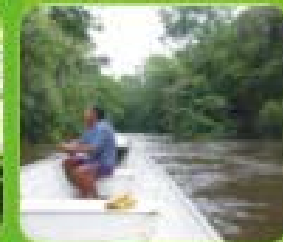
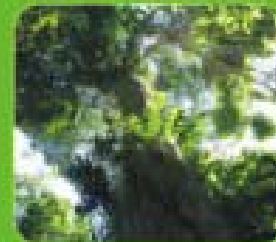


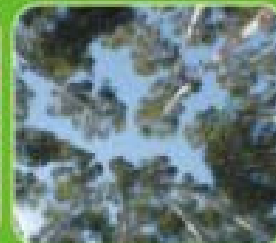
Integrating environmental and social sustainability into agricultural commodities value chains and bank operations

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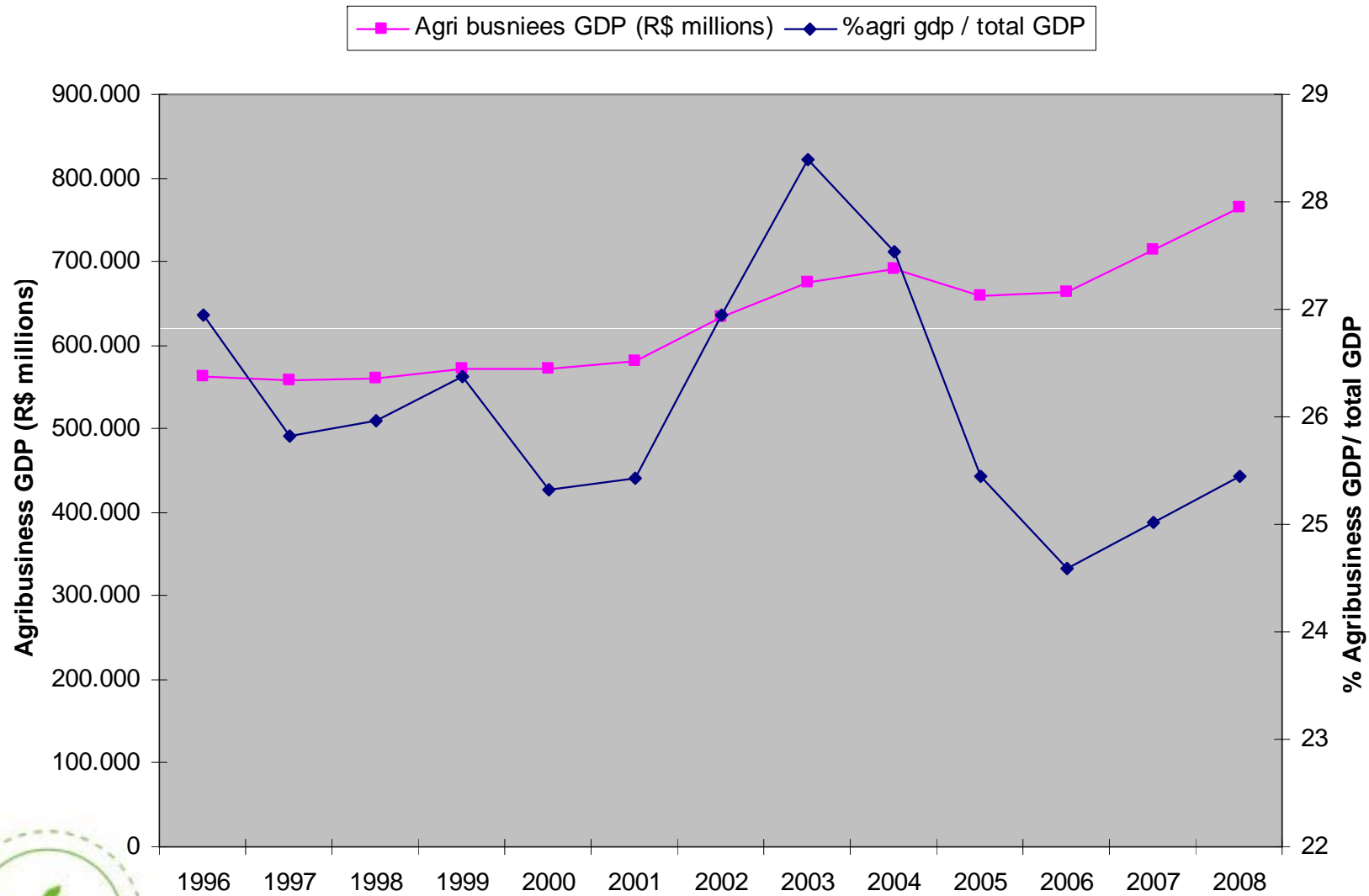
**April
2010**



