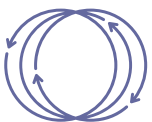


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# Monitoring the cattle supply chain in the Cerrado region - a necessary agenda in expansion.

October/2021

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## key messages

- ✓ The Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado (Cerrado Protocol) brings to light the need to structure sectoral governance to reach a common agreement. The Cerrado Protocol, however, is only the initial piece of this puzzle and new alignments are required for a seamless integration of the value chain.
- ✓ The overlapping of private areas into public areas, despite being a reality in the Cerrado biome, occurs in a small, concentrated number of private rural properties that represent less than 1% of the farms with pastures in the Cerrado. The predominance of overlapping is with large rural properties in the case of Indigenous Lands and Protected Areas – Full Protection, and small rural properties for Protected Areas – Sustainable Use and Quilombola Lands.
- ✓ The deforestation of the Cerrado biome caused by the cattle ranching supply chain stands currently at around 69%. This shows that cattle ranching is one of the main reasons for land use change in the biome<sup>1</sup>. Assertive actions and inclusion of the productive sector will be fundamental in implementing an effective sectorial agreement.
- ✓ The environmental regularisation of private rural properties is essential to establish and allow a responsible cattle ranching chain, to ensure security and to reduce socio-environmental risks for all stakeholders involved. It is of utmost importance for the state to encourage steady and significant progress in this agenda.

## Leading companies in the beef value chain have already made commitments to the Cerrado

Slaughterhouses located in the Cerrado biome or that only slaughter animals from this biome do not necessarily monitor socio-environmental aspects, such as deforestation, production in protected areas and the productivity of supplier farms, despite all the progress made in the responsible cattle ranching chain in the Amazon. The slaughterhouse have known and monitored the supply chain of cattle for slaughter in successive and ongoing rounds of talks and negotiations that began at the end of 2010. (see [https://www.beefontrack.org/boinalinha\\_info\\_n\\_2.pdf](https://www.beefontrack.org/boinalinha_info_n_2.pdf)).

However, major companies in the beef industry and retailers operating in Brazil have in recent years announced commitments to the Cerrado biome and to responsible beef production. This was confirmed when JBS and Minerva set deadlines to end illegal deforestation in the biome (respectively 2025 and 2030) and Marfrig set deadlines to end deforestation (2030), often driven by agendas and commitments previously set by retail companies such as McDonald's (2020) and Mars (2025) in previous years. These results come from a pre-analysis carried out for the development of the *Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado*, the initial version of which was announced at the Cerrado national day celebrations in 2021 and which should be the cornerstone for the development of a Unified Protocol for the Cerrado. (<https://www.cerradoprotocol.net/the-cerrado-protocol>).

The feasibility to implement commitments for the Cerrado must be based on the lessons learned from the whole process performed and under way in the Amazon, maintaining alignment to the practices adopted by companies but also with regard to the creation of an environment open to dialogue and a governance that enables the parties to reach their targets. All this needs to occur within a backdrop of a Climate Emergency forecast of temperatures in the central region of Brazil rising by up to 5.5°C and rainfall levels dropping by up to 30% in this century, which will have a potential impact on Brazilian agribusiness (IPCC AR6 WGI).

<sup>1</sup> According to the data processed from the databases: Pastures LAPIG (2019), Rural Environmental Registry - SICAR/SFB/MAPA (2021) and deforestation - Prodes-INPE (2020)

<sup>2</sup> According to the data processed from the databases: Pastures LAPIG (2019), Rural Environmental Registry - SICAR/SFB/MAPA (2021), Indigenous Land - FUNAI (2021), Protected Areas - MMA (2021) and Quilombola Land - INCRA (2021).

## Building a new monitoring protocol - this time for cattle ranching in the Cerrado

The *Cerrado Protocol* was based on two approaches:

- The platform analyses (Forest 500, Trase and Supply Change), sectoral commitments (TAC, NYDF, Amsterdam Declaration, Chinese Sustainable Meat Declaration and Austrian Market declaration), technical benchmarks (AFI and CFA) and company commitments.
- In addition, the *Monitoring Protocol for Cattle Suppliers in the Amazon* (go to <https://www.beefontrack.org/categoria/monitoring-protocol/>).

