COLUMBIA UNIVERSITY
SCHOOL OF INTERNATIONAL AND PUBLIC AFFAIRS
WORKSHOP IN DEVELOPMENT PRACTICE
Preliminary Terms of Reference
Fall 2011 – Spring 2012

Project Title: PROMOTING ENVIRONMENTAL SUSTAINABILITY AND LABOR STANDARDS IN BRAZIL’s BOOMING PALM OIL INDUSTRY : THE CASE OF AGROPALMA IN PARA STATE

Client/Host Agency: Agropalma
www.agropalma.com.br

Background: Palm oil is one of the most productive, profitable and versatile tropical crops, with a wide range of uses, including as a cooking oil, ingredient in commercial foods, cosmetics and soap products, and most recently as a biofuel. Although the oil palm tree originated in West Africa, global production of palm oil is now dominated by Indonesia and Malaysia. The rapid expansion of oil palm plantations in those countries has also fueled widespread international criticism. In particular, the oil palm industries in Malaysia and Indonesia are blamed for the widespread clear-cutting of tropical forests and the increase in carbon emissions resulting from burning forests to clear land, the displacement of pre-existing human settlements and small-scale economic activities, the introduction of a monoculture reducing biodiversity, and poor labor conditions on oil palm plantations. These concerns have led to a number of global efforts to promotes more sustainable production of palm oil, including the establishment of a Roundtable on Sustainable Palm Oil (RSPO) in 2003 and the establishment of certification mechanisms such as Certified Sustainable Palm Oil (CSPO). Major purchasers of palm oil such as Unilever have also committed to only purchase certified sustainable palm oil, with a phasing-in process to allow smallholder producers and other suppliers to convert to sustainable production..

Palm oil production in Brazil has a long history, but operated on a small scale until recently. However, in 2010 the Lula administration announced a Program for Sustainable Production of Palm Oil, aiming to rapidly expand oil palm cultivation on land that has already been deforested for cattle ranching or sugar cane production. It has been argued that palm oil would provide substantially more employment than cattle ranching, soy farming or other competing uses of the same land. At the same time, by promoting sustainable palm oil production, the Brazilian government hopes that Brazilian palm oil will be more attractive to international buyers such as Unilever on sustainability grounds.

The Agropalma Group is Brazil’s largest palm cultivation and
processing company. The company’s website states that “the Agropalma Group is a Brazilian company with the mission of manufacturing and trading, in national and international markets, palm oil and other products in order to enhance the sustainability of business operations through growth and follow the expectations of the all stakeholders.” The Group began the extraction and processing of palm oil in 1982 in the municipality of Tailândia, in the Amazon State of Pará, around 12 miles from the capital of Belém, and eventually became the largest producer of palm oil in Latin America, with control of the product life cycle including refined oil, vegetable fat and margarine. The company directly employs over 4,000 workers, and the company has built and maintains villages for them (“company towns”), providing housing, schooling, sanitation, water, power, health care, recreational centers, and tech centers with internet access. The production units of Acará, Tailândia, Belém and São Paulo are connected through this residential hub.

The primary market for Brazilian palm oil is currently domestic, but palm oil production in Brazil is expected to quadruple over the next decade, with serious potential consequences for environmental sustainability and labor conditions on palm oil plantations and in processing plants. Since the Lula administration’s announcement of its Program for Sustainable Production of Palm Oil, major energy companies such as Vale and Petrobras have announced plans to invest in palm oil based biodiesel.

Agropalma has made commitments to environmental sustainability and respect for labor standards through various certification schemes to which it has adhered in recent years. Through its ‘Dendê’ Family Agriculture Project, it has also encouraged smallholders to become oil palm producers and supported the formation of a growers’ association. To what extent Agropalma is in full compliance with its environmental and labor commitments, and whether these particular schemes fully address the sustainability and labor issues in Brazil’s oil palm sector, are key questions deserving close exploration.

Objective: Agropalma is interested in collaborating with a joint research team from SIPA and the University of Sao Paulo (USP) to review its compliance with national and international environmental and labor standards, including its compliance with existing certification and labeling instruments for sustainable palm oil, as well as identifying other standards that may be relevant.

Tasks: This project is expected to include the following tasks:

Desk research:
- Conduct comparative research on environmental and labor standards issues in palm oil production in Asia—which has been controversial-- and try to understand what Brazil and Agropalma
potentially add as value to the Brazilian and international market in the form of higher levels of sustainability.

- Understand Agropalma’s sustainability policies, as well as the various certification and labeling schemes to which it subscribes.
- Carry out comparative research on palm oil operations by Agropalma’s direct and indirect competitors in Brazil, including those moving into the industry spurred by growth in demand for palm-oil-based biofuels.

Field study:
- Visit Acará and Tailândia municipalities and interview key stakeholders, including NGOs, oil palm producers with exclusive delivery contracts with Agropalma, labor representatives and public agencies at regional level, to better understand Agropalma’s sustainable business model.
- Visit Sao Paulo in order to meet with Agropalma officials at their headquarters, and interview national stakeholders from the environmental and labor movements as well as relevant academic experts.

Analysis:
- In preparation for field visits and interviews, develop a checklist of missing points or weaknesses in the certifications and labeling instruments to which Agropalma has adhered, based on an examination of international best practices and critiques that have been made of these voluntary instruments.
- Explore what role state regulation has and could play in complementing or fostering voluntary self-regulation by Agropalma and its competitors.

Deliverables: The deliverables for this project are expected to include:

1) a detailed work plan;

2) draft report outline;

3) draft report;

4) final report;

5) presentation of initial findings to Agropalma staff at the end of the March field trip;

6) presentation of key findings and recommendations at SIPA in April 2012; and at IRI-USP in the second semester of 2012 (by USP team); and

7) presentation of the final report to Agropalma staff and key stakeholders in Belém (by USP team).
Requirements: Ideal candidates for the project team (of approximately four-five SIPA students and two-three USP students) should possess the following skills:

- Familiarity with core labor and/or environmental standards;
- Familiarity with field research and evaluation methods;
- Country/regional experience;
- Fluency in English (for all Brazilians) and Portuguese (for at least two SIPA team members – Spanish would be a plus for those who don’t speak Portuguese);
- Experience working in rural areas (a plus);
- Availability to travel in January or March; and
- High performance in group work.

Logistics: The Columbia student team will conduct desk research and informational interviews in New York City beginning in November 2011. The USP team will make arrangements to organize travels and develop support material for interviews in order to conduct joint field research in Brazil in January and March 2012. The joint team will complete its final report (or reports) by early May 2012.

The project will entail a close working relationship between the Columbia student team, the USP student team and Agropalma. The Columbia and USP students will work together as much as possible as a joint team, with divisions of labor as appropriate. IRI will assist the team in receiving relevant background documents on Agropalma policies and operations, will facilitate the team’s meetings with Agropalma’s staff and other relevant stakeholders, and will provide logistical support to the joint team in São Paulo.

It is expected that most of the students’ fieldwork will involve visits to Agropalma’s operations in Acará and Tailândia, both of which are close to Belém. Agropalma will provide logistical support for the team’s field visits to these facilities.