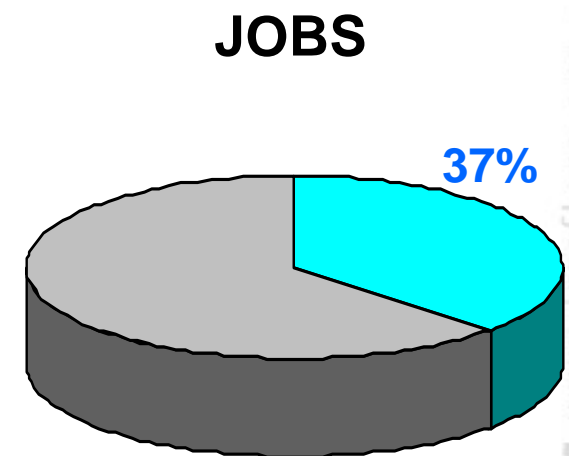
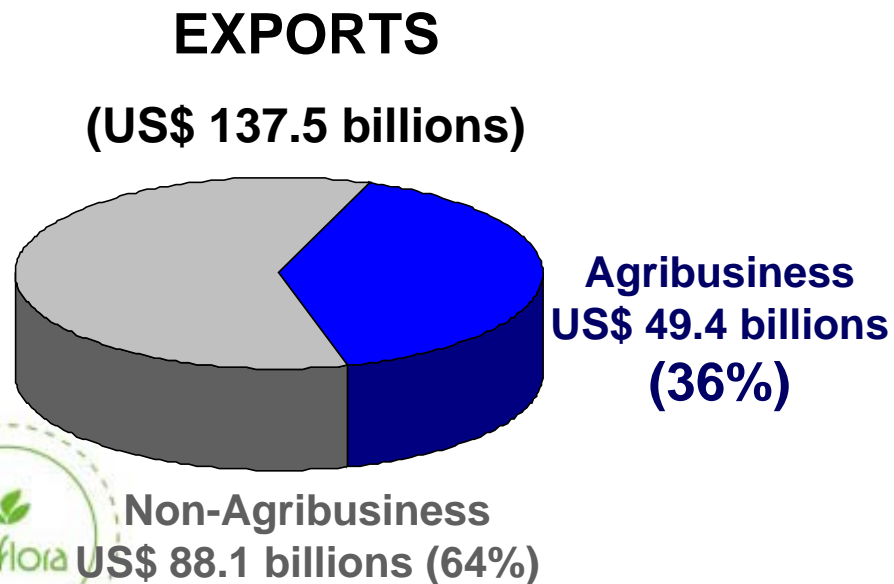
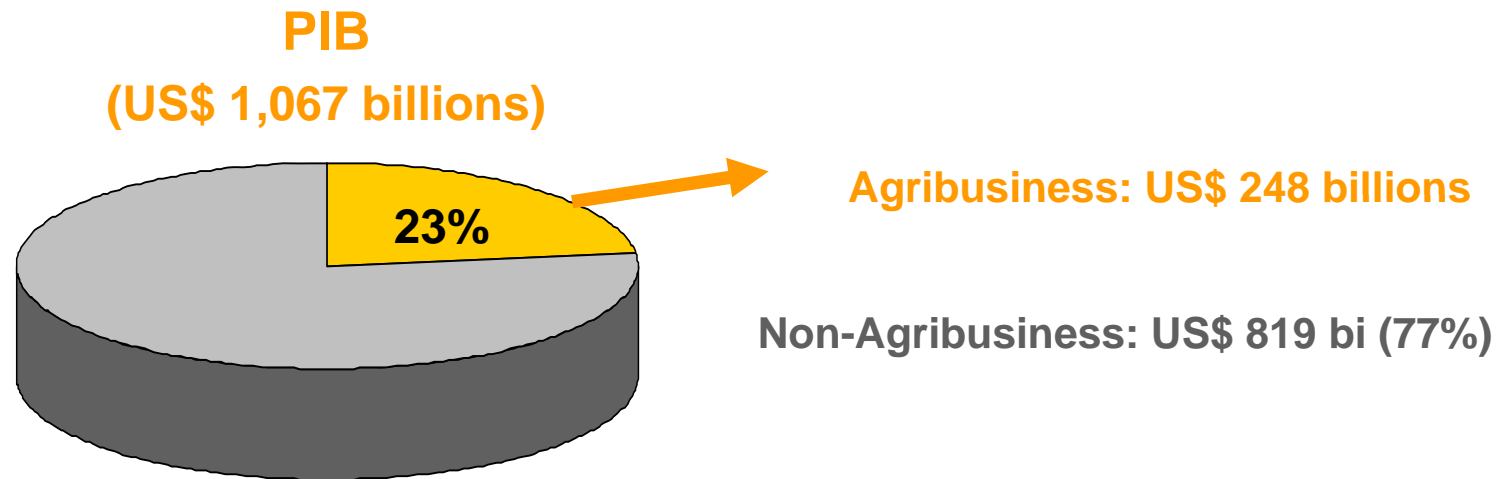
Encouraging changes in forestry and agriculture, aiming to increase conservation and sustainable use of natural resources and the promotion of social benefits.



