

ANNEX 1: FOREST CERTIFICATION IN BRAZIL

THE PARALLEL EVOLUTION OF COMMUNITY FOREST MANAGEMENT IN THE BRAZILIAN AMAZON¹ AND FSC CERTIFICATION

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Until the beginning of the 1990's, timber companies were considered to be the main enemy of the forest by the media, social movements, NGO's and people living in it. At best, in the view of more tolerant persons, the wood industry was indirectly responsible for forest destruction because, as it opened up access to forestlands, it was followed by farmers and ranchers.

In the view of more radical persons, the leaders of logging companies in the Brazilian Amazon equated management of production forests with illegality, robbery, violence and forest destruction.

In many locations of the Brazilian Amazon Region, especially in Xapuri, State of Acre, and Marabá and Gurupá, State of Pará, local communities banded together to organize strong movements against the presence and operations of logging companies in their areas. In the State of Acre these movements, organized by rubber tappers and their families under the leadership of Chico Mendes, who was murdered in 1988, became well known as “empates” (“ties”). This type of situation validated for a long time the concept that forest management for wood production was a bad omen forecasting destruction and violence.

On the other hand, the same industry that experienced a marked conflict in its relationship with the community, enjoyed a commercial partnership with its members and, furthermore, the community was an important accomplice of the industrial production system. This was particularly true for operations based on flood plain areas (“várzea”) where, in most cases, log production is based on small-scale, manual operations and informal management schemes.

Working conditions in those timber companies were very bad. In addition, most of the labor force was hired only during the months of the year when the weather made logging possible. These were the main reasons why labor unions were highly critical of forest activities.

The timber industry conditions described above were the prevailing ones in the Brazilian Amazon Region in 1992, when the Earth Summit was organized in Rio de Janeiro, and when the first

¹ This article focuses on community forest management of natural forests in the Brazilian Amazon. The nature of community management that encompasses small scale production, organized in some collective fashion, could be explored further in the future to also cover the experiences of small scale forest management development linked to forest companies in southern Brazil, as well as the experiences with forest restoration associations. These groups account for more than fifty thousand producers in Brazil.

meetings towards the creation of FSC² were held in a number of producing and consumer countries. Also at this time, the first initiatives to discuss community forest management in Brazil began.

Motivation for Forest Management and the Adoption of a Certification System

Initiatives to consider forest management as a possible solution to the problems faced by communities originated from two different situations: the need to protect their territory and the need to generate alternate sources of income.

Examples of territory protection are projects such as the Xikrins do Catete Indians, in the State of Pará, and the Rondônia Rubber Tappers Organization, OSR, in the State of Rondônia. In both cases, the local populations experienced territorial invasions by logging companies in search of mahogany, cedar and other valuable species. These companies not only stole the logs, but also encouraged corruption of community leaders by buying the wood at extremely low prices and paying them on the side. The ousting of the logging companies was followed by the establishment of management plans that could assure a reasonable permanent income to compensate for the loss of sales to illegal loggers. Probably, for the rubber tappers the motivation was more due to their need to assure the integrity of their forestlands for collecting latex, rather than the need to generate income. More information is needed to better characterize this case.

However, the great majority of community forest management projects originated from the need to generate alternative sources of income. This model can be more clearly observed in the first three management projects established in the State of Acre, namely: Assentamento Pedro Peixoto (Pedro Peixoto Agrarian Settlement), PAE Chico Mendes (Chico Mendes Extractivism Area Project) and PAE Porto Dias (Porto Dias Extractivism Area Project). In Pedro Peixoto, 50% of the area had to be kept as forest, in order to encourage a proactive attitude towards the maintenance of this area under forest cover. EMBRAPA³ established a pilot project for forest management involving 10 local producers so that they would be provided with income from the forest. In the other two extractivism projects, PAE's Chico Mendes and Porto Dias, forest management came in the late 1990's, when the prices of natural rubber were very depressed, as an opportunity to generate additional income, since the other main activity of the region, gathering of Brazil nuts – a seasonal and discontinuous activity - did not bring sufficient income to the local families. The small community village of Cachoeira had its second event of “empate”, with discussions pointing out that the forest was being eaten up from within and that it was important to generate more benefits from the forest in order to maintain it. For many years this issue remained quite controversial, especially among the leaders of the National Council of Rubber Tappers, CNS (Conselho Nacional de Seringueiros). The perspective of having a credible certified production system like FSC which included timber and non-timber forest products, and the example provided by other Latin American countries such as Mexico, Guatemala, Honduras

