GOOD GROWTH PARTNERSHIP

PRODUCER SUPPORT FOR FOREST POSITIVE AGRICULTURAL COMMODITIES

IMPACT OF THE GOOD GROWTH PARTNERSHIP

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Working simultaneously on production, demand, and finance, in Brazil, Paraguay, Indonesia and Liberia, the Good Growth Partnership (GGP) enables sustainable development in three global commodity supply chains: soy, beef, and palm oil.

This Impact Brief covers the GGP´s impact in strengthening producer support systems to reduce deforestation in Indonesia, Liberia, and Paraguay.

Through five years of operation, the GGP has strengthened producer support systems by enabling national and subnational governments to develop strategies that build-on and scale-up the results of training, pilot trials, and private sector engagement. The results so far are encouraging. All producers trained, representing over 7,000 individuals, have adopted over 80% of all the Good Agricultural Practices (GAPs) shared during training sessions, and almost half immediately reported economic gains. To scale-up these good results, four new national and subnational farmer support strategies owned by the Ministry of Agriculture and its local representatives were developed and are under implementation in Indonesia, Liberia and Paraguay. By integrating businesses, farmers, and governments into a coordinated strategy, less resource intensive and more resilient practices can reduce agricultural expansion and reduce the pressure on natural ecosystems.

In this paper we focus on producer support systems; other briefs in this series cover sustainable production policies reform, land use policy reform, collaborative action mechanisms, and integrated approach using systems mapping.

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Why Systemic Producer Support?

Producers, especially smallholders, are driven to expand agricultural production due to increase in commodities demand and to local factors, such as, rising poverty, demographic pressure, and low productivity. These are underscored by a lack of knowledge and by weak organization of the producers which makes access to inputs, finance, and markets more difficult and costly. The ease of expansion into ecologically sensitive areas is also a factor. If the policy environment for valuing and protecting natural ecosystems is not strong enough or not well enforced, producers may choose to expand into forests, peatlands and wetlands, as restoring degraded land would be too costly without incentives, mostly lacking in tropical landscapes.

Adoption of Good Agricultural Practices (GAPs) can maintain soil health, optimize the use of inputs, and be climate smart, all important to increasing resilience for local farmers. Supporting sustainable intensification, creating market and financial incentives, strengthening producers´ organizations, and improving the enabling environment for natural ecosystem conservation, is a powerful way to reduce deforestation from agricultural commodities production.

The traditional focus on supporting producers directly has not proved scalable to the degree needed to offset the enormous increase in demand for commodities such as palm oil or beef and to achieve large-scale ecosystem sustainability. Companies have trained 100,000s of producers in their supply chains but the costs involved to scale-up and include all direct and indirect suppliers is prohibitive and would also leave out those not engaged in supply chains. Support and finance for producers to shift practices needs to leverage all relevant public and private sector actors´ technical and financial resources. Hence, the GGP has chosen to work with Ministries of Agriculture, Environment, Finance and others, producers and their organizations, and agri-businesses to invest in strengthening the systems – the combination and interaction of public and private sector actors engaged in supporting producers as well as their policies and resources - needed to ensure that producer support mechanisms are in place that provide both a return for producers and ecosystem resilience in the long run and at the necessary scale.

The Impact of Strengthening Producer Support Systems

To support the process, the GGP developed and deployed a Farmers Support System Toolkit that facilitates a systemic approach to producer support by identifying and harnessing public and private sector knowledge and resources and providing encouragement and guidance to governments to engage in collaborative processes, to develop new partnerships, enable innovation, and strengthen financing for stronger producer support systems and ultimately foment sustainable agricultural commodity production. The toolkit uses a diagnosis scorecard to collaboratively identify key issues and gaps in existing support systems, as well as needed solutions and their financing. The toolkit was piloted at the national level in Liberia and at the subnational level in Indonesia, where it led to the development of producer support strategies.

In **Liberia**, **a national Farmer Support Strategy** was developed as part of the National Oil Palm Strategy and Action Plan (NOPSAP) using the toolkit. Experience of local NGOs engaged in the strategy development process, served as inputs to replicate successful practices. The NOPSAP launched in 2022 was adopted by the National Oil Palm Platform of Liberia (NOPPOL) Steering Committee and validated by stakeholders to support smallholder development, improve livelihoods, and to overcome challenges in the sector. It also seeks to integrate social and environmental safeguards within oil palm development strategies and investments.

Through its implementation, efforts will be made to support smallholders and local communities to build knowledge and capacity on sustainable agriculture practices, provide access to agricultural inputs (such as seeds, organic fertilizers, and nurseries), extension and advisory services, and access to finance. Efforts will also be made to increase both large and small palm oil producer´s certification and to identify value-added strategies that will help smallholders access local and global markets. A 5-Year Financing Mechanism to Guide Sustainable Oil Palm Development will be developed to address the need for financial resources targeting community oil palm development, producers and processors.