Agribusiness and GDP in Brazil



Agribusiness in 2006

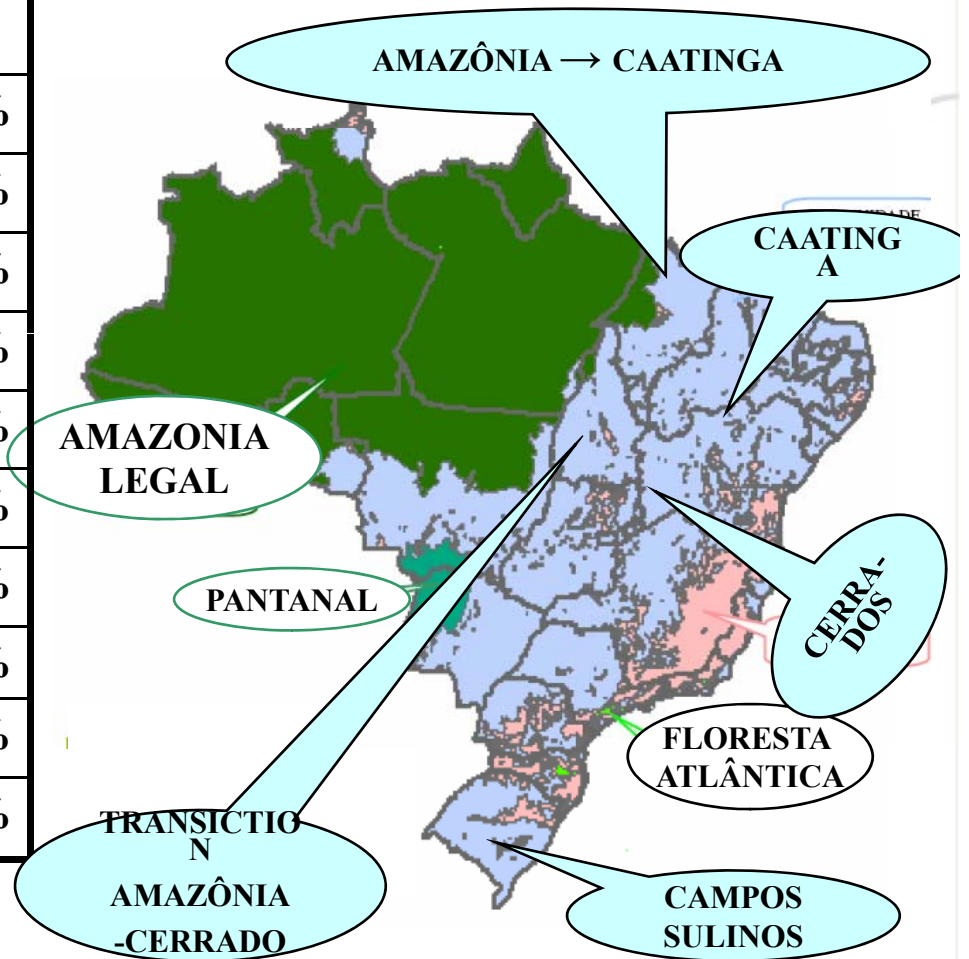


Sources: CEPEA-USP/CNA, MAPA and IPEA



Land use

	Area	
	Million ha	%
Amazon Forest	360	42%
Pasture	210	25%
Annual crops	49	6%
Perennial crops	15	2%
Cultivated forests	6	1%
Non exploited	101	12%
Cities	20	2%
Protected areas	52	6%
Others	38	4%
Total	851	100%



Biomass brasileiros



Sources: IBGE and Conab

Adaptation: MAPA

World Producer and Exporter

Main Products	Production	Exports	Number of Markets	Total Exports
				US\$ millions
Suggar	1 st	1 st	113	6,167
Coffee	1 st	1 st	134	3,364
Orange Juice	1 st	1 st	82	1,469
Soy	2 nd	1 st	74	9,308
Beef	2 nd	1 st	144	3,923
Tobacco	2 nd	1 st	114	1,752
Alcohol	2 nd	1 st	40	1,605
Broiler	3 rd	1 st	145	3,203
Corn	3 rd	4 th	34	460
Pork	4 th	4 th	72	1,036

Sources: USDA and F.O. Litch's



Agribusiness in Brazil

- Leader in R&D in tropical agriculture
- Advances in productivity
- Heterogeneous productivity and socioenvironmental performance



Environmental and social issues

- Expansion of frontier
- Deforestation
- GMOs
- Pesticide
- Residues
- Labor conditions
 - slave, child, precarious, health and safety
- Land concentration
- Land ownership, land grabbing

- Robust law, but low governance and enforcement:
 - Differences across the country: south – north gradient



News for agribusiness in Brazil

- Concept of value chain
- Roundtables
- Environmental and social campaigns
- Pressure from international markets, stakeholders, investors, shareholders



Milestones of “new agribusiness” in Brazil

- FBOMS study linking amazon deforestation to expansion of soy – 2004
- Soy roundtable - 2006
- Greenpeace x Cargill – soy moratorium - 2006
- Greenpeace, FOE x cattle – 2009
- Biofuels dynamics



Agribusiness and financial sector in Brazil

