TRADE DEALS BETWEEN CORPORATIONS AND AMAZONIAN FOREST COMMUNITIES UNDER COMMON PROPERTY REGIMES: OPPORTUNITIES, PROBLEMS AND CHALLENGES

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ABSTRACT

This article aims to review the opportunities and problems caused to communities, corporations, forests and the society as a whole, by establishing corporate-community partnerships for the commercialisation of non-timber forest products. Based on literature review and preliminary data of an ongoing project, the study particularly focuses the context of indigenous and extractive communities in Brazilian Amazonia. The evaluation suggests that partnerships can both provide benefits and cause damages to communities, companies, the environment and the society as a whole. Problems are, in general, stronger at the community level, although they can also affect companies, forests and the society as a whole. Despite that, there are evidences that partnerships may provide better results than commercialisation in their absence. In addition, government and civil society organisations have a key role on partnerships' success, through their promotion, brokering and assessment. I conclude that the main challenge to the success of corporate-community partnerships in Amazonia is to disentangle which are the factors locally implicated in success or damages. Remoteness, cultural and forest diversity pose special problems and imply specific results from corporate-community agreements in the region.

1. INTRODUCTION

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 local well-being. Based on this argument, and induced by conservation-led and indigenous advocacy groups, several initiatives of NTFPs' commercialisation have been established in the tropics (COUNSELL & RICE, 1992). At fist, commercialisation was usually promoted by non-governmental organisations (NGOs) (CLAY, 1997). Increasingly, however, corporations took over the forefront on establishing partnerships with rainforest communities, induced by raised consumers' demand on sustainably produced and fairly traded products.

Presently, Amazonia most probably represents the main platform for agreements based on "green" or "fair trade" markets. Ongoing initiatives encompass a diversity of products and sectors, including essential oils, medicinal plants, fibbers, resins and even the automobile industry. Initially led by developed countries' companies, nowadays South-South trade deals are increasingly common. Yet the reasons underlying the recent burst of initiatives, especially in the Amazonian context, are poorly know, as are the opportunities and problems created but these initiatives to the communities, the companies, the environment and the society as a whole. These two points are the focus of the present article, which is based on literature review alongside preliminary results from an ongoing research project.

Although examples and conclusions are drawn from research focusing several sectors, the paper concentrates on partnerships established for trade in forest products and mainly NTFPs. Particularly, the focus lies on corporations that have established partnerships as a corporate social responsibility strategy.

The particular evaluation is relevant because, first, trade deals represent a growing market and, second, they have been adopted as a central strategy by several Brazilian and international NGOs, as well as government departments. Consequences are, however, still poorly known.

WHAT ARE PARTNERSHIPS?

Partnerships can be defined as a variety of formal or informal relationships or trade deals established with the aim of benefiting two or more partners (MAYERS, 2000). In the context of the present study, partnerships are broadly defined, to describe from formal to informal deals between corporations and communities.

Partnership models vary, including those public-private, corporate-civil society, tri-sector and, finally, corporate-community agreements (ASHMAN, 2000;VERMEULEN *et al.*, 2003;WARNER, 2003). Corporate-community agreements, despite having some resemblance with other partnership types, differ from those such as public-private because they do not attempt to shift responsibilities and risks from one sector to another. Instead, they are based on the possibility of sharing risks, pool resources and aggregate skills, in order to deliver benefits to partners and eventually to the society as a whole. Broad benefits are particularly the aim of partnerships for sustainable development, a novel phenomena evolving from the observation that individual sectors are unable to solve the complex issues inherent to sustainability (WARNER, 2003).

There is a paucity of research pertaining corporate-community agreements, particularly in the forestry sector. Amongst the recent literature on the subject, most studies focuses on timber production (e.g. MAYERS, 2000; MAYERS & VERMEULEN, 2002; MAYERS & VERMEULEN, 2003; NAWIR *et al.*, 2003; VERMEULEN *et al.*, 2003), while rarer are those studies dedicated, at least partially, to NTFPs' extraction or the commercialisation of environmental services (but see ANDERSON & CLAY, 2002a).

PARTNERSHIP DRIVERS

In the last decade, partnerships are "spreading like wild fire" in both developed and emerging economies (MAYERS & VERMEULEN, 2002:16). At the same time, corporations are playing an ever-growing role in sustainable development discussions, such as during the recent Earth Summit. In Johannesburg, for instance, partnerships with corporations were promoted as a prospective model for improved governance and best practice (VERMEULEN *et al.*, 2003). Likewise, in the forestry sector, the coverage, scale of operation and models of corporate-community agreements are on the rise (MAYERS, 2000). The reasons vary.

