

Experience of Forest and Organic Certification in the Kayapó Community through the Helpdesk for Sustainable Business Program of Amigos da Terra - Amazonia Brasileira

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ABSTRACT

This study reports on the experience of forest and organic certification of non-timber products in the Kayapó Baú indigenous territory. The aim of forest product certification was Brazil nut (*Bertholletia excelsa*), both *in natura* and also processed for oil extraction. The importance of the Brazil nut project among the Kayapó people is far more significant than simply contributing toward a sustainable economic alternative for indigenous communities, for in these indigenous lands there is strong external pressure for predatory exploitation of timber and gold mining by local actors who work in illegality. An endogenous economic alternative helps to reinforce the Kayapó's ability to repel such external pressures. The initiative was supported by the organization Amigos da Terra- Amazonia Brasileira through the project Support Services its Helpdesk for Sustainable Business, with funding from the European Community.

Keywords: biodiversity, Brazil nuts, helpdesk, environmental impacts, indigenous groups

Abbreviations: ABIPHEC, Brazilian Association of Toiletries, Perfumes and Cosmetics; AdT, Amigos da Terra-Amazônia Brasileira; FUNAI, National Indian Foundation; FSC, Forest Stewardship Council; IBD, Bio-Dynamic Institute; IMAFLORA, Institute of Forest Management and Agricultural Certification; HSB, Helpdesk For Sustainable Business; IT, indigenous territory

INTRODUCTION

The Helpdesk for Sustainable Business (HSB) can be described, in general terms, as a project whose aim was to support community based sustainable enterprises located in the Legal Amazon region. The project received resources, in its first period of operations (October 2002 to December 2005) from the Embassy of the Netherlands and in a subsequent period (through 2008), from the European Union, with Amigos da Terra-Amazônia Brasileira (AdT) serving as project coordinator. The HSB operated within the context of a broader partnership among NGOs active in Brazilian rain-forest biomes to strengthen such enterprises through certification, market and finance channels.

The HSB offered technical consultancy for enterprises located in the Legal Amazon region, which comprises the states of Acre, Amazonas, Rondônia, Roraima, Amapá, Pará, Maranhão, Tocantins and Mato Grosso, an area which comprises nearly 60% of Brazilian national territory. After initial contact with the Raoni Institute – a regional NGO providing support to the Kayapó peoples in the Xingu River basin – AdT selected the Kayapó indigenous community of Baú to receive support services in forest and organic certification of Brazil nuts (*Bertholletia excelsa*) and their products.

The process was conducted during the period of 2003 through 2005 involving a partnership between FUNAI, IMAFLORA and IBD, resulting in the largest certification in the world in terms of forest area covered. However, one of the most important objectives of the certification was not fulfilled, which was the opening of new legal markets, as vertical integration to the market was not achieved satisfactorily, despite efforts among ABIHPEC and its affiliates.

The Raoni Institute, which had assumed responsibility for channeling finished products to final markets, operated below commercial expectations, considering that up to the present only one major sale took place: 1,457 kg of 100% pure Brazil nut oil with Forest Stewardship Council certification at R\$ 39.81 kg, totaling R\$ 58,033.17.¹ Other transactions were made in small amounts, at lower prices, which acted as a disincentive for members of the indigenous community to continue producing certified Brazil nut oil for cosmetic purposes.

1. Context

1.1. The helpdesk for sustainable business (HSB)

According to AdT, several community organizations, micro and small enterprises, engaged in activities in the Amazon region, can generate income leading to progress toward sustainable local development, but face several obstacles regarding market access, technology, human resources, processing, storage and marketing. The project HSB identified in these organizations their most important needs and obstacles to development of their activities in each case and provided advice to meet these specific demands. Thus, between 2003 and late 2006, the project benefited 43 enterprises (Amigos da Terra-Amazônia Brasileira 2009).

