



# SCF

Global investments accelerating  
local action for a sustainable future

March 2024

## Newsletter

### Striking a Balance: Sustainable Agriculture and Deforestation

For our first newsletter of 2024, we focus our attention on the link between sustainable agriculture and deforestation. While agriculture sustains human life, deforestation – mostly caused for agricultural purposes- threatens the very ecosystems upon which agriculture depends. Striking a balance between the two is not just a matter of environmental concern but also a crucial aspect of ensuring food security and preserving biodiversity for future generations.

The statistics surrounding these issues are stark and demand action: according to the Food and Agriculture Organization (FAO), **the world lost around 178 million hectares of forest between 1990 and 2020**. This loss not only diminishes biodiversity- 80% of Earth's terrestrial species live in forests- but also contributes significantly to climate change, as forests serve as carbon sinks and deforestation exacerbates water scarcity by disrupting local hydrological cycles and reducing water infiltration into the soil.

**Standard Agricultural Practices are a leading driver of deforestation, responsible for approximately 80% of deforestation worldwide**, according to the UN-FCCC. As global population and food demand increase, so does the pressure on forests to clear land for farming.

Addressing these intertwined challenges requires multifaceted solutions; **promoting sustainable agriculture practices** such as agroforestry, conservation agriculture, and precision farming, methods that can enhance productivity while minimizing environmental impacts. SCF is actively supporting sustainable agriculture; [projects](#) in Brazil, Guatemala, Jamaica, Mali, Morocco, Senegal and South Africa have already received technical assistance from the initiative. In this newsletter, we will zoom in on [a project in Brazil](#) that plans to reforest degraded land through agroforestry.

However, sustainable agriculture won't be nearly enough to halt deforestation: **Enforcing stringent regulations against illegal logging and land conversion for agriculture is essential**. In the Amazon, the tougher enforcement of regulations has resulted in deforestation marking a 34% decline in the first half of 2023 compared to the previous year when nearly 4,000 square kilometers were cleared, according to data released by Brazil's national space research institute, INPE.

**Investing in research and innovation is another key aspect of the link between sustainable agriculture and deforestation:** Funding research into resilient crop varieties, efficient irrigation techniques, and soil conservation methods is crucial for developing sustainable agricultural systems capable of feeding a growing population without further depleting natural resources. One of the projects we support, [an agro-forestry project in Jamaica](#) is focused on developing digital registration, data capture and aggregation of local farmers to train at the production site and to then contract and sell outputs to the post-harvest facility.

Last but not least, **fostering cross-sector collaboration will be essential to support regenerative and sustainable agriculture systems, fit for context**. Capacity-building and partnerships can facilitate knowledge sharing, technology transfer, and financial support for sustainable development initiatives. The change the planet demands requires that an ecosystem of stakeholders come together to expedite the transformation we need to see through. It is in that spirit that Pegasus Capital Advisor (the fund manager of the SCF) and





