



Soy Fast Track Fund 2011-2016

Main results & lessons learned

Colofon



Drives sustainability from niche to norm

Since 2008, IDH brings companies, CSOs, governments and others together in public-private partnerships. In non-competitive spheres, IDH works with these partners to prototype economically viable approaches to address deforestation, smallholder livelihoods, toxic loading and gender issues. This is currently being done in 11 commodities and 12 landscapes. The Soy Fast Track Fund was created by IDH to enable sufficient supply of sustainable and responsible soy. With Solidaridad as a managing partner on the ground, the role of IDH was especially in monitoring and strategy.

Solidaridad

Sustainable production chains

Solidaridad is an international non-profit organization with more than 40 years of experience in the development of socially inclusive and environmentally responsible value chains in the field of agro-commodities and artisanal mining. Solidaridad Latin America has been the project manager of the Soy Fast Track Fund. In this role, Solidaridad helped identify and select relevant supply chain actors, supported the creation of relevant projects, served as a project manager and advisor on a day to day basis for many of the projects, managed the financial flows and supported the projects along the way.

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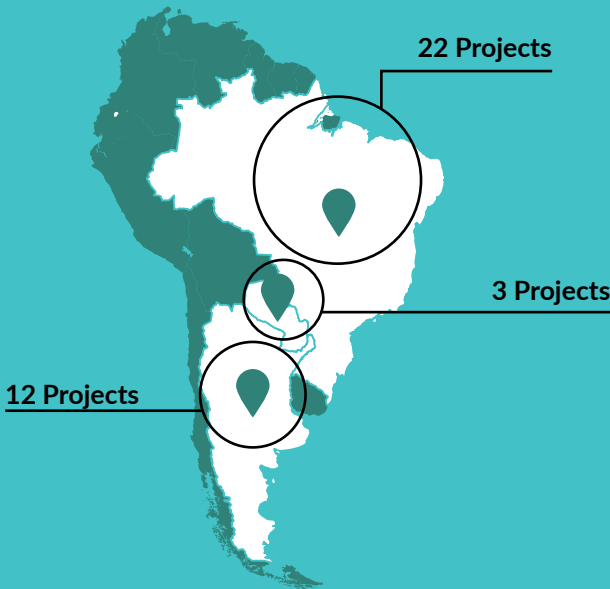


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This report reflects on the learnings of five years Soy Fast Track Fund and introduces the third project phase, in which parallel to work at the farmer level, also a more aggregated landscape approach is established to tackle the complex multifaceted problem of deforestation in a holistic manner.



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Sources: RTRS (responsiblesoy.org)

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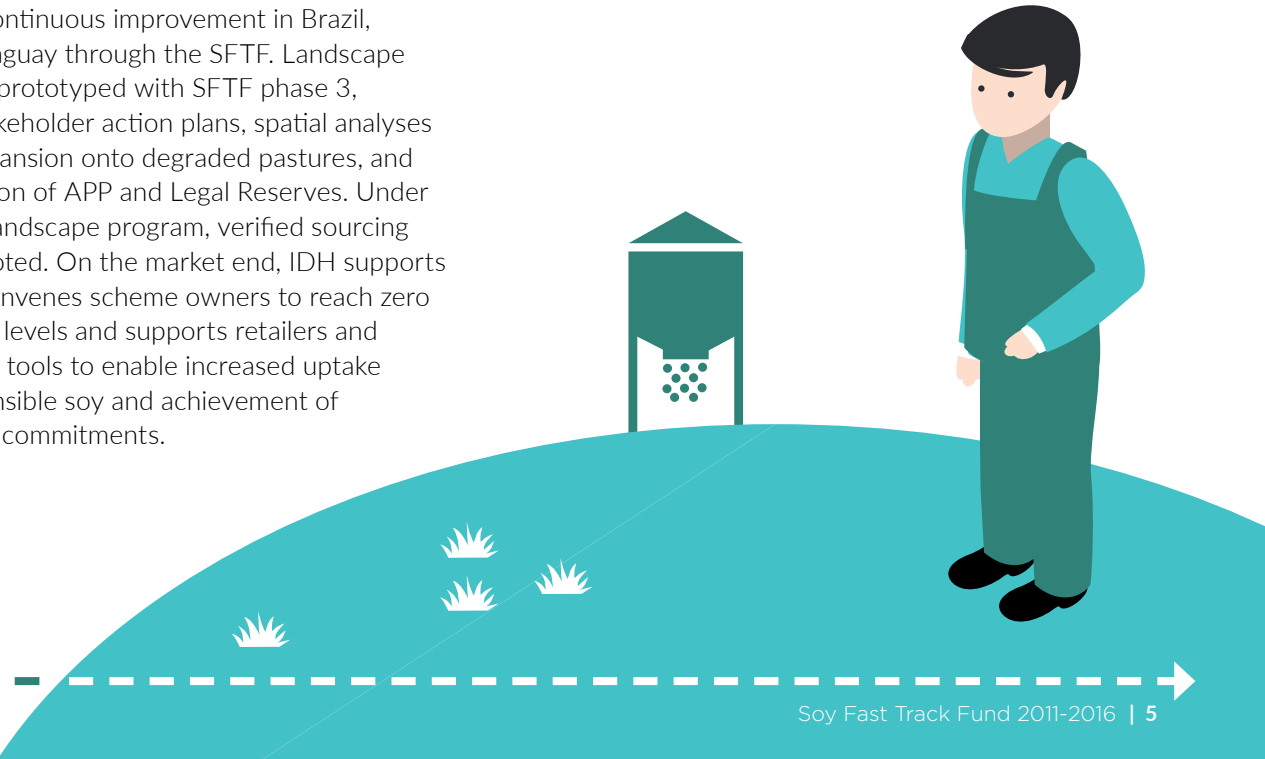
The Soy Fast Track Fund for mainstream responsible soy

The Sustainable Trade Initiative (IDH) and Solidaridad launched the Soy Fast Track Fund (SFTF) in 2011 to help soy producers become RTRS certified or reach the RTRS level, in this way decreasing the negative social and environmental impacts of soy cultivation. Aim of the projects funded by the Fund was to prove that responsible soy production is feasible and to provide the first volumes of responsible soy to European markets. Supply chain partners received 40% to 50% co-financing for projects enhancing the production of responsible soy and the demand for this soy. Solidaridad South America has managed the fund.

Originally from China, where the soy plant has been grown for thousands of years, soy has now conquered the world as an important ingredient for feed and food. The spread of soy production – especially in South America – has gone hand in hand with concerns about the way this rapid expansion took place. Topics such as deforestation, violation of land rights, harmful agricultural practices and social problems were put on the agendas of businesses, NGOs and governments worldwide. Today, companies are increasingly challenged to show that they buy responsibly produced ingredients.

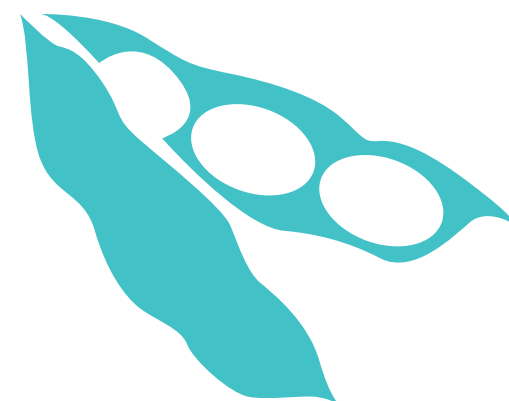
IDH's involvement with responsible soy
IDH plays an active role in the transition towards responsible production and sourcing of commodities and the protection of natural resources and ecosystems worldwide. Since its start in 2008, it has been involved in the soy transition. On the production side, IDH supports certification and continuous improvement in Brazil, Argentina and Paraguay through the SFTF. Landscape projects are being prototyped with SFTF phase 3, including multi-stakeholder action plans, spatial analyses to support soy expansion onto degraded pastures, and extensive restoration of APP and Legal Reserves. Under the Mato Grosso landscape program, verified sourcing areas are being piloted. On the market end, IDH supports RTRS' outreach, convenes scheme owners to reach zero (net) deforestation levels and supports retailers and brand owners with tools to enable increased uptake of (physical) responsible soy and achievement of zero deforestation commitments.

