

Social Fuel Seal¹ - Brazil

Country/ Organization	Brazil	Year and status	2009 (in implementation)
Initiative	<i>Selo Combustível Social</i> - Social Fuel Seal (Normative Instruction Nº1, of 19 February 2009, Relating to the criteria and procedures for concession, maintenance and use of the Social Fuel Seal)		
Membership	-		
Governing bodies	Ministry of Agrarian Development (Brazil)		
Type and implementation approach	Legislative act	Geographical coverage	Brazil
Feedstock(s) covered	All	Supply chain coverage	Biofuel feedstock production and
Type(s) of biofuels covered	Biodiesel		
Link	-		

Overview.

The Brazilian *Selo Combustível Social* (Social Fuel Seal) programme was first established in 2004 through a decree, which was followed by two normative instructions in 2005. The programme was subsequently revised and its current version is the result of a normative instruction from 2009 (Normative Instruction Nº1, of 19 February 2009, Relating to the criteria and procedures for concession, maintenance and use of the Social Fuel Seal).

The programme, which is administered by the Federal Ministry of Agrarian Development of Brazil, aims to promote the participation of smallholder farmers in biodiesel feedstock production. More precisely, the Social Fuel Seal consists of a certification granted by the Ministry of Agrarian Development to biofuel producers who meet certain criteria aimed at integrating smallholder farmers in the biodiesel supply chain. In particular, in order to obtain the Social Fuel Seal, biofuel producers shall purchase at least the following shares of feedstock from smallholder farmers, which vary depending on the regions of origin:

- 10% until the 2009/2010 harvest, and 15% starting from the 2010/2011 harvest, for purchases coming from the Northern and Midwestern regions, and
- 30% for purchases coming from the Southern, South-eastern, North-eastern and Semi-Arid regions.

¹ The information included in this document is based on an unofficial translation from Portuguese to English of the Brazilian legislation on the Social Fuel Seal, particularly Normative Instruction Nº1 of 19 February 2009.

In order to obtain the Seal, biodiesel producers shall also enter into legally binding agreements with smallholder farmers, setting specific income levels and guaranteeing technical assistance and training². In exchange, biodiesel producers who meet these requirements are granted tax credits and preferential access to credit.

For citation:

Ismail, M., & Rossi, A. 2010. *A Compilation of Bioenergy Sustainability Initiatives*. Rome: Food and Agriculture Organization of the UN (FAO).

The authors would like to thank Onyekachi Nwankwo (Volunteer) for his valuable contribution.

² The Social Fuel Seal programme aims to promote the establishment of family farmer cooperatives, which may act as intermediaries between smallholder farmers and biodiesel producers, in order to strengthen the bargaining power of the former.

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1. ENVIRONMENTAL			
1.3 Productive capacity of land	Chapter II On the criteria relating to Social Fuel Seal Section III. On the provision of technical assistance to family farmers and their training.	See Item II of Article 11 on sustainability of production systems at aspect/issue 4.5 Food security (cross-cutting).	
1.9 Environmental Sustainability	Chapter II On the criteria relating to Social Fuel Seal Section III On the provision of technical assistance to family farmers and their training.	See Item 1 of Article 11 on adopting practices that are environmentally sustainable at aspect/issue 4.5 Food security (cross-cutting).	
2. SOCIO-ECONOMIC			
2.2 Rural and social development Back to table of content	Chapter II On the criteria relating to Social Fuel Seal Section I: On family farming's purchases.	Article 2 The minimum percentage of raw material purchased by the biodiesel producer from family farmers , for the purposes of concession, maintenance and use of the Social Fuel Seal, is established in: I- 10% (ten percent) until the 2009/2010 harvest, and 15% (fifteen percent) starting from the 2010/2011 harvest for purchases coming from the Northern and Midwestern regions, and II - 30% (thirty percent) for purchases coming from the Southern, South eastern, North	§ 1 The minimum percentage considered by this article is calculated from the cost of raw materials acquisition purchased from family farmers or agricultural cooperative in relation to the total cost of raw materials purchases used in the period for biodiesel production, according to Law N° 11.116, 18 May 2005, regulated by Decree N° 5297, 6 December 2004, as follows: percentage of purchases = $X/Y * 100$, where: • X represents the annual cost, in BRL, of raw materials purchase from family farms, as defined in art. 3; and • Y represents the sum of the value in BRL, of