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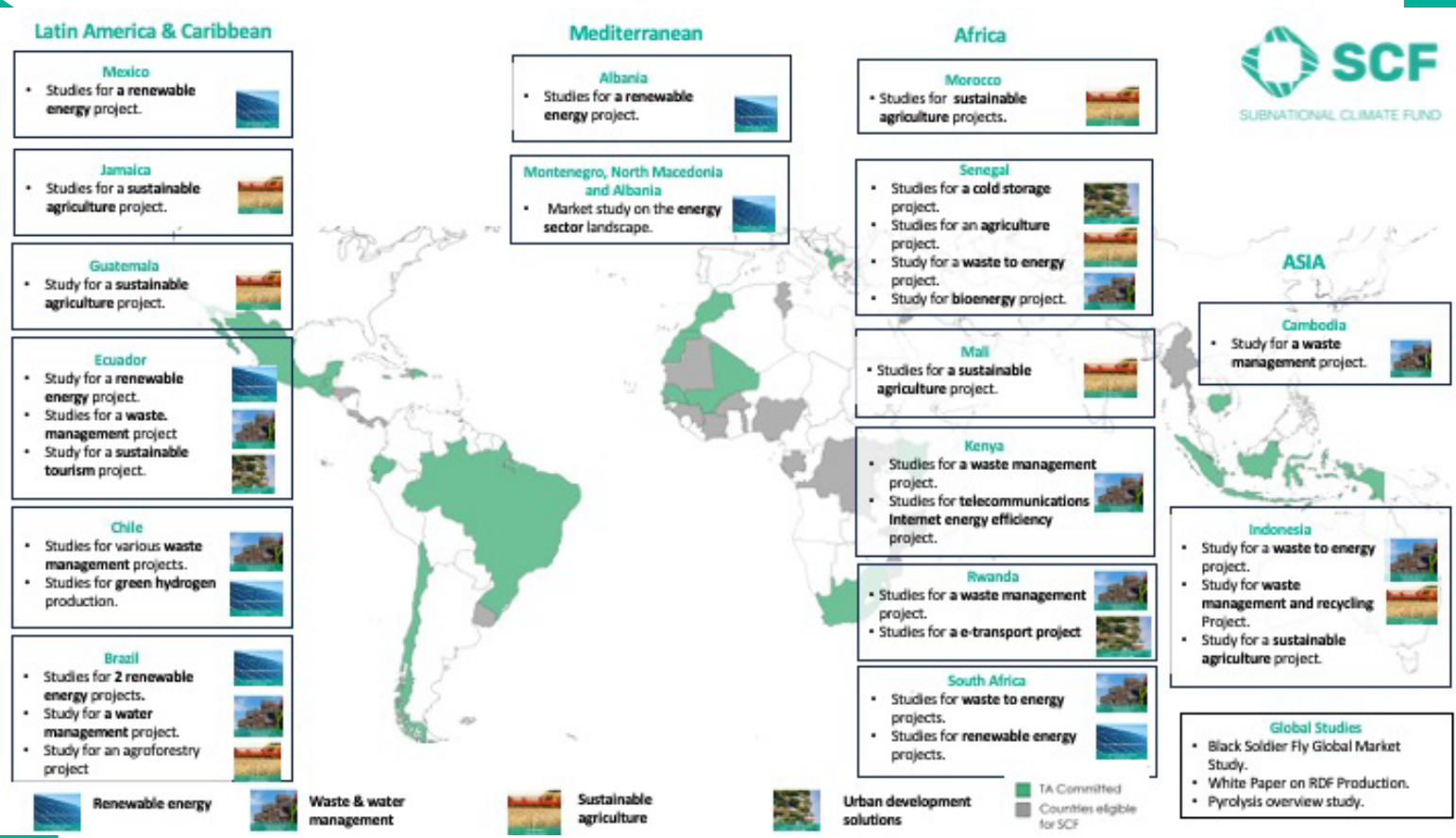
UNDP have signed [a memorandum of understanding](#) this January. This partnership aims to catalyze increased public and private investments in critical areas such as food systems, water, clean energy, plastics, and waste.

Achieving a harmonious balance in sustainable and regenerative food systems starting with the best science and agricultural practices is imperative for safeguarding both human livelihoods and the planet's ecological integrity. By prioritizing sustainable practices, halting deforestation, and fostering international cooperation, we can build a future where food systems thrive in harmony with nature, ensuring food security and biodiversity for generations to come. The time for action is now.

## Technical Assistance

SCF receives project proposals through our [online platform](#). Since inception, SCF has already approved grants for 34 projects in 19 different countries for:

- 23 Pre-feasibility studies
- 21 Feasibility studies
- 16 Environmental & Social Impact Assessment ESIA



On our website, you can find a [project page](#) describing projects that are being considered for investments and/or have received Technical Assistance.



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# Project Insight: Agroforestry in Brazil

The SCF is providing technical assistance to **Courageous Land, a vertically integrated agroforestry company whose objective is to reforest 10,000 hectares of degraded lands and pastures by 2030.** The company is running projects in Atlantic Rainforest near Bahia and near Sao Paulo, as well as in the Amazon rainforest.



