

*ESKEN Webinar*

*09 March 2023*

**Setting and implementing deforestation cut off  
dates in land use finance**





# Agenda

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Welcome

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Presentations:

- **Leah Samberg** | Lead Scientist, Global Policy at Rainforest Alliance and the Accountability Framework initiative
- **Leandro Baumgarten** | Zero Conversion Commodities Strategy Scientist at The Nature Conservancy
- **Pedro Moura Costa** | CEO of Sustainable Investment Management and Founder of the Responsible Commodities Facility

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Q&A





# Leah Samberg

Lead Scientist – Global Policy at Rainforest Alliance and the  
Accountability Framework initiative

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# Cutoff Dates: What, Why, When?

*Leah Samberg, Accountability Framework initiative*

*9 March 2023*



Accountability  
Framework

Together, making  
ethical supply chains  
the new normal



# But first: What is the Accountability Framework?

## The Accountability Framework

### Principles + Guidance + Definitions

For achieving agricultural and forestry supply chains that are free of deforestation, conversion of other natural ecosystems, and human rights abuses

## The Accountability Framework initiative Coalition

The Accountability Framework initiative Coalition consists of the following members:

- CDP (Disclosure Insight Action)
- Ceres (Sustainability is the bottom line.)
- efoca (economics climate environment)
- Forest Peoples Programme
- Global Canopy
- HCSA (High Carbon Stock Approach)
- Imaflora
- LTKL (Landscape Transformation Knowledge Lab)
- MERIDIAN INSTITUTE
- MIGHTY EARTH
- Preferred by Nature
- New York Declaration on Forests GLOBAL PLATFORM
- proforest
- RAINFOREST ALLIANCE
- Rainforest Foundation Norway
- RESOURCETRUST
- RIGHTS + RESOURCES
- SAI (Social Accountability International)
- SUPPLY CHANGE (Commitments that Count)
- The Nature Conservancy
- VERITÉ (Fair Labor. Worldwide.)
- WWF
- Wildlife Conservation Society
- WORLD RESOURCES INSTITUTE
- Plus independent expert: Silas Siakor – Liberia

Backbone Team co-hosted by: MERIDIAN INSTITUTE and RAINFOREST ALLIANCE



# What is a cutoff date?

A cutoff date is the date after which deforestation or conversion renders a production area non-compliant with no-deforestation or no-conversion commitments.

If the goal is “no-deforestation/no-conversion”, the cutoff date answers the question “no deforestation/conversion since when?”





## Why is a cutoff date needed?

A policy or commitment related to deforestation or conversion cannot be interpreted, monitored, or reported on without a cutoff date

Inclusion of cutoff dates in purchasing contracts and supplier codes allows for clear communication to suppliers about what material will and will not be accepted into supply chains.







