

Intersectoral Partnerships for Sustainable Development: the Case of Community Forest Management in Brazil

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Abstract

This thesis examines the roles of and the relationships amongst the public, private, Third, and intergovernmental sectors, in order to understand the dynamics of Intersectoral Partnerships (ISPs) and its impact as a sustainable development strategy in community forest management (CFM) projects in Brazil. Partnership literature highlights the value of ISPs' ability to pool resources; however, it fails to evaluate the role for each sector within partnerships. This study of ISPs reviews the theory behind sectors to explain their influence in partnerships and propose a solution utilizing sector strengths to optimize the impact of ISPs on sustainable livelihoods.

This research tracks the evolution of ISPs in relation to development theories in literature to eventually focus on three Brazilian CFM projects. Backed by intergovernmental sector support, each of the three case studies represents a partnership with one of the public, Third or private sectors. An analysis of the production and commercialization process of CFM projects pinpoints valuable practical sector contributions and limitations. Sector strengths such as public sector infrastructure investments, Third sector monitoring of communities, private sector knowledge of marketing, and intergovernmental aid coordination create the foundation for ISPs in productive livelihoods. The research identifies training, certification, community organization and political voice as indicators of CFM projects' sustainability. ISPs prove their added value as a sustainable development strategy by addressing these elements better than any individual sector.

This research recommends the clear delegation of responsibilities according to inherent sector strengths to maximize use of the wealth of resources provided by an ISP. A proactive approach to partnerships capitalizes on sector strengths and compensates for sector weaknesses to facilitate cooperation amongst sectors in the pursuit of sustainable livelihoods. The strategic use of the public, private, Third, and intergovernmental sectors within ISPs in project development and implementation will contribute to further reducing poverty and deforestation through CFM projects by promoting sustainable livelihoods for forest communities.

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Acronyms

APRUMA	Association of Agricultural Producers in Forest Handling and Agriculture	Associação dos Produtores Rurais em Manejo Florestal e Agricultura
CETEMM	Center for Wood and Furniture Technology	Centro de Tecnologia da Madeira e do Mobiliário
CFM	Community forest management	
CIFOR	Center for International Forestry Research	
CONTAG	National Federation of Agricultural Workers	Confederação Nacional dos Trabalhadores na Agricultura
CNS	National Council of Rubber Tappers	Conselho Nacional dos Seringueiros
CSR	Corporate social responsibility	
CTA	Center for Amazonian Workers	Centro dos Trabalhadores da Amazônia
DFID	Department for International Development	
EMBRAPA	Brazilian Agricultural Research Corporation	Empresa Brasileira de Pesquisa Agropecuária
FSC	Forest Stewardship Council	
FUNBIO	Brazilian Biodiversity Fund	Fundo Brasileiro para a Biodiversidade
FUNTAC	Foundation for Technology of Acre	Fundação de Tecnologia do Estado do Acre
GEF	Global Environment Facility	
GTZ	German Corporation for Technical Cooperation	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH
IBAMA	Brazilian Institute of the Environment and Renewable Natural Resources	Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis
IBLF	International Business Leaders Forum	
ICMS	Tax on Circulation of Goods and Services	Imposto sobre Circulação de Mercadorias e Serviços

IDB	Inter-American Development Bank	
IEB	International Institute for Education of Brazil	Instituto Internacional de Educação do Brasil
IIED	International Institute for Environment and Development	
IMAC	Environment Institute of Acre	Instituto de Meio Ambiente do Estado do Acre
IMAFLOA	Institute of Forestry and Agricultural Management and Certification	Instituto de Manejo e Certificação Florestal e Agrícola
IMF	International Monetary Fund	
INCRA	National Institute for Colonization and Agrarian Reform	Instituto Nacional de Colonização e Reforma Agrária
INTRAC	International NGO Training and Research Center	
ISPs	Intersectoral Partnerships	
ITTO	International Tropical Timber Organization	
NFP	National Forest Program	
NGO	Non-governmental Organization	
PAD	Directed Settlement Project	Projeto de Assentamento e Desenvolvimento
PAE	Agro-extractivist Settlement	Projeto de Assentamento Agroextrativista
PC	Colonization Project	Projeto de Colonização
PD/A	Subprogram Type A Demonstration Project	Subprograma Projeto Demonstrativo Tipo A
PESACRE	Group for Research and Extension in Agroforestry Systems of Acre	Grupo de Pesquisa e Extensão em Sistemas Agroflorestais do Acre
ProManejo	Pilot Forest Resources Management Project	Projeto de Apoio ao Manejo Florestal Sustentável
RESEX	Extractive Reserve	Reserva Extractivista
RFPP	The Pilot Program to Conserve the Brazilian Rain Forests	
QDA	Qualitative Data Analysis	

SEATER	Technical Assistance and Rural Extension Office	Secretaria da Assistência Técnica e Extensão Rural
SEBRAE	Brazilian Support Service for Micro and Small Businesses	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas
SEFE	Executive Secretary on Forests and Extrativism	Secretaria Executiva de Floresta e Extrativismo
SENAI	National Industrial Training Service	Serviço Nacional de Aprendizagem Industrial
SNUC	National System of Conservation Units	Sistema Nacional de Unidades de Conservação
STR	Rural Workers Union	Sindicato dos Trabalhadores Rurais
UNDP	United Nations Development Programme	
USAID	United States Agency for International Development	
WWF	World Wide Fund for Nature	
ZEE	Ecological-economic Zoning	Zoneamento Ecologico-economico

Chapter 1

The Fundamentals:
Foundational Discussion

Intro

"We need to determine how best to help governments, civil society and the private sector to work together to ensure that policy networks succeed in achieving their - and our - goals." (Annan, 2002)

Over the decades, the international development community continues to adjust its focus from infrastructure development to biodiversity and poverty alleviation. The challenges of international development demand constant change in international development policy. One of the most significant changes was towards sustainable development, initially gaining recognition in the Brundtland Report. The new context for development suggested pursuing long-term strategies benefiting both present and future generations. These included strategies for rural development promoting the productive use of natural resources while conserving these resources for future use. Sustainable development in the Brazilian Amazon illustrates this challenge first-hand. The forest, as a natural resource, presents the international community with an opportunity to address poverty alleviation while balancing both productive use and conservation.

International and national strategies applied in Amazonian communities strive to promote sustainable development through the use of forests for productive livelihoods. Still, although small farmers, indigenous peoples, riverine populations, and extractivists supply the majority of roundwood purchased by timber companies in the region (Amaral & Neto, 2000; Lima et al., 2003). These communities largely depend on subsistence agriculture and livestock as the main sources of income (Amaral & Neto, 2000). To reconcile the two, experiments in community forest management (CFM) and public forest protection began over 20 years ago in the Brazilian Amazon (May, 2002). Organizations representing society's, public, Third, private and intergovernmental sectors¹ participated in the promotion of an industry based on the sustainable use of a natural resource prevalent in the region and accessible to rural communities.

CFM specifically addressed poverty alleviation by providing income generating opportunities complementing the multiple uses of forest resources for timber and non-

¹ These terms will be carefully defined in future chapters. In the meantime, society is divided into four sectors by its primary interest: the public sector refers to government or the State; the Third sector refers to the non-profit; the private sector refers to the for-profit; and, intergovernmental sector refers to bi-lateral and multi-lateral organizations.

timber forest products. Public, Third, private and intergovernmental sector organizations contributed to the development of CFM as a sustainable livelihood. Partnerships formed in response to the economic, environmental, social and political challenges to implementing CFM.

CFM illustrates a growing trend in international development through its use of partnerships. Globalization has added to the increasing complexity of international development problems. The complex nature of sustainable development demands many talents to address a multitude of issues. Planning to address long-term development requires the participation and commitment of multiple stakeholders. Theory suggests that society's sectors play unique roles with talents suited to serving their individual interests (Lewis, 1999; Waddell, 1999). Challenges such as poverty and deforestation presented by rural development require a new strategy for sustainable income generation suggesting participation of not one or even two of society's sectors, but instead involving intersectoral partnerships.

This research explores Intersectoral Partnerships (ISPs) as a strategy for sustainable development by examining the formal and informal relationships amongst sectors in CFM projects. The collaborative advantage of ISPs benefit from the collective resources united under a mutual objective. Partnership literature champions the value of collective resources and collaboration amongst sectors, yet remains unclear as to how to utilize these resources within the partnerships framework (Brown & Kalegaonkar, 2000; Fiszbein & Lowden, 1999; Nelson & Zadek, 2000; Tennyson, 1998; USAID, 2001). A strategic approach recognizes that distinctive resources and capabilities are found amongst the three organizational sectors of society, as well as the intergovernmental sector when addressing international development projects, programs and policy. This research examines the resources and capabilities of each sector in theory and in practice to identify the comparative advantage of each sector. In doing so, this research finds that income generation depended on resources from multiple sectors to facilitate the CFM production and commercialization process, however, long-term sustainability for CFM depended on the collaboration of and the proactive delegation of collective resources from the public, Third, private and intergovernmental sectors to facilitate sustainable livelihoods through CFM in the Brazilian Amazon.

Partnerships in CFM projects in Acre, Brazil illustrate sector contributions to the production and commercialization process essential to income generation and the creation of productive livelihoods. The sustainability of these livelihoods, however, depends upon meeting the economic, environmental, social and political challenges inherent to CFM. The added value of ISPs as a strategy for sustainable development relies on the collaborative advantage of collective resources to address sustainability indicators²: training, environmental certification, community organization and political voice.

Development literature illustrates that the individual sectors were increasingly incorporated in international development policy through the 70s, 80s and 90s (Boli & Thomas, 1997; Burnell, 1997; de Janvry, 1995; Elkington, 1998; Evans, 1997; Salamon, 1999; Tornquist, 1999; Wade, 1997; Zadek, 2002). Development policy recognized the added value of resources contributed by each sector in development strategies adopted for the long-term, as understood by sustainable development. The evolution of international development policy led advocates from every sector to recognize the advantages of ISPs for the promotion of sustainable development because the framework facilitates the multi-stakeholder participation to represent a spectrum of societal perspectives. Increasing environmental and social challenges of global interest present a wider array of problems with greater interconnectedness. The challenge of balancing poverty alleviation and environmental conservation depend upon new strategies in sustainable development. ISPs present an evolutionary step in international development theory recognizing the added value of collaboration and taking advantage of the broad range of talents offered by the various sectors.

This first chapter provides a background to the concepts approached in this research, which receive increasing scrutiny as the research is presented. It begins by defining and reviewing the central topic of ISPs as well as the context which spawned the research question. The research setting is the Brazilian Amazon and is reviewed briefly before the focus narrows to examine Brazilian CFM. These two sections paint the backdrop for a brief discussion of the role of CFM in sustainable livelihoods. The fourth

² Explained in depth later in the chapter, training, certification, community organization and political voice are all essential to the sustainability of CFM because they address the economic, environmental, social and political challenges faced by the livelihood in Brazil.

section reviews the choice of the production and commercialization process for analysis and how ISPs are tested for its impact on the sustainability of CFM through four objectives (training, environmental certification, community organization and political voice). Consideration of both aspects is necessary to determine the success of CFM as a sustainable livelihood tool and its success as a strategy for sustainable development. The chapter concludes with an overview of the entire thesis.

The Proposal for Partnerships

The discussion on cooperation among all sectors of society has been on the rise throughout the last century (Ashman, 2001; Boli & Thomas, 1997; Brown & Kalegaonkar, 2000; Evans, 1997; Lowndes & Skelcher, 1998; Ostrom, 1996; Warner & Sullivan, 2004). However, no clear single definition of cooperation exists. Forestry is only one of many areas of the natural resource sector illustrating trends towards partnerships (Warner & Sullivan, 2004; Yakovleva & Alabaster, 2003). Diverse forms of cooperation and the increasing number of partners from society's sectors complicate attempts to develop a single definition of cooperation. A variety of terms have arisen to refer to cooperation across sectors, such as synergy (Evans 1997; Ostrom, 1996), coproduction (Ostrom, 1996; Joshi & Moore, 2004), and networks (Keck & Sikkink, 1998; Lowndes and Skelcher, 1998; Evans, 2000). Literature on cooperation describes "partnerships" of various numbers and forms, illustrating an acceptance of its diversity. Although the term "partnerships" is widely used, referring in general to cooperation across sectors, its definition remains elusive. A clear definition is necessary to examine its possibilities for sustainable development.

"Partnerships"

The definition of partnership most appropriate in this research follows,

Partnership is a dynamic relationship amongst diverse actors, based on mutually agreed objectives, pursued through a shared understanding of the most rational division of labour based on the respective comparative advantages of each partner. Partnership encompasses mutual influence, with a careful balance between synergy and respective autonomy, which incorporates mutual respect, equal participation in decision making, mutual accountability and transparency.

(Brinkerhoff, 2002, p.21)

A definition of “Intersectoral Partnerships” further defines a partnership of diverse actors as an engagement across three or four organizational sectors (Waddell, 1999). Literature from both northern and southern hemispheres clearly indicates the presence of three overlapping sectors: the public, the Third and the private (Fowler, 1997; Lewis, 1998). Melo Neto (1999) provides a definition, in which terms change but the concept remains the same, identifying partnerships as the sum of the efforts of the private, public, non-governmental organizations (NGOs) and civil society. Once the three sectors are placed within the context of international development, the intergovernmental sector becomes an essential component to partnerships often facilitating and or financing government development projects, using its leverage to recruit resources from the private sector and the participation of one or more non-profit and or membership organizations (Melo Neto, 1999). Therefore, for the purpose of this research, partnerships of three or more sectors will be referred to as “intersectoral partnerships” or “ISPs”.

The distinction between the sectors is more complicated to define as it is often blurred as institutions and organizations change and adapt to new realities. These blurred lines help clarify why partnerships appear. As each sector works increasingly with organizations in other sectors to fulfill their own objectives, lines are crossed and characteristics shared (Heap, 2000). Definitions of the public, Third, private and intergovernmental sectors will be discussed in further detail in Chapter 4 of this research. For the moment they refer to the more widely recognized terms “state”, “civil society”, “market” and “intergovernmental” sectors.

Questionable outcomes

As with globalization, development problems involve economic, environmental, social and political dimensions necessitating the depth of knowledge and experience most often found in organizations concentrated within only one field. ISPs present an opportunity to discuss shared objectives, addressing the complexities of sustainable development, through combined knowledge and problem-solving (Brown & Kalegaonkar, 2000; Brown & Tandon, 1992; Gray, 1989). ISPs at their best allow respective strengths to be optimized while limiting weaknesses (Brown & Kalegaonkar, 2000). Sagawa & Segal (2000) suggest ISPs provide a way to expand capabilities

beyond an organization's own resource base. An increasing number of academics and professionals have begun to explain how partnerships allow for finding new ways to solve complex social problems that require the expertise of multiple organizations and sectors (Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997; Harriss et al., 2000; Nelson & Zadek, 2000).

Despite the proclaimed benefits, it is legitimate to ask the question: Is a partnership the most appropriate solution to the issues needing to be addressed? Not all development problems require the intensive approach posed by ISPs (Charlton & Wilson, 1997). Power differences can generate significant impacts to intersectoral cooperation and Ashman (2000) has recommended further study. The rhetoric of partnerships and interpretation as "...close relationship of equals, who carry out a large proportion of their activities in cooperation with each other within a framework of balanced power," implies positive results from partnerships (Mayers & Vermeulen, 2002, p.15). Still, as seen in some public-private partnerships, cooperation may exist to further individual objectives to the detriment of civil society and lead to significant governance problems (Mayers & Vermeulen, 2002; Welford, 2002) They are not necessary for simple solutions, benefiting from the resources of one other partner. In these cases, ISPs may be inefficient and create increased friction as opposed to facilitating objectives. Ashman (2000) indicates that when used inappropriately partnerships may generate increased costs in financial and human capital in negotiations. Irresolvable differences may lead to the destruction of, rather than contributions to, sustainable development projects.

Instead, Charlton and Wilson (1997) propose that partnerships are appropriate when stakeholders realize that a number of interrelated issues exist and recognize that inter-organizational working is the only way to solve them. One line of thinking suggests that the creative tensions generate innovative governance, expression of local values and product development and delivery (Brown & Waddell, 1997). The argument is that the greater the participation, the greater the need for transparency and, therefore, the more accountable a project must be when working with many partners. The gathering of stakeholders improves coordination by sharing each other's values, goals, and activities (Brown & Waddell, 1997).

The discussion of the advantages and disadvantages of partnerships continues in the context of CFM in Brazil. As suggested by Waddell (1999) the advantages to ISPs depend on the identification of sector resources and capabilities to optimize the use of sector strengths and to minimize sector weaknesses. As the research unravels the relationships amongst public, Third, private and intergovernmental sectors in CFM projects it determines sector capabilities and their potential to contribute constructively within an ISP framework to accomplish mutually agreed objectives.

The Brazilian Amazon

Forests hold much of today's diminishing biodiversity, while directly contributing to ninety percent of the local population's livelihoods (Angelsen & Wunder, 2003). As a major source of the world's raw materials the forest becomes a focal point in creating a balance between economic development and environmental protection. Forestry is a valuable economic resource while still playing environmental and social roles fighting climate change and poverty. Forests generate discussion throughout developed and developing countries because of their role in the globalized market place (Michelotti, 2001). The international demand for forest products leads down one of two paths, one destructive and the other sustainable. The Brazilian Amazon journeyed first down the destructive path drawing international attention to deforestation. However, it has since struggled down the second path, recognizing forests as means to economic, social and environmentally sustainable development. The Brazilian Amazon provides a setting to address the social and environmental challenges to poverty in rural development projects.

The environmental challenge

The Amazon is defined by two terms in development literature, the Brazilian Amazon and "Amazonia Legal" or "Legal Amazon". The term "Legal Amazon" was adopted by the G7 Pilot Program to Conserve the Brazilian Rain Forests (RFPP). The Pilot Program was launched at the UN Environment and Development Conference in Rio de Janeiro in 1992. Although it is composed of an alliance of G-7 countries, the main contributors to a US\$280 million budget are Germany (41%), the European Union (23%) and the Brazilian Government (15%) (PPG-7, 2002a). The "Legal Amazon"

consists of nine states: Acre; Amapá; Amazonas; (western) Maranhão; Mato Grosso; Pará; Rôndônia; Roraima; and, Tocantins (PPG-7, 2002a). The Brazilian Amazon covers 414 million hectares, while the “Legal Amazon” extends to 511 million hectares or 60% of Brazil’s land mass and equal to one third of the world’s tropical forests (PPG-7, 2002a; Smith, 2000). This size difference is important to the discussion of deforestation because the data pertaining to the “Legal Amazon” reflects the larger impact of deforestation on the borders of the Brazilian Amazon. The most susceptible areas to deforestation lie along the south-western borders of the Amazon, known as the Arc of Deforestation, and are included in the term “Legal Amazon”.

The global significance of the Amazon lies in its environmental and social diversity. International efforts value the Amazon for its biodiversity (10-15% of existing species), its impact on climate change, and its hydrographic basin (20% of the planet’s fresh water) (PPG-7, 2002a). In addition, the population of the Brazilian Amazon represents around 20 million people of which 200,000 thousand are indigenous individuals maintaining 170 indigenous cultures (PPG-7, 2002a).

Nonetheless, the country reported the second worst-ever deforestation rates for 2004 (Associated Press, 2005). Increasing in the South and Southeast of Brazil as well as Asia, deforestation has continued to rise despite international recognition and effort (Barros & Veríssimo, 2002). About 2.3 million hectares are cut annually for agricultural expansion and other purposes (May, 2002). Although Asia currently accounts for 70% of the international timber market, trends imply that tropical timber from Asia will decrease and suggest that in three decades the Amazon will be the world center for the production of tropical timber (Amaral & Neto, 2000; Barros & Veríssimo, 2002). This generates increasing concern for a region already struggling with deforestation.

Evolving theory

Environmental concerns on the international level drove change to environmental policies directed at the Amazon over the past three decades. Its changes have slowly included one sector after another to combine efforts to address rural development. Concerns for deforestation arose in the 70s and continued through the 90s with the immense development projects focused on infrastructure, such as the Transamazon Highway, the (Belém-Brasília) highway and POLONOROESTE (Barros & Veríssimo,

2002; Hall, 2000; Lima et al., 2003). The 70s signaled a time when Brazil focused on economic returns. Under the influence of development theory of the time, the public sector received encouragement to pursue regional and national growth through the introduction of commercial activities such as agriculture and cattle (Hall, 2000). Fiscal incentive programs appeared such as the Programa de Incentivos Fiscais ao Florestamento e Reflorestamento (PIFFR) for company or individual forestry plantations (Viana et al., 2002). Infrastructure investment occurred again in the 90s when Brazil embarked on the “Avança Brasil” Program. The program, nevertheless, came under scrutiny for dividing the region in sectors and promoting large economic development projects without taking environmental factors into account (FSC, 2002).

Deforestation came to the forefront after the 1972 Stockholm Conference. A northern initiative, the Stockholm Conference represented the interests of industrialized countries in topics such as pollution and conservation. Influenced by domestic economic interests, geopolitical strategy, social pressures and transnational capital, the Brazilian military dictatorship began to unite the immense physical area of the Amazon (Hurrell, 1991) Efforts included colonization programs and conservation parks. The conservation areas established in the 70s led to the National Environment Program for the 80s. However, the settlements and parks illustrated a distinct division between the environment and society.

International development theories evolved and encouraged cooperation amongst the sectors through the 80s and 90s. Development theories encouraged participation not only by intergovernmental and public sectors but also organizations from the Third sector³ in the 80s. Faced with clientelism and corruption in the Brazilian public sector during its initial phases of democracy after 1985, the intergovernmental sector looked towards reducing the size of government and subjecting public agencies, their managers and workers to market-like pressures and incentives (Tendler, 1997; Weyland, 1997). Ironically, while large structural adjustment programs were criticized for their lack of stakeholder participation, the structural adjustment theory and theories on

³ The Third sector is defined as a formal, private and non-profit organizations representing the interests of civil society. It will be explored in more detail in Chapter 5.

decentralization⁴ encouraged the public sector, in Brazil and elsewhere, to share responsibilities with the private and Third sectors (Wuyts, Mackintosh, & Hewitt, 1992).

Still, it was not until the 90s that social and environmental needs were linked through developing theories of sustainable development. Discussed in the Brundtland Report, theories were elaborated upon at the UN Conference on Environment and Development, more commonly referred to as the 1992 Earth Summit in Rio de Janeiro (Bendell & Murphy, 1997). Initiatives such as Agenda 21, approved by 180 countries, encouraged partnerships as a modern approach to economic development in Brazil. Rio 92 included the private sector for the first time. The RFPP illustrated the international priority the region had been given. Evolving international development theory now encouraged participation amongst all sectors to promote the integration of environmental conservation and social needs on local, national and international levels (Bendell & Murphy, 1997).

The social challenge

Theories on sustainable development and partnerships evolved together as environmental and social challenges became increasingly complex in a globalized economy. Long-term development for rural communities followed two lines of thought. First, it must involve the productive use of natural resources to provide for people's livelihoods. Second, it must conserve natural resources for the productive livelihood of the present generation and those to come. Balancing the two create sustainable livelihoods which generate direct economic benefits for local communities and indirect environmental benefits for the international community. Development policies oriented towards sustainable livelihoods help develop stable rural environments. In theory, community members, in turn, would not migrate to urban centers or devastate their resources but manage their resources and provide environmental services such as monitoring forest resources, consequently, discouraging deforestation.

Brazilian public policy was slow to recognize common pool resources remaining focused, instead, on protection and preservation without people (Hall, 2000; Smith, 2000). As a result, the Third sector in Brazil emerged to take on an increasing amount of

⁴ Decentralization, in short, refers to the transfer of planning, decision-making or administrative authority from a central government to local units or organizations (Veríssimo, Cochrane, & Souza, 2002).

responsibility. Major international funding was flowing into conservation programs and the policing of protected areas (Smith, 2000). International attention turned to forests and the communities living within them, because of the attention drawn by leaders such as Chico Mendes. As environmental issues caught the attention of philanthropy in the industrialized world, funding helped strengthen a growing Third sector and their projects with local communities (Bendell & Murphy, 2002; Smith, 2000).

However, as the end of the 20th century approached all the best intentions in rural development still had not solved the complex problem of poverty, while environmental problems continued. Third sector and public sector environmental conservation programs adjusted objectives to recognize the importance of rural subsistence. The first extractive reserves appeared in 1992 and supported the emphasis on people together with the environment that appeared in the 80s. Attention turned to rural job creation while maintaining an emphasis on environmental impacts. The 90s recognized the experience of the private sector in production and commercialization. It acknowledged the potential for local communities to assist government by providing environmental services. ISPs were called upon in problem-solving, but this time it was proactive in response to inter-related environmental and social challenges. The RFPP moved towards a more integrated and multi-institutional approach involving collaboration among a range of local actors (Hall, 2000). Initiatives led to ISPs amongst the public, Third, private and intergovernmental sectors providing investment capital and marketing strategies for forest products (PPG-7, 2000). As development theories evolved, environmental development strategies supported theories promoting ISPs and presented new possibilities for sustainable development.

Community Forest Management (CFM)

“If you milked a cow all at once you would kill the cow, but taking it little by little she keeps going for years.”

Member of a CFM project describing community forest management, 2002.

The national proposals for Sustainable Development and Poverty Reduction Strategies, originating from intergovernmental forums, proposed a new framework for National Forest Programs. The UK Department for International Development (DFID), the German Corporation for Technical Cooperation (GTZ) and the Food and Agriculture

Organization (FAO) have all recommended ISPs for the development and implementation of sustainable forest management. As of 2002 National Forest Programs (NFP) throughout the world are encouraged to use ISPs when addressing poverty alleviation through community forest management (DFID, 2002; FAO, 2004; GTZ, 2003; Wells et al., 2002).

In September 2000, former President Henrique Cardoso launched Brazil's National Forest Program. It included the consolidation and expansion of national, state and municipal forests (Decreto 1.298, October 1994) (Barreto & Arima, 2002). The national forests or FLONAS⁵, as they are referred to in Brazil, would assist in organizing and promoting sustainable development by managing the productive use of the forests (Barreto & Arima, 2002). The NFP was further developed by the following government under President Lula. Although challenges to production, infrastructure and enforcement of the forest industry are prevalent, many acknowledge the opportunity for Brazil to become a leader in sustainable economic development by use of its forest resources (Hall, 2000; Lima et al., 2003; PPG-7, 2002a). Exports in 2000 made Brazil the fourth largest supplier of cellulose at 7.7% and fifth for plywood with 5.6% (May, 2002). Foreign exchange revenues reached US\$3.2 billion in 2000 from exports in wood and pulp and paper products (May, 2002). Brazil constituted around 2.7% of global exports in wood products in 2000 (May, 2002).

To become a leader in sustainable economic development, Brazil's National Forest Program needs to optimize forest resources, promoting a multiple-use forest. In doing so, the 250 thousand jobs directly generated and US\$2.5 billion in annual revenues might contribute significantly to poverty alleviation if extended to rural communities (Lima et al., 2003). Studies indicate that sustainable forest management is a viable option not only for the private sector but for communities as well (Amaral & Neto, 2000; Lima et al., 2003).

⁵ FLONAS are sustainable-use conservation units for exploration of timber and non-timber forest products while maintaining a forest's environmental services (Barreto & Arima, 2002). Sixty FLONAS exist, totaling 16.5 million hectares (Barreto & Arima, 2002; Veríssimo et al., 2002). Under current objectives, however, this number should reach 50 million hectares by 2010 (Barreto & Arima, 2002), of which 10 million hectares would be introduced by 2003 (Veríssimo et al., 2002). This is comparable to the 1908 establishment of the US National Forest System (Veríssimo et al., 2002). The FLONAS add 15% to the existing 28% of the Brazilian Amazon protected from deforestation (Presidential Office of Brazil, 2005).

Acre was the first state to adopt an economic development model based on the state's most prevalent natural resource, the forest. Timber production, from its initial steps in planning through to the sale of a final product, creates direct and indirect jobs in communities incorporating the forest industry (Amaral & Neto, 2000; Lima et al., 2003; Melo Neto, 1999; M. V. Oliveira, 2002a). Sustainable forest management by communities offers opportunities to generate income while conserving the environment for future generations in the Brazilian Amazon.

CFM as a means to sustainable livelihood

Recent development theory encourages national development policies to steer away from its past focus on agriculture, livestock and mining towards environmentally and socially responsible development in forest-based industries (PPG-7, 2002b). A more recent regional development plan, the Sustainable Amazon Plan (PAS), embraces the potential of the Amazon for sustainable development and is incorporated into the larger Multi-year National Development Plan 2004-2007 (PPA 2004-2007)⁶. The objective of PAS is to create an environmentally and socially aware development framework responding to the demands of economic growth, while promoting the equal distribution of benefits of that growth and avoiding the depletion and degradation of natural resources in the Amazon (Ministério da Integração Nacional, et al., 2003). The RFPP aims to work with public sector initiatives originating from PAS and continues to support development in the region with a second round of funding (World Bank, 2004). PAS demonstrates support of both public and intergovernmental sectors for regional development through sustainable forest management as a sustainable livelihood and encourages the additional involvement of the Third and private sectors.

⁶ The PPA 2004-2007 was generated through multiple forums from May to August of 2003 in the 26 states and the federal district uniting 2,170 public, Third and private sector organizations and consisted of recommendations for future national public policy. The PPA was a partnership between public (federal government, Caixa Economica Federal, Polícia Rodoviária Federal), Third (ABONG-Association of Brazilian NGOs) and intergovernmental (UNESCO). It was approved by Congress on July 13th, 2004 (Barbosa, 2000).

FAO (2000, p.2) describes sustainable forest management as,

“the stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biological diversity, productivity, regeneration capacity, vitality and their potential to fulfill, now and in the future, relevant ecological economic and social functions, at local, national and global levels, and that does not cause damage on other ecosystems.”

Development initiatives have responded to demands for sustainable forest management in rural communities. As principal stakeholders the rural population of small farmers, traditional populations and indigenous groups in the Amazon recognize that their livelihoods depend on forest conservation (Amaral & Neto, 2000; IIEB, 2002). CFM presents a productive livelihood alternative for rural communities, tapping the forest potential for economic growth while managing resources for future generations (Smeraldi & Veríssimo, 1999). Sustainable forest management enables communities to utilize multiple forest resources for income generation from timber and non-timber products (Kornexl, 1997; Smeraldi & Veríssimo, 1999). CFM addresses rural-urban migration and reduces the spontaneous settlement of remote regions by small farmers encouraged by timber companies (Amaral, Veríssimo, Barreto, & Vidal, 1998). The states of Acre, Amazonas and Amapá already provide examples of policies developed for economic development based on standing forests (PPG-7, 2002b).

The region's economic, environmental, social and political development relies on strategies such as CFM in National Forest Programs oriented towards sustainable development considering the long-term productive use of its forest resources for present and future generations. The framework to implement CFM, meanwhile, is proposed by intergovernmental organizations as a vehicle for poverty alleviation.