According to a survey undertaken by the project executor (Ibid 2009), around 80% of the enterprises that benefited with support from the project, indicated an increase in the Commercial Drive and gross income, during the period ana-

¹ At the time of the sale, this amount represented about US\$ 25,108.

lyzed (3 to 5 years from project start-up). But the magnitude of this increase varied widely according to the scale of companies that were assisted: the gross income of small businesses (those with gross revenues over R\$ 0.5 million/yr and less than R\$ 2.5 million) had increased, from 1,000 to 1,500%, while for micro enterprises, with lesser revenues, the increase was approximately 120%. Most companies showed an increase in manpower trained, which occurred in 100% of small and 63% of micro enterprises as well as increasing access to loans and donations, according to responses by 80% and 60% of small and micro enterprises, respectively. Around 70% of small and only 13% of micro companies reported having obtained new trading partners. Also in relation to certification of products, small businesses had evolved further: 43% of them were granted certification during the period, while no microenterprise achieved the certification of any product, although many of them had mentioned that some certification effort was in progress. The only aspect in which micro firms evolved at a rate greater than that of small firms is related to their legal constitution, because 40% of the former had established management councils and statutes over the period analyzed, while the small companies had already been regularized from the legal point of view before the implementation of the HSB.

The HSB project adopted, when in operation, the following criteria:

- Ability to be economically viable;
- Existence or clear potential for improvement of quality of life and employment generation and / or local income;
- Seriousness and commitment of entrepreneurs to sustainable development of their projects;
- Contribution to reducing the pressure on ecosystems;
- Positive environmental/social impacts.

The project was also aimed at providing services to enterprises that contributed to the protection and use of agroforestry resources and that also showed a clearer potential of social sustainability and moderation environment, thus enabling the creation of jobs and income in the Brazilian Amazon. The range of service options offered to beneficiaries included:

- Legal aid;
- Assistance in obtaining financial resources;
- Technical assistance;
- Agroforestry techniques and natural resource management;
- Obtaining certificate of origin (forest, organic or other);
- Improved management system;
- Support for sales and marketing.

Within this context the Raoni Institute was selected in 2004 by HSB to receive the services necessary to obtain forest and organic certification for the Baú indigenous territory with a focus on the supply chain of the Brazil nut.

It should be understood that it is not possible to achieve project level sustainability without also ensuring substantive freedoms. Therefore it is necessary that indigenous knowledge, for example, be enhanced or protected along with increasing income (or its creation, if nonexistent in the community) and preservation of their lifestyle.

1.2. The Kayapó indigenous community

According to the project-related Assessment Report for SLIMF (Small and Low Intensity Managed Forests) prepared by Imaflores (2006), the Baú Indigenous Land (Baú IT) is part of the traditional territory of the indigenous group Kayapó-Mekrãgnoti-Baú, and is located to the south of the city of Altamira, Pará, in the region between the Cateté, Curuá and Baú rivers.

The Baú Indigenous Land has been declared a permanent possession of the Kayapó community, through Ordinance (*Portaria*) No. 826 of December 11, 1998, which authorizes the FUNAI to promote the administrative demarcation of the area for subsequent approval by the President of

Brazil. Ordinance No. 1487 of 10/08/2003 defines the boundaries of the area, which has a size of 1,543,460 ha.

In general, the Kayapó Indians process Brazil nut in facilities within their villages in southwestern Pará and northern Mato Grosso, producing a rich nut oil, still used in small scale, as a base for the production of skin-care products, shampoos and soaps, of known brands of cosmetics in Brazil.

The IT Baú borders to the south with other Kayapó extensive areas, in the east with the Ecological Station of the *Terra do Meio*, and on the north and west by Altamira National Forest, which is bordered by federal highway BR-163 (Cuiabá-Santarém), which is the portion most vulnerable to intrusion and fire. In the area, logging, mining and agricultural activities predominate, with subsequent high rates of deforestation. Historically, the Kayapó indigenous lands have served as a barrier to stop the pressures on the forest, coming from the west (**Fig. 1**).

The predominant vegetation is tropical forest, with the occurrence of timber and non-timber species such as pequi (*Caryiocar brasiliense*), babaçu (*Orgignya phalerata*, Mart.), breu-branco (*Protium heptaphyllum*), cumaru (*Dipteryx odorata*), cacau (*Theobroma cacao*), buriti (*Mauritia flexuosa*), copaíba (*Copaifera* sp.), seringueira (*Hevea brasiliensis*), açai (*Euterpe oleracea*), tatajuba (*Bagassa guianensis*), genipapo (*Genipa americana* L.) and banana brava (*Rollinia leptopetala*), traditionally used by the community.