# When should the cutoff date be?

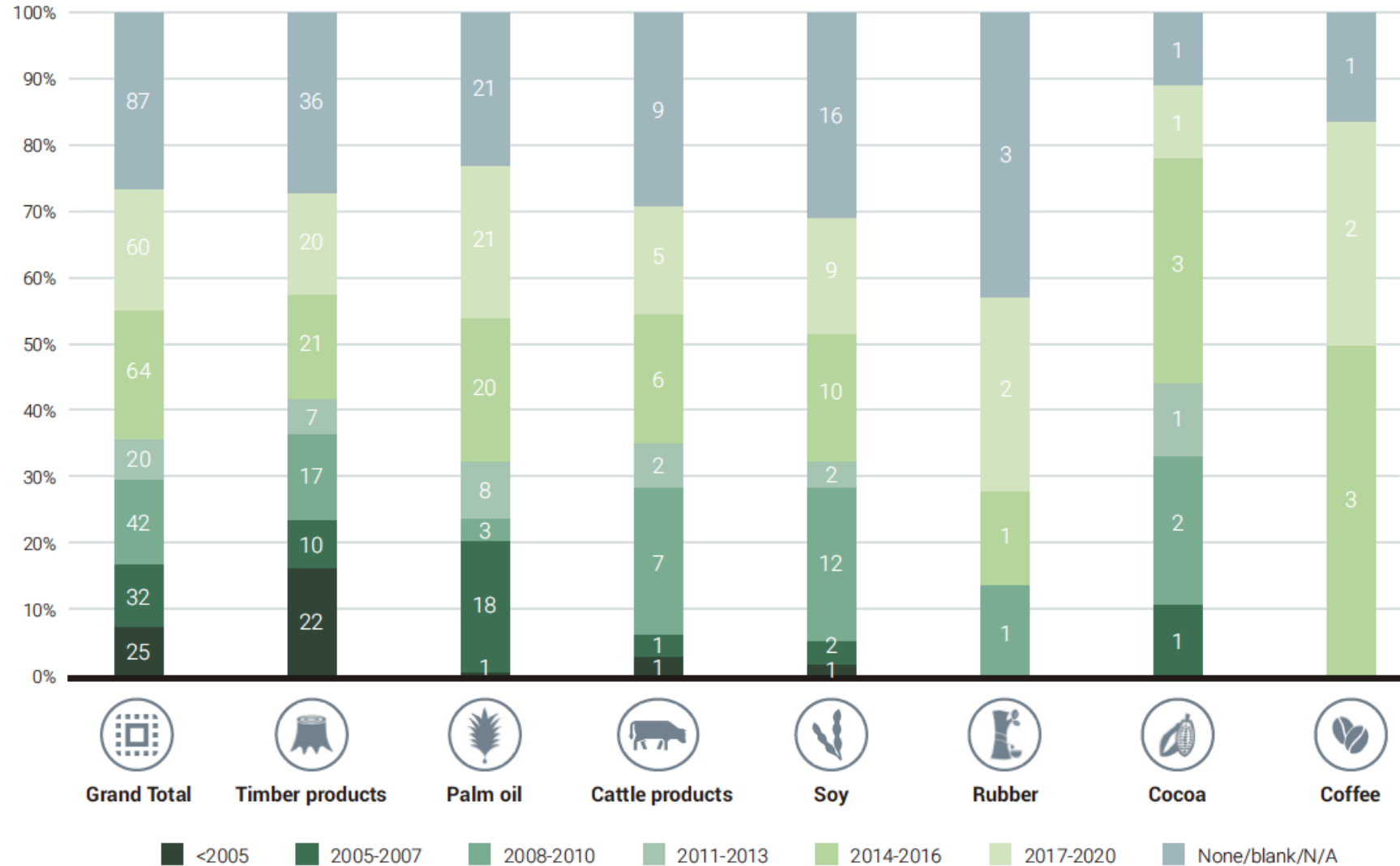
- Cutoff dates **MUST** be in the past; that is, prior to the issuance of a policy or commitment
- If a cutoff date exists or is commonly used in a given commodity or location, companies should use this date to support aligned action and stronger market signals.
  - Cutoff dates associated with certification (e.g. RSPO, FSC)
  - Cutoff dates associate with regulation (e.g. Amazon Soy Moratorium, Forest Code)
- No-deforestation policies should use a cutoff date no later than 2020.
- Timing of the cutoff within a year can be selected based on regular clearance cycles or other considerations.





# Data snapshot: 2021 CDP Forests Disclosures

74% of no-deforestation/  
no-conversion  
commitments disclosed  
in 2021 included a  
cutoff date





# Climate, nature, and regulatory targets

## SBTN No Conversion of Natural Ecosystem Target

Cutoff date is 2020 for all ecosystems

## EU Deforestation Regulation

Cutoff date is 2020 for deforestation

Scoping on other ecosystems ongoing

## Land use change emissions:

### SBTi FLAG & GHG Protocol

Assessment period of 20 years prior to the reporting year for short-rotation crops

