
THE COALITION FOR SUSTAINABLE LIVELIHOODS (CSL)

Opportunities for private sector engagement
in an emerging jurisdictional initiative in North
Sumatra and Aceh, Indonesia

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INTRODUCTION

Many companies have set out to achieve rigorous sustainable sourcing commitments; however, they are increasingly realizing they simply can't do it alone. To get at root challenges and demonstrate meaningful progress on sustainability, companies will need to look beyond their supply chains.

Meeting sustainability goals is an all-hands-on-deck effort. By joining forces with governments, farmers, communities and civil society, there is an opportunity for the private sector to align sustainability priorities and strategies in key landscapes using a jurisdictional approach to meet sustainable sourcing commitments. Through multi-stakeholder collaboration, investment and action, a jurisdictional approach works to create market incentives for improved governance of natural resources from jurisdictions that reduce deforestation and improve sustainability of commodity production. This adds value to the jurisdiction's products in global markets.

Private sector support is needed for these initiatives to be successful and to scale. Conservation International is providing this guidance as a tool for companies sourcing from Indonesia's North Sumatra and Aceh to actively engage and invest in the Coalition for Sustainable Livelihoods (CSL) to advance commitments for improving smallholder livelihoods, sustainable production and natural resource management in global supply chains.

WHAT IS CSL?

The Coalition for Sustainable Livelihoods (CSL) is an emerging jurisdictional initiative bringing together a diverse and dynamic group of stakeholders to collectively achieve common objectives for smallholder livelihoods, sustainable agricultural production and conservation in North Sumatra and Aceh, Indonesia.

CSL provides a collaborative platform for advancing a place-based approach to achieve goals shared by government, civil society and private sector. The CSL operates within specific landscapes/districts as well as at the larger provincial and initiative levels to encourage alignment, collective action and scaling through policy and replication.



WHY NORTH SUMATRA AND ACEH?

Indonesia's Aceh and North Sumatra are two important regions for agricultural commodities — including palm oil, cocoa, coffee, rubber and timber — contributing significantly to local and national supply chains, driving economic development and supporting thousands of smallholder farmer livelihoods. Collectively, the two provinces represent 14 percent of Indonesia's palm oil production and contain significant areas of natural forest that are home to threatened species and provide communities with natural resources that:



Supply ecosystem services, such as the provision of fresh water, medicines and cultural values



Reduce risks of flooding and landslides

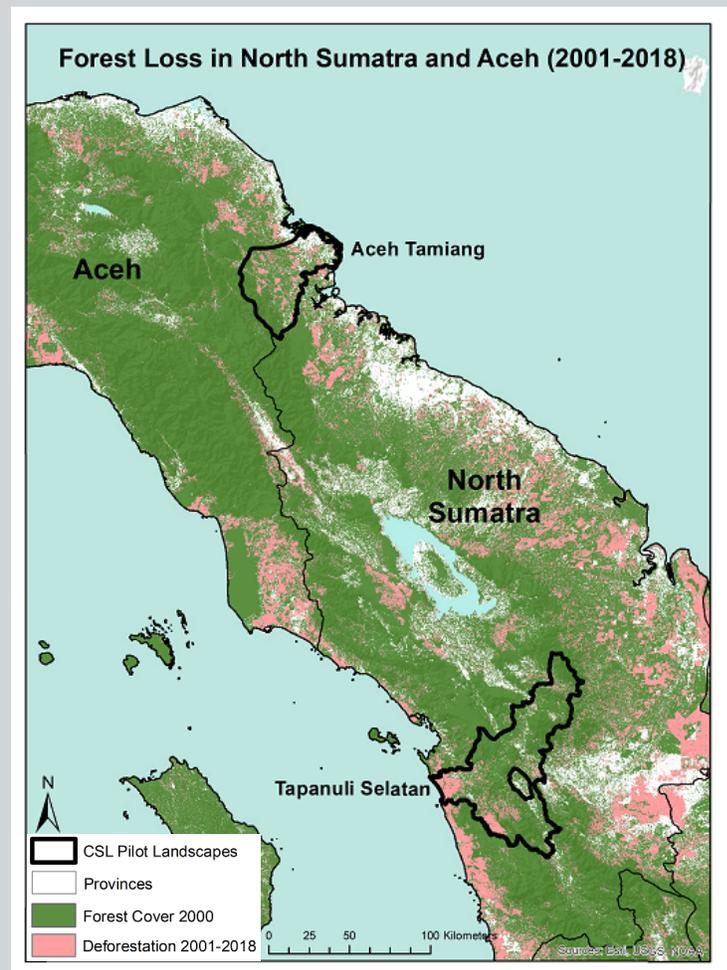


Buffer against the impacts of climate change, such as uncertain weather patterns that lead to drought and crop failure