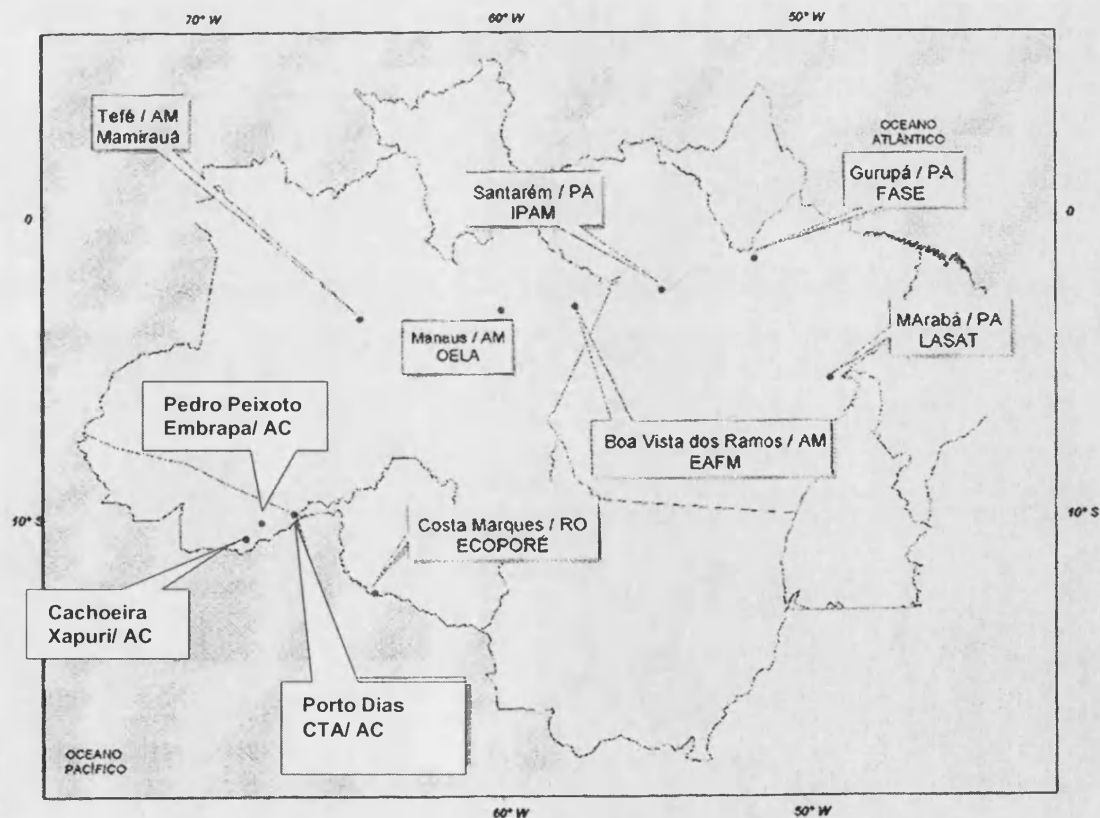
The National Forum

The National Forest Program (NFP) has recently begun to financially support CFM. Although the majority of forest exploration remains predatory, experiences in sustainable forest management have spread environmental awareness throughout the Brazilian Amazon (Amaral, 1998; Barros & Veríssimo, 2002). CFM is subject to constant discussion in several forums in Brazil. The government's interest in CFM has increased with the involvement of CFM proponents in leadership roles in the public sector. Previous members of the forest-oriented government of Acre now hold positions

in the Ministry of the Environment and Senate. The federal stakeholders in CFM include the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA) and Instituto de Colonização e Reforma Agrária (INCRA) because of their responsibilities monitoring land use. These stakeholders and those from the Third and private sectors are discussed in later chapters in order to provide a better understanding of the complexity of the national environment in which CFM functions.

Locally, the CFM projects tackle organizational and production issues to make CFM a viable livelihood alternative. A study in 1998 and 1999 found a total of 14 CFM projects throughout the Brazilian Amazon (Amaral & Neto, 2000; Lima et al., 2003). This map shows the location of ten of the projects, which actively participate in CFM forums and illustrates the geographical diversity of the CFM projects in the Brazilian Amazon.

Map 1: Map of Brazilian Community Forest Management Projects



Source: Adapted from Map of Participants of VI Oficina de Manejo Florestal Comunitário da Amazônia (Neto, 2002).

Many CFM projects were initiated in communities without previous experience in forestry. Four projects involve riverine populations, who have used the rivers to make logging economically feasible by transporting the wood down river, while others depend on unpaved roads during the dry season when they are passable. Only two projects began in indigenous communities, of which one is no longer functioning. The rest are either traditional populations or small farmers relying on extractivist and or small-scale agricultural activities for income.

Acre

The first steps to developing CFM as a serious livelihood alternative can be found in the state of Acre. Acre based its policy upon the principle that the forest was the state's most valuable resource, declaring itself a Government of the Forest. The state developed a department dedicated to the forest, Secretariat of the Forest and the Environment (SEFE). Utilizing ISPs involving SEFE, research organizations, industry representatives and intergovernmental funding, the state delved into research on how to turn the state's forest products into a profit for the state and for the benefit of the population (C. Vincente, personal communication, November 27, 2002).

Acre's efforts in converting to a forest-based economy received significant international support. A loan from the Inter-American Development Bank (IDB) for US\$64.8 million dollars funded conservation, infrastructure, technology and product development in sustainable development strategies (BID e Governo, 2002). In addition, the RFPP funded the Integrated Environmental Management Project (PGAI), which was coordinated by the Ministry of the Environment (MMA) and promoted the sustainable use of forest resources. Many smaller programs oriented towards CFM also benefited. Acre was selected as having made the greatest progress in implementing environmental recommendations made by specialists in a sustainable development conference held in 1999 (ISA, 2002)⁷. It recognized informal ISPs, uniting the efforts of public, Third and

⁷ The occasion united 84 representatives from governmental organizations, research institutes, universities, NGOs and indigenous groups in Rio Branco. The objective was to create a new set of recommendations for the region of Acre and the southwest of Amazonas. Research and recommendations incorporated the following issues: land use, illegal hunting, logging, drug trafficking, lack of political will on environmental priorities and the overlap between indigenous territories and conservations units.

private sector organizations and marked their progress towards developing sustainable livelihoods from state forest products.

This environment certainly encouraged experiments in CFM within the state. Four of the fourteen CFM projects were located in Acre. Despite the receptive environment, the projects in Acre faced similar challenges as those throughout the region, since federal or state policies often hindered CFM. Instead, CFM relied on proponents in the public, Third, private and intergovernmental sectors and the efforts of the projects themselves. The projects of Acre have found increased strength by uniting in the Group of Producers. The five CFM projects in the Group consisted of four extractivist communities and one group of farmers. They joined forces to share experiences and more importantly compete in the timber market. The attempts of IBAMA to track timber and monitor illegal logging yielded little success. According to CIFOR (2003) an estimated 80% of timber extracted each year from the Brazilian Amazon is illegal. The CFM projects illustrated the difficulties in competing in the local market with illegal logging and cheap wood that flooded the markets and lowered prices. The best strategies to confront the challenges to CFM, such as illegal logging, involved teamwork amongst projects, indirectly forming ISPs.

Indicators of Sustainable Development

“Forests harbour much of the world’s rapidly diminishing biodiversity. They contribute directly to the livelihoods of 90% of the 1.2 billion people living in extreme poverty.” (Brandlmaier & Rainey, 2002, p.1)

Despite the potential of CFM as an alternative livelihood, the struggles it has faced thus far prevent policy makers from confidently labeling CFM as a strategy for sustainable development in the region. This will depend on adopting a proactive and strategic approach to CFM in the future, which is possible by exploring the comparative advantages of sectors and their potential for use within ISPs in CFM. However, the sustainability of CFM as a rural livelihood depends on four indicators that address the primary economic, environmental, social and political challenges faced by CFM. They serve as the basis for analysis of ISPs in CFM in Brazil. The three case studies examined in this research illustrate how public, Third and private sector partnerships contribute to sustainability indicators, or objectives of CFM projects.

Optimizing production and commercialization

Although experiences in CFM have been present since the 90s, CFM is still considered experimental (Amaral & Neto, 2000; Lima et al., 2003; Oksanen, Pajari, & Tuomasjukka, 2003). National policies are hardly oriented towards sustainable forest management much less CFM. As policy change is discussed in forums on CFM, questions are raised about its success as a source of productive livelihoods for communities. In the past, rural communities have struggled against national development policies in the region that favor medium to large-scale forestry companies.

Even though the challenges have slowed the progress of CFM projects, the future shows potential for projects since they have learned from experience and have received increasing political attention. Acre has embraced the standing forest for its biodiversity and its potential for income generation. In addition, federal programs have begun to cater to CFM are in the implementation process. Partnerships, mostly bi-lateral, were utilized as tools for problem-solving for CFM, used to address the immediate problems over the short term. Apart from the primary sector partner in the CFM projects other partnerships would develop and then dissolve to address the issues at hand. However, to promote sustainable development a long-term and proactive role for ISPs is proposed. As Waddell (1999) recommends this requires the identification of sector resources and capabilities to utilize the comparative advantage of the public, Third, private and intergovernmental sectors. However, the difficulties CFM projects continued to face, despite forming partnerships, illustrate misdirected efforts.

This has drawn attention to the lack of discussion in literature identifying the resources and capabilities contributed by individual sectors. General references are made to the roles of sectors in partnership, yet there is little evidence of theory or practice to support these generalizations. Identification of sector resources and capabilities is essential to the strategic formation of ISPs. To optimize the wealth of resources available through ISPs, labor is divided according to comparative advantages. Developed proactively, CFM projects would face challenges with significantly greater ease if the resources of sectors undertook challenges relevant to areas of their expertise. The German development bank recommended that NFPs use ISPs as a coordination and

participatory mechanism (GTZ, 2003), indicating their importance to the production and commercialization process for productive livelihoods such as CFM.

The implementation of the production and commercialization process is recognized by Lowndes and Skelcher (1998) as the phase most in need of a network mode of governance. The production and commercialization process, consequently, becomes the focus for the analysis of the comparative advantage of sectors, determining their strengths and weaknesses amongst case studies in CFM. Each case study reflects theoretical discussion and practical experience of individual sectors in partnerships to create sustainable livelihoods through CFM. The experiences with sector partnerships for each CFM project illustrate the comparative advantage of sectors for the proactive formation of ISPs directed at productive livelihood development in the future.

Factors for success

Since 1998, annual workshops on CFM have invited stakeholders to discuss the advantages and disadvantages (Amaral & Neto, 2000). Although some projects have existed for nine or ten years, they continue to struggle. In the never-ending learning process, communities experimented with methods of organization, management plans, technical indices, environmental licensing, political or institutional aspects, land tenure, credit, and technical assistance (IIEB, 2002). Less than half of the CFM projects are considered financially independent, capable of generating profits and running a small business without external funding (Lima et al., 2003). There are several possible explanations for this:

1. CFM may require too many technical investments in the production and commercialization process, whether in machinery or in knowledge from forest technicians.
2. The seasonal aspect of CFM requires diverse income earning activities throughout the year to stabilize community incomes.
3. Competition for markets is difficult given the scale and standards of CFM during projects' initial stages (Lima et al., 2003).

In addition, the Working Group on Community Forest Management determined that the success of the 14 Brazilian CFM projects analyzed in 2000 depended on the following factors outlined in Table 1.

Table 1: Factors Essential to CFM as a Sustainable Livelihood

- Continuity of investments
- Training of communities and their leaders in jointly managing resources
- Training of labor and technicians specialized in forest management
- An understanding of the CFM as incorporating social and economic aspects, not just technical
- Elaboration of policies directed at CFM
- Legalized land tenure

Source: (Amaral & Neto, 2000; IIEB, 2002)

Both sets of challenges follow four lines of thought in regards to factors for the success of CFM. First, both recognize the necessity for training in technical knowledge in forest management as well as in business management to address economic aspects of CFM such as competing in the market. Second, the stress on forest management techniques and the requirements of the market suggest the need for standards in CFM. The social aspects of CFM follow a third line of thought. The seasonality of incomes in rural communities and the need to incorporate social aspects into CFM indicate requirements for social organization. Finally, the Working Group on CFM stresses the importance of policies facilitating CFM.

The research conducted in 2002 independently of previous results also outlined these four lines of thought. Analysis of previous data collected and the data gathered in this research determined four indicators influencing the success of CFM. These four factors affecting a project's sustainability become objectives for CFM stakeholders pursuing sustainable livelihoods. Training, environmental certification, community organization and political voice represent the objectives crucial to economic, environmental, social and political sustainability for CFM.

Training

Technical and management training create the foundation on which to build sustainable livelihoods. Technical skills are particularly important to the sustainable planning and extraction of forest resources. They are maximized with management skills, which encourage efficiency and innovation for income generation. In the years this research was collected few courses existed for forest technicians. Training through the Brazilian organization for the support of small businesses, the Brazilian Support Service for Micro and Small Businesses (SEBRAE) was also minimal amongst the projects (P. Roth, personal communication, November 29, 2002). In fact, there was little participation by any of the federal government's "S" system organizations, established for worker training in small business, industry, commerce, etc⁸. This is in part due to the few initiatives pursuing forestry as a sustainable local industry in the region and, therefore, little demand for training.

Business skills for a formal market present the next greatest demand amongst the community and suggest the potential of private sector resources. Many project members have been part of the informal market for a long time. They know the essence of business, however, a demand exists for an understanding of the formal market (Compradores de Madeira Certificada, personal communication, December 11, 2002; J. Krantz, personal communication, December 12, 2002). This includes negotiating with larger businesses, marketing their product to a formal market, an understanding of the tools required by the formal market to present data, knowledge of taxes and bureaucratic requirements (Grupo de Produtores, 2002).

The primary concern behind the training objective is job creation, which varied according to production and commercialization methods. Depending on the production method adopted some CFM projects work at a highly technical level and others at a basic level. Those at a basic level may have a more stable experience to begin with but may not benefit from the specialized training provided to those communities using more technical production methods. Project managers suggest that technical skills often

⁸ The Brazilian "S" System refers to a group of federal organizations dedicated to worker development and training in small business (Serviço Brasileiro de Apoio às Micro e Pequenas Empresas-SEBRAE); commerce (Serviço Nacional de Aprendizagem Comercial-SENAC); industry (Serviço Nacional de Aprendizagem Industrial-SENAI); rural services (Serviço Nacional de Aprendizagem Rural-SENAR); and transportation (Serviço Nacional de Aprendizagem em Transportes).

provide more job opportunities for project members in the long-term (P. Bruzzi, personal communication, November 26, 2002; M.V. Oliveira, personal communication, November 25, 2002). The commercialization process in CFM is responsible for the majority of jobs created indirectly, either generated from involvement in the forest industry or as a result of increased economic activities in the community. Training for the commercialization process is often diverse because of the wide range of possible opportunities from timber by-products. These are considered when addressing the involvement of women and youth in CFM activities. For CFM to create jobs, directly or indirectly, the training objective must be met. The efforts of partnerships to impact training are, therefore, essential to the ability of ISPs to serve as a strategy for acquiring sustainable livelihoods.

Environmental Certification

Certification of CFM products directly impacts income generation for sustainable livelihoods through marketing. The standards set for certification guarantee the added value of forest products from CFM, in contrast to timber sourced from illegal logging. Thirty certified operations manage 1,281,938 hectares, which is the total area of certified forests in Brazil (FSC 2003). The representative of the Rainforest Alliance/Smart Wood Program in Brazil, Instituto de Manejo e Certificação Florestal e Agrícola (IMAFLOA), certifies 53%, or almost 700,000 hectares of this total, monitoring the majority of Brazilian certified forests. The three other Forest Stewardship Council (FSC) accredited organizations are Scientific Certification Systems, Inc (30%), Société Générale de Surveillance Forestre, Ltd. (13%) and Skal (4%). While other systems have appeared since the creation of the FSC they still represent inferior standards, as is the case with CERFLOR the Brazilian forest certification created jointly by Sociedade Brasileira de Silvicultura (SBS), Associação Brasileira de Normas Técnicas (ABNT) and Instituto Nacional de Metrologia, Normalização e Qualidade Industrial (INMETRO) (V. Viana, personal communication, December 14, 2002).

Less than 1% or 4,800 hectares of the total certified forests is community managed (FSC 2003). The Associação do Projeto Agroextrativista Chico Mendes (Cachoeira) became the first community managed forestry project in 2002 and was joined by the Associação Seringueira Porto Dias (Porto Dias) in 2003. These two

community associations met the Brazilian FSC certification standards previously set for all operations without consideration of scale. This was a difficult task for any organization given the demands of forest certification, but even more so for communities confronting challenges in organizational and physical infrastructure.

The concerns over deforestation led proponents of certification to set high standards, which insist on the sustainable management of harvests. High standards are rationalized because certification addresses multiple concerns. In many CFM projects, environmental certification appears to be driven primarily by an external demand to guarantee the environmental sustainability of forestry projects (Jones, 2003). CFM projects' funding depends upon a commitment to pursue environmental certification. This external demand for certification is often questioned. Is certification necessary for CFM or are national regulations enough? This research finds that since the government is currently unable to monitor the expansive Amazon, certification provides extra vigilance. On the international market, informal arguments suggest that certification increases the value of the product by 25% (Compradores de Madeira Certificada, personal communication, December 11, 2002). However, reaching the international market is a challenge for communities. Although complicated and controversial, the majority of Brazilian stakeholders in CFM still believe it sets nationally and internationally recognized standards for sustainable forest management. These standards ensure environmental and social responsibility in the market for community managed forest products. By including certification as an indicator of environmental sustainability the research ensures that as long as projects maintain certification, the CFM projects meet high environmental and social standards for forest management and creating no risk of contributing to deforestation. The role of ISPs in certification is to enable the community to meet these demands by assisting with the technical and financial burden on the community.

Community Organization

The greatest challenge to sustainable livelihoods through CFM is community organization. It holds the greatest potential to mobilize change in a community. Community organization provides the arena to hear the interests of community members and to generate community bargaining power to achieve those interests. The benefits

generated by greater community organization have become a priority for CFM projects. Current studies by International Institute for Education of Brazil (IIEB), Brazilian Biodiversity Fund (FUNBIO) and Pilot Forest Resources Management Project (ProManejo) are examining the issue of community organization in for-profit and non-profit structures⁹. The study surveys the CFM projects to examine cooperatives vs. associations and the best organizational structure for marketing forest products, while encouraging positive community dynamics. The objective is the creation of a guide that outlines tax structures and definitions of organizational models and their financial functions (A. Hummel, personal communication, December 12, 2002). Much of the discussion surrounding community organization revolves around the diverse objectives of community-based organizations. The objectives may be economic, social or otherwise. These may coincide but they may also clash, requiring clear priorities to be outlined by communities participating in CFM.

Clear objectives for CFM projects are particularly important when so many external challenges exist to the community. CFM projects occur in varying forms of land tenure challenging community management and organization. Over the decades several definitions of land use have been implemented. INCRA implemented settlement projects such as agro-extractivist settlement projects (PAE) and colonization projects (PC). IBAMA implemented land use projects such as directed settlement projects (PAD) or extractive reserves (RESEX)¹⁰. The National System of Conservation Units (SNUC) (law # 9.985, July 18th, 2000) hopes to clarify the differences by defining all levels of land use in the Amazon. However, it is still not clear what will happen to projects established previously and under management of two very different federal organizations, IBAMA and INCRA.

The project manager of the CFM project São Luis do Remanso describes land tenure as affecting community organization because it establishes how close people live together and determines a sense of community (P. Bruzzi, personal communication,

⁹ The discussion of the for-profit and non-profit standing of community organizations is complicated and controversial. However, after considerable discussion with CFM stakeholders the conclusion indicated that the status of informal community organizations without federal recognition is identified by the primary objectives of the organization. This is discussed in greater depth in Ch. 4.

¹⁰ The terms vary over time and there is significant confusion over terminology for settlement projects, colonization projects, development projects and extractive reserves.

November 26, 2002). Whether a community is established as a PAE, PAD, RESEX or other unit determines both how closely members live together and the size of the property they manage. The CFM projects face an additional bureaucratic challenge in obtaining land titles that guarantee their territorial situation (Caetano, 2002). Disorganized land management has led to policies supporting Ecological-economic zoning (ZEE), which would serve to identify and regulate land-use for planning and development purposes on a national and state level (Hall, 2000). Nevertheless, its implementation has been a slow and it remains a controversial topic among all sectors of society and, therefore, land tenure continues to be a challenge for CFM projects as they strive for community organization. Community organization stresses the mutual objectives shared in the ISP, requiring sectors to think selflessly and put the interests of the community first. Uniting behind the interests of the community by facilitating community organization through ISPs means promoting independence in the community and confidence in community institutions so that members are able to mobilize community bargaining power and create political voice.

Political Voice

Political voice is an overarching objective incorporating the impact of the three other objectives on sustainability. Through the development of political voice CFM projects are given the ability to fight for their own needs (Baumann & Sinha, 2001). Political voice is one of the most important objectives to establishing the independence of a CFM project. This research approaches political voice first as it relates to the ISP, with the rationale that once the ISP has discovered how to generate political voice then it will be able to pass on the skills and resources to project members. Teaching and developing skills in political voice enables CFM project members to actively participate in the direction of development in the Brazilian Amazon. It enables project members to voice their need for training and for assistance in certification and community organization. However, political voice is relatively difficult to measure in relation the the three other objectives. Bureaucracy is the primary area requiring political voice in CFM to generate attention from state and national policy-makers and is adopted in this research to indicate the successes and failures of sectors addressing political voice in CFM.

Bureaucracy is identified by numerous project managers as directly affecting the growth of the CFM projects (Caetano, 2002; Josemar, personal communication, November 12, 2002; P. Roth, personal communication, November 29, 2002). Beginning with the requirements established for land-use management plans, CFM projects face policies lacking consideration for small scale and community livelihoods. The centralized regulation by federal agencies interferes with the momentum and seasonal time restrictions of the region. The time lapse for receiving logging and transportation permits wastes valuable time available for communities to log during the dry season (Caetano, 2002; Josemar, personal communication, November 12, 2002; P. Roth, personal communication, November 29, 2002). A history of deforestation created restrictions, which, over time, have illustrated little impact on illegal timber, but, instead, encourage it because sustainable forest management has become so time-consuming (A. Hummel, personal communication, December 12, 2002).

Taxes come in conjunction with much of the bureaucracy. Many of the taxes of timber products are directed at companies harvesting on a large scale. The greatest challenge to the marketing of the wood remains the Tax on the Circulation of Goods and Services (ICMS). This federal tax is a particular challenge for productive livelihoods such as CFM. The tax requires a high level of timber production to make sustainable forest management worthwhile financially. In large timber companies the taxes are more easily absorbed into the cost of the production. For the small community, however, these taxes make it impossible to offer a competitive price. The Group of Producers have requested a reduction of the ICMS on sustainably managed forest products but still await a response (Neto, 2002). The Group of CFM Producers as well as the Working Group on CFM are quick to point out that national policies not only create obstacles for CFM but also provide no fiscal incentive (Grupo de Produtores, 2002). For ISPs to be considered a valuable strategy in sustainable development they must prove, above all, their ability to impact policy and create the opportunity for political voice within CFM projects.

These four objectives, training, environmental certification, community organization and political voice, originate from difficulties experienced by CFM projects. Training is a basic necessity for communities developing a new industry. Environmental certification functions as a marketing tool and guarantees that

communities have met nationally recognized standards. Community organization is essential in achieving a goal relevant to the community. Political voice assures that the needs of a community are met. At present, CFM projects are failing to attain their objectives and, therefore, secure sustainable livelihoods. In response, projects have formed partnerships in the production and commercialization process in attempts at problem-solving.

Conclusion

This research examines partnerships indirectly formed in attempts at problem-solving to determine the potential for ISPs as a proactive approach. Learning from the experiences of CFM projects in Acre, it will propose the responsibilities best suited to sector resources and capabilities. The economic potential of sustainable forest management in the Brazilian Amazon demands attention. The opportunity exists to tap its potential on a local level throughout the region. With 14 projects underway, CFM represents efforts at transforming a natural resource into sustainable livelihoods for rural communities. Although methods are young and obstacles abound, CFM shows potential. Already, innovative strategies in partnerships with public, Third and private sectors have made progress.

Over the years international development policies have illustrated support for participation by society's sectors. As development theory evolved, so too have ideas of partnership. Brazil provides examples of the evolution of development theories and their influence on national policy. The argument presented in literature concludes that partnerships are an opportunity to unite the strengths of many into the power of one. Development policy literature identifies four sectors: public, Third, private and intergovernmental. Participation by three of the four in diverse forms of cooperation defines ISPs. This dynamic definition acknowledges the evolving nature of partnerships recognized over the century. For those challenges in sustainable development that cross sectors, such as poverty and the environment, ISPs present a strategy for problem-solving.

The challenges facing CFM, in particular, inspire partnerships. The discussion of the challenges to CFM as a livelihood strategy identified key areas to be addressed.

Training, environmental certification, community organization and political voice became objectives for CFM projects. Up to this point partnerships developed indirectly as problem-solving techniques when projects were forced to deal on local and national levels to create livelihoods. ISPs appeared because of unusual contexts and motives that drew the sectors together. However, the growing rhetoric of partnerships is suggesting a more proactive approach to ISPs. Originating in planning and implementation stages, ISPs provide a strong foundation for projects to build upon. Multi-stakeholder participation from the beginning appears to prevent future problems for sustainable development projects. In addition, ISPs produce an extensive resource base for any unpredicted challenges.

The research that follows examines how to optimize the use of sector resources and capabilities. Partnership literature referred to previously indicates that ISPs have great potential in addressing sustainable livelihoods because of the framework it provides, bringing together every sector in society. It is suggested that ISPs provide a strategy capable of utilizing the interconnectedness of today's society to promote sustainable development. However, in order to coordinate the sectors and facilitate cooperation, it is necessary to recognize the comparative advantage of sectors. Only then may ISPs be formed strategically for the implementation of sustainable livelihoods. The international and national pressure placed on sustainable development in the Brazilian Amazon reaffirms its place as a model for sustainable development policy. The complex problems faced by the region provide an excellent opportunity to observe how sector partnerships contribute to solutions and their potential within an ISP framework for national and international sustainable development policy (Brown & Kalegaonkar, 2000; Brown & Tandon, 1992; Gray, 1989).

An Overview

The presentation of the thesis follows a “compromise model” (Dunleavy, 2003, p.60). It combines a “focus-down” approach together with an “opening-out” approach (Dunleavy, 2003, p.53). The compromise model recommends that the thesis begin by providing a background literature review that details what the reader needs to know. The thesis began with a foundational discussion which introduced the central elements of the

research: Intersectoral Partnerships, community forest management and the CFM objectives. The first section introduced the concept of Intersectoral Partnerships and includes a literature review of the concept and its significance to sustainable development. The second section developed the context for the research by presenting the state of development in the Amazon and of Brazilian forestry. The third section explained how and why community forest management (CFM) was proposed as a vehicle for promoting sustainable livelihoods. Finally, the chapter presented the sustainable development framework approached in this research. The research identifies four objectives discussed by stakeholders as necessary for CFM to succeed as a sustainable livelihood. By examining the individual sectors in partnerships in CFM projects the research explores how partnerships help CFM projects reach these objectives.

Before entering into the presentation of data the following chapter discusses the methods used in data collection and analysis. Beginning with a discussion of the interviews, the research examines the collection of semi-structured interviews with the stakeholders involved in community forestry. The discussion then turns to the selection of the CFM case studies and how the production and commercialization process is examined to determine the contributions of sectors to CFM as a productive livelihood. The chapter describes the analysis process used for the data collected on the projects to explain the identification of CFM objectives. To conclude, the chapter reviews how the limitations of the research are addressed.

Chapter 3 initiates the discussion of ISPs by presenting the evolution of the roles of sectors and the formation of ISPs in the context of sustainable development. It expands on the discussion of partnerships and illustrates how the individual sectors have been incorporated over the last three decades to adjust to the increasing complexity of international development. The sections develop the reader's understanding of how and why ISPs are popular today by presenting a brief review of development theory and the concepts that have influenced the formation of ISPs over the 70s, 80s and 90s. Throughout the chapter the development theories are followed in the Brazilian Amazon as local, national and international development policy evolves to incorporate environmental and social aspects for sustainable development.

The next chapter briefly examines the theory behind the public, Third, private and intergovernmental sectors. Definitions of the sectors are explored first and then followed by a review of the sector's role in international development and in the Brazilian context. These initial steps provide the background upon which to discuss the findings of the research. The following "core" chapters present the data on the three community forest management projects. Chapter 5 concentrates on the public sector, Chapter 6 on the Third sector and Chapter 7 on the private sector.

The core chapters follow the same outline. After presenting the project and the community organization responsible for the project, the chapters present the theory of sectors within the context of the CFM projects. The section describes the resources and capabilities utilized by the primary partner, as well as the contributions of additional sectors, in the production and commercialization process essential to the pursuit of productive livelihoods. The activities of the sectors in the production and commercialization process, in turn, suggest comparative advantages within an ISP promoting CFM. The research then proceeds to describe the impact of the sector partnership on the training, certification, community organization and political voice objectives recognized as essential for CFM to serve as a sustainable livelihood and, consequently, contribute to sustainable development.

The research weaves theory in and out of the reality of the projects in order to emphasize the importance of its practical applicability. Such an approach is arguably more productive for the purpose of the research than an artificial segregation of theory and practice in separate chapters, because it tightens the focus of the study on its primary objective. The pursuit of a strategy for sustainable development calls for an innovative but practical approach with solid foundations in theory. Exploring the resources and capabilities of sectors parallel to their impact in the CFM projects illustrates how concepts materialize on the ground. The linkages throughout the chapters provide a holistic vision of theory and practice as a strategy for sustainable development. In this way, the presentation reflects the complexity and interrelationships of sustainable development.

After the presentation of data, the "compromise model" frames a discussion of the information gained through the data analysis process (Dunleavy, 2003). Chapter 8

brings together the examples and concepts discussed previously to determine whether an argument can be made for the use of Intersectoral Partnerships as a strategy for sustainable development. The research describes the capacity of the sectors to address the CFM objectives, which suggests the added value brought by an ISP to CFM as a sustainable livelihood. The chapter then presents the practical challenges to the ISP framework as a strategy and its potential for the future. To conclude, the chapter reviews the national and international policies supporting the use of ISPs. It identifies development policy, on the local, national and international levels, promoting ISPs in CFM in the Brazilian Amazon. After discussing international and national experiences with ISPs, the research concludes whether ISPs are a worthy strategy for sustainable development.

Chapter 2

Discovering Partnerships:

Methods

Intro

The question of ISPs as a sustainable development strategy originated from repeated observations of the attempts of rural community development projects to recruit partners from society's sectors. Desperate to create productive livelihoods attuned to environmental concerns, projects approached organizations from all four sectors. As partnerships developed, with one, two or three partners, projects took different paths to achieve the same goal. This stimulated questions regarding what each sector contributed to partnerships and how each contributed to economic, environmental, social and political aspects of a sustainable livelihood. As questions continued to grow, so did the challenge of how to answer them.

Beginning with information-gathering and mapping exercises, the research outlined and examined the existing and newly emerging relationships between the public, Third, private and intergovernmental sectors across all fields, not simply forestry. While questions regarding ISPs originated from experiences on the local level, the research was approached first on an international level. Partnerships from Africa, Asia and Central America were examined before selecting community forest projects in the Brazilian Amazon (Bendell & Murphy, 2002; Heap, 2000; Wokabi Mwangi, 2000). Background research into ISPs consisted of informal interviews, internet forums and literature reviews. An additional literature review targeted the roles of the public, Third, private and intergovernmental sectors and their relationships to each other to provide a theoretical context for a cross-sector analysis of community forest management projects.

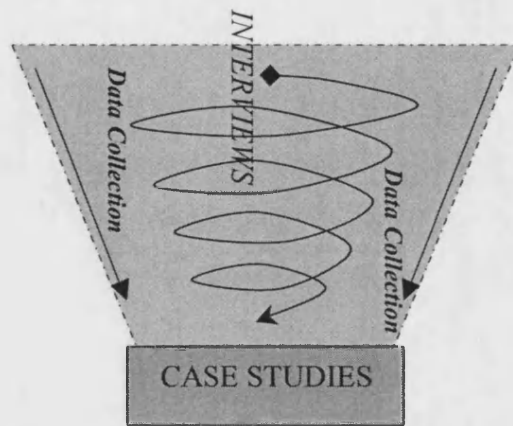
Repeatedly, the forest sector in Brazil illustrated strategies utilizing ISPs in sustainable development. Acknowledged as one of the most biodiverse ecosystems in the world, the Brazilian Amazon is an obvious candidate for any research undertaken on environmental conservation. Over the past decades the region experimented with sustainable forest management projects, accumulating knowledge about functionality on a practical level. Measured at 1,055,599 ha. Brazil holds the largest percentage (32%) of Forest Stewardship Council (FSC) approved sustainably managed forest in Latin America, most of which is managed by private companies (Mary Edwards, 2002). The Amazonian experience with the private sector and close ties to the public, Third and

intergovernmental sectors makes the Brazilian Amazon an ideal region in which to perform a cross-sector analysis and examine environmental policy formation and implementation.