For the communities of Baú, Kubenkokre and Pukanu – all of which are indigenous communities – a project to produce oil from Brazil nuts was undertaken. Over a three year period (2005-2008), the necessary infrastructure was installed in the three communities to ensure an optimized production. With funds received from the Belgian Environment Ministry (based in Brussels) and from FUNAI equipment necessary to remove the oil from the nuts was purchased, deploying a network of power generators and a supply system of running water with water tanks. Moreover, mini-warehouses and processing plants were built in three villages for the production of oil (**Fig. 2**). Finally, boats and motor boats were purchased to facilitate the transport of people and nuts.

In total, these three villages housed about 1,070 Indians, distributed in 181 families. They occupy two Indian reservations, called Baú and Mekragontire (with a total of 5,549,300 ha of Amazon forest cover). The Indians in question have no fixed income, and depend on irregular donations from FUNAI in the form of hunting and fishing equipment, clothing, and mosquito nets, petrol and diesel.

Like the experience of peasant communities in their confrontation with the market described by Abramovay (2007), the integration of indigenous societies into the market economy is contradictory and remains controversial. The option of market integration may have two radically divergent results: on the one hand, full market integration can radically change their culture; while on the other isolation can strengthen their cultural traits, but may end up depriving them of economic opportunities that may be essential in the context of the capitalist market to protect their very characteristics of indigenous community.

In the case described, access to the communities is difficult, thus reinforcing isolation. There is a dirt road that connects the BR-163 (Cuiabá-Santarém) highway to a point near the village of Baú, but this road is usable only in dry season (May-October). Two communities that are located on the banks of the Iri River are almost exclusively accessible by air, because due to the numerous waterfalls they can only navigate on the upper Iri during the months from January to March. This period does not coincide with the harvest period for Brazil nuts or their products.

The three communities still live in a mostly traditional fashion: in the village, only the native tongue is spoken, the local economy is still based on production for the household (family agriculture), and the Indians still use traditional haircuts and continue to paint their bodies, especially during festive rituals.