CHALLENGES IN THE LANDSCAPE

Smallholders and surrounding communities currently face challenges like **low crop yields** and **environmental degradation**, both of which threaten social, economic and environmental sustainability across the landscape:

- **Low crop yields.** The average productivity of smallholder palm oil producers in North Sumatra and Aceh is 35 percent below yields of corporate plantations. Commodity production of palm oil, cocoa, rubber and coffee supports thousands of smallholders across the two provinces, yet low yields, lack of technical support or training and inadequate access to credit and markets continues to challenge farmer livelihoods.
- **Environmental degradation.** From 2001 to 2018, tree cover across North Sumatra decreased by 22% and Aceh by 13%. This remains a threat to important forest and peatland areas, including the roughly 2.6 million hectares (Ha) of the Leuser ecosystem, one of the most biodiverse places on Earth, of which nearly 90 percent covers Aceh. North Sumatra alone is currently on track to lose roughly 350,000 hectares of primary forest cover by 2035 — impacting endangered species habitat and resulting in emissions of around 150 million Mt CO₂e. This forest loss exacerbates frequent floods and landslides, leaving rural farming communities vulnerable.



CSL'S APPROACH

The collective importance of this region has spurred the establishment of numerous government, private sector and civil society initiatives to advance economic, social and environmental sustainability. While many of these initiatives have achieved successes, misalignment and gaps across initiatives impede change at scale.

Many leading companies pursuing sustainable supply chain and “No Deforestation, No Peat, No Exploitation (NDPE)” objectives in the region have faced significant challenges and are recognizing the need for greater alignment, investment and stronger leadership by government across national, provincial and district levels.

Similarly, thousands of smallholders would benefit from the investments and capacity building associated with sustainable supply chains, but they are not able to access these resources. CSL seeks to fill this need by bringing together a wide range of stakeholders from government, civil society and the private sector to align and bridge government programs and current initiatives.

CSL focuses simultaneously at multiple levels:

- 1. Provincial Level:** CSL provides a platform for alignment, learning and investment to encourage development and implementation of jurisdictional plans such as the NAP, the Green Aceh initiative, or through strengthening provincial level land-use and forest governance mechanisms.
- 2. Landscape and District Level:** CSL invests in strengthening existing or developing new sustainable landscape initiatives in important landscapes and districts where government, civil society and private sector actors agree to work together towards sustainable development outcomes. Landscape initiatives and activities will link to supply chains and government programs focusing on common priorities.
- 3. Initiative Level:** CSL convenes stakeholders across sectors to focus on advancing shared goals in Aceh and North Sumatra as outlined in jurisdictional sustainable development plans.

By aligning landscape and supply chain efforts with existing national and regional platforms and policies, CSL aims to create a critically needed pathway to scale sustainable production on the ground while also generating lasting social, economic and environmental benefits in North Sumatra and Aceh. This will bring tangible gains for smallholder producers, improve their access to markets seeking sustainable products and help generate additional investments — ultimately creating sustainable commodity value chains that ensure business and livelihood opportunities for the people of North Sumatra and Aceh.

WHY SHOULD THE PRIVATE SECTOR ENGAGE?

