free sourcing
Rewarding legal compliance (reforestation and compensation of environmental reserve deficits) will be an important carrot for engaging Brazilian producers and industry in the above-mentioned initiatives. IDH aims to convene European buyers of soy and beef, Brazilian traders and industry, and producer representatives with the objective of improving existing or designing new monitoring and verification tools. These tools will enable buyers to assure they are sourcing from risk-free areass, while proving producers and industry access to the European market. IDH will closely collaborate on this topic with existing platforms where market stakeholders meet, such as the Tropical Forest Alliance and the Consumer Goods Forum (IDH is a member of both).

Other factors explaining the focus of this project proposal
To understand the focus of the current project proposal, it is important to note that there are different programs within IDH working on the above-mentioned elements:

- The Soy Program which IDH started in 2008 will up to 2016 focus on achieving Rountable for Responsible Soy (RTRS) certification of farmers in Brazil. In the period 2016-2020 the Program will focus entirely on increasing the demand for sustainably produced soy in Europe and to assist the feed industry and retailers in Europe in translating their sourcing guidelines into practice by using suitable risk-monitoring and

verification tools. The Soy Program is also supporting 4 landscape pilots in Mato Grosso executed by various NGOs, co-funded by the private sector. These pilots focus on smallholders in settlements in Querencia (IPAM and ISA); APP restoration in 7 municipalities in Central Mato Grosso (TNC); piloting territorial performance systems in 3 municipalities in the Vale do Araguaia (EII); and crop-cattle integration in 3 municipalities in the Alta Floresta region (ICV). These projects will end in December 2016.

- The Initiative for Sustainable Landscapes (ISLA) started its inception year in 2014 and is funded by a separate grant from the Dutch Ministry of Foreign Affairs. The scope of ISLA fully overlaps with the scope of this project proposal, meaning that the grant from NICFI will leverage the ISLA funding available for Mato Grosso[12]. In 2015, ISLA has already funded activities which form the basis for the current project proposal. We have been engaging with stakeholders in Mato Grosso, being part of the nascent public-private partnership process in the run-up to COP21, and funded the modelling of the cattle intensification and forest restoration business case. ISLA will work hand in hand with the Soy Program on market convening and risk-free sourcing tools for buyers of soy, and on scaling up its landscape pilots when successful.

It is also important to note that we deliberately choose not to engage in areas where IDH with its private sector focus does not have a comparative advantage, such as: improving and securing traditional livelihoods in indigenous territories, nature conservation in conservation areas, land tenure and alternative livelihoods for smallholders in settlements. We want to stress that projects in these areas are crucial for reducing deforestation, but we believe that other NGOs in Mato Grosso are better positioned to take up these challenges.

Year one focus

In the inception year, the project will make a start with laying the foundations which are required for the six changes listed above. The focus will be on the following outputs:

- Establishment a landscape partnership and finalizing its green growth plan
- A diagnostic study on the existing regulations and policies promoting or constraining sustainable practices and optimal and sustainable land-use within the State
- Develop a regional Pecuario+ program, adopted by the producer associations (FAMATO, Acrimat)
- Preparing technical assistance for cattle farmers: assessment of cattle intensification potential in Mato Grosso; agreements with key public and private actors for establishing a production hub; and a model for replication of the hub.
- Investment case and fund design for the de-risking fund for cattle intensification and forest restoration
- Mapping agricultural expansion trends in cattle intensification areas
- Declaration of interest of key industry, traders, and consumer goods companies on sourcing beef, leather and grains from risk free areas in the Amazon
- Analysis of current commodity- and landscape-based monitoring and verification systems and suggestions for an integrated approach

Timing of Activities

The activities are clustered into the following work streams:

5. Project management
6. Convening

[12] 2 million EUR for co-funding public-private interventions for the period 2016-2018, plus 700,000 EUR for research, stakeholder meetings, and communication. In addition, at least 1 million EUR of private sector co-funding is expected to be raised by ISLA.

7. Diagostic studies and mapping
8. Model development

See the table on the next page for the detailed activity planning for Mato Grosso, Brazil.

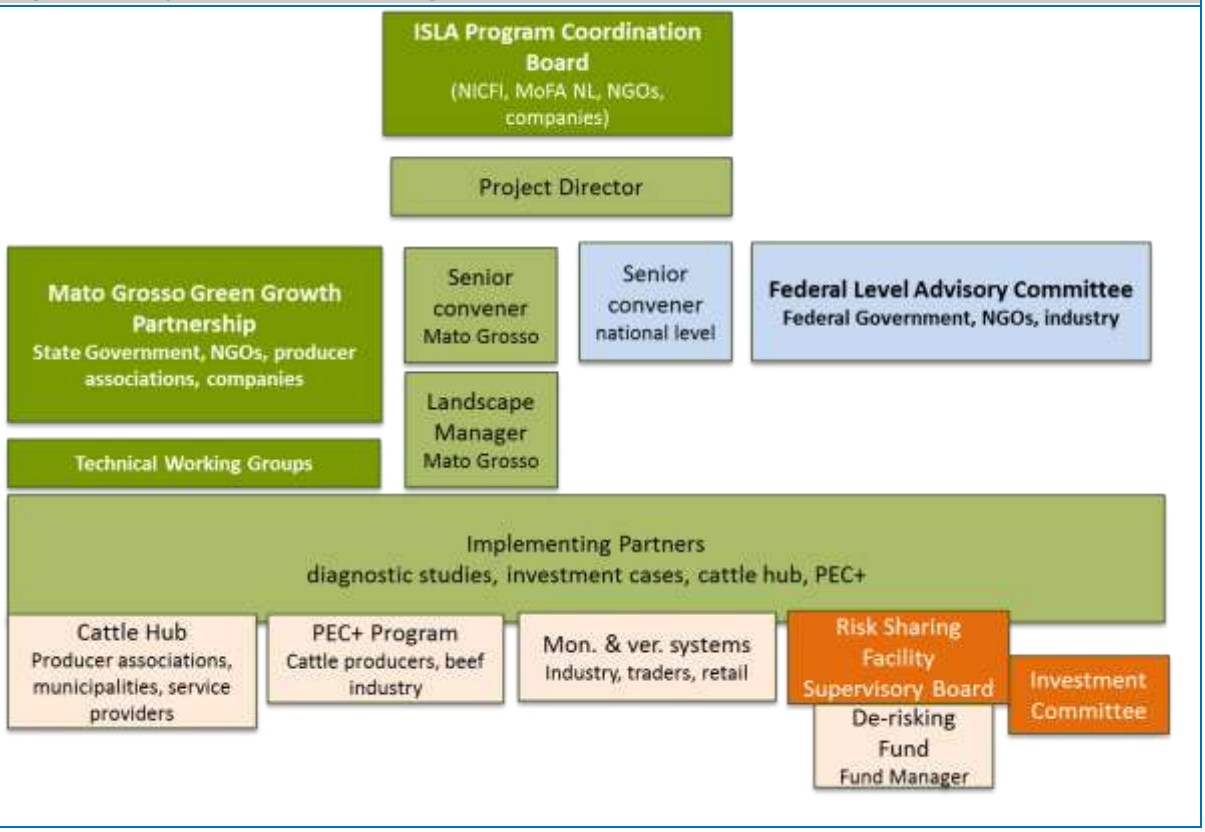
ACTIVITY PLANNING: MATO GROSSO - BRAZIL	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec
Program Management												
Recruitment of full time progject manager in Mato Grosso												
Continue agreement with current senior stakeholder conveners from the agribusiness and forestry sectors												
Close new agreements with implementing partners and consultants												
Design monitoring, evaluation and reporting arrangements.												
Develop program learning agenda in close consultation with key stakeholders.												
Continue development of a communications strategy, internationally and nationally, including development of communication and outreach partnerships, positioning strategy, program 2pager, newsletter, etc.												
Convening												
Contribute to structuring governance, joint communication, and progress monitoring of the public-private partnership at State level												
Participate in bi-weekly/monthly meetings of the PPP which started a process of collaboration end 2015												
Convene two technical working groups on two of the following topics: investment facilities, market convening, or agricultural intensification												
Meetings with key national government officials and head quarter meetings with executives of key commodity companies for national aligment with the State level plans												
Development of draft plan for use with key stakeholders												

Consultation activities related to green growth plan													
Launching workshop on green growth plan													
Organize a learning journey in MT with key beef, grain, and forestry industry, traders, and consumer goods companies													
Diagnostic studies and mapping													
Compilation and application of data required for green growth plan													
Commission legal experts to do a study on policies and regulations													
Consolidate crop expansion analyses undertaken as part of the Soy program													
Deeper analysis in areas where cattle intensification will happen													
Verification meetings with key stakeholders (producer associations from grains, cattle, and cotton sectors)													
Commission analysis of monitoring and verification systems and suggestions for harmonization, extension, or development of a new system													
Model development													
Design PEC+ program together with cattle producers and industry													
Implementing Partner (IP) assessment of cattle intensification in two locations													
Building relations and closing agreements with municipalities, farmers, farmers organisations, and technology suppliers to establish the cattle production hub													

Developing a business plan for the establishment of a first production hub												
Developing a production hub replication model												
Develop an investment case for the de-risking fund for cattle intensification and land restoration												
Build relations with key investors and delivery agents for the de-risking fund												
Participatory design of the fund with key investors, delivery agents and final recipients												

Organizational arrangements for project implementation

Figure 2: Implementation arrangements



At headquarters level, the project will be coordinated through the existing program structure of ISLA. In Brazil, the project will have one fulltime project manager in Mato Grosso, part-time senior conveners to engage with stakeholders at both State and Federal level. The project manager in Mato Grosso will play an active role in the Green Growth Partnership and in one or two key technical working groups, which are most aligned with the objectives of this project. Stakeholders in the Green Growth Partnership prioritize interventions. The technical working groups provide advise on operationalization of the interventions. The project manager will work with different implementing partners to support projects already prioritized by the stakeholders. These projects, such as the cattle hub, the PEC+ program, and the de-risking fund will over time mature in self-sustaining organizational structures in which the stakeholders (government, producers, industry, financial institutions) will themselves take the lead. The role of IDH is to help establish these.