The objective of this research is to examine the comparative advantages of sectors and their roles within Intersectoral Partnerships (ISPs) to determine the potential of ISPs as a sustainable development strategy in CFM in Brazil. Community forest management in Brazil provided the opportunity to examine the contributions of sector partnerships to the whole. Incorporating public, Third, private and intergovernmental sectors into problem-solving, CFM projects experimented with alternative approaches to challenges as they arose. To determine the potential of ISPs as a strategy for planning and implementing sustainable development policies the research examined its sector components and their contributions in partnerships. This then generated conclusions to its success as a whole.

The discussion of methods begins with interviews because of their role in the grounding of the research. A broad survey of stakeholders assisted in determining the situation of ISPs on the ground. Further interviews accompanied by data collection concurrently narrowed the field of research until an outline of CFM projects and their potential as case studies was formed. The research then focused around the production and commercialization process. The observation of case studies contributed to an understanding of the process in context. Data collection and analysis occurred throughout each process--interviews, case studies, observation and identification of indicators--and each stage tested and verified the data. An illustration of the conical process follows in Figure 1.

Figure 1: Illustration of the Methods Approach



The chapter examines methods used in data collection and analysis of the research. The first section begins by describing the methods used in data collection and analysis. Interviews are discussed first, followed by case studies and then indicators, all determined by the collection and analysis of primary and secondary data. The second section examines the concepts and theories behind methods and the third focuses on the limitations and ethics of the research.

Stakeholder Interviews

Having identified Brazil as an exemplary context for an analysis of ISPs through informal interviews and literature review, additional interviews and secondary data further directed the research on ISPs towards CFM. The CFM stakeholders welcomed research, particularly at a time of transition. CFM had finally begun to draw major national and international funding and Brasilia, as host to public, Third and intergovernmental sector organizations, was the primary source of that funding. Brasilia became one of the first steps to building a CFM project. With the majority of public, Third and intergovernmental sector offices located in Brasilia it became the starting point for interviews of CFM stakeholders.

Stakeholders

The primary methods used in data collection consisted of interviews, the observation of case studies and the pursuit of primary and secondary documentation in

regards to both. Interviews were both semi-structured and structured. By combining the various methods of data collection, the issues influencing the development of CFM as a sustainable livelihood surfaced. Both the challenges and solutions existed in the data on CFM. The stakeholders identified the obstacles to CFM but also presented solutions in their use of partnerships. They illustrated approaches using the individual sectors as partners to address their objectives for CFM and, in doing so, also illustrated the potential of ISPs as a strategy in sustainable development.

Two tools assisted in identifying stakeholders for interviews. Stakeholder power analysis and the “Four Rs” identified actors and their roles in CFM (Mayers, 2001a). A power analysis of stakeholders was applied during interviews and observation, comprised of distinct steps to expose actors, institutions and their connections and enabling a careful analysis of interviews.

Table 2: Six Step Process to Power Analysis

- | |
|---|
| <ol style="list-style-type: none"> 1. Develop purpose and procedures of analysis and initial understanding of the system 2. Identify key stakeholders 3. Investigate stakeholders’ interests, characteristics and circumstances 4. Identify patterns and contexts of interaction between stakeholders 5. Assess stakeholders’ power and potential roles 6. Assess options and use the findings to make progress |
|---|

Source: (Mayers, 2001a)

This was in conjunction with a second analysis of stakeholders adopted from IIED to clarify roles and the nature of relationships between the different actors. The tool described as the “Four Rs” examines the “Rights, Responsibilities, Revenues (benefits) of stakeholders, and the Relationships between stakeholder groups” (Mayers, 2001a). The “Four Rs” complemented the research of ISPs by exploring stakeholders’ relative powers, assessing mutual relationships and establishing dialogue for role negotiation (Mayers, 2001a). In addition, a table outlined representatives from public, Third, private and intersectoral sectors on international, national and local levels to ensure all sectors were interviewed on every level. See Appendix 1 for the Interview Map of Organizations.

Having identified participants, semi-structured interviews were conducted with representatives of public, Third, private and intergovernmental sector organizations to open the discussion on CFM and the projects themselves. Over 40 semi-structured interviews were conducted by the researcher, all at least one hour in length. With the permission of interviewees, interviews were taped and later transcribed for more detailed analysis. Piloting of interview questions occurred previous to fieldwork with colleagues in Development Studies and PhD programs. However, the initial field interviews also served to refine the questions and techniques used. Questions explored opinions about the situation of CFM in Brazil and the dynamics of partnerships in CFM projects. See Appendix 2 for the Interview Topic Guide.

The relaxed interview methods provided a space for new issues to be raised and issues of concern to surface. The interview discussed CFM as a productive livelihood, listening to its strengths but also the challenges that needed to be addressed as a sustainable livelihood alternative. All types of partnerships within CFM were also explored and resulted in suggestions of partnerships that might serve as possible case studies. The concept of ISPs was not introduced but, instead, discussed in terms of partnerships to avoid mis-interpretations of the term.

Location, location, documentation

Brasilia is well-known for being a human-made capital with its characteristic modern architecture. It became the official capital in 1969 under President Kubitschek. The intention was that Brazil should have a central capital, joining its expansive lands to the north, south, east and west. Its location facilitated access to representatives of the public, Third and intergovernmental sectors on international and national levels for all of Brazil. With public, Third and intergovernmental sector offices located in Brasilia, the capital also facilitated interviews with CFM stakeholders working in distant regions. Although interviewees were permanently located closer to projects in the northern regions of Brazil, Brasilia's role as a hub brought the majority of stakeholders and or representatives through the capital at least twice a year, where they were interviewed.

Access to documentation was also facilitated by the concentration of organizations in Brasilia. Written records and interview transcripts documented projects' progress to achieving CFM objectives. The first step in data collection involved the

examination of documents and records held by the project and represented sectors. Hodder (1994) explains that the difference between documents (ie. letters, field notes) and records (ie. certificates, contracts) is based on formal transaction. This is an important distinction as documents may be easier to access, where as records may be subject to privacy, confidentiality and anonymity (Hodder, 1994). Because of this medium's subjectivity, the research took into consideration the formality and informality across culture and language in the interpretation of the numerous documents and records (Hodder, 1994). Fortunately, both were volunteered. Specific examples of documents and records examined were projects' proposals, contracts and monthly, quarterly, semi-annual and annual reports made readily available by funders. This was complemented by applications for the FSC certification, communication between the sectors, history of previous projects and local government records and land registries, maps and newspapers (Pratt & Loizos, 1992).

Documentation was an important consideration for the selection of case studies, but in the cases where primary data was restricted, it was compensated for with secondary data from multiple sources available in Brasilia. Forums on community forestry provided the majority of the secondary information on CFM and its projects. They managed data collected from meetings, visits to projects and project workshops. Alternative forms of data collection also complemented the traditional research. Electronic conferences such as "Forest Certification, Equality and Participation" from August 5 through September 1 contributed to the discussion of international experiences in CFM (*Forest Certification, Equality and Participation*, 2002).

Upon the researcher's arrival in Brasilia the interviews began. Stakeholders in CFM were identified and analyzed for their roles in CFM. The list of interviewees grew as contacts expanded and offered increased access to documents. Although Brasilia served as a research base, interviews and secondary data were also procured from Acre, Amazonas and São Paulo, thus providing the foundation for the research. Interviews and secondary data also generated examples of partnerships in CFM projects for use as case studies.

After an initial 20 interviews in Brasilia, another 12 interviews were conducted with members of local public, Third, private and intergovernmental sector organizations

to the north and south. Visits to potential case studies led to interviews in Rio Branco, Acre and Manaus, Amazonas. As questions and conflicting data arose, a second visit to Brasilia allowed for clarification and triangulation of data. Finally, the case studies led to São Paulo, where additional interviews were held mostly with buyers from the private sector. The southern state of São Paulo represented the largest consumer of timber in the country (Barros & Veríssimo, 2002). Since São Paulo was the final destination of the majority of wood bought from CFM projects in western Brazil, a visit completed the collection of interviews. The buyers, primarily artisans, offered a new perspective on the production and commercialization process, and another chance to verify both primary and secondary information collected.

Examining Projects

The methods employed in the exploration of ISPs attempt to determine the success of the whole by examining the sum of its parts. The approach calls for three case studies to examine the roles of three primary sectors of society. Previous research on cross-sector development projects illustrate a similar methodology. Both research by the International NGO Training and Research Center (INTRAC) and the World Bank (WB) on development projects involving several sectors have selected a multiple case study approach (Fiszbein & Lowden, 1999; Heap, 2000). A selection of six CFM projects served as the basis for a study of partnerships within CFM by measuring their impact on the production and commercialization process. From these six, three were selected to provide a more detailed study of the impact of the public, Third and private sector partnerships and to enable a deeper understanding of the strengths and weaknesses the sectors bring to an ISP. This section explains both the focus on production and commercialization processes in CFM and the choice of CFM projects.

Survey of production and commercialization processes

The partnership analysis of the six projects examined the CFM production and commercialization process adopted by each. The analysis of sector partnerships with public, Third, private and intergovernmental in this research is based on their impact on CFM and its potential as a sustainable livelihood. The impact of sector partnerships on CFM is measured by the actions taken in the production and commercialization process

and their impact on the CFM project. Through a structured interview or survey the research examined the details of each project's approach to the production and commercialization process and which sectors participated in the activities of each process. Structured interviews held with project managers gathered systematic information across CFM projects, painting a picture of the organizational dynamics of the production and commercialization phase. As suggested by Pratt and Loizos (1992) structured interviews have been found to be a reliable, supportive method when asking questions that require definite answers.

Found in Appendix 3, the production and commercialization process outlined in the survey was based on a manual for small to medium scale timber production in the Amazon. It was reviewed and adapted to CFM with assistance from three foresters working in the region (Amaral et al., 1998; Fundação Floresta Tropical, 2002; F. Negret, personal communication, November 7, 2002). The production process was broken up into phases: Infrastructure, Administration, Pre-Harvest, Harvest Planning, Harvest and Processing. The data collected from the survey is presented in two sets of results. The first set outlined the step-by-step approach to the production and commercialization process of each project, while the second set indicated the partnerships at work within the projects by determining who completed each step.

The results were entered into a statistics program to track who participated in each task, how they accomplished the task, whether in partnership or not and how it was funded. The sector organizations were categorized by sector and by local, national or international level. Each sector at local, national and international levels was assigned a number. For example, local Third sector organizations were assigned the number 4. Every time the local Third sector organization completed a task its number would be placed in the corresponding box. The data was then analyzed to determine how often partnerships consisted of two, three or four members and in which projects, doing what activities. When partnerships completed a task then the corresponding box would have two or three numbers in it, according to who worked together on the task. For example, when the local Third sector organization and a national public sector organization completed a task together then the number 4 and 2 would appear in the box.

The two numbers or values were weighted equally and did not indicate greater participation by one or another. If one sector made more effort or completed more work than another then this was taken down in the notes and considered in the qualitative analysis. The table's results allowed the research to identify the contributions of sectors individually and in partnerships. Graphs created for each project illustrate the percentage of tasks carried out individually and in partnership by local, national and international organizations. The percentage reflects the number of tasks completed by a particular sector or partnership divided by the total number of activities completed in the project.

The percentages allowed for the results to be verified in unstructured interviews and secondary data. Although interviewees did not have data on the topic, nor exact numbers in their heads, they could estimate a percentage to describe the participation of one sector or partnership. Similarly, after analyzing secondary data such as project reports the researcher could estimate a percentage for the participation observed in the report. Since research was new on the topic, confirming the results of the survey through several qualitative efforts was the only way to verify the data.

Once the data was analyzed and verified, the production and commercialization process enabled the identification of the comparative advantage of sectors and furthered the discussion of their roles within ISPs. The focus on the examination of the production and commercialization processes in specific CFM projects detailed not only successful and unsuccessful practices but also strength and weaknesses of sector organizations. The survey identifies whether local project members and a local Third sector organization completed a task in partnership and whether the latter was able to procure the necessary equipment. The production and commercialization process was examined for funding as well. Comparing the production and commercialization methods amongst the six projects, answers spurred more detailed investigation into who completed each step and how. This identified the participation of public, Third, private and intergovernmental sector organizations from local, national and international levels. For example, the step identified that in all cases the projects' management plans were either completed by a local public organization or local Third sector organization.

The results also directed the research towards the sectors of focus for the purposes of this research and its discussion of ISPs. Given the international development

context of the research, four sectors in society were considered for careful analysis: public, Third, private and intergovernmental. However, in the survey of partnerships the role of the intergovernmental sector appeared similar throughout the CFM projects. The intergovernmental sector appears primarily as a funding source and played an indirect role in the CFM projects. Its role is significant nonetheless, but it is addressed instead as a component of ISPs oriented toward international development policies. Because of its consistent role in CFM projects, the focus of the research concentrated on the more diverse roles played by the public, Third and private sectors. This supported the selection of three case studies and presented the opportunity to examine the contributions of individual sectors as the primary partners in three CFM projects.

Project Selection

A case study provides a small step towards a grand generalization through detailed analysis of the contributing factors to one project (Stake, 1994). Yin (1994) points out that a case study is used to explore a development intervention with no clear set of outcomes (Yin, 1994). By using a collective case study this research acknowledges the reality of multiple perspectives about how each sector contributes in a partnership framework, as referred to in Grounded Theory (Stake, 1994). As Yin (1994) explains further, a multiple-case design is often more compelling but may require more extensive resources and time. Fortunately, the majority of resources presented themselves conveniently, which facilitated demands on time.

Extensive secondary research was undertaken on all fourteen projects that existed in CFM at the time. However, seven of those were excluded because they were only in their first or second years. Although the focus narrowed to three CFM projects, the background research conducted on the entire group of CFM projects served to triangulate the data on the partnership discussion. Six CFM projects--four in Acre, one in Amazonas and one in Rondônia--were surveyed in the analysis of partnerships. All illustrated varied stages of development and a variety of partnership dynamics. Their experiences helped support conclusions by providing references to compare results and broaden the discussion on the contribution of sectors to CFM in the Brazilian Amazon and their impact on ISPs for sustainable development

The six CFM projects served as the basis for the larger study of partnerships in the production and commercialization process. However, for the analysis of individual contributions to ISPs the selection process still needed to narrow to three case studies. The six CFM projects in consideration were in their third through eighth years and had experienced the successes and challenges associated with developing CFM as an alternative livelihood. The projects were located in the states of Acre, Amazonas, Rondônia and Pará. Because of the additional complexity of aboriginal development projects, the focus turned to projects similar in cultural and geographical backgrounds. With three projects located within the same state of Acre, this second factor eliminated additional geo-political factors, allowing the research to address case studies within a similar geo-political context.

The three remaining CFM projects had been established in communities of rural settlers. The descendants of settlers from the East and from the South of Brazil, who had been attracted to the western Amazon by the rubber boom of the 70s and government interest in laying claim to the region¹¹. They have since existed on subsistence farming or extractivism. Although dependent on multiple livelihoods, each project depended primarily on one distinct livelihood. The project Pedro Peixoto depended on subsistence farming, while the project Porto Dias depended primarily on rubber tapping and the project Cachoeira depended on collecting brazil nuts. Influenced by different proponents of CFM, each also adopted a different approach to production and commercialization. Pedro Peixoto produced commercial timber on a small-scale, while Porto Dias produced sawn timber on the medium to large-scale and Cachoeira chose to produce blocks of wood on a small-scale primarily for artisans. After examining their use of partnerships in the survey, these three projects stood out for their choice of partners. Each illustrated a tie to one of the three sectors and provided the opportunity to examine each sector's individual contributions to CFM in partnerships.

The three case studies offered the opportunity for observation of CFM and partnership interactions. The purpose of observation in rural communities is to create an

¹¹ With the discovery of the vulcanization of rubber the rubber industry boomed attracting immigrants to Acre. From 1877 to 1880 a majority migrated from the state of Ceara, which was experiencing a drought. Brazil and Bolivia both laid claim to Acre and it was not until 1903 that Brazil officially purchased Acre for £2 million and made it a state in 1962 (Barbosa 2000).

open, informal relationship for qualitative or naturalistic observation, occurring among the actors who participate and follow the stream of everyday life (Adler & Adler, 1994). As data accumulated attention was given to the concern that observations are an interactive process shaped by a researcher's personal history, biography, language, gender, social class, race, and ethnicity, in addition to the context and culture he or she is trying to understand or represent (Altheide & Johnson, 1994; Denzin & Lincoln, 1994). Keeping assumptions in check the data collected while the researcher was living in Acre provided the opportunity for informal observation to search for concepts that appeared meaningful to subjects and were not bound by predetermined categories of measurement or response (Adler & Adler, 1994; Pratt & Loizos, 1992). The production and commercialization process allowed observations to be made regarding the contributions of individual sectors and illustrated their reactions to the challenges of implementing CFM as a sustainable livelihood.

Analysis

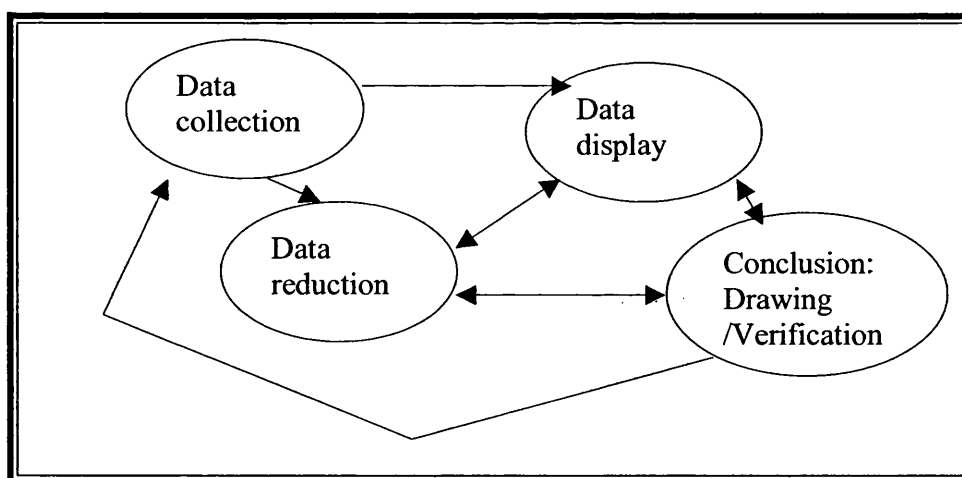
The semi-structured interviews with stakeholders set the context for the research in CFM while the structured interviews and observation of communities provided the details. Together the interviews outlined the challenges to CFM and addressed the economic, environmental, social and political objectives that needed to be met. The research needed to clarify the priority of these objectives to determine those factors necessary to develop CFM as a sustainable livelihood. The analysis focused the research on the production and commercialization process as a key element to income generation for CFM as a productive livelihood while identifying training, environmental certification, community organization and political voice as essential factors to the sustainability of CFM. To identify these factors the research again combined techniques adding a technological twist. It utilized a Qualitative Data Analysis (QDA) Program within its constructivist framework.

The combination of multiple methods was emphasized throughout the research to continually reassess data and provide validity. A constructivist paradigm in methodological procedures assumes multiple realities and a subjective understanding demanding multiple methods to capture as much of this reality as possible (Denzin &

Lincoln, 1994). QDA programs assist in discovering and managing unrecognized ideas and concepts, constructing and exploring explanatory links between them, thereby developing an understanding around them (T. J. Richards & Richards, 1994). Approximately 80% of the data, with the exception of some project reports, was entered into a QDA program. Transcribed interviews and project information were entered into the program which allowed the researcher to analyze data to determine the issues that appear most frequently and the correlations that exist within the data. The QDA program NVIVO allows for the continuous interplay between data collection and analysis or “constant comparative method” (Strauss & Corbin, 1994, p.273).

The following model illustrates the approach taken by the research to employ a “constant comparative method” and constructivist framework (Strauss & Corbin, 1994). The model displays the continual processing of data collection, data reduction, data display and conclusion drawing and verification (Huberman & Miles, 1994).

Figure 2: Data Analysis Interactive Model



Source: (Kane & O'Reilly-de Brún, 2001).

Within data analysis data display seeks out and clarifies groupings and relationships, leading to data reduction or the removal of unnecessary information. Once data has been reduced it may then be displayed again to establish new relationships from which to draw conclusions (Creswell, 1994; Kane & O'Reilly-de Brún, 2001). Eventually, the conclusions begin to repeat themselves and provide verification.

One of the most commonly employed methods in qualitative research to reduce misinterpretation involves the redundancy of data gathering (Stake, 1994). All

components of data collection, including interviews, observation, secondary data and literature, become essential in validating each other. By collecting empirical material and data using multiple methods or “triangulation,” this research uses qualitative strategies supported by primary and secondary data to add credibility and substance to the research (Denzin & Lincoln, 1994, p.214). Through this process multiple perceptions of a single subject are obtained to verify an observation or interpretation through repetition (Stake, 1994).

Modern Analysis

The methods of analysis combining traditional techniques and current technology consisted of a hermeneutic or inductive approach such as suggested by Kelle (2000). While reading and reviewing primary and secondary data, thoughts or topics are attached to data. The topics are then reviewed and examined in relation to the research question. Similar topics are combined, unnecessary topics are discarded and new topics are introduced. This method permitted a broad range of topics to arise from a discussion of CFM and ISPs while at the same time it organized thoughts, identified issues and drew linkages between partnerships and CFM projects.

The first step of the process was to enter as much of the primary and secondary data in the program and review it all. The questions in the semi-structured interviews explored various aspects of CFM, searching for problems as well as possibilities. With an open mind thoughts, topics were attached to interviews and literature in the act of “free coding”. The topics were then reviewed and organized into similar topics, unnecessary topics and new topics. The result was 84 topics relating to the data collected on CFM and ISPs.

The second step involved a program called a modeler to invite unrestricted, undirected or free thinking (Kelle, 2000). This enables the researcher to step back and examine the topics individually and as groups to consider their similarities, differences and interactions. This qualitative technique used in the analysis is known as cognitive mapping (Eden & Ackermann, 1998). Cognitive mapping is a causal-based mapping technique where concepts representing elements of a complex problem are organized and structured using arrow diagrams (Eden & Ackermann, 1998). The method is well suited for complex problems where many aspects or dimensions are difficult to

comprehend and indicators may be linked directly or indirectly (Mayers, 2001b; Mendoza & Prabhu, 2002).

A third step generated discussion around the secondary research questions. The program could be used to cross-reference topics and projects. The result was a list of topics raised in the structured interviews with projects. This table illustrated how often specific topics appeared throughout the interviews. These topics were then revisited to analyze their impact on the projects, CFM and ISPs. All results of the program were always reviewed by returning to their original context, the program primarily helped to identify associations.

The NVIVO program could also assist to prioritize the lists by generating percentages representing how often the topic was discussed and how much attention was given to it. Again, this served as a tool to stimulate further investigation of the relationships of topics in their original context enabling topics to be listed in order of priority. Returning to the original context also determined whether the popularity of topics was skewed by particular interviews or documents. The results of the cross-references generated two lists particularly important to this research. First, a list of the activities completed by sector partnerships in the production and commercialization process helped address the question of sector contributions to CFM. Second, cross-referencing produced a list of challenges to CFM, illustrating the topics given priority in interviews and project documents. The list identified those topics considered essential to the success of CFM as a sustainable livelihood.

Key to success

The research explored the data for the potential of CFM as an alternative sustainable livelihood. Literature and interviews seemed to indicate its potential, but CFM projects struggled to succeed. The research pursued the factors that seemed to be determining their success. The QDA program was used to create a cross-reference in interviews for “CFM”, “sustainable livelihoods” and “challenge.” The list indicated economic, environmental, social and political challenges. The importance of markets in CFM topped the list with 63.64% of the interviews identifying it as the primary factor to the success in CFM. A similar table was generated for documented secondary data (ie.

literature and reports). With around 200 documents consideration was given to bias in coding, but by examining the topics in context, the lists were verified and proved to produce valid results. Still, a third table was created cross-referencing the topics and all data collected on the 14 CFM projects.

The results provided three lists prioritizing the challenges to CFM as a sustainable livelihood. The lists identified “training”, “certification”, “community organization”, “policy”, “markets” and “production” repeatedly amongst the top six places on every list. The lists provided a focus and context for the research. The results confirmed the importance of examining the production and commercialization process to address the issues of “markets” and “production”. “Training”, “certification”, “community organization” and “policy” reflected on the sustainability of CFM and, therefore, its potential as a strategy for sustainable livelihoods. The analysis provided the framework to test the research question. If ISPs could channel the comparative advantages of sectors to form productive livelihoods in addition to meeting the challenges of sustainable livelihoods then it would serve as valuable tool for sustainable development policy.

By returning to the text of the data the four topics were examined for their meaning in context. In almost all cases the topics were described as a “necessity” or “requirement” for the success of the projects in the long-term. Stakeholders indicated that by achieving these goals CFM projects equipped themselves to meet further challenges over the long-term. Training, certification, community organization and political voice were described as objectives for CFM efforts, necessary for the success of CFM projects as means to sustainable livelihoods

The three case studies, exemplifying the individual sectors, provided the context in which to examine how each sector partnership addressed the four indicators. A combination of primary and secondary data was used to measure the success of the partnerships in meeting the CFM objectives. The training objective consisted of two components. The first involved training in forest management and the skills of a forest technician. The second involved business skills from accounting to marketing of products. The training objective was assessed by secondary data and interviews with stakeholders. Examining the experiences of CFM projects and interview responses to the

training aspects of the production and commercialization process determined how essential the partnership was to reaching the training objective.

The other three objectives were similarly addressed. Interviews, project records and Forest Stewardship Council (FSC) documentation determined whether projects received FSC certification. The structured interview discussed how the objective was achieved and with what kind of partnership support, if any. Evidence of community organization and political voice were a little more difficult to measure. Discussion of community organization occurred primarily in structured interviews although it is also discussed in semi-annual and annual project reports to funders. Examples of community organization were the development of a legal organization such as an association or cooperative and the project's dependence on its partner. However, it was also reflected in increased activity in a previously existing community institution such as the church or local store. Political voice was similarly measured by increased participation in local institutions, the formation of partnerships and their impact on bureaucracy or regulations such as taxes. In addition, evidence of a community's political voice was indicated by an act requested by the community such as paved roads and then carried out by local, regional or national government.

To develop an understanding of the contributions of each sector in partnership the case studies focused on the production and commercialization process of three CFM projects. Each demonstrated a partnership with either the public, Third or private sectors, but also recognized the role of the intergovernmental sector. The production and commercialization process was particularly important to CFM because it addressed the challenges stakeholders identified as "markets" and "production". The contributions in partnerships to the production and commercialization process could then be examined for their role in addressing further challenges to the sustainability of CFM. The impact of sector partnerships on training, certification, community organization and political voice demonstrated the strengths and weaknesses of sectors. Recognizing these strengths helped identify their comparative advantage and explore the potential of ISPs. Before moving on to present the context of ISPs, the research reviews what it sees as limitations to its methods.

Limitations and Ethics

The non-native researcher faces language barriers and cultural differences that make small errands become day-long tasks. This research was facilitated by previous living and working experiences in Brazil, which thankfully limited some of the possible surprises to a non-native researcher. The small town feeling in Brazil's capital concentrated data collection making access much easier but brought unsuspected consequences. Rural communities, on the other hand, presented a greater challenge to access, but helped strengthen the data. Despite the challenges, both urban and rural experiences served to enhance the research, requiring an awareness of limitations and greater efforts to verify data.

Small Town

The social dynamic of the interviews reflects aspects of a small town in which people are familiar with each other and are aware of all that occurs. Although Brasilia serves as Brazil's capital, it generates a small town feeling. As often found in small towns many of those involved in community development work are familiar with one another. This is true across fields, whether environment, health, education or other and adds an interesting dynamic to research. In the process of researching CFM and ISPs doors opened as a result of references from one colleague to another. Thanks to generous invitations from the CFM community Brasilia provided many interview opportunities. Annual meetings of CFM project managers provided detailed information on projects when site visits were impossible to all 14 CFM projects. Referrals from colleagues provided benefits. Responses could be verified by comparing and examining the interviews for inconsistencies. Eventually, the pool of suggested interviews was exhausted.

Although a positive experience on one level, there are possible negative impacts of interviews on the research. Colleagues were aware of who had spoken with whom and for what purpose. No matter how open the interviewees appeared to be, competing political interests remained a factor. Interviewees varied the degree of information and shared according to who referred them to you. References provided by colleagues at a similar career level provided less formal data, but more informal data such as hearsay.

References from higher career levels, on the other hand, provided access to more formal data but much less informal data. This research gives credit to both types of information. Formal data provided the data essential to a strong argument; however, the qualitative data available through hearsay provided important contextual information. It is difficult to judge the extent to which the social dynamic influenced research, but competition for funding and jobs cause enough friction in a “small town” to make it a viable concern.

Research was enhanced by giving interviewees the option of confidentiality. By guaranteeing confidentiality, interviewees shared information more readily and were able to discuss several controversial topics. In fact, they seemed more at ease with a non-native researcher. It appeared that as a foreigner there was less of a threat that information would be released in a manner that impacted the employment positions of interviewees. Interviewees appeared to be pleased to share additional data because it would be taken overseas. Some may have hoped to make an impression, but others seemed relieved to share their criticisms with a researcher outside the close knit group of colleagues in CFM. The non-native perception was often an advantage. In many cases interviewees assumed that a non-native researcher knew little of the topic and its context. Explanations often included a review of the context and extensive explanations. Together both informal hearsay and formal information contributed to the verification of data.

Ethics

Throughout the time spent researching the individual CFM projects an international cultural bias became apparent on the part of the researcher as well as stakeholders in CFM. The role of a non-native researcher in the context of small rural communities required an examination of ethics in research. Much of the discussion of ethical research revolves around the impacts on communities (Pratt & Loizos, 1992). This becomes even more significant in rural communities due to the extensive interaction with community members (Heyer, 1992). Since impact on rural communities is unavoidable, the focus shifts to limiting the influence of the non-native researcher (Wilson, 1992). The objective of ethical research in this case is to create an honest relationship with research participants and those CFM stakeholders observed. In order to

do so, suggestions include clearly stated research objectives and respecting requests for anonymity (Creswell, 1994; Pratt & Loizos, 1992).

As a non-native researcher, the approach adopted and observations made differ from those of a native researcher. Both perspectives will also vary significantly from that of any community member. This may carry disadvantages into the field for which methods must compensate. Careful and unobtrusive observation became essential techniques in the CFM projects and their communities. This research refers to local communities as the members of the one or two villages hosting and surrounding the CFM project and located within the same reserve or settlement.

Community members in two of the three communities voiced clear opinions about the extent of researcher involvement and their boundaries were respected (N. Marcondes, personal communication, November 26, 2002; P. Roth, personal communication, November 29, 2002). Unless the researcher was willing to commit to a two year living arrangement within the community the community members were not interested in providing extensive formal interviews. The community members related a history of a few positive but mostly negative experiences with outside researchers. They were familiar with their demands, which, in turn, may have biased the research (N. Marcondes, personal communication, November 26, 2002; P. Roth, personal communication, November 29, 2002).

Although officially the projects were unwilling, smaller opportunities arose to hear the opinions of the community. The research attempted not to waste the time of those that did offer their perspectives by avoiding having them repeat many of the questions asked by previous researchers. Opinions were gathered casually from meetings or at work. Meetings of the association or cooperative representing the reserve or settlement allowed members to voice their opinions on decisions relating to the reserve or settlement. Community members who volunteered their opinions at community meetings and in conversation offered information, which was recorded, but community members were not sought after for specific interviews to complement data. Informal interviews were also conducted over meals, to supplement the survey and observations.