Or the length of the crop cycle or rotation period when > 20 years





# Leandro Baumgarten

Zero Conversion Commodities Strategy Scientist at The  
Nature Conservancy

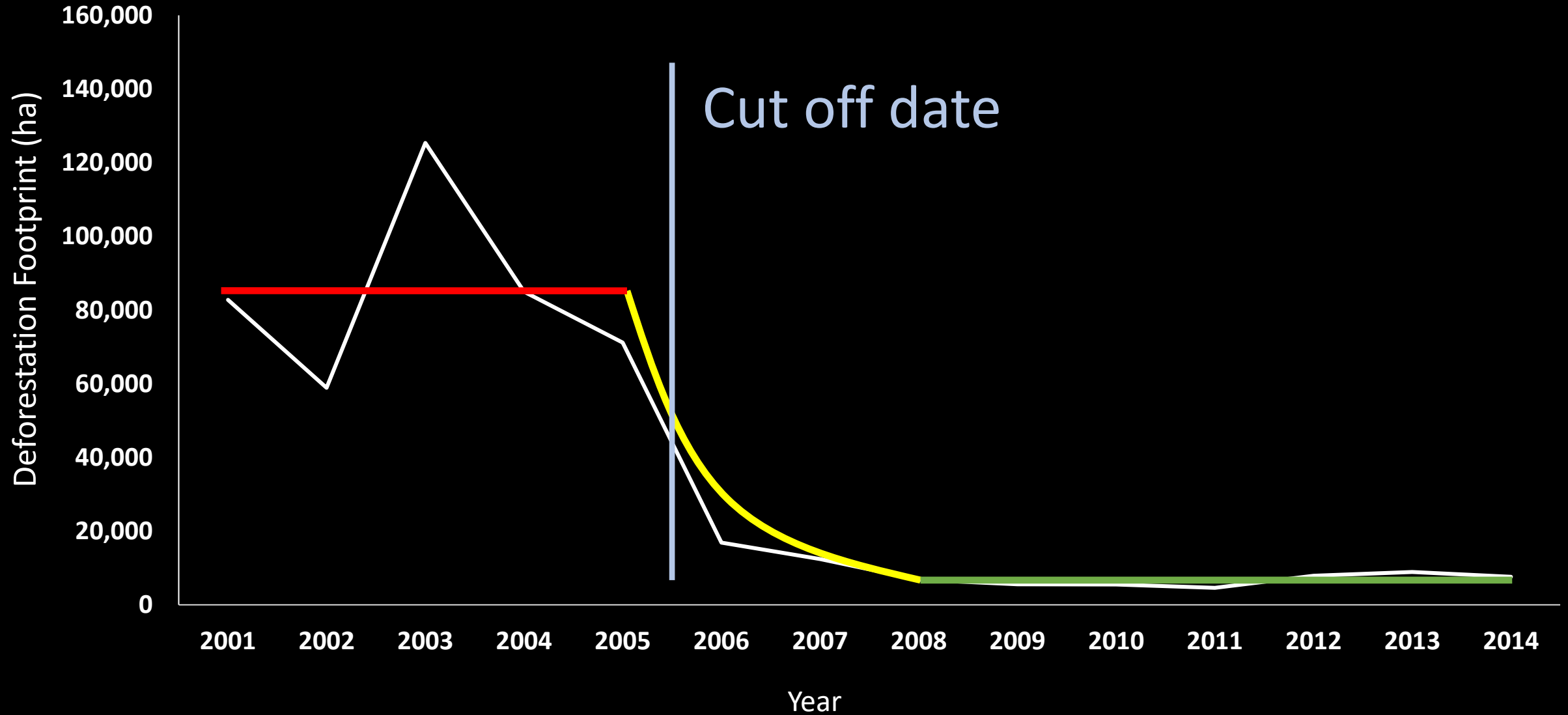
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# Cerrado Soy crop area in 2022

	% of conversion in the year	Cumulative %
2021	0.15%	0.15%
2020	0.62%	0.77%
2019	0.77%	1.54%
2018	0.07%	1.61%
2017	0.64%	2.25%
2016	0.69%	2.94%
2015	0.82%	3.76%
2014	0.94%	4.69%
2013	0.79%	5.48%
2012	0.69%	6.16%

# Amazon Soy Moratorium





# Pedro Moura Costa

CEO of Sustainable Investment Management and  
Founder of the Responsible Commodities Facility

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March 2023



# Blended finance

Mixing complementary objectives

Mixing conflicting objectives

Occasionally resulting in redundancies, repetitions or even contradictions



# Responsible Commodities Facility

Supporting the production of zero deforestation soy in the Cerrado

Providing finance (low interest credit lines for crop finance) to farmers that stop deforestation for the expansion of soy cultivation