Learning & Innovation

The approach of the current landscapes for Green Growth proposal is innovative with its explicit focus on production protection agreements. Many eyes are closely watching Liberia's palm oil development and its effect on community development and forest cover, and when successful many (African) states will be keen to learn from its lessons. Equally, Brazil's and Indonesia's forest governance is closely watched, and new approaches to effectively mobilize investment into agricultural intensification while improving natural resource governance are highly sought after.
Learning and Innovation is central to IDH proposition, enabling our program coalitions to deliver impact at scale. Activities of the learning team focus on bringing in new knowledge, facilitating learning within program teams, and building and verifying business cases ('proof of concept') that enable scaling up.

For the seven landscapes highlighted in this inception proposal, Learning and Innovation efforts will be centered on three work streams:

1. Mobilize and build knowledge on production protection compacts, and the business cases underpinning structuring green growth landscape financing;
2. Support capacity development and speed up the learning curve of the landscape conveners, and make learnings of the landscape teams explicit and shareable;
3. Build (and build on) learning and knowledge sharing partnerships for sharing learnings.

Mobilize and build knowledge

Production Protection Agreements
In Q1 of 2016, IDH aims to compile an overview of lessons learned and best practices related to production-protection agreements. IDH, with a consultant to be contracted, will develop insight in emerging experiences and lessons learned, including on challenges related to the legal status of such agreements, ensuring that appropriate community representative structures are identified as signatories; dealing with heterogeneity in communities; and dealing with incompliance.

The consultant will also be asked to estimate the potential impact of the Production-Protection Agreement approach in several of the landscapes, and hint to the required enabling conditions. Workshops will be hosted to discuss the results with key stakeholders.

For the seven landscapes a further analysis will be done, looking into the local and national policy framework for such agreements.

Tool for business and investment case development
To support business case development, a tool will be developed that supports structuring of financial needs in the landscape to deliver on the green growth vision. IDH will contract a consultancy organization to work with the Utrecht team, potential landscape investors and the landscape conveners on developing a framework for business case building.

Learning within the team

The program teams on the ground will also go through a steep learning curve, as many of the proposed actions are innovative; if not globally at least for the context of the landscapes.

Through its ongoing landscape program, the IDH Initiative for Sustainable Landscapes (ISLA), IDH already hosts semi-annual Landscape convener learning days, during which the landscape conveners from the six landscapes in Brazil, Indonesia, Vietnam, Côte d'Ivoire,

Kenya and Ethiopia come together and exchange and build on approaches and lessons. To speed up the learning curve, the Landscape Conveners of the three Liberian landscapes and the two additional Indonesia landscapes will also be participating in these learning days and regular calls and exchanges.

Learning and knowledge sharing partnerships

Coordinated by the project learning manager, learnings out of this inception year will be shared with relevant fora. IDH and ISLA work in partnership with a number of leading innovators in the landscapes space, including private sector platforms like WBCSD and Sustainable Food Lab, civil society organizations, and finance providers. Additional partnerships will be developed in Liberia, Brazil and Indonesia, building on our network and on existing fora for sustainable trade, forest conservation and rural development, to share experiences and learn from others to scale-up the agenda of green growth and production-protection.

Communication

Goals

The communication and advocacy effort aims to strengthen the overall goal of public-private governance of landscapes by:

1. Awareness raising and engaging of international stakeholders and investors through showing the business rationale for landscape approaches.
2. Advocating a landscape approach to (local) stakeholders, donors and knowledge institutes in order to gain their support, endorsement and involvement.
3. Disseminating knowledge, best practices of landscape approach models to support widespread implementation of landscape approaches as green growth plans.

Target audience and levels of communication

The communication and advocacy work is targeted at international and country/landscape level.

The *international* communication is geared towards seeking engagement and/or financial commitments from:

- multinationals sourcing from the landscapes
- international NG and civil society organizations
- knowledge institutions
- other potential investors, governments and international bodies with vested interest in the conservation of forests and/or landscapes.

Appropriate messaging, communication channels and tools will be employed to position the program as private-sector driven, inclusive and practical with replicable models. Support of the Norwegian government and endorsements of the national governments in the landscapes will be highlighted in any international communication.

At the *country/landscape* communication and advocacy plays a vital role in activating and engaging:

- national and state/regional governments
- local businesses producing in or sourcing from the landscape
- civil society groups
- local communities, civil society
- other relevant stakeholders

Locally customized and appealing communication will be used to reach out to the local audience. Here, communication and advocacy will help create local ownership of the projects, create momentum around the landscape approach as a solution, and to sustain the momentum to ensure continuity. Case by case branding decisions will be made on the basis of an analysis on how to best create local ownership.

Communication tools and channels

To meet the aforementioned goals, we communicate using the following media tools and channels:

1. General information base

The website of IDH's landscape program is our central base of relevant, updated information about the initiative and running landscapes. We plan to include the landscapes in the website of the Initiative of Sustainable Landscapes (ISLA). Currently in English, the website will also provide information in some of the local languages to reach out to all relevant stakeholders: www.landscapesinitiative.com. *News articles and newsletters* in both

English and local languages maximize outreach and guarantee a free information flow between stakeholders. *Social media* both international and in landscapes engage stakeholders to disseminate publications, updates and other information. *Communication materials* such as brochures, factsheets, booklets, PowerPoint Presentations and Prezi's and other materials are regularly developed for use in meetings, workshops and events. On all our materials all institutional donors and partners are prominently mentioned.

2. Press and PR activities

Plans, progress, success stories, case studies and other newsworthy information will be communicated through press releases, interviews, articles, videos and other PR activities. This will be done at international, national and local levels using respective media channels. The main strategy of PR activities is to create a podium for SMART results and for landscape champions. Either being companies, civil society groups, governments, donors or any other stakeholder which is, on a basis of a stakeholder analysis, identified as a strategic partner to help accelerate the program.

3. Events to convene partners and stakeholders in the landscape

The program team presents the program at (inter)national events, such as global landscape fora, conferences on production-protection, deforestation, government meetings, etc. This is done by giving presentations and workshops, participating in debates, panel discussions and similar activities with the aim to create buy-in for the program. Other events include officially launching the program in the landscapes to create momentum among stakeholders.

4. Publications, contributions and blogs to share best practices and knowledge

Learnings will be regularly disseminated to the expert community and all stakeholders. This is currently being done under IDH's Initiative for Sustainable Landscapes. By bringing together different players and expert communities we can reach a large expert audience. Examples are: *A Practical Guide for Landscape Practitioners* currently being finalized by the learning team to be shared publicly in the coming months and *The Little Book on Sustainable Landscapes* by The Global Canopy Program in cooperation with IDH, TNC, WWF and EcoAgriculture partners to be presented at the Global Landscape Forum in Paris later this year.

5. Partner media channels to enable them to claim their own victories

The program works actively together with its strategic partners to disseminate information into a broader network. At the international level, IDH engages among others with the World Business Council for Sustainable Development (WBCSD), the Sustainable Food Lab, The Netherlands Ministry of Foreign Affairs and EcoAgriculture Partners. Distributing press releases, article and blog contributions to websites, social media as well as joint publications are some ways in which the program and partners make mutual use of each other's networks. At the national or landscape level, we aim to utilize coalition media channels to disseminate information and updates to stakeholders.

Operations and reporting

This section first outlines the IDH control framework, overall governance of IDH, ISLA governance, IDH overall staffing and the overall IDH Result Management Framework (RMF). Thereafter, specific RMF considerations applicable to this proposal are outlined, as well as the envisaged reporting arrangements.

IDH control framework

All key IDH operational procedures and management and governance are updated and checked on a regular basis and form an integral part of the audit object in conducting the audit on the financial statements of IDH.

IDH is operating with public resources to achieve public good impact. It is therefore extremely important that the IDH stakeholders can trust that IDH acts responsibly and within acceptable standards of risks. IDH needs to comply with high standards of transparency and has high risk awareness. Next to extensive annual reporting on the activities, a risk management framework was fully implemented in 2013 to ensure sufficient levels of risk awareness throughout the organization and to control or mitigate the identified risks as part of the regular control framework.
The core components of this framework are as shown in the table below.

Annual reporting cycle	Y	High level overview of all important risks and mitigation activities
MT finance meeting	M	Finance, planning, control and legal compliance risk for programs and IDH organization.
Program review per program	Q	Discussion on strategic themes and flagging of all programmatic operational and reputational risks and mitigation activities.
Program partner assessment	Q	Program partner due diligence using the ICSR framework
MT meetings	W	All urgent risks on both IDH organization and programs

Contract management

The IDH framework for contracting external entities consists of the following components:

- The strategic direction and intervention logic of the project is captured in a "Call for Proposals" or a "Terms of Reference" document which is shared publically along with an invitation to submit a proposal;
- All proposals received are assessed (in general by an independent Project Assessment Committee or by a multi stakeholder Steering Group); results are consolidated and documented and the best proposals are selected to include in the program and proceed to contracting and implementation;
- After an assessment of the administrative capacity of the implementing partner, a contract is signed. This can be a company, an NGO or a consultancy firm. An activity-based work plan with budget and KPIs is attached to and part of the contract, next to the mandatory IDH reporting guidelines. The contract is approved by the relevant IDH officers, signed by both parties and administered in IDH's financial administration systems.

