

Perspectives

EXECUTIVE SUMMARY



Forestry and biodiversity issues in Brazil

Young Managers Team 2004



World Business Council for
Sustainable Development
Young Managers Team



Biodiversity is the life support system of the planet and nowhere is it more important than Brazil. The forestry sector in Brazil accounts for five per cent of GDP and 10 per cent of the nation's exports, a central part of both local and national economies. Yet how can forests be managed in an economically, environmentally and socially viable way? Companies cannot function if ecosystems are destroyed or out of balance, so the challenge for business is to find ways of developing these forests that protect biodiversity, improve the lives of local peoples, and make a profit.

As part of the World Business Council for Sustainable Development (WBCSD) Young Managers Team (YMT) 2004, the Brazil group explored this expanding economy. By concentrating efforts on sustainable development projects in the Brazilian rainforest, the Young Managers identified examples of good practice, engaged the community and linked global and local networks. Multinational stakeholders often drive sustainability trends; as such they have the ability to build the momentum for change. The group worked to harness this momentum and pass along key learnings to other companies engaging in Brazilian forestry and biodiversity endeavors.

The search for knowledge

The team researched "sustainability connections" through forest and biodiversity management examples and consulting key players. Their findings highlighted the importance of the forests in terms of biodiversity, carbon sequestration and livelihoods. At the same time, it uncovered a sense that for most companies, protecting forests is being done at the expense of local livelihoods or company profit.

However, a few critical examples demonstrate that with the right mix of innovation and consultation, business can protect the environment, improve people's lives and make a profit. To gain a deeper understanding, the young managers went on a learning visit to Projeto Ouro Verde Bahia, Veracel, and Estágio Veracruz, company projects that are successfully balancing environmental, social and economic issues. The Young Managers met with non-governmental organizations, government and business representatives, through the support of the WBCSD's regional partner the Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBDS), to explore what makes a sustainability initiative a success or a failure and how they contribute to sustainable livelihoods and biodiversity.

Lessons learned

It became clear there were excellent examples of good practice but these were relatively unknown. The Young Managers therefore designed an event to bring together interested individuals and organizations so that good practices could be scaled up and replicated. On December 9th 2004, the Young Managers came together with Brazilian business representatives, university researchers and government to explore the success factors of different initiatives and their contribution to sustainable livelihoods and biodiversity. Discussions from this diverse audience centered around four themes: stakeholder engagement, managing private conservation areas, partnerships with non-governmental organizations and funding. The event was used as a platform for companies to identify key success factors, barriers and opportunities, stimulate awareness between key sustainability groups and link the companies with these stakeholders. An overview of the event is provided on the following page.

In summary, the YMT found that:

- Profit and principle are compatible: forestry and biodiversity projects clearly require a “think global, act local” mentality – projects that stop short of truly engaging the local community can be hindered as a result;
- Central decision-making often does not incorporate local risks or reality – for example, local technology may not be adequate and companies must devise a way to fill this gap in a way that is adaptable to the location;
- When trying to answer the inevitable question of what can be done to move faster towards sustainability, the responses included: be truly committed, increase research in the field, have a complete plan and encourage involvement from communities, especially youth;
- Businesses need to be transparent and set clearly defined and measurable goals;
- It is imperative that government take on a strong role and that communities be educated so as to instill sustainability;
- Views on the materiality of such issues are fundamental to analysis and company valuation;
- Finally, and perhaps most important is communication – be it communication of results, initiatives, or know how – to make sustainability connections.

“The Young Managers Team has made a unique contribution in raising awareness of forestry issues and seeking viable solutions. By working with these young professionals, CEBDS has been able to appreciate their value and will now launch a similar program in Brazil.”

Fernando Almeida, Executive President, BCSB Brazil (CEBDS)



Sustainable Business in the forestry sector: Event overview

In December 2004 more than 60 business, government and academic representatives came together for a one-day event hosted by the WBCSD's regional partner in Brazil, CEBDS, and the YMT.