² Forest Stewardship Council

³ Empresa Brasileira de Pesquisa Agropecuária (Brazilian Agricultural Research Enterprise)

and Bolivia, contributed to a better understanding and a more definite acceptance of sustainable forest management from 1999 onward.

Certification of Community Management in the Amazon Region

The first pre-assessment visits for the purpose of certification took place in Rondônia in 1998 and were followed by over 10 other initiatives involving timber and non-timber forest products in the states of Rondônia, Pará, Acre, Amazonas and Amapá. The first community forest management certificate was granted in 2002 to the project led by the Association of Dwellers and Producers of the Chico Mendes Agro-Extractivism Settlement Project, AMPPAECM, (Associação de Moradores e Produtores do Projeto de Assentamento Agroextrativista Chico Mendes), located in Seringal da Cachoeira. By the end of 2002 two more projects shall attain certification: Xikrin do Catete, in the State of Pará, and Porto Dias Rubber Tappers' Association (Associação Seringueira Porto Dias), in the State of Acre.

It is worth noting that the number of community forest management projects is growing steadily in the Brazilian Amazon Region. A survey carried out by Amaral & Neto in the year 2000 indicated that there were 14 such ongoing projects in the region. In another survey, carried out in 2002 by the participants of the VI Workshop of Community Forest Management in Alter do Chão, State of Pará, the number of community forest management projects exceeded 20. Six of these projects are already going through some phases of the certification process and another three plan to seek certification in 2003.

All these projects were developed after the FSC certification scheme became fully operational in the country. In Brazil, FSC has the support of environmental groups and social movements. For this reason,

FSC certification is looked upon by the leaders of forest community projects as a goal worth pursuing, since it will be a positive factor in differentiating their production from that of a large number of timber companies that operate illegally or that use logging techniques that have a high impact on the environment.

None of the community forest management projects operating in Brazil exports or has plans to export its products in the near future. In many cases these projects have been geared strictly to supply the local market, i. e. in the same town or same state. Certification could also be a way to open the market of the more affluent and populous states of southern-central Brazil, where consumers are interested in certified products, especially architects and designers who require low volumes of high quality wood.

Adapting Legislation to Certification Standards

A series of workshops on Community Forest Management⁴ started in 1998 and continues to this day. The most recent convening took place in Alter do Chão, State of Pará, as mentioned above. Every year during these workshops, which bring together leaders of the main community forest management projects of the Amazon Region, problems and difficulties are identified and discussed in depth in search of solutions for the effective success of community forest management. Even if only in an informal way, the leaders of all the participating projects are committed to sustainable forest management whose minimum standards are the FSC principles and criteria. Community leaders and forest technicians involved in these projects are quite familiar with FSC standards, since a number of them are members of the Executive Board of the Brazilian Council for Forest Management (FSC/Br) as representatives of the Social Chamber.

As a result of these workshops, and of ensuing negotiations with the federal government and competent state agencies, between 1999 and 2001 a number of changes were introduced in the forest legislation applicable to the region in order to facilitate and make community forest management viable. A significant step was the simplification of the rules for preparing management plans and the relaxation of some of the requirements regarding the documents necessary as proof of land tenure.

In 1999 the discussions of the workshop held in Marabá, focused on the need to adapt forest certification standards to make them more appropriate to community forest management. As a result of these discussions, field tests were carried out in selected areas to evaluate the Brazilian standards for forest certification in highland forests (terra firma) of the Amazon Region. In addition, in 2002, a process to create specific standards for community forest management in the Amazon Region was started. These specific standards will consider the peculiarities of this type of project with respect to scale, intensity, complexity of social factors and the capacity of local communities to absorb the processes of forest management and certification.

