

Fibria

From conflict to cooperation



BAHIA & ESPIRITO SANTO, BRAZIL

Plantation models that gave little consideration to the needs of local communities resulted in years of conflict in the Brazilian states of Bahia and Espirito Santo. But Fibria has turned the situation round, with company and communities now working together to achieve common goals. Since 2009, Fibria has invested more than US\$50 million in its social development programmes, benefiting thousands of families.

Background

Fibria, the world's leading producer of eucalyptus pulp, was formed in 2009 through the merger of two large Brazilian companies. One of these, Aracruz, had experienced serious social problems, particularly around its plantations in the extreme south of Bahia and north of Espirito Santo.

Most of the company's plantations in this region were set up between 1967 and 1987. The pulp industry's land acquisition model at the time was based on maximizing production and minimizing operating costs, without taking into account the needs and traditions of rural communities in the area. Large blocks of plantations were formed, restricting access and opportunities for local people whose livelihoods largely depended on the land and natural resources.

This increased social problems and isolation and led to conflicts with various groups, including traditional indigenous inhabitants, landless workers, Quilombola (descendants of escaped slaves), and fishing and farming communities. During the years of conflict, Aracruz's mill was shut down by indigenous protestors, the company's nurseries and offices were vandalized, the landless workers movement (MST) occupied company land, NGO campaigns targeted Aracruz (and its investors and customers), and arson and wood theft were widespread.

Illegal charcoal production was another serious problem. An illegal charcoal network recruited residents from among the neediest communities to work in charcoal furnaces set up in the midst of the plantations. Labourers, including children, suffered unhealthy working conditions, and there was an increase in crime and drug use. Aracruz, meanwhile, lost hundreds of thousands of tonnes of wood each year.

The formation of Fibria marked a change in approach. Recognizing the importance of sustainability and the social licence to operate, the new company embarked upon a range of activities to *"contribute to the development of the communities where Fibria has activities, generating admired profit associated with environmental conservation, social inclusion and enhancement of the quality of life"*.



Local people, including children, worked in unhealthy conditions in illegal charcoal furnaces.

Photography © Fibria

“New techniques have led to increasing production, which had been 15 kilos of honey per hive. Today, the average is 45 kilos per hive, but we want to reach 80 kilos.”

André Lopes, beekeeper, Espírito Santo

The project

The company launched a number of programmes aimed at meeting the needs of different groups:

Sustainable settlements

In 2011, Fibria reached an agreement with the MST to transfer the ownership of around 11,000 hectares of company-owned land that had been occupied by landless workers since 2000. With support from the government of Bahia, the National Institute of Colonization and Agrarian Reform (INCRA) and the University of São Paulo, around 1,000 families of landless workers have settled in the area. Fibria is supporting them to produce a variety of agro-forestry crops, assisted by a technical team based on the site. In 2013, the project gained new momentum with the opening of an agricultural school with the capacity for 300 students.

Indigenous lands

In 2012, Fibria launched a programme of activities, in partnership with local organization Kambôas Socioambiental, to support the indigenous Tupinikim and Guarani communities, who were granted legal reserves within what had been Aracruz land. The Tupinikim and Guarani Sustainability Plan aims to enable these communities – numbering around 200 families in total – to assert their ethnic identities while improving their standard of living. As traditional socio-cultural practices are closely tied to the forest and the natural environment, forest restoration is an important component. Other areas of work include the development of sustainable economic activities, such as honey production, and a fund to support community initiatives.

Rural development

Fibria engages with surrounding Quilombola and farming communities through its Rural Territory Development Programme (PDRT). Local producers are given financial and technical assistance to introduce better practices that increase productivity while reducing environmental impact, as well as support in areas such as sales and marketing, and accessing public funding and support. As well as improving people's incomes, the scheme aims to strengthen community associations and networks, enabling projects to become self-sustaining and communities to initiate their own development activities.

Today the PDRT assists 50 communities in eight municipalities and three states, directly involving approximately 1,800 families. More than 2,000 hectares of Fibria's forest plantations have been converted to family farming.

In addition, the Beehive Programme provides technical, advisory and marketing assistance to beekeepers making honey and beeswax within Fibria's eucalyptus plantations. In 2013, 881 tonnes of honey was produced through the programme, much of it achieving organic certification and exported to the US and European markets.



More than 2,000 hectares of Fibria's forest plantations have been converted to family farming.

Photography © Fibria

881 TONNES

OF HONEY PRODUCED THROUGH
THE BEEHIVE PROGRAMME IN 2013



“In the past, when Fibria’s PDRT didn’t exist, it was more difficult for us to survive in our region, which is weak in terms of employment and job opportunities. We only planted a little bit of coffee and manioc. After Fibria started the programme and made donations to the community, our story has changed. We now plant coffee, manioc and corn. The company is helping a lot.”