The associations linked to the projects and referred to in the case studies are said to represent the project and, therefore, serve as another source of project members'

opinions. These associations were smaller associations than that representing the entire community, focusing instead on the members of the CFM projects and other livelihoods from the same villages. These were described in each case study to provide a better understanding of how likely they were to be representative. Each association is briefly explained to illustrate its role in the CFM project and allow for individual judgments to be made on its ability to represent the project members.

With the focus of the research primarily on an organizational level, examining sector partnerships and their contributions to ISPs, the opinions of community members would have complemented the research but were not crucial to its analysis. Therefore, there was little advantage to sacrificing their time for formal, structured interviews. Nevertheless, it does influence the scope of the research. The research takes care not to draw conclusions about the impact on the surrounding community, referring primarily to literature to indicate impacts on the community. The research purposefully discusses the research in terms of its impact on the “project members,” since they participated in informal interviews that could be validated through discussions with project managers. The primary resource into the opinions and functioning of the community was the CFM project manager. The CFM projects provided extensive two hour interviews with project managers covering the survey as well as semi-structured interviews on CFM and the community.

The interaction with the local communities was the primary weakness in the research. Limited interaction with community members restricted observation. However, the decision was made to make small sacrifices in the data collection to avoid a negative influence on community members (Wilson, 1992). Especially, since it is difficult to judge the extent of influence of the researcher on the community no matter how indirect it may be (Mayers, 2001b; Pratt & Loizos, 1992). Instead, the research chose to increase the use of triangulation. Complementary data from previous researchers in the area was examined critically to serve as additional secondary data. Triangulation aided in minimizing the impact of differential treatment on the research (Altheide & Johnson, 1994; Denzin & Lincoln, 1994).

Conclusion

The research combines qualitative and quantitative techniques to collect data, but returns to a qualitative analysis appropriate to the diverse perspectives on individual sectors, CFM and ISPs. Nonetheless, by keeping an open mind to external and internal variables and developing patterns, through Qualitative Data Analysis programs and techniques such as the modeling program, the research assumes greater validity (Altheide & Johnson, 1994; Creswell, 1994; Yin, 1994). With the majority of data organized within one QDA program several methods could be applied to triangulate and verify data. The data was analyzed to reveal the topics and factors relevant to CFM. The transcribed interviews revealed not only topics but also provided explanations in context. The analysis confirmed the focus of the research on the production and commercialization process, but also provided a broader context to explore ISPs.

The analysis revealed the challenges to the sustainability of CFM. Interviews with stakeholders outlined training, certification, community organization and political voice as objectives necessary for the success of CFM as a sustainable livelihood. Whether they were achieved in each case study was discovered by a thorough examination of structured and semi-structured interviews, secondary data and observation. The analysis of results, in turn, addressed the research question. The ability of CFM projects to provide training, obtain certification, develop community organization and generate political voice through partnerships with individual sectors reflect the potential of ISPs as a sustainable development strategy.

Chapter 3

Evolution of Partnerships:

Recruiting sector capabilities for development

Intro

An increasing emphasis on multi-stakeholder approaches to development acknowledges a growing awareness of the participation of the public, Third, private and intergovernmental sectors and their components. Intersectoral Partnerships have begun to come of age after evolving in conjunction with the lessons learned and adjustments made to development policy over the last 40 years. Adjusting to internal and external pressures of changing development trends the World Bank has experienced many paradigm shifts starting with: capital projects in the 1950s; basic needs and rural development in the 1970s; structural adjustment in the 1980s; and, good governance and focus on poverty in the 1990s (Burnell, 1997). Today, the program Partnerships for Poverty Reduction in Latin America and the Caribbean, cosponsored by the Economic Development Institute of the World Bank (EDI), demonstrates the ability of partnerships amongst public, Third and private organizations to succeed in meeting a joint objective (Fiszbein & Lowden, 1999).

This chapter initiates the discussion of ISPs by reviewing their historical evolution. It illustrates how the roles of each sector in development gained momentum, helping define their strengths and weaknesses in partnership. The first section discusses what partnerships are and why they are becoming increasingly popular in development literature. The following sections further the readers understanding of how theories of ISPs evolved as development theory evolved over the 70s, 80s and 90s. The sections touch upon the major theories that have influenced ISP evolution, describing their impact on Brazilian environmental policy and community forest management.

Intersectoral Partnerships

"How do we extend our prosperity to those who have not reached it yet? ... Long ago I concluded that the solutions to such challenges lie not in big government, nor the free market, nor the voluntary sector alone. Rather, if we are to make further progress, we must find ways to foster greater responsibility and cooperation among all sectors of society."

Hilary Rodham Clinton (Sagawa & Segal, 2000, p.vii)

The discussion of partnerships has spread to all sectors of society, yet, no clear single definition exists. The diverse forms of cooperation in partnership complicate attempts at one definition. Numbers of partners have increased as sectors of society are recognized and incorporated. Cooperation in partnerships may be indirect or direct, formal or informal, as a single event or evolving over time. Subsequently, diverse factors prohibit a definition indicating a single form and standard for cooperation.

This research takes an approach inspired by the International Institute for Environment and Development (IIED) in which the term “partnerships” represents a set of formal or informal deals amongst sectors, it represents an umbrella term not fully defined by set characteristics (Mayers & Vermeulen, 2002). Instead, it is dynamic. Forms of informal partnership have existed throughout the past century, as referred to in the “world culture” school (Boli & Thomas, 1997). Boli (1997) proposes the “world culture” school or “world policy approach” as a cultural framework outside of economic processes and larger than states or nations. From this perspective, partnerships appear as networks and connections amongst actors and/or organizations. Boli’s (1997) approach is further explored through concepts such as social capital (Andriof & Waddock, 2002; Scoones, 1998), synergy (Evans, 1997), coproduction (Ostrom, 1996) and transnational networks (Evans, 2000; Keck & Sikkink, 1998; Sikkink, 1993).

Social capital theories focus on the connections within society to play an integral role in developing the concept of ISPs. The concept of social capital became popular and controversial, stimulating the discussion of partnerships and livelihoods (Andriof & Waddock, 2002; Scoones, 1998). It is approached in greater detail later in the chapter in the context of sustainable livelihoods.

Peter Evans (1997) proposed “synergy” as a form of cooperation and engagement of institutions with “ordinary citizens.” His work focuses primarily on the role of the State in these relationships (Evans, 1997). The term coproduction, proposed by Ostrom (1996, p.86) refers to the “process through which inputs used to produce a good or service are contributed by individuals who are not ‘in’ the same organization”. However, Joshi and Moore (2004) suggest a narrower definition, referring to “institutional coproduction.” This notion refers specifically to intersectoral partnership by outlining “inter-organizational partnerships between state agencies and either

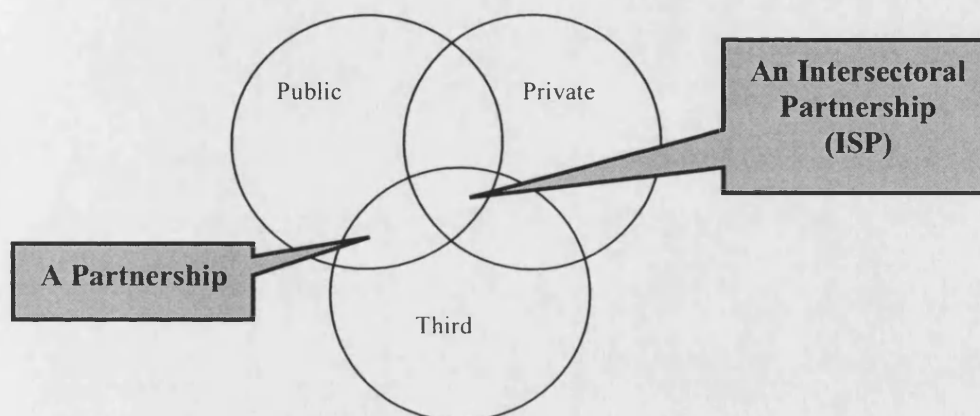
commercial enterprises or civic organizations” (Joshi & Moore 2004, p.32). Still, these differ from the definition of ISPs adopted by this research, because all three concepts indicate bi-lateral partnerships, failing to consider the overlap of all three sectors. This also occurs with the use of the term “strategic partnerships” that refers to cooperation between private and Third sectors (Ashman, 2000; Brown & Waddell, 1997).

The discussion of “networks” comes closest to the ideas broached by this research. “Transnational networks”, in particular, recognize the international scope of partnerships found today and reflect global interdependence suggested by the ideas of the “world culture” school (Boli & Thomas, 1997; Evans, 2000; Sikkink, 1993). Keck and Sikkink (1998) develop the concept of transnational advocacy networks that involve multiple organizations from the public, Third, and private sectors joining forces to promote a cause. This is similar to intersectoral cooperation, in that it refers to the State, market and civil society working towards a mutual understanding of problems and agreeing to “mutually agreeable plans” (Brown & Kalegaonkar, 2000). Alternatively, the term “inter-organizational cooperation” suggests a similar unity across sectors, given that organizations often represent the different sectors (Harriss, Hewitt, & Robinson, 2000). The common thread amongst these terms indicates the prevalence of three primary sectors of society. Although the term “network” may be more appropriate to describe relationships amongst three or more, the term “partnership” appears more consistently in literature; therefore, this research maintains the use of the term “partnership” (Lowndes and Skelcher, 1998).

Although the discussion evolved over the century, it had yet to recognize the necessity of all three sectors in partnership until the 90s. The notions of partnership that previously existed focused on bi-lateral partnerships or partnerships primarily focused on the delivery of State services. Brinkerhoff’s (2002) definition of partnership highlights a dynamic relationship with a mutual objective, pursued through comparative advantage and mutual influence. This research concentrates on recent notions of partnerships rooted in the discussion of networks and cooperation and put forth by the International Business Leaders Forum (IBLF) and United States Agency for International Development (USAID). This concept recommends the participation of all sectors of society in project or program formation and delivery (USAID, 2001). As referred to by

Hilary Rodham Clinton, it seems that the growing complexity of international development problems, such as poverty and the environment, cannot be solved alone but necessitate partnerships across all sectors of society (Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997; Harriss et al., 2000).

Figure 3: Defining Intersectoral Partnerships



Despite the clarity of the sectors in the diagram, in reality confusion exists on the boundaries of each sector. Some organizations illustrate characteristics of two or more sectors, and thus, blur divisions. For the purpose of this research the delineation of strict sector boundaries are unnecessary, as long as there is an understanding that organizations in most cases can be categorized into sectors of society. The characteristics that enable this categorization also suggest the diverse resources and capabilities amongst sectors.

Within the specific definition for ISPs, identified in Chapter 1, differences still occur in resources, duration, scale of activities and form of organization (Brown & Waddell, 1997). There are several different modes of governance, unequal in levels of trust and pluralism (Lowndes & Skelcher, 1998). Partnerships may originate from simple public agreements--considered to be a weak form of partnership--or partnerships may appear from the "small catalytic actions" of a few, generating results attracting many others (Mayers & Vermeulen, 2002). This is illustrated in the the campaign by Friends of the Earth-UK targeting do-it-yourself (DIY) stores in the UK, which has led DIY stores around the globe to commit to buying certified wood products (Bendell &

Murphy, 1997). It serves as an example of the transnational advocacy networks discussed by Keck and Sikkink (1998). As a weak or indirect form, partnerships may take shape as joint focus groups, or agreements within agendas, while still retaining individual objectives, such as the companies belonging to the Buyers Group of Certified Wood Products in Brazil (Compradores de Madeira Certificada, personal communication, December 11, 2002; Melo Neto, 1999). Partnerships are also recognized as a series of conferences or intersectoral committees fostering long-term cooperation (Brown & Waddell, 1997; Charlton & Wilson, 1997).

However, a strong or direct partnership occurs when new organizations or programs form partners committed to an agreed set of goals and objectives for the future (Brown & Waddell, 1997; Charlton & Wilson, 1997). These may occur when private companies establish their own foundations such as the Ford Foundation or the Bill and Melinda Gates Foundation, or may represent programs such as the Better Banana Project, applying the efforts of the Rainforest Alliance and Chiquita banana company to set standards for banana production (Bendell, 2001; Sagawa & Segal, 2000). Direct participation is also found when micro-credit directly unites lending agencies and NGOs to develop new lines of credit and delivery beyond traditional systems (Brown & Waddell, 1997).

Guidelines to partnerships

Although the literature on ISPs is still limited, guidelines have begun to develop from lessons learned. Two examples illustrate the similarities amongst guidelines in partnership literature. The Harvard Business School developed the approach to cross-sector partnerships represented by the acronym COMMON (Sagawa & Segal, 2000).

Table 3: The COMMON Approach to Intersectoral Partnerships

	C	O	M	M	O	N
Characteristic	Communication	Opportunity	Mutuality	Multiple Levels	Open-endedness	New Value
Action	Regular substantive action	Generate new opportunities	Shared vision, power, resources, responsibility and accountability	Multiple levels of engagement – executive, managerial, and operational	Relationship without an end date	Create new/added value for partners
Purpose	Build trust	Sustain long-term relationship	Trust and Respect	Structured integrity	Sustainability of project, New possibilities	Makes it worthwhile

Source: (Sagawa & Segal, 2000)

Charlton and Wilson (1997) identify the “Three P’s of Partnership”. In addition to the three Ps, Lowndes and Skelcher (1998) suggests a fourth P in “Process.” Literature indicates that effective partnerships pay attention to the process, recognizing tensions and opportunities in the development of the ISP over time as primary tasks change from formation into delivery and then to closure or succession.

Table 4: The Three P’s Approach to Intersectoral Partnerships

The P	Provenance	Purpose	Participation
The Question	How was the partnership established?	What are the aims and objectives of the partnership?	Who is involved in the partnership?
The Example	Common recognition of social, economical, environmental contexts. Need-based, historical, forced	Long-term service delivery. Project management. Advocacy. Vested Interests	Intent of partners. Nature of organizational structure. Ability of partners to participate. Other factors.

Adapted from: (Charlton & Wilson, 1997, p.1)

Further guidelines are provided by the USAID, the Business Partners for Development and the World Economic Forum's Global Corporate Citizenship Initiative (GCCCI), gathered from their experiences with Intersectoral Partnerships and detailed in Appendix 4. Their recommendations overlap to suggest twelve primary guidelines for ISPs.

Table 5: Guidelines for Intersectoral Partnerships

1. Mutual objective
2. Individual sector benefits
3. Clear delegation of responsibilities
4. Recognition of distinct sector contributions
5. Transparency
6. Respect for differences
7. Capacity for problem-solving strategies
8. Consideration for local disadvantaged partners
9. Dissemination of lessons learned
10. Internal problem-solving mechanisms
11. Attention to local context and populations
12. Commitment to partnership
13. Flexibility

Source: Adapted from (Global Corporate Citizenship Initiative [GCCCI], 2005; Mayers & Vermeulen, 2002; USAID, 2001; Warner)

The guidelines for partnerships recognize the need for trust and overlapping or common objectives. Successful partnerships are aware of their context and the impact this has on the way they operate and follow up by actively seeing new possibilities and not confining the relationships to a single type of exchange (Charlton & Wilson, 1997; Sagawa & Segal, 2000). The danger to many ISPs appears when relative power bases are not acknowledged from the beginning (Charlton & Wilson, 1997; Covey, 2001). In developing an ISP partners benefit from being aware of internal and external pressures -- physical, social, economic and political (Ashman, 2000; Mayers & Vermeulen, 2002). Guidelines also indicate the role of a mediator as another essential component. While attempting to maintain a balanced power structure the mediator manages conflicts in the implementation of the project. In order to do this, Brown and Kalegaonkar (2000) indicate that the mediator must hold credibility with all four sectors so as to be able to bring all sector organizations together and promote cooperation without abusing power.

These guidelines are important considerations for the application of ISPs as a sustainable development strategy. As the thesis unfolds reasons for these guidelines become apparent in the experiences of the case studies. The conclusions of the research depend upon the implementation of ISPs following the Guidelines for ISPs outlines in Table 5.

The whole as greater than the sum of its parts

Following the previously laid out guidelines, ISPs are recognized for their ability to resolve complex problems and both academics and other professionals have adopted partnerships for challenges requiring multiple resources from a diversity of sectors (Ashman, 2001; Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997). Development problems, in particular, involve political, economic, social and environmental dimensions on local, national and international levels. According to both Brown and Kalegaonkar (2000) and Gray (1989), ISPs provide the solution through combined knowledge and problem-solving. Challenges such as creating sustainable livelihoods necessitate the depth of knowledge and experience most often found in organizations concentrated within only one field.

Supporters of ISPs such as Brown and Kalegaonkar (2000) suggest ISPs allow respective strengths in CFM projects to be optimized while limiting inherent weaknesses. Moreover, Sagawa and Segal (2000) identify ISPs as a way to expand capabilities beyond an organization's own resource base so that partners may embrace opportunities to develop more efficient ways of leveraging the strengths. ISPs provide the opportunity to allocate those resources available to particular sectors to create conditions for multiplier effects (Charlton & Wilson, 1997; Fiszbein & Lowden, 1999; Sagawa & Segal, 2000). Meanwhile, as Brown and Waddell (1997) suggest, ISPs may also reduce duplication and divergent aims. A multi-faceted approach to handling the complex challenges facing development today not only addresses the problem but also those issues indirectly affecting or affected by the problem (Brown & Kalegaonkar, 2000; Brown & Tandon, 1992; Gray, 1989). Through greater flexibility and scope, partnerships develop a wide geographic reach (Sagawa & Segal, 2000).

Charlton and Wilson (1997) explain that, ideally, the objective of a partnership should be to create an initiative in which partners work together to achieve a set of goals and objectives and, in so doing, deliver more than the sum of its individual components.

Through partnership, sectors should seek to achieve an objective that no single organization could realize on its own, to outline a collaborative advantage (Charlton & Wilson, 1997; Huxham, 1993). This business term refers to joint ventures where value is gained by working collectively and sharing both risks and benefits to the advantage of all partners (Charlton & Wilson, 1997; Lowndes & Skelcher, 1998).

Notwithstanding, a partnership may not be the most appropriate solution to the issues needing to be addressed (Charlton & Wilson, 1997). In the wrong circumstances, power differences amongst organizations can impact intersectoral cooperation in the present and cause problems for cooperation in the future (Ashman, 2000; Mayers, 2001b). The rhetoric of partnerships and interpretation as a, "...close relationship of equals, who carry out a large proportion of their activities in cooperation with each other within a framework of balanced power," implies positive results from partnerships (Mayers & Vermeulen, 2002, p.15). Nevertheless, examples are cited by both Mayers and Vermeulen (2002) and Welford (2002) of public-private partnerships, or coproduction with the State, that further individual objectives to the detriment of civil society and leading to significant governance problems.

Critiques of partnerships suggest their utility only in certain contexts. Certainly partnerships in development require the participation of local organizations. In some settings partnerships may be inefficient and create increased friction as opposed to facilitating objectives. A partnership involving national public sector organizations and international private and Third sector organizations is inappropriate for resolving local challenges to CFM in Brazil. Partnerships risk generating increased costs for mediation and negotiation, and irresolvable differences may lead to the destruction of, rather than contributions to, international development projects (Ashman, 2000).

Nevertheless, existing partnership literature is overwhelmingly positive with respect to the ability of ISPs to overcome these critiques (Ashman, 2001; Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997). The transparency and accountability referred to as components of ISPs is argued by proponents as insurance against unfair and unbalanced partnerships. Tennyson and Wilde (2000) recommend that ISPs carefully form of dedicated partners. A more inclusive partnership also infers greater transparency for those involved and,

consequently, the higher the probability that partnerships will be accountable to their partners and society.

Rahardjo (2000, p.452) refers to the “checks and balances” generated by involving public, Third and private sectors. Welford (2002) agrees that cooperation across sectors can encourage transparency since it requires accountability in progress assessments, otherwise known as social auditing. Exploring the model of ISPs in China, Zhang (2005) finds the overlapping rules attached to the institutions of the political state, civil society and the market create overlapping modes of governance and a system of checks and balances in an ISP framework. This system is crucial to ameliorate both internal and external risks by keeping extreme reactions by sectors in check and supporting partners in times of crisis (Pralhad & Hammond, 2002; Zhang, 2005). As a result, research into ISPs suggests that the system of checks and balances provides the added value to ISPs, with a valuable impact on sustainability. Summarized by Fizbean and Lowden (1999), this inherent system of checks and balances in partnerships has the potential to generate self-reinforcing patterns of change, and thus bring to ISPs the immense merit of working as a team.

Charlton and Wilson (1997) explain that partnerships generally begin with problem-solving when stakeholders realize that a number of interrelated issues exist and recognize that inter-organizational working is the only way to solve them. In these cases, the gathering of stakeholders encourages cooperation by sharing each other’s values, goals, and activities (Brown & Waddell, 1997). As briefly referred to in Chapter 1, Brown and Waddell (1997) suggest that the creative tensions generate innovative governance, expression of local values and product development and delivery. In this way, joint cooperation across sectors provide development opportunities for struggling livelihoods such as CFM. Hariss, Hewitt and Robinson (2000) indicate that international development agencies then utilize partnerships by developing forms of concerted donor action around commonly agreed approaches. Consequently, ISPs in development would serve to find solutions to immediate problems via sector-wide changes while building more enduring relationships through an appreciation of more strategic issues (Harriss et al., 2000). The complex sustainable development problems of the Brazilian Amazon

provide an excellent opportunity to observe the rise of partnerships, from attempts at problem-solving through to national partnerships in promoting CFM.

1970s: International Influences

Beginning in the 1970s the evolution of international development policy enables the research to introduce the sectors as their roles in rural development projects and ISPs take shape. Under the influence of development theory in the 70s the relationship between two partners, the intergovernmental and the public sector, grows. The Brazilian military dictatorship led rural development in Brazil during the 70s, attempting to unite an immense physical area.

International policies for national development

As So (1990) indicates, the role of the intergovernmental sector emerges during the 70s as a major influence on markets directing funding towards public sectors in Brazil. The World Bank and the International Monetary Fund (IMF) become indispensable to the international and economic system playing a role as mediator in capital flows, essential to aid and development (Robert Cassen & Associates, 1994). The 70s' development theories characterize the central role of the public sector. Under military dictatorship in Brazil at the time, these efforts reflected the influence of the Sorbonne Group on the Escola Superior de Guerra, illustrating the "trickle-down" approach to "development pole" theory (Hall, 2000; Skidmore, 1999). In Brazil international development policies of the 70s appear in the immense development projects focused on infrastructure such as the Transamazon Highway, the Belém-Brasília highway and POLONOROESTE (Barbosa, 2000; Hall, 2000; Lima et al., 2003). Rural agrarian development was a priority and environmental concerns were low on the list (Hall, 2000; Skidmore, 1999; So, 1990).

Directed by the centralized public sector, development goals pursued regional and national growth through the introduction of commercial activities such as agriculture and cattle (Skidmore, 1999). Brazil took this to heart in the 1960s when the federal government initiated integration policies to incorporate the densely forested Amazon with the rest of the country (Hall, 2000; Viana et al., 2002). Hurrell (1991) points out four factors drawing attention to the region. The first factor was the wide range of

domestic economic interests. The second was the strategic geopolitical thinking of the military. The third was the social pressure of social and agrarian crises in other regions of Brazil and the fourth may have been the role of transnational capital in industry (Hurrell, 1991). Public sector companies financed forestry plantations, while the federal government initiated fiscal incentive programs to increase growth over the next 20 years (Viana et al., 2002). Heavily subsidized investments and credit, available through the Brazilian Amazon's regional development agency (SUDAM) and, the regional bank (BASA) reached over US\$5 billion (Barbosa, 2000; Hall, 2000). An anti-forest sentiment grew amongst immigrants from the South and Northeast of Brazil since the development paradigm recognized agriculture and cattle ranching while ignoring forest value as a guarantee for lines of credit (Viana et al., 2002).

The beginning of a parks system

Deforestation in the Amazon increased from 2.4% to 3.4% during the 70s (Hall, 2000)¹². It placed Brazil's environmental policy in the spotlight. International development projects became increasingly aware of the environment after the 1972 Stockholm Conference, representing the interests of industrialized countries in topics such as pollution and conservation (Hall, 2000).

In 1965, the federal government introduced the Código Florestal, which has since served as the basis for forestry legislation. With deforestation on the increase and environmental policy in the spotlight the focus led to the establishment of an extensive system of conservation parks throughout the Brazilian Amazon (Barbosa, 2000; Hall, 2000). The first Brazilian environmental agency appeared in 1973 when the Secretariat for the Environment (SEMA) was established within the Ministry of the Interior (Hall, 2000). Meanwhile, the Brazilian government continued fiscal incentive programs such as the Programa de Incentivos Fiscais ao Florestamento e Reflorestamento (PIFFR) for company or individual forestry plantations (Viana et al., 2002). The first signs of the potential of CFM to address the problems of common pool resources appeared when the state government implemented Programa de Reflorestamento em Pequenos e Médios

¹² Although deforestation rates are a clear single indicator of environmental damage they must be interpreted with caution as measurement is complex and methodologies differ with vested interests. To see specific deforestation rates see the Instituto de Pesquisas Espaciais (INPE) <http://www.inpe.br>.

Imovéis Rurais (REPEMIR), an attempt by state government to address small and medium rural forest product producers in the mid 70s (Viana et al., 2002).

Commercial development for the people

The environment and society were addressed separately during the 70s while the public sector struggled to unite Brazil and to implement environmental and rural development projects in the Brazilian Amazon. Grindle (1997) suggests that previous concepts of the role of the public sector to create institutional conditions for market-oriented economies, secure and productive populations and democratic political systems strongly influenced development.

Yet, federal attempts at integration through settlement programs developed by the Brazilian government failed to promote productive populations. The relatively powerless local government could do little to meet the needs of communities. Instead, the programs created tensions between rural communities. Community forestry arose in response to the difficulties creating livelihoods for market economies from extractive resources within settlement programs (Amaral & Neto, 2000). It originated with communities near rivers or “*ribeirinhos*”, where logs were easily transported. With rural development and increased infrastructure community forestry quickly intensified along the newly built roads (Amaral & Neto, 2000). This began a long struggle with deforestation for the public sector, trying to synchronize productive livelihoods with environmental conservation in the region (Hall, 2000; Viana et al., 2002).

The 70s registered disenchantment with the public sector (Rosenau, 2000). Brazil experienced a similar disenchantment with the public sector because of programs such as POLONOROESTE. The public sector was characterized by lack of choice, little innovation, low accountability, and political interference (Rosenau, 2000). The scope and depth of environmental problems such as deforestation in the region presented a complex challenge involving public, Third, private and intergovernmental sectors (Sagawa & Segal, 2000). The recognition of the “webs of interdependences” by stakeholders stimulated discussion of theories on multi-stakeholder resolutions (Andriof & Waddock, 2002; Ackhoff, 1974; Boli & Thomas, 1997; Evans, 1997; Ostrom, 1996).

In 1978 the World Forestry Congress brought an awareness in international forest policy with its theme, Forests for the People (Amaral & Neto, 2000). It supported

the search for sustainable livelihoods through multi-stakeholder resolutions. By the end of the 70s, international development policies reconsidered industrialized tendencies and turned towards environmental conservation with increasing consideration for rural communities (Amaral & Neto, 2000). Brazil exemplified the public sector's leading role throughout the 70s promoted by international development policies. However, as the environmental challenge of the Brazilian Amazon demonstrated its complexity, international development policy needed to evolve to incorporate new ideas and new ways to address sustainable development through shared responsibilities.

1980s: ISPs appear on the scene

The 80s was pivotal to the concept of ISPs because of the appearance of two major paradigms in development policy, decentralization and structural adjustment. The international and national influence of the two policies appears in the growth of the Third sector. The sector took on new responsibilities in the 80s to make major contributions to social development projects in Brazil. Environmental policy in Brazil, however, was slow to react and was challenged to move from a conservationist parks model towards a socially friendly environmental paradigm.

Decentralization to ISPs

Wade (1997) indicates how bureaucracy and accountability led to the disenchantment with the large Brazilian capital development projects such as POLONOROESTE. After facing problems such as clientelism in development projects administered by the public sector, the intergovernmental sector looked towards reducing the size of government and subjecting public agencies, their managers and workers to market-like pressures and incentives (Tendler, 1997).

The 80s, therefore, signified new responsibilities for the public sector, since it was no longer the sole partner to the intergovernmental sector in international development policies. Instead, its role developed as a regulator or mediator, at the city, state and federal levels. Decentralization is one of the most important concepts found throughout the discussion on development and partnerships. It is identified in this research as the transfer of planning, decision-making or administrative authority from central government to local administrative units, semi-autonomous and parastatal

organizations, local governments or non-governmental organizations (Cheema & Rondinelli, 1983)¹³. Decentralization suggests the ability of the public sector to incorporate the Third and private sector resources. The public sector became responsible for promoting or inhibiting partnerships in the future, encouraging either cooperation or competition through the delegation of its responsibilities (Sagawa & Segal, 2000).

ISPs from structural adjustment

During the same decade, a second international development policy appeared to promote cooperation amongst sectors and lead international development policies towards the concept of ISPs. One of the most controversial trends in development initiatives, structural adjustment encourages the public sector to share responsibilities with the private and Third sectors (Wuyts et al., 1992). The structural adjustment methodologies adopted by the World Bank and the IMF refer to two kinds of economic reform policies (Wuyts et al., 1992). The first involves intervening in markets so as to modify its organization or pricing behavior and the second acts directly to restructure taxation and social provision (Wuyts et al., 1992).

Structural adjustment referred to the public sector as a regulator or mediator capable of managing Third and private sectors. However, structural adjustment policies, even during periods of growth, made little progress in redistributing income in developing countries and sustainably reducing poverty (German & Randel, 1999; Sinha, 2000). As pointed out by Sinha (2000) although the concept decentralizes responsibilities, structural adjustment does not engage multiple stakeholders in the decision-making and implementation process. These are essential elements to ISPs and were still missing from development theory (Ackhoff, 1974; Wuyts et al., 1992).

As social movements forced an end to the military dictatorship, Brazilians became increasingly conscious of economic development paradigms (Bendell & Murphy, 2002; Hurrell, 1991; Michelotti, 2001; Weyland, 1996). The structural adjustment policies made little impact on developing livelihoods in the Amazon since they failed to engage stakeholders. Intervening in markets in moves to liberalize economies undermined many local traditional economies (Smith, 2000). Nevertheless, national and international social movements led by the Third sector began to make an

¹³ Decentralization is discussed in detail in Chapter 4.

impact with capabilities in accountability and policy advocacy bringing about change in environmental policy. After investing almost US\$10 billion, federal fiscal incentives for forestry were suspended in 1988 (Viana et al., 2002).

Conservation without people

The Brundtland Report epitomized international awareness of the necessity to synchronize the environment in the formulation and implementation of development policy (Michelotti, 2001). The 1980s saw the first use of the term “sustainable development.” The terms “development” and “environmental protection” were no longer contradictory. The term “development” as understood in this research follows the “capability approach” described by Amartya Sen (1990, p.43), in other words, “increasing the possibilities for more people to realize their potentials as human beings through the expansion of their capabilities for functioning” (Harriss et al., 2000, p.2).

Public policy in Brazil, however, maintained its focus on protection and preservation of conservation units instead of common pool resources (Hall, 2000; Smith, 2000; Dolsak & Ostrom, 2003). By the mid 80s, cattle ranching had been responsible for 70% of deforestation so conservation units were proposed to conserve islands of forest by fencing off outside development (Viana et al., 2002). This created an overwhelming task for enforcement undertaken by the National Environment Programme (PNMA) in 1981 (Barbosa, 2000; Hall, 2000). Nevertheless, there was little choice since environmental problems had come to the forefront and the Amazon was an international symbol for the conservation movement (Bendell & Murphy, 2002; Michelotti, 2001).