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<p>2.2 Rural and social development (continued)</p> <p>Back to table of content</p>	<p>Chapter II On the criteria relating to Social Fuel Seal</p> <p>Section I: On family farming's purchases. (continued)</p>	<p>eastern and Semi-Arid regions starting from the publication date of this Instruction.</p>	<p>annual total raw materials purchase used in the period of biodiesel production.</p> <p>§ 2 For calculation of the minimum percentage of acquisition, own production of raw materials has to be valued at the average purchase price of raw materials from third parties during the assessment period.</p> <p>§ 3 In case of own production of raw materials by the producer of biodiesel, where there has been no acquisition of material from third parties during the assessment period, for the purpose of calculation of the minimum percentages, the reference price used in the locality, region or place close to the agricultural production of the producer of biodiesel shall be adopted.</p> <p>§ 4 In case of own production of raw material obtained by rural partnership, sharecropper contract or other similar contract, this part of the raw material should be valued at the average price of raw material acquired of by the sharecropper or rural partner.</p> <p>§ 5 The minimum percentage considered by this article refers to the region where raw material was acquired from family farmers, regardless of the location of the biodiesel producer's unit.</p> <p>§ 6 In the event that the biodiesel producer acquires raw material from family farming from areas of different rates, the following criteria of assessment of compliance with the provision of the preamble of art 2 will be adopted: the total</p>

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2.2 Rural and social development (continued) Back to table of content	Chapter II On the criteria relating to Social Fuel Seal Section I: On family farming's purchases. (continued)		value of annual purchases from family farming of the Northern and Midwestern regions divided by the minimum percentage of purchases in these regions (10% or 15% as defined in art. 2, item I) added to the total value of annual purchases from family farming in the Southern, South eastern , North eastern and Semi-Arid regions divided by the minimum percentage of purchases in these regions(30% as defined in art. 2, item II) should be greater than or equal to the value of acquisitions used for biodiesel production in the calendar year.
		Article 3 The cost of purchasing raw materials from family farming, regulated by art. 4, § 3, of Decree N° 5297 of 6 December 2004, is defined as the sum cost of the following items: I – value of raw material acquisition; II – value of expenditures for soil analysis of family farming properties; III – values of production inputs and services donation to farmers, that do not come from public resources, limited to the following items: a) seeds and/or seedlings; b) fertilizers; c) soil correctives, and d) machine-hours and/or fuel. IV – value of assistance and technical training for family farmers, limited to the following items:	§ 1 The costs quoted in this article, which are passed on to family farmers in the form of advances to be deducted in time from sale or covered in credit operations advanced by the producers supported by PRONAF or other forms of production financing, may not be included in the sum of acquisition costs from family farming. § 2 Values related to donation mentioned in item III will have to be proven through inputs and services supplier invoices and the corresponding donation receipts issued by the family farmer § 3 The sum of values mentioned in items II, III and IV of this article are limited to the value achieved by Item I: a) to a maximum of 50% (fifty percent) for the Centre-Southern regions, and b) to a maximum of 100% for the North

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2.2 Rural and social development (continued) Back to table of content	Chapter II On the criteria relating to Social Fuel Seal Section I: On family farming's purchases. (continued)	a) wages and/or fees for technical contractors directly to biodiesel producing companies, included labour charges ; b) travel expenses, accommodation, teaching material and food for the implementation of technical assistance and training to family farmers and of their training, limited to the maximum value of 20% of wages and/or fees of technicians directly hired by the company, and c) payment to the institution providing this service, when outsourced by the biodiesel producer; limited to technicians' wages and/or fees, including labour charges and travel expenses, accommodation, teaching material and food for implementation of technical assistance and training for family farmers, limited to a maximum of 20% of the payment of technicians' salary and/or fees. [Also relevant to aspect(s)/issue(s): 3.2 Participation and transparency.]	Eastern, Northern and Semi-Arid regions § 4 For the purposes of calculating the minimum percentage of acquisition from family farming addressed in art. 2, the value of raw material acquisition mentioned in item I of this article shall be multiplied by 1.5 (one and a half) in case of raw materials defined in item VIII of art.1, except for soybeans, for purposes of calculating the minimum percentage of acquisition from family farming addressed in art 2.
	Chapter II On the criteria relating to	Article 9 Collective contracts with family farmers will be	