The Paradox of Simplicity and the Need for More In-depth Evaluations

All evaluations made in Brazil with the purpose of certifying community forest management were carried out by evaluation teams from IMAFLORA, in partnership with SmartWood⁵. In addition to the expected difficulties related to implementation of good forest management, IMAFLORA identified a paradox in the certification process of community forest management projects: on one hand there is a strong demand for simplification of procedures and minimization of costs, and on the other, the demand for a longer and more detailed assessment.

⁴ With the exception of the year 2000, when two workshops were organized, these meetings have happened once a year since 1998. They are organized by IIEB, Imazon, WWF, IMAFLORA and Friends of Earth with financial support from GTZ, USAID and Pró Manejo. All relevant community forest management projects of the Brazilian Amazon Region take part in these workshops.

⁵ Except for the Xikrins project which was evaluated directly by the SmartWood Program due to a potential conflict of interest with IMAFLORA assessor teams.

Certification procedures are long and complex, involving a series of consultations, a detailed report based on technical standards that are difficult to understand (in order to comply with certification requirements) and, therefore, they can turn out to be a heavy burden to the community, possibly making it more dependent on outside help to obtain certification and enjoy its benefits. In response to these difficulties, the certification system has adapted itself to increased efficiency, by shortening the required administrative steps, and trying to simplify reports and tailor the standards.

On many occasions, the organization providing financial support and the communities themselves request that the certifier prepare a simplified report (in addition to the technical report) and make a presentation of the assessment results in a joint meeting with the community. On other occasions, it is suggested that the evaluation process (which normally occurs in periods that last for about three days) is too short and not long enough to capture all the complex aspects of the community and, therefore, such assessments should be longer or more frequent. All these suggestions are quite pertinent and have been applied, to a greater or lesser degree, in some cases. However, they imply a significant increase of certification costs that are not justified by the scale and intensity of the community forest management.

In order to solve the problem of increased costs, we have developed some specific tools. One of them is the Volunteer Auditors' Bank, whereby specialists in evaluating management projects offer their services at no cost or at significant discounts. A second one is the Social Fund for Certification, established by IMAFLORA in 1996 to subsidize the assessment of community forest management projects or small-scale, under-funded projects. The source of income for this Fund is a small fee of 3 to 5% added to the cost of certification of private companies. Ultimately, according to this scheme, larger timber companies are partially subsidizing the certification of community forest management projects.

However, these mechanisms are still insufficient since they do not solve the remaining problem which is that the certification process, due to its complexity, cannot be adequately absorbed by the community. It seems that closing the gap between the two sides of this paradox, while ensuring that the certification process be properly absorbed by the community, is one of the greatest challenges of certification in the coming years.

Other Certification Initiatives involving Communities

In Brazil, there is still another universe of forest management initiatives involving communities that are discovering forest certification as an instrument to legitimize their forest management efforts. These initiatives are being developed in various regions, such as in natural areas of the Central Savannah (Cerrado Brasileiro) for the production of fruit, seeds and dried flowers; in the Atlantic Forest (Mata Atlântica) for the production of palm heart, hierba maté, medicinal plants and piaçaba fiber, among others; and in the Northeastern Region (Sertão Nordestino) for the production of firewood, vegetable oils and waxes, among other products.

These initiatives shall have a great influence in the development of forest certification in Brazil, especially when applied to products used as raw materials by the cosmetic and phytotherapeutic industries which have shown a great interest in buying their materials from sustainable sources in Brazil, with a clear preference for projects that have a direct involvement with local communities.