Changes brought about by globalisation represent the first driving factor. Globalisation is turning trade, investment, technology, information and aspirations every day more international, as well as is making isolated communities a feature hard to find (MAYERS & VERMEULEN, 2002). Regarding the specific context of partnerships, three globalisation consequences may be highlighted. Firstly, companies are operating in an over-competitive environment and therefore need to adopt a variety of means to cope, such as broadening and diversifying markets (GOULART, 2003). Secondly, competitive pressures associated to globalisation forces have pushed corporations to respond no longer only to clients and investors, but increasingly to a complex set of stakeholders and geographies. Creating and maintaining the present range of relationships fosters the adoption of a diversified set of strategies, among which the establishment of partnerships is included (UTTING, 2001). Thirdly, partnerships are also a society reaction in face of increasingly distant decision-making affecting people's lives and, consequently, a mechanism to return control over trade to communities (MAYERS & VERMEULEN, 2002).

Besides globalisation, changes in governance models are the second current tendency promoting partnership establishment. Partnerships are also a response to transformations in power relations, wherein multiple and more balanced power relations replace traditional ones. These novel forms bring citizens and businesses to the spotlight, turning them into central drivers of social change, as well as increasingly responsible for new roles previously exclusive of the state. Today, civil society plays a supplementary statutory role, implementing procedures such as certification, as well as detecting and publicising abuses that threaten companies' reputation. Civil society has also pressed businesses to adopt philanthropy as another tool for avoiding criticisms and project a solidarity image (UTTING, 2001). Partnerships involvement is therefore, at least partially, a risk management strategy set up by companies to guarantee their operation in a relatively secure environment. The approach minimises problems with laws, campaigning and boycotts, which may have negative consequences on sales, shares' value, market access and control.

The third partnerships' driving factor relates to current strategies of economic growth emphasising market liberalisation, eroded role of the state in regulatory activities and privatisation. Privatisation, for instance, fosters deals with communities because, while under government rule, several companies adopted the duty of providing a number of social services to remote communities. With the transference in ownership control, a context is created which envisions and presses businesses to become an alternative source of investment, as well as implementers of philanthropic activities (UTTING, 2001).

Global tendencies, such as increased private control and the adoption of market mechanisms, have also affected the particular sector of forestry, leading to an increased adoption of corporate-community deals. Moreover, the influence exerted by civil society, which envisions forest conservation as a fundamental value, is in this case particularly important. Civil society acts mainly through the discriminatory purchasing power, alongside NGOs' actions and schemes of alternative regulation (e.g. certification) (MAYERS, 2000;WEINBERG, 1998), or market influence (e.g. forming buyers' groups) (RICE *et al.*, 2001). Yet probably the main reason that drives the establishment of forestry partnerships is the control of a quarter of the world's forests by indigenous and rural communities (WHITE & MARTIN, 2002). In the last decade, we observed stronger political pressure for transferring forest control to local communities, a movement that became largely successful. Because of that, companies need now to set deals with communities in order to get access to forest resources, making the establishment of partnerships an advisable or necessary practice (VERMEULEN *et al.*, 2003).

Regarding Amazonia, the region is under the influence of global trends in forestry and yet submitted to local forces which also contribute to the rise on corporate-community agreements. Similar and even more conspicuously than global trends, the region is extensively under the control of indigenous and extractive communities. Although it is still possible to get access to both timber and NTFPs in the region without establishing partnerships, agreements are a necessity at least in some formally designated community forest areas. Extractive Reserves and demarcated indigenous lands are the most important examples, overly relevant because of the large proportion of the region they represent. To exemplify, only indigenous lands represent about a fifth of the total area of the Brazilian Amazon (PERES, 2002). But besides these areas under formal common property regimes, there is yet a larger proportion under similar but informal systems.

Brazilian Amazonia is also under a process of growing social identity, arising from a broad and diversified social movement. Pressure groups developed in the region mainly in the late eighties with, firstly, Chico Mendes and the movement for land rights that resulted on the creation of Extractive Reserves (see ALLEGRETTI, 2002) and, secondly, with indigenous peoples' actions, such as the Altamira meeting in 1989 (see FISHER, 1994). The proliferation of small-scale commercialisation projects is also a result of this novel model of socio-environmentalism brought about by social struggles, which put local communities, their knowledge and traditional resource use in the forefront of development strategies. In the region, current initiatives of small-scale commercialisation are induced mostly by a G7-funded program to the Brazilian government, set up to assist small communities in livelihood alternatives (BECKER & LÉNA, 2002). Yet, more importantly than government initiatives, the process is a result of several organisations of the civil society. Among other strategies, these organisations are attempting to establish partnerships with corporations in order to make commercialisation viable in very remote areas of the forest. Brazilian examples include national NGOs such as *Instituto Socioambiental*, and international NGOs established in Brazil, such as *Friends of the Earth.* These are several others society organisations have created programs and initiatives which, in one way or another, mediate the establishment of deals with companies.

Besides government and civil society support, the Amazonian appeal to the world society is the fourth reason driving the establishment of corporate-community agreements. As announced in the title of an article in the best-selling Brazilian weekly magazine, "the Amazon is chic" and hence sells well (CAVALCANTI & EICHENBERG, 1998). Companies have profited from Amazonian appeal and have therefore created products in Brazil and elsewhere exploring the region as their chief trademark.