Solidaridad's involvement with responsible soy
From 2011 to 2015, 37 projects to encourage farmers to produce responsibly have been funded from the Soy Fast Track Fund. In Brazil and Argentina, the focus has been on RTRS certification. In Paraguay, the focus has been on the implementation of good agricultural practices. Although the initial objective of the funded projects was to show farmers and market parties that certification against the RTRS standard is possible and beneficial – to take away the fear of lacking supply of certified materials for buying partners – this focus changed over time. In the last years, the objective has been to first stimulate legal compliance and then foster a process of continuous improvement towards the RTRS level.



Solidaridad was one of the founders of the Round Table on Responsible Soy (RTRS) in 2006 and has played an important role in the development of RTRS. Solidaridad and RTRS have been partners in soy programmes since 2009, not only in South America, but also in a number of African countries, India and China, often in partnership with other NGOs and with the private sector. For instance in 2015, the Solidaridad programme working on improvement of practices in the soy sector in India reached 75.000 farmers directly and 200.000 including copying from others. In South America, the cooperation with IDH formed an important part of the recent Solidaridad soy activities. Solidaridad South America was the manager of the SFTF and played a crucial role in the identification of project partners, creation and monitoring of meaningful projects and the daily management of the Fund. Solidaridad and IDH developed a close and fruitful partnership in the definition and implementation of the SFTF strategy, learning and dialogue with partners at producing level in Latin America and at the market in Europe.

This report reflects on the learnings of five years Soy Fast Track Fund and introduces the third phase, in which parallel to work at the farmer level, also a more aggregated landscape approach is established to tackle the complex multifaceted problem of deforestation in a holistic manner.



Soy in the bigger picture of sustainable food systems

Soy came to Latin America in the seventies and soy production increased in the eighties when new technologies were developed to grow soy on the acid soils and drier savannah areas. In the beginning of the 21st century, expansion in the direction of the Amazon raised worldwide concerns about deforestation. In addition, also the practice of importing soy to grow animals in other parts of the world was questioned. The broken nutrient cycles could lead to impoverished agricultural land in South America whilst nutrients were accumulating in European soils. In the search for responsible food systems, it is often proposed to replace soy from Latin America with other protein sources such as locally produced soy, insects, seaweed, algae or beans. This can to a certain extent contribute to more responsible food systems. However, a combination of different strategies will be most impactful: use soy as efficiently as possible (reduce), produce it in a responsible manner (responsible) and replace it where this can be done with a smaller environmental impact. The focus of the Soy Fast Track Fund is on more responsible production, therefore that will also be the main angle in this report.

The Soy Fast Track Fund

The Soy Fast Track Fund was created to support farmers to improve and certify their practices. At the same time, projects were funded to stimulate supply chain actors to buy responsibly produced soy. The Soy Fast Track Fund leveraged investments by producers, processors and buyers to increase volumes of responsible soy. The focus of the projects in the Fund has changed over time. Three phases can be distinguished.



RTRS certification

SFTF phase I was dedicated to scaling up the number of RTRS certified farms and fostering demand for RTRS certificates or physical RTRS certified soy. The projects were successful and many farmers, especially large scale farmers, obtained RTRS certification. Market demand also increased for instance in the UK, Scandinavia, The Netherlands and Belgium.

Significant impact

In SFTF phase II, more farmers joined and improved their practices up to a 'certifiable level', waiting for market demand to justify actual certification (and its related audit costs). In Brazil, the new Forest Code was one of the reasons to broaden the scope of the programme to support farmers to become legally compliant at a pre-certifiable level – and recover their forest deficit –, and then continuously improve their practices.

Sustainable landscapes

Farmer certification led to the preservation of more native vegetation on the farm. However, certification alone turned out not enough to have large scale impact on the topic of deforestation. The livestock and timber sector are for instance also driving forces for deforestation, just as land clearing for smallholder settlements. To tackle the complex and multifaceted problem of deforestation, an approach at the landscape level needed to be developed, taking on board all relevant actors and – very important – the government. SFTF phase III is directed to projects at the landscape level. The landscape level intervention offers a local approach to the governance of an area (e.g. a certain natural resource), involving and connecting all relevant stakeholders. In Brazil for instance, the intensification of livestock creates space for soy production, decreasing the pressure of soy expansion in biodiversity rich areas.



1.1 Brazil

Brazil and the United States are the two largest soy producers in the world. Mato Grosso in the central west region, is Brazil's largest soy producing state, and covers a vast area of tree savannah (Cerrado) and tropical forest cover (Amazon) biomes. More recently soy production has significantly grown in the north eastern states of Maranhão, Piauí, Tocantins and Bahia (Cerrado). Farm sizes differ from region to region, with smaller farms in the south (50-100 ha), bigger ones in the central north (200-2.500 ha) and large farms in the main soy producing states in central west Brazil (>2.500 ha). The Brazilian Forest Code is a recently revised legislation that aims to protect native vegetation on private properties – from 20% up to 80% on private properties. In Brazil, 22 projects funded by the SFTF have led to 2.189.474 hectares under improved management (pre-certifiable), 305.448 hectares RTRS certified and 2.298.346 tonnes of RTRS certified soy.

"In Brazil, the focus has been on legal compliance, specifically in support of the implementation enforcement of the new Forest Code. Farmers also invested significantly in compliance to agrochemical and waste regulations and labour laws."



1.2 Argentina

Argentina follows Brazil in the list of world's biggest soy producing countries. Here, 90% of soy is produced in Córdoba, Buenos Aires, Santa Fé, Entre Ríos and La Pampa states, the so called Nucleo Zone. Most Argentinean soy is produced on smaller plots distributed along the pampa grasslands. In Argentina soy expansion occurred first by replacing other crops but more recently also encroaching on the Chaco tree savanna forests in North West Argentina. Argentina is somewhat different than Brazil in the sense that the practice of leasing land is very common and that most labour is outsourced to service companies. The 12 projects executed in Argentina resulted in 157.433 RTRS certified hectares and 448.698 tonnes of RTRS certified soy. On 56.901 hectares the practices were improved, but not yet at a certifiable level.

"In Argentina, the main focus has been on health and safety regulations, agrochemical, waste management and improved community relations."



1.3 Paraguay

Paraguay is the world's sixth biggest soy producer. Paraguay's major soy producing states are located in the East: Alto Parana, Itapua, Canindeyu, Caazapá, San Pedro and Caaguazú. Many farmers from the South of Brazil and from other countries have bought land in Paraguay to produce soy on a large scale. In 2004, a Zero Deforestation Law was implemented successfully leading to the protection of the Upper Parana Atlantic Forest. Deforestation still happens though, and many farmers have deforested more than allowed by law. The three projects funded by the SFTF resulted in 191.202 hectares under responsible management, 11.358 hectares RTRS certified and 25.168 tonnes of RTRS certified soy.

"In Paraguay the focus has been on reforestation of previously deforested areas, water shed protection and soil management."



Main results

The Soy Fast Track Fund co-financed 37 projects in Brazil, Argentina and Paraguay aimed at improving farmer practices in the field and protecting the environment in soy producing regions. Farmers, farmer organisations, traders, food processors, retailers and non-governmental organisations worked together to scale up responsible soy supply and demand. In this chapter, the main results are outlined.

