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High Performance

# UNICA: Equipping low-income workers with new skills, at scale

By Raghav Narsalay, Ryan T. Coffey,  
Aarohi Sen and Leandro Pongeluppe

Case Study



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**A company's ability to equip employees with the skills they need has always been a hallmark of success. But in labor-intensive industries that depend on workers from low-income communities, training efforts must often be done on a massive scale to have an impact. With the "RenovAção" initiative, UNICA has proven that "reskilling" at scale in labor-intensive industries is possible. The key to this task: effective stakeholder engagement and management.**

### **Impact of the inclusive business initiative**

UNICA, established in 1997, is Brazil's largest sugarcane industry consortium, representing sugar, ethanol and bioelectricity producers. Members of UNICA currently contribute to more than 50 percent of ethanol production and 60 percent of sugar production in Brazil.

The consortium was initially established to support the advancement and competitiveness of Brazil's sugarcane and ethanol industries in global markets. However, as Brazil rapidly increased its ethanol production, critics began to raise environmental concerns about the methods used to harvest the sugarcane used to produce ethanol.

In 2002, the Brazilian state of São Paulo—the main base of sugarcane harvesting in Brazil—passed a law that called for the elimination of pre-harvest straw burning in sugarcane fields by 2021. The new regulation threatened to significantly change how the industry operates, as the industry's labor-intensive hand-harvesting model relied heavily on burning sugarcane straw to remove sugarcane straw (the plant's top and leaves) as well as to drive away snakes and animals that might harm the cutters.

In response, UNICA institutionalized an initiative by the name of "Green Protocol." This initiative aimed to end straw burning by 2014 by mechanizing the harvesting process of sugarcane. However, ending such a practice would lead to two challenges: a huge layoff of workers specialized in the manual harvesting of sugarcane and a lack of skilled laborers to operate the harvesting machinery.

To address these two challenges simultaneously, UNICA decided to coordinate the efforts of stakeholders (from machinery companies to communities and civil society organizations) in the development of a retraining program called RenovAção (meaning "renewal" in Portuguese). This would enable sugarcane workers to retain their jobs and even increase their wages by becoming operators of sophisticated harvesting machines. Sugarcane companies were also expected to gain from the greater availability of qualified labor to meet the demands of mechanization, and the ability to implement a more efficient, non-polluting harvesting process.

The project is training 3,500 farm workers every year, from both sugar-intensive as well as other sectors in different regions of the state of São Paulo. The courses, many consisting of more than 300 hours of class-time, have helped the community increase their income levels by almost 80 percent (in average from US\$323 to US\$582), in addition to enhancing their employability.

### **Barriers to scale**

**Low literacy levels:** The lack of schooling among the majority of workers was a formidable challenge. Having large numbers of illiterate workers created a major barrier to their transition to new work, mainly because most new functions in mechanized harvesting required an intermediate level of literacy. For example, truck and harvester operators needed to know how to read and understand written operational instructions.

**Capacity constraints:** Despite the positive impact of the program, mechanization reduced levels of employment among former cane cutters. Only 70 percent of the re-trained workers were employed in the sector after the program. Thus, for the remaining unemployed workers, other requalification avenues needed to be proposed and designed.



"The RenovAção Project relies on a multi-stakeholder approach, engaging major players of the sugarcane supply chain. It clearly demonstrates that coordinated efforts from committed partners can make a difference, promoting sustainability and better opportunities for rural workers."

—Eduardo Leão,  
executive director of UNICA

## Strategies for success

**Clear definition of tasks and a lean organizational structure:** UNICA made it a point to clearly define the responsibility of each actor involved in the program. UNICA's staff for the project included just four people: the executive director (in charge of defining the general strategy of the program and keeping the associated firms informed about its progress), the CSR director (in charge of interacting with stakeholders and coordinating the whole chain), the project coordinator (in charge of finance and managing the use of resources), and the sustainability analyst (in charge of implementing the strategy and operationalizing the project). This lean structure enabled the rapid transmission of information to stakeholders and made decision-making more efficient.

**Adopting a customer-driven model:** UNICA understood the demands of the communities through the help of state, national and industry organizations. Most of the training courses get defined according to the market demands of the sugarcane companies, but the program also takes into account the economic activities and needs of each region and community. The association also encourages workers to suggest courses they would like to take. To help the requalification of workers who would not operate harvesting machines, UNICA works with government agencies to foster other entrepreneurial initiatives. For instance, in one city, a group of workers previously employed by the sugarcane industry retrained to become bakers and set up their own shops.

**Managing complex collaborations with diverse stakeholders:** The RenovAção project is a multi-stakeholder collaboration project, and having a democratic approach to decision making has been vital to its success. The role of UNICA is to coordinate

all the stakeholders, and to manage the resources invested in the development of the courses. The stakeholders participate in a committee, with each one investing the same amount of money (US\$ 176,000), with exception of two government agencies (FERASP and SENAI), which coordinate the workers and execute the courses. Each company has one vote on the committee, which meets every two months at UNICA's office.



## Company information

Brazil is the world's leading producer and exporter of ethanol. Between 2000 and 2011, Brazilian production of ethanol increased from around 10 billion liters to more than 27 billion liters.

UNICA is an industry association comprised of 146 firms from the sugar and ethanol sector in Brazil, especially in the state of São Paulo. Firms that are part of UNICA are jointly responsible for more than 50 percent of Brazilian ethanol production and 60 percent of sugar production. UNICA has two international offices (one in the United States and one in Europe) responsible for providing information on trends in the global sugarcane and ethanol markets and advances in sugarcane agricultural technologies.

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## About the authors

**Raghav Narsalay** leads the research team in India for the Accenture Institute for High Performance. He is based in Mumbai.

**Ryan T. Coffey** is a senior research specialist with the Accenture Institute for High Performance. He is based in Mumbai.

**Aarohi Sen** is a research specialist with the Accenture Institute for High Performance. He is based in Delhi.

**Leandro Pongeluppe** is a research scholar with INSPER in Brazil. He is based in Sao Paolo.

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