Governance of IDH

The Executive Board is responsible for the management of IDH, which means that the Executive Board is responsible for the realization of IDH´s objectives, the strategy, the

finance and the overall policy. The Supervisory Board is charged with supervising the policy of the Executive Board, IDH's general business framework and IDH's performance. The IDH Governance Code documents and clarifies principles and practices of IDH's Executive Board, Supervisory Board and the Supervisory Board's Audit-, Remuneration- and Nominations Committee and Impact Committee. The IDH governance framework provides for continuous improvement of processes by incorporating the recommendations made by the Supervisory Board and its various committees as well as IDH's institutional donors and external auditor. One of the efforts to harmonize donor agendas has been the creation of the IDH Donor Committee which consists of the institutional donors of IDH; institutional donors are donors that invest in IDH with un-earmarked funding. Other donors (eg program donors) can be invited to the committee meetings upon invitation as an observer.

ISLA Governance structure

The Dutch Ministry of Foreign Affairs has asked IDH to implement the ISLA program. IDH therefore carries overall responsibility, with Executive Board member Ted van der Put as the responsible IDH Management Team member. Ted van der Put has delegated the management of the program to the program director Daan Wensing. ISLA follows IDH's policies, Result Measurement Framework and Reporting Cycle.
The development and implementation of the program is guided by the ISLA Program Coordination Board. The Board provides high-level expertise, network, guidance and resources to the work streams of the program and monitors progress.

IDH Staffing

IDH operates as a convener and not a typical "on the ground" project implementer. In origin countries important for IDH's interventions, a limited number of local convening staff is deployed such as in Indonesia, Liberia, Brazil, Vietnam, India, Kenya and Cote d'Ivoire. For Liberia local convening staff will be recruited – this are also staff who can broker deals with the private sector. The IDH staff levels are always kept in balance with the program funds spend.

A critical success factor behind IDH's unique position in leading multi stakeholder supply chain interventions is most of all the passion, skill-set and personality of the staff. Attracting the right people and growing their capabilities is therefore an ongoing concern of the entire Management Team. With the innovative and rather unique intervention approaches that IDH develops, it is vital to have ongoing joined internal training and sharing of best practices. An example of IDH's focus on such training and learning is the "@IDH office week" that is held approximately twice a year. Topics like gender, smallholder inclusion, living wage and deforestation are being discussed with external experts, and trainings on personal and professional development are organized.

IDH overall Result Measurement Framework (RMF)

IDH developed a strategy for the years 2016-2020. In this period IDH and its partners will further develop existing intervention mechanisms, prototype new models and drive for scale to achieve global impact. The overarching strategy to maximize IDH's added value and impact on public good in the coming five year is captured in the Multi Year Plan "*Innovating For Impact At Scale*".
As part of the 2016-2020 overall strategy a new Result Measurement Framework has been developed to provide insight in the entire result chains of our work. This framework will allow IDH to improve the result measurement of its programs reflecting the new organizational targets related to the Sustainable Development Goals (SGDs) as well as the quality of reporting to its donors. The new framework will be applied to all projects starting between 2016 and 2020. The approach and terminology used in the framework is

based on the Donor Committee for Enterprise Development (DCED) standard of results measurement.

IDH's targets over the coming years are structured around three results areas as illustrated in the above figure:

1. Change in business practices. This is the change of behavior at corporate level of main business actors in the value chain, towards more sustainable business practices in relation to the value chain.
2. Improved sector governance. This is the change in sector agencies and sector institutions (systems, capacities, policies, rules and regulations) to manage the sector in a sustainable way (profitable, resilient, environmentally and socially sound) on local and international level.
3. Improved field level sustainability. This relates to sustainability impacts at the level of producers, workers and producer communities and their livelihoods, including their economic situation, social wellbeing and sustainability of the natural resource base.

For each of the above result areas, IDH has a number of defined indicators to measure change at the level of output, outcome and impact. Whilst the RMF of this proposal (see below) has a number of indicators that tally with the overall IDH Result Measurement Framework, further alignment would be expected to take place towards the end of the inception year, in the context of planning a longer term program intervention towards the realization of the expected impact claims.

IDH NICFI Partnership RMF

The RMF for this proposal needs to balance various concerns. On the one hand, it needs clear outcomes that illustrate the long term expected results achievement. On the other hand, it also needs to illustrate results achievement after year 1. Result achievement after year 1 is not straightforward in all the locations where this proposal would be implemented. Indeed, "result achievement after year 1" can even be a contradiction in terms - thus it is important to be realistic whilst being specific about what can be achieved in such a short timeframe. And as mentioned, year 1 achievements need to point towards the longer term objectives.

Results achievement after year one can be captured in different ways. The alternatives that we considered were:

1. Annual targets linked to value changes in outcome indicators
2. Annual targets linked to value changes in output indicators
3. A presentation of "annual deliverables" without linking them to an indicator at either outcome or output level

In the end we opted for option two. Outcome achievement in this line of work is non-linear, where a lot of work goes into convening and preparation in the early stages. Setting outcome level targets for year 1 would thus not be very meaningful. The other extreme (option 3) would be more straightforward in terms of data capture, but would be un-attractive in terms of comparing the short term and the long term. Without a linkage to the output indicators it would be hard to trace the capacity changes we wish to foster in the first year. We therefore opted for option 2, which allows measurement of capacity changes by talking about target achievement in relation to outputs. Across the landscapes, this would allow for data capture and the telling of a story after year 1 on how capacity has been created that can be utilized towards outcome creation in the ensuing 2-5 years. Efforts have been made to keep the year 1 targets relatively easy to measure (in order to avoid data capture costs). Any assessor or evaluator would be able to assess whether targets have been reached, without a major investment in either time or money. Impact statements are given in the country narratives.

The RRF table outlines the outcomes (behavioral change, institutional change) that are envisaged, as well as the outputs (envisaged capacity changes). A column indicates whether the output is achievable in year 1 or not. There is a relatively equal balance between outputs that are more quickly accomplished and others that require more time (more than one year). In both cases annual targets are set in relation to the output indicator value.

It should be noted that after year one, and in preparation for a longer term phase two towards outcome achievement, the entire results matrix will be revised in order to reflect learning and field level realism coming out of the first year. As earlier mentioned, further alignment with the overall IDH RMF would also be pursued. Outcome indicators would also be formulated as we after year 1 would be in a better position to determine the best ways of measuring success on the intended long term results. As such, at the end of year 1 an inception report or a "phase two"-program document would be formulated with a revised result matrix taking the above elements into account.

Reporting Cycle

IDH's reporting is based on annual plans, progress reports and annual reports which are required from all IDH's implementing partners ('IPs') and which are then aggregated into IDH's own plan and reports to the donors.

Every September, IPs are requested to provide their project level planning for the next year in the form of an Annual Plan. The plans provide detailed activity plans, KPI targets and an activity based budget where appropriate. These plans are then aggregated to an IDH Annual Plan which is discussed internally and with donors and brought to the IDH Supervisory Board for approval.

These Annual Plans of IPs are reported on twice a year: through the IP progress reports in September (consolidated in the IDH progress report as discussed by the IDH Supervisory Board and sent to donors in October) and the IP Annual report in (latest) March of the following year (consolidated in the IDH Annual Report as discussed by the IDH Supervisory Board and sent to donors in May). In these reports, program costs and deliverables are tracked.

In line with the Articles of Associations and the Governance Code, IDH will compile both an annual plan and a public annual report. The IDH Annual Report is accompanied by the IDH Financial Statements, which provide a realistic overview of IDH's financial position. The financial performance of the projects financed by IDH, including the private sector and other donor investments to the projects, is included in these financial statements. All projects are either audited by an independent auditor (in compliance with the IDH IP Audit

Protocol) or audited at IDH level. All IP reports are received through the web portal of Orion (the IDH project management system) and formally approved by the IDH project team and Operations team. The audit statements conducted by the local auditors of the projects are directly submitted to either IDH or IDH's auditor. The financial statements are subject to an external financial audit, of which the outcome, findings and recommendations are discussed with the Audit Committee, who will provide their recommendations to the Supervisory Board. The external auditor provides an audit opinion, based upon the audit protocol.

The financial statements of IDH will be prepared in accordance with the guidelines for annual reporting 640 'Not for profit organizations' of the Dutch Accounting Standards Board.

IDH is committed to being transparent and accountable in the use of its resources. As of 2016 IDH will publish data compliant to the transparency standards of the International Aid Transparency Initiative (IATI).

Deliverable NICFI partnership

With regard to the NICFI partnership IDH proposes to follow the IDH general reporting cycle. IDH will deliver a report on the log frame regarding the partnership inception year. This reporting will include an overview of the log frame indicators as well as a financial overview which provides insight in the specific funds spent.