2.1 Certification against the RTRS production standard

The Soy Fast Track Fund was created short after the finalisation of the soy production standard by the Round Table on Responsible Soy (RTRS) in 2010. RTRS was created in 2006 as an international multi-stakeholder initiative to make global soy production more responsible. The RTRS production standard is a broad and overarching certification system.

All projects funded by the SFTF aimed at a flying start for RTRS certified soy production and market uptake of that soy. Although farmers were sceptical and hesitant in the beginning, the projects succeeded in taking away the fear of certification. Many farmers went through the process of obtaining certification for the first time, supported by Solidaridad and other project partners. Over time the production of RTRS soy increased as displayed in table 1.

In 2015, 1.268.620 hectare of soy were brought to a level that would allow for RTRS certification by the projects funded by the SFTF. However, since the market demand for certified responsible soy stayed behind, farmers decided not yet to apply for the actual audit before being assured they could sell the certified soy and cover the audit costs. Therefore, it can be observed that the number of hectares that was brought under responsible management was substantially higher than the number of certified hectares.

2.2 Market demand for RTRS certified soy

Although several downstream market players in the projects committed themselves to buying certified soy, overall demand for certified soy increased slowly. The production of certified responsible soy grew quicker than the demand for responsible soy. The absence of market demand was an important reason for soy farmers to not (yet) invest in audits to obtain formal RTRS certification.

In 2015, 6% of all soy imported to the European Union was RTRS certified. In 2015, 40% of RTRS soy (822,638 tons) was purchased by Dutch companies. This means a direct Dutch link to about 260.000 ha of responsible soy. The substantial demand from the Netherlands in terms of volumes is also reflected in the fact that about half of the buyers of RTRS credits is Dutch. One of the reasons that the Netherlands – and Belgium and Sweden – buy a substantial amount of RTRS certified soy (credits), is the presence of a collective approach in the Netherlands (first Covenant Responsible Soy later replaced by 'Stichting Ketentransitie Verantwoorde Soja' and the collective approach in Sweden.

Table 1 depicts the availability of certified responsible soy and the soy bought by market players globally. The Book & Claim model is the dominant supply chain model. Market players buy credits rather than physical

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responsible soy. The book and claim system – also used by the Round Table for Responsible Palm Oil – removes the requirement of physical traceability through the supply chain and therefore lowers the barriers for market uptake of certified sustainable material. In addition, the premium for responsible soy goes directly to the farmer and there are low logistical costs related to following (administratively) the responsible soy in the – often very complex – supply chains.

This absence of physical traceability is a disadvantage in the long term. There is no (paper trail of proof of) physical responsible soy in the silos. The actual sourcing region and the region from which the credits are obtained are not connected. This means that the practices in the region where the actual soy is bought are not necessarily moving in a more responsible direction. To overcome this disadvantage, European partners have sought to buy credits in the same area from where they acquire physical soy (via the traders/suppliers). They focused on risk prone areas, which are areas where deforestation recently still was or is a threat. This approach is also a potential stepping stone to traceable sourcing from sustainable or zero net deforestation landscapes in the future. In a few cases, also full mass balance responsible soy has been bought from SFTF producers by the Dutch feed and oil industry. In the mass balance model, certified and regular soy are mixed in the supply chain but there is an administrative paper trail following the certified soy in the supply chain.

2.3 Improved farmer practices towards legal compliance

For a substantial group of farmers, certification against the RTRS standard was too far away from their current practices and the investments needed to become certified were too high. In the figure below the costs for a farmer in situation far removed from RTRS certification are given. Showing an initial investment of 34,6 dollars per ton. Mainly to comply with labour laws, and APP and LR requirements. The figure also shows that becoming in line with legal requirements already poses a serious challenge. This notion was one of the reasons to broaden the scope of the Soy Fast Track Fund and involve those farmers into a trajectory of continuous improvement. The first goal for these farmers was compliance with the applicable legislation followed by a stepwise approach towards the RTRS level.

Another reason to broaden the scope and help famers comply with legislation, is that legal compliance is a crucial first step towards forest protection. Legislation to protect native vegetation exists in all three countries, but knowledge about and compliance with the legislation is lacking. Many farmers have ‘environmental liabilities’ and need to reforest part of their previously deforested land. Informing farmers about the content of the forest legislation and supporting them to comply with it, potentially has a big impact on the protection of native vegetation and ecological restoration at farm level. Several farmer or traders owned training programmes, such as those developed by SFTF partners, like Fapcen, APDC, Aliança da Terra, Amaggi, SojaPlus (Aprosoja/ABIOVE), Agrex, Gebana, and Agricultura Certificada (Aapresid), have proven to be a powerful manner to increase the awareness of farmers for

legal compliance and responsible practices. Several soy traders started to strengthen the relations with their supply base via their own farmer support and responsible soy programmes. It is quite remarkable how responsible soy production is now a topic on the agenda of both farmers and their supply chain partners. Something that seemed impossible only a couple of years ago. Within the broader scope of the Soy Fast Track Fund 2.4 million hectares were brought under more responsible management.

Another powerful instrument has been self-assessment and peer pressure monitoring tools like APDC benchmark tool or the Rural Horizons system, developed by Solidaridad, used in several SFTF programs, with smallholders and large farmers. These instruments give direct feedback to farmers and farmer organisations on where they stand in relation to legal compliance and responsible soy production, including their relative position compared to their peers. Subsequent assessments will also indicate progress and guide farmers in continuous improvement.

“Responsible soy production is now a topic on the agenda of both farmers and their supply chain partners.”

2.4 Protecting native vegetation

In total, the projects helped to protect 889.300 hectares of native vegetation. The protection of native vegetation is a result of two different approaches. First the attention for legal compliance is an important step to forest protection, especially in countries with serious forestry legislation. What this implies, differs per country. In Brazil for instance, farmers are obliged to keep a legal reserve of native vegetation, varying from 20% compulsory legal reserve all over Brazil, to 35% in Cerrado areas close to the Amazon (so called Legal Amazon) to 50% or even 80% in Amazon biome areas. In the projects focussing on legal compliance, farmers were taught what the legal obligations were, what that meant for their own situation and in which way they could arrive at a situation of legal compliance. For instance, via reforestation or compensation.