Protecting their Territory: the Case of the Xikrin Indians

The discussions about the first community forest management project in Brazil started in 1993, the year that FSC was founded. The Xikrin Indians, tired of the constant and strong presence of logging companies invading their land in the region of Marabá, State of Pará, went to court to oust the invaders. The logging companies not only stole mahogany from indigenous lands but also recruited Xikrin leaders to sell part of their logs. With the support of the Socio-Environmental Institute (Instituto Sócioambiental, ISA) and the Association Bep-Noi for the Defense of the Rights of the Xikrin do Catete Society, established by the indigenous group in 1995, a management plan was prepared during the 1994-95 period. This was not only the pioneer community forest management project in Brazil, but until today the only management plan in effect on indigenous lands in Brazil. Because it is a highly controversial issue for all parties involved, since its inception the project decided to use the FSC Principles and Criteria as its basic standard. In a time when there were no native forests under FSC certification in Brazil, this commitment represented a heavy burden, since FSC standards were considered very strict. The project went through many phases and institutional struggles and it was finally approved in 1996 as a special, pilot project. Logging began in the year 2000, and the initial assessment for the purpose of FSC certification also was carried out in that year. Wood production continued in 2001 and certification is expected in 2002, after all conditions have been complied. The area under certified covers 44,000 hectares of forestlands.

Due to the high sensitivity presented by issues related to indigenous areas in Brazil, many potential buyers decided not to purchase wood from the management project. However for others, the FSC certification represents a guarantee that the project would not be the object of attacks by groups opposing forest management on indigenous land and, therefore, they would feel safe to do business with the Xikrins. A door manufacturer, who exports to Home Depot and other clients that require certified wood, became interested in the project and bought the first shipments in 2001, with hope that FSC certification would soon be a reality. In 2002 this manufacturer offered his help in getting the management project certified. The positive impacts for the Xikrin community forest management project are still to come.

The process of certification itself had requirements that became a limiting factor to the project. For example, certification imposes rigid conditions for workers' health and safety, in addition to the formal contracts that must be signed when they are hired. Since many of the logging activities are subcontracted to third parties, the project had to look for subcontractors that could meet these requirements, not an easy task for the conditions prevailing in its forests. Thus, these certification requirements became a significant limiting factor and a great obstacle to launching logging

operations. Many times the managers of the Xikrin project had to discuss subcontracting services with the same people involved earlier in illegal logging in the region.

DIRECT IMPACTS OF CERTIFICATION ON WORKING CONDITIONS: THE CASE OF BRAZIL

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Logging activities are among the most dangerous and unhealthy in the industrial sector in Brazil. Normally, people that work in this sector are those with low professional qualifications that were unable to find better jobs. Requirements for improving working conditions in order to obtain certification have led to deep changes in the way companies treat their workers. These changes include:

- o **Logging Camps** – Usually forest workers sleep in precarious tents built at the site with black polyethylene film, without adequate toilette facilities and a proper place to eat their meals. In certified operations, logging camps are equipped with sleeping quarters, bathrooms, eating places, office, first-aid room, and leisure space, such as TV and a sports court. In Manicoré, the enterprise Gethal Amazonas provided workers with transportable camp structures that could be pulled by a motor vehicle and taken from one area to another, thus shortening the time needed to move the logging crews through the forest and get them ready to work.
- o **Safety of forest operations**– Until 1995, the use of personal protective equipment (PPE) in forest activities was limited in Brazil to a few plantation-based industries, as a result of organized pressures from the part of labor unions and the Labor Ministry. In the Amazon region it was almost impossible to find any worker wearing PPE. Forest entrepreneurs argued that there was no use in providing them to the workers because this type of equipment (safety pants and boots, and hard hats) was quite uncomfortable in the tropical climate, or because they hindered harvesting operations (ear protectors). So, with the connivance of the workers themselves, things never changed.

Worker safety is an indispensable condition to attain certification. All workers must wear PPE supplied by the company in good condition and adequate to their specific activities. Workers must be properly trained to carry out forest activities safely and efficiently.

Until 1996 the municipality of Itacoatiara, in the state of Amazon, was considered the place in Latin America with the highest rate of fatal and serious accidents related to forest activities. Every year two or three people died working for Madeireira Itacoatiara Ltd. – MIL, the main local forest company. Since its certification in 1997, this company has had one fatal accident caused by the fall of a dead tree. This fact, which occurred last year, was so unusual

that employees mourned for two days. One year later, on the date of the accident, all activities were interrupted for half a day in order to pay tribute to the killed worker and discuss the issue of worker safety.

