Environmental and social impact framework development

# Case Study:
# Farmer First Clusters

## Name of initiative:
Farmer First Clusters (FFC)

## Type of fund:
A collaboration of agribusinesses that funds landscape-scale solutions to address the drivers of deforestation.

## SDG Focus:


[1] The five agribusinesses are: ADM, Bunge, Cargill, COFCO International and Louis Dreyfus Company.

[2] The Agriculture Sector Roadmap to 1.5°C is a set of commitments and plans made by 14 multinational agri-businesses in 2022 to "de-couple" the production and sourcing of cattle, palm oil and soy from deforestation.

[3] Brazil's Forest Code requires landowners to designate and maintain a percentage of their property area as an area of "Legal Forest Reserve" (Reserva Legal). The percentage varies depending on the biome: it is set at 80% in the Amazon and between 20% and 35% in the Cerrado. Any land with native vegetation cover beyond the required percentage is considered surplus legal reserve. See law 12,651 of May 2012, Chapter IV, Section I, Article 12.

UN environment programme WCMC

## Overview

Farmer First Clusters (FFC) is an initiative aiming to address systemic drivers of deforestation and land conversion in soy supply chains in the Brazilian Cerrado by aligning market incentives with sustainable land-use practices. It is funded by the Soft Commodities Forum (SCF), a collaboration of five major multinational agribusinesses hosted by the World Business Council for Sustainable Development (WBCSD).[1] This partnership supports the SCF members' landscape transformation commitments under the Agriculture Sector Roadmap to 1.5°C.[2]

Through FFC, the SCF funds implementing partners to deliver tailored technical and financial support to farmers and foster cross-sector collaboration in six priority landscapes (see Figure 1). The priority landscapes were selected based on a number of factors including their historical rates of deforestation and conversion, proportion of illegal deforestation and conversion, whether they were a sourcing region for an SCF company, availability of implementing partners and local governance conditions.

FFC is implemented by a network of five partners with established work in SCF's priority landscapes (see Figure 2). This arrangement allows funding from the multinational agribusinesses to be channelled through local implementing partners to interventions that are appropriate for producers. The partners offer tailored support to match the diverse needs of producers, executing on five complementary solution types:

- payment for protection of surplus legal reserve [3]
- restoration of native vegetation in degraded land
- technical support on sustainable production and Forest Code compliance
- support for farmers to apply integrated crop-livestock farming systems combined with either ESG monitoring, access to sustainable finance and capacity building, or
- incentives to expand soy over degraded pastureland

The financial and technical assistance that these solutions provide are expected to deliver social and environmental impacts by benefiting producers, their land and local communities. On enrolment, producers are required to sign a deforestation- and conversion-free (DCF) commitment. Producers may access more than one solution and engage with more than one implementation partner, with an expected proportionate increase in their DCF commitment. Enrolment is open to farms of all sizes. Participants range from smallholders to agribusinesses managing tens of thousands of hectares.

The five solutions are being piloted for an initial three-year period. FFC intends to scale the most impactful of these interventions to operate for longer periods and at landscape scales. In the long run, the program aims to develop self-sustaining financial models for sustainable production.



**WBCSD created the Farmer First Clusters initiative and sponsored the development of this case study, which was drafted by UNEP-WCMC. UNEP-WCMC were also consulted by WBCSD in the process of developing the impact indicators for FFC.**

World Business Council for Sustainable Development

**Table 1:** The indicators in FFC's monitoring and evaluation framework, with associated metrics. The indicators are closely aligned with recommendations by IFACC (top), the Land Use Finance Impact Hub (middle), and The Consumer Goods Forum Forest Positive Coalition (bottom)