Welcome and introduction

Fernando Almeida, Executive President, CEBDS

After welcoming the participants, Fernando Almeida highlighted the importance of sustainable business in the forestry sector to the business community and the role the young managers can play. He said: "They [the Young Managers] are the leaders of the future, so we ought to give them our legacy as pioneers of sustainable development."

Conference background and agenda

Matthew Janssen, Environmental Manager, Skanska

Matthew Janssen, Project Leader for the Young Manager's Team, provided the background on the conference and how Young Managers view the importance of sustainable management of Brazilian forests. An overview of the WBCSD was also provided.

Opening presentation

Carlos Roxo, Corporate Relations and Environmental Affairs Director, Aracruz

Carlos Roxo went on to highlight the critical nature of forests to Brazil's development. Citing society's rising expectations of business, the responsible business case emerged. Roxo said: "The protection of biodiversity is a key sustainability challenge for business and society which can affect the bottom line of companies, and must be taken seriously." Both the WBCSD and Aracruz believe business must be a key player in the debate about the protection of biodiversity in order to earn their "license to operate, innovate and grow".

The YMT perspective

Hatim Benmoussa, Operations Manager, Holcim

Hatim Benmoussa drew out the complexity of the challenge. Many of the goods and services supplied by ecosystems cannot be replaced at any reasonable price, yet there is limited funding for conservation projects. NGOs and other groups are demanding that business be global corporate citizens, yet these businesses have different spheres of influence in their decision-making processes. The private sector has an interest – and an economic opportunity – in managing natural capital wisely, yet the business case is not always evident and measurable. There is a growing interest in treating ecosystem goods and services as assets with a market

value to encourage conservation, yet no wide-scale solutions have been implemented.

Sustainable forest based projects and finance

Peter May, Executive Secretary, REBRAAF

Comments from University of Brazil Professor Peter May gave further credibility to the challenges sustainable forestry projects face, especially in the context of limited access to funding. He detailed financing options for the sustainable local forest enterprise, as well as the associated benefits of such projects. These include technical and material assistance, opening and facilitating marketing channels, purchasing agreements, loan guarantees, and co-financing of multilateral projects.

Finally he discussed some interesting criteria and indicators for measuring the benefits of sustainable forest carbon sequestration projects. The impact of these projects, whether on society, the environment or the economy, needs to be measurable and quantifiable for them to attract financing.

Ouro Verde Bahia Project

Ivo Cairo, Field Manager, Michelin

Ivo Cairo presented a comprehensive overview of Michelin's recent efforts at a sustainable, environmentally friendly project in Brazil's forests. Michelin's objective is to create a site that is both socially and economically beneficial to Michelin, the Bahia region and its communities. From the early stages, Michelin worked closely with many of its stakeholders, including the local community, NGOs, politicians and banking institutions.

In association with the Biobrasil Foundation, the project created a Communication Pilot Team and an "Ecological Corridor" covering 3,000 hectares. After a survey of the territory and its species, the project initiated a re-forestation program, reintroduced animals and encouraged eco-tourism. The project then created mid-size farms and shared them with local farmers. At the same time, it created the supporting infrastructure, governance and systems required for the rehabilitation of the local community and the management and sale of these farms' cocoa production.

Alternatives for sustainable development

Sueli Agostinho, Governmental and Institutional Affairs Manager, Caterpillar

Sueli Agostinho spoke about Caterpillar's partnership with the Tropical Forest Foundation and their program to minimize environmental impacts through best practices in tree selection and logging. Another initiative presented was the Interactive Exhibition "Cochicho da Mata" aimed at youngsters between 6 and 18 years of age. 200,000 people in 6 states of Brazil have seen the exhibition featuring 60 endemic species and 22 actors. The sensorial experience with light, sound and essences of the native forest has already received 3 awards.