The “Nossa Natureza” package was proposed in 1989 by President Sarney (Hall, 2000; Viana et al., 2002) and, in line with the protection paradigm, a new government body was formed for monitoring and control. Created in the same year, IBAMA absorbed SEMA, the environmental agency established in the 70s. Its responsibility was to strengthen federal government control over environmental protection (Barbosa, 2000; Hall, 2000). Influenced by decentralization guidelines, the federal government delegated responsibility to the states and nine state governments received OEMAs, or state environmental agencies (Hall, 2000). Despite these attempts to monitor and control environmental protection in the Amazon, however, the public sector still struggled with

its institutional structure, crippled by bureaucracy and limited capital from the existing debt crisis (Hall, 2000; Hurrell, 1991; Viana et al., 2002; Weyland, 1996, 1997).

The Third sector emerges

The Third sector emerged in the 80s, compensating for the crippled Brazilian state, to take on an increasing amount of responsibility. Third sector organizations in developing countries and their spending levels registered in the Organization for Economic Cooperation and Development (OECD) almost doubled from 1980 to 1993 (Edwards & Hulme, 1996). Funding support increased opportunities for the Third sector. Major international funding was invested in strengthening Brazilian government conservation programs and the policing of protected areas, encouraging Third sector involvement in public sector service delivery (Smith, 2000). Third sector experiences in public sector service delivery proved the capabilities of the Third sector in creating accountable and participatory development. In addition, environmental issues had caught the attention of philanthropy in the industrialized world, which helped strengthen a growing Third sector and projects with rural communities (Bendell & Murphy, 2002; Smith, 2000).

The discussion of increased participation through stakeholder interaction became increasingly popular with the “spoke and wheel” design described by Freeman in 1984 (Andriof & Waddock, 2002, p.9). The 80s continued to nurture theories of intersectoral cooperation in development. Gray and Wood (1991) directly address the issue of “inter-organizational cooperation” (Harriss et al., 2000). Environmental issues triggered forms of transnational issue networks (Evans, 2000; Sikkink, 1993). On the ground, as partnerships formed between public and Third sector organizations both sectors opened up to the possibilities of partnerships (Bendell & Murphy, 1997). Brazilian environmental development involved an increasing number of partnerships in which intergovernmental, public and Third sectors began to team up with local communities and to collaborate with each other.

Meanwhile, projects developed new methods for optimizing forest resources within the market oriented ideology encouraged by structural adjustment (Amaral & Neto, 2000; Smith, 2000). The leadership of one man in the Brazilian Amazon stands out as representing the first major moves towards validating extractive livelihoods in the

region. Francisco “Chico” Mendes was the leader of the Xapuri Rural Workers Union (Barbosa, 2000; Bendell & Murphy, 2002). With support from the Catholic Church and the National Federation of Agricultural Workers (CONTAG) the local Third sector effectively lobbied public and intergovernmental sectors to confront both the social and environmental aspects of Amazonian development (Bendell & Murphy, 2002; Hall, 2000; Keck, 1995). “Empates” or standoffs composed of rubber tappers and fishing communities demonstrated to cattle ranchers and commercial boats their natural rights to forest resources (Barbosa, 2000; Hall, 2000; Keck, 1995). Communities succeeded in drawing attention to forest resources, but at a high cost. Chico Mendes was the ninetieth rural activist to be murdered that year. Their sacrifices, however, resulted in the preservation of around 3 million acres of the Amazon (Bendell & Murphy, 2002).

Occurring in the state of Acre, this history drew attention from all sectors and illustrated the need for intersectoral cooperation. In 1983 the International Tropical Timber Organization produced the International Tropical Timber Agreement and provided “a framework for cooperation between tropical timber producers and consumers on a range of issues” (Bendell & Murphy, 2002, p.217). While on the ground, the Woods Hole Research Center (WHRC) and Instituto de Pesquisas do Amazonia (IPAM) collaborated with three different communities in Santarem, Paragominas and the Chico Mendes Extractive Reserve in Acre to facilitate community forestry projects (Smith, 2000).

Under a new paradigm that could be credited with the growth of the Third sector in the 1980s, development theories no longer believed government could or should manage the responsibilities and intergovernmental agencies discovered new strategies encouraging partnerships to address rural development problems. It set the stage for decentralization and structural adjustment policies to facilitate development in the Brazilian Amazon. Although not yet prevalent in Brazil during the 80s, partnerships amongst public, Third and intergovernmental sector agencies surfaced in productive livelihood projects as efforts were made towards environmental conservation.

1990s: ISPs see action

“Poverty reduction is thus viewed as a process of ‘greater freedom of choice’(Amartya Sen 2001)”
(Angelsen & Wunder, 2003, p.6)

Despite international efforts in rural development, poverty persisted into the 90s (Angelsen & Wunder, 2003; DFID, 2002; FAO, 2004; Oksanen et al., 2003). In addition, environmental problems continued to take their toll. The two, treated distinctly at first, were recognized as intrinsically connected. Societies’ sectors came together in the 90s to produce ISPs for sustainable development. Rio 92 set an agenda that included the private sector in sustainable development strategies. Attempts at creating new livelihoods synthesizing social and environmental aspects of development became a new focus of development theory. These sustainable livelihoods involved an appreciation of a new type of capital. A theory imported from the North, Social Capital is discussed in connection to its influence on relationships and networks within communities. It could be found at work in sustainable development projects where it served as an important resource, inviting various sectors to assist in the resolution of complex problems.

All four to the table

Principles of sustainable development discussed in the Brundtland Report would eventually be elaborated upon at the UN Conference on Environment and Development, more commonly referred to as the 1992 Earth Summit in Rio de Janeiro (Bendell & Murphy, 1997). Initiatives such as Agenda 21 encouraged partnerships in sustainable development, particularly with business on national, regional and international levels (Bendell & Murphy, 1997). After a decade or more of neo-liberal policy governance in most countries around the world, several trends converged to encourage the Third sector to collaborate with the private sector (Ashman, 2000; Heap, 2000; Rosenau, 2000). The advantages of private sector resources and knowledge of the market system complemented development initiatives encouraging income generation. Both the Third and private sectors realized that collaboration offered an important new strategy for international development policy (Ashman, 2000; Heap, 2000). "In the Latin American context, both global and national forces of change are thus expanding the role of

business, a role that includes the progressive emergence as a social actor" (Fiszbein & Lowden, 1999, p.8).

The 90s represented the first time where all four sectors are acknowledged a major role in international development. Ashman (2000) observes that by the end of the decade ISPs included four sectors interested in resolving the complex international development problems by convening forums, initiating action learning projects, and recommending approaches to collaboration. Additional theoretical concepts of cooperation emerged such as synergy (Evans, 1997), coproduction (Ostrom, 1996) and networks (Evans, 2000; Sikkink, 1993) and expanded on original concepts of the "spoke and wheel" (Andriof & Waddock, 2002) and "world culture" (Boli & Thomas, 1997). Intergovernmental development organizations began a new approach to development, encouraging all four to the negotiation table.

In Brazil, the previous experiences of POLONOROESTE led to changes and reformulation into PLANAFLORO (Hall, 2000). This time it included local NGOs, rural unions and other similar groups setting a national precedent for ISPs. Internationally, Partnerships for Poverty Reduction of the Economic Development Institute (EDI-World Bank), UNDP and the Inter-American Foundation hosted examples of cooperation amongst the public, Third, private and intergovernmental sectors (Fiszbein & Lowden, 1999). USAID's New Partnership Initiative (NPI) focuses on "strategic partnering and the active engagement of civil society, the business community, and institutions of democratic local governance" (Brown & Kalegaonkar, 2000; USAID, 2001, p.1). These examples reflect a growing interest amongst development organizations in finding new institutional arrangements that effectively address complex issues such as poverty and the environment (Brown & Kalegaonkar, 2000). Even more examples can be found in the list below.

Table 6: International Partnership Programs & Organizations with Partnership Departments

• UN Global Compact	• Prince of Wales Business Leaders Forum
• UNSC Global Learning Network on Partnerships	• International Business Leaders Forum
• Partnerships for Poverty Reduction	• World Business Council for Sustainable Development
• Business Partners for Development	• CARE
• USAID	• Save the Children
• DFID	• Copenhagen Centre
• CIVICUS	• ActionAid
• FAO	• Public-Private Finance Initiative

Sources: Adapted from (Covey, 2001; Mayers & Vermeulen, 2002)

ISPs in the environment

One of the largest environmental programs in the world, the Global Environment Facility (GEF), originated during the 90s to become a major player in the development of the Brazilian Amazon. GEF administered the RFPP and comprised of around US\$300 million in aid from what was the Group of Seven industrialized countries (Hall, 1997). Reinforced by evaluations prepared for Earth Summit II and the existence of both the UNDP/GEF Small Grants Programme (UNDP/GEF SGP) and the Partnerships for Poverty Reduction (PPR), both active in Brazil, ISPs became a cornerstone for dealing with long-standing international, national and local development problems of preserving biodiversity and alleviating poverty (Bendell & Murphy, 1997; D. Sawyer, personal communication, October 16, 2002).

Although not formed under the term Intersectoral Partnerships, the most significant example of direct cooperation amongst four sectors for forestry during the decade was developed with the first global certification system for managed forests in 1993 (Bendell & Murphy, 2002). The local, national and international Third sector efforts in the 80s led some environmentalists to stage mass protests against wood-product retailers in the UK (Bendell & Murphy, 2002). Under pressure from public

attention and by invitation of the UK World Wide Fund for Nature (WWF) ten DIY (Do-It-Yourself) companies committed themselves to limiting illegal deforestation (Bendell & Murphy, 2002). However, what was needed was a standard setting body with a system for verifying claims of good forest management and, thus, the Forest Stewardship Council (FSC) was formed (Bendell & Murphy, 2002). The founding partnership consisted of environmental NGOs, public and private forest industry representatives, community forestry groups and forest product certification organizations. Today it serves to “promote management of the world’s forests that is environmentally appropriate, socially beneficial and economically viable” (Bendell & Murphy, 2002, p.220).

Partnerships such as the Forest Stewardship Council exemplify a distancing from previous purely conservationist strategies towards an integrated approach to sustainable development. Critiques of the protected areas approach to conservation suggest that it is unmanageable and anti-social (Smith, 2000). As the difficulties faced by IBAMA indicate, the Brazilian government does not have the professional and physical institutional capacities to administer and protect such vast areas (Smith, 2000; Weyland, 1997). As roads extend into the Amazon communities extract timber, not only by river, but also along roadsides, the social aspects of environmental conservation could no longer be ignored (Barros & Veríssimo, 2002).. The complexity of the challenge re-emphasizes the value of cooperation amongst all sectors to develop and implement programs providing alternative income generating livelihoods for rural communities that encourage participation in sustainable forest management.

Sustainable Livelihoods

“Experience shows that the participation of a range of stakeholders improves the likelihood of all forms of forest management. Participatory forest management (PFM) in which local people are directly involved in the management process is widely acknowledged to be the best option from a development perspective and potentially in terms of sustainability of the forest resource” (M. Richards, Davies, & Yaron, 2003, p.3).

The 90s recognized the concept of sustainable livelihoods as development theory evolved to include people as part of environmental conservation. Amazon communities

offered the ability to provide valuable environmental services to the world. CFM demonstrated its potential as one alternative for a sustainable livelihood. The direct and indirect benefits of CFM generated jobs, stimulated the economy, managed rural exodus and provided environmental services.

Productive Livelihoods

In the Brazilian Amazon 370 different indigenous areas hold claim to 102 million hectares or 20.4% of the total area (Smith, 2000), while together the 200 ethnically diverse indigenous peoples, traditional and immigrant communities occupy an estimated 40% (Smith, 2000). Long campaigns eventually initiated a change in Brazilian environmental policy, a move away from previous purely conservationist strategies towards an integrated approach to sustainable development. The National Rubber Tappers Council (CNS), in conjunction with the Institute for Amazon Studies (IEA) and other NGOs lobbied many years for legislation creating extractive reserves (Hall, 2000). Eventually proposed by the Green Party by Deputy Gilney Vianna in 1992, the National System of Conservation Units (SNUC) reclassified protected areas into a spectrum of units from no-use to full-use (MINISTÉRIO DO MEIO AMBIENTE [MMA], 2002). In addition, opportunities for livelihoods became that much closer to a reality as lines of credit for extractivism were introduced with the Comissão do Programa de Apoio Desenvolvimento do Extrativismo (PRODEX) (A. Hummel, personal communication, December 12, 2002).

On a grander scale the RFPP began moving away from a punitive environmental control approach towards a more integrated and multi-institutional approach involving collaboration among a range of local actors (Hall, 2000). Initiatives led to partnerships amongst the intergovernmental, Third and private sectors generating investment capital and marketing strategies for forest products (PPG-7, 2000). The RFPP facilitated partnerships in which German chemical company Henkel purchased vegetable oils from extractive reserves in addition to handicrafts from local Third sector organization Fundação Vitória Amazônia being sold to Tok and Stok furniture stores in São Paulo (PPG-7, 2000). The resources of the private sector offered new possibilities for public and Third sector development projects.

Recent forest policies encourage forest management as the primary approach to poverty reduction and environmental conservation (DFID, 2002; FAO, 2004; GTZ, 2003). Hall (2000, p.108) suggests that the “...productive use of natural resources to promote economic growth and strengthen local livelihoods goes hand in hand with conservation of those resources for the benefit of present and future generations”. “Productive conservation” involves local resource-user groups in collaboration with a range of institutions (Hall, 2000). In resource mobilization theory society motivates to grass-roots action because of both individual and collective interests. Access to and use of forest resources is strong motivation for users to unite (Hall, 2000). This concept might be extended to Intersectoral Partnerships in CFM.

Importance of multiple resource use

The Amazon region calls for innovative strategies to account for unique cultural and environmental characteristics. Its diverse populations and natural environment signify a complex, multi-faceted challenge. Multiple livelihoods are an important safety-net for poor rural communities (Oksanen et al., 2003)¹⁴. The seasonality of incomes requires flexibility. Extractivist communities that generate incomes from common pool resources in their environment have lived by the seasons for many years in the Brazilian Amazon (Kornexl, 1997). This presents an important factor in expanding on any one particular livelihood such as CFM. There will always be an off-season during which an alternative income is just as important. The two seasonal extremes of the region require flexibility from all four sectors in regards to resources such as capital, equipment and infrastructure. The table illustrates the diversity of livelihoods forest communities in Acre depend upon for income.

¹⁴ Detailed explanations on forests as safety-nets are presented in FAO, 2003 ; Angelsen & Wunder, 2003; and Martini, Rosa, & Uhl, 2001.

Table 7: Table of Seasonal Incomes for a Multiple-use Forest

Forest Products	Rainy Season				Dry Season				Rainy Season			
	J	F	M	A	M	J	J	A	S	O	N	D
Rubber												
Brazil Nut												
Copaiba Oil												
Copaiba												
Açaí												
Subsistence Agriculture		rice, corn, beans, sugar cane, banana, manioc										
Patauí												
Honey												
Logging												
Hunting												

Source: Adapted from (CNPT, 2002)

Not only does the forest provide timber opportunities, but it also provides a wealth of non-timber forest products. Oils, resins, fruit, fibers and medicinal plants present important primary and complementary incomes to rural communities (Barros & Veríssimo, 2002). Once again setting an example for the region, Acre provides an example of ISPs in the creation of productive livelihoods with its program for rubber subsidies.

As described by Acre's Executive Secretary on Forests and Extractivism the government of Acre conducted a careful analysis and found that subsidizing the traditional livelihood of rubber tapping countered the costs of rural-urban migration, while also contributing social and environmental benefits. It recognized and developed rubber into a viable economic resource (C. Vincente, personal communication, November 27, 2002). This potential also lays with other non-timber forest products (NTFPs) and CFM. The impact on poverty can be seen when a region or state aligns wholeheartedly behind its natural resources. In this way, the public or intergovernmental sector demonstrates potential as a mediator of ISPs, mobilizing sector resources according to comparative advantages towards the creation of productive livelihoods. This will be investigated further as the experiences of the case studies are discussed.

Social capital in sustainable livelihoods

“Social capital is the glue of connectivity that holds relationships together”
(Putnam, 1995)

Priorities for international development policy in the 90s stressed good governance and poverty. The discussion of the definition of poverty is complex. Still, its basic implications can be defined as a lack of access to basic needs. The development theory behind the Sustainable Livelihood Approach (SLA) tries to address these basic needs (Angelsen & Wunder, 2003). The SLA suggests a holistic approach to poverty reduction for development, which can be defined as a “five-capital approach”. The five forms of capital required for sustainable livelihoods are natural, physical, financial, human and social (Angelsen & Wunder, 2003; Scoones, 1998). This is sometimes expanded upon to include political capital to emphasize the importance of political systems and the necessity to develop political voice within communities (Angelsen & Wunder, 2003; Baumann & Sinha, 2001; Scoones, 1998). Including political capital alongside natural, physical, financial, human and social in the analysis acknowledges the inter-relationships amongst economic, environmental, social and political systems.

Literature suggests that the Sustainable Livelihood framework represents assets that might be transformed, through access, processing and reproduction, to create and sustain productive livelihoods (Angelsen & Wunder, 2003). The distinction in this research between productive and sustainable livelihoods is the managed use of natural resources for future generations. Productive livelihoods suggest the use of natural resources for income generation, however, outcomes of sustainable livelihoods include:

- an increased number of working days,
- poverty reduction,
- enhanced well-being and capabilities,
- enhanced livelihood adaptation, vulnerability and resilience and
- ensured natural resource sustainability

(Scoones, 1998, p.4)

In the sustainable livelihoods approach social capital is the instrumental element leading to the development of ISPs. Social capital becomes the third leading influence,

following decentralization and structural adjustment, that led to theories on Intersectoral Partnerships. The term first appeared in relation to communities reflecting on the importance of networks of “strong, cross-cutting personal relationships developed over time that provide the basis for trust, co-operation and collective action” (Andriof & Waddock, 2002, p.28). Recent research is summarized neatly when Andriof and Waddock (2002, p.28) point out that social capital has been applied to “individuals in (Burt 1992a) (Portes and Sensenbrenner 1993) and (Belliveau et al. 1996); to communities and society in Putnam (1993; 1995); and nations or geographic regions by Porter (1990) and Fukuyama (1995); and complemented by research in Coleman (1990), Burt (1997) and Nahapiet and Goshal (1998).”

In Hall’s discussion of “productive conservation”, social capital is considered the single most important building block (Hall, 2000). Communities possessing social capital in the form of collaboration with other key institutions enable forest users to create and conserve forest livelihoods by increasing the productivity of the available resources and generating further assets in human and social capital, thus creating conditions for multiplier effects (Fiszbein & Lowden, 1999; Hall, 2000). Sustainable livelihoods, therefore, become possible within a framework such as ISPs, creating social capital and facilitating access to natural, physical, financial, and human capital. The existence of these last four forms of capital depends on the resources and capabilities of sectors and the ISP framework to provide social capital. Determining the resources and capabilities of individual sectors identifies where the four forms of capital originate, enabling a proactive approach to the development of sustainable livelihoods.

The sustainable livelihoods approach was applied to forest management to generate outcomes such as increased working hours and ensured natural resource sustainability in rural communities (Scoones, 1998). Sustainable livelihoods present an “actor-centred” approach to poverty alleviation (Angelsen & Wunder, 2003; Chambers & Conway, 1992). Reducing poverty is dependent on the efforts of community members to pursue income generation through a framework providing external assistance. Social capital theory indicates on all levels that networks of relationships constitute a valuable resource associated with the effectiveness and success in attaining objectives (Andriof & Waddock, 2002; Burt, 1997). Multi-stakeholder theory supports these findings. Multi-

stakeholder negotiations engage all four sectors from local, national and international levels in problem-solving and decision-making (Edmunds & Wollenberg, 2002). “In forest management multi-stakeholder negotiations have enabled disadvantaged groups, such as swidden farmers, indigenous people and forest product collectors, to gain public attention and negotiate formal agreements with powerful stakeholders such as corporations, international environmental NGOs, government and local elites” (Edmunds & Wollenberg, 2002, p.9).

Conclusion

The rhetoric of partnerships underlies many international development policies today. The argument presented by many proponents of partnerships concludes that partnerships are an opportunity to unite the strengths of many into the power of one (Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997; Harriss et al., 2000). Its recommendations cause this research to question how partnerships present a strategy for complex challenges to sustainable development.

In this research, ISPs refer more to a network than to bi-lateral partners. Policies of decentralization, structural adjustment and social capital led to increased discussion of ISPs and its potential as a strategy for sustainable development. The complexity of environmental conservation and the needs of rural communities in the Amazon provides as opportunity to examine this potential more closely. Reviewing the gradual involvement of all four sectors in development over the 70s, 80s and 90s has set the stage to examine the roles of the individual sectors in 2000.

Sustainable livelihoods address poverty and the environment to enhance well-being while ensuring the sustainability of natural resources. Together the four sectors in sustainable development offer a diverse set of resources. The network of relationships, created in an ISP, illustrate social capital and reflect similar theories on synergy and transnational networks (Evans, 1997, 2000). Up to this point ISPs developed indirectly when projects were forced to deal on local and national levels to create livelihoods. ISPs often appeared as a form of transnational advocacy networks where a shared cause drew the sectors together.

The following chapter explores the four sectors individually. This approach offers insight into the comparative advantage of sectors, an understanding necessary to determine the potential of an ISP framework to coordinate meeting mutually agreed upon objectives while balancing individual influences. However, the research must first review theory on the the individual sectors to explore their definitions and roles in development, particularly in Brazil.

Chapter 4

The Components of ISPs:

***Theory on the public, Third, private and
intergovernmental sectors***

Intro

The theoretical discussion of the four sectors is the foundation for the case studies. The chapter presents a review of the literature of the four sectors in three areas. Each section within the chapter focuses on one sector, first reviewing the definitions of the sector, public, Third, private and intergovernmental, respectively, and then examining one aspect of the sector significant to the discussion of ISPs and sustainable development. Finally, the section reviews the presence of the sector in Brazil. By doing so, Chapter 4 provides an overview of the sector, its role in development and in Brazil. It provides a guide to the components of ISPs, but refrains from delving into great detail. The detailed discussion is reserved for the discussion of case studies to follow, when sector resources and capabilities arise within the context of partnerships.

The State

As discussed in Chapter 3, the public sector played a major role in the development of ISPs through its continually evolving role in international development policy. At the center of social policy, the discussion of definitions and theories on the public sector abound. Defining the public sector sets the stage for further consideration of the public sector's impact in partnership with Pedro Peixoto.

The definition of the State varies greatly across social policy literature because it becomes more intricate as adaptations arise to accommodate new regulations, responsibilities and forms of organization. A dynamic definition of the State is dependent upon historical, political, cultural and social contexts. However, the following definition provides a clear understanding of the State or public sector referred to in this research:

“[The State] is an organization, composed of numerous agencies led and coordinated by the state's leadership (executive authority) that has the ability or authority to make and implement the binding rules for all the people as well as the parameters of rule making for the other social organizations in a given territory, using force if necessary to have its way.”

(Migdal, 1988, p.19)

Three broad theoretical paradigms arise to describe the public sector in both the developing and developed world. These are referred to as autonomous, capital-dependent and pluralistic.

The State as Autonomous

According to neoclassical economists and Weberian theory, the autonomous State represents a functional and instrumental agency that performs the traditional tasks of providing public goods and offsetting externalities and other market failures with corrective taxes and subsidies (Long, 1988; Meier, 1991). The “Public Interest” State of welfare economics also follows these lines of thought, referring to government as defined by three characteristics: an economic policy maker (ie. for taxation, regulation, spending and production), owning a public sector in the economy (ie. welfare services and public industries) and defining the public interest (ie. combining the political judgements of elected politicians and economic advisors) (Hewitt, Mackintosh, & Wuyts, 1992).

The New Political Economy (NPE) defines the economic role of the State as protective, productive or exploitative. The protective state provides defence, law and order, a definition also referred to by some as the minimalist notion of the state. The productive state, however, will go as far as correcting market failures to provide the maximum benefit for the population, similar to the definition of a “Public Interest” state (Meier, 1991). The exploitative state, however, applies more to the second notion of a capital-dependent state.

The State as Capital-Dependent

Support for the definition of the capital-dependent state surfaces in concepts such as the “Private Interest” State, in Marxist analysis of capitalism and in the New Political Economy. The “Private Interest” State is also embraced by “Public choice” theory and is similar to the leviathan, rent-seeking and bureaucratic States (Meier, 1991). These conceive of politicians, citizens and civil servants as acting solely in their own interest in pursuit of individual gain and not for the public good (Hewitt et al., 1992). Marxist critiques of the capitalist state support this view by describing the public sector as an alliance of political control reflecting and reproducing the dominant economic and social

class interests (Long, 1988). The State according to the NPE may act in two ways illustrating its capital dependence. The State may be,

- “state-centred” being defined as acting autonomously with its own objectives, the objectives of those in power, or
- “society-centred,” defined as passive and subject to the demands of various interest groups (Meier, 1991).

According to Törnquist (1999), a “society-centred” State is subject to the self-interested individuals exemplified by the many politicians, officials and associates in development, who established themselves as private or semi-private capitalists when structural adjustment programs were in place in the 1980s. This was witnessed in Brazil during the 80s as the “state-centered” dictatorship became an ineffective “society-centered” State overwhelmed by corruption and clientelism (Weyland, 1997, 1998).

The State as Pluralistic

The third vision of the State combines characteristics of the previous two frameworks. It supports the concept of cooperation in society amongst sectors and participation in ISPs. The Pluralist State suggests that the role of the State is based neither on total autonomy nor capital dependence but a combination reflecting western liberal ideas of the State. Long describes a pluralistic state as consisting of

“...multiple interests and organizations that are involved in a series of struggles over resources, policies, ideologies, and the control of institutional domains. The strategies developed by the different actors, and how successful they are, of course, influenced by relationships, constituencies and resources outside the area of the State.” (Long, 1988, p.133)

Grindle (1997) supports this view by emphasizing how government agencies and officials act as one set of pressure groups while other agents concerned with capital expansion and accumulation act as another (Long, 1988). Tendler’s (1997) experiences in Brazil demonstrate that the Pluralist State achieves important objectives otherwise impossible without cooperation. This is the definition of the State most applicable to the discussion of ISPs.

Decentralization of the public sector

Viewed from a developmental context, the three theoretical paradigms present a distinct reality from examples of public sector roles found in the developed world. The self-interested individual participating in the structural adjustment programs indicated by Torquist (1999) present a problematic Capital-Dependent State for sustainable development programs. The “developmental state” is described as Autonomous and having a “high bureaucratic capacity” (Krieckhaus, 2002) or as “technically competent” (Huff et al., 2001). The strength of the developmental state depends on its ability to convince other sectors of the public sector’s commitment and power to implement economic development policies (Huff et al., 2001). The developmental state must prove its credibility to encourage private sector investment, strategically allocating its own resources to promote industrial sectors (Huff et al., 2001; Krieckhaus, 2002). In conjunction, the public sector demonstrates its commitment to change by sharing responsibilities. This, in turn, generates investments from other sectors in national development.

The implementation of environmental and social projects in the developing world requires a Pluralistic State to draw on multiple resources. Fortunately, the role of the public sector in development has evolved. Previous concepts suggested that development was strongly influenced by the State’s ability to create the institutional conditions for market-oriented economies, secure and productive populations and democratic political systems (Grindle, 1997). More specific definitions of the role of the State in development today, however, include its responsibilities to address key social issues such as healthcare, education, agricultural reform, housing, subsidies and the regulation of markets (Bird & Horton, 1989). This presents a challenge to countries like Brazil already struggling with setting institutional conditions while additional social and environmental responsibilities continue to mount.

The increasing number of responsibilities attributed to the public sector led to policies such as decentralization. As recognized in the discussion of the evolution of ISPs, decentralization is one of the most controversial concepts found throughout the discussion on the public sector in development, referring to the transfer of authority from central government to local units (Cheema & Rondinelli, 1983). Bi-lateral and

multilateral institutions consider decentralization to mean reducing the size of the State, terminating policies and programs that provide opportunities for clientelism and subjecting public agencies, their managers and workers to market-like pressures and incentives (Tendler, 1997). Simultaneously, the theory enables CFM projects to share in some of the responsibilities in partnerships with the Third and private sectors, supporting the public sector's role as a Pluralist State. The term "decentralization" refers to various kinds of power-sharing of which Cheema and Rondinelli (1983) identify four major forms:

1. Deconcentration
2. Delegation to semi-autonomous and parastatal agencies
3. Devolution to local governments
4. Transfer of functions from public to nongovernmental institutions

Deconcentration refers to administrative redistribution within the central government (Cheema & Rondinelli, 1983). It involves power-sharing among members of the same ruling group, who exercise authority respectively in different areas of the State (Mawhood, 1983). Its workload shifts in two ways. One utilizes field administration or the transfer of decision-making to field staff and other local administration (Cheema & Rondinelli, 1983). The second involves local administration with agents working under a local chief executive or as independent field workers to a central authority in integrated or un-integrated forms of subordinate government and acting as agents of the central body.

Another form of decentralization involves delegating to semi-autonomous or parastatal organizations, not under the direct control of the central government, having decision-making and management authority for specific functions (Cheema & Rondinelli, 1983). Public corporations, semi-autonomous project implementation units and special authorities receive semi-independent authority to perform their responsibilities. The agricultural research organization of EMBRAPA and its experiment with the CFM case study Pedro Peixoto illustrates the delegation of responsibilities to a semi-autonomous and parastatal agency. It exemplifies the definition of the State being composed of numerous local agencies led by an executive authority in Brasilia, which creates and implements parameters for its people and organizations. Through

EMBRAPA the public sector decentralizes research on productive technologies for rural communities. It offered significant support to the CFM project Pedro Peixoto and demonstrated an example of a public sector partnership in the CFM production and commercialization process. This contrasts with a third form of decentralization that creates and strengthens independent levels or units of government through devolution (Cheema & Rondinelli, 1983). In this case, the central government relinquishes particular functions or creates new units of government, which lie outside its direct control.

Finally, the fourth form of decentralization involves the transfer of functions from government to NGOs, in which planning and administrative responsibility shifts to voluntary, private or non-governmental organizations. It is in this sense of the term decentralization that ISPs play a crucial role in public sector led sustainable development programs. Participation of the Third and private sectors of society increase the pool of resources available to the public sector. When this involves the shifting of production of goods and supply of services it is considered privatization. In the case of Pedro Peixoto this builds upon the power-sharing already occurring with EMBRAPA. The public sector, representing a combination of local and federal interests, is able to recruit the Third and private sector organizations for additional assistance meeting objectives necessary for CFM to become a sustainable livelihood.

Arguments continue on whether decentralization is positive or negative for the public sector. Some neo-liberal economists contend that reducing state economic activity has strengthened the State in other areas, such as regulating the market (Hewitt et al., 1992). Others claim that governments would do better to confine their activities to areas such as infrastructure and health (Bird & Horton, 1989). However, the primary purpose behind decentralization is to transfer responsibilities away from a saturated central government. Decentralization in its various power-sharing forms promotes multi-stakeholder resolutions. Within the context of international development it attempts to strengthen the capacity of local government to provide services and to increase the capabilities of the Third sector to monitor the government or organize as alternative public service providers, and follows the arguments for a Pluralist State in favor of the use of ISPs (Long, 1988; Tendler, 1997).

The Brazilian State

After a period as a “state-centered” Capital-dependent state, the Brazilian State has since struggled with environmental policy because of broader institutional challenges to its development. Brazil’s developmental state played a significant role in the growth of Brazil’s economy from 1940-1980 (Weyland, 1998). Krieckhaus (2002) cites the Brazilian military era as an example of the developmental state pursuing public savings strategies to, in turn, allocate those financial resources to strategic industrial sectors. The era signified both positive and negative implications for the State’s future role. On the one hand, the developmental state of the time created a strong state involved in significant economic activities and the regulation of the private sector (Weyland, 1998). On the other hand, Weyland (1998) suggests that the strong state that developed eventually undermined itself and its abilities as a developmental state. Weyland (1998) points out that in attempts to weaken society the state adopted “state-corporatism” and promoted clientelism. As the State grew, a “private-interest” state appeared in which public agencies acted increasingly out of self-interest and the State lost control over broader federal interests.