Robust framework and multiple initiatives dealing with “sustainability” – example from one bank

- Volunteer tools
 - Green Protocol - 1995
 - Ecuator Principles
 - Global compact
 - Carbon Disclosure Project (CDP)
 - Unep – Finance Initiative
 - Institute of Social and Ethical Accountability
 - National Pact for End of Slave Labor
 - National Forum for Preventing Child Labor
 - Roundtables
 - 5 more initiatives



Agribusiness and financial sector in Brazil

- Socioenvironmental products
- Investing in industries and field

Milestones

- IFC loan to Maggi - 2004
- IFC, BNDES loan to Bertin
- ABN AMRO socioenvironmental risk analysis
- Rabobank socioenvironmental policy - 2006



Issues for the financial sector

- Robust structure, but very high risk
- Weak tools to guarantee commitments and policies
- Weak traceability
- Responsibility in the chain concept – who is responsible/accountable for what?



Issues for financial sector

- Possible solutions
 - Integration of public land ownership, environmental, social, fiscal, etc database
 - Remote and automatic verification complemented by field verification
 - Endorsement / recognition of credible standards/ certification schemes with third part verification
- New roles for the banks
 - Finance production and infrastructure, but also
 - Investments to comply with the law
 - For restoration
 - For compliance with standards and certification
 - Need of different products, with different rates, different publics
 - Lobby for public policies that minimize risks



Conclusions

- Banks have a role
- Have high risks
- Need new tools to minimize risks and guarantee formal policies and commitments
- Need to address the chain
- Need new internal policies
- Need to develop new products
- Need to contribute to governance, sustainability, go beyond its core business