It is common for companies to organize internal safety committees to promote a safe work environment. In addition, they have to offer medical and hospital assistance to their employees and provide workers with regular medical check-ups.

o **Job Stability and Formal Work Contracts** – Forest activities, especially in natural forests, have a seasonal character: work must be interrupted during the rainy season. In the Amazon region, logging takes place from June to December, a period locally known as “summer” because rainfall is lower than in the rest of the year, known as “winter”. This reality normally brings two consequences: employees are overworked during summer and lose their jobs during the winter. Due to the fact that forest companies did not always rehire the same employees every year, there was no incentive to investing on training and capacity building programs. In order to avoid paying overtime, companies arranged to pay according to production and never formalized work papers, leaving employees without most fringe benefits, such as unemployment compensation, paid vacation, and the 13th salary that is mandatory in Brazil.

Since certification requires good working conditions, training programs and formal work contracts, by working with labor unions and representatives of the Ministry of Labor, the companies were able to establish a compensation mechanism called “bank of hours”, something similar to flextime adopted in some offices. According to this mechanism, during the dry season employees work one additional hour everyday. This extra time accrues during the summer and allows for the continuity of the work contract during the months when forest activities stop. All workers are legally hired, with work contracts properly specified in their work papers. In fact, this is a win-win situation: workers have job stability and guaranteed income throughout the year; in turn, employers have lower manpower costs and are able to invest on improving the technical capacity of the employees. Since there is less manpower turnover, the work teams become more skilled as they stay longer periods in the company. As a result, significant gains in efficiency are obtained over the years. A good example of this positive impact of certification is the fact that the productivity of the work teams of Mil Madeireira and Gethal, the first two enterprises to attain certification in the Amazon region, increased by at least 20% in the first two years after certification.

Another positive impact is the stability brought to the families of the workers that join the bank of hours, as identified by the forest workers’ union of Itacoatiara. One indicator of this fact is many workers decide to build a house for their families, an initiative that is encouraged by the forest enterprises. The bank of hour’s idea is being adopted by a number of companies operating in the Amazon, and even by agricultural companies that deal with seasonal activities.

o **Subcontracting** – A recent and quite popular trend in plantation forest enterprises in southern Brazil is to subcontract harvesting and maintenance operations with small local companies. In some cases this process improved salaries but, in general, it made forest working conditions worse. The worker ends up losing a number of benefits, especially long-term job stability. The argument normally presented by the companies is that their responsibilities only cover their own employees and that subcontracted workers are the responsibility of the company that provides the services.

FSC considers that certification principles and criteria apply equally to all workers carrying out activities in the forest management unit, be they hired directly or through another company. This way, differences in treatment between permanent workers and subcontractor's workers must be minimized.

This requirement had a significant impact on the working conditions of companies that manage plantations in southern Brazil. In 1997 Klabin do Paraná had excellent working conditions for its workers in all departments, and not so good for subcontractors' workers. In order to ameliorate this situation, a series of indicators were established, such as the use of PPE, quality of food and transportation, work contract papers, quality of logging camps, and availability of medical assistance. These indicators were very useful in bringing subcontractors in full compliance with the requirements specified in certification P&C with respect to working conditions. The results obtained through these indicators are presented to the labor union and to the certifier. In 2000 the differences in treatment between the two types of workers had decreased considerably.

Impact on Community Relations

By and large, forest operations in Brazil are the source of conflicts between enterprises and local communities. Due to the fact that FSC certification procedures have a strong focus on aspects related to land tenure rights and community relations, these two subjects are of fundamental importance during assessments carried out for certification purposes. The solution of these conflicts points to new directions in forest management: the construction of relations between forest enterprises and local communities. The following paragraphs describe some of the problems found during certification assessments and how certification catalyzed adequate solutions for them:

o **Respect for indigenous areas** – In theory, 19% of the surface area of the country consists of indigenous lands but, in practice, very few areas have been demarcated; examples of native populations having sovereignty over their territories are quite rare. Lumber companies frequently invade indigenous areas to cut mahogany and other valuable species; the same situation arises in extractivist reserves.