Logframes

INDONESIA

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1		
					Aceh	South Sum	West Kal
1. Commercial, community and conservation interests are addressed in a green growth plan, executed by public-private partners in the three landscapes	1.1 Landscape partnerships formally constitute multi-stakeholder governance structures (building on existing arrangements)	No	Stakeholder mapping in three landscapes Inception meetings held with key stakeholders in landscape Meetings with key national government officials and head quarter meetings with executives of key commodity companies High level workshop to present concept, business case and draft structure Socialization roadshow with stakeholders Development of draft governance structure incorporating learnings from existing models	* Multi-stakeholder governance structure in place	embryo stage	yes	yes
	1.2 Green Growth Plan with shared vision, targets, and roadmap on green growth policies, investments, and markets	No	Compilation and application of data required for green growth plan Policy analysis Maps charted to identify high risk areas (HCV/HCS/peat), sensitive areas and other relevant zones (economic development, land swaps) Consultant develops technical guidance on how spatial planning tools can be used to assist land use planning and zoning (incl. cases for land-swapping) developed and applied Scenario building for the landscapes: 'business as usual' vs green growth scenarios Development of draft plan for use with key stakeholders Consultation activities Launching workshop on green growth plan for government and others	* Green growth plan developed * Technical guidance processes in place * Land swap opportunities identified * Policy analysis = see output 3.1	no no no	yes yes yes	yes yes yes
2. National public-private coordination structure that can respond to experiences in the three landscapes by providing an enabling environment at national level for plans at local level	2.1 Coordination structure established	No	Identification of existing platforms or need for new coordination structure Inception executive level meeting	* Coordination structure in place	No year 1 target		
	2.2 Diagnostic study of regulations and policies promoting or constraining sustainable practices and optimal and sustainable land-use wat national level	No	Commission legal experts to do a study on policies and regulations	* Policy and regulation recommendations at national level	no	no	no
	2.3 New or amended policies/regulations contributing to improved land management	No	not in year 1	* # of amendments or new policies/regulations adopted	No year 1 target		

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1		
					Aceh	South Sum	West Kal
3. Local governments (provinces and districts) and the national government developed necessary enabling environment for the production and protection objectives set by the stakeholders	3.1 Diagnostic study on the existing regulations and policies promoting or constraining sustainable practices and optimal and sustainable land-use within the jurisdiction	Yes	Commission legal experts to do a study on policies and regulations	* Policy and regulation recommendations at jurisdictional level	yes	yes	yes
	3.2 District governments develop and implement a workplan to assist farmers transitioning towards sustainable practices i.e. registration and legalization	No	Commission a study to legal experts on opportunities for accelerated legalisation Conduct a workshop on rapid legalisation with Government and other stakeholders	* Studies completed * # of districts agreeing to develop a work plan	yes 2	yes 2	no 0
	3.3 New or amended policies/regulations supporting farmers to transform their mode of commodities production	No	not in year 1	* # of amendments or new policies/regulations adopted	0	0	0
	3.4 New or amended policies/regulations contributing to improved land management (e.g. transparency in licensing process, registration, etc)	No	not in year 1	* # of amendments or new policies/regulations adopted	0	0	0
4. Production-protection/restoration agreements between companies-government-communities in the three landscapes, contributing to reduced emissions from deforestation, forest degradation, peat oxidation, and forest fires.	4.1 Pilot sites identified with private sector stakeholders.	Yes	Identification and selection of pilot sites, based on stakeholder process under Outcome 1 Research and analysis of data sets relating to the pilots, identify knowledge gaps on pilot sites related to eg. biological, social and economic baseline studies, commission additional studies where needed. Discuss outcome of technical studies with key stakeholders to map out ha to be planted and ha of forest to be protected within pilots.	* # of pilot sites.	1	2	2
	4.2 Business cases developed and published for all stakeholders as basis for the production & protection/restoration agreements, including review of potential incentives and disincentives for sustainable production	Yes	Organize data sharing and coordination activities (workshops, meetings etc.) Together with consultants, develop business case studies on different commodities. Agreements signed to start trial phase	* # business cases developed and published	1	1	1

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1		
					Aceh	South Sum	West Kal
4. Production-protection/restoration agreements between companies-government-communities in the three landscapes, contributing to reduced emissions from deforestation, forest degradation, peat oxidation, and forest fires.	4.3 Technical guidance for the integration of best practices into production-protection agreements (e.g integrating HCV, KPH, social development, forest and land fire management, peat land management and restoration, landscape connectivity) developed and applied	Yes	Identify needs of parties involved in the production-protection pilots (see below) Consultant support of participatory guidance process	* # of tools developed	1	1	1
	4.4. Production-protection pilot agreements.	Yes	Assessment of existing conservation agreements in the palm landscapes. Consultancy to provide lessons learned on production/protection from other locations. Gap analysis (knowledge, data, good practices) and technical guidance (see above) to fill gaps and develop draft models Develop production-protection proposition for the pilots; define number of hectares of forest to be protected per pilot. Series of meetings and workshops to discuss merits of production-protection model and roles FDA and other key government bodies. Drafting of pilot production-protection agreements, in close consultation with key stakeholders, including communities in the identified pilot out-growers areas and in adjoining HCV-HCS forest.	* # of production-protection models developed with key stakeholders. * # of production-protection agreements drafted and agreed.	0 0	2 1	2 1
	4.5 Replicating successful pilots within and between the landscapes	No	not in year 1	* # of production-protection/restoration agreements "replicated"	0	0	0
	4.6 Landscape connectivity prototypes (incl. HCVs and HCS areas at lanscape level, wildlife corridors) are established and effectively implemented with support of the private sector	No	Identification and selection of project site, based on stakeholder process under Outcome 1 Participatory site-specific stakeholder processes to set ambitions and identify implementation options Agreement (including funding) with private sector and implementing partners to start project	* # of eco-corridors initiated	0	0	1
5. Improved (food)crop production/diversification activities by community members to increase livelihoods	5.1 'Training of community members in all intervention areas are trained on best management practices relevant to their area (agricultural intensification, diversification, etc)	No	not in year 1	* # of community members trained	0	0	0
6. Palm oil smallholders in the three landscapes have improved capacity, access to markets, and facilitated access to credit, agricultural inputs, and technology enabled by improved service delivery structures in the supply chain.	6.1 Smallholders trained in Good Agricultural Practices and Best Management Practices	No	Developing training manuals Training smallholders	* # of smallholders trained	0	1000	0
	6.2 Smallholders achieve RSPO, ISPO or equivalent (group) certification	No	not in year 1	* # of smallholders certified	0	0	0
	6.3 An oil palm replanting risk sharing mechanism is established and functioning in at least two of the landscapes, with conditions requiring no forest and peat land encroachment.	No	Business case and investment case development Participatory design of the fund Agreements signed to start trial phase	* Amount of capital raised in EUR * Disbursement rate * Repayment rate	0 0 0	0 0 0	0 0 0

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1		
					Aceh	South Sum	West Kal
7. Existing or new funds enable investments in green growth plan execution, including: land swaps, peat land restoration and better peat land management, HCV protection.	7.1 Needs for creation of new funds or requirements for benefiting from existing funds identified	Yes	Based on other outcomes, identify the need for the creation of new funds or the requirements that projects need to meet to benefit from existing funds	* Finance needs & requirement assessment in place	no	yes	yes
	7.2 Underlying financial analyses completed, making use of the business cases developed under other outcomes, including sensitivity analysis and analysis of potential investors and delivery mechanisms	No	not in year 1	* Investment case in place	no	no	no
	Detailed design of the fund, including operational guidelines and loan conditions	No	not in year 1	* Detailed design and operational guidelines in place	no	no	no
	7.3 Management of the fund established	No	not in year 1	* Management structure in place	no	no	no
	7.4 Capital raised	No	not in year 1	* Amount of capital raised in EUR	0	0	0
	7.5 Delivery agents are trained	No	not in year 1	* Number of delivery agents' staff trained	0	0	0
	7.6 Funding projects	No	not in year 1	* Disbursement rate * Repayment rate	0% 0%	0% 0%	0% 0%
8. Conservation, social and commercial outcomes are verified through a robust monitoring and reporting process	8.1 Analysis of current commodity- and landscape-based monitoring and verification systems and suggestions for an integrated approach	No	Consultant analysis of the systems and suggestions for harmonization, extension, or development of a new system, in close cooperation with the IDH Palm Oil and Pulp & Paper Programs	* Analysis of current commodity- and landscape-based monitoring and verification systems in place * Suggestions for harmonization of existing or development of a new system in place	no yes	yes yes	no yes
	8.2 Monitoring and verification systems for risk-free sourcing areas are improved or new ones are developed if required.	No	Not in year 1	* Monitoring and verification system(s) in place	no	no	no
	8.3 Environmental performance monitoring systems at jurisdictional level (District or Province) are developed in order to monitor performance by different stakeholders (farmers, concessions, communities) in the landscape	No	Introductory meetings on concept and process	* Monitoring roadmap in place * Jurisdictional performance monitoring system in place	no no	yes no	no no
			Monitoring objectives and solutions workshop				
			Consultant study on monitoring needs and gaps in partnership with stakeholders				
			Road map development for monitoring				
	8.4 Government officials and other key stakeholders are trained on how to use the tools and systems	No	not in year 1	* # of government officials trained * # of other stakeholders (e.g. NGO staff) trained	0 0	0 0	0 0

