

Corporate-community agreements for commercializing Non Timber Forest Products in the Brazilian Amazon

**Summary of Project Activities
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Background

Trade in rainforest products, and particularly non-timber forest products (hereafter, NTFPs), has been proposed for about twenty years as a strategy that may allow forest conservation, while improving life-conditions of forest communities. Based on this argument, several initiatives for NTFP commercialization have been established in the tropics, at first by non-governmental organizations, but increasingly by corporations. The combined faith in NTFP commercialization with the appeal of the Amazonian rainforests and the growing demand for socio-environmentally responsible products has prompted a boost of agreements in the Brazilian Amazon between companies and communities. Companies are most usually from the cosmetics' sector, because of their recent widespread adoption of corporate social responsibility practices and natural sourcing, while communities include indigenous groups, inhabitants of Extractive Reserves and other populations inhabiting commons. However, despite the recent expansion, we do not know yet the motivations of companies and communities, as well as the opportunities and problems associated with the social and environmental impacts of these agreements. These questions were the main focus of the project.

The Objectives

The main objective of the study was to evaluate the motivations and problems of establishing partnerships between Amazonian communities and corporations, as well as to understand its consequences in terms of transformations on the use of natural resources, social differentiation and inequality.

The specific objectives were:

- to evaluate why corporations are driven into partnerships;
- to understand the content of corporate commitments and policies and the processes by which they seek to implement them;
- to understand which are the problems for establishing and making successful partnerships;
- to evaluate which are the outcomes of the partnerships to the community (e.g. benefit sharing, social differentiation, inequality, culture and the traditional use of natural resources) and to the local environment (e.g. transformation in land use and resource use);
- to determine feasible forms to monitor the impacts of such enterprises
- and, finally, to understand if and how these cases can overcome some of the NTFP problems.

Methodology adopted

The study included the evaluation of three agreements between companies and communities, in a total of five villages surveyed. Data gathering included a set of qualitative and quantitative techniques, following described.

Case studies

- 1. Natura-Cognis companies and Médio Juruá Extractive Reserve communities**
 - a. The study site is located in the Western Brazilian Amazon, municipality of Carauari, Amazonas state.
 - b. Besides qualitative data gathered in all the Extractive Reserve villages, the study included the in-depth evaluation of the impacts of the agreement impacts at the community of Roque, which were compared to the control-community of Pupuaí. Both communities have similar characteristics in relation to natural resources available and distance to the main town of Carauari, although only Roque is participating in the deal. At Pupuaí, all the households were surveyed, whereas at Roque community a sample of 24 households was included in quantitative data gathering.

- 2. The Body Shop company and indigenous communities in the Altamira region**
 - a. The study sites are located in the municipality of Altamira, Pará, Southeastern Brazilian Amazon.
 - b. Besides qualitative data that included all the five indigenous societies enrolled in the agreement, the study included the evaluation of the in-depth impacts in two indigenous territories. The first territory, Koatinemo, is occupied by the Asurini indigenous society, a Tupi group with a population of about 120 people. Another Tupi group, the Arawete society with over 300 people occupy the territory Arawete-Igarapé Ipixuna. All the households were surveyed in the quantitative data gathering at the Asurini site, whereas only a sample of 30 households were included in the Arawete survey.

- 3. The Body Shop and Aveda with communities from ASSEMA**
 - a. The study site is located in the municipality of Lago do Junco, Maranhão, in the transitional palm forests of Eastern Amazonia.
 - b. Besides secondary data, the study included, until now, qualitative data gathering by means of interviews to the managers of the cooperative, as well as partner associations at the state capital of São Luís. Moreover, it included a field visit to the area, when informal and semi-structured interviews with members of community were pursued.