Partnerships are lastly on the increase in he Amazon because of particular trends in specific corporate sectors. This is mainly the case with the cosmetics industry, which is increasingly shifting from industrial to natural sourcing, from animal-based to vegetable-based products, and is increasingly adopting corporate social responsibility practices.

OPPORTUNITIES AND PROBLEMS CREATED BY PARTNERSHIPS

Global development leaders are promoting partnerships for sustainable development because, in contrast to philanthropic actions, they encompass the very core of partners' activities and may therefore represent a win-win strategy (ASHMAN, 2000). Notwithstanding the fact that these sceneries where everybody benefits sound good in theory, both benefits and problems can be conveyed to communities, companies, the environment and the society as a whole.

COMMUNITY CONTEXT

Risks

Partnerships share the advantage of reducing economic risks to communities, which are brought about by the high volatility of markets for forest products. They do so by usually incorporating guaranteed prices and also by sharing commercial risks with companies (MAYERS, 2000).

Despite that, risk sharing is never equal. Companies are able to minimise their risks by mechanisms such as insurances, in addition to the maintenance of a broad range of partner suppliers. Communities in turn have little possibilities available at their hands (VERMEULEN *et al.*, 2003). Partnerships can moreover even increase risks to communities when, for example, they threaten the self-sufficiency of subsistence-based communities (COLCHESTER, 1989), causing excessive dependence over a product or activity (CLAY, 1992b) or creating debt (CORRY, 1993; 1994).

In the Amazon, for instance, population density is low and NTFPs are in general widely dispersed. This panorama implies that communities have a low production capacity. Since companies usually need certain minimal production levels to make the operation economically viable, a framework is set up that frequently induces communities to produce at levels that may imply threatening their subsistence activities. To give an empirical example, at least in one year, some families of the A'Ukre Kayapó group abandoned their gardens in order to increase their production of Brazil-nut oil traded with a company. Because of that, these families experienced problems, since subsistence agriculture was abandoned and access to purchased food is problematical in the area (MORSELLO, 2002).

Access to market, credit, investment, infrastructure, technology and social services

Partnerships can benefit communities by increasing market access or market share. Alongside, partnerships allow communities to overcome the initial costs of developing market activities, a strong and overly common impediment to forest communities. Companies can more specifically help on: (i) providing starting or networking capital (i.e. rolling capital) to communities; (iii) serving as co-signers on credit transactions or convincing other companies to do so; (iii) providing infrastructure and equipment at low risk to the community; (iv) pressing the government to implement local improvements and (v) allowing for the incorporation of an "enterprise dynamics", by means of technical capacity building and access to technology, competencies and creativity (CLAY, 1992b;CLAY, 2002;GOULART, 2003;MAYERS, 2000;MAYERS & VERMEULEN, 2002;UTTING, 2001;VERMEULEN *et al.*, 2003). Finally, partnerships also allow that communities increase their access to social programs, commonly implemented by, or at least with help of, corporate partners (CLAY, 1992b;WADDINGTON, 2002).

In the Amazon, there are some examples of social services provided as by-products of deals with companies. For instance, in a partnership between the Kayapó indigenous group and the UK-based cosmetics company *The Body Shop*, a medical centre was implemented with funds partially matched by a sister foundation from the company (MORSELLO, 2002). The expectations created by agreements with companies are usually so high that they have commonly resulted on the creation of sister foundations or similar bodies by companies dealing with Amazonian communities. This is the case of international companies such as *The Body Shop*, and national companies such as Natura and Amazonlife.

Despite all the benefits, there are situations where the consequences of increased market access can instead be negative. Weinberg (1998), for instance, observed that at least in one case an urban community involved in a partnership became indebted. In this latter case, the community entered into a financial agreement with a bank, in order to improve local infrastructure and thus be able to pursue the necessary production demanded by the partner company. The community was later set into trouble, when the company broke the agreement because of insufficient profits, neglecting the fact that the community debt was not yet cleared.

Problems with rolling or networking capital are also relatively common, because companies commonly provide capital but only at early phases of implementation. Low profits, lack of managerial capacity and other community idiosyncrasies make it unlikely that communities are successful on capitalising local enterprises (CLAY, 2002). This has, for instance, been the case with the Kayapó community of A'Ukre, still unable to save the networking capital from one year production to the next after more than ten years of the agreement (MORSELLO, 2002). In contrast, however, the Yawanawa have experienced some similar problems, but they have been at least partially successful. The main difference is the obligation incorporated in the formal agreement signed with the company (WADDINGTON, 2002), which is inexistent in the Kayapó case.

Capacity building

Capacity building for the production process, administrative support, skills' development and quality control are aspects which are usually incorporated by companies in partnership agreements (CLAY, 2002;GOULART, 2003). These investments are very important in the long term, because they can represent a more secure and sustainable development route to communities, so long as members do not get trapped in excessively unfavourable contracts (VERMEULEN *et al.*, 2003).