| Indicator | Metric | Alignment |
|---|---|---|
| Protected native vegetation | Area (ha) of protected vegetation in soy farms covered by the project | IFACC, UN environment programme Land Use Finance Impact Hub, FORUM Forest Positive |
| Surplus Legal Reserve | Area (ha) of surplus legal reserve in soy farms covered by the project | IFACC, FORUM Forest Positive |
| Avoided deforestation | Potential avoided deforestation (ha) | IFACC, UN environment programme Land Use Finance Impact Hub, FORUM Forest Positive |
| Area restored | Total area (ha) restored by the project | IFACC, UN environment programme Land Use Finance Impact Hub |
| Yield | Average tonnes per hectare of soy produced on participating farms | IFACC, UN environment programme Land Use Finance Impact Hub, FORUM Forest Positive |
| Livelihoods/ quality of life | Producer perceptions of changes in quality of life and producer level of satisfaction | IFACC, UN environment programme Land Use Finance Impact Hub, FORUM Forest Positive |
| Avoided emissions | Avoided GHG emissions from avoided deforestation/conversion | IFACC, UN environment programme Land Use Finance Impact Hub |
| Carbon stock | CO2 stock maintained in forests protected by the program | IFACC |
| Carbon Sequestration | GHG sequestered through restoration of native vegetation | IFACC, UN environment programme Land Use Finance Impact Hub |

To align reporting and enable robust impact measurement across solutions, FFC has adopted a monitoring and evaluation framework that includes a set of impact indicators (see Table 1). This case study highlights the challenges that FFC has faced developing and implementing this framework, the solutions they have generated, and the lessons learned from these.


**Figure 1:** Map of the priority municipalities (highlighted in green) that FFC solutions are currently deployed in. These municipalities are located in the landscapes of Western Bahia, Eastern Goiás, Southern Maranhão, Western Mato Grosso, Northeastern Minas Gerais and Tocantins. The boundaries and names shown, and the designations used on this map, do not imply official endorsement or acceptance by the United Nations. Municipalities data sourced from Instituto Brasileiro de Geografia e Estatística, here.

## Challenges

FFC is a complex initiative. Diverse stakeholders including multinational agribusinesses, implementation partners, and beneficiary farmers are trying to address drivers of deforestation and conversion across several priority landscapes. Because of this complexity, achieving and demonstrating environmental and social impacts required addressing a number of critical challenges, which are outlined below.

**With multiple implementing partners executing multiple projects with hundreds of farmers, one challenge was that the impact indicators needed to work across these varied projects, for varied stakeholders, while still aligning with best practices.** The chosen indicators also needed to communicate benefits to producers, agribusinesses and implementing partners who have differing use cases. For example, agribusinesses were interested in greater granularity and clarity in the carbon indicators for reporting purposes, whereas producers had less interest in carbon because they do not see a mature market for it yet. Producers favoured indicators that might help them to negotiate better interest rates with financial institutions (for example, on native vegetation protected, or surplus legal reserve).

**As a voluntary initiative, FFC has faced challenges recruiting farmers in its priority landscapes.** Targeting producers in high deforestation- and conversion-risk areas is an ambitious strategy that aims to create the most additionality and impact. However, this strategy also increases the challenge of recruiting producers to the scheme, and the risk of producers enrolled not abiding by FFC's DCF requirements. The opportunity cost to Cerrado soy producers of refraining from legally converting land to grow crops is very high. Financial and technical incentives must bring real value-add at the farm-level.

**A further barrier to additionality is that producers have no obligation to refrain from deforestation or conversion for longer than their initial DCF commitment.** Producers receiving support from FFC implementing partners are required to commit to DCF within the farm, based on the area registered in the Rural Environmental Registry (CAR),[4] for one to three years. The length of the commitment depends on the project being implemented, but after this period there is no barrier to converting their land, where allowed within the scope of the Forest Code.[5]

**Furthermore, designing and implementing impact indicators for carbon that rigorously capture additionality is challenging.** There are many uncertainties associated with measuring additional carbon sequestration, including correctly estimating how much carbon is stored, and how much of it would not have been stored without the intervention.

**A final challenge came in attributing impact to funding members.** Supply chains are fragmented across landscapes, which means that landscape-scale solutions must be able to draw on funding from multiple SCF members and disburse it centrally across multiple supply chains. Ideally, decisions about how and on whom funding for each solution is spent should be made to maximize additionality and impact, agnostic of the funder. However, each SCF member needed to be able to link the outcomes to the funding they provide, creating risk of a disconnect between the landscape scale at which solutions are implemented, and the supply chain scale at which SCF members aim to attribute impact.