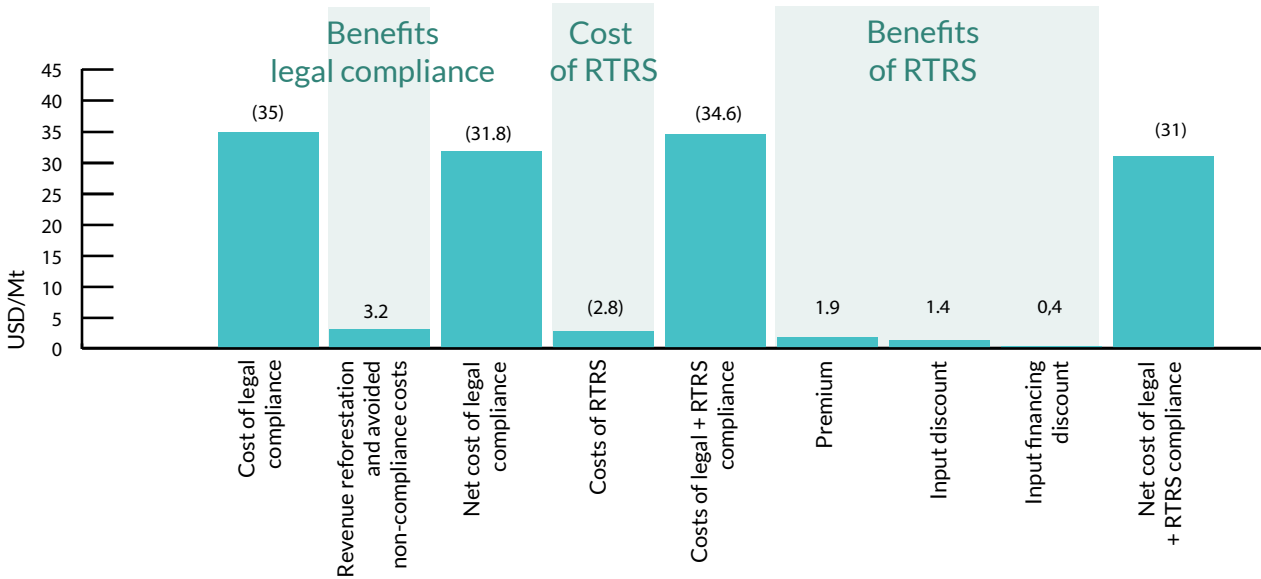
Second, RTRS certification requires from farmers to protected more native vegetation than legally required. In the version of the RTRS production code at that time, farmers were obliged to protect high-value conservation areas and not use lands that were opened after 2009. To determine where the high-value conservation areas were, a mapping exercise was executed for Brazil, Argentina and Paraguay with financial assistance of IDH. The new RTRS production standard focuses on zero deforestation after 2016.

Forest protection in Soy Fast Track Fund I and II

The projects funded by Soy Fast Track Fund I and II have contributed to forest protection and reforestation, especially via legal compliance and certification. A direct effect of legal compliance – in countries with strict forest laws – and of farmer certification, is that a part of the native vegetation on farm grounds is protected. Of the 889.300 hectares of native vegetation that are protected in this way, 132.000 hectares are beyond legal requirements.

The Brazilian Forest Code for instance, requires that farmers protect up to 80% of the native vegetation on their lands in the Amazon, up to 35% in the Cerrado and 20% in other biomes (legal reserve). In addition, native vegetation around water bodies and on steep slopes must be protected (areas of permanent preservation). In many of the Soy Fast Track Fund projects in Brazil, compliance with the Forest Code was the focus. Farmers that are RTRS certified, protect more native vegetation than needed by legislation.

Figure 1: Cost/benefit analysis of RTRS certification in Brazil and Argentina, KPMG 2012



Sources: www.idhsustainabletrade.com/sectors/soy

Chain transition responsible soy in the Netherlands

In December 2011, IDH convened the Dutch soy sector to sign a covenant committing to 100% RTRS uptake by 2015, signed by private sector and NGOs including Solidaridad. In the Netherlands, Dutch supply chain actors from feed industry to retail, promised to use 100% RTRS soy for the production of dairy, meat and eggs in the Netherlands. Over time the commitment changed to use RTRS soy for products destined for the domestic market, in the case of eggs and meat. The dairy sector stayed with its original promise. Today, 50% of all soy used for products in the Netherlands is produced using RTRS certified soy.

An even more important result is the fact that the use of responsible soy has been ‘institutionalised’ in several quality systems and supply chain concepts. That means that supermarkets have included the requirement of responsible soy in their procurement conditions, making it a market reality. Initiatives such as ‘Varken van Morgen’ and ‘Kip van Morgen’ have included the requirement to use responsible soy as well. In the poultry and pork sector only for products destined for the Dutch market. The dairy sector has with its ‘Sustainable Dairy Chain’ committed to the use of 100% RTRS soy. This commitment was established in close cooperation with Solidaridad, WNF and Natuur & Milieu.

Improved farmer practices

All 37 projects funded by the Soy Fast Track Fund contributed to improved farmer practices and the protection of native vegetation. In addition, the process of certification has proven a valuable management tool that helped many farmers obtain more control over the management of their business. This chapter gives a more detailed overview of the changes that were realised at the farm level.

3.1 Improvements at the farmer level

Certified farmers – or farmers who operate at a level that would allow them to be certified – run their farm as a professional business. They are in control of all parts of the business and have a clear vision on how to produce in a manner that is not only financially sound, but also leaves a better farm for the next generation. This improved management is increasingly recognised by financial institutions, such as banks and insurance companies. Certified farmers have a better access to loans and insurance and can borrow money under more beneficial conditions. In addition to this, certified farmers also increasingly discover an increase in the value of their assets.



"One day I was joining a farm audit. While the auditor did his work, I spoke with the farm owner. He revealed to me that he felt sorry for not stepping into the process years before, since his farm management had improved significantly thanks to the critical review of the auditor."

Harry van der Vliet
Solidaridad Brazil

"The difference between a farm that has been part of our project and a traditional farm is clear. We notice the care with which pesticides, fertilizers and waste materials are handled and stored. We see the adjustments of the buildings to increase safety and health and we notice an awareness about nature preservation and sustainability."

Maurício Graziano
AGREX

"We started the project and could certify 9 properties. The farmers were very happy and proud. They started to tell people about the efforts they made to become certified and the importance of certification. They are now true advocates for RTRS. In the second stage of the project, we managed to add an additional 21 properties without much effort."

Cynthia Cominesi
CAT Sorriso



Name of the project
Responsible production in consolidated areas

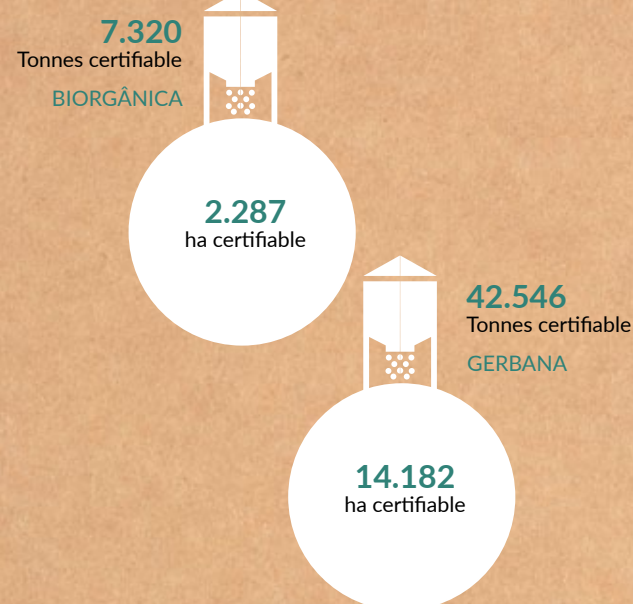
Project partners
A Associação de Plantio Direto no Cerrado (APDC), Aprosoja Goiás and CoopaDF

Description
The project partners helped soy producers understand where they were standing in terms of (responsible) farm management in comparison to their neighbours. Thanks to this 'benchmarking approach' the project partners could open the discussion about improved practices and RTRS certification.

"After the benchmark project 'Farm in Numbers', we managed to get producers to understand and appreciate the importance of the SFTF program. Exactly because certification can function as a farm management tool to improve the overall results of the farm."
Jessica Leite, APDC



GERBANA
14.182 ha total on farms
269 Producers



Name of the project
Organic soy production by family farmers

Project partners
Biorgânica and Gebana Brazil

Description
This project focuses on the production of organic soy by smallholders in the south of Brazil. Smallholder farmers are empowered to produce organically via training, equipment, better knowledge and tools, technical assistance and so on. The project has actively engaged women and youth to empower them to play their role in responsible soy production and in this way give them a future in rural areas so that they are less likely to move away to the city.