The project supported by the TA is **an agroforestry project in the state of Roraima, located in the heart of the Amazon.** Deforestation in the project area started more than 40 years ago, damaging habitat, diminishing biodiversity and food resources, degrading soil, polluting land, and rivers, and increasing temperatures.

The Courageous Land project plans to reforest that land through agroforestry. The project in Roraima has reforested 75 ha to date and plans an additional 2000 ha.



### The Challenge

**Deforestation in the Brazilian state of Roraima has been a pressing issue for decades,** driven primarily by agricultural expansion and illegal logging. Roraima has experienced significant forest loss leading to habitat destruction and biodiversity loss. The expansion of cattle ranching and soy cultivation has been particularly detrimental to the region's ecosystems, exacerbating the effects of climate change and threatening indigenous communities who rely on the forests for their livelihoods. Sustainable land management initiatives such as that advocated by Courageous Land are parts of the efforts to combat deforestation aimed at preserving the rich biodiversity of the Amazon bi-

ome. However, these efforts face challenges due to complex socio-economic factors and the ongoing demand for agricultural land.

Brazil has the **largest labour market in Latin America, with an informal employment rate of 38.5%.** The country scored 0.73 in the gap index in 2022 which means that women were 27% less likely to have equal economic participation and opportunities than men. Courageous land prioritizes job creation and empowerment of women as well as the inclusion of Venezuelan refugees as they adapt to Brazil.

### SCF's Involvement- Technical Assistance

SCF is supporting Courageous Land by facilitating a pre-feasibility study for a Water Resource Assessment, irrigation design and climate risk considerations.





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## Expected impact

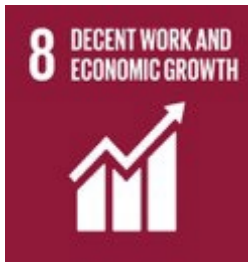
It is expected that the project will have a positive impact on SDG 13, 8 and 5 as well as numerous potential co-benefits (SDG 1, 2, 9, 10, 11, 15)

### SDG 13 Climate Action



It is expected the project will sequester carbon within site soils and plant biomass, estimated to be approximately 970,000 tonnes of net carbon removals over 30 years (32,000 tonnes annually).

The project will also provide climate resilience for the land by regenerating soil, preventing runoff and soil erosion, providing heat-reducing microclimates, etc.



### SDG 8 Decent Work and Economic Growth

It is expected that the project will create 800 direct jobs by 2030. A quarter of the operational workers are Venezuelan refugees.



### SDG 5 Gender Equality

It is expected the project will provide formal work opportunities for as many local women as possible with an initial target of 30% of the workforce (to at least 50% ultimately), including management positions. In the nursery 100% of the workforce are women.

The project will comply with SCF Gender Policy.

Further details on the project are available from our website:

[Brazil- Agroforestry - SCF \(subnational.finance\)](https://www.subnational.finance/en/brazil-agroforestry)

## Capacity-Building

### Regenerative Agriculture in South-Africa

Gold Standard hosted several workshops in Johannesburg, South Africa from the 5<sup>th</sup> – 12<sup>th</sup> of March 2024, focusing on **adaptation and integrated solutions in regenerative agriculture**, as well as the value of credible impact narratives to improve the bankability of projects and increase investment into high impact projects in South Africa. The range of different workshops brought together a variety of stakeholder groups to share their knowledge and expertise, including local community members and businesses, technical and scientific experts, government officials, national banks, and impact investors.





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Several of the workshops featured [Terragr n](#) as a regenerative agriculture project case study that's working to promote climate, nature, and society within its business model. **Terragr n received a grant from the SCF's Technical Assistance facility for a feasibility study looking at the potential of using bamboo for power generation through gasification.** Gold Standard spent several days on the Terragr n site in Emalahleni, an area dominated by the coal mining industry, engaging with the project workforce on the experienced increase in climate hazard frequency in the area and the possible adaptation measures to mitigate any associated risks.

