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Incentives for Land Use Practices that Benefit Both Livelihoods and Biodiversity

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Presentation Overview

- Incentives –purpose and types
- Early approaches
- Agricultural Best Practices
- Landscape level approach
- Lessons learned



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Starting Point

CI's mission is to protect the Earth's living heritage, our global biodiversity, and demonstrate that human societies can live harmoniously with nature




65% of biodiversity and 80% of poverty are concentrated in the Hotspots

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Incentives

Purpose: Conserve biodiversity by changing how people use land for economic purposes

Types:

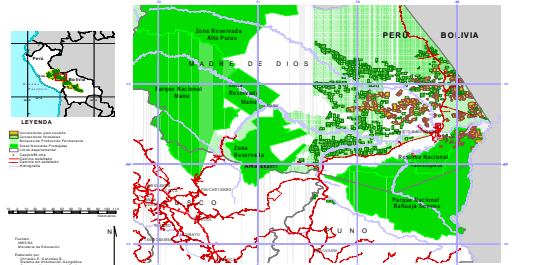
- Financial
- Non-financial



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Early Approaches to Incentives

Brazil Nuts provide a one million ha buffer zone for Bahuja-Sonene National Park and a livelihood for 3,000 people



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Experiences






Some success:

- Morikue is a Brazil nut based protein
- CI has a partnership with Aveda

Challenges











- Most NTFPs generate less income than unsustainable forest use
- Supply capacity may be small
- Land impacted insufficient for conservation

Agro-forestry Systems

- Agro-forests can harbor biodiversity and create landscape connectivity
- Coffee and cocoa is farmed on 18 million ha in tropical ecosystems


Conservation Coffee



CI developed the concept of Conservation Coffee in a project around El Triunfo Biosphere Reserve

Based on locally defined best practices that farmers have to adopt to obtain premium price

Partnership with Starbucks began 1998



Market Incentive





- Starbucks launched *Shade Grown Mexico* brand
- Farmers have incentive of market access and premium price
- Brand growth: 1998- 2 containers
2000- 14 containers
2002- 44 containers
- Benefit for Company
 - New Product
 - Industry leadership
 - Pilot site to develop system for supply chain: C.A.F.E. Practices

Financial Services



- CI partnered with Starbucks and Ecologic to introduce affordable financing through its Verde Ventures Fund
- Verde Ventures has loaned \$2 million with 99% repayment
- Starbucks investment in supply chain fulfils mission and secures product




Non-Financial Incentives





- Farmers receive training and extension support to implement Conservation Coffee best practices
- Farmers value environment as well as agronomic benefits
- Starbucks provides range of services:
 - sample testing
 - quality feedback
 - market orientation
 - agronomic practices
 - C.A.F.E. Practices application
- Farmers agreed to pay a quota for technical services

Certification



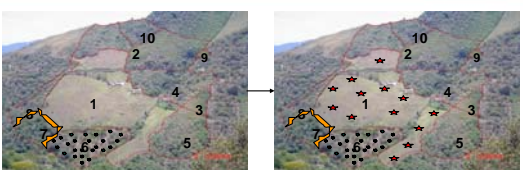
- Growth of fair trade, organic and ecological certification in response to market trends
- Certification presents difficulties for both farmers and companies
- C.A.F.E. Practices a flexible system enabling continuous improvement targets to be set

Limitations of Product-based Approach




- Incentive dependent on sales of product
- Will not address land management issues beyond the area under a specific crop
- Therefore, depending on the situation, may not address landscape connectivity

Combination of Approaches?



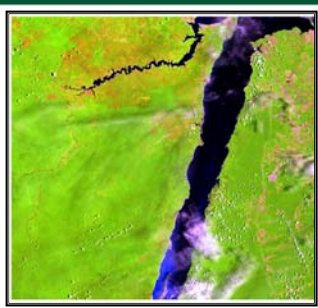
- Example of a CI project in Colombia that attempts to address landscape scale issues through incentives based on a single commodity (coffee)
- It may be necessary to add other incentives: Certified timber in pasture? Payments for watershed services? Carbon credits?
- Need to create an "incentive landscape" that mirrors real landscape

Area-based Approach



Sustainable Use Reserves and Extractive Reserves in Brazil

Sustainable Use/Extractive Reserves



- inhabited by traditional (non-indian) populations, immigration is restricted
- managed through traditional practices, not necessarily extractivism
- land uses such as logging, mining, ranching, soybean agriculture are excluded
- inhabitants have agreed to land use restrictions, in return for having guaranteed land use rights and access to certain government programs (housing etc.)

Sustainable Use/Extractive Reserves



Support for traditional land use practices and introduction of new biodiversity friendly crops make the reserve more effective in improving livelihoods and conserving the environment

Combined Approach: Cocoa in Ghana



- 1.3 million ha under production in Ghana by over 300,000 smallholder farmers
- Ghana was once famous for heavily shaded cocoa
- From original shade cocoa in central and east Ghana, practices have evolved into use of very little shade in the SW

Cocoa "eats the forest"



- Old cocoa plantations in the center-east are degrading, increasing the run to the last forest frontier in the SW
- Forest in the SW is already heavily fragmented through expanding cocoa frontier

The Challenge



- CI developing GEF project to conserve biodiversity in cocoa production landscape
- No realistic possibility of price-based incentive system
- Immigration and complex land tenure situation make farm based certification approach unviable
- **Is the area-based approach applicable to a non-reserve situation?**



Project Approach



Work with whole communities rather than coops consisting of dispersed farms

In return for agreements not to deforest, not to hunt certain species, to use shade etc., offer incentives:

- Extension service to improve crop management
- Diversification of farm income
- Rehabilitation of old farms



Project Approach



- Strengthened farmer organizations, increasing access to necessary services
- Management of wildlife in farmland
- Involvement of traditional authorities



Sustainable Production Landscape



Long-term objective is to create a "sustainable production landscape" that :

- Protects biodiversity both in natural forest habitat and in farm land
- Maintains ecological processes (climate, pest and disease control, carbon sequestration, water quality)
- Provides diversified sources of income to its inhabitants



Lessons Learned



- Incentives must be designed for unique local situation (inc political, cultural)
- Objective must be clear during design stage
- Approach must have a landscape perspective to support conservation
- In commodity based projects all value-chain players must be involved, while area-based approaches depend mainly on the policy environment



Thank you !