We invite the private sector to join us in this journey for collective action for sustainable development. Companies can get involved by participating, promoting and/or funding CSL initiatives. There are many potential benefits to engaging in and advancing the CSL, including:

- **Aligned efforts in production landscapes with NDPE sourcing commitments**
- **Increased supply and access to sustainable commodities**
- **Scaled impacts of improved farmer livelihoods and natural resource management**
- **Improved efficiency through collective efforts of leveraging investments and pooling resources across stakeholders in key sourcing regions**
- **Collaboration and partnership to drive industry level change**
- **Access to district and provincial action plans which not only indicate clear government commitment and engagement, but also provide a detailed trajectory for progress within the landscape(s).**



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CSL OPPORTUNITIES THAT MEET MULTIPLE STAKEHOLDER PRIORITIES AND PROVIDE COMMON BENEFITS

Improve farmer livelihoods by increasing production capacity and well-being of thousands of smallholders in Aceh and North Sumatra.

Potential smallholders impacted in Aceh:

- 128,979 cacao farmers
- 104,314 rubber smallholders
- 119,890 palm oil smallholders
- 76,996 Arabica coffee farmers
- 17,137 Robusta coffee farmers

Potential smallholders impacted in North Sumatra:

- 65,423 cacao farmers
- 153,916 rubber smallholders
- 174,745 palm oil smallholders
- 119,576 Arabica coffee farmers
- 32,460 Robusta coffee farmers

Reduce deforestation: There are 675,593 Ha of forest in Aceh and 1,339,715 Ha in North Sumatra and the potential for improved forest management and policies for protection to ensure longevity of standing forests.

Degraded land potential: There are as much as 250,000 Ha in Aceh and 1,250,000 Ha in North Sumatra of degraded land with sustainable production or restoration potential.

PARTICIPATE

A jurisdictional approach aims to reconcile competing social, economic and environmental objectives through participation across stakeholders and sectors.

The first step in engaging in CSL is to participate — bringing your voice, perspective and presence to learn and collaborate. Through multi-stakeholder collaboration, a jurisdictional initiative facilitates alignment around common goals.

We invite interested companies to bring their experiences, knowledge and priorities to the table through various opportunities:

- **Learn more about the initiative at www.conservation.org/CSL or by contacting CSL@conservation.org.**
- **Join a future working group** to address key questions and challenges for advancing the implementation of CSL's vision.
- **Attend a CSL workshop** to meet and collaborate with other stakeholders on current workstreams and next steps.
- **Become a CSL member** — make a commitment to support and actively invest in the vision and mission of the CSL.



More than 130 representatives from across government, private sector, financial institutions and civil society joined the CSL's initial supporters at the Coalition's development workshop in September 2018. © Conservation International



The CSL is hosting a workshop in 2019 to clarify and finalize the Coalition's objectives, operating processes and activities within and across various landscapes. © Conservation International/Photo by Tory Read

AT A GLANCE

The Coalition for Sustainable Livelihoods (CSL) is an emerging initiative focused on collective action to drive economic development, reduce poverty and improve natural resource management in the Indonesian provinces of North Sumatra and Aceh.

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PROMOTE

Engage and educate your supply chain and industry networks to increase understanding of the jurisdictional approach and CSL. We invite companies to promote awareness and accelerate progress in the following ways:

- **Engage your supply chain.** Discuss the importance of the jurisdictional approach. Trace any linkages in your supply chain to CSL landscapes. Invite suppliers to learn more and to directly engage — we need more suppliers at the table.
- **Engage other commodity supply chains both within your own companies and externally** to build support and understanding for jurisdictional approaches to address multiple interests and needs within the landscape as well as to leverage additional investment and stakeholder collaboration.
- **Connect with industry forums** like the Consumer Goods Forum (CGF), as well as commodity specific platforms like the Roundtable for Sustainable Palm Oil (RSPO). Share why jurisdictional approaches are important to your company. Ask how these forums are supporting and engaging with jurisdictional approaches.
- **Engage governments on shared priorities and goals.** Work with your corporate government engagement team to integrate messaging around the importance of supporting jurisdictional initiatives into broader communication and lobbying efforts.
- **Publicly communicate your support** for jurisdictional initiatives and how you are engaging in CSL to advance global sustainable supply chains through various media channels.



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FUND

Developing and implementing jurisdictional initiatives is costly and requires investment largely at two levels: governance of the overall initiative itself and implementation at the landscape level. Companies may also choose to make preferential sourcing commitments. These are appreciated and encouraged; however, these should accompany, rather than replace, funding and support to help the jurisdiction take actionable steps to achieve a sustainable supply base.