The main learnings and conclusions of the workshops were as follows:

- There are a lot of variances in the perceived level of risk associated with different climate hazards by local stakeholders in areas of vulnerability, such as fires, drought, pests and flooding. For example, some consider that the frequency of fires is the same but the intensity is different whilst others perceive that the fire risk has increased because fires occur more frequently.
- A lack of water security and knock-on effects such as polluted water sources are a primary concern to community members of Emalahleni.
- The stakeholders participating in the workshops identified that in their view the most valuable contribution by Terragr n in the Mpumalanga mining area were impacts that contributed to the following SDGs: 15 (Life on Land), 6 (clean water and sanitation), 8 (decent work and economic growth) and 3 (Health and well-being).
- Whilst there are many national and subnational regulations for disclosure, ranking, safeguarding etc. affecting investments in South Africa, the majority prioritise climate mitigation and nature rather than social impacts.
- The discussions during the workshops identified that the key criteria for attracting impact investments in South Africa are showing evidence that a project can deliver a return, have a strong business model, and have evidence of how a project will make credible contributions to sustainable development by managing and measuring outcomes.
- It was noted that due to the complexity of regenerative agriculture it is easier to finance renewable energy projects that have low CAPEX and can generate rapid returns on investment. However, it was also noted that regenerative agriculture projects have a stronger impact narrative that can deliver value for brands, and a license to operate from the government and population, however, also require more patient capital. By unpacking the nature of the different SDG impact claims these projects can make the impact narrative and increase the diversity of revenue streams available for such claims i.e. carbon credits, investees can better highlight the bankability of their projects to external investors.

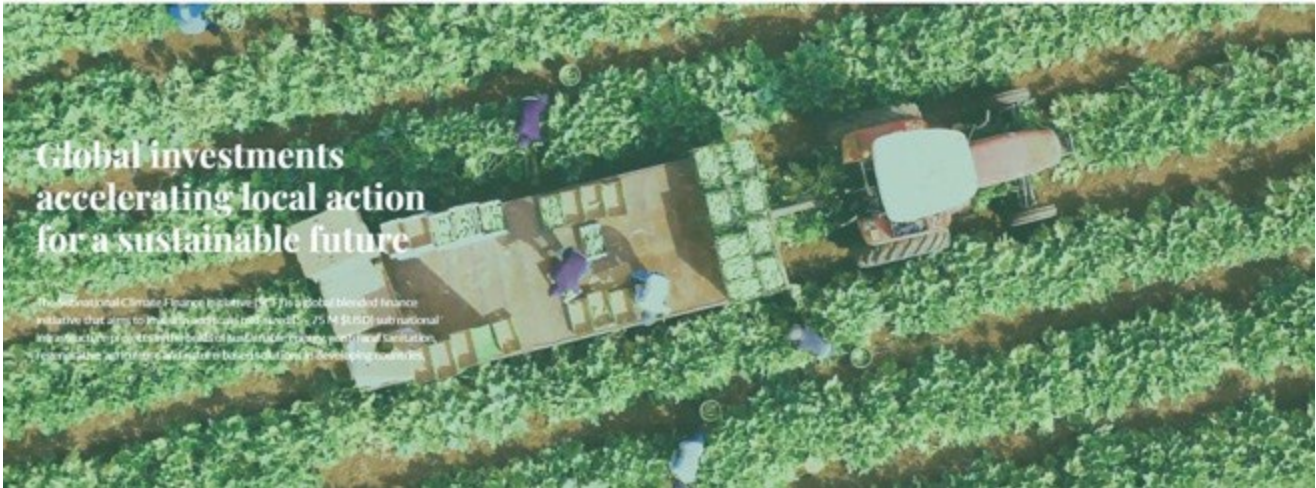


Felicity Spors, Senior Director, Gold Standard was interviewed by CNBC Africa to discuss the value of SCF TA Investments into innovative integrated regenerative agriculture projects.



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