The arrival of democracy in 1985 and the 1988 Constitution only led to further paralysis (Weyland 1997). Exacerbated by the debt crisis of the 80s, rent-seeking interest groups and clientelism eroded the strength of the Brazilian state. The democratic change and the prolonged economic debt crisis sent public savings falling, and with it, the state’s ability to promote industry (Krieckhaus, 2002). As suggested by Huff, Dewit and Oughton (2001) without “a command economy or dominating degree of state capitalism” the developmental state must prove to have credible economic policies to promote private sector investment.” However, clientelism prevented progress on economic policies in the federal interest. In addition, State governors enjoyed the re-direction of tax revenues towards state and municipal governments proposed by the 1988 Constitution, thus further deteriorating the strength of the centralized state (Weyland 1997). These experiences re-emphasize the importance of cooperation explored in this research, since it illustrates the necessity of cooperation between the public and private sectors to achieve a developmental state capable of providing an

environment promoting trust and encouraging investment (Huff, Dewit & Oughton, 2001).

Despite attempts at political reform through the 80s and 90s, this history of capital-dependence has plagued the Brazilian State. It remains unable to create internal cohesion amongst diverse private interest groups which gained power through clientelism and corruption (Hurrell, 1991; Weyland 1997). The struggle of public agencies to gain financial and political power reflects on the lack of cooperation found in Amazonian development during the two decades (Hurrell, 1991). Federal agencies such as IBAMA and INCRA had little experience working cooperatively and have only recently been asked to coordinate their roles in Amazonia. Nevertheless, their cooperation is crucial to the success of CFM.

IBAMA serves as the environmental monitoring agency responsible for the surveillance and enforcement of environmental regulations. Its primary responsibility for CFM involves the approval of land management plans. For purposes of regulation and conservation any productive activity in the Brazilian Amazon must include a management plan, explaining what is to be extracted and how. The management plans are required to be detailed and often require technical expertise. For rural communities, this is one of the first challenges to pursuing formal extractive livelihoods, due to the technical requirements. INCRA, on the other hand, is less involved. It was established in July of 1970 (law # 1.110 9th of July 1970) to manage human settlements and colonization. INCRA was previously faulted for encouraging deforestation, when it settled farmers in forests, who resorted to clearing land for small-scale agriculture and animal husbandry. However, INCRA's current interest in CFM revolves around its efforts to create sustainable livelihoods for its settlement projects.

As is discovered in the case studies, many of the bureaucratic challenges found at the local level are attributed to the lack of coordination amongst agencies on the federal level. Despite this, the state of Acre has been relatively fortunate in addressing federal policies because of the success local politicians have had in attaining positions in the federal government. The history of the Workers' Party (PT) in the state has unified its political voice and led to a high profile relationship with Brazil's current President Luís Inácio da Silva, also of the Workers' Party. The PT was organized in Acre in the 1970s

and based in the strong grass roots initiatives of the time (Keck 1995). Gaining additional attention for Acre, the female senator from Acre Marina Silva has served as Minister of the Environment since 1999 and supported its environmental policies. Therefore, despite federal institutional or bureaucratic challenges, Acre offers a significant advantage over other Amazonian states in terms of the public sector's role in CFM.

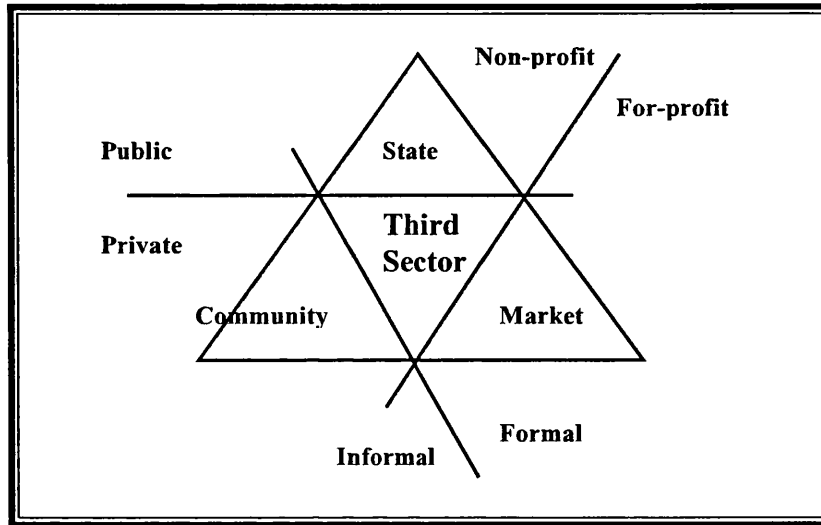
Representing Civil Society

The prominence of the public sector as a descriptive category within society has lead to attempts at categorizing the other sectors as clearly. This, however, is not so simple, since the literature on the Third sector in development is extensive. In most cases it declares the benefits of the sector on local, national and international levels with environmental and social causes and, as diverse as the literature is on its attributes, so too is the literature on the definition of the Third sector. This section reviews the literature on the Third sector to define it as well as possible for the purpose of this research.

Formal, Private, Non-profit

Three interpretations of the Third sector are prevalent in literature. The first describes the Third sector by what it is not. The second describes the sector as non-profit, and the third identifies it in terms of its member-base. Several popular definitions of the Third sector delineate it according to the limitations of the market or State, defining it by what the other two sectors are not (Najam, 1996). 'Voluntary', 'associational', 'independent' and 'philanthropic' sectors are examples of some of the most common terms used. Institutions within this definition often have little in common, but are, rather, united by a failure to belong elsewhere (Najam, 1996). This definition might appear as shown in the figure below divided along three major lines, formal vs. informal, private vs. public, and profit vs. non-profit (Gomez, 1998). The Third sector begins where the State, the market and the community end (Gomez, 1998).

Figure 4: The Divisions Amongst the Sectors



Source: adapted from (Gomez, 1998, p.72)

In this figure there are four sectors, including a Community sector distinguished from the others by its informality. The State, market and Third sectors, however, belong to the formal grouping, having more complex and recognized organizational structures. The difference between private and public also creates a division, with the State representing the public sector; the community, representing the Third sector and the market representing private interests.

As Non-profit

Najam (1996) argues that, in order for the Third sector to hold its own, co-equal within three systems of power, it must focus not only on how it is separate but how it is unique. The two remaining definitions focus on a specific characteristic of the Third sector, but in so doing, also demonstrate how these two definitions may be considered exclusive. The second definition of the Third sector equates it with non-profit (Anheier & Salamon, 1996; Lewis, 1999), characterized by seven traits:

Table 8: Traits of the Non-profit Sector

- Formally constituted
- Organizationally separate from government
- Non-profit seeking
- Self-governing
- Voluntary to some significant degree
- Non-religious
- Non-political

Source: Adapted from (Anheier & Salamon, 1996; Lewis, 1999)

These traits illustrate what is considered distinctive about non-profits, which Anheier and Salamon (1996) consider synonymous with the Third sector. However, this definition excludes a number of organizations and ignores institutions considered important to civil society. The organizations within this definition, as reflected in the fact that this term is most widely used in the US, typically represent a Western perspective. They often have a top-down or hierarchical structure and they represent regional, national and international interests, but may not necessarily insure or protect local or community interests.

As Member Organizations

Local and community interests are best represented within the definition of the Third sector provided by Norman Uphoff (1996, p.23) .

“The real [T]hird sector, located somewhere between the public and the private sectors in institutional space, belongs not to NGOs but rather to people’s associations and membership organizations.”

For Uphoff (1996, p.23), the Third sector refers to organizations undertaking “voluntary collective action and self-help,” basing his arguments on accountability rather than profit (Edwards & Hulme, 1996). Uphoff (1996) indicates that membership organizations and cooperatives are responsible to their own members, whereas non-profits might be considered responsible to clients and donors (Edwards & Hulme, 1996). The beneficiary maintains no direct ability to hold the organization responsible for its actions. Uphoff (1996) suggests that non-profits not founded with their own capital for the purpose of self-help should be considered a division of the private sector. In support

of this definition is the argument that the organizational structure of non-profits has grown increasingly similar to that of for-profits. Conversely, membership organizations have maintained participatory, bottom-up structures, allowing in theory for better representation of local and community interests. However, this strict definition of the Third sector, similar to the non-profit definition also excludes organizations with the interests of civil society at heart.

When considering the Third sector as the organizations representing civil society, almost all Third sector organizations fit within the four categories suggested by Kendall and Knapp (1993): as service providers, pressure groups, advocacy groups, as well as information and advice-givers. This research adopts this fourth definition referring to the Third sector as organizations representing the interests of civil society on local, national and international levels. The Third sector refers to private, non-profit and formal organizations as illustrated in Figure 6 and described by Gomez (1998), Anheier (1996), Salamon (1996) and Lewis (1999). The traits of the Third sector reflect the second definition as “non-profit,” but this research also includes religious and political organizations within its definition. The member organization best describes what this research refers to as a local Third sector organization, although it may also refer to local non-profits. The definition as private, non-profit, and formal includes and recognizes the diversity of the sector. Although not always representing the best interests of sustainable development, overall the primary purpose of organizations falling within the definition is to represent an aspect of civil society.

Membership-based development

“They must contribute to sustained poverty alleviation and social justice using their voluntary attributes, while functioning as businesses to provide public services” (Fowler, 1997, p.29)

The quote above sums up the even greater challenge facing the Third sector in sustainable development. Not only do Third sector organizations in developing countries struggle with issues such as poverty alleviation and social justice, but they also face them under more difficult conditions and greater external pressure than in industrialized countries (Baig, 1999). The term “Third sector” in the international context also adds to the debate on its definition. The debate divides the sector into Northern and Southern

definitions (Fowler, 1997). Instead of division, however, this research maintains its more general definition that unites the two. The “non-profits” from the North and the “membership-based” organizations emphasized in the South lend important traits to the Third sector, particularly in promoting sustainable development as a component of ISPs.

Third sector development organizations in both the North and the South in general originate from:

- political affiliations,
- motivations of social groupings,
- promotion of national values,
- tackling of specific issues,
- advancing technological solutions,
- promotion of ideologies,
- support for similar organizations and
- personal inspiration

(Fowler, 1997, p.36)

Membership-based organizations are recognized as an important strategy to incorporate stakeholders into sustainable development projects. Participation by project members in the decisions affecting the communities remains a primary concern for southern Third sector organizations. Given the number of large international non-profits with interests in serving developing countries and yet lacking representation of local communities, this is an understandable concern. Because of questions of legitimacy and values, it is argued that fewer choices should be in the hands of non-profits, but rather in the hands of membership-based organizations in the developing world (Michael Edwards, 1999). Baig (1999) argues that Third sector organizations can be predisposed to skewed accountability due to resource scarcity, manipulation by elites, inappropriate legal frameworks and manipulation by government. When addressing rural development issues the idea of working with membership-based organizations carries greater weight because of the time necessary for an outsider to understand community interests and needs. Involving the local community association simplifies what can become a number of organizations claiming to represent local needs but handling “multiple accountabilities” (Michael Edwards, 1999, p.260).

There is no doubt that non-profits correspond to a significant part of the Third sector and play an important role in sustainable development because of their influence. As Uphoff (1996) suggests, new relationships between sectors are resulting from a range of political, economic and social transitions and forces (Edwards & Hulme, 1996). Non-profits play a role capable of working beside membership-based organizations, enabling them to have a greater influence and representation within more exclusive circles of power. In addition, their organizational structure enables them to work amongst larger organizations, either public or private, to provide avenues through which membership-based organizations may reach roundtables for discussion of policy. Non-profits become essential to bridging sectors and forming cross-sector relationships. With the combination of membership organizations providing representation and non-profits providing bridges amongst sectors, the benefits to incorporating both into the Third sector role in ISPs becomes increasingly evident.

A definition of the Third sector as representative of civil society on local, national and international levels applies to both North and South. It acknowledges the importance of accountability presented by membership organizations and recognizes non-profits for their ability to influence sustainable development policy. Incorporating the two to define the Third sector presents a challenge for this research since local membership-based organizations said to represent local communities were both non-profit and for-profit. For example, in the case study Pedro Peixoto, APRUMA, the association representing the project members, was established as a for-profit organization. Policy requires associations to declare themselves as for-profit organizations before they may sell forest products. APRUMA was established for that purpose. It should, therefore, fall under the definition of the private sector. For many communities, however, associations serve a social objective that perhaps should not be confused with for-profit initiatives. Because of the difficulties encountered with community organization and the confusion still surrounding these membership-based organizations, Third and public sector initiatives in community organization have compared the structure of associations and organizations with their objectives. Leaders of livelihood development programs and institutional strengthening programs Donald Sawyer and Maria Jose Gontijo, respectively, indicate that many CFM and other

productive livelihood projects are composed of associations and cooperatives often lacking clear objectives which carefully outline their priorities (M.J. Gontijo, personal communication, October 18, 2002; D. Sawyer, personal communication, October 16, 2002).

To address the issue the research looks more closely at the primary objective of each local Third sector organization. Organizations acting in marketing and sales of forest products for community members vary as for-profit or non-profit. In many cases, they become unnecessary middleman diminishing returns to community members (V. Viana, personal communication, December 14, 2002; C. Vincente, personal communication, November 27, 2002). In other cases, out of concern for the community, associations attempt to manage a business when instead their efforts might be better channeled into creating political voice. In this discussion of partnerships the organizations were considered carefully for their roles. Analyzed for their interests representing the community or earning a profit, each organization was categorized as Third sector or private sector for this research. In most cases within this research the inexperience of local membership-based organizations in the private sector and the greater number of similarities to civil society organizations lead them to be considered a local Third sector organization. However, this is a topic for future consideration and continues to be discussed among stakeholders.

Brazil's civil society

Third sector organizations have played a major role in Brazil, because of the attraction of environmental causes in the Amazon and the social causes associated with poverty in Brazil's rural and urban areas. Internationally, health and education causes have drawn similar attention from transnational advocacy networks as that given to deforestation in the Amazon (Evans, 2000; Sikkink, 1993). The problems generated by the economic and political strategies of Brazil's developmental state encouraged the development of Brazil's Third sector. Hurrell (1991) suggests that Third sector organizations involved in Brazil have served to publicize the problem; disseminate scientific information; organize pressure on the State, intergovernmental organizations and transnational companies; and to forge links with politically significant groups within

Brazil. Third sector organizations added to the private interest groups competing for the attention of Brazilian state.

The diversity of Brazilian Third sector organizations illustrates the interdependence and the global relevance of issues, therefore, blurring the distinction between national and international Third sector organizations. In many cases the Third sector organizations working nationally within Brazil are branches of international organizations such as WWF, Greenpeace and Conservation International. Those national Third sector organizations that are independent are often affiliated with an international organization and, thus, also maintain the international network described by Ackoff (1974), Sikkink (1993), and Evans (2000). Consequently, Brazil's Third sector draws attention of Brazil's public sector not only to national issues, but also to international concerns with national economic, environmental and social policies.

If not partnered directly with a larger or international organization, Brazilian Third sector organizations are connected to other Third sector organizations through umbrella organizations such as ABONG (the Brazilian Association of NGOs). Comfortable with partnerships and being part of a network the Brazilian Third sector illustrates a propensity for partnerships. Interested in gaining greater political influence, the Brazilian Third sector formed networks of local and national representatives from the public, Third, private and intergovernmental sectors working together on issues surrounding CFM in the national Working Group on Community Forest Management. Certification of CFM draws further involvement of stakeholders in the FSC Work Group in Brazil and the Buyers Group for Certified Forest Products. Several other opportunities for cooperation also exist in workshops or seminars offered by public and Third sector organizations such as ProManejo and IMAZON, amongst others. The Working Group on Community Forest Management directly involves project members and their technical advisors in annual workshops (Armelin, 2000). Beginning in 1998, workshops discuss policy, production processes, market conditions, credit and funding, certification, and the challenges and accomplishments in CFM (Amaral, 1998; Armelin, 2000; Hummel & Amaral, 2001). Workshops brought together local, national and international public, Third and private sector organizations with CFM projects to exchange valuable knowledge of CFM and community-based resource management.

On the other hand, national Brazilian Third sector organizations may also be characterized by many of the tendencies as federal State agencies and should, therefore, be approached with an open mind (Candler 1999). As suggested by Anheier and Salamon (1996), Third sector organizations may suffer from a similar bureaucracy as found in the public sector and may not advocate in the best interests of society, representing instead small private self-interest groups. The Brazilian Third sector escapes none of the critiques of the sector as a whole. For this reason, the research emphasizes the importance of applying the definition of the Third sector outlined in this section when considering the Third sector in ISPs as a strategy for sustainable development. This is facilitated by focusing on the Brazilian Third sector on the state and local levels.

Similar to the benefits offered by Acre's public sector, Acre's Third sector also holds an advantage over other states in the Amazon. Acre is characterized by a history of a strong civil society, strengthening both public and Third sectors. Dating back to the 1970s the rubber tapping industry stimulated social movements. Initiated over land rights, rubber tappers organized themselves with assistance from local organizations associated with Catholic parishes and the CONTAG. Their assistance led to the formation of unions and increased awareness of the state's social movements (Keck, 1995). These efforts were touched upon in Chapter 3 in relation to their role promoting environmental awareness in Acre as members lay down their lives for their land-rights (Keck, 1995). The additional support of the Workers Party (PT), based on grass-roots initiatives, lent to efforts towards social organization, building a strong foundation for the Third sector in Acre (Keck, 1995). With increasing state interest in developing its economy around the standing forest the state public sector continues to support the local Third sector (C. Vincente, personal communication, November 27, 2002). Third sector research organizations such as the Group for Research and Extension in Agroforestry Systems of Acre (PESACRE) receive public sector support to pursue research into sustainable industries such as brazil nuts, rubber and forestry. The combined efforts of the public and Third sector organizations in the state of Acre have worked to create an environment welcoming the private sector to participate in developing a sustainable marketplace.

The Market

Although there are many types of markets, a market *economy* is characterized by a network of transactions where relative prices determine what shall be produced and who shall receive the products. Market economies do not require private ownership of the means of production, but they inevitably place consumer welfare over worker welfare, derive their emphasis on efficiency from the interest in profits of managers and owners, emphasize exchange that undermines the value of goods that cannot be exchanged, provide goods only contingent on sacrifice, and allocate resources by the same acts that reward the owners of the resources. But the market itself is a collective good governed by the same principles that govern all collective goods. (Lane, 1991, p.16)

The literature from the policy perspective defining the private sector is limited. The literature either considers the market and its impacts or it considers the corporation or the firm, but a clear definition of the private sector is rarely enunciated (Cyert & March, 1992; Dickie & Rouner, 1986). Although it is discussed and criticized in social policy literature, it is never clearly defined. The dimensions of the private sector are often criticized with few positive reflections, unless the topic discussed was partnerships. Only recently has policy literature begun to re-examine private sector dimensions, recognizing a potential for the private sector in sustainable livelihoods.

Formal, private, for-profit

The arguments on the division between private and public sectors finds its roots in Roman civilizations (Parsons, 1996). The discussion has continued from Aristotle through the 19th and 20th Centuries (Parsons, 1996). The writings of Adam Smith portrayed the notion of the public which did not interfere in economic and business activities (Parsons, 1996). By the days of the “new liberalism” expressed by Dewey, Hobhouse and Keynes, the market could no longer integrate the public and private sectors (Parsons, 1996). During the 1980s and 1990s the dominant framework developed out of the assertion by Hayek, Friedman and others claiming that the division was best left to the market (Parsons, 1996). “Public-choice theory” rationalized that cutting back government and expanding markets enabled market-oriented approaches to outline private interests (Parsons, 1996). This was reflected in international development theory

as the focus moved from large capital development projects to structural adjustment projects privatizing public industries.

The distinctions between public and private made in theories on “Models of Organization” view organizations in three terms: markets; hierarchies or bureaucracies; and networks and or communities (Parsons, 1996, p.63). The organizing principles of each model are:

- “market model”- incentives and prices
- “bureaucratic model”- rules, authority and hierarchy
- “community model”- norms, values, affiliations and networks

(Parsons, 1996, p.63)

The concept of the for-profit aspect of society is the “market,” and literature on the “market” in public policy functions as the primary source for an interpretation of the “private sector.” Therefore, it is necessary to make some distinctions. The “market” in economic terms often refers to a mechanism within a capitalist society functioning on the demand and supply of goods. “The market is a process by which the buyers and sellers of a good interact to determine price and quantity (Samuelson & Nordhaus, 1985, p.43).” The “private sector” in this research refers to the for-profit, private organizations inspired by the market mechanism. The World Bank (1995) defines the private sector as responsible for competitive markets, promoting mobility of products, capital, labor and knowledge through a simple, transparent and uniformly applied incentive and regulatory system.

Development’s informal private sector

Unlike governments, global businesses are able to operate efficiently globally, moving people, money and, above all, information around the world with little restriction (Heap, 2000). Transnational corporations (TNCs) often have a greater impact on people’s lives than many nation-states (Heap, 2000). The private sector often goes unrecognised in its role in promoting participation (World Bank, 1995). This occurs because the private sector consists mainly of informal, small and medium-sized firms, reflecting the essence of participatory development and moving towards the concept of sustainable livelihoods in development. Two examples of private sector influence in development are the informal sector and micro-finance.

The primary source of employment and income in low-income countries corresponds to small enterprises in industry and services, especially the informal sector (World Bank, 1995). Generally, due to its environment, the formal sector in developing countries plays a secondary role. Particularly in supply-side private savings and investment, the formal sector faces deficiencies in infrastructure and human resources accompanied by a lack of confidence in the stability of reform (World Bank, 1995). The informal sector, although not appearing on records or in collected data, illustrates the influence of the private sector activities in community development.

The informal private sector becomes especially important as it is the seedbed for entrepreneurial development (World Bank, 1995). Although difficult to measure, the World Bank (1995) estimates in most developing countries up to 50% of all small businesses started out in the informal sector. This number increases with accessibility to production inputs, consequently, increasing the demand for labor and low-wage employment. Without access to capital though, the number of small businesses typically reflects the difficulties facing the formal private sector in developing countries (Stevens & Verloren van Themaat, 1985; World Bank, 1995).

Regulations and limited access to finance, as well as resources, are other constraints on the private sector in developing countries (IBRD, 1994; World Bank, 1995). The popularity and success of micro-finance illustrates these constraints and a concerted effort by development agencies to involve the private sector in the development process. By making available small loans or credit in developing countries local, regional, national and international organizations enable the poor to participate in development. Micro-finance still faces difficulties as a development tool but illustrates one step in the process towards participatory development involving the private sector.

What becomes evident from the lack of literature on the private sector is development, besides that on privatization, the informal sector and microfinance, is how little involvement of the private sector exists in relation to its general impact on development. For example, incongruously, private sector pressure groups influence trade policies, resulting in a far greater overall impact on developing country incomes than development NGOs (Stevens & Verloren van Themaat, 1985). The available literature on the private sector in development focuses primarily on the shifting of responsibilities

from the public to the private sector by intergovernmental agencies within structural adjustment policies and is produced by intergovernmental organizations in their efforts to promote infrastructure development and, consequently, the growth of the private sector. The World Bank believes that private sector development contributes to poverty reduction in two ways. First, the market develops the competitive forces that promote jobs and increase income. Secondly, the private sector takes on activities so that governments avoid waste and gain space for investments in the social sectors and infrastructure (World Bank, 1995).

Although privatization signifies the expansion of the private sector in developing countries it is not a shift in dynamics or responsibilities in development such as in the case of the informal private sector and micro-finance. The appearance of an increasing number of departments in non-profit and intergovernmental organizations dedicated to the private sector in development demonstrates a new theme in development. It is reflected in the commitment made by intergovernmental organizations, the public and the Third sector to include the private sector in future development projects similar to the efforts in micro-finance. The increasing role for the private sector in development provides additional support to theories of ISPs (USAID, 2001).

Brazil's market actors

Brazil's position within the capitalist world economy suggests the diversity of its private sector. As Gereffi and Evans (1981, p.31) explain its distinct traits characterize it under the world system as "semiperipheral," labeled as "dependent development." Despite its industrialization and multiple natural resources, Brazil still depends on foreign assistance and direct foreign investment (Gareffi & Evans, 1981). Transnational corporations play a significant role in relation to Brazil's natural resources (Utting, 2002). Its position is attributed by Gareffi and Evans (1981, p.33) to the "interaction of TNC [transnational corporations] with the political and economic strategies of local social classes and host country states." Once again, this emphasizes the interdependence between public and private sectors and the necessity to address environmental challenges through cooperation. In addition, Brazil's position of dependency on foreign assistance also reminds the reader of the country's ties to intergovernmental

organizations. Thus, in all three sectors, public, private and intergovernmental, the country manages close financial relationships.

As described by Weyland (1997) the clientelism that weakened the Brazilian developmental state was in part the responsibility of Brazil's national private sector and its ambitions. Favors and corruption were prevalent as the private sector scrambled for power after the years of military rule (Weyland 1997). Tax evasion remains a problem, although today it is primarily because of Brazil's informal private sector (Kenyon & Kapaz, 2005). This does not simply refer to small firms, but ranging from micro (<10 workers) to large (>250 workers) (Kenyon & Kapaz, 2005). According to Kenyon and Kapaz (2005) informal activity accounted for 42% of Brazil's output in 2002-2003, compared with 16% of China's, 26% of India's and 33% of Mexico's. Reflective of an inefficient and bureaucratic state, a World Bank survey for 2006 points out that the Brazilian tax requirements are more time-consuming than those of any other country (Kenyon & Kapaz, 2005). The complaints of the interviewees from the logging industry in Acre indicate that tax administration is considered a severe constraint by Brazilian firms.

Alternatively, the strength of Brazil's national companies has led to a surprising positive influence on national social and environmental causes and Brazil's Third sector. Corporate social responsibility (CSR) has been embraced by Brazil's large to medium size national companies. The movement has encouraged the formation of Third sector organizations such as Instituto Ethos to further promote the concept. Composed of 800 members, the growth of the organization testifies to the increasing awareness of Brazil's private sector in the broader social and environmental concerns impacting the country. Private sector interest in CSR has succeeded in developing new Third sector organizations, formed to deliver company contributions, and in stabilizing the financial resources for many existing organizations.

In contrast to the local public and Third sector in Acre, the local private sector has yet to be developed. Historically, the developmental state's investments in large national industries exploring in the Brazilian Amazon have overwhelmed local economic development. As a consequence, the informality of the local private sector remains a challenge. With respect to CFM and the case studies, the projects seek to

formalize the prevalent informal sector in the Amazon. Clarifying the status of local organizations, as discussed regarding Third sector organizations for community organization, also pertains to formalizing the local private sector to promote local economic activity. The efforts of CFM projects to organize community members into cooperatives are to recognize informal activities providing multiple incomes in the communities and to focus efforts on meeting the demands of the market. In Acre local and state efforts have facilitated both rubber and timber industries in Acre to encourage the transition from informal to formal for rural communities. The state's public sector invited the private sector to invest in both industries and continues to pursue additional industries based on a standing forest. Illustrating an autonomous developmental state, Acre recognizes the contributions of the private sector, but has invited it to participate on local terms to build a socially and environmentally sustainable economy.

The Intergovernmental Sector

Although the public, Third and private sector represent the core components of society, the international development context of this research requires the recognition of an elemental fourth component, the intergovernmental sector. The intergovernmental sector appeared in almost all CFM projects. Its role, although unassuming in the case studies, plays a crucial part in the CFM development projects. Because of its international scope, there were no examples in which an intergovernmental sector organization partnered locally with a community organization to implement a CFM project. However, it was responsible for recruiting public or Third sector organizations as partners for the projects. For these reasons, the intergovernmental sector is not examined in relation to one particular case study, but, instead, examined in relation to all three. Its role in all three projects is observed and discussed alongside the public, Third and private sectors, recognizing its distinct and essential participation in CFM as a sustainable livelihood. In any case, the sector first requires a theoretical overview.

Multilateral

“In international affairs multilateralism refers to the coordination of relations among three or more states on the basis of generalised principles of conduct.” (Burnell, 1997, p.165)

No single organizational model exists for intergovernmental agencies, instead, they differ in mandates, stated purposes, resources and capabilities, focusing either on a region or world-wide (Burnell, 1997). The intergovernmental sector is represented today by a global system consisting of:

- The UN system or Bretton Woods system (ie. IMF, IBRD or World Bank)
- Regional development banks (ie. Latin America, Asia and Africa)
- Multilateral aid programs (ie. European Development Fund, OPEC Special Fund)

(Raffer & Singer, 1996, p.41)

Members consist of aid-receiving countries and their main donors, both contributing with financial support (Burnell, 1997). Members, however, differ in the amount of financial support they give and are regularly drawn into domestic and regional politics (Burnell, 1997). Multilaterals, therefore, balance two distinct political pressures receiving domestic and regional pressure from recipients and from industrialized donor countries (Burnell, 1997; Raffer & Singer, 1996).

Altering to accommodate changing development trends, the World Bank began to take major steps in the environmental sphere in 1991 when it joined forces with the United Nations Development Programme (UNDP) and the United Nations Environmental Programme (UNEP) in administering the Global Environment Facility (GEF) (Raffer & Singer, 1996). In Brazil it took administrative responsibilities for the RFPP (Hall, 1997).

Two important strengths amongst the dimensions of the intergovernmental sector include *Policy Dialogue* and *Aid Coordination* (Robert Cassen & Associates., 1994). Membership organizations and representative governments share an important advantage in *Policy Dialogue* through multilateral relations (Burnell, 1997). Multilaterals provide an arena for the discussion of policy and conditionalities enabling organizations and governments to participate in both the design of reforms and the process of implementation (Robert Cassen & Associates, 1994). The RFPP in Brazil is a perfect example of a multilateral such as the World Bank facilitating policy dialogue between the public, Third, private and intergovernmental sectors. This role is evident in the review of evolving development policies, which illustrated how the

intergovernmental sector promoted the involvement of additional sectors over the decades.

Policy Dialogue takes the concerns of CFM projects gathered at the local level and brings them to the attention of an international audience. The arena and encouragement provided by the intergovernmental sector enable national policy initiatives to gain momentum. Encouraged by the RFPP funding in CFM, Brazilian national policy has given greater consideration to the policy recommendations of CFM proponents than previous to its involvement.

Aid Coordination refers not only to the sector's ability to motivate sectors but also to its ability to generate financial and technical aid. As seen in CFM multilaterals illustrate another advantage by pooling and mobilizing financial resources on a grand scale (Burnell, 1997). This research illustrated its financial contributions since the intergovernmental sector provided the majority of financial backing for CFM. Although only participating in 2% of total production and commercialization activities, the intergovernmental sector funded 41.35% of activities. Financial resources provided the CFM projects with machinery and safety equipment in addition to funding for training. The RFPP contributions, amongst others, drew international attention to experiments with CFM in Brazil and illustrated alternative strategies for forest livelihoods elsewhere in the world.

Often led by its abilities in *Aid Coordination*, the intergovernmental sector draws funding on local, state, national and international levels to sustainable development (Robert Cassen & Associates., 1994). Funding is provided for experiments in alternative strategies to sustainable development. When projects have proved successful in meeting their objectives the intergovernmental sector encourages public, Third and private sectors to promote the strategy on a larger scale. The support for CFM from intergovernmental organizations has come through several avenues, in many cases via Third sector organizations. Public programs funded by the intergovernmental sector such as ProManejo have been given responsibilities to encourage CFM throughout the Brazilian Amazon and to promote research and policy change to facilitate CFM experiences. The financial and technical support given to such programs by intergovernmental organizations such as GTZ and the World Bank illustrate their

confidence in CFM as a successful strategy to promote sustainable livelihoods and, in turn, as a strategy for sustainable development (GTZ, 2003; World Bank, 2004).