Notwithstanding the great benefits brought about by capacity building programs, they are rather rare or inadequate in the context of Amazonian partnerships. It appears that, in many cases, capacity building only begins after a certain period on partnership establishment. Programs start only when companies get acquainted with the fact that subsistence-based indigenous or rural communities lack basic skills to plan and manage even simple operations. Moreover, when programs are implemented, they are usually restrict to teaching how to prepare the book-keeping to one or two members of the group (see e.g.MORSELLO, 2002). Further, they do not take into account special characteristics of communities, such as systems of collective production, sharing and risk avoidance. These rather poor and inadequate systems of capacity building are therefore unable to empower communities to take control of the operation in the absence of the company.

Poverty Alleviation

Partnerships may allow communities to benefit from growing markets in personalised products, guaranteeing: (i) the possibility to raise income and to allow capital accumulation, when compared to alternative activities (CLAY, 1992b;MAYERS, 2000); (ii) job creation or self-employment (VERMEULEN *et al.*, 2003) and (iii) access to more regular and secure income sources. Amongst alternative arrangements, the best ones are those providing a diversity of livelihood and land use choices (VERMEULEN *et al.*, 2003); those exploring critical periods for community food security, or those focusing periods of the year when activity is lower (MORSELLO, 2002;WADDINGTON, 2002).

However, despite evidences showing that, generally, partnerships are able to raise the benefits delivered to communities, it is often demonstrated they are unable to lift people out of poverty. Commonly, partnerships represent only complimentary income sources, since they provide only limited job opportunities and often discriminate against the poorer (VERMEULEN *et al.*, 2003). Moreover, although the payment of premium prices or increased market access may bring advantages in comparison to other forms of trade, partnerships' viability is still curtailed by two main factors. Firstly, because the greatest value to companies is still represented by their marketing potential (TURNER, 1995a; b). Secondly, because purchasing prices are usually unilaterally set up by companies as a consequence of incipient markets for traded products (CORRY, 1993; 1994).

Social differentiation

At least in one case it has been shown that a trade agreement between a company and an Amazonian indigenous community was able to reduce inequalities raised by other income sources. This was the outcome in a situation where the agreement: (ii) provided broad access to all individuals within the society; (ii) was not based on a limited number of opportunities for engagement and (iii) was based on traditional or widely distributed skills within the society (MORSELLO, 2002).

Nevertheless, inequalities and social differentiation are a rather common outcome of commercialisation. In the context of remote and indigenous communities in Amazonia, it is feared that integration into market activities leads to social differentiation and, in turn, to cultural changes and environmental impacts (MORSELLO, 2002). Evidences from other countries also show that despite the benefits brought about by partnerships, they are commonly skewed towards certain individuals and families, marginalizing the poorer and weaker (VERMEULEN *et al.*, 2003). Inequalities particularly arise from those partnerships that discriminate against certain groups such as, for instance, landless people (VERMEULEN *et al.*, 2003). Furthermore, even under ideal conditions, for those communities that are still largely subsistence-based, differentiation may occur amongst households because of their composition, demography and structure. Smaller households or those that lack male labour are those most usually at risk (MORSELLO, 2002). Finally, differentiation also occurs by means of transference of workloads. It is common that some society segments, for instance women, are excluded from direct benefits of commercial activities and yet have to take on the burden of extra work previously attributed to men.

Consequences of partnerships may not only be a cause of specific arrangements, but also of characteristics of community partners. Differentiation may be caused by the appropriation of benefits by some more powerful and yet traditional segments within the society. To exemplify, a partnership with several indigenous groups for NTFP trade and a cosmetics company in the Altamira region of Pará, Brazil, produced different gender-related consequences. While groups from one speaking-family group (i.e. Ge) shared benefits more equally with women, those from another speaking-family (i.e. Tupi) restricted access to them[1].

Empowerment and social organisation

Partnerships are often announced as a mechanism that may foster local empowerment and social organisation, by means of strengthening representative organisations of communities (CLAY, 1992a;GOULART, 2003). Empirical cases of corporate-community agreements have shown that conditions for empowerment may be created. Partnerships may help when: (i) they represent temporary stepping-stones towards greater economic and political empowerment and thus allow communities in the long rum to be able to abandon partnerships and act independently; (ii) they improve the community self-confidence and citizenship; (iii) they improve the bargaining power when dealing with the government and financers; (iv) they allow community participation on price setting, as well as more transparent businesses (GOULART, 2003;MAYERS, 2000;VERMEULEN *et al.*, 2003). Furthermore, in the Amazonian context, partnerships may allow communities to overcome the traditional system of debt-bondage still surviving in some regions (GOULART, 2003).

However, outcomes are in many instances at odds with results expected. Partnership agreements by their own appear to be unable to increase the bargaining power of communities. Frequently, communities lack the abilities or local organisation to negotiate fair deals and hence many corporations take over the control of the relationship (MAYERS, 2000;VERMEULEN *et al.*, 2003). Moreover, the relative distribution of power between partners is to a large extent defined by setting up more formal agreements, defining rules,

[1] Benigno Marques, FUNAI director at Altamira, personal communication in 17/02/2004, Altamira, Pará, Brazil.

responsibilities and rights of each party (MAYERS, 2000). It is nonetheless common that formal contracts are absent, especially when we take into account the Amazonian situation.