Data gathering techniques

- 1. Qualitative data gathering** included mainly:
 - a. **Semi-structured interviews** undergone in the case studies mainly with managers of the cooperatives and third parties (e.g., academics, government officials);
 - b. **Informal interviews** with local inhabitants;
 - c. **Non-systematic observations**, annotated every day while on fieldwork and classified in a pre-prepared set of categories;

- d. **Secondary data**, including published and unpublished material (e.g., documents, newspapers) regarding each of the agreements;
 - e. **Seasonal calendars**, a Participatory Rural Appraisal technique, produced with a combination of group interviews and observations;
 - f. **Wealth rankings**, a Participatory Rural Appraisal technique, applied once or more times to informants in every study sites, in order to evaluate the local wealth concepts and differentiation drivers.
2. **Quantitative data gathering** (until now, case studies 1 and 2) included mainly:
- a. **Household surveys** of samples (at Arawete and Roque sites) or of all the households (at Asurini and Pupuai sites) at the study sites and data gathering on demography, level of market integration, education, community social networks, participation in cooperatives and associations;
 - b. **Systematic observations of time allocation** (3 days/week, twice a day per study visit) of all the individuals in the samples;
 - c. **Wealth surveys** of all the households in the samples, pursued once every fieldtrip;
 - d. **Income surveys** of all the households in the samples, pursued once every fieldtrip;
 - e. **Weigh days** of all the households in the sample, pursued four times per study visit;
 - f. **Price equivalents** in the villages and in the nearest town, pursued once every study visit.

Summary of main results

The context of company-community partnerships

NTFP-based partnerships in the Brazilian Amazon encompass a variety of products and sectors, such as cosmetics, pharmaceuticals, food and the automobile industry, with companies varying in size and origin. There are companies initiated with the aim of providing an economic alternative to local communities (e.g. Tawaya), as well as large Brazilian (e.g. Natura, Beraca-Brasamazon) and international corporations (e.g. Croda, Cognis, Aveda) focusing on niche markets and advertising the partnerships as a corporate social responsibility practice. Deals are initiated either by communities (e.g Kayapó The Body Shop), though most commonly are intermediated by third parties (NGOs or universities).

The number of people benefited in each partnership varies, but generally communities involved are small (less than 300 people) and the number of families benefited is small.

Drivers to set up agreements

The main community driver is related to seeking income sources. Income opportunities are particularly rare in remote locations of the Amazon, such as those faced by the groups (i.e. indigenous and inhabitants of protected areas) chiefly targeted by companies due to their publicity appeal. This is at least the case of companies in the retail market, which are more able to associate their images with those of forest communities.

Secondary drivers include infrastructure improvement and empowerment seeking. At least in one case (Assema in Maranhão), empowerment has been as much - or even more - important than income as a driver to deal directly with companies.

Company drivers are primarily related to seeking image association with the Amazon - one of today's most marketable logos, according to some experts -, as well as to socio-environmental responsibility. Diversification of products, particularly important in the cosmetics sectors where products are short-lived, is a third driving factor. Due to the cosmetic industry recent move to natural products, the diversity of Amazonian fruits and seeds provides a huge portfolio of possibilities. However, because of resource dispersal over high diversity forests, agreements with communities to make extraction possible are probably a necessity, or at least a cheaper solution to companies.

Consequences

Socioeconomic consequences of company-community deals vary. At the individual and family level, incomes tend to always increase at least for part of the community, particularly because incomes are commonly equal to - or very close to - zero when deals are implemented, since communities are largely outside markets. However, raises in income are not substantial and are enhanced only when further processing is included. Furthermore, the number of families benefited is in general small, particularly in processing phases. At the social level, infrastructure tends to improve, but most commonly the implementation is realized by third parties that worked to implement the deal or governments that do their part after the project acquired visibility. The role of companies in implementing infrastructure is usually limited.

In relation to **political consequences**, most commonly communities become dependent on the role of a third party. Even when third parties have the aim of transferring all the activities to the communities, they face strong difficulties. Particularly, this is the case when dealing with indigenous societies, due to the large language and cultural differences, besides remoteness of the locations inhabited, which makes managing the activity difficult even for experts, more so to communities.