LIBERIA

Outcomes	Outputs	Output achieavable first year?	First year activities	Output indicators	Target by end year 1		
					North (AM)	West (SD)	East (GVL)
1. Commercial, community and conservation interests are addressed in a Green Growth Plan, executed by public-private partners in the three landscapes.	1.1 Landscape partnerships formally constitute multi-stakeholder governance structures (building on existing arrangements).	Yes	Stakeholder mapping in three landscapes. Inception meetings held with key stakeholders in landscape. Meetings with key national government officials and head quarter meetings with executives of key commodity companies. High level workshop to present concept, business case and draft structure. Socialization roadshow with stakeholders. Development of draft governance structure incorporating learnings from existing models.	* Multi-stakeholder governance structure in place.	yes	yes	yes
	1.2 Green Growth Plan with shared vision, targets, and roadmap on green growth policies, investments, and markets.	Yes	Compilation and application of data required for Green Growth Plan. Consultation activities. Scenario building for the three landscapes: 'business as usual' versus green growth scenarios. Development of draft plan for use with key stakeholders. Launching workshop on green growth plan for government and others. Building (on) a national dialogue for production protection finance. Supporting or convening the key stakeholders around the identified pilot sites in the three landscapes.	* Green Growth Plan developed.	yes	yes	yes
2. Production-protection agreements between companies-government-communities in the three landscapes, contributing to reduced emissions from deforestation and forest degradation.	2.1 Pilot sites identified with private sector stakeholders.	Yes	Consultant develops technical guidance on how spatial planning tool can be used to assist land use planning and zoning developed and applied in pilot sites. Identification of target area for pilots with out-growers, HCV-HCS forest and communities. Research and analysis of data sets relating to the pilots, identify knowledge gaps on pilot sites related to eg. biological, social and economic baseline studies, commission additional studies where needed. Discuss outcome of technical studies with key stakeholders to map out ha to be planted and ha of forest to be protected within pilots.	* # of pilot sites.	1	1	1
	2.2 Business cases developed and published for all stakeholders as basis for the production and protection agreements, including review of potential incentives and disincentives for sustainable production.	Yes	Organize data sharing and coordination activities (workshops, meetings etc.) Together with consultants, develop business case studies.	* # of business cases developed and published.	1	1	1

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1		
					North (AM)	West (SD)	East (GVL)
2. Production-protection agreements between companies-government-communities in the three landscapes, contributing to reduced emissions from deforestation and forest degradation.	2.3 Landscape connectivity prototypes (incl. HCVs and HCS areas at landscape level, wild life corridors) are established and effectively implemented with support of the private sector.	No	Not in year 1	* # of eco-corridors initiated.	0	0	0
	2.4. Production-protection pilot agreements.	Yes	Assessment of existing conservation agreements in the mining and palm landscapes.	* # of production-protection models developed with key stakeholders. * # of production-protection agreements drafted and agreed.	0	1	1
			Consultancy to provide lessons learned on production/protection from other locations.		1	1	1
			Develop production-protection proposition for the pilots; define number of hectares of forest to be protected per pilot.				
			Series of meetings and workshops to discuss merits of production-protection model and roles FDA and other key government bodies.				
			Drafting of pilot production-protection agreements, in close consultation with key stakeholders, including communities in the identified pilot out-growers areas and in adjoining HCV-HCS forest.				
	2.5 Payment for Ecological Services (PES) options developed, so that forest conservation can make a positive financial contribution to local development.	No	Not in year 1.	* # of PES options	0	0	0
3.Risk sharing facility for investment in community palm oil production	3.1 Risk-sharing facility to unlock large-scale investment in community palm oil, with lending conditions requiring forest conservation.	Yes	Design (including governance) Risk Sharing Facility.	* Risk Sharing Facility designed.	n/a	Indicator status "yes"	
	3.2 Business case(s) and fund for land use practices and interventions that reduce deforestation and forest degradation, ensuring 50 M of guarantees.	Yes	Fundraising for RSF to meet required outstanding capital requirements.	* Financing mobilized.	n/a	Indicator status "yes"	

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1		
					North (AM)	West (SD)	East (GVL)
3.Risk sharing facility for investment in community palm oil production	3.3 A long-term, post 2020, business case and financial package for the landscapes, based on private and government investment.	No	Not in year 1.	* Business case ready.	n/a	Indicator status "no"	
4. Improved (food)crop production/diversification activities by community members to improve livelihoods.	4.1 A program of outgrower schemes, to first develop and test models, productivity and financial viability.	Yes	Develop outgrower models in collaboration with GROW coalition.	* # of outgrower models developed.	0	1	1
	4.2 Training of community members in all intervention areas are trained on best management practices relevant to their area (agricultural intensification, diversification, etc)	Yes	Develop partnership with Ministry of Agriculture and additional partners (to be defined and recruited) for developing and initaiting farmer field school curriculum. Develop model for farmer field schools.	* Farmer fiels school model developed.	Indicator status "yes"		
5. Conservation, social and commercial outcomes are verified through a robust monitoring and reporting process	5.1 Environmental performance monitoring systems are developed in order to monitor performance by different stakeholders.	Yes	Develop the monitoring, reporting and verification system.	* System designed	Indicator status "yes"		
	5.2 FDA and other key government bodies have the capacity to support and regulate production-protection agreements and existing forest law at community and landscape level.	No	Provide training on production-protection model and relevant related topics to FDA and other key government bodies.	* # FDA and other key government body representatives trained. * # of policies developed by FDA staff on production-protection agreements.	10 0		
	5.3 Community-based monitoring and reporting system to monitor land use and land uses changes, supported by non-government and community-based organizations.	No	Not in year 1.	* Community-based monitoring en reporting system in place.	Indicator status "no"		

BRAZIL/MATO GROSSO

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1
1. Commercial, community and conservation interests are addressed in a green growth plan, executed by public-private partners in the landscape	1.1 Landscape partnerships formally constitute multi-stakeholder governance structures (building on existing arrangements)	Yes	Formalize/strengthen the PPP which started a process of collaboration end 2015	* Multi-stakeholder governance structure in place	yes
			Meetings with key national government officials and head quarter meetings with executives of key commodity companies		
			Contribute to structuring governance, joint communication, and progress monitoring		
			Participate in bi-weekly/monthly meetings		
			Convene two technical working groups on two of the following topics: investment facilities, market convening, or agricultural intensification		
	1.2 Green Growth Plan with shared vision, targets, and roadmap on green growth policies, investments, and markets	Yes	Compilation and application of data required for green growth plan	* Green growth plan developed * Technical guidance processes in place * Policy analysis = see output 2.1	yes yes yes
			Policy analysis (see outcome 2)		
			Development of draft plan for use with key stakeholders		
			Consultation activities		
			Launching workshop on green growth plan		
2. The State and Federal governments developed enabling environment for the production and protection objectives set by the stakeholders	2.1 Diagnostic studies on the existing regulations and policies promoting or constraining sustainable practices and optimal and sustainable land-use within the State (example: regularization of the Forest Code on sustianable economic use of forest in legal reserves; regularization of the land rental market to enable use of land made available by cattle farmers after intensification; regulations with regard to the CRA market)	Yes	Commission legal experts to do a study on policies and regulations	* Diagnostic study in place * Recommendations for legal reform in place	yes yes
	2.2 New or amended policies/regulations contributing to improved land management	No	not in year 1	* Policies and regulations in place	no
3. Cattle ranchers have intensified their production and restored degraded pastures, resulting in the freeing up of land for reforestation and crop production	3.1 Regional Pecuario+ program developed and adopted by the producer branch associations (FAMATO, Acrimat)	Yes	Develop program design	* Board approval of plan	yes
	3.2 Assessment of cattle intensification potential in Mato Grosso	Yes	Implementing Partner (IP) assessment of cattle intensification in two locations	* Number of locations assessed in Mato Grosso	2
	3.3 Formal relation established and institutional arrangement developed with key public and private actors for establishing production hub in at least one location	Yes	IP building relations with municipalities, farmers, farmers organisations, and technology suppliers IP developing formal agreements with these stakeholders	* # agreements in place	1
	3.4 Business plan and replication models for cattle hub developed	Yes	IP developing a business plan for the establishment of a first production hub IP developing a production hub replication model	* # individual business plans for cattle hubs in place * General cattle hub replication model in place	1 1

Outcomes	Outputs	Output achievable first year?	First year activities	Output indicators	Target by end year 1
3. Cattle ranchers have intensified their production and restored degraded pastures, resulting in the freeing up of land for reforestation and crop production	3.5 Cattle production hubs established, providing integrated solutions to farmers for legal compliance, technical assistance and rural credit	No	not in year 1	* # of hubs established * # of farmers served by the hubs	0 0
4. A de-risking facility developed and operational for mainstream investments in intensification and reforestation for medium and large producers	4.1 Underlying business cases completed, including sensitivity analysis and analysis of potential investors and delivery mechanisms	Yes	Develop an investment case based on the cattle intensification - forest restoration business case already developed under ISLA in 2015	* Investment case in place	yes
	4.2 Detailed design of the fund	Yes	Build relations with key investors and delivery agents Participatory design of the fund with key investors, delivery agents and final recipients	* Detailed design and operational guidelines in place	yes
	4.3 Operational guidelines and loan conditions	No	No activity in first year	*Operational guidelines and loan conditions in place	No
	4.4 Management of the fund established	No	not in year 1	* Management structure in place	no
	4.5 Capital raised	No	not in year 1	* Amount of capital raised in BRL	0 BRL
	4.6 Delivery agents are trained	No	not in year 1	* Number of delivery agents' staff trained	no
	4.7 Funding projects	No	not in year 1	* Disbursement rate * Repayment rate	0% 0%
5. Land-use optimization at State level: HCV forest and connected areas are protectedthrough set-aside RLs and the CRA market, while land freed up by cattle intensification is used for agricultural production	5.1 Agricultural expansion trends are mapped and verified with key land-user representatives	Yes	Consolidate analyses undertaken as part of the Soy program Deeper analysis in areas where cattle intensification will happen Verification meetings with key stakeholders (producer associations from grains, cattle, and cotton sectors)	* Mapping in place	yes
	5.2 Advice on the required changes in policies and regulations (see outcome 2) to support land swaps	No	See outcome 2	See outcome 2	See outcome 2
6. Conservation, restoration, and intensification achievements are enabled and rewarded by market players using robust monitoring and verification tools for risk-free sourcing	6.1 Key industry, traders, and consumer goods companies declare interest in sourcing beef, leather and grains from risk free areas in the Amazon	Yes	Organize a learning journey in MT with key beef, grain, and forestry industry, traders, and consumer goods companies	* # of companies formally expressing sourcing commitments on the condition that the sourcing area is risk-free	5
	6.2 Analysis of current commodity- and landscape-based monitoring and verification systems and suggestions for an integrated approach	Yes	Consultant analysis of the systems and suggestions for harmonization, extension, or development of a new system, in close cooperation with the IDH Soy Program	* Analysis of current commodity- and landscape-based monitoring and verification systems in place * Suggestions for harmonization of existing or development of a new system in place	yes yes
	6.3 Monitoring and verification systems for risk-free sourcing areas are improved or new ones are developed if required.	No	Not in year 1	* Monitoring and verification system(s) in place	no

Risks and management of risks

The table in below provides mitigation measures planned by IDH to address risks that may be faced in the course of the inception year.