1. Invest in activities for sustaining the governance and coordination of the CSL initiative:

- **Coordination and facilitation** of CSL's secretariat to provide day-to-day support and overall management, strategic guidance and implementation of CSL processes, development, membership and participation, stakeholder communication and fundraising support.
- **Development and facilitation of landscape advisory committees and landscape leads** to coordinate across landscape pilots and various stakeholders, including government, in the development and execution of government district level sustainability roadmaps and action plans.
- **Collaboration and coordination with other jurisdictional approaches and landscape initiatives** to share knowledge and promote industry-wide engagement to generate transformation at scale.
- **Continue initiative and new stakeholder outreach** with government, NGOs, companies and communities to expand CSL participation and membership across commodity sectors and stakeholder groups.
- **Coordinate strategy and development of a long-term funding model** as well as outreach with potential donors.
- **Develop a CSL website** to share knowledge and upcoming opportunities, provide a centralized network for stakeholders and serve as a space to communicate progress towards the initiative's goals.



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FUND

2. Invest in the implementation of landscape level activities:

(examples from the Tapanuli Seletan landscape in North Sumatra provided on the next page)

- **Strengthen policies and implementation** of district spatial plans and forest management plans for conservation and water management through strategic advisory meetings with local government and participation in local platforms.
- **Create partnerships with communities** in priority landscapes through ongoing local engagement.
- **Improve transparency** by building and mapping a farmer database in pilot landscapes.
- **Increase smallholder production capacity and access to markets** through farmer training (i.e. GAP, environmental awareness), certification (i.e. ISPO, RSPO) and technical services, as well as by expanding field extension services.
- **Develop restoration projects** for agroforestry and peatland reforestation.
- **Adopt innovative tools** to support the acceleration and expansion of sustainable production and forest management activities.
- **Implement socioeconomic analyses** to help identify improved livelihood opportunities from farming communities and alternatives to deforestation.
- **Monitor and evaluate biodiversity** through the application of camera trapping and wildlife surveys.





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Sample investment opportunities within North Sumatra's CSL pilot landscape

Assist smallholders during palm oil replanting

- Identify compatible banks in Indonesia to fund smallholder replanting
- Perform as a guarantor on behalf of the smallholders to obtain loans
- Provide lab-tested and certified seeds to produce higher productivity yields
- Coach and assist in the management of smallholder plantations (until their debts are repaid to the banks)

Promote land conflict resolution through agroforestry (restoration)

- Conduct land and soil capability assessments to determine commodity suitability
- Identify and mitigate barriers at dissimilar stages of supply chains across commodities
- Quicken the adoption by investing in production of high-quality seedlings for smallholders
- Improve smallholder farmer yield and connect access to markets for agroforestry commodities

Create a farmer database for digitizing the palm oil value chain

- Support application of technology (i.e. drones, GPS, etc.) to provide data imagery of farmers' plantations
- Support use of sensors to collect climate, soil conditions and other data
- Provide track and trace systems for traceability and certification of palm oil fresh fruit bunches when sourcing from smallholders
- Use smallholder digital identification as a tool for creating economic identities
- Monitor and map yields

Promote appropriate technology for sustainable agriculture

- Introduce and popularize new agriculture technologies
- Incorporate technologies across the value chain
- Train farmers on the latest agricultural technologies and the maintenance of these

Build capacity of extension workers

- Conduct a diagnostic survey stage (identify knowledge capacity to increase information needs and determine the types of extension materials preferred)
- Help produce and construct extension worker modules for sustainable agriculture
- Provide agriculture and marketing skills training

Build capacity of smallholders

- Support farmers by increasing the organizational capacity of the Farmers Cooperative (Koperasi) in soft skills, financial capital and functional capacity
- Offer a Farmers Field School
- Complete a demo plot
- Distribute equipment and seedlings
- Improve access to pest control supplies, environmentally-safe pesticides and technologies

Additional funding opportunities are being developed in key thematic areas of governance, growth, metrics and pilots through the development of action and investment plans. To learn more about these funding opportunities as they evolve, please contact CSL@conservation.org.