A delivery mechanism for the Cerrado Manifesto, supporting the efforts of the CFA, TFA, CGF, SOS Cerrado and the Brazilian NDC





# Facility's Eligibility Criteria

## 1. No Deforestation (legal and illegal)



## 2. Conservation of Excess Legal Reserves

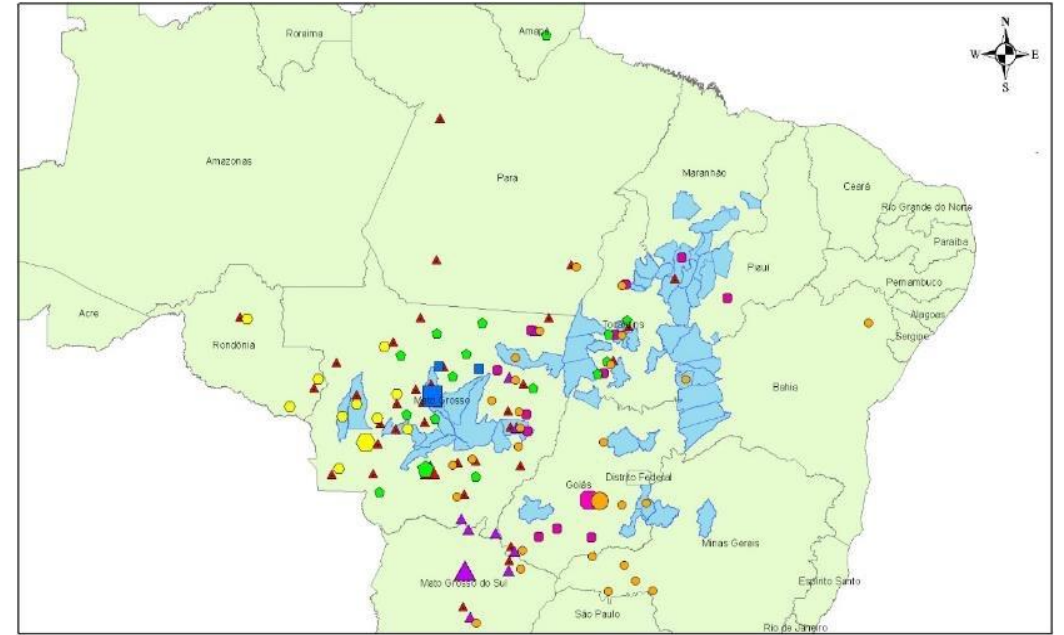


## 3. E&S framework developed with UN Environment



## Examples of contradictions

- Diversification vs landscape impacts
- Combating current deforestation vs cut off dates
- Additionality



# Deforestation cut off dates

EU taxonomy for sustainable activities	2008
FMO (aligned with above)	2008
ProTerra	2008
Climate Bonds Initiative	2010
FSC	1994 (2020)
RSPO	2009/2015/2018/2020
RTRS	2016
NY Declaration on Forests	2020
UN SDG	2020
AFI Guidance	Jan 2020
UK Soy Manifesto	Jan 2020
French Soy Manifesto	Jan 2020
British Retail Consortium	Jan 2020
Forest Positive Coalition	Jan 2020
<b>Responsible Commodities Facility</b>	Jan 2020
Salmon industry suppliers	Aug 2020
EU DR	Dec 2020



## Cut off dates – objective

Establish a deadline for the adoption of certain standards or practices, to change behaviour of sector as a whole

Examples of success:

- Amazon moratorium
- RSPO
- etc

The adoption of such practices should result in positive environmental impacts

## Negative impacts of past cut off dates

If dated retroactively, it may **not result in any impact**. Exs:

- CBI cut off date of 2008 for deforestation – **no green bond finance** to provide financial incentives to farmers to support legal deforestation
- FMO (2008) – **no concessional finance** to stop current deforestation
- EU – **no trading** of soy from areas deforested after 2020. As a result, all residual native vegetation remains at risk, and subject to less environmental requirements.

## In some cases, the present is the best cut off date

To stop current trends, we need incentives focused at the present

Benefits only start when farmers join programmes

Obligations of farmers only start when they join programmes





# Audience Q&A

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**Thank you**

