A CLOSER LOOK: PRODUCE, CONSERVE, INCLUDE (PCI) IN MATO GROSSO
AGENDA

• **Opening**: Produce, Conserve and Include - Can we do it? By Fernando Sampaio, PCI
• How did Mato Grosso go from Amazon leader in deforestation to leader in reduction in deforestation? by Daniel Nepstad, EEI
• From 2005 to 2016: what were the enablers for PCI creation, by Daniela Mariuzzo, IDH
• PCI from its creation to nowadays: positive results and current structure of PCI, by Fernando Sampaio, PCI
• PCI’s strategies to catalyze public private partnerships:
  • PCI Investment Committee: priorities and deliverables, by Marcela Paranhos, IDH
  • Corporate Action Group: achievements and lessons learned, by Katie Anderson, EDF
• What’s next?, by Daniel Nepstad, EEI and Fernando Sampaio, PCI
• Q&A facilitated by Fabíola Zerbini, TFA Latam
THE NEW SILK ROAD

• In the next 20 years there will be a 35% increase in world demand for meat

• 90% of this growth is in emerging countries, 60% is in Asia

• 70 million tons of additional demand for soybeans by 2028/2029

• 50% will come from Brazil, where the area will grow from 36.5 million to 45 million hectares

Source: Rabobank
Last month, soy exports reached a record 16.3 million tonnes (60% increase compared to April 2019)

In the first four months of the year, Brazilian agriculture grew by 17.5% in the sector’s average daily exports, compared to the first four months of 2019. Exports to Asia grew 16%. Soybeans, 30%, and beef, 80%. Europe imported more soy (85%) and more coffee (32%) from Brazil.

WTO (World Trade Organization) projects a worldwide drop in the volume (quantum) of trade between -13% and -32% in the year.

In volume, Brazil increased its total exports in 1.1% in the four-month period.
PRODUCE
CONSERVE
INCLUDE

CAN WE DO IT?
FROM HIGHEST DEFORESTATION (2004) TO BIGGEST DECLINE IN DEFORESTATION (2012) WITH LITTLE RECOGNITION

2015
- June-December: Governor Pedro Taques embraces and implements the idea of a state-wide sustainable development agenda to present at the Paris COP21

- 2020 target of 89% reduction in deforestation at COP in Copenhagen 88% reduction reached in 2012

MT joins GCF Task force

MT at COP in Bali

State REDD+ Law, New Forest Code

PCI Executive Committee

PCI Institute

Governor Blairo Maggi announces

"Golden Chainsaw", risk of market exclusion

Peak of deforestation

Soy Moratorium

TROPICAL FOREST ALLIANCE
PCI: A SHARED, MULTI-SECTOR VISION = 4 GTCO2

PCI marks a new phase in the State’s sustainable development agenda, integrating economic, environmental and social goals.

PRODUCE
The future growth of agricultural production is accommodated within the existing productive area (through intensification and good practices).

CONSERVE
Forest areas are restored in compliance with legal requirements and forests are protected.

INCLUDE
Family agriculture, indigenous peoples and traditional communities can participate in the development process, improving their living standards.
2005 - 2015

- Mato Grosso and the forest agenda: lots of progress slowing deforestation, little recognition or reward, frustrated farmers
- Strong push from the NGOs and the European Markets led to several attempts to promote and implement Carbon mechanisms to reward the conservation efforts
- All the movements to develop Carbon mechanisms failed because there was low commitment from the international community to implement them. There was no local regulation enough for these trades: farmers frustration and disbelieve on Carbon
- The Forest Code revision finished in 2012, but there were uncertainties until 2018: farmers waited for legal stability before invest in their APPs and LRs

2015-2016

- Pedro Taques inaugurated his mandate as MT Governor in Jan 2015 and nominated key people in the State Secretaries: new agenda and new opportunities
- MT Secretaries started engagement with different sectors, including NGOs, companies and farmers associations: Pedro Taques called for more organized demands and a single agenda where the key secretaries could be involved / engaged directly with NGOs, companies and farmers associations: beginning of the workshops in March 2015
- In December 2015, Pedro Taques presented the PCI Strategy to the global audience during COP 21 in Paris
- In March 2016, the governor published a decree creating the State Committee for the PCI Strategy
- Early supporters enabling PCI first governance steps
PCI IMPLEMENTATION:
STEPS OF A JURISDICTIONAL INITIATIVE
PCI 2015 – 2018: BUILDING THE STRATEGY

MULTISTAKEHOLDER COALITION

MONITORING

STRATEGIC PLANNING

SHARED VISION

KEY PARTNERSHIPS FOR IMPLEMENTATION
MULTI STAKEHOLDER COALITION

- Ensure political leadership
- Convene relevant actors in the state
- Participative construction
- Inclusion of vulnerable populations
- Efficient communication strategy
- Secretariat
- Early supporters
FAMILY FARMING STATE PLAN CONSULTATION

COMO O PEAF MT FOI ELABORADO?