Occasionally, partnerships may even be a weakening force working against community social organisation, especially when corporations: (i) unilaterally impose certain rules or restrictions; (ii) interfere on community affairs and decision-making, as well as benefit and task-sharing and (iii) impose exclusive rights on product acquisition (see e.g., GOULART, 2003;WADDINGTON, 2002). Premium-prices are yet another common cause of over-dependency being created by corporate-community agreements, because they hinder the attraction of other potential buyers (CORRY, 1993).

Finally, a last problem arises when relationships between companies and communities are mediated by organisations created mainly through companies' interference. Expectedly, these organisations lack local representativeness and are therefore unable to promote community empowerment (VERMEULEN *et al.*, 2003). Even worst are the consequences when these organisations overshadow other traditional and representative community organisations. At least in one example in Brazilian Amazonia, a cooperative created in order to deal with a Brazilian company surpassed the power of a traditional organization of the local community thus leading to community divergences [2].

Community Cohesion

Some empirical observations have demonstrated that certain partnership formats can be able to strengthen community bonds and increase community organisation (VERMEULEN *et al.*, 2003). In Brazilian Amazonia, for instance, a partnership established with the cosmetic company Aveda was able to "promote cooperation and to avoid competition within the community" (WADDINGTON, 2002:59).

Partnerships may, nevertheless, exacerbate conflict amongst and within households, especially when: (i) they exclude certain groups from benefit sharing; (ii) they impose extra workload to certain individuals within the family (VERMEULEN *et al.*, 2003); (iii) they interfere in complex systems and sensitive arrangements for common property resources (WOLLEMBERG, 1998) and (iv) they stimulate community partitioning mainly through emphasising individual instead of collective practices (MORSELLO, 2002).

Problems are moreover exacerbated in partnerships established with corporations, because they lack the capacity and understanding to respond to social dynamics (MAYERS,

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[2] Fieldwork data.

2000;VERMEULEN *et al.*, 2003). Furthermore, problems are most common in indigenous communities at early stages of market integration, whose social systems can be impaired by the introduction of new economic activities. For instance, collective forms of organising tasks may be abandoned if commercialisation depends on work individually pursued or individually remunerated (MORSELLO, 2002).

Land and resource control

Evidences exist that business partnerships may provide communities with stronger arguments to guarantee land ownership and control over natural resources under common property regimes (MAYERS, 2000;VERMEULEN *et al.*, 2003).

Despite that, there are also opposite evidences, showing cases where an increase in resource value or resource access have resulted in transference of control to other actors (CORRY, 1993), or the individualisation or collective rights (VERMEULEN *et al.*, 2003). Evidences are therefore ambiguous and appear to be context dependent.

Impacts on Culture and Natural Resource Use

Partnerships for NTFP trade may in some cases bring benefits to indigenous and extractive communities in relation to the maintenance of culture and traditional practices of natural resource use. Usually partnerships deliver benefits, because: (i) they provide livelihood alternatives compatible with communities' residence in original forest habitats and (ii) they increase consciousness of the society at large concerning forest conservation and the rights of indigenous and extractive communities (CLAY, 1990;CLAY, 2002). Although less common, some commercialisation agreements in the Amazon were also able to help strengthening the cultural identity of indigenous groups, by fostering collective work and the maintenance of traditional customs (WADDINGTON, 2002), or rescuing from abandonment traditional practices of natural resource use (MORSELLO, 2002).

Nevertheless, the introduction of market activities, albeit not particularly in the partnership format, may pose several threats to the culture and traditional practices of forest groups. In terms of cultural impacts, commercialisation projects may: (i) obfuscate to the society as a whole the more significant problems related to cultural and physical maintenance of indigenous groups; (ii) be used as a disguised mechanism to integrate indigenous communities to the dominant society (CORRY, 1993); (iii) deliver cultural impacts by transforming social organisation and the traditional relationship with the natural environment and (iv), due to lack of time availability, cause the abandonment of festivals or other traditional practices essential to the maintenance of social bonds (MORSELLO, 2002).

Regarding the use of natural resources, the new link with the market may transform traditional practices and rules of use. There are evidences showing that, even under "green" or "fair trade" schemes, corporate-community agreements may indirectly lead to, firstly, increased hunting pressure and, secondly, raised dependency on agriculture in detriment of gathering NTFPs for own use. Together with increased dependency in agriculture comes a larger area deforested for agricultural practices, because of the adoption of new technologies or in response to productivity losses caused by transformations in the calendar of traditional practices (MORSELLO, 2002).

CORPORATE CONTEXT

Risks

Similar to the communities' context, partnerships have been announced as a strategy of risk reduction to companies, by means of guaranteeing access to natural resources and by improving the relationship with local communities and the society as a whole (MAYERS, 2000).