Promising results have also been obtained in the Pelalawan district in **Indonesia** where a **producer support strategy was developed** to address the challenges of lack of public funding and coordination between actors involved in producers capacity building. The strategy provides concrete recommendations to strengthen farmers support systems, from clarifying and harmonizing roles between national and subnational governments and increasing support provided by mills and plantation companies to independent smallholders; to improving alignment between public, private and independent extension services providers. It led to the adoption of **three related regulations** that encourage the private sector to support smallholder palm oil producers through capacity strengthening and access to inputs and markets. Two regulations adopted at district level, the ***Pelalawan Regent Regulations on Corporate Social Responsibility (CSR) and on Partnerships***, better align corporate CSR contributions with the development priorities of district government's smallholder support for sustainable palm oil production. A total of 10 companies have entered into new partnerships with smallholders allowing them to benefit from improved access to inputs, capacity building, and predictable market access for sustainably produced palm oil. At the national level, the ***Ministerial Decree authorizing Guidelines to Strengthening Private and Independent Extension Services for Smallholders*** enabled smallholder support actions articulated in the National Action Plan for Sustainable Palm Oil. Since 2020, approximately 1,000 additional independent/self-help extension workers were providing

information on sustainable production practices. For more details, please refer to the Sustainable Production Policy Reform Impact Brief.

The national and sub-national strategies mentioned above were informed by learning provided by **pilot training activities** implemented by engaging and training local extension service providers as multipliers to facilitate sustainability and up-scaling. Over 2,700 Indonesian farmers in the Pelalawan, South Tapanuli and Sintang districts have directly benefited from GAP training, financial management, environmental conservation, and certification readiness to both the Indonesia Sustainable Palm Oil (ISPO) and the Roundtable on Sustainable Palm Oil (RSPO) standards. Monitoring studies further confirmed that adoption of GAPs is high, on average **89% of the GAPs are still being implemented by all smallholders one to two years following training**. In Pelalawan, the training was delivered in partnership between local authorities and the Musim Mas company, an RSPO certified palm oil producer and buyer. This partnership will qualify trained smallholders for a commercial relationship with Musim Mas or other certified processors thus securing a better market access and livelihoods. Replication of such partnership model is promoted through the regulations on CSR and Partnerships mentioned above.

Similar results were obtained in **Paraguay´s Chaco region** where **a strategy to strengthen producers support systems evolved from experience gained through pilot trainings oriented to cattle ranchers**. The strategy, which is the first of its kind for the Chaco and is aligned with the National Strategy for Forests and Sustainable Growth (the REDD+ strategy) includes fostering partnerships between public and private sector for knowledge transfer and replicating good practices across the entire region. Pilot training opportunities were offered to a wide range of stakeholders within Chaco´s beef production sector. Technical training in sustainable intensification techniques, such as water-smart production technology, was delivered to 4,915 cattle ranchers. In addition, training and awareness raising workshops on sustainable intensification practices were also delivered to representatives from public institutions (357), academia (701) and civil society (747). Given the diversity of producers in the Chaco, tailored approaches were taken to ensure the needs of different producer groups were met. Like Indonesia and Liberia, monitoring studies demonstrate a high level of adoption with an average of **79% of all GAPs conveyed being implemented within two years of the training**. The results of the interventions, especially in water saving, produced immediate results increasing the amount of pasture available during drought periods, which was especially welcomed by beneficiaries in the dry Chaco. Follow the attached links to videos to hear participants speak about their experience. Hear from the communities of Pirizal and Virgen del Rosario, others in the Paraguayan Chaco, along with the testimony of the people of the Machatery native community, Fuerte Olimpo in Alto Paraguay and Puerto Casado.

With an understanding of the importance of increasing productivity and resilience in the sector, Chaco´s cooperatives financed the costs of training and technical assistance as a pathway towards future productivity. With local experts and veterinarians leading the effort, the resources to continue the process with future generations of producers will remain in the Chaco.

