

TERRITORIAL PERFORMANCE SYSTEM

A framework for driving large-scale, jurisdictional transitions to low-emission rural development in the tropics.

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CONTEXT

The land-use sectors are the biggest near-term opportunity in global climate change mitigation, and slowing deforestation in the tropics, currently about 1/6 of global GHG emissions, has the largest potential.¹ Brazil alone has already avoided almost 5 billion tons of CO₂ emissions by reducing deforestation (Figure 1). However, this progress is considered fragile due to an ever increasing global demand for food, fuel and fiber that will need to be grown in the tropics, as well as a lack of positive incentives to support farmers and communities on the ground to transition to low-deforestation, low-emission production systems. There is no silver bullet to reducing deforestation, and the solution will need to support bottom-up transitions to low-emission rural development (LED-R).²

THE STRATEGY

The “**Territorial Performance System (TPS)**” is a strategy for driving large-scale transitions to LED-R through “bottom-up” multi-stakeholder processes that build a positive agenda to reduce deforestation while improving well-being.

The TPS approach is designed to align and harmonize public policies and markets to favor the transition to LED-R and deliver performance-based incentives producers, communities and companies who are reducing deforestation.

TARGET REGIONS

TPS strategies are underway in Mato, Grosso, Brazil and Central Kalimantan, Indonesia, and just beginning in Caqueta and Guaviare, Colombia. In each region, the strategy is tailored to local circumstances and context.

1 IPCC. 2014. Climate Change 2014: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

2 Low-Emission Rural Development (LED-R) is a rural development model in which greenhouse gas emissions are reduced by slowing then reversing the loss and degradation of forests, agricultural productivity grows through low-emission yield improvements on lands that are already cleared, and smallholder farmers and forest-dependent communities realize improved livelihoods.

A project of the Forests, Farms & Finance Initiative (3FI)
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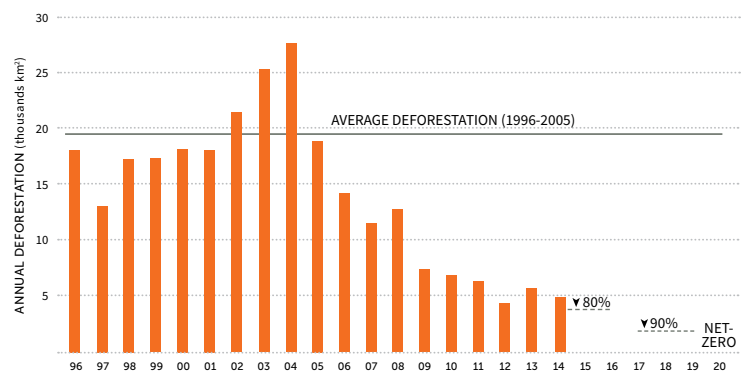
ADVANTAGES

- Overcomes current fragmentation in the definition of success
- Links the power of markets with the power of government
- Addresses sustainability across all agricultural and forestry products within an integrated framework.
- Large-scale outcomes

COMPONENTS

The TPS approach has four interconnected components that work synergistically:

- **Consensus on regional performance milestones**
- **Integrated incentive system**
- **Governance structure**
- **Monitoring Platform**

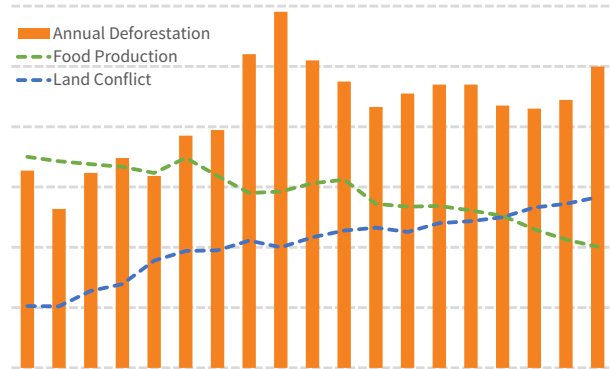
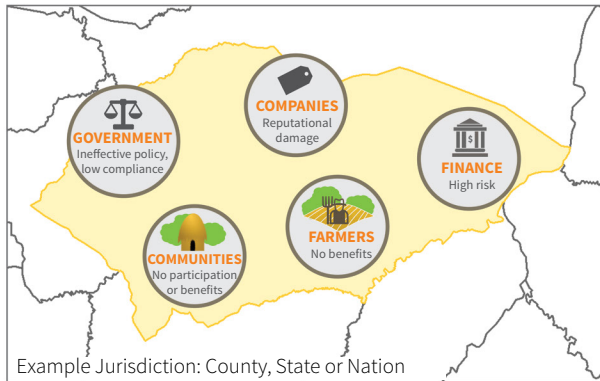


+ **FIGURE 1** Measured deforestation and current draft of future milestones for reducing deforestation and achieving zero net deforestation that are under discussion in Brazil. Progress towards targets will depend upon successful implementation of positive incentives.

