# Bioenergy Production as a Vector to the Development of Familial Agriculture – the Case of the Social Fuel Label

How2Guide for Bioenergy Workshop
Biomass Resources and Bioenergy Potential in South America – Focus on Biofuels

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## Family farmers in Brazil: regulatory framework

1) Law 11.326/2006

http://www.planalto.gov.br/ccivil\_03/\_Ato2004-2006/2006/Lei/L11326.htm

2) Section 01, Chapter 10, Rural Credit Guide (MCR)

http://www3.bcb.gov.br/mcr/

### 3) Ministry (MDA) Ordinance No. 26 of May 09, 2014

http://www.mda.gov.br/sitemda/sites/sitemda/files/user\_arquivos\_64/Portaria\_26\_09\_de\_maio\_2014.pdf

#### Family farmer and rural family business (Law No. 11.326/2006):

- ✓ Practice activities in rural areas;
- ✓ Run the business or undertaking with themselves;
- ✓ Area: less than or equal to 4 fiscal modules (measure unit of land);
- ✓ Workforce: predominantly family;
- ✓ Income: minimum percentage of family income arising from economic activities of establishment or undertaking, to be set by the Executive Branch.

### **Social Fuel Label**

✓ Instrument of social and productive inclusion of the National Program for Production and Use of Biodiesel (PNPB);

- ✓ Awarded by the MDA to the industrial unit that works in partnership with family farmers;
- ✓ Allows access to tax and commercial benefits for industrial units:
  - Different rates of federal taxes levied on biodiesel marketed;
  - Participation in exclusive auctions for biodiesel (80% of the traded volume reserved plants holding the Social Fuel Label).

### Social Fuel Label: rules

### ✓ Regulatory framework

Decree No. 5,297 of December 6, 2004; MDA Ordinance No. 60 of September 6, 2012 Normative Instruction No. 01, the MDA of 20 June 2011.

### **✓ BASIC RULES**

1) ACQUISITIONS

% MIN = Acquisitions from family farmers (R\$)

Acquisitions for biodiesel production (R\$)

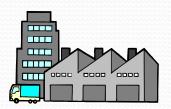
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2)	CONTR	KAC I	S

Geographic Region	% minimum	
South	40%	
Southeast and Northeast	30%	
Midwest and North	15%	

3) FREE TECHNICAL SUPPORT

## Social Fuel Label: rules

Biodiesel production unit



**Benefits** 

Tax (federal taxes)

Trade (access to 80% of the market)

1) Acquisitions

- 2) Contracts
- 3) Technical support

Family farmers







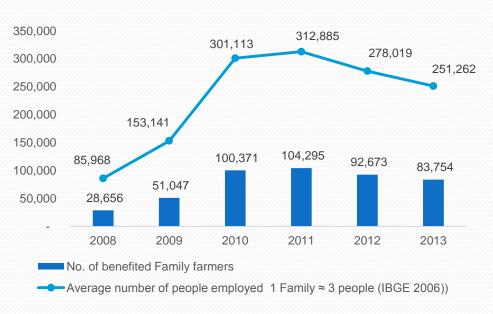


Cooperatives of family farmers

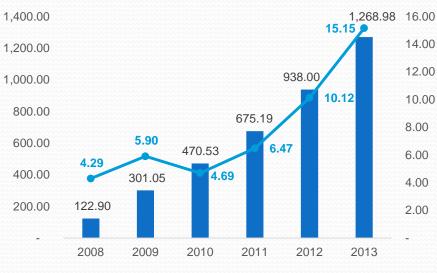


## Social Fuel Label: data

### families and occupations



### acquisitions and income



Acquisitions (MM USD) Average Revenue / family / year (M USD)



# **Results and Challenges**

#### **Results**

- ✓ The design of Social Fuel Label as a public policy was successful and innovative;
- ✓ Brazil is a country with a strong aptitude and agro-industrial vocation;
- ✓ Through the organization of family farmers enabled access to public policies as legal recognition, credit access, production protection and access to market;
- ✓ Approximately 14% of the Brazilian soybean crop comes from family farmers;
- ✓ By including the private sector as a partner of family farming enabled technology gains, organization and management for thousands of families;
- ✓ To encourage partnerships with family farmers, the government created benefits and advantages for the partner plants;
- ✓ The connection Seal/MDA and auctions/MME ANP today is a major breakthrough.

#### **Challenges**

- The North and the Northeast regions require more time to form production arrangements with the biodiesel industry, as well as larger multidisciplinary efforts to solve their main problems (technology, inputs, technical support, zoning, credit, environmental suitability, land, etc.);
- ✓ Poorest regions, less organized and more complex chains crops require special and more robust benefits;
- Management, organization and training of family farms and their representative units, must be evaluate their conduct of private sector, always demanding in scale and efficiency;
- Encourage alternatives chains of oil and raw materials with potential for biofuels;
- Keeping up dinamics dialogues with the industrial sector to monitor and evaluate the social seal: creation of an evaluation committee.

### http://www.mda.gov.br/sitemda/secretaria/saf-biodiesel/sobre-o-programa



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