Aracruz Forests – A successful case

Isaura Frondizi, Corporate Relations Manager Aracruz Cellulose

Isaura Frondizi spoke about the worldwide forestry panorama and Brazil's position in it, and then about the use of planted trees versus the consumption of the forests specific to Brazil's forestry sector, forecasting the future of the Brazilian forest and all related economic activities. Aracruz's strategic actions were described, as well as ten other programs.

Reforestation Arc

Gustavo Bessa, Director of the Environmental Institute and Environmental Rehabilitation and Protection Department Manager, Companhia Vale do Rio Doce

Gustavo Bessa presented the very enlightening case of the Deforestation Arc, an area larger than 10% of the Amazon Rain Forest, equivalent to the size of Germany. Based on a history of the area from the 16th century, a detailed survey started in 1975 shows the evolution of this area, and how fast degradation is occurring. Basing its work on soil usage scenarios covering products from eucalyptus to rice, Companhia Vale do Rio Doce aims to change the Deforestation Arch to a Sustainable Development Arc. Gustavo highlighted how correct use of the land will achieve mutual profit for all while providing benefits such as carbon sequestration.

Discussion groups

The participants were invited to choose one of three topics to discuss in a facilitated group:

- Business and Biodiversity;
- Funding Sustainable Projects;
- Partnering with Non-Governmental Organizations.

Each group discussed in detail the challenges and opportunities for sustainable management of the Brazilian forests and reported back to the whole conference.

The key success factors included:

- Mutual engagement both with global organizations and local experts and non-governmental organizations, thus providing insight to local limitations, challenges and opportunities.
- Sharing information and clear communication as well as a project's financial soundness were also high priorities.

Challenges ranged from government corruption and inconsistent legal frameworks, to a lack of concern for long-term objectives. Loss of credibility is very difficult to overcome, especially in the global community. Other limitations include the results of a lack of awareness or expertise.

Flávio Almeida, Project Coordinator, CEBDS

Flávio Almeida concluded the conference with a summary of the presentations and a statement on the outcomes of the event.

- The vicious cycle of deforestation is still happening and there is an urgent need for action;
- Corporate responsibility does exist;
- The business case for sustainable development has been proven and affords a great opportunity for advancement;
- There are examples of very good practice by Brazilian companies;
- There is the need to expand beyond the "good examples" and move sustainable development into the mainstream;
- Legal and other disincentives need to be removed.



About the WBCSD

The World Business Council for Sustainable Development (WBCSD) is a coalition of 175 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Our members are drawn from more than 35 countries and 20 major industrial sectors. We also benefit from a global network of 50 national and regional business councils and partner organizations involving some 1,000 business leaders.

Our mission

To provide business leadership as a catalyst for change toward sustainable development, and to promote the role of eco-efficiency, innovation and corporate social responsibility.

Our aims

Our objectives and strategic directions, based on this dedication, include:

Business leadership

> to be the leading business advocate on issues connected with sustainable development

Policy development

> to participate in policy development in order to create a framework that allows business to contribute effectively to sustainable development

Best practice

> to demonstrate business progress in environmental and resource management and corporate social responsibility and to share leading-edge practices among our members

Global outreach

> to contribute to a sustainable future for developing nations and nations in transition

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About the YMT

The WBCSD's Young Managers Team (YMT) is a program designed to provide a learning experience and networking opportunity for team members as well as for the member companies they represent. The YMT program runs for one year and is composed of high potential employees interested in sustainable development and drawn from across a range of job functions.

The Brazil workstream of the YMT 2004 was made up of the following participants: Carlos Avila, Codelco; Dymah Ben Messalem, ConocoPhillips; Hatim Benmoussa, Holcim; Ricardo Garcia, BHP Billiton Limited; Matthew Janssen, Skanska AB; Carlos Mendes, CIMPOR; Clara Millard, Dow; Philippe Teller, Caterpillar Belgium.

This report is released in the name of the WBCSD. It is the result of a collaborative effort by members of the Young Managers Team and the views expressed do not necessarily represent the views of every WBCSD member.

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