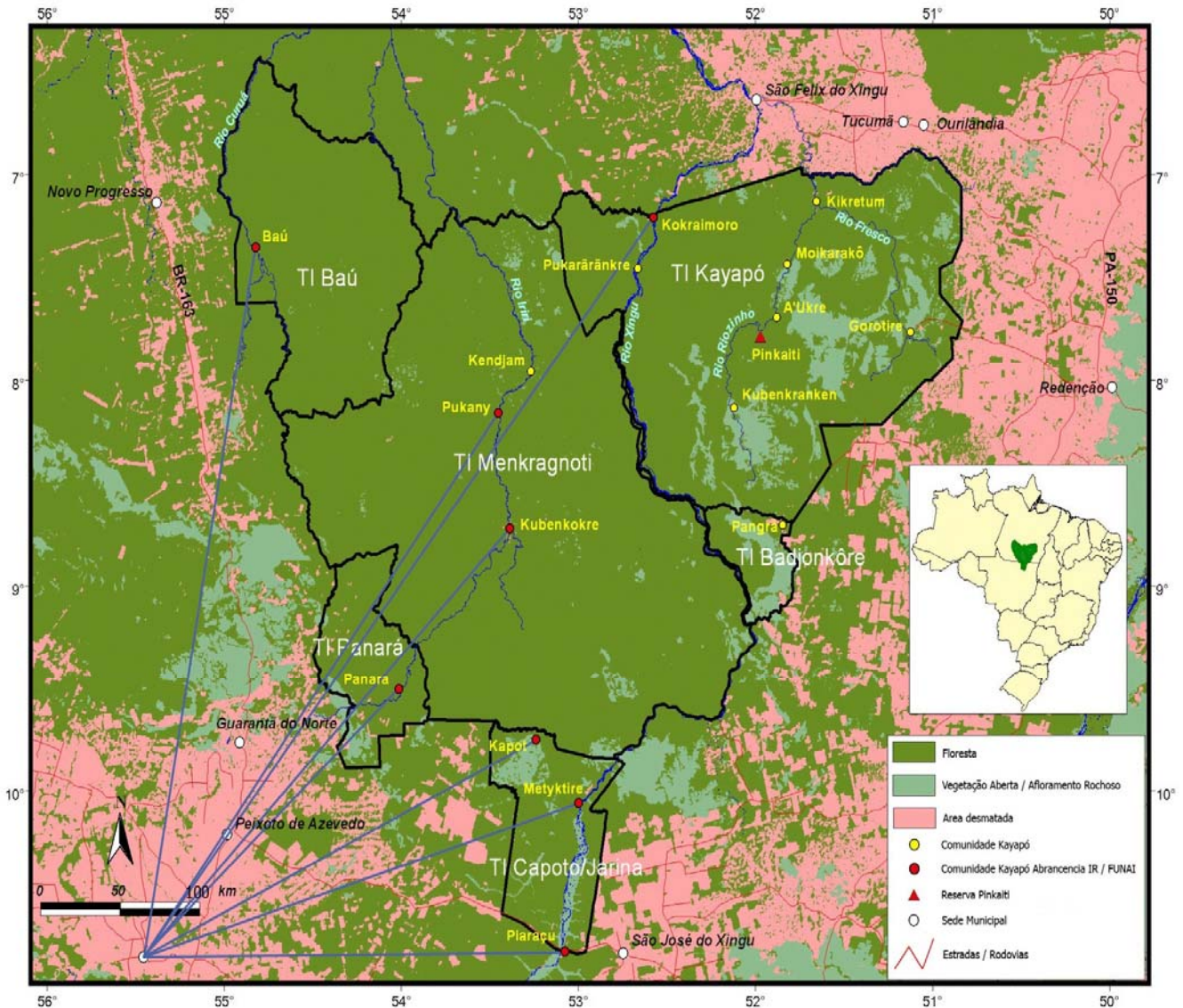


Fig. 1 Kayapó Baú indigenous territory in 2005.



Fig. 2 Brazil nut oil produced and sold from Kayapó Baú indigenous territory.

Sustainable local development under these conditions requires an approach that emphasizes freedom (Sen 2000) as the precept that all should participate in decisions that they can take or decide not to take in the name of tradition. If, to escape devastating poverty or low longevity (which is how many traditional societies have lived for thousands of years), a traditional way of life must be sacrificed, then the people directly involved must have the opportunity to participate in making such decisions.

The process of forest and organic certification under-

taken by the Kayapó in this project, in theory, sought to reflect this precept. In opposition to this, however, adequate participation requires knowledge and a basic level of education (Sen 2000). It is apparent that the indigenous community knows the "products" in their state of nature, but do not dominate, for example, issues of logistics, financial administration, etc. How to make the project sustainable in such a situation without limiting substantive freedoms?

It is necessary that indigenous knowledge, for example, be enhanced along with increasing income (or its creation, should such income be found lacking in the community) and preservation of their lifestyle.

The collective efforts of FUNAI, NGOs and the communities resulted in the certification of the forest production area – the Baú indigenous land – which now represents the largest single area of certified tropical forest in the world, extending over 1.5 million ha, which received forest certification and organic labels represented by the FSC and the IBD. The certification made possible by the HSB also sought to facilitate commercialization of the resulting certified Brazil nut oil to the chemical industry.

1.3. Products of indigenous origin and the market

Despite the expectation of increased consumption by the chemical industry of national biodiversity assets, only a small number of companies are aware or give due weight to organic and forest certification of their raw materials.

In general, companies in the personal care products and

cosmetics sectors obtain vegetal oils from chemical industries, where this oil usually goes through a refining process and homogenization of color, texture, consistency, etc. The price paid to producers by these companies for crude vegetable oil varies according to its type, characteristics, color etc. The cosmetics industry is increasingly making use of synthetic oils due to their more readily controlled characteristics.

The chemical industry generally distributes refined oil to companies that produce toiletries and cosmetics. But some distributors just break down crude oil (in packs of 1.0 l or 30 ml) and distribute it to retail outlets. Such a division has been found more appropriate for isolated producers, as it represents a more lucrative way to sell vegetable oils. Moreover, it is a common opinion in the industry that certified products tend to receive 20 to 30% more than the value of conventional products.