The Ministry of Environment and Sustainable Development (MADES) and the Vice-Ministry of Livestock will continue to strengthen extension services in the Chaco region by implementing the producer support strategy which is a key prioritized action of the Chaco Action Plan for Sustainable Beef. One MADES official interviewed stated, *"we are working to add the Sustainable Development aspect to regulating the Chaco´s environment; this process is teaching us to speak and comprehend the language of the producers in the Chaco."*

The Route to Strengthening Farmer Support Systems

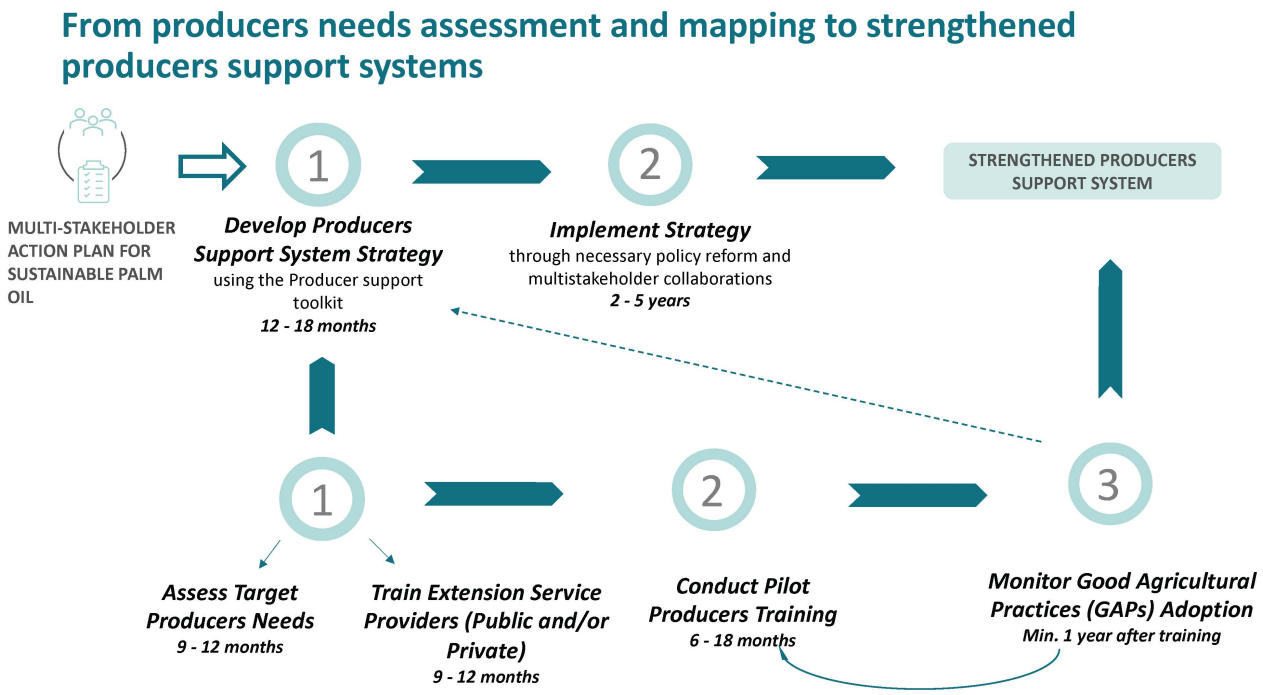
"UNDP facilitates and assists the vision and mission of the Pelawan District Government to realise a partnership programme between smallholders and companies in the framework of cooperation with companies, communities so that palm oil commodities become more sustainable and respond to global challenges." -M. Harris, Regent of Pelalawan

Multi-stakeholder collaboration processes, using the Effective Collaborative Action guidance, are essential to ensure collaborative public and private sector ownership of the solutions towards commodity-driven ecosystem degradation and their implementation.

The following pathway proved effective in Liberia, Indonesia and Paraguay and with the palm oil and beef production sectors:

1. A process utilizing the Farmers Support System Toolkit to understand producers capacity strengthening needs,
2. Carrying out pilot training and capacity building utilizing local assets and successful producers to create multipliers and build trust,
3. Monitoring of pilot results to develop "bankable" proposals for development within a comprehensive producer support strategy,

4. Supporting their implementation through crowding-in the private extension agents, buyers and processors (e.g. Pelalawan partnership and CSR regulation, and national extension regulation).

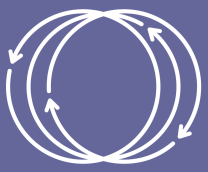


The Future of Strengthening Producer Support Systems

Although good progress has been made in our target countries towards strengthening producer support systems that drive sustainable intensification, leading to improved productivity and livelihoods, producers could still choose to expand into natural ecosystems. This needs to be avoided through effective land use planning and monitoring approaches founded on a multi-stakeholder, participatory approach and backed up by adequate enforcement, as well as through appropriate incentives for producers to choose agricultural intensification and conservation over expansion into natural ecosystems.

The GGP´s integrated supply chain approach integrates production, demand, and finance incentives to align market requirements, fiscal incentives, better financial terms for sustainable and traceable commodities, and Payment for Ecosystem Services, among many others that can help producers, companies, and governments to make the choice to balance between economic and environmental interests.

Please **consider joining us**, as GGP continues its journey to replicate and scale its approach.



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