Forest operations undergoing certification must be completely detached from indigenous areas, even when they have a legitimate claim to land tenure rights and demarcation is in its

initial phases. During the evaluation process to certify Gethal it was noted that 4,000 hectares of the forest management area of the company were located in an area declared as of interest for establishing an indigenous reserve. For many years the company had considered putting that area under management but, as part of the certification process, this area had to be completely eliminated from its forest management unit. The legal status of this area is now being established by the National Foundation for Indigenous People (FUNAI).

It is worth noting that, according to the Brazilian standards recently approved by the FSC board of directors, Principle 3 and its criteria are applicable not only to indigenous peoples but also to other traditional communities such as “quilombolas” and extractivist communities.

- o **Compensation for damages to traditional rights** – Many forest operations cause adverse effects on the subsistence of local communities. In order to be certified, it is of fundamental importance that such impacts be avoided. Whenever they occur, they must be mitigated and adequate compensation offered to the population affected.

Manicoré is a municipality located in the state of Amazon, about two days by river from Manaus. Income for the people living in this town has always been based on extractivist activities, including rubber tapping, and extracting Pau Rosa oil and Brazil nuts. In 1998 Gethal Amazonas bought 45,000 hectares of land to implement a forest management plan to supply its Itacoatiara plywood plant, 30 hours down the river. The areas where families lived along the rivers were left untouched and their land tenure rights were guaranteed. Since the main source of income for these families is the gathering of Brazil nuts in the areas bought by Gethal, despite the fact that the company has authorized this gathering and it will not harvest nut producing trees, logging activities cause impacts that affect the activities of the nut gatherers. Tree felling and skidder trails hinder the access of the local population to the nut producing areas and to conduct their extractivist activities. The end result is that the productivity and income of the nut gatherers decreased.

A loosely organized community would have great difficulty in putting forward a request for compensation for the losses caused by the presence of the company in the areas that have provided its members with income over the years. If they were to rely on public authorities the case could take a long time to be solved. As a certified enterprise, Gethal had to behave proactively, identifying the impacts and proposing solutions. The enterprise is now carrying out a survey of all families involved with nut gathering and their respective income, and also identifying the impacts of logging activities in the field. Among the alternatives under study, Gethal intends to supply maps to facilitate the location of nut producing trees, planning logging activities after the nut-collecting season, and possibly offering transportation facilities to nut gatherers in order to expand the areas they can reach. In addition, Gethal is

also studying the possibility of assisting the community to shell the nuts locally and promote their sale.

o Recognizing land tenure rights – Land use rights is another extremely complex subject in Brazil. There are at least 17 different types of land titles and frequently overlap. The problem of land ownership and land tenure rights causes many conflicts that have resulted in armed confrontations and, in many cases, fatal incidents. Furthermore, this problem threatens the quality and the survival of forest resources due to forest fires and predatory logging.

One of the most remarkable aspects of FSC certification is the requirement that the situation of the forest area be made absolutely clear with respect to: i) land tenure rights; ii) its use by traditional populations, and iii) the absence of conflicts that may threaten the physical integrity of individuals and forest resources. The case described in the ensuing paragraphs is an example of how conflicts involving land tenure rights that remained pending for many years were finally solved during the process of certification.

When Mil Madeireira requested certification for its area of 82,000 hectares, it was aware that there were families living in company areas, but it did not know them nor maintained any relation with them. During the certification assessment it became clear that, although there was no apparent conflict, the potential for such situation was present. These families used fire to clear their agricultural plots, an action that could threaten the forest resource under management. Furthermore, the families did not recognize Mil Madeireira as the legitimate owner of the area. As one of the certification conditions, it was required that no forest management activity would take place in the forest compartments⁶ bordering the occupied areas. It was also required that the company had to carry out a complete survey of all families living in its areas and submit a proposal for formally recognizing the land tenure rights of the communities. In order to formalize the proper legal situation of the families with regard to their land tenure rights, after two years of work with the state government, the company decided to jointly demarcate with the communities the areas they occupied, including some forest areas. As a final step to close the issue, the company gave to each one of the families a letter officially recognizing their land tenure rights over the area.

⁶ Areas to be harvested once in every 20-30 years. After logging takes place, the area remains untouched in order to allow the forest to recover.