Criação de um Grupo de Trabalho pelo Conselho Estadual de Desenvolvimento Rural Sustentável - CEDRS/MT (fevereiro/2017)

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<td><strong>Total</strong></td>
<td><strong>883</strong></td>
<td><strong>99 (70%)</strong></td>
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REDD EARLY MOVERS – INDIGENOUS PROGRAM CONSULTATION PROCESS
SHARED VISION

PRODUCE
EXPANSION AND INCREASED EFFICIENCY OF AGRICULTURAL, LIVESTOCK AND FOREST PRODUCTION

BEEF CATTLE
• Recover 2.5 Mha of low productivity pasture areas by 2030
• Increase productivity from 50 to 95 kgdw/ha/yr. by 2030

AGRICULTURE (SOYBEAN, CORN AND COTTON)
• Expand grain area in to degraded pasture areas from 9.5 to 12.5 million hectares by 2030
• Increase grain yields from 50 to 92 Mton by 2030

NATIVE FOREST
• Extend the area under sustainable forest management from 2.8 to 6 Mha by 2030

PLANTED FOREST
• Increase planted forest area in open areas from 317,000 to 800,000 ha by 2030
• Increase planted timber production from 4.9 Mm3 to 11.75 Mm3 by 2030

CONSERVE
CONSERVATION OF NATIVE VEGETATION AND RECOVERY OF LIABILITIES

DEFORESTATION
• Maintain 60% of the state of Mato Grosso native vegetation cover
• Reduce deforestation by 90% forest having as reference the baseline: 2001-2010 (PRODES) of 5,714 km², reaching 571 km²/year until 2030
• Reduce deforestation in the Cerrado by 95% having as reference the baseline of 3,016 km² (SEMA), reaching 150 km²/year by 2030
• Eliminate illegal deforestation by 2020
• Compensate 1 Mha of liable to illegal deforestation

ENVIRONMENTAL REGULARIZATION (FOREST CODE)
• Register 90% of rural properties (CAR) by 2016
• Validate 100% of CARs by 2018
• Recompose 1 Mha (100%) of degraded APP by 2030
• Regularize 5.8 Mha (100%) legal reserve, 1.9 Mha of which by means restoration until 2030

INCLUDE
SOCIO-ECONOMIC INCLUSION OF FAMILY FARMING AND TRADITIONAL POPULATION

PRODUCTION AND MARKET INCLUSION
• Extend Technical Assistance and Rural Extension (ATER) service of family farming from 30% to 100% of families until 2030
• Increase family agriculture’s share in the domestic market from 20% to 70% by 2030
• Expand participation of family farming products in institutional markets from 1.5% to 30% by 2030
• Increase access to credit from R$ 411 million to R$ 1.3 billion/year until 2030

LAND REGULARIZATION
• Accomplish land regularization of 70% of family farming plots by 2030
MONITORING

DEFINE INDICATORS BASED ON AVAILABILITY, UPDATE PERIODICITY, SCALE, RELIABILITY AND FORMAT (GEOREFERENCED DATA)

INCORPORATE TRANSPARENCY INTO THE GOVERNMENTS AGENDA

CREATE FEEDBACK FOR PLANING

PCI GOALS MONITORING OBJECTIVES

Identify the advances towards the vision established for Mato Grosso in 2030. Ensure the credibility and transparency of the strategy for partners, investors and the society in general. Ensure the evaluation of the effectiveness of actions and subsidize the enhancement or redirection of actions.
WHO IS ALREADY WORKING TO IMPLEMENT THE SHARED VISION?