Risk description	Mitigation measures	Level of risk	Type of risk
Local governments are not committed in the programs and therefore sustainable change cannot be achieved.	Involve local governments from the very first start actively, in order to align the strategic planning.	Low	Developmental
Multinational companies' interest overshadow the interest of smaller (local) companies	Ensuring good and transparent communication of program objectives and results to SMEs and other stakeholders, so that their needs are addressed. Continued monitoring of public good impact when working with larger companies.	Medium/high	Developmental
Difficult to define exact 5 year goals/impact if program is still in inception phase	Draft log-frame is developed and will be further refined in the inception year. Throughout the year there will be a continues process of monitoring of progress and adjustment of plans for the longer term.	Low	Developmental
IDH is strengthening the power of Western companies over supply-chains at the expense of local players.	Solid program development process. We further ensure balanced representation of all stakeholders in the supply chain in the programs.	Low	Developmental
A one year inception period with uncertain continuation will not allow IDH to foster trust and bring stakeholders around the table. It will also challenge our efforts to recruit high caliber staff.	If project is not continued through a second phase, Norway will contribute to a responsible exit for IDH over the following 12 months from the decision point of no-continuation. In such a case, IDH will develop a detailed work plan for another 12 months period, during which initiatives will be handed over to other actors in the sector and phase out contracts with the recruited team members.	Low	Reputational
IDH is not constantly aware of its specific role (neutral convener) in the process and/or stakeholders have a misperception.	Ensuring transparent decision making, setting up neutral platforms/entities to work from, actively tackling any misperceptions.	Low	Reputational
Capability and	Perform due diligence of	Medium/low	Reputational

availability of local implementing organizations.	implementing organizations. Include capacity building trajectory on project management for implementing partners in every project, if required.		
Programs (or partners) under implementation may get in relation with (alleged) human rights violations, fraud or other incidents, which are contradictory to the objectives.	IDH performs an ICSR partner assessment before contracting partners.	Medium/low	Reputational and developmental
The funds are not adequately used.	Monitoring and reporting scheme in place. Mid and annual reporting in place. Annual program and project audits in place. Audits in accordance with IDH's audit protocol.	Low	Financial
Capacity and track record of lead implementing partner, other implementing partners, standard holding bodies and other partners.	Research into financial and organizational track record of partners. Partner risk assessment. Monitor and evaluation scheme in place with opportunities to intervene.	Low	Financial
Improved income might motivate the farmers to expand their operation and encroach forest. This might result in additional deforestation.	Sustainability criteria have strong focus. Programs are promoting GAP as measures to improve productivity of existing plantation. Clear criteria for eligible production areas.	Medium/low	Environmental

Cross-cutting concerns

Reduced corruption

The project aims to make a significant effort to reduce corruption, by supporting government to improve the operationalization of existing legislation and improvement of the enabling environment for sustainable production and improved landscape management. In addition, the program aims to mobilize private sector, civil society and smallholder stakeholders in the landscapes to exert lobby and pressure on government to effect the needed change.

Gender issues

Gender issues are integrated into IDH's work systematically. There is broad consensus on the fact that improved gender dynamics can contribute to better farm performance in view of the important position of women farmers and workers in many production systems. Women are to a large extent responsible for many of the production activities – yet men tend to benefit more from traditional interventions by development actors.

There will be specific attention for women and gender inclusiveness in the capacity building schemes for smallholders and in the other projects executed under this program.

Respect for human rights

The program aims to support private sector actors to operationalize their social and environmental policies and improve practices. This strengthens the ability of private sector to operate according to international human rights standards.

Budget

Overall program budget 2016

Landscape program costs

These cost are allocated to the landscapes. The largest share of the budget is to start prototyping production-protection compacts with local governments, landowners, smallholders and communities in the form of technical assistance, agriculture intensification and forest and peat conservation activities. A substantial proportion also goes to landscape based staff for convening and coordination on the ground. This header also includes costs for meetings, and the 'Northern' Liberian landscape and the 'South Sumatra' landscape include cost for national level coordination and meetings that supersede the individual landscapes.

Locally contracted services is primarily funding to community based organizations and NGOs to support the community-level work of surveying, mapping, productivity increase and monitoring. The contribution of these partners is essential for the projects' success, and as well as for building capacity at landscape level

The cost for the prototypes are on the basis of co-funding with the private sector and other public sector entities. For 2016, IDH has sufficient co-funding available for pilots in the South Sumatra and Aceh landscapes and hence no cost were allocated under this heading. For the Brazil and West-Kalimantan landscape IDH proposed to use the funding of the Dutch Ministry of Foreign Affairs under IDH's Initiative for Sustainable Landscapes (ISLA) as complementary co-funding to reach scale.

Contracts and reports of IDH include detailed insight in private sector contributions, both in kind and in cash. It is also important to understand that IDH is at the cornerstone of identifying additionality of funding, pre-competitive collaboration, and leveraging private sector funding for the public good (based on a solid understanding of the business case). Working with groups of companies and multi-stakeholder groups on areas of common interest and potential synergy (the pre-competitive arena) is often required to achieve sustainability goals. IDH will thus not fund or co-fund activities in the competitive sphere, e.g. activities that should be paid for by the private sector with commercial and risk baring capital.

Innovative finance

The innovative finance budget heading includes the development and management of innovative finance schemes to finance the production-protection prototypes. There is no budget to 'fill' the risk sharing facility in the 2016 budget of this proposal. Financing for this is envisaged to come from NICFI in the continuation of this program (in "phase II" – please refer the earlier "partnership" chapter). In addition, IDH will work towards mobilizing additional finance throughout the course of 2016, to be included into the facility from 2017 onwards.
Innovative finance is a key enabler of investment and therewith the Production Protection agreements, which without finance for development will be much less compelling.

The budget for innovative finance in Liberia is included as a *lump sum* under the 'Northern' landscape.

Learning and knowledge sharing

The learning activities of the project will leverage on IDH's Initiative for Sustainable Landscapes program and includes resources to develop publications and join and/or host events with a special focus on Green Growth Plans and Production-Protection agreements.

The Advocacy & Communication

The communications budget includes resources for general costs of website, brochures and video development and disbursal. Transparent and culturally sensitive communication with a wide range of stakeholders is a key element of building trust in the partnership building phase, as elaborated on in the proposal.

IDH Program management and support

This heading includes staff time and overhead expenses of IDH internationally for program management. The financial planning and reporting for the Program will be done in compliance with IDH internal control processes and framework and will be based on the IDH Guidelines as agreed with Norway's International Climate and Forest Initiative. Following institutional donor guidelines IDH applies a daily rate method for the calculation of staff cost, this forms an integral part of the audit by the external auditor of IDH.
A lump sum measures to mitigate foreign exchange risks has not yet been included in the current financial proposal. Depending on what is possible under NICFI contracting procedures, IDH proposes to discuss possible exchange risk reducing measures and measures for inflation correction in the contracting stage.

Budget for landscapes and Risk Sharing Facility

The landscape budgets are subject to agreement with companies and other stakeholders, and marginal changes to allocations are likely to be made in the light of operational and financial realities in the specific sites.

See the detailed budget in the tables below.

	Liberia - Northern	Liberia - Western	Liberia – Eastern	West-Kalimantan	South Sumatra	Aceh	Brazil	2016
LANDSCAPE PROGRAMS								
Program costs								
Multi-stakeholder convening in landscapes and national level	€ 213.000	€ 90.000	€ 90.000	€ 10.000	€ 175.000	€ 85.000	€ 100.000	€ 763.000
Green Growth Plans	€ 75.000	€ 75.000	€ 75.000	€ -	€ 100.000	€ 75.000	€ 100.000	€ 500.000
Production-Protection Agreements	€ 30.000	€ 30.000	€ 30.000	€ 100.000	€ 100.000		€ -	€ 290.000
Pilots co-funding (outgrower, food crops, intensification, restoration, connectivity)	€ 400.000	€ 100.000	€ 400.000	€ 225.000	€ -	€ -	€ 225.000	€ 1.350.000
Conservation and commercial outcome monitoring at landscape level	€ 40.000	€ 30.000	€ 30.000	€ -	€ 100.000	€ -	€ 100.000	€ 300.000
Baseline data	€ 70.000	€ 70.000	€ 70.000	€ -	€ 100.000	€ 100.000	€ -	€ 410.000
Landscape based communication	€ 10.000	€ 10.000	€ 10.000	€ -	€ 20.000	€ 20.000	€ -	€ 70.000
Total program costs in landscapes	**€ 838.000 NOK 7.877.200**	**€ 405.000 NOK 3.807.000**	**€ 705.000 NOK 6.627.000**	**€ 335.000 NOK 3.149.000**	**€ 595.000 NOK 5.593.000**	**€ 280.000 NOK 2.632.000**	**€ 525.000 NOK 4.935.000**	**€ 3.683.000 NOK 34.620.200**
Private sector contributions leveraged	*€ 600.000*	*€ 100.000*	*€ 400.000*	*€ 225.000*			*€ 225.000*	*€ 1.550.000*
Public sector funding leveraged	€ -	€ -	€ -	*€ 450.000*	€ -	€ -	*€ 450.000*	*€ 900.000*
Innovative Finance								
Risk sharing facility	€ -			€ -	€ -			€ -
Business/investment case development	€ 40.000	€ 40.000	€ 40.000	€ -	€ -	€ 100.000	€ -	€ 220.000
Innovative finance options	€	€	€	€	€	€	€	€