This suggests their potential in the role of mediator for ISPs, a component recommended by Brown and Kalegaonkar (2000) for managing the responsibilities and balancing power amongst partners (Robert Cassen & Associates, 1994). *Aid Coordination* involves managing the joint effects of the operations of several donors working in a particular country (Robert Cassen & Associates., 1994). Multilaterals often function as coordinating mechanisms for the multiple bilateral and non-governmental aid agencies within a country or region (Burnell, 1997). The advantage of multilaterals, because of their role as coordinators, lies in their ability to concentrate expertise and to draw on talents by pooling international specialists (Burnell, 1997). Technical cooperation and institution-building are two areas where the intergovernmental sector excels in providing assistance.

Intergovernmental sector as mediator for ISP

To draw the process together within an ISP framework, partnership literature suggests the role of a mediator in partnerships (Ashman, 2000; Brown & Waddell, 1997; Mayers & Vermeulen, 2002; USAID, 2001). Brown (1997) and Ashman (2000) indicate the role involves monitoring the balance of power and encouraging open dialogue. The role of mediator for an ISP coordinates and manages the power and participation of sector partners. The experiences of USAID suggest the mediator facilitates the discussion of planning and implementation procedures such as infrastructure, administration, production and processing for the sustainable livelihood project, but does so without promoting its own agenda (GCCl, 2005; Mayers & Vermeulen, 2002; USAID, 2001). The particularly important role of the mediator as addressed within the guidelines identified in Appendix 4 is its responsibilities monitoring the well-being of disadvantaged groups and managing sector accountability. Although these responsibilities hold good intentions in theory, the discussion of the balance of power raises concerns. The role of mediator ideally suggests that it hold no more power than any other organization in the ISP, however, this is unrealistic given that the management responsibilities recommended in literature inherently demand a degree of power over other sectors.

The second challenge to the role of mediator is credibility (Andriof & Waddock, 2002). The role of mediator as a facilitator of the production and commercialization process suggests that partners in the ISP turn to the mediator in times of crisis. However, as Andriof and Waddock (2002) point out, partners are only likely to do so if they have respect for and trust in the mediator's capabilities to manage the situation honestly and objectively. Brown and Waddell (1997) support this by describing mediators as playing a key role in fostering trust and building bridges. They suggest that the mediator will have greater success at managing these responsibilities if it holds the respect of every sector (Brown & Waddell, 1997). This again, raises the discussion of power held by the mediator, because the respect and trust inspired by the mediator certainly holds with it a degree of power.

The ISP framework, however, appears to address the balance of power. By sharing responsibilities, the ISP framework manages power imbalances. The argument follows that in the case of the mediator, since the respect and trust of partners, and source of power is tied to the credibility of the organization, if the organization was suspected of misuse of power then it would not maintain the trust and respect of partner organizations and, consequently, lose power. For this reason, transparency and accountability are recognized as essential components of an ISP. The role of mediator maintains a balance of power as long as transparency and accountability exist within the ISP and partners are able to monitor the role of mediator just as the mediator monitors the partners. This dynamic supports the claims of ISP proponents that a system of checks and balances appears because of the multi-stakeholder participation within the ISP framework and provides a self-regulating system, addressing the critiques of ISPs regarding a balance of power.

Brown and Kalegaonkar (2000) describe how USAID plays the role of mediator because of its interest in new initiatives and funding resources. The experiences of USAID relate the intergovernmental sector's strength in *Policy Dialogue* in which it fosters intersectoral experiments and shares success stories to promote cooperation (Brown & Kalegaonkar, 2000). By promoting the lessons learned from CFM projects, the intergovernmental sector provides the encouragement for national policy initiatives to gain momentum. The potential for the intergovernmental sector to provide *Aid*

Coordination further encourages that momentum. Cheema and Rondinelli (1983) describe *Aid Coordination* as the intergovernmental sector's ability to generate financial and technical aid. However, this role, in particular, requires transparency and the particular attention of partners in the ISP to ensure that the intergovernmental sector's financial resources do not have undue influence over the project. The benefits to the intergovernmental sector's financial resources are exemplified in the CFM case studies since the sector provided the majority of financial backing for CFM without any signs of overt influence over the projects. Initiating the discussion of comparative advantages recommended for the proactive formation of ISPs for CFM, its contributions both in cash and in kind (machinery and safety equipment) and its interest in disseminating information demonstrated an advantage over the other sectors in the role of mediator in an ISP.

When considering ISPs without the intergovernmental sector, theory indicated resources and capabilities that might serve the public sector as mediator or facilitator. As Tornquist (1999) suggests the public sector becomes a coordinator and facilitator through the use of a network or partnerships. Work by Grindle (1997) also indicates its potential as mediator in ISPs because of its ability to co-ordinate other sectors through the "transfer of functions." Through the public sector's use of organizations, in various forms of decentralization, it forms partnerships with Third and private sectors to assist with project structures, processes, resources and management (Grindle, 1997). The experiences of the World Bank's Business Partners for Development Program support this with evidence of public sector abilities that range from providing coordination through local development plans, providing new decentralized powers, giving access to budgets for providing public services, and playing a role as broker or capacity-builder (Warner & Sullivan, 2004). The advantage proposed of both the intergovernmental and public sectors as mediators are their linkages between the Third and private sectors, which are otherwise often found in conflict (Ashman, 2001; Bendell & Murphy, 1997, 2002).

Despite these potential resources and capabilities and the claims of the potential of the Brazilian public sector in CFM to facilitate productive livelihoods through ISPs, the case studies will illustrate a different reality (Lima et al., 2003). The public sector

capabilities as a facilitator were hardly utilized, a reality demonstrated in the discussion of the public sector's contribution to the training objective. The reality of the experiences of the case studies in relation to the public sector's ongoing institutional challenges, taking the form of a complex bureaucracy, undermined the sector's credibility and suggested its disadvantage as a mediator. With this in mind, the intergovernmental sector still holds the comparative advantage in the role of mediator in both theory and practice. Nonetheless, no matter who plays the role for the ISP, its primary responsibility remains to manage the balance of power through transparency and accountability, and depends upon the efforts of all partners to recognize each other's interests and competencies and to facilitate shared decision-making on how those resources are to be mobilized to fairly distribute costs and benefits.

Conclusion

After a review of theory on the four sectors, particular roles are found to be conducive to theories of sustainable development and ISPs. The Pluralistic definition of the State best describes what is necessary to approach sustainable development in the region. The Pluralist state refers to a public sector working in cooperation to achieve its objectives. It supports the similar conclusions of international development theory over the past three decades. Through the practice of transferring planning, decision-making and administrative authority, decentralization of the State leads to a discussion of partnerships. The Third sector is described as both non-profit and membership-based. Both represent important qualities necessary for Third sector efforts in sustainable development, reflecting on the sector's accountability and legitimacy. The market describes organizations formed in pursuit of the bottom line or for-profit. When referring to development these organizations may take a formal or informal approach. The prevalence of the informal private sector in developing countries requires the attention of development programs. As is found amongst the CFM projects, many sustainable livelihood-based programs work to incorporate the informal into the formal market economy through support for alternative forest-based resources. Facilitating the majority of these projects are intergovernmental organizations. Defined as bi-lateral or multilateral organizations oriented towards development and or aid, the

intergovernmental sector plays a crucial role generating partnerships amongst public, Third and private sectors, forming ISPs to promote sustainable development programs, including CFM, in the Brazilian Amazon.

Reviewing the roles of the public, Third and private sectors in Brazil introduces some of the strengths and weaknesses found in working with the sectors and will be illustrated in greater detail through the case studies. The public sector's institutional challenges, the Third sector's networking abilities and the private sector's interest in CSR reflect only a few of the sector characteristics, which are discussed in the following chapters, and reveal the sectors' potential for functioning within an ISP framework. The research proceeds to explore these sector roles in detail by examining three CFM projects to observe partnerships impacting the local level. The historical context and theoretical foundation has set the stage to examine the primary actors in ISPs and determine how they address the challenges posed by sustainable development in the Brazilian Amazon.

Chapter 5

Resources of the Public Sector:

The case study of Pedro Peixoto

Intro

The representative from EMBRAPA tells a story...

A Dutch researcher visited the community to investigate the environmental and social impacts of CFM. He asked one of the community members whether community members benefited from CFM. The respondent exclaimed, "Oh yes, before I used to own five cattle and now I own 35!!" The Dutchman's face dropped as he realized the amount of forest logged to maintain the community member's increasing cattle population (M.V. Oliveira, personal communication, November 25, 2002).

The CFM project Pedro Peixoto illustrates one of the Brazilian government's settlement projects in Acre. Immigrants with an agrarian background settled in Pedro Peixoto bringing with them a cultural perspective to CFM very different from their extractivist counterparts. In this story a farmer has invested his profits in livestock, in contrast, when an extractivist answered the same question he indicated that his profits were invested in a house in the city where his children could study (P. Roth, personal communication, November 29, 2002). Profits generated through CFM are often applied in separate manners. Farmers are accustomed to clear territorial divisions, where as extractivists are comfortable with communal land use concessions. The irony lies in the fact that the CFM project was supposed to provide means to preserve the forest; instead, it provided means to destroy it. Experiences such as this one led to increased emphasis on certification as means to monitor sustainable forest management.

This is an oversimplified illustration of the differences between the two cultures, but also illustrates the impact of historical land tenure policies on the region. When INCRA developed the PAD Pedro Peixoto, its initial intention was the settlement of the Amazon region. The political trend at the time pushed an agrarian revolution to the distant regions of Brazil in attempts to increase productivity and to secure land, particularly in the state of Acre from Bolivia (Skidmore, 1999). When this research began there was little public sector infrastructure investment to promote sustainable livelihoods through forest industries. Federal investment in the Brazilian Amazon was extremely low in relation to its size and potential (Capobianco et al., 2001). Timber and non-timber forest products (NTFPs) became the focus for the development of small

commercial industries within settlement projects. The experiment with CFM in Pedro Peixoto illustrated the pursuit by the public sector of one such industry through CFM.

APRUMA

An example of a decentralized federal organization, the EMBRAPA branch in Acre experimented in the small-scale timber industry when it initiated the CFM project Pedro Peixoto. The PAD Pedro Peixoto is the oldest of INCRA's settlements in the state of Acre. The directed settlement projects (PADs), overseen by INCRA, are rural settlements designated primarily for subsistence agriculture. Although by law a PAD's focus is on agriculture, in this case, the association's primary activities surrounded forest management. PAD Pedro Peixoto opened in 1977 (Guerra, 2002). Located in the municipality of Rio Branco, it had the potential to hold 3,804 families in an area of 378,395 hectares (Caetano, 2002; Guerra, 2002). An average monthly family income of R\$839.00 or US\$351¹⁵ makes it the second highest income generator amongst the settlements in Acre. Each of the properties on the PAD allocates around 80 hectares for small scale agriculture and livestock. Pedro Peixoto holds over 3,000 head of cattle and produces around 133,000 liters of milk. Agriculture production includes rice, beans, manioc, corn, coffee and fruit (Guerra, 2002).

The creation of the community association APRUMA arose from legal requirements necessary for the development of the CFM project proposed by EMBRAPA. The Association of Agricultural Producers in Forest Handling and Agriculture (APRUMA) was established on January 9th, 2001, with 24 founding partners. Twenty-one partners still remain from the two villages, Nabor Júnior and Granada. The association served production and marketing objectives for the CFM project while also providing a forum for the economic and social interests of its associates. The association serves as the representative for CFM project members in the interviews of sector organizations and the analysis of partnerships.

Because of the association's role representing those community members participating in CFM, it is important to understand its background and structure. Despite

¹⁵ The exchange rate used for the currency conversions was R\$1 to US\$.418 from June 17, 2005.

the geographical challenge posed by working with members of two communities, the association is organized and its members respond positively to it. In its initial stages the association lacked both headquarters and internal regulation. One of the difficulties faced by the association regarded generating a consensus on the location of its headquarters. Because of the participation of the two villages Nabor Júnior and Granada in the CFM project a central headquarters was left undecided. The lack of a central headquarters signifies that documents and personnel were found in two separate locations, but, despite the fact, documents were up to date and in order. A council represented by a president, vice president, secretary, treasurer and three council members heads the general assembly. Elections take place every two years and allow for only one re-election. The budget is reviewed at every meeting and, thus far, members have found it satisfactory. According to the statute the participants contribute 2% of total profits from CFM to the association for operational and management expenditures (Grupo de Produtores, 2002). Although sales from its first year did not made contributions worthwhile, increased sales in 2002 generated small contributions.

Through APRUMA, EMBRAPA established the CFM project with intentions to address rural to urban migration in the Brazilian Amazon. The CFM project's objective was income diversification for community members in an attempt to maintain the forest population. The forested area of the settlement Pedro Peixoto makes up 50% of the legal reserve. It was an ideal opportunity to explore CFM as a livelihood that balances income generation and conservation. In 1995 the project initiated CFM on eleven properties with 21 participants between the two branches of the PAD. The organization of the CFM project within a PAD, which is based on individual lots, distinguishes the project from the two other case studies that exist on larger areas of collective land. The management plan created by EMBRAPA dedicated 40 ha. of each property, summing 440 ha., to community forest management. Every year each property could harvest up to four ha., creating a 10 year rotation for the timber. Pedro Peixoto formed a for-profit association and adopted a small scale production method with low initial investments.

Public Participation in Production

EMBRAPA's inexperience in CFM made it an eager but tentative partner. Although interested in an efficient production method, EMBRAPA was aware of the limitations of costly infrastructure for small scale forestry. Instead, it encouraged the project to take a less machine intensive approach to forestry. EMBRAPA's characteristics as a public sector organization in some respects positively influenced production and commercialization. Then again, it did not make use of other abilities and resources available to the public sector organization. Often struggling on their own, EMBRAPA and APRUMA were overwhelmed by externalities. Examining Pedro Peixoto's experience in the production and commercialization process of CFM provides insight into the use of partnerships, particularly, with the public sector. The production and commercialization process illustrates the characteristics of the public sector which lend and detract from ISPs to generate an understanding of its comparative advantages.

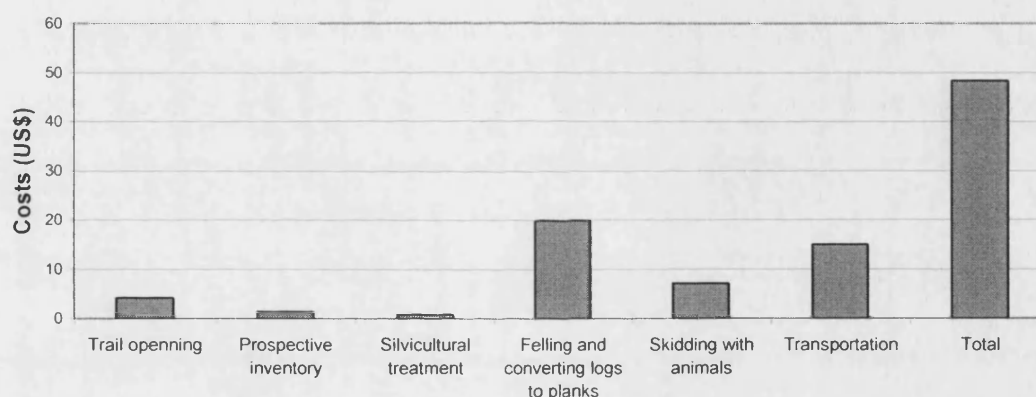
Small-scale production and local markets

The production method led by EMBRAPA and adopted by Pedro Peixoto catered to the farming backgrounds of its participants. Several training courses initiated project members in CFM. Working individually, each family organized its harvest and then, through the association APRUMA, collectively sold board timber to the local construction market in Rio Branco. Although project members were encouraged to work collectively as a community, independent from the public sector organization EMBRAPA, the public sector organization continued support for the CFM project members throughout the first year. A forester and assistant from EMBRAPA, provided technical support and assisted each producer with inventories and opening cut lines. Eventually, a portable saw allowed for the roundwood to be processed on site. It was sawn into planks around two meters in length, which facilitated transport. A team of oxen was then used in place of a skidder to drag a plank to a main skid trail where a wagon later picked up the stack of rough planks.

The small scale of CFM still represented low profitability when compared to mechanized forest management; however, the project still benefited, since profits were returned directly to project members without the middleman. Production costs were

figured between US\$33.5 and US\$35.5 per cubic meter of sawn planks before transport to market (M.V. Oliveira, personal communication, November 25, 2002). Total cost including transportation arrived at US\$50 per cubic meter. The local market price in Rio Branco averaged between US\$100 and US\$150 per cubic meter, which returned around a 100% profit (M.V. Oliveira, personal communication, November 25, 2002). Pedro Peixoto's project manager placed these numbers in context, explaining, "... these profits are average when considering the shortage of investment capital and when compared to other forms of land use in the region, for example, shift-cultivation, extractivism and small-scale cattle ranching" (M.V. Oliveira, personal communication, November 25, 2002).

Figure 5: Mean and total costs of each phase of the forest management system per cubic meter of harvested timber (US\$)



Source: (M.V. Oliveira, 2002b, p.60)

The project developed in complexity when it acquired a portable saw and joined forces with other projects in a cooperative for marketing purposes. With the donation of the portable sawmill, funders had hoped to increase production and increase value through economies of scale. However, instead of a step towards more efficient mechanized timber production, the director of ProManejo and donor from GTZ discovered that it led to management dilemmas (A. Hummel, personal communication, December 12, 2002; W. Maenning, personal communication, December 12, 2002). "The project faced difficulties in delegating managers and organizing workers for the portable saw" (A. Hummel, personal communication, December 12, 2002). The donor indicated that, "... a better investment in the project's initial stages would have been training in

business management and marketing” (W. Maenning, personal communication, December 12, 2002). Products were marketed primarily through the CFM association APRUMA and it struggled with its efforts. In 2003 Pedro Peixoto joined the Group of Producers for Certified Community Forest Products, a cooperative of four other CFM projects to market their timber. Making a positive impact the Group has opened up markets in São Paulo and led to increased profits.

Benefits to the Use of Human Resources

Pedro Peixoto benefited especially from the day-to-day activities of CFM in its partnership with the public sector. The public sector offered direct support through an extension of human services, in line with decentralization theories. The dimensions of the public sector were summarized in the work of the Harvard Institute for International Development (HIID) (Grindle, 1997). The dimensions or abilities outlined provide a more complete definition of the role of the public sector (Grindle, 1997).

Table 9: Dimensions of the State

1. The State’s environment or “action environment”	4. The State’s use of organizations
2. The institutional structure of the government itself	5. The State’s use of human resources
3. The State’s use of a network	6. The institutionalisation or the ability to penetrate society

Source: Based on (Grindle, 1997)

The primary contribution of the public sector was the *Use of Human Resources*¹⁶ extended throughout the production and commercialization process, during which an EMBRAPA employee served as project coordinator. The employee directly accompanied the project from the start and, under his direction, EMBRAPA was critical to the production and commercialization process because of its technical and technological support. Midgal (1988) indicates that the public sector’s ability to function

¹⁶ Dimensions of the public, Third and private sectors will be italicized to avoid confusion with the use of quotation marks, but also to remind the reader that the research is referring to key dimensions identified in the literature review of each sector.

well depends on a number of factors, as seen above, but especially on its human resources. The public sector's ability to educate and attract talent to public sector careers is essential for its own survival in the political arena as well as for its ability to perform (Grindle, 1997). The "Private Interest" state of self-interested individuals that so seriously affected Brazil during the 80s tends to occur with the careless selection and training of human resources within the bureaucracy (Meier, 1991; Weyland, 1997). Human resources are the State's direct link to society and reflect an image of the State to the public.

Through the *Use of Human Resources* the public sector develops the interface between State and society and the phenomenon of *Institutionalization*, or the ability of the State to penetrate society. *Institutionalization* allows the public sector to monitor the needs of society, as well as communicate its own requirements and objectives. To penetrate society, to regulate social relationships and to make use of its resources often determines the State's ability to achieve its objectives (Migdal, 1988). Working together Pedro Peixoto and EMBRAPA developed the trust referred to by Fukuyama (1995) as essential to and developed by *Institutionalization*. Through it the partnership accomplished CFM production and commercialization activities as well as learned to trust each other to work independently.

The concepts of interfaces and *Institutionalization* reflect theories on the actor-oriented approach, where policy is constantly shaped by the ongoing exchange and negotiation that takes place between the state, local actors and intervening agents (Long, 1988). Long (1988) indicates that these inter-relationships acknowledge the ecological, demographic, organizational and cultural influences of society, to determine the type of intervention or implementation necessary by the State or, in other words, to determine the role of the public sector. Kamrava (2000) supports reflections on *Insitutionalization* by arguing that the public sector has the ability to recognize the norms or institutions established between politics and society that result in emotional and ideological acceptance of its actions. The public sector in sustainable development projects, such as CFM, benefits from reaching out to the various levels within society (Kamrava, 2000).

Originating in research, EMBRAPA saw the PAD as an opportunity to examine the possibilities of CFM as an alternative income. The partnership worked to both

parties' advantage. Families developed skills and experience in an alternative livelihood while the public sector learned the advantages and disadvantages to CFM for income generation (M.V. Oliveira, personal communication, November 25, 2002). The benefits gained by both sides reinforced the trust and provided the legitimacy necessary for the acceptance of sustainable development policies. *Institutionalization*, developed through the *Use of Human Resources*, provided for greater efficiency in Pedro Peixoto's implementation because of its ability to recognize the needs of society.

Through the local branch of EMBRAPA the partnership with the public sector accounted for a little over 20% of activities in the production process. The forest census, demarcation for forest exploration and the selection and marking of trees for harvest were conducted by project members in conjunction with a forest technician provided by EMBRAPA. The most intense use of partnerships occurred during Pre-harvest and Processing phases, during which administrative and technical support were the public sector's primary contributions. The joint effort was then continued into the marketing of the final product.

Although limited, additional benefits from a public sector partnership resulted from the public sector's *Institutional Structure*. That is its set of rules and procedures, financial resources, responsibilities for development initiatives, and formal and informal structures (Grindle, 1997). In the case of Pedro Peixoto the benefits of *Institutional Structure* refer primarily to the financial resources contributed by the State, and not its rules and procedures. Even though beneficial, these contributions were primarily directed at agricultural activities and donations were made in the form of agricultural equipment. These contributions enabled the community to increase production of cotton, corn, manioc and coffee within lands set aside for agriculture.

Limited Partners

The public sector partnership with Pedro Peixoto, on the other hand, failed to illustrate the public sector's *Use of a Network* or *Use of Organizations*. Through EMBRAPA the Brazilian public sector did not present an example of the Pluralist State that would maximize its potential by sharing responsibilities. These dimensions of the State involving a network, referring back ideas of Evans (2000), Ostrom (1996) and Sikkink (1993), determines the way in which the State completes tasks and how it is

organized to do so. As Grindle (1997) points out the “Task Network” may consist of both non-profit and or for-profit organizations carrying out tasks for the State, in forms of partnerships suggesting synergy and co-production (Evans, 1997; Ostrom, 1996).

The *Use of a Network* in this research reflects the public sector’s ability to function as a coordinator and facilitator for partnerships amongst organizations (Tornquist, 1999). Through a network the State provides for a wider public than it may reach on its own, while also establishing a certain degree of “social control” (Migdal, 1988). However, Pedro Peixoto illustrated little or no *Use of a Network*. Illustrated in the table below, on the one hand, the CFM project promoted deconcentration and devolution by working with public sector organizations from local, state and national levels. On the other hand, EMBRAPA only recruited the Third and private sectors for one activity each, meanwhile, intergovernmental organizations played a limited but essential role providing funding¹⁷. The partnerships, although productive, did not give much credit to the public sector’s *Use of a Network* to accomplish tasks.

Table 10: Partners in Pedro Peixoto

	Local	State	National
Public	Mayor’s Offices: Acrelandia, Placido de Castro	SEFE, SIATER	EMBRAPA, FNMA, ProManejo
Third			WWF, IMAFLORA
Private	Association de Merceneiros de Rio Branco		
Intergovernmental			ICRAF, PPG7, KFW, DFID

Source: collected data

A similar situation is found in the public sectors *Use of Organizations*. As the network’s “building blocks”, these structures, processes, resources and management

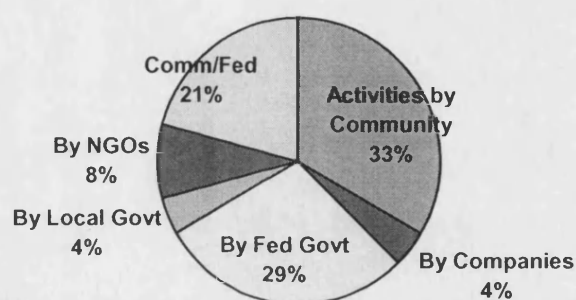
¹⁷ Since intergovernmental organizations are only found on the national level since they do not maintain local or state organizational representatives. The table, therefore, blacks out the local and state boxes.

styles of organizations affect how the goals of the State are attained and established (Grindle, 1997). Midgal (1988) argues the strength of the State lies in its ability to mobilize the population, channeling people into organizational frameworks where they may find a voice and the support to meet their needs. EMBRAPA illustrated this by facilitating the formation of APRUMA, which served project members by providing an organizational framework.

In spite of this, the partnership failed to establish other partnerships with organizations such as those with the private sector. Although EMBRAPA helped negotiate an opening in local markets through a contract with the Associação de Merceneiros de Rio Branco, no partnerships were formed on the national level. Negotiations with ECOPORE, a timber company out of São Paulo, presented the first opportunity for a partner on a national level. However, the contract proved overwhelming. The disappointed buyer explains, “It took over nine months to provide an incomplete order of six cubic meters” (F. Albuquerque, personal communication, December 13, 2002). ECOPORE decided in the end that the project’s harvesting techniques were too limited and not a worthwhile partner for large-scale production (F. Albuquerque, personal communication, December 13, 2002).

The survey of the production and commercialization process illustrated in the graph below demonstrates how few organizations were incorporated into the project. The percentages represent the number of times activities were completed by each sector, by a sector partnership or by the CFM project members ("Community").

Figure 6: Contribution by Sectors to Pedro Peixoto's Production & Commercialization Process



Each sector contributed individually to the overall success of the production process, but only EMBRAPA (Fed) and the project (Comm) worked directly in partnership. The CFM project members completed 33% of activities alone, while the local public, Third and private sectors completed only one or two activities. Having almost completed the FSC certification process, the certifying body and Third sector organization, IMAFLORA also played a limited role. Routine activities such as maintenance of machinery required minimal outside assistance from private companies. In addition, although not recognized by the diagram, the intergovernmental sector performed a major financial role throughout the project. Organizations such as DFID, the German development bank (KFW) and RFPP contributed production equipment, safety equipment and certification fees as well as financing.

Pedro Peixoto's main partner, the federal government, in the form of EMBRAPA, contributed the most individually by completing 29% of activities on its own. In its first year EMBRAPA assisted with forest monitoring, but in the following

years activities concentrated in the preparation for harvest. Pre-harvest activities required the use of computer and additional technological skills available through EMBRAPA. By means of EMBRAPA's *Use of Human Resources* the project could access skills requiring technical and university degrees. The management plan required by IBAMA for legal forest exploration demanded many additional skills not available to project members in communities interested in CFM. Since the approval of a management plan was necessary before the CFM project could begin the project, it required intensive assistance from a partner in the Planning and Pre-harvest stages of the production and commercialization process. In Pedro Peixoto EMBRAPA technicians collected information, planned exploration, processed data and created maps for harvest planning, all in the development of a Management Plan.

The Management Plan is an example of the final dimension of the public sector identified in the review of public sector. It is summarized as the State's wider "*Action Environment*", defined as the "economic, political and social milieux" (Grindle, 1997). Hewitt, Mackintosh and others (1992) describe it as how the structure of the market, the pattern of public regulation and market institutions, its public participation and its social division affect the State's ability to implement policy. Thus, the State, instead of manipulating, transforming or controlling its environment, may be overwhelmed instead (Migdal, 1988). The Management Plan represents one example amongst several other public sector regulations found in Brazilian environmental policy that are ill-suited to sustainable development. However, the organizations that create and manage these policies appear unable to instigate change because they are overwhelmed by the complexity of responsibilities at hand. The director of ProManejo points out, "Although the management plan, required by the environmental regulation agency IBAMA, attempts to regulate the forest product market with concern for environmental conservation, it creates obstacles for rural communities attempting sustainable livelihoods, instead" (A. Hummel, personal communication, December 12, 2002).

Individual comparative advantages forming ISPs

As reviewed in the discussion of partnerships, proponents suggest that complex sustainable development challenges such as poverty and the environment benefit from the pooled resources of multiple sectors; however, Waddell (1999) points out that these

resources are futile when sectors in partnerships assume responsibilities contradictory to their character (Warner & Sullivan, 2004). Partnerships are only likely to be beneficial when responsibilities are delegated to sector strengths, otherwise sectors find themselves struggling to accomplish a task (Brinkerhoff, 2002; Waddell, 1999). The theory of comparative advantage reflects on the strengths and the weaknesses of sectors in order to determine the relative advantages of utilizing one sector over another in the delegation of responsibilities for the creation of productive livelihoods (Brown & Waddell, 1997; Huxham, 1993). In doing so, the comparative advantage optimizes the teamwork proposed by an ISP framework that is recommended in literature (Ashman, 2000, 2001; Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997; Cohen, 2003; Mayers & Vermeulen, 2002).

Drawn from recommendations of foresters referred to in the methodology and based on the CFM process referred to in Appendix 3, the responsibilities for infrastructure, administration, production and processing compose the basic requirements necessary to facilitate the production and commercialization process within an ISP intended to create sustainable forest livelihoods. Examining these central responsibilities allowed the research to explore the comparative advantages of sectors to determine how an ISP might be proactively formed to create sustainable livelihoods for future generations.

Public sector responsibilities in infrastructure

CFM project implementation prepared for the production and commercialization process with Infrastructure investments and depended upon the public sector to provide them. Grindle (1997) referred to both bureaucratic and physical infrastructure as the *Institutional Structure* defined as the formal structures provided by the State. The CFM projects indicated the majority (23%) of infrastructure activities were completed by the public sector. Infrastructure activities were cited as some of the greatest benefits of the CFM projects by communities. As explained by project managers, the primary infrastructure concern for most project members was the lack of navigable roads (N. Marcondes, personal communication, November 26, 2002; P. Roth, personal communication, November 29, 2002). Transportation infrastructure provided access to markets for rural communities and access to forest products for buyers. Investments such

as roads illustrate the need for a long-term approach to CFM, as well as indicate the long-term demands of Infrastructure responsibilities on a sector. The Infrastructure responsibilities for the CFM projects draw an intense initial investment which requires long-term maintenance. The public sector's ability to meet the long-term planning and management demands through its *Institutional Structure* suggest its comparative advantage.

However, the bureaucratic challenges exemplified in the case studies indicate the public sector may not be the most efficient partner in the implementation of physical infrastructure, instead experiences with Infrastructure investments from the private sector suggested it may be a more efficient partner. The private sector constructed secondary roads and stockyards in exchange for timber in Porto Dias (F. Albuquerque, personal communication, December 13, 2002; N. Marcondes, personal communication, November 26, 2002). The partnership between the CFM project Porto Dias and the timber company ECOLOG provided a loan to obtain the infrastructure in exchange for timber to pay-off its debt. In an additional example, the financial capital provided by ECOLOG for a CFM project in Rondônia, a neighboring state, provided small scale infrastructure such as stockyards and storage buildings (F. Albuquerque, personal communication, December 13, 2002). In this case private sector partnerships presented an untapped resource in infrastructure development. Private sector contributions to Infrastructure through financial capital emphasized efficiency and enabled CFM projects to initiate their production and commercialization processes in their first or second years. The rationale given by private sector supporters of CFM such as ECOLOG is that,

Partnerships between CFM projects and the private sector eventually pay off, because improved infrastructure contributes to increased efficiency in the production and commercialization process and improves access to markets, consequently, lowering production costs for us buyers and increasing markets for suppliers.
(F. Albuquerque, personal communication, December 13, 2002).