Notwithstanding the benefits, risks are also conveyed to companies, particularly in the context of Amazonian corporate-community partnerships for NTFPs' trade. In the region, production is very irregular and thus regular sourcing is not guaranteed. Moreover other common problems that raise risks relate to uncertain product quality (REYDON *et al.*, s/data), as well as difficulties to fully legalise the extraction of forest products from indigenous or Extractive Reserves.

Market and profit

Corporate-community partnerships can deliver positive impacts to corporations in relation to profit, market access and control. Evidences suggest that partnerships: (i) deliver positive net financial gains and promote improvements in physical assets (ASHMAN, 2000); (ii) pay premium-prices for the products; (iii) improve access to the growing niche markets on green and fairly-traded products (GOULART, 2003); (iv) reinforce the supply chain by more sustainably exploiting natural resources (ASHMAN, 2000;IUCN, 2002) and (v) avoid boycotting and losses in market share (CLAY, 1997). Furthermore, some evidences exist that commercial initiatives associated with principles are able to rapidly result on profit, as well as more likely to reach success (ENTINE, 1995).

Nonetheless, in locations such as the Amazon, partnerships raise production costs because of: (i) the remote location of partner communities (GOULART, 2003;WOLLEMBERG, 1998); (ii) the extra costs brought about by the need to formally or informally integrate with communities (REYDON *et al.*, s/data) and (iii) due to the high investments needed to develop productive systems that are efficient and viable within tropical forests (GOULART, 2003). In the case of some sectors, mainly cosmetics, these raised costs are irrelevant in regard to the total costs incurred and the benefits obtained. However, this situation is rather an exception than the rule (REYDON *et al.*, s/data). Furthermore, strategies aimed at reducing production costs may conflict with social aims – for instance job creation – and are therefore more difficult to adopt in community enterprises (ANDERSON & CLAY, 2002b).

Corporate Management

Partnership benefits to corporate management include: (i) improving organisational capacity; (ii) innovation in businesses and corporate programs and (iii) diversification of financers' portfolio by accessing new sources taking into account corporate social responsibility practices (ASHMAN, 2000).

However, social systems, such as indigenous and extractive communities, and complex environments, as tropical forests, trouble corporate management. Particularly, problems are brought about by the absence of community skills regarding production and commercialisation (WOLLEMBERG, 1998). Furthermore, there is an inherent contradiction in green markets: ecological aims are in conflict with economic growth sought by a market economy. Companies that are setting partnerships are therefore trying to reach a goal – be environmentally correct, by means of a strategy -economic growth- inappropriate for that goal (WEINBERG, 1998). This contradiction implies recurrent problems, which in turn require corporate innovation and adaptation.

Marketing

Most probably, the largest benefit delivered by partnerships to companies regards the use of marketing tools. Partnerships are a strategy of public relations and image improvement, by means of building up an "uncontaminated" and strong reputation to the companies and to their trademarks. Image is in turn an essential element for company's competitive advantage on accessing novel market niches (ASHMAN, 2000;UTTING, 2001).

Specifically in the case of partnerships in Amazonia, companies are able to: (i) win the sympathy of "responsible" and "green" consumers (CLAY, 1992b); (ii) identify with causes of great social appeal such as those related to indigenous groups and the environment (TURNER, 1995b); (iii) benefit from public support that reacts more steadily to tangible environmental problems such as biodiversity loss than to intangible aspects as carbon emissions (IUCN, 2002), and (iv) amass free publicity with the actions and hence save money on advertising.

Nonetheless, increased visibility may also trigger lawsuits or negative publicity, putting at risk company's activities and reputation. A number of cases exemplify how even big and solid companies may suffer from similar problems. The most famous example in the Amazon relates to *The Body Shop* company and mainly the deal with the Kayapó group, that attracted at one point negative publicity and almost a lawsuit (MORSELLO, 2002).

FOREST CONSERVATION CONTEXT

The environment is the third element that may benefit from partnerships. In particular, partnerships for NTFPs' trade may assume this role, because they generally imply lower ecological impacts in comparison to logging and other land uses (ARNOLD & PÉREZ, 1998 ;SHANLEY *et al.*, 2002). Besides direct positive impacts, partnerships for NTFPs' trade may bring indirect benefits because they: (i) provide livelihood alternatives based on forest products that may encourage forest conservation by communities; (ii) increase the value of standing forests by realising their economic value; (iii) avoid more harmful uses of the forest and advance less impacting processes (CROOK & CLAPP, 1998;FREESE, 1997); (iv) do not reward least-costly forms of forest resources extraction untied to social and environmental investments (VERMEULEN *et al.*, 2003) and (v) raise public consciousness regarding forest conservation (CLAY, 1990).

Environmental benefits, however, are not always realised. Some authors (e.g., CORRY, 1993) argue that the strategy is dangerous, since it is based on a consumist paradigm that is the very cause of rainforest destruction. Besides that, there are evidences showing that increased economic benefits to communities are not directly associated with forest conservation (SALAFSKY *et al.*, 2001). As Reardon and Vosti (1995) argue, forest exploitation does not necessarily creates incentives for conservation, and poverty alleviation does not necessarily reduces environmental degradation.