development	134.624	39.520	39.520	70.756	111.316	70.756	187.856	654.348
Total RSF	**€ 174.624 NOK 1.641.466**	**€ 79.520 NOK 0**	**€ 79.520 NOK 0**	**€ 70.756 NOK 665.106**	**€ 111.316 NOK 1.046.370**	**€ 170.756 NOK 1.605.106**	**€ 187.856 NOK 1.765.846**	**€ 874.348 NOK 6.723.895**
TOTAL LANDSCAPE PROGRAMS	**€ 1.012.624 NOK 9.518.666**	**€ 484.520 NOK 4.554.488**	**€ 784.520 NOK 7.374.488**	**€ 405.756 NOK 3.814.106**	**€ 706.316 NOK 6.639.370**	**€ 450.756 NOK 4.237.106**	**€ 712.856 NOK 6.700.846**	**€ 4.557.348 NOK 30.910.095**
Learning & Knowledge sharing								
Mobilizing knowledge, enable learning, share knowledge	€ 65.000	€ -	€ -	€ -	€ 25.000	€ 25.000	€ -	€ 115.000
Total -Learning & Innovation	**€ 65.000**	**€ -**	**€ -**	**€ -**	**€ 25.000**	**€ 25.000**	**€ -**	€ 115.000
Advocacy & communication								
International communication	€ 35.000	€ -	€ -	€ -	€ 5.000	€ 5.000	€ -	€ 45.000
International events (regional events West Africa)	€ 25.000	€ -	€ -	€ -	€ -	€ -	€ -	€ 25.000
Website, communication tools	€ 20.000	€ -	€ -	€ -	€ 7.500	€ 7.500	€ -	€ 35.000
Total - Advocacy &communication	**€ 80.000**	**€ -**	**€ -**	**€ -**	**€ 12.500**	**€ 12.500**	**€ -**	**€ 105.000**
Program Management								
IDH Program Director	€ 16.000	€ 16.000	€ 16.000	€ 16.000	€ 16.000	€ 16.000	€ 24.000	€ 120.000
IDH Support - Program Manager/Officer	€ 25.000	€ 25.000	€ 25.000	€ 10.000	€ 35.000	€ 25.000	€ 10.000	€ 155.000

IDH Finance, Legal, M&E , and advisory costs (audits, etc)	€ 20.000	€ 20.000	€ 20.000	€ 10.000	€ 30.000	€ 20.000	€ 10.000	€ 130.000
Travel costs IDH staff	€ 40.000			€ 10.000	€ 10.000	€ 10.000	€ 15.000	€ 85.000
Total - Program management	**€ 101.000**	**€ 61.000**	**€ 61.000**	**€ 46.000**	**€ 91.000**	**€ 71.000**	**€ 59.000**	€ 490.000
Proposal development & scoping activities in 2015								€ 50.000
								NOK 470.000,00
Total Project Budget	**€ 1.258.624 NOK 11.831.066**	**€ 545.520 NOK 5.127.888**	**€ 845.520 NOK 7.947.888**	**€ 451.756 NOK 4.246.506**	**€ 834.816 NOK 7.847.270**	**€ 559.256 NOK 5.257.006**	**€ 771.856 NOK 7.255.446**	**€ 5.317.348 NOK 49.983.071**

Innovative Finance

Project Outputs	Cost Items	Budget							
		Liberia - Northern	Liberia - Northern	Liberia - Northern	West-Kal.	South Sum.	Aceh	Brazil	Totals
Business/investment case development	Consultancies	40.000	40.000	40.000	-	-	100.000	-	220.000
Partnership Development									
1.1 Risk sharing Facility setup	Legal setup of independent Facility	10.000			10.000	10.000	10.000	-	40.000
1.2 Risk sharing Facility governance	Setup and support of Supervisory Board, Investment Committee and Investment criteria	10.000			10.000	10.000	10.000	10.000	50.000
Fund Management Team									
2.1 Fund management team to manage deal origination and	Part-time Director (yr1=10%;yr2=8%;yr3=5%;yr4=5 %;yr5=5%)	24.752			-	24.752	-	24.752	74.256

structuring; fundraising; business development and investor selection; monitoring & evaluation	Part time Senior Manager (35%;35%;20%;20%;20%)	31.616			-	15.808	-	15.808	63.232
	Program Manager in Liberia	39.520	39.520	39.520					118.560
	Program Manager in Brazil							118.560	118.560
	Program Manager in Indonesia				39.520	39.520	39.520		118.560
	Part-time Operations & program officer (10%;10%;10%;10%;10%)	8.736			8.736	8.736	8.736	8.736	43.680
Risk Sharing Facility									
3.1 Risk-sharing facility to unlock large-scale investment in community palm oil, with lending conditions requiring forest conservation	de-risking of investment deal between concession holder and financial institution, with RSF's investment criteria met - NICFI capital at risk	-			-	-	-	-	-
Other expenses									-
International travel	Travel	10.000			2.500	2.500	2.500	10.000	27.500
Totals Innovative finance options development		134.624	39.520	39.520	70.756	111.316	70.756	187.856	654.348
Grand total innovative Finance		174.624	79.520	79.520	70.756	111.316	170.756	187.856	874.348

Landscapes Budget: Technical Assistance (excluding risk sharing facility)

Project Outputs	Cost Items	Budget							Budget line totals
		Liberia Northern	Liberia West	Liberia East	West-Kal.	South Sum.	Aceh	Brazil	
Convening									
Multi-stakeholder governance structures	Set-up and support of Landscape Boards (expenses only)	5.000	5.000	5.000	0	10.000	10.000	0	35.000
	Set-up of national structure	15.000				15.000			30.000
	Sub Total: multi-stakeholder governance	*20.000*	*5.000*	*5.000*	*0*	*25.000*	*10.000*	*0*	***65.000***

Project Management Team									
	Full time Project Manager	80.000			0	75.000		0	155.000
	Full time Landscape Managers	40.000	40.000	40.000	0	65.000	65.000	85.000	335.000
	FDA Landscape deputy managers	30.000	30.000	30.000	0	0	0	0	90.000
	Workspace & equipment	13.000	5.000	5.000	10.000	10.000	10.000	15.000	68.000
	Transport cost	30.000	10.000	10.000	0	0	0	0	50.000
	Sub Total: project management team	*193.000*	*85.000*	*85.000*	*10.000*	*150.000*	*75.000*	*100.000*	***698.000***
	Grand total convening	***213.000***	***90.000***	***90.000***	***10.000***	***175.000***	***85.000***	***100.000***	*763.000*
Green Growth Plans									
Studies on policies and regulations at national and landscape level, mapping, technical guidance, scenario development, compilation of data	Consultancy/IPs	*75.000*	*75.000*	*75.000*	*0*	*100.000*	*75.000*	*100.000*	*500.000*
	Sub Total: Green Growth Plans	*75.000*	*75.000*	*75.000*	*0*	*100.000*	*75.000*	*100.000*	***500.000***
Production-Protection Agreements									
Studies, technical guidance, development of agreements	Consultancy/IPs	30.000	30.000	30.000	100.000	100.000	0	0	290.000
	Sub Total: Production-Protection Agreements	*30.000*	*30.000*	*30.000*	*100.000*	*100.000*	*0*	*0*	***290.000***
Pilots									
Technical assistance, prototype development, business cases, etc.	(Co-)funding from NICFI via IDH	400.000	100.000	400.000	225.000	0	0	225.000	1.350.000
	Co-funding from private sector	600.000	100.000	400.000	225.000	0	0	225000	1.550.000
	Co-funding from public sector (Dutch MFA ISLA)	0			450000	0	0	450000	900.000
	Sub Total: Pilots	*1.000.000*	*200.000*	*800.000*	*900.000*	*0*	*0*	*900.000*	***3.800.000***
Conservation and commercial outcome monitoring									

Environmental performance monitoring, analysis of potential systems	Consultancy/IPs	40.000	30.000	30.000		100000		100000	300.000
	Sub Total: monitoring	*40.000*	*30.000*	*30.000*	*0*	*100.000*	*0*	*100.000*	***300.000***
Baseline data									
Comprehensive land use assessment, baseline and trend analysis on key social, environmental and economic indicators	Consultancy/IPs	*70.000*	*70.000*	*70.000*		*100.000*	*100.000*		
	Sub Total: baseline data	*70.000*	*70.000*	*70.000*	*0*	*100.000*	*100.000*	*0*	***410.000***
Landscape based communication									
	Materials (publications, etc)	*5.000*	*5.000*	*5.000*	*0*	*10.000*	*10.000*	*0*	*35.000*
	Consultancy/communication partners	*5.000*	*5.000*	*5.000*	*0*	*10.000*	*10.000*	*0*	*35.000*
	Sub Total: landscape based communication	*10.000*	*10.000*	*10.000*	*0*	*20.000*	*20.000*	*0*	***70.000***
Innovative Finance									
Risk-sharing facility to unlock large-scale investment in community palm oil, with lending conditions requiring forest conservation	[Budgeted separately)								

ANNEX A - Information about the organization

Basic information about the applicant
IDH, the Sustainable Trade Initiative (legally responsible for the contract)

Legal status and type of institution:
(International/national NGO, competence centers, network/consortium etc.)
IDH the Sustainable Trade Initiative: Registered as a Foundation in the Netherlands

Year of establishment:
IDH (2008)

Contact person with email and phone number:
Joost Oorthuizen
oorthuizen@idhsustainabletrade.com
+ +31 (0)30 230 5660)

Location of head office:
City, Country: Utrecht, The Netherlands

Full postal address of the head office:
IDH The Sustainable Trade Initiative
Nieuwekade 9
3511 RV Utrecht
The Netherlands

Website:
www.idhsustainabletrade.com

Annual income in the last three years (in NOK) including income source (name of donors):

IDH	2011	2012	2013
Euro	14,308,270	21,191,069	19,316,159
NOK	111,604,506	158,933,018	152,597,656
Euro (including Private Sector leverage)	25,530,676	48,936,326	38,924,471
NOK (incl. PS leverage)	199,139,273	367,022,445	307,503,321

Note: Euro: NOK conversion is done at the rate on 30 June of each year.