"With SFTF, farmers were able to use new soybean varieties, had access to equipment and technical assistance. We provided quality seeds, guidance and marketing of organic products. We rented out machinery and farm equipment and created a closer proximity to the farmers."
Tiago Lima, Biorgânica

3.1.1 Legal compliance

Promoting legal compliance is an important first step towards improved and certifiable farmer practices, but also a difficult one. Figure 1 shows the investments needed to become legal compliant. Representing a huge part of the costs of becoming RTRS certified. In Paraguay, Brazil and Argentina, the legislative framework is very complicated, detailed and subject to regular change. Brazilian labour legislation for instance, includes 922 laws. Of which one of them – NR31 – already includes 8,000 separate items. Complying with these regulations often implies a drastic reorganisation of the farm. There is not always a culture of legal compliance. Many farmers simply don't know what to do or don't have the financial means to change their practices.

In several SFTF projects, farmers received detailed information about the legislative framework and technical or financial assistance to comply with the relevant legislation. In Brazil for instance, the SojaPlus programme is dedicated to helping farmers comply with the labour, safety and forest legislation. With very clear and detailed trainings, brochures and instruction videos, farmers are informed about the exact requirements. In Paraguay, the UniSol project has resulted in a better communication between farmers and farmer cooperatives and relevant governmental bodies. This facilitated better understanding among farmers of legal requirements. An advantage of the focus on legal compliance is that farmers feel much more secure in their contacts with local authorities and are less subject to fines and embargoes.

"The associated producers have the intention to complying with the law. They only need support and someone who shows them the way."

Gustavo Ruíz Díaz
Solidaridad Country Manager.

"Little by little we could convince the farmers that we were not there to inspect or fine them, but to assist them. We started by helping the farmers comply to the legislation. Compliance to labour, safety and environmental legislation, decreases the risk of embargoes and fines."

Marizete Zutton
Sindicato dos Produtores Rurais de Luís Eduardo Magalhães (SRLEM)

"No one informs the farmers. There exists a law, there exists someone that comes to control and penalize if the law is not met, but there is not an institution that instructs the farmers about the requirements. That is the beauty of Soy Fast Track Fund, it does exactly that what was missing before."

Marizete Zutton
Sindicato dos Produtores Rurais de Luís Eduardo Magalhães (SRLEM)



3.1.2 Safety and healthy labour circumstances

Farm owners and farm workers are often not aware of, or interested in, safety and health risks on the farm. Soy production is highly mechanised and labour extensive, however working with chemicals and heavy machinery can pose serious risks. The main focus in the SFTF projects with regards to this topic, was therefore on preventing accidents on the farm. Although the warning signs that can now be found on certified farms are the most visible proof that safety is considered, it is much more important that everyone on the farm is aware of the risks and the measures that can be taken to mitigate the risks. For instance, by improving the locations where agrochemicals are stored with better doors, locks, concrete floors etc. Trainings on safety and health for both the farm owner and the employees have been very important as well. In the SFTF projects, farmers invested in protective equipment, warning signals, first aid kits, adequate fire extinguishers and so on. In addition to this, several properties were cleaned and reorganised to decrease the number of potentially risky situations.

"As an expert in safety at the work place, I only believe in agricultural production that is carried out with social, environmental and economic sustainability. The SFTF helped to set priorities and practical goals, shortening the deadline to follow standards and legislation. Today I can see a change of culture, both in the farm managers and their employees. There is an awareness about how we should act and produce."

Maria Natalia Soares da Cruz
security officer, Fazenda Condomínio Santa Carmen



"When accidents happen in soy production, they are often very serious. In many of the projects we trained farmers and farm workers to prevent accidents, give first aid and follow the right procedures in case an accident does occur."

Harry van der Vliet
Solidaridad Brazil

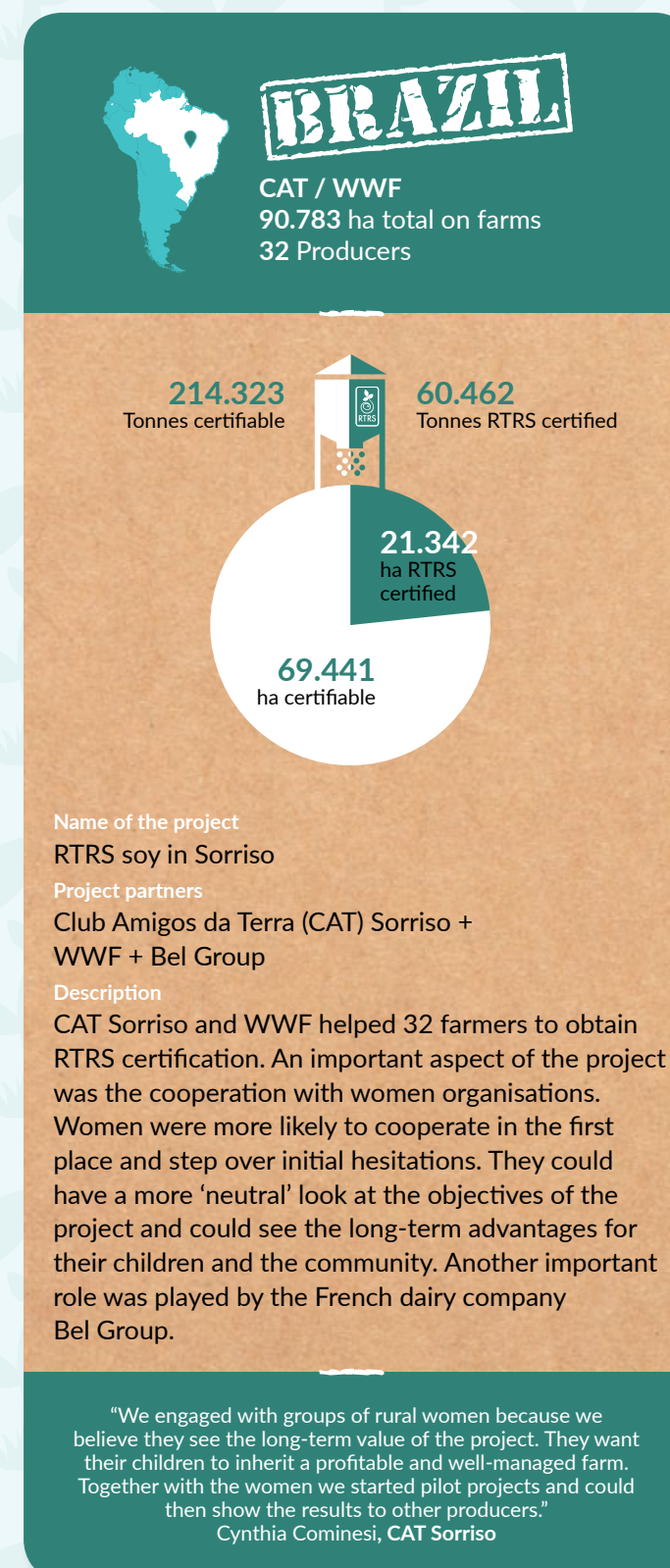
3.1.3. Responsible relationships with local communities

Certified farmers are aware of the impact of their own actions on surrounding communities and neighbouring production systems. They take actions to avoid negative impact on their neighbours, for example by preventing drift of agrochemicals. This awareness can also have very positive effects. Many of the farmers included in the projects funded by the Soy Fast Track Fund, became more aware of their role in the community. Several farmers decided to not only invest in their own farm infrastructure, but to let the surrounding community benefit from these investments as well. For instance, by sharing access to fast internet with the local school or to invest in the roads and other infrastructure in the surrounding town. In this way, they contribute to a better life for their employees and their children.