### The criteria of the Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado

#### 1. Geospatial analysis

- 1.1. Illegal conversion of native vegetation
- 1.2. Deforestation and conversion free
- 1.3. Indigenous land
- 1.4. Quilombola land
- 1.5. Protected Areas
- 1.6. Environmental Embargoes (vector)
- 1.7. Changes in CAR boundary limits

#### 2. Analysis of public lists

- 2.1. Environmental Embargoes
- 2.2. Slave Labor

#### 3. Document analysis

- 3.1. Rural Environmental Registry
- 3.2. Animal Transit Guide

#### 4. Productivity

The purpose was to identify how the beef value chain is overseeing the production and processing sector in the Cerrado biome with the aim of aligning the Cerrado Protocol, its criteria, rules and parameters with the unified Amazon Protocol, which has undergone an exhaustive process of debate and negotiation before reaching its final version in May 2020.

Therefore, the Cerrado Protocol, in line with the unified Amazon Protocol, has adjustments based on the monitoring specifics of each biome and includes opportunities for future consideration.

## How monitoring can affect cattle farms in the Cerrado

### Farms and deforestation after 2008

Based on a study carried out by Imaflora, **cattle ranches account for 774,337 or 73% of all rural properties in the Cerrado**, according to those that had been registered in CAR until August 22, 2021. The reference assumed to determine if the rural property has any use for cattle ranching was the existence of pastures within its boundaries, according to the Digital Atlas of Brazilian Pastures (LAPIG) database.

Going back to 2008, the year in which Law 12561/2012 on the Protection of Native Vegetation ([Forest Code](#)) was implemented, it was found that from 1 August 2008 to 31 July 2020 the **accumulated deforestation in the Cerrado biome reached 10,925,042 ha**. The states at the top of the list are: Mato Grosso, Tocantins, Maranhão, Minas Gerais, Goiás and Bahia, with a caveat that Mato Grosso and Maranhão have a significant portion of their area in the Amazon biome.

## Deforestation as a criterion for supplier analysis

The number of farms used for cattle ranching with deforestation in the biome can be estimated by cross-referencing these two pieces of information. Three parameters were considered in the analysis for PRODES Cerrado and they involved selecting deforestation polygons > 0.1ha, > 1.0ha and > 6.25ha. The results revealed that **269,031 rural properties with pasture have some degree of deforestation, totalling 7,545,037 ha** of the total deforested area in the biome.

By adopting the minimum basis of the PRODES Cerrado methodology for monitoring cattle suppliers, i.e. **deforestation polygons > 1.0 ha, 204,695 rural properties** were considered unsuitable in terms of the Protocol's illegal deforestation criteria (26.4% of all properties associated with cattle ranching in the biome). In terms of the deforested area, these properties would cover **98.8% of deforestation**.

By using the same parameter defined for the unified Amazon Protocol for deforestation, i.e., **polygons > 6.25 ha** and overlaps of the polygons with rural properties also > 6.25 ha, the number of non-compliant rural properties reduced to **93,587 units** (12% of all properties associated with cattle ranching in the biome) **and 63.6% of the deforested area in the period or 4,800,419 ha**.

The results show which paths the companies should follow to find out how best to tackle the deforestation issue, while at the same time encompassing most of the existing illegalities in the chain and not putting too much pressure on the production chain for the implementation of actions to monitor supplying farms. The measure of the impact that the companies will assume must be proportional to the regularization programs of the producers that are needed for a responsible chain, if not, an unprecedented socio-economic problem may arise in the beef value chain in the Cerrado biome.

## Private areas x public areas

Other analyses were carried out using public data regarding Protected Areas (PA - MMA), Indigenous Land (IL - FUNAI) and Quilombola Land (QL - INCRA). All the bases were the most recent ones available in the data sources of the respective public entities.

The overlap parameters used are the same as those defined in the Unified Amazon Protocol, where overlaps into PA, IL and QL have lower percentages of tolerance (technical rule to reduce errors) the larger the rural property.

In general, the analyses showed that a small number of rural properties overlap into public areas when compared to the large amount of rural properties located in the biome, totalling a percentage of less than 1% with basis on the criteria adopted. In other words, the land conflict problems, when in fact applicable, are restricted to a few rural properties, which shows that implementing the criteria for overlapping private areas over public ones, for the purpose of monitoring cattle suppliers, is not an obstacle to companies, even if they are concentrated in specific areas and may pressure some companies more than others.