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2.2 Rural and social development (continued) Back to table of content	Social Fuel Seal Section II On entering into contracts with family farmers.	accepted in the following circumstances: I- all farmers sign the contract; II- (contracts have to) contain a clause that does not implies the act in co-responsibility among farmers in the delivery of production; III- (contracts have to) preserve services of technical assistance to farmers, and IV- The Ministry of Agrarian Development has to be informed of data on collective agreements made by the biodiesel producer through the identification of family farmer's name, his Social Security number (CPF), his DAP registration number, the name of the product under contract, the area cultivated by each farmer, the contracted yields, if necessary, the starting date of the contract and its validity. Single Paragraph. The proof of purchases from contracts under this article shall be made by individual vouchers, as established by art. 4 [Also relevant to aspect(s)/issue(s): 3.2 Participation and transparency.]	
	Chapter II On the criteria relating to Social Fuel Seal Section III. On the provision of technical assistance to family farmers	Article 10 For concession, maintenance and use of Social Fuel Seal, the biodiesel producer shall ensure technical assistance and training for production of the oilseeds to all family farmers with whom enters into contract with.	

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2.2 Rural and social development (continued) Back to table of content	and their training. Chapter II On the criteria relating to Social Fuel Seal	Single Paragraph. The provision of technical assistance and training for production of oilseeds to family farmers can be developed directly by the biodiesel producer's technical team or by institutions/cooperatives/ companies employed or financed by him.	
	Section III. On the provision of technical assistance to family farmers and their training. (continued)	See Item III of Article 11 on income generation activities , Item IV of the same article on rural poverty and § 2 of the same article on family farmers' access to public policy for technical assistance at aspect/issue 4.5 Food security (cross-cutting).	
		Article 12 The technical assistance for oilseed(s) production , under responsibility of the biodiesel producer, should consider the principles in art. 11, with effective application in the property, respecting local and regional specificities, and will be applied in the following phases: I- decision making and planning of planting II- preparation and/or monitoring of the technical project for the production of oilseeds where request for agricultural production financing or advance of inputs by the biodiesel producer; III- planting; IV- crop handling V- harvest; and VI- payment of financing, when appropriate.	§ 1 In case of perennial crops, technical assistance must be carried out on an ongoing basis throughout the year, within the term of the raw material warranty purchase contract, taking into consideration the principles and guidelines in this Instruction. § 2 The technical service offered by the biodiesel producer should seek to integrate services developed by organizations providing technical assistance and rural extension in the region and/or community. § 3 Technical assistance for biodiesel production should look into and encourage the participation of the entire family, valuing the work and role of female farmers and young people in the process of planning, production and trade of raw material. § 4 Every technical assistance expert may be responsible for serving a maximum of 150 (one

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2.2 Rural and social development (continued)		[Also relevant to aspect(s)/issue(s): 3.2 Participation and transparency.]	hundred and fifty) family farmers. § 5 Technical assistance to farmers extracting oilseeds should be provided by a qualified professional, to implement the management plan approved by the responsible environmental agency.
2.8 Social sustainability (cross-cutting)	Chapter II On the criteria relating to Social Fuel Seal Section III On the provision of technical assistance to family farmers and their training.	See Item 1 of Article 11 on practices that respect cultural diversity and economically and socially sustainable at aspect/issue 4.5 Food security (cross-cutting).	
3. GOVERNANCE			
3.1 Compliance Back to table of content	Chapter II On the criteria relating to Social Fuel Seal Section I: On family farming's purchases.	Article 4 The biodiesel producer will keep record, with documentation proving purchase of raw material , mentioned in Item I of art. 3, made each calendar year for a period of five (5) years, without prejudice to the statute of limitation prescribed by law.	§ 1 The documentation proving purchases of raw material from family farmers shall be the one foreseen in the state legislation in force. § 2 The documentation proving the value of raw material acquisitions made from family farmers or farming cooperative shall contain, in the field for complementary information, the farmer's DAP number for individual purchases, or the agricultural cooperative's for group or collective purchases.