**Figure 2:** Implementing partners and the solutions they provide. Green finance is still being scoped as a solution and a partner has not yet been selected to implement it.




[4] The Cadastro Ambiental Rural (CAR) is a mandatory electronic land registry system for rural Brazilian properties, which parcels farms into management units. CAR was established by the Brazilian Forest Code (Law No. 12.651/2012). Producers' DCF commitments under FFC covers all of the CAR area enrolled.

[5] The DCF commitments that producers must agree to when they enrol can be found in Table 4 on page 32 of the Soft Commodities Forum 2024 Progress Report.

## Solutions

WBCSD, SCF members and FFC implementing partners have worked together to find solutions to the challenges listed above and are continuing to evolve the initiative to be as effective as possible.

**To address the impact measurement challenge, FFC spent two years developing a set of impact indicators (listed in Table 1).** As a practical starting point, FCC prioritized process and impact indicators that implementing partners were already collecting data for. WBCSD, as the Secretariat of the initiative, played a convening role. They hosted a series of discussions between SCF members and implementing partners to agree on indicators that would be useful to SCF members, implementing partners, and enrolled producers, while taking into account reporting burden and feasibility. Finally, they conducted an alignment exercise with frameworks that provide guidance on best practice for measuring environmental and social impact in land use finance, such as the Positive Impact Indicators Directory and the IFACC Impact Indicator Guidelines. This alignment exercise, as well as discussions with the developers of the respective guidance, led to the integration of additional indicators that are considered best practice. This development process took two years.

**Discussions to improve the granularity and clarity of some of the impact indicators are ongoing.** In particular, conversations with stakeholders downstream in the soy value chain have sparked an interest in further developing the carbon indicators. While the carbon credit market in Brazil is still underdeveloped, carbon finance could become part of a solution to long-term funding in the future.[6] Currently, several implementing partners have different methodologies for measuring the carbon impact indicators. The SCF is working to harmonize approaches under a common methodology for consistency (for example using the GHG Protocol, Cool Farm Tool or similar).

**To ensure that the outcomes are delivered with integrity, partners perform due diligence on producers who enrol.** To enrol in an FFC solution, producers must meet general eligibility criteria, which include respecting anti-slavery directives and committing to zero deforestation or conversion, and solution-specific criteria chosen by the partners.[7] The implementing partners also conduct additional reviews for managing risks that are particular to their project. This due diligence varies between partners based on the type of solution and existing processes of the partner. Allowing implementing partners to self-report is intended to keep costs down and the process efficient, but it requires a high degree of coordination between the secretariat and implementers and currently lacks formal third-party verification.

**Existing relationships are leveraged to access producers.** Response rates were low when the implementing partners reached out to producers without holding an existing relationship with them. To address this challenge, implementing partners started to collaborate with FCC members' commercial teams who often hold closer relationships with producers. FFC created a producer engagement guide to standardize the enrolment process for commercial recruiters, who have different knowledge and priorities to implementing partners. FFC also produced tailored leaflets for producers detailing the funding and support opportunities available to them. Implementing partners continue to engage directly with producers where the opportunity is available.

**"With the support of Parque Vida Cerrado, we now know how much biodiversity exists on our farm. This has given me and our team a sense of pride in what we already do to protect the native vegetation and the wildlife that lives in it. I wish more people, in Brazil and abroad, knew about this and recognized how much Brazilian farmers already contribute to environmental preservation."**

- Producer in Western Bahia, working with Parque Vida Cerrado under FFC



[6] For more information on the carbon credit market in Brazil, see: NBSAPs and Private Finance Outlook: Brazil

[7] The farm eligibility criteria for FFC solutions can be found in Table 4 (pp 31 – 32) of the Soft Commodities Forum 2024 Progress Report.

As the initiative matures and producers collect more extensive data, FFC hopes that data collected against the indicators and data validation by the implementing partners will enable producers to secure better financing terms with financial institutions. This would require improving the use of the indicators to reduce the institutions' perceived risk of lending to farmers. If this concept can be proven under FFC, the evaluation and monitoring framework could become a key benefit for producers and encourage enrolment in the future.

