



MEMORANDUM OF UNDERSTANDING
Between Aprosoja, ABIOVE, FEFAC, FEDIOL & IDH
Explanatory Document

Purpose and context

On 19 January 2017, a Memorandum of Understanding (MoU) was signed by AproSoja, ABIOVE, FEFAC, FEDIOL and IDH at the Brazilian Embassy in Lisbon. The purpose of the agreement is to strengthen cooperation in the area of responsible soy production in Brazil. Brazil has developed detailed and comprehensive environmental laws and regulations to preserve its rich biodiversity, most notably the Brazilian Forest Code. This legislative force leads to substantial protection and regeneration of forest and natural habitats in the private properties of Brazilian farmers, who face significant economic challenges to their competitiveness, as this type of regulations differs strongly compared to the rest of the world.

The signatories of the MoU acknowledge that the implementation of environmental legislation demands coordinated and meaningful support actions by farmers and supply chain partners to preserve a balance between environmental and social protection goals and the economic viability of Brazilian agriculture. The Aprosoja/ABIOVE Soja Plus programme and the FEFAC Soy Sourcing Guidelines play an important role in reaching the common goal of improved sustainability of soy production in Brazil, in parallel with landscape and the Environmental Regularization Program (PRA) in collaboration with IDH.

What is Soja Plus?

Soja Plus is a farmer-oriented continuous improvement programme, launched in 2011, which provides soy farmers assistance with implementing Brazilian environmental and social legislation as well as improve agricultural practices. Training, workshops and technical assistance are given as part of the programme to address identified sustainability challenges. Soja Plus does not exclude farmers on an individual level and only shares aggregated data that respects the privacy of participating farmers. Soja Plus is considered to be an important tool that supports the full implementation of the Forest Code and its two core instruments; the CAR (Rural Environmental Registry) and the PRA (Environmental Regularization Program). Currently, 1.084 soy farmers participate in the program, mainly from Mato Grosso. Soja Plus recently expanded its activities to Mato Grosso do Sul, Minas Gerais and Bahia.

What are the FEFAC Soy Sourcing Guidelines?

The FEFAC Soy Sourcing Guidelines, published in August 2015 following consultation with supply chain partners and NGO stakeholders, are a professional recommendation to provide transparency in the market of responsible soy. The Soy Sourcing Guidelines are not a new certification standard, but rather a reference for an independent benchmark system for existing responsible soy programmes. They consist of 59 criteria related to good environmental, agricultural and social practices for soy farmers, and are accompanied by a verification module, enabling independent third-party audits of benchmarked programmes. The independent benchmark analysis is performed by the International Trade Centre (ITC – subsidiary organisation of the WTO). A positive result confirms the compliance of

an existing responsible soy programme with the FEFAC Soy Sourcing Guidelines. All responsible soy programmes that have been positively benchmarked by ITC are displayed on [FEFAC's customized page on Standards Map](#).

The Parties will undertake the following activities

1. Concerning Soja Plus in relation to the FEFAC Guidelines

- 1.1. Analyze the extent to which the sustainability topics of the FEFAC Soy Sourcing Guidelines are covered by Soja Plus and especially what kind of data is available from the Soja Plus program to substantiate that Soja Plus farmers are working in compliance with the FEFAC guidelines.
- 1.2. Develop monitoring tools to measure progress made over time on key sustainability topics (focusing on the ones from the FEFAC Soy Sourcing Guidelines).
- 1.3. Explore the possibilities to connect the monitoring of existing data of the Soja Plus program to verification in order to have it recognized as an 'accepted' responsible soy program (Soja Plus as a passport to the European market).
- 1.4. Explore the possibility of becoming an important data source for regional based risk assessment systems.
- 1.5. Explore the possibility to arrive at an area mass balance sourcing system of soy compliant with the FEFAC Soy Sourcing Guidelines produced under the Soja Plus program.

2. Concerning Soja Plus

- 2.1. Broaden the base of the Soja Plus program, covering the majority of soy producing states in Brazil.
- 2.2. Establish financial support structures for this outreach program, either based on delivering inputs in areas where the program is running at present, and by doing so releasing funds for additional programs, or based on developing new support structures for new areas.
- 2.3. Establish regular surveillance structures for evaluation of the progress of the national outreach program.

3. Concerning Landscape initiatives

- 3.1. The Soja Plus program, as an independent farmer oriented program is to boost continuous improvement including supporting producers to CAR and PRA.
- 3.2. The region-based risk assessment and verified sourcing system will be developed and piloted by the parties in Mato Grosso.
- 3.3. The partners will explore opportunities to stimulate production and sourcing of soy in the Mato Grosso region, which are compliant with the FEFAC sourcing guidelines: if and when soy is sourced from this region, a connection should be made to the FEFAC verification module as proof of compliance.



3.4. The parties may explore opportunities to leverage the Soja Plus program as an accelerator for making farmers ready to invest in restoration (PRA), potentially in collaboration with the concessionary finance facility that IDH is establishing in Brazil.

4. *Concerning future development of the FEFAC Soy Sourcing Guidelines*

- 4.1 FEFAC, in close cooperation with Aprosoja and ABIOVE, will further develop its verification rules to allow for and give quality guidance to those companies, cooperatives or joint initiatives that execute a regional based risk assessment.
- 4.2 FEFAC will closely involve Aprosoja and ABIOVE in the further development of the Soy Sourcing Guidelines (continuous improvement).

What could this mean for the production and trade responsible soy and deforestation?

It is the first time that a direct, formal working relationship is established between Brazilian soy producers, processors and key European soy purchasers, sharing a common vision and action plan to foster responsible soy production in Brazil and use in Europe. The agreement will help to raise the awareness and credibility of Soja Plus as a tool for Brazilian farmers to embark on the road towards sustainable production in compliance with European market demand by transforming of the physical mainstream market supply of responsible soy towards Europe. The cooperation between the MoU partners is managed by a Joint Steering Group.

Completing the Soja Plus training programme facilitates the implementation of environmental legislation at farm level and thereby provides a means to demonstrate that no illegal deforestation takes place.

Nevertheless, the signing parties agree that private sector supply chain initiatives alone will not be sufficient to tackle illegal deforestation. National and regional competent authorities need to engage with each other on the development and enforcement of environmental legislation in partnership with farmer organizations and their value chain partners. In addition, the MoU partners believe that cooperation in programmes that support jurisdictions in developing and implementing plans to reduce emissions from deforestation (including REDD+ and other approaches) and protect biodiversity are of great value and importance.

May 2017