Ecological consequences include **direct impacts** over the resources extracted (Brazil-nuts – *Bertholetia excelsa* Humb & Bonpl. - in the Asurini and Arawete areas, andiroba - *Carapa guianensis* Aubl., Meliaceae - and murumuru - *Astrocaryum murumuru* Mart., Palmae - in the Médio Juruá and babaçu *Orbignya phalerata*, Mart. Palmae in Assema). Despite the fact that the evaluation of direct impacts was not a main aim of the study, the absence of any form of resource monitoring, or extractive planning, was a commonality among all cases. Particularly in the Médio Juruá, the over exploitation of resources appears to be at work.

As regards the **indirect impacts**, the main aim of the study, although further analyses are needed, there are signs that the hypothesis stating that the commercialization of NTFPs could serve as an alternative that would decrease impacts in natural resources can be refuted, at least for part of the case studies. For instance, in the case of the Médio Juruá, the partial analysis of the data showed that families more engaged in the partnership tend to hunt and fish less, but increase time dedicated to agriculture. Possibly, they are adopting a more commercial strategy in place of subsistence practices, which may imply in the long run stronger impacts to natural resources. However, an even stronger impact is due to the attraction of newcomers to the area that the implementation of deals is causing to those location where this is a possibility (e.g. Medio Juruá).

Finally, as regards **monitoring of social and environmental impacts**, the practice is inexistent in all cases analyzed. Companies never adopted a monitoring protocol, nor appear

interested in evaluating the impacts of the activities if not pushed to do so, yet publicize their “sustainability”. In one case (Medio Juruá), the company appears to be preparing a monitoring protocol which has, however, been prepared with a top-down strategy, without consultations with local third parties or communities and is therefore likely to produce little results.

Strategy for Continuation

After the completion of the first phase of the project, we intend to extend it to a second phase, which will focus on gathering data on a larger number of agreements (about 10-15), but through indirect data gathering, by means of expert interviewing (i.e., people engaged in the agreements). The study will serve to generalize the findings to other contexts, as well as to evaluate the possible avenues for monitoring alternatives, as well as to advise government and non-governmental actions. The study will be divided in two phases: (i) secondary data gathering related to all the partnerships in Brazilian Amazon to which information is available, followed by a meta-analysis of a set of characteristics of the agreements identified, and (ii) a study based in the application of the Delphi technique by means of a series of online interviews to a set of 10-15 representatives of the agreements earlier identified.

Project Team

- **Carla Morsello**, PhD Environmental Sciences, Project Coordinator. Delineation of the study and data analyses, preparation of all the worksheets and engaged in data gathering at the Assema study site, government officials and companies.
- **Fábio Augusto Nogueira Ribeiro**, BSc in Economy and Master student candidate in Environmental Sciences Responsible for data gathering at the Asurini study site and Altamira, as well as one of the fieldtrips to the Médio Juruá.
- **Renata Barros Marcondes de Faria**, BSc Biological Sciences and Master student in Environmental Sciences. Responsible for data gathering at the Arawete study site.
- **Lucia Campos Salles de Figueiredo**, BSc student in Ecology. Responsible for data gathering in the Médio Juruá during one fieldtrip.
- **Leny Nayra Michi**, BSc in Law and Master student in Environmental Sciences. Responsible for interviews at FUNAI, Brasília and to representatives of some companies.
- **Mayte Benicio Rizek**, BSc student in Geography, co-jointly with Julia Prado, responsible for data gathering in the Medio Juruá (present fieldtrip).
- **Julia Prado**, BSc student in Biology co-jointly with Mayte Rizek, responsible for data gathering in the Medio Juruá (present fieldtrip).
- **Daniela Gomes Pinto**, MSc in Environment and Development. Project partial collaborator since September, when she completed a dissertation regarding monitoring of company-community deals. She is presently engaging as PhD candidate, focusing the same topic, but with data of the second phase of the study.