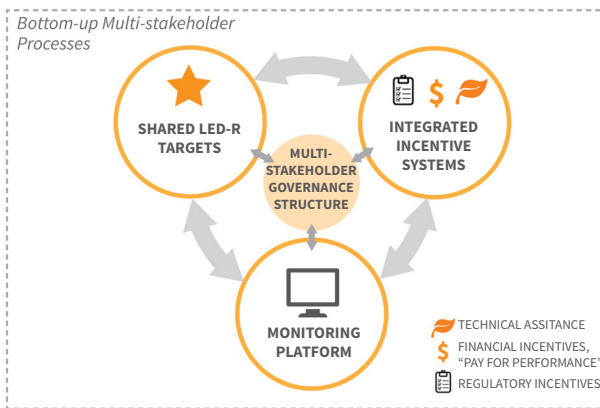
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TYPICAL TROPICAL DEFORESTATION FRONTIER

Fragmented Policies, Actors in Isolation, High Deforestation, Emissions and Conflict



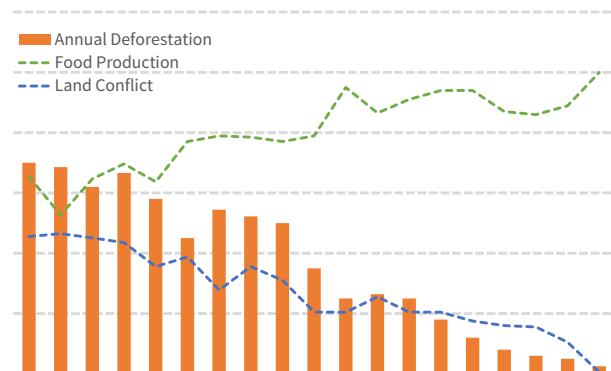
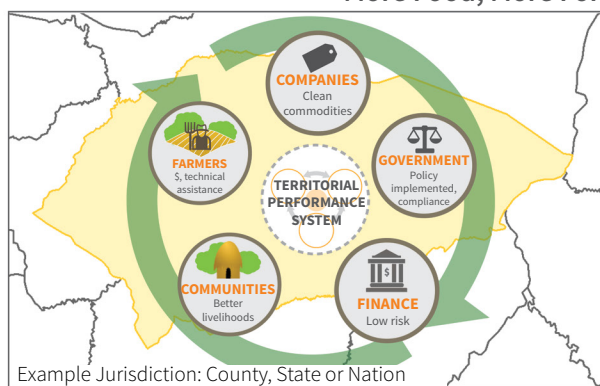
TERRITORIAL PERFORMANCE SYSTEM



- **Multi-stakeholder process builds consensus on shared LED-R targets** for reducing regional deforestation, increasing agricultural production, improving livelihoods, and complying with environmental and social safeguards.
- **Integrated incentive systems** drive progress towards these targets by helping farmers overcome obstacles to implementing sustainable practices, while supporting local governments to do their part. Incentives can be financial, regulatory and contractual.
- **Online monitoring platforms** transparently track progress toward performance milestones (see monitoring.earthinnovation.org).
- **Multi-stakeholder governance structure** facilitates implementation of the system.

LOW-EMISSION RURAL DEVELOPMENT

More Food, More Forests, Fewer Emissions, Better Livelihoods



+ **FIGURE 2 The Territorial Performance System** approach for supporting jurisdiction-wide transitions to low-emission rural development. In a typical tropical deforestation frontier, governments are unable to implement their policies, financial and corporate risk is high, and farmers and communities are largely on their own. Implemented through a multi-stakeholder governance structure, the TPS unites sectors around shared performance targets, drives progress towards these targets through effective incentives, and tracks progress on transparent online monitoring systems.



The Territorial Performance System is fruit of the "Forests, Farms and Finance Initiative" (3FI) that is led by the Earth Innovation Institute and includes Amazon Environmental Research Institute (IPAM), Bonsucro, Forest Trends, Global Roundtable

for Sustainable Beef (GRSB), Roundtable for Responsible Soy (RTRS), Roundtable for Sustainable Palm Oil (RSPO), Solidaridad, Unilever, World Wildlife Fund (WWF).