"The program was implemented in Maranhão and Piauí, both states where poverty and misery are widely present. If we analyse the income per capita of Maranhão, for example, we will see that money circulates there where soy production is present. The economic base of soybean farms has improved, generating jobs and income. In addition to the implementation of sustainable soybean management, we have been able to explain internationally that soy has a social impact, which was very well accepted by credit buyers in Europe."

Gisela Introvini
FAPCEN



3.1.4 Responsible environmental practices

In all Soy Fast Track Fund projects, impressive improvements were made with respect to the protection and restoration of native vegetation. Via legal compliance and certification including requirements for forest protection beyond legal requirements.

Farmers in Brazil were not only informed about and supported with restoring their legal reserve, also the areas of permanent preservation (APP) that have to remain planted with native vegetation were part of the scope of the projects. The APPs include a zone of vegetation around water bodies and vegetation on sensitive areas such as steep slopes. In the projects, restoring natural areas turned from something 'obligatory' to something to be very proud of and something beneficial for the farm

as well. In Feliz Natal for instance, one of the farmers evened his environmental debt of 1.300 hectares of legal reserve and celebrated that with his employees and local stakeholders. Farmers discovered that reforestation is not only beneficial to avoid penalties, but can also make their farm ecosystem (e.g. soil structure, water availability) healthier and therefore more productive. Many farmers in Brazil are now in a trajectory to reforest their environmental debt as well. Also in Paraguay, the main focus of the projects has been on reforestation. The small soy farmers in Paraguay often do not have the resources nor the knowledge to reforest their areas. Therefore, in the UniSol project, a project with diverse farm cooperatives, farmers received information about reforestation and gave them an opportunity to diversify their income via commercial forestry.

3.1.5. Good agricultural practices

Many of the Soy Fast Track Fund projects gave farmers access to technical assistance and knowledge about techniques to improve their productivity whilst saving costs. Not only soy production benefited from these improved techniques, also the production of for instance maize and cotton improved. In Paraná in the South of Brazil, small-holders received intensive support to produce organic soy and obtained access to better seedlings, better machinery and farming techniques. In Paraguay in the Unisol project, a lot of attention was given to the correct application of agrochemicals, by choosing the right nozzles, cleaning the filters and taking care of the correct settings of the machines. In this way, farmers saved costs but also decreased the impact on the environment.

"We were able to adjust technical assistance to the reality of each producer. We created two experimental fields, with the same environmental, climatic and soil characteristics as those on farmers' properties. The fields are open and can be visited by the producers to learn about best practices. We were also able to collect and analyse the soil of each property, so that producers could buy fertilizers specific to the needs of their lands."

Karine Cardoso
Gebana Project, Coordinator

"Although the focus was on soybeans, the improvements we made are also relevant for other crops. We were also able to certify the production of our cotton by ABR, for example. The project gave us access to the methodology and information needed."

Marlon Steinbernner
Santa Catarina Condomínio, Santa Catarina

"I have adopted a technique taught in the Pest Management course to monitor caterpillars. By identifying caterpillars early, we can decrease the use of agrochemicals."

José Zuff
cooperativa Raul Peña, Producer

"Two years ago, I started doing limestone management and had surprising results. One of my worse plots became one of the best."

Atilio Gómez
Cooperativa Yguazú, Producer

"With the support of the SFTF, farmers are being able to plant new and better soybean varieties, they have access to equipment and technical assistance. We could expand our activities: we provide seeds, guidance, and marketing of organic products. We rented equipment like the rotary machinery and established close and long-term relationships with the farmers."

Tiago Lima
Biorgânicaagronomist

In 2016, Brazilian farmers participating in SFTF projects invested around 2.6 million dollars to have their agrochemical storage and waste disposal system in line with legal requirements

Also soil management was an important topic in the projects. For instance in Rio Verde (Brazil) where a pilot was started to minimise soil compaction or in the Matopiba cluster (Brazil) where soil quality was an important topic. The last important topic was the correct handling of empty agrochemical bins and proper waste management. In one of the SFTF projects in Brazil, tonnes of old iron were collected on the farms. In many farms, the storage and disposal of agrochemicals was totally reorganised in a much more environmentally conscious manner.

"We reforested our areas to comply with legislation. We could never have dreamed that this action would have such positive consequences. The water literally came back to our fields, increasing our production."

Sr. Euripedes
Coromandel,
Minas Gerais



Before



After



Before



After



Name of the project
Unisol

Project partners
Unicoop, Solidaridad and diverse technical assistance providers

Description
In the UniSol project 2,658 small producers obtained technical training to improve their soil conservation management, integrated crop management, environmental compliance and forestry development and general farm management and business practices. An environmental-forestry committee was established to support farmers to comply with the applicable legislation and to help them diversify their income through commercial reforestation. Unisol is the first of its kind and has aimed to create a peer to peer group of farmers and farmer organisations that would act as sustainability ambassadors.

"On the farm, we have planted a small demonstration plot with eucalyptus trees following a silvo-pastoral model. The project shows that it is possible and beneficial for farmers to adopt new practices such as reforestation and in this way, diversify its revenues."

Atilio Gómez, *producer and manager of the Yguazú Cooperative*



Name of the project
Responsible soy in Argentina

Project partners
Cooperativa Agropecuaria Acopiadores Federados (CAAF)

Description
CAAF represents 350 producers and collectors in the North East of Argentina. The cooperative trained and supported farmers to improve their farm practices, focusing on agrochemical and waste management, responsible soy expansion and compliance with legal requirements for labour health and safety.

"Many producers began to plant soy in the north where the subject of land clearing is relevant and in provinces such as Córdoba and Chaco, where the pressure to produce responsibly is very strong. After the projects, the farmers are more relaxed because they and their employees follow a scheme that promotes good social and environmental practices."

Juan Manuel Martino, CAAF



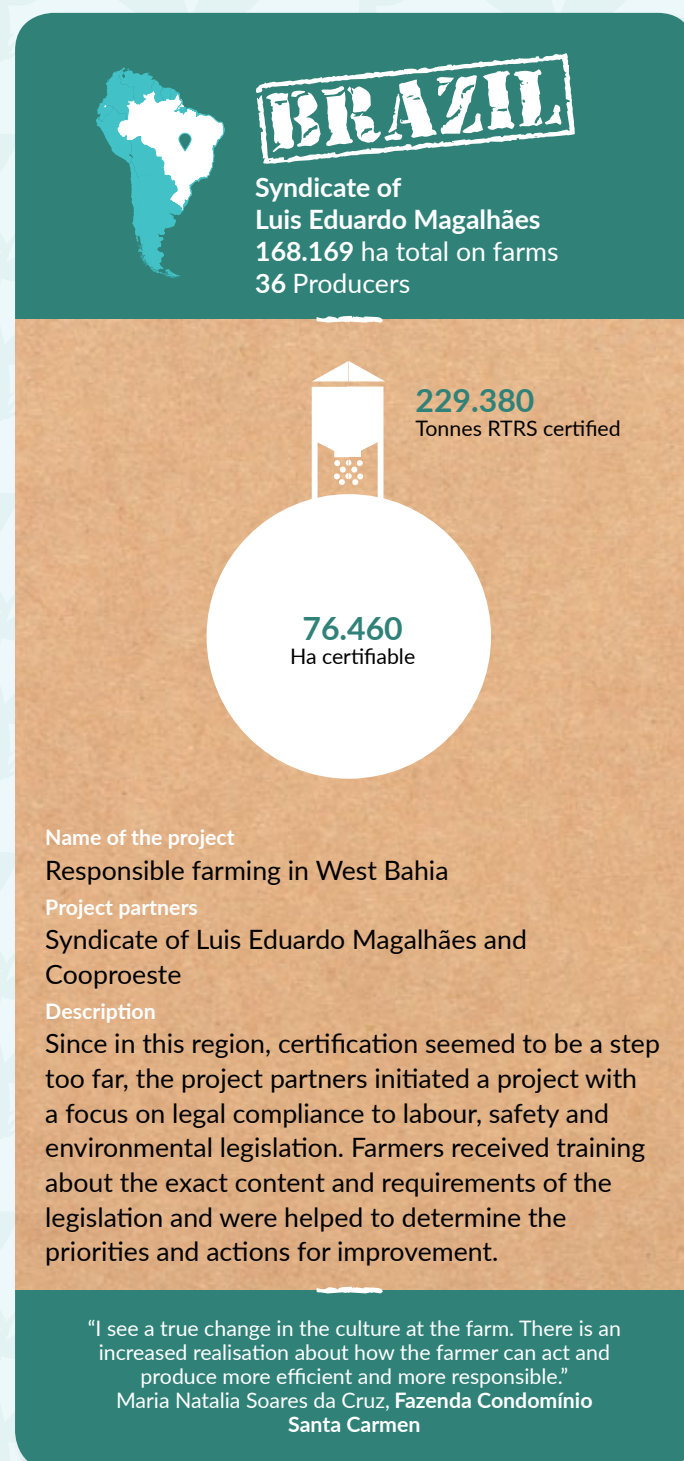
Name of the project
RTRS certified production in West Argentina