Three consequences may serve to illustrate the contradictions in this regard. Firstly, skills acquired by communities in capacity building programs, associated to undamaging forms of forest exploitation, can later be adopted to pursue less sustainable practices of land use (VERMEULEN *et al.*, 2003). Secondly, larger benefits can result on incentives that lead to overexploitation of forest resources (BROWDER, 1992). Thirdly, infrastructure improvement may in some cases increase accessibility of forest areas and hence raise logging and hunting pressures.

In relation to NTFPs' trade, although the ecological impacts are usually less significant, the resource base may also be depleted in the long term (e.g., PERES *et al.*, 2003). Moreover, present knowledge is still insufficient to allow the implementation of extractive system in tropical forests we can assure are sustainable (CROOK & CLAPP, 1998).

CONTEXT OF THE WHOLE SOCIETY

To the society as a whole, partnerships may: (i) contribute to raise the prospects on human rights, labour and environmental standards; (ii) inform the public about forest communities' livelihoods (UTTING, 2001;WEINBERG, 1998); (iii) foster the use of recyclables and the abandonment of unnecessary animal tests. More importantly, however, are the benefits that partnerships may provide to local development. Current evidences show that, despite some problems exist, partnerships have better results to local development than forest exploitation in their absence (VERMEULEN *et al.*, 2003).

Although good prospect must be acknowledged, the expansion of partnerships may nonetheless pose some traps to society. The main fear is that partnerships' establishment overinflates corporate influence. Consequently, the role associated to deregulation and voluntary controls turns to substitute rather than to complement government regulation. The concern is particularly important because only a few corporations usually transform their own social and environmental practices in the absence of government control. Besides that, the discourse associated with partnership initiatives brings the risk of producing self-censorship and of confounding the critical judgement of civil society organisations involved in such agreements. This entails several problems, since it is not yet clear how much green and fair trade markets are really driven in their daily decision by these principles. Moreover, evidences already exist of companies that exaggerate the discourse, but do very little in practice. Partnerships can therefore silence most needed criticism and evaluation of agreements, and begin to serve as a "social licence" to operate, instead of helping to increase environmental and social performance of trade (UTTING, 2001;VERMEULEN *et al.*, 2003).

PARNERSHIP ACTORS: THE ROLE OF THIRD PARTIES

In general, it is claimed that the effectiveness and sustainability of corporate-community agreements depends upon partners' capacity to jointly solve problems, besides negotiating formal deals without the interference of mediators. The underlying argument states that, if partners are unable to develop mutual trust and to establish processes to conjointly work, then the partnership should be abandoned.

However, problems can and do arise. Particularly, problems arise in complex partnerships involving a diversity of stakeholders, or whenever partners do not share the same culture or work ethics, as is often the case with indigenous communities. Mistrust and conflict between organisational systems or related to optimal division of tasks and roles are common, especially at early phases of implementation. Therefore, in many situations, the presence of partnership brokers during strategic moments of setting up an agreement is not only defendable, but also decisive. Impartial brokers have a pivotal role especially while signing formal contracts, a vulnerable moment in partnerships' establishment (WARNER, 2003).

NGOs, and to a lesser degree governments, are experienced brokers and can fulfil the role of mediators. Local producers' associations or cooperatives are also crucial mediators of the relationship between individuals or households and companies, and can transform subordinate relationships into more equal agreements, better conditions and fairer prices (GOULART, 2003;MAYERS, 2000). More rarely, researchers can also occupy the role of brokers. In the Brazilian Médio Juruá Extractive Reserve, for instance, a partnership with a Brazilian cosmetic company derived mainly from contacts initiated by a researcher working on alternative forms of energy use in the area[3].

Alongside mediation, NGOs can also act on other grounds. NGOs can (i) develop products and commercialisation strategies; (ii) work on capacity building for forest management, quality control, production and management techniques (ANDRADE, 2003); (iii) work on fund raising or help the communities on doing so (CLAY, 1992b;GOULART, 2003); (iv) pursue relevant research; (v) help on advertising the product (ANDRADE, 2003); (v) implement mechanisms or help the government on the task of defining "green" or "fair" markets and on introducing mechanisms for their assessment and control (WEINBERG, 1998).

Finally, NGOs have a last important role. In order to guarantee that partnerships are successful not only for companies, but also for communities and forests, NGOs should not abandon their contestatory role and their independent assessment tasks, such as reporting on abuses and preparing "black lists" or "green lists" according to companies' behaviour (CLAY, 1997).

Governments also have several duties to play in order to stimulate and to monitor partnerships. They can first work on implementing regulatory frameworks, as well as setting up institutional mechanisms that allow to oversee and control these rules, in association with

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[3] Fieldwork data.

a system of penalties and rewards related to compliance (UTTING, 2001). To support this structure, there is yet the need to formally define what defines the "green" or "fair trade" markets, context that generally encompasses these agreements (WEINBERG, 1998).