**FFC aligns impact measurement and impact attribution by collaboratively funding solutions at the landscape scale across all SCF members' supply chains and then attributing the impacts of each solution proportional to the funding disbursed to that solution**. The more funding a SCF member provides to a solution, the more the impact of the solution is attributed to that member. This design allows the implementing partners to deploy solutions where they will have the most impact, while also seeking to maximize alignment with each funder's supply chain.

**Table 2: Results as of May 2025.** Yield and Livelihoods/Quality of Life are omitted due to lack of data. + indicates that this is a minimum figure. See Table 1 for more information about the indicators.

| Indicator | Results |
|---|---|
| Protected native vegetation | +284,090 ha |
| Surplus Legal Reserve | +46,143 ha |
| Avoided deforestation | +284,090 ha |
| Area restored | 220 ha |
| Avoided emissions | 2,194,239 $tCO_2$ |
| Carbon stock | 593,308 tC |

## Results and additionality

Although the projects are still at an early stage of implementation (2024 was the first year of the initial three-year phase), partners have started reporting against some of the core indicators (see Table 2). By May 2025, FFC had invested USD 2.4 million and secured commitments to protect over 280,000 hectares of native vegetation, including over 46,000 hectares of surplus legal reserve. A further USD 1.9 million has been committed for year two. FFC has attracted co-investment from soy buyers further downstream in supply chains, formalized through the Sustainable Landscapes Partnership (SLP) with members of the Consumer Goods Forum-Forest Positive Coalition.

**To ensure greater additionality, FFC is developing a long-term funding strategy to enable the extension of the DCF commitments beyond the three-year pilot.** FFC is actively working on ways to leverage the anticipated benefits of the projects to secure additional funding. In the short term, this could include grant funding from corporates, philanthropy and development banks. In the longer-term, FFC is seeking sustainable financing from investors and banks who are seeking financial and environmental returns from the most relevant solutions.

## Lessons Learned

**Environmental and social impact frameworks should align existing expertise with best practice.** FFC leveraged the expertise of implementing partners by building their framework around indicators that partners were already collecting data for. Resources like the Land Use Finance Impact Hub provided practical guidance for strengthening environmental and social frameworks by aligning them to best practice.

**Early conversations with farmers and agribusinesses about impact indicators enabled the indicators to be targeted to their needs.** Outcomes measured against robust and relevant indicators can help stakeholders to evidence their impact and justify their involvement in the scheme. This is particularly true for stakeholders such as agribusinesses and implementing partners, who, unlike farmers, don't benefit from the solutions directly. It is also key to FFC's success that outcomes and associated indicators are meaningful to the producers. Since demonstration of positive impacts of the initiative will become more robust over time as more and better data is collected, it is beneficial to start collecting the right data as early as possible.

**Strong governance is critical.** FFC is led by the SCF within WBCSD and collaborates with the Brazilian Association of Vegetable Oil Industries (ABIOVE). [8] In this governance structure, ABIOVE serves as the financial intermediary, data broker and antitrust barrier between the SCF Secretariat, corporate members and implementing partners. This intermediary partner is key to convening the corporate partners, ensuring data confidentiality and engaging effectively with partners on the ground.

**Building trust is essential. Leveraging existing relationships can serve as an effective mechanism to engage farmers who are difficult to reach.** People who hold these relationships can catalyse introductions between farmers and new initiatives, but it is important that they have clarity about the benefits the initiative brings to farmers and can communicate these benefits effectively. This includes implementing partners, SCF members' commercial teams and farmers already enrolled who can share their experiences with prospective new joiners.

**Developing a deep understanding of producers' perspectives and circumstances is important to identify gaps and opportunities.** Producers' decisions are informed by many factors, including financial incentives. In evaluating performance from FFC's first year, the Secretariat has recognized the need to better understand the gaps and opportunities for improved producer uptake and performance. To facilitate this understanding, FFC is conducting a survey of enrolled and prospective producers in 2025. This survey will be complemented by in-person interviews with the implementing partners and a subset of enrolled producers. The survey and interviews will inform improvements to the program, which will include sharpening the value proposition to producers across the priority landscapes.

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**[8]** ABIOVE is Brazil's main soy agribusiness trade association, which all the SCF members are members of.