Project partners
Nidera

Description
Nidera firstly made a survey of its production processes and compared them with the several requirements settled by RTRS Standard. Secondly, Nidera prepared a schedule of the different actions to be taken, after going through all the nonconformities found. These actions included, among others, training of employees and partners in the soybean production, making of several protocols, adaptation to the latter and the outsourcing of some environmental activities.

"One of the main difficulties found in our long-term sustainability production is the lack of commitment of the land owners. We believe that having a RTRS certificate that assures land owners that the best agronomical practices are being implemented in their fields, may be an attractive feature for land owners."

Carlos Balbi, Nidera



4

Lessons from implementing actors

Most projects have been executed by coalitions of farmer organisations, cooperatives, traders, NGOs and downstream partners, with an important supporting role of Solidaridad. The partnerships provided access to local knowledge and networks, facilitated a match between the supply and demand for responsible soy and are a fundament for further cooperation when the projects are officially over.

Ingredients for success

- ✓ Long term commitment
- ✓ Involvement of local leaders
- ✓ Assignment of staff with an exclusive dedication to the project/topics
- ✓ Involvement of youth and women – representing future generations
- ✓ Voluntary and open character of projects
- ✓ Demonstration of advantages as soon as possible via pilots, demo farms and trainings
- ✓ Customisation of the project to the needs of the farmers
- ✓ A stepwise approach: legal compliance first than continuous improvement

4.1 Gaining trust and mutual understanding

Solidaridad and IDH have been aware from the start that all projects needed to be customized to the specific local circumstances, the desires of the project partners and the characteristics of the involved farmers. However, in all projects considerable effort has been put in the creation of trust and mutual understanding. This takes time, patience and the willingness of all actors to listen to each other. The voluntary nature of the projects has proven very important and the involvement of partners with a strong local embeddedness, such as cooperatives and syndicates, was crucial for the success of the projects.

"Partnerships are key. Whether with associations, trade union, industry, local government or banks. Partnerships strengthen the project and its credibility. Only with strong relationships, the project can go through difficulties which will in reality always occur."

Rafael Pereira
Amaggi

"Our objective as technicians was to orientate producers towards sustainability and encourage them to apply better management practices. The key was not to force them but to suggest them changes about Best Management Practices."

Carla Kolling
Cooperativa Raul Pena, Technican

"For us as an NGO, one of the great gains has been the direct contact with the producer. There is more trust and we can now openly talk about topics like sustainability and certification."

Gina Timóteo
The Nature Conservancy



4.2 Showing the benefits of certification

The main purpose of the projects was to give a kick-start to RTRS certification. However, many farmers were not yet aware of the existence of the RTRS certification system, had a negative perception about certification in general (too difficult, too bureaucratic, too expensive) and did not know where they were with their current practices compared to the demands from certification systems. Different strategies were implemented to overcome the initial barriers to participation, in which ‘seeing is believing’ was the most powerful one. In several pilot projects, demo farms, peer-to-peer groups, trainings, demonstrations, farm shows and farm visits were organised, where farmers could observe or learn about the actual benefits of re-forestation, better soil management, better agrochemical use and so on. Although it took quite some time, many projects have been able to change the mindset of farmers about sustainability, a topic that was perceived as a topic of environmentalists, but is now perceived as the way to a future proof and economically sound farm.

“In the heads of farmers, sustainability was some kind of mega project. We could show that also farmers with a small property can meet the criteria.”

Janaína Monti Silveira
environmental analyst at AGREX

“Today all participants report how important the project has been for them, especially the farm management training. The project changed the way of thinking. We can say that the work of creating awareness and knowledge has transformed their lives.”

Cynthia Cominesi
CAT Sorriso, Sustainability coordinator and agronomist

“The Agroshow model farm was a useful tool to raise awareness amongst producers, general public and local authorities that visited the Agroshow. It was a demonstration of our efforts as producers to protect the environment.”

Darci Bartoloso
Cooperativa Copronar, President

“When the producer adopts good agricultural practices, there is improvement in productivity, savings in pesticides use and fertilizer application, and improvement of land use. When adopting the practices promoted by UniSol, an almost immediate increase in productivity is generated.”

Gustavo Ruíz Díaz
Solidaridad Country Manager

“I think the project was a model for the whole community. Once they see their neighbour is applying best management practices and obtaining benefits, they (other farmers) will join the project.”

Nilmar Jose Schorr
Cooperativa Naranjito, Producer

“Solidaridad has provided counselling and technical assistance, and Marks & Spencer offers a message to the market and funds to help the project reach its objectives.”

Fiona Wheatley
Plan A Sustainable Development Manager,
Marks & Spencer

4.3 Empowering farmers to comply with legal and certification requirements

Many farmers in South America have to comply with complex and often changing legislation. Being confronted with a vast number of additional criteria from the certification standard, can be overwhelming. In the projects, farmers were empowered to meet the legal and the additional criteria in several ways, varying from on-farm technical assistance, access to better seed material, in-depth trainings, access to finance to implement changes on the property, better communication with government (inspection) agencies to understand the exact requirements and many more. The more adapted to the circumstances of the farmer, the easier it was for farmers to make actual steps.

Scaling up environmental impact in the landscape approach

The key objective of IDH and Solidaridad's work is to prevent deforestation. As more and more companies committed themselves to banning deforestation from their supply chains, the question arises how to scale up the protection of forests. In the soy program, the approach has shifted more to a landscape level approach. In the landscape approach, different stakeholders – each with their own interests – are brought together to implement a concrete plan for the sustainable development of that landscape.

Although there are many farmers that do protect their native vegetation and are not involved with deforestation, several less responsible farmers (large and small) are still deforesting. Some are still not complying to the law. Others do not see a business case for forest protection beyond legal requirements. Control mechanisms against illegal deforestation are often still poor. When they are applied, for example by blacklisting municipalities, this puts the entire community in a difficult position. Compromising also the public and market position of those who do well. In addition, financial compensation for not deforesting, payment for environmental services and biodiversity, a premium for certifies soy and other financial incentives have often not been substantial enough to convince individual farmers to stop deforestation.

Stopping deforestation requires a coordinated effort with participation of all local stakeholders. The different stakeholders often have different interests, but it appears to be possible to negotiate an action plan that serves the interests of as many as possible, without compromising future sustainable development. A collective approach to stop deforestation often results in the protection of the entire landscape. This approach is referred to as a jurisdictional or landscape approach.