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3.1 Compliance (continued) Back to table of content	Chapter II On the criteria relating to Social Fuel Seal Section I: On family farming's purchases. (continued)	Article 5 Without prejudice to the statute of limitation prescribed by Law, the agrarian cooperative of family farmers that sells to biodiesel producers that has been granted the social fuel seal will have to maintain, for a period of at least five (5) years, supporting documentation of total annual sales to biodiesel producers and of purchases made jointly with family farmers. Single paragraph. The official documents for the registration of the acquisitions of raw materials made from the family farmers by the cooperative for the producer, in accordance with current state legislation, contain the prices received by the farmers, the quantities, and the DAP registration number of the family farmer.	§ 1 In order to calculate the expected yield of the perennial crop, the average technical productivity coefficients spanning the entire productive life of the crop will be used, using official data of, in a decreasing order of choice, the National Supply Company (Conab), the Brazilian Institute of Geography and Statistics (IBGE), the Brazilian Enterprise of Agricultural Research (Embrapa) or other public agency with recognized authority to define the expected yields according to the following benchmarks: a) in the production region; b) in the adjacent area, if the production region does not have necessary information. § 2 The rule mentioned in the preamble applies to the analysis of the concession and maintenance assessment of Seal, limited to the productive life of the crop.
		Article 6 When the production of biodiesel is based on perennial crops, it will suffice to calculate the minimum percentages described in art. 2, on the basis of the expected yields in function of the area cultivated and contracted by the family farmer.	
	Chapter II On the criteria relating to Social Fuel Seal Section II. On entering into	Article 7 For concession, maintenance and use of Social Fuel Seal, the biodiesel producer must first enter into contracts with all family farmers or their agricultural cooperatives.	§ 1 The contract negotiations will involve at least one representative of family farmers, which may be represented by: a) Rural or Family Farming Workers' Unions or

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<p>3.1 Compliance (continued)</p> <p>Back to table of content</p>	<p>contracts with family farmers.</p>	<p>[Also relevant to aspect(s)/issue(s): 3.2 Participation and transparency; and 4.4 Food stability.]</p>	<p>Federations affiliated with the National Confederation of Farm Workers - Contag;</p> <p>b) Rural or Family Farming Workers' Unions affiliated with the Family Farmers Workers' Federation - Fetraf;</p> <p>c) Rural Workers' Unions or Family Farmers' Unions associated with the National Small Farmers' Association – ANPA; and</p> <p>d) Other institutions accredited by the Ministry of Agrarian Development.</p> <p>§ 2 The contracts stipulated between the parties shall at least include:</p> <p>a) The identification of all parties involved in the contract, including the number DAP registration number of the family farmers or agricultural cooperatives;</p> <p>b) The quantity of contracted raw material and specification of the equivalent areas in hectares (ha);</p> <p>c) The duration of the contract;</p> <p>d) Criteria for setting of price, reference price or price of purchase for raw material;</p> <p>e) Criteria for the adjustment of the contracted price;</p> <p>f) The delivery conditions of raw material</p> <p>g) The responsibility clause of the biodiesel producer to provide technical assistance to family farmers, in accordance with the provision of art. 2, item III of Decree N° 5297 of December 6, 2004.</p> <p>h) The responsibility clause for contractual non-</p>

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3.1 Compliance (continued) Back to table of content	Chapter II On the criteria relating to Social Fuel Seal Section II. On entering into contracts with family farmers. (continued)	Article 7 For concession, maintenance and use of Social Fuel Seal, the biodiesel producer must first enter into contracts with all family farmers or their agricultural cooperatives. (continued)	fulfilment and for the damages resulting from negligence or fraud of the parties; i) The safeguards foreseen for the parties, explaining the conditions for cases of bad harvest and in case of force majeure; j) The identification and compliance with the contractual terms of the representation of the family farmer who participated in the commercial negotiations, with a clause inserted before the clause “FORUM”, as follows: <i>“The family farming’s representative entity, (Identification of entity, Union, Federation, Confederation, with name, National Register of Legal Entities -Cadastró Nacional da Pessoa Jurídica - CNPJ, address), herein represented by Mr. (name, qualification, address), as provided in its statutes, has expressed his full accordance with the terms of this contract ” Ministry of Agrarian Development. 72 ISSN 1677-7042 1 N. 37, Wednesday, February 25, 2009.</i>
		Article 8 The family farming’s representative entity in the respective State will give its consent by means of notarized letter with the following items: I- the terms and conditions of signed contracts; and II- a list with the record of farmers engaged by the company , according to Art 14,	