Gilson Fraga Vicente, smallholder, Espirito Santo

Benefits

Improved relationships

Although challenges remain, the conflicts that dogged Aracruz for many years are now confined to the past. As part of its mission to generate “admired profit”, Fibria aims to enjoy 80% approval ratings in neighbouring communities by 2025: already by 2013, surveys suggest that 72.5% of local people have a favourable opinion of the company.

Gains for communities

Local communities have seen significant improvements in their standard of living. For example, for families involved in PDRT activities in Bahia and Espirito Santo, the average monthly family income increased 44% between 2012 and 2013. Communities have invested in improvements in housing, sanitation, agro-ecological management practices and water use. In total, more than 5,000 families benefit directly from Fibria’s community investments.

New opportunities

Most community producer associations are now recognized as legal entities, allowing them to access further sources of support. For example, funding from the national development bank has enabled producers to directly market their products without the involvement of middlemen, supplying local markets and institutions such as the national school meals programme.

Business benefits

Despite the significant cost, Fibria’s community investments have had a tangible economic benefit through reducing disruption. Wood theft for the illegal production of charcoal – the main point of conflict and the problem with the highest negative impact on the company’s business – has been reduced by more than 90%. In 2013, a total of 18,098 m³ of wood was reported stolen across Fibria’s operations – compared to 320,000 m³ in 2010. Arson has also been significantly reduced. The resolution of conflicts allowed Fibria to get all its areas certified by both FSC and CERFLOR/PEFC. All this led to a sharp decline in NGO campaigns against the company, increased pride and motivation among employees, and a marked improvement in the company’s image and reputation.

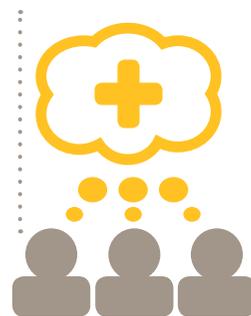


More than 5,000 families benefit directly from Fibria’s community investments.

Photography © Fibria

72.5%

OF LOCAL PEOPLE HAVE A FAVOURABLE OPINION OF FIBRIA



44%

INCREASE IN THE AVERAGE FAMILY INCOME

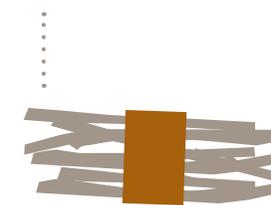


FUNDING HAS ENABLED PRODUCERS TO DIRECTLY MARKET THEIR PRODUCTS



90%

REDUCTION IN WOOD THEFT FOR THE ILLEGAL PRODUCTION OF CHARCOAL



“In the past, we produced an average of 70/80 bags here, in an area of 12 hectares. With the project, we will produce more: about 150/160 bags.”

Ildemar Fraga Rocha, coffee farmer, Espirito Santo

Lessons learnt

Commitment

The entire strategy depends on a major commitment of financial and human resources. In 2013, Fibria’s social and environmental investments totalled R\$31.6 million (US\$13.25 million), an increase of 16% on the previous year. Since 2009, total investment in the programme has topped US\$50 million. Fibria’s Aracruz unit alone has 77 people (employees, consultants and technicians) dedicated to its social projects.

Partnerships

Making this investment actually work depends directly on establishing partnerships. Recognizing its own lack of expertise in many of the subjects being addressed, Fibria has sought to establish partnerships with credible and experienced institutions and individuals. This has included working with partners who, previously, were opponents of the company and its business

Social capital

Although Aracruz had in the past made community investments, these resulted in few benefits to the community or the company. Engagement was limited, and usually directed through institutions or community “leaders” – not necessarily legitimate ones.

By contrast, Fibria sought to understand the socio-political, economic and cultural realities of neighbouring communities. Its “prioritization matrix” tool takes account of different communities’ needs, their socio-economic vulnerability, and how the company’s operations affect them. For the highest priority communities, Fibria has invested heavily in social engagement processes that empower the whole community to take ownership of the projects the company supports. This has helped to build local capacity and social capital, develop participatory decision-making processes, and strengthen community structures and relationships.

Next steps

Fibria’s goal is for 70% of the income-generating projects it supports to be self-sufficient by 2025.

The company has a long-term monitoring programme to measure the effectiveness of its interventions. This helps Fibria to improve and expand programmes and to share knowledge and learning between different projects and areas of the company. Fibria is also seeking to share its systems and knowledge with other private, public and civil society organizations.



Fibria’s goal is for 70% of the income-generating projects it supports to be self-sufficient by 2025.

Photography © Fibria

FIBRIA HAS INVESTED HEAVILY IN SOCIAL ENGAGEMENT PROCESSES THAT EMPOWER THE WHOLE COMMUNITY TO TAKE OWNERSHIP