In recent years, there has been a growing interest by private sector actors to gain access to biodiversity products. In the case of the Kayapó, the primary interest has been from chemical, cosmetics and pharmaceutical companies offering in compensation the possibility of capital investment in such areas in return for securing access to these products to which they could improve their marketing image. However, there is a lack of connection between the extractive industry and industry intermediaries that impedes its prospects to serve as a basis for sustainable local development.

In examining (Table 1), it appears that initially there was a normal level of production but, especially in the most recent period (2008-2009), the community decided to cut production of certified Brazil nut oil because of the difficulty – felt since the beginning of the project – to find trading partners with a commitment to regularly purchase the product at a premium price. Moreover, it is noteworthy that the extractivist communities lack accurate and reliable statistics on the production of vegetable oils and of the integration of Amazonia into the domestic and international market.

Although the industrial uses of biodiversity based raw materials in products like soaps and shampoos only represents a very small percentage of the final product, the image associated with the product and conveyed to the final consumer induces the erroneous hypothesis that an increased consumption actually occurs. That is, there are likely to be increased sales of the final product without a commensurate increase in consumption of crude vegetable oil.

Furthermore, the entry of the industrial actor "differentiating" the use of extractive products is not an easy task to execute. There are natural difficulties in the process and conscious and unconscious resistances of the main players in the traditional market. It is certain that all limit the substantive freedoms of indigenous people. Denying people opportunities and economic consequences that markets offer support and may result in deprivation Sen (2000). At the same time, the contradictory market relations that are forged in this setting also did not appear to promote social improvement, at least not in this incipient phase.

In the case of indigenous people this assertion has a practical foundation, since they are deprived of some consumer goods that will hamper their freedom. For example, they lack batteries to use flashlights or radios, causing them deprivation of food (for hunting at night) and the information of the news of the world around them.

Also, it is not possible to separate income increase from an increase in capacity, since income is important for increasing the capacity to produce and earn more income and improve the quality of life Sen (2000). The indigenous community apparently seeks to meet a package of "basic needs" via the certification process. In this aspect there remains the question: has the increased knowledge (capacity) of the indigenous community today really served as a means to overcome "real poverty"?

Table 1 Brazil nut oil produced and sold by Baú Kayapó indigenous territory (*).

Year	Produced Oil (liters)	Oil Sold (liters)
2005	2,750	2,750
2006	712,5	712,5
2007	4,200	1,46
2008	No sales	No sales
2009	No sales	No sales

*Source: Kabu Institute (2010)

CONCLUSIONS

This article was not meant to address the whole issue of sustainable production in Brazil by indigenous communities, nor exhaust the discussion. It is much more of an experience in organic and forestry certification involving a diversity of actors and whose case has not yet been consolidated.

Beyond the issues of production and market, there are inter-related aspects to the success or failure of economic projects, such as internal governance. For example, in a decision taken by the indigenous community, the Raoni Institute was removed from being legally responsible for the certification of IT Baú, the latter becoming the responsibility of the Kabu Institute created to more closely represent the interests of this community.

Moreover, a major challenge in the production chain of vegetable oils of Kayapó villages given the current scenario is to decide between (or mix) the diversification of production of the oil for various purposes (food, pharmaceuticals and cosmetics) and vertical integration of production, from being a supplier of crude oil refined oils to the final industrial buyers.

In fact, the uniqueness of the activity to the indigenous community, the distance of the main consumer of raw materials, the power of the business to act in market chains involving the participation of Indians, and the unfamiliarity of the operating logic of the market by the ethnic groups represent only some of the barriers to sustainable use of natural resources of Kayapó indigenous lands.

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The biggest motivation for doing this work should be the possibility of launching some elements for a reflection on the cause of sustainable development and forest peoples. There has never been the intention of resolving the matter but to promote discussions and therefore eventual solutions. The opportunity to work with Amigos da Terra – Amazônia Brasileira enabled us to work with Luis Carlos Sampaio – at that time at the Raoni Institute – currently at the Kabu Institute. And, following this logic, there would be no ingredients to start any theoretical reflection on praxis if the Kayapó Indians of IT Baú had not accepted our technical participation in the forest and organic certification project.

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