Donors:
Ministry of Foreign Affairs, the Netherlands; SECO (Switzerland); DANIDA (Denmark).

ANNEX B - **Applicant's systems for quality assurance**

Applicant's systems for quality assurance of program planning and implementation

The governing bodies of IDH are the Supervisory Board and the Executive Board.

The Supervisory Board is multi-stakeholder with representatives of both private companies and civil society organizations. It appoints its own members. The core responsibility of the Supervisory Board is supervising the Executive Board's policies and implementation thereof. The Supervisory Board has established an Audit Committee, a Nomination and Remuneration Committee and an Impact Committee to ensure proper oversight and technical guidance. The Supervisory Board is planned to be 'internationalized' by 2016 to adequately reflect the international role and partner network of IDH. See for members of the Supervisory Board: http://www.idhsustainabletrade.com/organization

The Executive Board (Executive Director and one of four Program Directors) is responsible for the management of the organization and are accountable to the Supervisory Board. IDH has in 2015 established a Donor Committee as a key part of its management structure to ensure donor alignment and facilitate a more strategic dialogue on policy making and setting the future direction of the organization. The current members of the Donor committee are the donor countries Netherlands, Switzerland and Denmark.

IDH annual work plans and budgets outline the targets and main activities across the different supply chains. The IDH Executive Board (Mr Joost Oorthuizen as Executive Director and Mr Ted van der Put) is responsible for the management and implementation of these work plans. Annual work plans are approved by the DH Supervisory Board and submitted to its donors for their consent.
IDH is a convener and not a classical 'on-the-ground' implementer. The responsibility for implementation of the different supply chain transformation programs lies with coalitions of companies, local government agencies and civil society organizations. All programs are co-funded by the private sector with a minimum contribution of 50%. By participating in the IDH programs, private sector partners also subscribe to the OECD guidelines for Multinational Enterprises and ILO conventions.

IDH guidelines and deadlines for planning, monitoring and reporting are presented to and discussed with implementing partners before they start working with IDH. The implementation phase can only begin once there is a minimum of 1:1 match funding of IDH investments by private sector partners.
Elements in an average implementation plan may include:

- Working with professional producer with proven track records
- Select serious farmers with potential for commercial farming
- Set up a comprehensive capacity building programs
- Farm management, new production techniques, seeds, fertilizers
- Soil preparation, soil fertility, irrigation systems (natural, mechanized)
- Setting up integrated pest management systems for commercial farming
- Multiple crop production, introduction of cash crop
- Improve socio-economic condition of smallholder farmers
- Mentorship and coaching through farmer field schools
- Through a sustainable landscape approach, work beyond the farm-level to support food production, ecosystem conservation, and rural livelihoods across entire landscapes in an integrated manner
- Linkage to local and international market through partnerships
- Involvement of women and youth, focus on empowering women (producers) in entrepreneurial skills (e.g. our work in Fruit & Vegetables and Coffee programs).
- Organizing market uptake and public procurement (including public private covenants)

- Capturing and sharing learning
- Precompetitive communication on outcomes and impact

IDH tender policy is based on the principles that the process should be transparent, based on a fair selection and according to EU public procurement procedures. This counts for all local implementing partners in all programs.

Applicant's results management and systems for monitoring, assessment, reporting and evaluation

The IDH planning, monitoring and evaluation system is results-based. Each implementation program defines Key Performance Indicators for the different results areas related to:

a. Increased income for farmers/producers through increasing quality and quantity of yield and better input management
b. Number of ha of tropical forest sustainably managed
c. Lower environmental impact through better water, fertilizer and pesticide management
d. Percentage of global or EU import/procurement sustainable

Once the indicators are chosen, the programs must formulate SMART (specific, measurable, attainable, realistic, and timely) targets for each indicator - both annual targets and overall program targets. Some targets will be quantitative, while others may be more qualitative. Progress on these targets are monitored, evaluated and reported upon by the implementing partner.
All financial reports have to be audited by an independent auditor. The auditor has to execute an audit based on the instructions and templates that are provided by the Dutch Ministry of Foreign Affairs.

IDH has a transparent framework for selecting and contracting of partners for field level coordination, implementation, capacity building and monitoring. This includes organizations such as WWF, Swisscontact, Technoserve, SNV, FFI, AidEnvironment and Solidaridad. Implementing partners may be contracted directly by IDH or indirectly by another (private) partner involved in the program. Their role is to plan, monitor and report on the activities of a certain project or program as agreed between the implementing partner and IDH (and the other parties if applicable). The rules and obligations attached to this role are described in the 'IDH Guidelines for Program Planning, Monitoring and Reporting'.

The monitoring and impact evaluation framework of IDH is based on the Standard for Measuring Results in Private Sector Development of the Donor Committee for Economic Development (DCED). The eight principles of this standard are guiding the structure and process of IDH.
IDH organizes performance and impact assessments at three different levels of measurement. Performance measurement reflects output and outcome level results against KPIs which are measured once or twice a year.

Impact studies are conducted to measure change and impact that can be attributed to the program intervention at the level of households and market transformation. With regards to the data collection methodologies IDH aims to combine dynamic market transformation studies (real time evaluation design) with more classical field level impact studies to create a richer picture of transformative changes. Last but not least "deep dive" measurement was introduced in 2012 as a new form of performance measurement of programs and used in special cases for measuring change in areas such as gender, food and nutrition security, livelihoods and decent work. "Deep dive" measurement is done by external consultants and is less broad (in terms of SDG's), but more detailed on one single aspect.

Applicant's internal financial management systems and of partners

The IDH Executive Board is responsible for the management of IDH with the guidance of the Supervisory Board, which has delegated detailed monitoring and review of the Risk Management and Control Framework to its Audit Committee.

The IDH Governance Code documents and clarifies principles and practices of the Executive Board, Supervisory Board and its Audit, Remuneration and Nominations Committee and Impact Committee.

The IDH governance framework provides for continuous improvement processes by incorporating the recommendation of the Supervisory Board and its various committees as well as the institutional donors and the external auditor. In line with the Governance Code and current practices, IDH will compile both an annual plan and a public annual report. The financial statements are subject to an external financial audit, supervised by the Audit Committee of the IDH Supervisory Board. The external auditor provides an audit opinion, based upon the audit protocol.

All expenditures related to the project at central and country level are recorded in IDH's institutional financial administration and form an integral part of the Financial Statements of IDH and are subject to IDH's internal control processes.

The financial reporting package of IDH includes the following: statement of financial position, statement of activity, statement of cash flow and statement of functional expenses.

Applicant's internal systems for disclosing and reporting corruption and financial irregularities and of partners

IDH carries out a sound risk management policy to ensure that internal/external factors and circumstances that may affect the achievement of the expected results are clearly identified, thereby indicating changes of occurrence of the risk and impact level. Based on the identified risks, mitigation strategies are proposed which form the basis for individual contributions and further preparing and implementation of the proposed program.

Applicant's systems for knowledge management in the project (systems for sharing experiences and lessons learned between the project partners (local partners, other partners in the project, relevant national actors, donors, etc.)

Our learning & innovations and communications departments are designed to strengthen the transformation drive of the sector programs. We capture and disseminate best practices, lessons and models within and across sectors through publications and workshops. Through communications we promote the accomplishments of our partners, engage new players, and build and keep momentum.

Learning and innovation in IDH is centered on three flagship impact themes which are:

- Deforestation free supply chains and landscape approaches;
- Smallholder finance and smallholder service delivery models;
- Living income/living wage for workers and producers that derive their income from internationally traded commodities

The aim of IDH learning and knowledge management is to develop 'proof of concept' in interventions that address these critical externalities in and across business sectors. With proof-of-concept we mean proven, scalable private-sector-driven solutions which are internalized by the businesses that we work with, in an enabling environment of effective public-private collaboration.

IDH has strategic learning partnerships with a range of leading organizations in deforestation free supply chains and landscape approaches. With these partners, we learn and exchange on new approaches and innovation, and share our tools and experiences. Partners IDH works with for its learning, innovation and knowledge management agenda globally include:

- Landscapes for People Food and Nature network and EcoAgriculture partners;
- The World Business Councill for Sustainabel Development;
- The Sustainable Food Lab;
- The Tropical Forest Alliance; and
- The Consumer Goods Forum