Ideally, the evaluation of what is "green" or "fair" should allow the public to objectively weight the merits and successes of alternative activities and partnerships. At least two models are possible. First, establishing scales against which to compare the environmental as well as socio-economic consequences of a certain activity or partnership deal. It is nevertheless very difficult to devise scales that allow the public to differentiate amongst the results of businesses of different nature. An alternative procedure, proposed by Weinberg (1998), would be to focus on the processes adopted by companies instead of the particular results. The author proposes that it is necessary to evaluate how internal problems in partnerships are identified – internally or by third parties – and the strategies developed in reaction to these problems. Most probably, the best moment for evaluation is in the course of intensive growth, since the process of growth in general is contradictory with ecological or social aims. These strategies can, for instance, vary: (i) on the type of objective that determine the choice of response – environmental, social or market driven; (ii) in relation to the mechanisms adopted to determine the success against these aims and (iii) the reaction of companies especially when there is a need to counterbalance market with social or environmental aims.

In addition to setting up regulatory frameworks and monitoring, government have a special role to play on fostering partnerships. For instance, by implementing or giving incentives to community microcredit systems, besides other specific market mechanisms aimed at promoting or restraining certain aspects of partnerships (GOULART, 2003;MAYERS, 2000). Finally, the government has a role to play in establishing or promoting institutional changes that facilitate partnerships implementation, capacity building and monitoring.

Last but not least, consumers are another important actor with a role to play in partnerships. By their discriminatory purchasing power, consumers are the very engines that have consequences along all the market chain. Consumers can act by: (i) giving preference to products that mitigate social or ecological impacts; (ii) checking on products and productive chains and (iii) promoting "positive" as well as "negative" boycotts against products (ANDERSON & CLAY, 2002a).

CONCLUSIONS

Despite the fanfare in their announcement, evidences presented in this study demonstrate that it is yet uncertain if the growth in partnerships represents the construction of a new and solid practical mechanism, or only the adoption of impact definitions that are unaccompanied by consistent practices. As shown, the devil is in the details. Partnerships for NTFP trade may both provide significant improvements, as they can cause considerable damage to communities, companies, forests and the society as a whole. The specific partnership structures and arrangements are key to the results obtained.

To the communities, partnerships may significantly reduce risks, as far as excessive dependence and debt are avoided. Due to their long-term impacts, the largest and most incontestable benefits to communities are represented by capacity building programs and the transference of technology that usually accompany partnerships. Nevertheless, partnerships are not yet a “Columbus’ egg” that can rescue forest communities from financial poverty. In addition, benefits are commonly unequally shared, albeit some examples of more equal arrangements exist.

Community empowerment is regarded as one of the main comparative advantages gained by communities in partnership arrangements. Yet, empowerment is probably only an outcome of legitimate partnerships, and does not result from those retaining the power and control in company’s hands. Likewise, the group cohesion may be reinforced in certain well thought partnership arrangements, although there are several traps that turn conflict into a commonly observed outcome. Consequences in terms of land ownership are inconclusive and, apparently, context-dependent. Lastly, transformation in cultural aspects, as well as in the traditional patterns of natural resource use are common and, possibly, the most difficult aspect to forecast and avoided in partnerships.

To the corporations, risks are smaller and investment returns are rapid, although problems may occur when deals do not follow in practice what they announce in discourse. Regarding corporate management, partnerships can, and even should result in substantial management innovation. Positive marketing and the emergence of a solid reputation are the largest and most incontestable benefits that partnerships may bring to the companies.

In relation to the environment, partnerships may reduce impacts and stimulate innovations that lead to more sustainable forms of forest exploration. There is however a diversity of traps that may put sustainability at risks, such as applying learned skills in other more damaging practices.

To the society as a whole, partnerships may represent an important strategy. Nonetheless, we should not get obfuscated by partnerships' potential and thus abandon our critic sense. If self-censorship prevails, partnerships will rather become a threat than a potential benefit to society. Likewise, government control and rule over agreements should not be set aside.

Concluding, in order to assure that partnerships grow in the right direction, as well as NGOs, the government, corporations and the very communities are able to fulfil their role adequately, it is necessary to evaluate the specific results in the Amazonian context. It has been shown that some characteristics such as remoteness, cultural and forest diversity pose special problems and imply specific results from corporate-community agreements. It is therefore necessary to disentangle which are the structures and factors that may maximise opportunities and minimise problems created by partnerships in this particular context. Partnerships vary in their quality, degree of proximity and of dialogue between the partners, power balance and formality. To evaluate which of these factors are more important, it is important to research and monitor the partnerships already installed in the Amazon.

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Acknowledgements

I thank Fábio Augusto Nogueira Ribeiro for comments on an earlier draft of this article. Project funded by the Kleinhans Fellowship Award 2003-2005, Rainforest Alliance (USA), and CNPq (Brazil), Recém-doutor scholarship to Morsello.