Comprehensive and dispersed institutional universe, where the PCI articulation role can potentialize existing synergies.
STRATEGIC PLANNING

• WHAT ARE THE CROSS CUTTING ISSUES:
  - Financing
  - Environmental regularization
  - Land tenure
  - Market access
  - Technology and good practices

• PROPOSALS ALREADY OUT THERE
• QUICK WINS
• PRIORITY ACTIONS
• KEY PARTNERSHIPS
KEY PARTNERSHIPS

IDH: First investments in PCI governance and structure (2016)
REM: First REDD investments in Mato Grosso, from Germany and UK cooperation (2017)
PAGE: United Nations support for the state effort: investment for green jobs (2016)
TFA: First subnational state to be invited to the Alliance (2017)
Carrefour: First company announcing a partnership with the state (2017)
Fundo Amazonia: Support of environmental and land tenure regularization policies
KFW: Support for state CAR system through Federal government
GCF: Common agenda with Amazon governors and subnational governments around the world
World Bank: buys MT State debts and lends 250 millions USD for the State development. Among the conditions, one was the formalization of the PCI Institute as a legal entity (2019)
Althelia, P4F, Andgreen, Carbon Trusts: Impact funds investing and prospecting in Mato Grosso
PCI 2019: STRUCTURE

- enable multi-stakeholder coordination
- advise on public policies and measures
- lead fundraising efforts with donors and investors
- manage and monitor programs and projects

LEGAL MODEL, INDEPENDANT OF POLITICAL CYCLES

EMPOWERED BY GOVERNMENT

PARTICIPATIVE GOVERNANCE, TRANSPARENT DECISION MAKING

BUILDING COMPLIANCE

FINANCIAL SUSTAINABILITY
PCI INSTITUTE CHART

Casa Civil
- Economic Development Secretariat
- Environment Secretariat
- Family Farming Secretariat
- Planning Secretariat

EXECUTIVE DIRECTOR

PCI Institute Founding Members

INVESTMENT COMMITTEE

MONITORING COMMITTEE

Donors council
Consultive council (former members of PCI State Committee)
LOOKING AHEAD: PCI INSTITUTE ACTION PLAN 2020
Define the priority actions to be developed to identify the advances towards the vision established for Mato Grosso in 2030, guarantee the credibility and transparency of the strategy for partners, investors and society in general, guarantee the evaluation of the effectiveness of actions and subsidize the improvement or redirection of actions.

• The PCI Monitoring Committee developed a Work Plan at the end of 2019 with these main priorities:
  • Improve data collection and monitoring efficiency
  • Review trajectory on PCI targets and redefine priority actions
  • Create a network on territorial intelligence for Mato Grosso identifying hotspots for action
  • Connect PCI State Strategy to local territorial initiatives at municipal level
Organizes and coordinates the companies’ engagement in the PCI strategy, as well as other potential concrete investments such as international funds, carbon markets, REDD+ Early Movers, World Bank investments and other.

THE PCI INVESTMENT COMMITTEE DEVELOPED A WORK PLAN AT THE END OF 2019 WITH 4 MAIN PRIORITIES:

A - Pipeline generation & investment models.
B - Attracting public & private investors.
C - Priority companies / Corporate Action Group.
D - Measurement of investments related to the PCI.
CORPORATE ACTION GROUP

THE PURPOSES OF THE ACTION GROUP ARE:

- to provide a venue to facilitate corporate engagement in on-the-ground projects or other opportunities to support PCI goals;
- to align corporate commitments with a jurisdictional approach in Mato Grosso;
- to be a channel for companies to provide feedback on the PCI strategy from the corporate perspective.

Launched Fall 2018

Mechanism for private sector connection to the PCI

Group and one-on-one meetings to discuss opportunities to engage
PRODUCE, CONSERVE, INCLUDE

An overview of initiatives that support corporate engagement in Mato Grosso, Brazil.
KEY LESSONS LEARNED FOR CORPORATE ENGAGEMENT

• Build on-ramps for companies to learn how to get involved.
• Present concrete opportunities to engage that align with supply chain priorities.
• Align across the multi-stakeholder group so that companies are hearing a cohesive message.
• Provide match funding opportunities (like REDD+ and other) to catalyze private investment.
NEW POTENTIAL THEMES FOR PCI UNDER GOV. MAURO MENDES:

1. REM was only 1% of Mato Grosso’s emissions reductions: translating Mato Grosso’s billion tons of “emissions reductions” into incentives—the climate neutral movement
2. Could Mato Grosso be the first provider of carbon neutral soybeans at scale?
3. Brazil’s modern agriculture: efficiency, transparency, inclusion
4. Mato Grosso State as a VSA (Verfied Sourcing Area) in 10 years
THANK YOU

TROPICAL FOREST ALLIANCE
JURISDICTIONAL EXCHANGE NETWORK