International markets play an essential role in landscapes. When supply chain partners are committed to sourcing from a certain area, they can help to organize the verification of responsible soy production in that area.

The approach at a landscape level offers other powerful instruments that are also being tested:

- The alignment with the international call for Zero Net Deforestation.
- Intensification of land use – mainly livestock – to create new areas of agriculture expansion without deforestation.
- Organisation of new investments into forest protection and recovery.
- Alignment of land use to create bigger areas of native vegetation (e.g. connecting legal reserves, creating biodiversity corridors).

The collective approach at the landscape level – using the instruments for the right incentives – creates a situation where production and protection are combined. The result is an area that is interesting for sourcing, economic growth, sustainable production and biodiversity, water and landscape conservation. The third phase of the Soy Fast Track Fund (SFTF III) prototyped the concept of a landscape approach in seven projects in Brazil and Paraguay.

As of 2016, all soy activities in Brazil funded by IDH are incorporated into the Mato Grosso landscape program. The program in Mato Grosso is based on three pillars: governance, markets and finance. The governor of the state presented the Produce, Conserve and Include Coalition's zero net deforestation plan in December 2015. The governance structure and roadmap are currently being developed, as are multistakeholder groups that take the plan to a local level. Concerning the market, the program leverages zero (net) deforestation commitments as done by end buyers and brand owners to accelerate uptake of sustainable commodities. Lastly, on finance, incentives to support the farmers to restore APP's or intensify their livestock production have been created in the form of the Production-Protection Fund. The loan, which has better terms than regular loans, is conditional to forest protection targets agreed on with the farmer, therefore combining production with protection.



Conclusions and steps forward

With the Soy Fast Track Fund IDH and Solidaridad aimed to reduce the negative social and environmental impact of soy cultivation by supporting soy producers in Brazil, Paraguay and Argentina to improve their practices.

The 37 projects executed in the five years of the Soy Fast Track Fund demonstrated that certification is possible and beneficial for all types of farmers in diverse regions. Since the step to legal compliance was already a big one for a group of farmers, a trajectory via legal compliance towards certification has been implemented. This stepwise approach has led to a change of thinking about sustainability and a bigger willingness to work together. In all different projects, a tailor-made approach including technical assistance, trainings, better equipment, demonstration farms, better farm inputs and business advice, was followed to help farmers in a manner that suited to their needs.

The projects realized substantial impact on waste management, labour safety, water and soil management, responsible agrochemical use and forest protection. The number of farmers and certified tonnes increased tremendously because of the efforts in the different projects. The demand for certified soy kept behind though. Therefore, it is crucial that supply chain partners take their responsibility and source according to their sustainable sourcing or zero deforestation commitments.

Key lessons learned:

- ✓ Certification is a farm-by-farm approach that results in numerous improvements.
- ✓ However a more regional approach is necessary to help stop deforestation.
- ✓ Long term and close cooperation with local players is crucial, also involving women and youth.
- ✓ A stepwise continuous improvement process is a valuable tool to include farmers still far from a certifiable level.
- ✓ Legal compliance is a very large part of the certification costs; supporting farmers to reach this level is essential.
- ✓ Without market demand for responsible soy, the transition will stagnate.
- ✓ To generate this transition, a physical connect between producer and market is necessary.
- ✓ Creating evidence is key, for instance via small pilots and demofarms.



37 Projects

In Brazil, Paraguay and Argentina IDH Investment: €6.475.000
Private sector investment: €17.652.141



469.235

Hectares RTRS certified



1.268.620

Hectares RTRS level



889.300

Hectares protected native vegetation



1.014

Farms



939

Farmers

Steps forward

There is a role for both soy producers and for companies in the soy value chain to promote environmental and social sustainability in the soy sector. The SFTF projects demonstrated that a focus on continuous improvement at the farm level, via legal compliance to certifiable practices, can lead to social and environmental impact. Bottom up approaches, largely based on voluntary initiatives should play an important role. That also means that there is an important role to play for local farm organizations such as Aprosoja (Brazil), UNICOOP (Paraguay) or Apreesid (Argentina). Working towards legality can be a first step to gradually move RTRS (or equivalent) standards.

It is important that these efforts at farm level are being recognized and supported by companies in the soy value chain. The SFTF projects have kick started the production of RTRS soy and created a considerable volume of available RTRS soy. This availability of RTRS certified soy has played an important role in the actual development and increase in demand for RTRS certified soy until 2 mln. ton of RTRS soy in 2015. Our ambition remains that sourcing RTRS soy will become mainstream, but we realize there is still a long way to go.

One important step is to drastically increase the demand for certified soy. The minimum requirements for sourcing soy as laid down in the FEFAC Soy Sourcing Guidelines provide an important first step. And as such, the recently announced Memorandum of Understanding between FEFAC, Fediol, Aprosoja, ABIOVE and IDH is likely to be an important step in further mainstreaming sustainability in the soy sector.

Increasingly, retail and other front running buyers in a number of countries are sourcing RTRS (or equivalent level) compliant soy. As was stipulated by the Consumer Good Forum (CGF), representing 450 companies in the global food sector, it is important that food companies recognize their responsibility and take action according to the CGF sustainable soy sourcing guidelines.

But more is needed. One of the key lessons learned is that a physical connection between the buyer and production region in the landscape promotes sustainability investments as a step create a link between sustainable sourcing and improvement at jurisdictional level.

As an initial step in this process, 4 UK retailers – Sainsbury's, Marks & Spencers, Tesco and Asda – were supported by IDH to do a materiality assessment to determine how much soy they sourced, in what products it could be found, and where it is from. A key conclusion was that only two soy traders handle about 57% of their soy for meat, eggs and dairy products. If retailers work with these soy traders to strengthen their sustainability policies, it will have a massive impact on total soy volumes.

As a second step, verified sourcing areas are being piloted. Determining exactly how the physical soy can end up in specific supply chains is a key outcome. In one pilot project, the transactions between end buyers and producers will be facilitated via long term contracts between a region and a retailer, in which both agree to reach RTRS (or equivalent) through continuous improvement in a pre-determined amount of time.

Agrifirm, Agrex, ADM,
Amaggi, Ahold, Aprosoja, Abiove, Baya
Casal, Cargill, FEFAC, SuperUnie, C1000,
Centrico, Cefetra, De Heus, Friesland Campina,
ForFarmers, Jumbo, AgriUniekvallei, Nidera, Nutreco, Lidl,
Unilever, Vion, St. Ketentransitie Verantwoorde Soja, Nevedi,
MVO Nederland, COV, NZO, CBL, LTO, Bemefa, Nevedi, FHL,
DVT, AIC, Dakofo, Fapcen, Viluco/Grupo Lucci, Los Grobo,
Sindicato LEM, Kumagro, Aapresid, Kiñewen, Technocampo,
DAP, Bel Company, Nidera, Consumer Goods Forum, Nidera,
Läntmannen, Sindicato Coromandel, APDC, CAAF, AIBA,
Unicoop, Abiove, Aprosoja, Payco, Noble PY, Gebana,
Bioorganica, Unicoop, Marks&Spencer, CAT Sorriso,
RTRS, Agroicone, Solidaridad, KPMG, IFC, FMO,
WWF, Aliança da Terra, Dutch Soy
Coalition, TNC, Earth Innovation
Institute, Natuur en Milieu, ProTerra
Foundation, Dutch Embassies
in Argentina and in Brazil,
local municipalities
in Brazil and
others.

**Would you like to know more about sourcing
zero-net deforestation soy?**

Please see:

www.solidaridadnetwork.org/supply-chains/soy

www.solidaridadlearnandshare.org

www.idhsustainabletrade.com/sectors/soy