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3.1 Compliance (continued)		section VI.	
	<p>Chapter III On the procedures for requesting, maintaining, renewing and cancellation of the concession to use the Social Fuel Seal.</p> <p>Section II Maintaining the provision of the Social Fuel Seal</p>	<p>Article 22 In case of complying with the technical assistance criteria, the biodiesel producer shall:</p> <p>I- maintain records and proofs of technical assistance implemented in accordance with the technical assistance plan;</p> <p>II- maintain records of receipts of the amounts spent for technical assistance, as detailed in art. 3, item IV;</p> <p>III- maintain records of completed training, including training for the technical team; and</p> <p>IV- submit to the MDA, at the end of each season, a final report, containing a summary of all activities developed with family farmers, the occurrence of accidents resulting in yields and crop productivity reduction or problems related to the crop in each community / village / settlement.</p>	
3.2 Participation and Transparency Back to table of content	Chapter II On the criteria relating to Social Fuel Seal	See Article 3 on the setting of price for raw material at aspect/issue 2.2 Rural and social development.	
	Section II On entering into contracts with family farmers.	Article 7 For concession, maintenance and use of Social Fuel Seal, the biodiesel producer must first enter into contracts with all family farmers or their agricultural cooperatives.	See sub-article § 1 of Article 7 on at least one representative of family farmers in negotiating contract at aspect/issue 3.1 Compliance.
		See Article 9 on all farmers signing the collective contracts at aspect/issue 2.2 Rural and social development.	

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3.2 Participation and Transparency (continued)	Chapter II On the criteria relating to Social Fuel Seal	See § 1 of Article 11 on family farmers' participation in planning at aspect/issue 4.5 Food security (cross-cutting).	
	Section III On the provision of technical assistance to family farmers and their training.	See § 3 of Article 12 on youth, female farmers, and whole family participation in technical assistance and training planning at aspect/issue 2.2 Rural and social development.	
4. FOOD SECURITY			
4.4 Food stability	Chapter II On the criteria relating to Social Fuel Seal Section II. On entering into contracts with family farmers.	Article 7 For concession, maintenance and use of Social Fuel Seal, the biodiesel producer must first enter into contracts with all family farmers or their agricultural cooperatives.	See sub-article § 2 of Article 7 on safeguards for cases of bad harvest and force majeure in contracts with family farmers at aspect 3.1 Compliance.
4.5 Food security (cross-cutting) Back to table of content	Chapter II On the criteria relating to Social Fuel Seal Section III. On the provision of technical assistance to family farmers and their training.	Article 11 In the planning and implementation of technical assistance and training, it is recommended to observe the following guiding principles: I- Food security and food sovereignty: contribute to guarantee food self-sufficiency of families and food sovereignty of the country, stimulating diversified production in the property and adopting practices that respect cultural diversity and that are environmentally, culturally, economic and socially sustainable; II- Sustainability of production systems: production processes that respect culture, knowledge of family farmers and existing	§ 1 In the actions of technical training: using the participatory method approach and experiential techniques to encourage and facilitate collective participation of family farmers in the planning and execution processes of activities, encouraging membership association and cooperative organization. § 2 The technical assistance teams should collaborate with family farmers so that they can access public policies necessary for the proper development of productive activities.

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<p>4.5 Food security (cross-cutting) (continued)</p> <p>Back to table of content</p>		<p>natural resources, facilitating the adoption of integration practices of conventional and agroecological factors of production (organic and chemical fertilizers, use of biological and natural agents), the use and proper management of soil and water, crop rotation practices, system of harvest and off-harvest season, inter-cropping, among others, aimed at structuring a process of sustainable production;</p> <p>III- Income generation: encourage the development of agricultural activities that include youth and women, and providing a satisfactory economic return, and</p> <p>IV- Rural poverty reduction: the farmers' participation in the production chain of biodiesel shall be a factor in generating supplementary income for the family.</p> <p>[Also relevant to aspect(s)/issue(s): 1.3 Productive capacity of land; 1.9 Environmental sustainability (cross-cutting); 2.2 Rural and social development; 2.8 Social sustainability (cross-cutting); 3.2 Participation and transparency; and 4.6 Others (Food sovereignty).]</p>	