### Indigenous land - IL

A total of 1,365 of the 774,337 rural properties with pastures have areas that overlap IL<sup>3</sup>. After applying the technical rule, **573 rural properties continued to overlap** (0.07% of all rural properties with pastures located in the Cerrado). Approximately 80% are in Maranhão and Mato Grosso do Sul.

The area of **IL that overlaps with rural properties totals 309,476 ha**, restricted to large private properties, with 73% of the area. Maranhão and Mato Grosso do Sul continue to be the largest in terms of overlapped areas.

<sup>3</sup> IL considered: Declared, Approved and Regularised.



### **Protected Areas - Sustainable Use**

A total of 557 of the 774,337 rural properties with pastures have areas that overlap PAs<sup>4</sup> for sustainable use. After applying the technical rule, **330 rural properties continued to overlap** (0.04% of all rural properties with pastures located in the Cerrado). Approximately 55% are located in the Distrito Federal and Maranhão.

The area of **PA - SU that overlaps with rural properties totals 180,976 ha**, restricted to large private properties, with 68% of the area. Goiás, Maranhão and Minas Gerais were the three largest states in terms of overlapped areas.

### **Protected Areas - Full Protection**

A total of 1,946 of the 774,337 rural properties with pastures have areas that overlap full protection areas. After applying the technical rule, **1,274 rural properties continued to overlap** (0.16% of all rural properties with pastures located in the Cerrado).

Approximately 55% are in Minas Gerais. Small private properties account for 63% of the total number of property categories.

The area of **PA - FP that overlaps with rural properties totals 436,872 ha**, restricted to large private properties, with 78% of the area. Maranhão and Mato Grosso continue to be the largest in terms of overlapped areas.

### **Quilombola Land**

A total of 1,328 of the 774,337 rural properties with pastures have areas that overlap QL. After applying the technical rule, **984 rural properties continued to overlap** (0.14% of all rural properties with pastures located in the Cerrado).

Approximately 48% are in Goiás and Tocantins. Small private properties account for 75% of the total number of property categories.

The area of **QL that overlaps with rural properties totals 526,087 ha**, restricted to large private properties and on Traditional Populations and Communities, totalling 80% of the area. Goiás was the state with the largest overlapping areas.



<sup>4</sup> Environmental Protection Areas (EPAs) were not considered in the study.

**Table 1:** Number of rural properties that overlap the monitoring criteria for public areas, total percentage of properties with some overlaps and percentage of properties in non-compliance with the criteria.

	Number of properties	Characteristics of the properties in 2020	% of overlapping properties	
			Total	% NC
<b>Rural properties</b>	774,337	properties with pastures in the Cerrado		
<b>Indigenous land</b>	1,515	properties that overlap IL	0.195	N/A
	573	properties with overlaps after applying analysis rule	0.073	37.8
<b>PA - Sustainable Use</b>	557	properties that overlap Sustainable Use PA	0.071	N/A
	330	properties with overlaps after application of the analysis rule	0.042	52.9
<b>PA - Full Protection</b>	1,946	properties that overlap Full Protection PA	0.251	N/A
	1,274	properties with overlaps after applying analysis rule	0.164	65.4
<b>Quilombola Land</b>	1,328	properties that overlap Quilombola Land	0.171	N/A
	984	properties with overlaps after applying analysis rule	0.127	74.1

## The governance needed to make progress in eliminating deforestation in the Cerrado

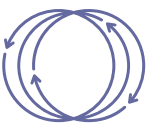
With the advent of the *Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado* a window of opportunity opens for the beef chain to move forward in ending deforestation and preserving the native vegetation of the Cerrado. By establishing itself as a feasible benchmark for monitoring cattle suppliers in the biome, those involved and stakeholders will be able to take their first step towards achieving a Unified Monitoring Protocol for the Cerrado, as well as improving the rules and parameters put in place by the *Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado - Version 1 for Review - July, 2021*.

However, based on the assumption that all existing commitments are voluntary, private and individual, it is necessary to create an environment that is open to dialogue and collaboration by involving the leading companies of the sector, which have become the trailblazers aimed at this alignment that is so important in establishing the sectoral agreement for the monitoring of livestock suppliers.

Therefore, the hope is that the process of establishing governance will gain momentum with the offer of the Cerrado Protocol. The expectation is for those involved and the stakeholders to take advantage of the wheels set in motion to negotiate the necessary key elements that can help them take another step, beyond commitment, in tackling the problems that exist in the supply chain with the inclusion of the productive sector that operates in the Cerrado biome.







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