Nevertheless, because of the cost-benefit ratio, reflecting, the time commitment required for large scale and long-term maintenance of infrastructure such as roads, private sector organizations are unlikely to take an interest in large-scale infrastructure. Instead, public sector organizations such as ProManejo and SEFE admitted that the public sector receives a better return on its investments because of direct benefits such as

further private sector investment in local economies and indirect benefits such as preventing urban migration (A. Hummel, personal communication, December 12, 2002; C. Vincente, personal communication, November 27, 2002). The rubber program implemented by SEFE in Acre identified quantitative results to validate these conclusions (C. Vincente, personal communication, November 27, 2002). With these considerations in mind, CFM projects stand to benefit from the combination of public and private resources. Public sector resources and capabilities originating from its *Institutional Structure* supported by evidence of a return on its investment indicate the public sector holds the comparative advantage in the completion of large Infrastructure responsibilities such as roads. However, the research also identified the potential for private sector's financial capital to be applied to small to medium scale Infrastructure.

Lost in its Action Environment

The CFM objectives or indicators of sustainability are utilized in this research to illustrate how the strengths and weaknesses of each sector influence the argument that the collective resources accessible through an ISP framework enable it to address sustainable livelihoods. The objectives are discussed in the following order: training, environmental certification, community organization and political voice. In this section each objective is examined in relation to public sector dimensions. Examining Pedro Peixoto's public sector partnership, the research identifies the strengths and weaknesses the public sector might bring to an ISP.

Hands-on Training

The dimensions enabling the *Use of a Network*, *Use of Organizations* and *Use of Human Resources* provide the potential for the public sector to contribute significantly to a training objective for CFM. However, as seen in the production and commercialization process, only the *Use of Human Resources* impacted training in Pedro Peixoto. In the years this research was collected very few people were trained as forest technicians. As the representative from the GTZ points out the first significant set of graduates in forestry from technical colleges in the western region of the Brazilian Amazon was due to qualify in 2003 (W. Maenning, personal communication, December 12, 2002; P. Waldorf, personal communication, December 9, 2002). A 40-hour training

course, split into theory and practice, organized by the Working Group on Community Forest Management, provided a starting point for Pedro Peixoto. The workshop covered operating machinery, inventory techniques and forest legislation. Otherwise, there were few other opportunities to pursue technical skills.

The training received by Pedro Peixoto was entirely due to the public sector's *Use of Human Resources*. The project manager from the public sector organization EMBRAPA provided informal training by accompanying the CFM project members throughout the production and commercialization process. EMBRAPA employees supplied guidance and technical assistance, particularly in Harvest Planning (M.V. Oliveira, personal communication, November 25, 2002). Fortunately, because of the simple production process adopted by the project, training could occur as forest technicians accompanied project members step by step in the production and commercialization process. The public sector adopted a hands-on approach, which encouraged community member participation and independence.

The public sector partnership with Pedro Peixoto brought few formal training opportunities. Despite the public sector's ability to *Use Organizations* and *Use a Network* identified by Grindle (1997) and Migdal (1988), the public sector rarely tapped its resources in the Brazilian Amazon region and, especially, in forest management. The Brazilian public sector "S" system is the group of federal agencies designed to provide training opportunities for business and industry throughout Brazil (W. Maenning, personal communication, December 12, 2002). One of the concerns reported of Pedro Peixoto was equipment and job safety, which represented a major opportunity for public sector involvement with the National Industrial Training Service (SENAI). The challenges faced by Pedro Peixoto in the Administration and Processing phases of production and commercialization are the objective of the agency SEBRAE and yet they too were not invited to participate. Although these agencies existed, these resources representative of the public sector's *Use of Organizations* were not often utilized in the training objective for CFM projects.

CFM stakeholders emphasized training when they indicated that the only way to make CFM feasible as a sustainable livelihood is for project members to be proficient in all forest management activities (A. Hummel, personal communication, December 12,

2002; W. Maenning, personal communication, December 12, 2002; M.V. Oliveira, personal communication, November 25, 2002). FSC certification supports this sentiment and demands formal training in CFM projects. It requires job safety and awareness training and encourages training in community organization. Yet, the public sector partnership with Pedro Peixoto offered rural communities little formal training to develop the technical skills demanded by community forest management. Pedro Peixoto, instead, relied on the informal training provided by EMBRAPA's *Use of Human Resources*.

Inferior Standards

Although certification illustrates the best of intentions for sustainable development, concerns involve whether it is necessary for CFM or whether national regulations are enough. The 2004 deforestation rates in Brazil indicate that national regulation by the public sector is not enough (Associated Press, 2005). The State's *Institutional Structure*, *Use of Organizations* and *Use of Human Resources* face the challenges presented by bureaucracy, corruption and an immense physical territory, respectively.

The market in Rio Branco, the capital of Acre, hosts many timber companies competing on local, national and international levels. The majority of local timber is purchased for construction and the cheapest price, usually illegal, will ultimately sway a decision. Grindle (1997) and Long (1988) indicate that the responsibility falls on the public sector. The case studies demonstrate that certified CFM projects cannot compete in the local market with illegal logging that floods the market and lowers prices (P. Bruzzi, personal communication, November 26, 2002; N. Marcondes, personal communication, November 26, 2002; M.V. Oliveira, personal communication, November 25, 2002). Even concerned buyers have difficulty in recognizing whether timber is illegal because of falsified receipts. The *Institutional Structure* providing the predominant set of rules, both written and unwritten, has failed to enforce those surrounding deforestation in the Brazilian Amazon (Migdal, 1988).

The *Institutional Structure*, which serves as the bureaucratic apparatus to facilitate social change and political socialization, struggles to confront illegal logging (Kamrava, 2000). National certification standards developed in the form of CERFLOR,

nevertheless, Greenpeace Brazil (2002) insists that they maintain inferior standards unable to guarantee sustainable forest management as opposed to those of the FSC (M.T. Rezende, personal communication, November 4, 2002). On the other hand, despite adjustments made to FSC certification standards for community forestry in the last few years FSC standards remain financially challenging for small-scale forestry (Jones, 2003).

The public sector partnership with Pedro Peixoto, nevertheless, facilitated the FSC certification process, and the project was waiting for approval during the time of this research (FSC, 2002). Again the public sector's *Use of Human Resources* played an essential role by providing the technical expertise necessary to assist Pedro Peixoto in meeting FSC requirements. Because of the partnership with EMBRAPA the CFM project could access new markets and, although still challenging, the certified timber market in São Paulo would offer new opportunities. Despite increased opportunities, businesses belonging to the Buyers Group for Certified Forest Products, many of which are based in São Paulo, made clear that they would not pay a higher price for certified wood no matter what the source, community-based or otherwise (Cesare, 2002). Neither the local nor national market are conducive to certified timber from CFM projects. The local markets are flooded with illegal timber and the national market involved increased logistical difficulties and transportation costs without guaranteeing increased profits (Compradores de Madeira Certificada, personal communication, December 11, 2002).

Even though certification is complicated and controversial, CFM stakeholders still believe it sets nationally and internationally recognized environmental and social standards for sustainable forest management. These standards are necessary to ensure environmentally and socially sustainable livelihoods in an environment where deforestation and illegal logging are prevalent. Certification acknowledges that the public sector is overwhelmed by its *Action Environment* in responding to deforestation. The certification of the small forested area of Pedro Peixoto, however, at least guarantees the sustainable management of a small part of the Brazilian Amazon and the public sector partnership with Pedro Peixoto assisted the project with meeting its certification objective.

Land use management

The situation of land tenure in the Brazilian Amazon is another example of how the public sector is overwhelmed by its *Action Environment*. As described by Weyland (1996) and Hurrell (1991), public, Third and private sector interests affected the State's ability to implement policy. The development of the Brazilian Amazon was drawn in too many directions over the past several decades, ie. colonization, agriculture, cattle and conservation. The PAD Pedro Peixoto was the result of the draw towards agriculture in the region.

The public sector was plagued by the continual change in rules and regulations or *Institutional Structure* as the region re-defined land use several times over the decades and continually impacted community organization. As described by the project manager of São Luis do Remanso, "Living in a PAE, PAD or RESEX determines both land use and property size, changing how a community organizes itself" (P. Bruzzi, personal communication, November 26, 2002). In addition, as land use regulations changed over time, the land continued to be owned by the State¹⁸. The development of CFM as means to sustainable livelihoods suffered because many of the CFM projects did not possess land titles to dictate ownership (Caetano, 2002). The lack of land titles created difficulties in obtaining management plans for timber and non-timber forest product activities. Without land titles banks refused credit to individuals and communities applying for small business loans for CFM (Amaral & Neto, 2000; A. Hummel, personal communication, December 12, 2002; W. Maenning, personal communication, December 12, 2002).

The *Use of Organizations* for development of the Brazilian Amazon further complicated and overwhelmed rural populations' understanding of land tenure. Often once settlements are established, communities experience varying degrees of assistance from the public sector organizations responsible for their creation such as INCRA. The State's *Use of Organizations* in land tenure management in the region worked contrary to what Midgal (1988) describes as an ability of the public sector. Instead of serving as

¹⁸ The Sistema Nacional de Unidades de Conservação da Natureza (SNUC) law in August 2002 attempted to address land use in reserves throughout the Amazon. The resulting extractive reserves allowed for communal property rights by giving concessions to communities residing within the territory. The development of public concessions in 2005 by the National Forest Program (NFP) addressed some of the long-standing dilemmas concerning land use in the Brazilian Amazon but remains controversial.

organizational frameworks to create a local voice and support local needs, organizations created a bureaucracy obstructing communities' efforts to develop sustainable livelihoods. INCRA and IBAMA have implemented settlement projects of various titles throughout the years: PAD, PAE, PCs, and RESEX. The two management styles impacted both community organization and productivity as INCRA managed settlements at a distance while IBAMA closely monitored production in communities.

In general, few settlements received contributions by public sector organizations towards the development of sustainable livelihoods. Pedro Peixoto, however, received encouragement and contributions from its public sector partner. EMBRAPA assisted Pedro Peixoto in creating the community association APRUMA and worked with the two villages to develop community organization. Despite obstacles, the partnership facilitated the CFM project, enabling it to generate incomes and to stimulate community organization surrounding alternative livelihoods. However, in order to address the larger issues concerning land tenure for CFM the partnership needed to address the fourth CFM objective, political voice. For all three previous CFM objectives, it is crucial to observe how they might be impacted if a partnership could generate political voice. This final objective enables CFM project members to clearly state their challenges and address the politicians and organizations that might take action on their behalf. Political voice significantly impacts the project's ability to meet its objectives and pave the way for CFM in sustainable development.

Hurdles for legal logging

"It is still easier to deforest than it is to manage forests. The transaction costs, the bureaucracy to do forest management is still much more difficult than getting a license to deforest" (A. Hummel, personal communication, December 12, 2002).

Stakeholders indicated that creating political voice was a priority for CFM projects, impacting all three of the previous CFM objectives discussed. As national policy adopts a new paradigm for development in the Brazilian Amazon the legislation is significantly slower. A partnership with the public sector would suggest possibilities to influence legislation. The public sector ability to penetrate society and encourage *Institutionalization* would reflect the needs of CFM. Throughout the interviews strong opinions were generated about communities' political voice and the priority given to

issues affecting CFM. Nevertheless, part of the reason for such concern is tied to the lack of examples of political voice to be found. Instead, political voice is indicated by attempts at influencing policy such as the projects' abilities to conquer bureaucracy and influence taxes. Addressing these two elements would considerably improve the economic viability of small-scale production and CFM (A. Hummel, personal communication, December 12, 2002; W. Maenning, personal communication, December 12, 2002; M.V. Oliveira, personal communication, November 25, 2002).

Pedro Peixoto, like most of the CFM projects, struggled against the bureaucracy created by the public sector's *Institutional Structure*. The number of rules and procedures encountered when trying to sustainably manage a forest is directly reflected in the growth of the CFM projects attempting to accomplish the task (Grindle, 1997). Projects are estimated to take an average of eight years before they generate a profit (T. Azevedo, personal communication, December 1, 2002; A. Hummel, personal communication, December 12, 2002). The projects consistently face a complicated "bureaucratic apparatus" from the initial management plan through to the sales of a certified forest product (Kamrava, 2000).

Instead of facilitating the process, the public sector partnership with EMBRAPA did little to help Pedro Peixoto overcome the *Institutional Structure*. The ability of the public sector to facilitate social change and political socialization, instead, causes CFM projects to struggle for momentum as they wait almost a year for approval of management plans (Caetano, 2002; A. Hummel, personal communication, December 12, 2002; Josemar, personal communication, November 12, 2002). Logging permits from Instituto do Meio Ambiente do Acre (IMAC) also require additional time (Caetano, 2002; A. Hummel, personal communication, December 12, 2002; Josemar, personal communication, November 12, 2002). Then once logs are ready for transport they must wait for the ATPF or transport license allowing them to deliver their product (Caetano, 2002; A. Hummel, personal communication, December 12, 2002; Josemar, personal communication, November 12, 2002). The medium size timber companies interviewed explain, "Some companies push documents through the process, accompanying the forms from desk to desk, it encourages a document to be signed more quickly" (F. Oliveira, personal communication, November 27, 2002). Larger timber companies hire

assistants to perform the same function and facilitate the bureaucracy. However, CFM projects are left with little alternative but to wait.

EMBRAPA's strength was the technical assistance it provided and alone the public sector found it difficult to influence other public sector organizations responsible for rules and procedures. The project manager directed his efforts instead to disseminating information about the situation of CFM through published reports and articles. His participation in the Working Group on CFM also aided in addressing the *Institutional Structure* since group efforts drew greater political attention to CFM. Through partnership forums such as the Working Group on Community Forest Management, in addition to the Group of Producers from Acre, Pedro Peixoto and other CFM projects called for a reduction of taxes for CFM and even further reductions for certified CFM projects (Caetano, 2002; IIEB, 2002). The majority of the taxes on timber products are oriented at companies harvesting on a large scale. For example, the greatest challenge to the marketing of the timber remains the Tax on Circulation of Goods and Services (ICMS). Taxes reach 17% of total costs of production for CFM projects (IIEB, 2002). Only in large-scale production are the taxes relatively easily absorbed into production costs. For the CFM projects, however, these taxes contribute to its difficulty in offering a competitive price.

Although not a direct result of Pedro Peixoto's partnership with the public sector, Acre does illustrate the potential CFM projects and their sector partners have by joining forces in partnership to increase political voice and address national policies. Group effort have led Acre to take a major step in addressing bureaucracy by creating the first state forest management office. Addressing the problems on the federal level through *Use of Organizations*, the public sector has placed responsibility for reforestation taxes and transport licences (ATPF) in the hands of state public sector organizations (Página20, 2004a). This form of decentralization illustrates an increasing awareness of the needs of CFM.

The public sector appears to play an obstructive role in terms of its *Institutional Structure* for CFM as means to sustainable development. Despite the obstacles it creates for itself, however, the public sector demonstrates potential in addressing CFM challenges. The public sector's *Use of Human Resources* contributed to training in Pedro

Peixoto, while other dimensions such as *Institutionalization* and *Use of Organizations* and *Use of Networks* would facilitate meeting CFM objectives through ISPs. Although the partnership with the public sector itself was not directly beneficial to Pedro Peixoto, the public sector's *Use of Human Resources* did present an advantage by drawing attention to the CFM project's challenges and representing the project's concerns in a national forum on CFM and forest management.

Conclusion

The chapter suggests how difficult it is to address federal bureaucracy on a local level and emphasizes the importance of creating political voice. It emphasizes the importance of public sector representation on the local, state or national levels to mobilize change. The case study illustrates how difficult it is for a local level public sector organization to mobilize change in its own sector when working alone.

Begun as a research project, Pedro Peixoto illustrates the efforts of an agricultural community towards developing CFM as a sustainable livelihood. The experiment in CFM on the PAD Pedro Peixoto provides many lessons. It illustrates a genuine effort on behalf of the public sector to test CFM as a means of sustainable livelihood and, apart from the funding of the project, the profits for Pedro Peixoto suggest possibilities for CFM in the future. On the local level through the employees of EMBRAPA the public sector demonstrates itself as a committed and constructive partner.

Pedro Peixoto approached CFM modestly by adopting a simplified approach to the production and commercialization process. EMBRAPA technicians facilitated a small-scale production process that was manageable for its participants and yet still turned a profit. Its approach allowed project members time to learn and adapt to the new skills required in community forest management. Project members united behind the project in the community association APRUMA and the CFM project successfully managed to empower project members with responsibility for over half of production and commercialization activities.

The project's sector partnerships were limited primarily to that of the public sector. The local branch of EMBRAPA was the project's primary partner in CFM and

met the majority of the project's needs through its *Use of Human Resources* providing administrative and technical support. The Third sector complemented efforts by directing its contributions to the certification process. The private sector, however, kept its contributions to business negotiations that were contracted out. Meanwhile, the production and commercialization process for the project was facilitated with equipment provided by the intergovernmental sector.

The dimensions of the public sector offer both advantages and disadvantages. It illustrates the complexity of the sustainable development dilemma in the Brazilian Amazon. On the one hand, the *Institutional Structure* illustrates a public sector overwhelmed by its *Action Environment*. On the other hand, it was the public sector's ability to attract capable *Human Resources* that provided the greatest support to Pedro Peixoto. Technical assistance from the public sector helped guide the CFM project step-by-step in the production and commercialization process. Community organization benefited from its efforts to establish the community association APRUMA and, while the organization resolved issues on the ground, the project manager from EMBRAPA represented the project in state and national forums on CFM.

For the most part, however, the public sector failed to utilize its dimensions to their capacity to meet the CFM objectives proposed as indicators in this research. Accessible, but not employed were the public sector's *Use of a Network*, *Use of Organizations* and *Action Environment*. The public sector failed to take advantage of resources available for training and its *Institutional Structure* obstructed attempts to address environmental certification, community organization and political voice. In spite of all this, if the public sector dimensions have created obstacles for CFM then who better than to remove those obstacles than the public sector itself. For this reason, the role of the public sector in ISPs is essential. The public sector demonstrates itself as a respectful partner to community forest management capable of making progress with CFM on the local level. Despite its challenges, Pedro Peixoto still succeeded in generating income and drawing attention to CFM as a means to sustainable livelihoods.

The public sector's latent ability to *Use Organizations* and its *Use of a Network* suggests that ISPs with the public, Third and private sectors hold the potential to manage its overwhelming *Institutional Structure*. Applying these dimensions proactively within

an ISP framework would support theories of collaboration and collective resources proposed by ISP proponents. CFM was approached within the ideology of market-based environmentalism, suggesting environmental conservation is pursued in tune with economics to obtain industry and government support (Heap, 2000). Heap (2000) recommends that Third sector organizations pursue environmental and social objectives by incorporating the strengths of public and private sectors. This suggests how the attributes of ISPs might be particularly well suited to the implementation of sustainable livelihoods.

By examining each CFM project and its sector partner individually, theory and practice lead the research to insights on the contributions and limitations of each sector on the production and commercialization process, lending to a proactive approach to the planning and implementation of sustainable livelihoods. The intergovernmental sector is recognized first for its potential in the role of mediator of ISPs. This chapter identifies the public sector's comparative advantage as providing the Infrastructure, which is essential for a strong foundation on which to build CFM projects. The following chapters 6 and 7 will identify the comparative advantage of the Third and public sectors to complete the picture of the production and commercialization process. The influence of sectors on objectives is eventually analyzed in Chapter 8 to identify whether the ISP framework might serve as a sustainable development strategy or not.

Chapter 6

Resources of the Third Sector:

The case of Porto Dias

Intro

The farmer Eurenir Lourenço do Carmo, 39 years old, four children, widow of eight months, is a sought after woman by the male community of Seringal Porto Dias, about 138 km from Rio Branco, on the border with Bolivia. Already in the last week, for example, she was proposed to twice by two different men. The amount of interest could be linked to something other than being a widow. Eurenir has become owner of an area of 600 hectares, where a large number of different increasingly valuable tree species, ready for harvest, are concentrated. There is a predominance of ‘cumarú cetim’ (*Dipterix odorata* Willd) , ‘cumarú ferro’ (*Dipterix ferrea* Ducke), ‘cerejeira’ (*Torresia acreana* Ducke), ‘ipê’ (*Tabebuia impetiginosa* (Mart.) Standl), ‘jatobá’ (*Hymenaea parviflora* Huber)¹⁹– which are worth a fortune on the international market. (Maia, 2003, translated; Martini et al., 2001)

Community forest management brought a new perspective of the forest to Seringal Porto Dias. It proposed a new source of income while maintaining a standing forest for its multiple uses. Although clear cutting placed pressure on the boundaries of the Seringal Porto Dias, the dependence on NTFPs in the region convinced some communities to work with a standing forest. The communities in the region have relied on extractivism for decades, depending on rubber and brazil nuts. The communities such as those found in Porto Dias often represent several generations of experience and knowledge. Acre’s representative from the National Center for Traditional Populations and Sustainable Development (CNPT) describes that, “Many community members in Acre learned from generous indigenous populations that shared their knowledge of living in the region” (L. Augusto, personal communication, November 4, 2002).

As suggested by Hall (2000) and Dolsak and Ostrom (2003) the knowledge of multiple forest products and their uses provides the opportunities for regional development. As the population grows, the knowledge of the wealth of forest resources becomes increasingly important to preserve. The standing forest holds the key to the development of sustainable livelihoods. CFM in Porto Dias complements the area’s previous sources of extractive income. Local Third sector organizations have recognized

¹⁹ The scientific names of tree species were translated placed next to the original common name for purposes of clarification, but the common names are not specific enough to identify certain species so the data was cross-referenced with the trees most commonly found in Acre to make an educated guess. The common and scientific names were identified and cross-referenced using Martini et al.(2001).

this and welcomed the opportunity to experiment with CFM in the region. The partnership with CTA, the local Third sector organization, and the Seringal Porto Dias gave CFM a chance. The Third sector partnership provided training opportunities to the community and brought attention from a national audience to their struggles for sustainable livelihoods. Third sector dimensions illustrate their potential but also generate some concerns surrounding sustainable development in the CFM project Porto Dias.

Associação Seringueira de Porto Dias

In 1989, INCRA established the Assentamento Agroextrativista do Porto Dias as an Extractivist Settlement Project (PAE). Totaling 22,145 hectares within the municipality of Acrelândia, there are 70 families living in the Seringal Porto Dias and a potential for 83 (Maia, 2003). With the support of the CNS workshops began in the community on the organization of cooperatives and associations. The result was the Associação Seringueira de Porto Dias.

The Association served both a social and financial purpose. The association met once a month to plan, discuss and approve proposals, of which one meeting is dedicated to elections and or to review and approve the annual budget. Like Pedro Peixoto the association is registered as for-profit allowing it to market products for its members. Elections of the six member board are held every two years, but little competition exists for the three executive and three fiscal positions. Members of the board have remained the same, exchanging positions but receiving few new members. New members to the association are welcomed after having lived within the PAE for two years.

In 1995, the main sources of income for the PAE were rubber and brazil nut. However, concern existed about their stability and, therefore, alternate sources of income were investigated. After some discussion a proposal was developed for a pilot project in community forest management. With funding from the Inter-American Development Bank (IDB) and help from a local Third sector organization, the Centro dos Trabalhadores da Amazônia (CTA), the association created a statute and management plan for the PAE Porto Dias. Three thousand hectares were allocated for the project, of which 2,700 hectares were put to use. Fifteen of the 24 families in the

association participated actively in the CFM project (P. Roth, personal communication, November 29, 2002). Each family managed an area of around 300 hectares and could work 10 hectares each year. This allowed the land a 30 year cycle. The CFM project agreed to produce around 10 cubic meters per hectare, possibly reaching 100 cubic meters per family per year (Caetano, 2002).

From the beginning though, the project faced bureaucratic and social challenges. The project took four years before it could even begin production because of legislation and infrastructure. Another example of the obstacles created by the public sector's *Institutional Structure* is the Legislation of 97, which did not take community forest management into account and took nine months to be adapted and approved (Lopes, 2000). In addition, roads and cut lines took time and planning, which meant transportation access was limited to the river in winter and to dirt roads in summer (Grupo de Produtores, 2002). This was little encouragement for project members who already doubted forest management practices because they lacked experience in forest management (Caetano, 2002).

Although the association mistrusted the project at first, members were anxious for alternative livelihoods and the local Third sector was willing to make it happen. Both the local membership-based organization and the local Third sector, represented by CTA, drew on their different talents to draw interest and funding towards CFM. The Third sector offered an ability to work with local communities reminiscent of *Institutionalization* capabilities in the public sector. CTA exemplified the ideal definition of the Third sector, being a private, non-profit, formal organization and able to work on the local level with community members and member-based organizations. The CFM project Porto Dias illustrated how a Third sector organization works closely with CFM project members along every step of the CFM production and commercialization process in efforts to ensure its success as means to a sustainable livelihood for the community.

A Constant Companion

The communities of the Seringal Porto Dias previously worked for “marreteiros” or riverboat merchants--recognized as middlemen--before an association came into being. With the exception of one large entrepreneurial family, who pooled their

resources to take their harvest down the river to market, the community had little experience with group work. At this time only rumours existed of the Cooperative in Xapuri made famous by Chico Mendes. Porto Dias was one of the first forest management projects involving extractivist communities in the Brazilian Amazon and took time to learn from its mistakes.

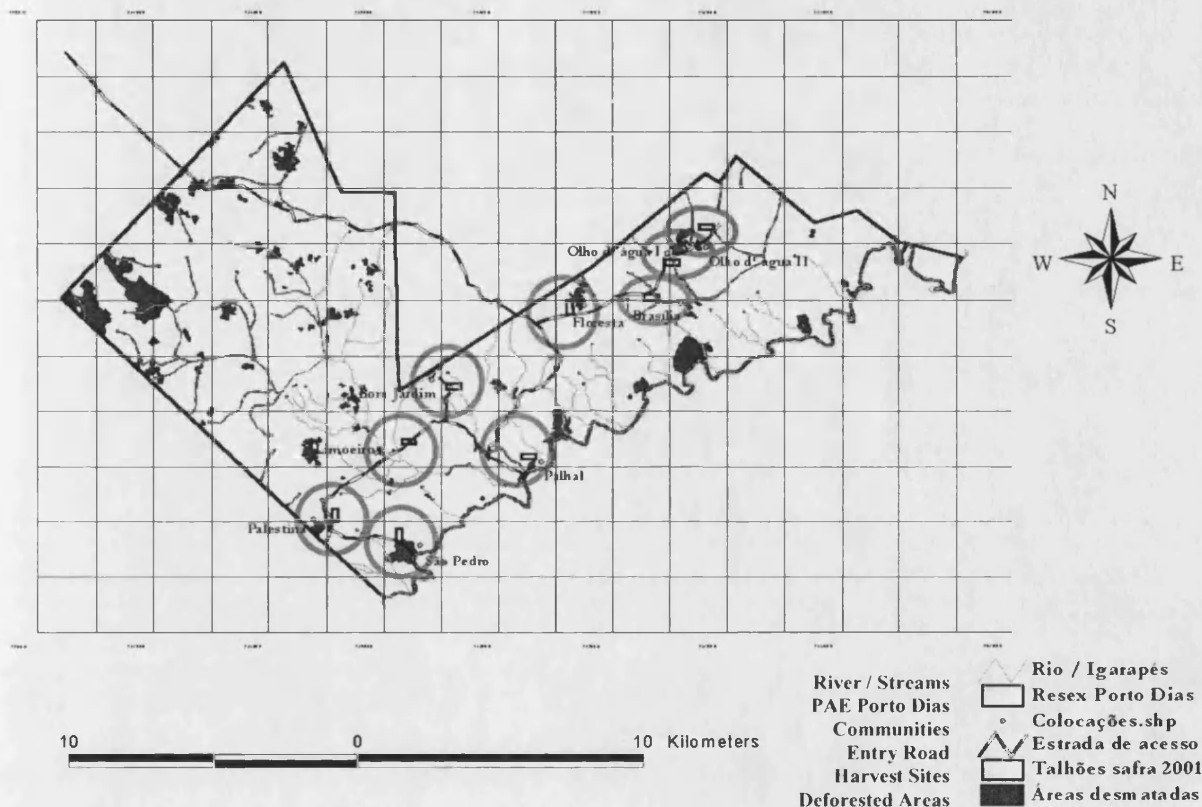
A medium-sized business

Despite doubts, technical advisors felt that in order to provide the necessary quantities and prices to compete in the certified timber market the production process adopted by Porto Dias needed to replicate that of a small to medium sized timber company (P. Bruzzi, personal communication, November 26, 2002). In contrast to Pedro Peixoto, they selected a production process involving increased infrastructure and machinery. The complex production and commercialization process placed higher demands on the project members in terms of costs, organization, maintenance and required both time and experience.

Project members needed technical assistance with most aspects of the CFM project. The project members worked collectively to harvest each family's section one at a time. With direction from CTA, project members marked trees, completed tree inventories and maps of trees and water courses, conducted Pre-harvest forest management and refined pre-selection for logging, felling and dragging (Caetano, 2002). Depending on abilities and training, the project members completed the inventory; cleared the cut lines, and harvested the logs. A skidder was then contracted to drag the logs to a central landing.

The map below illustrates the distances amongst harvest sites for CFM projects located in extractivist settlements or PAEs such as Porto Dias. Harvest sites are circled for clarification.

Map 2: Map of the PAE Porto Dias, Communities and Harvest Sites



Source: (Bruzzi, 2002, p.4)

Over time the project took on more responsibility and benefited from increased production. At the time of the first harvest, the logs--around 260 cubic meters--were sold in Rio Branco without any form of processing (Caetano, 2002). In 2000, with a community sawmill from ProManejo, participants began to roughly process the wood themselves. Finer processing and transport to market was contracted out. This time, they managed to sell 213 cubic meters (Bruzzi, 2002). Still not generating a reasonable profit but having gained experience, the third harvest completely processed 630 cubic meters of logs at the community sawmill. The only activities contracted out were use of a skidder and transport to market. By 2002, thirteen families managed to sustainably harvest 650 cubic meters, which generated enough profit to finance the following year's 2003 harvest (WWF-Brasil, 2003).

Porto Dias made use of both primary and secondary timber by-products. The project placed an emphasis on offering a wide diversity of timber from 27 different varieties (Caetano, 2002; WWF-Brasil, 2003). The majority of the timber originated from cumarú (*Dipteryx odorata* Willd), ipê (*Tabebuia insignis* (Miq.) Sandw), cerejeira (*Torresia acreana* Ducke) and samaúma (*Ceiba pentandra* Gaertn) (Martini et al., 2001). The community's sawmill primarily processed timber for the construction and furniture markets. Meanwhile, by processing the timber onsite additional benefits developed in the form of by-products (P. Bruzzi, personal communication, November 26, 2002). The by-products generated complementary incomes for women²⁰ and youth in the community (WWF-Brasil, 2003). Since project members expressed difficulties in managing administration and commercialization activities, CTA assisted as the contact for the marketing of the final products (Grupo de Produtores, 2002).

Porto Dias experienced a learning curve with payment methods as they had with the production processes. At first project members were paid hourly, but as the project evolved so too did methods of payments. The project was constantly experimenting with the most beneficial method of payment (P. Bruzzi, personal communication, November 26, 2002). At the time profits were returned to the association and distributed equally amongst the workers with a percentage reserved for management and administration. Similar to Pedro Peixoto, Porto Dias also found market prices in Rio Branco ranged from R\$200 (US\$84) for softwood to R\$300 (US\$125) for hardwood per cubic meter (Bruzzi, 2002).

Although a local leader attributed an increase in income for community members to the CFM project, the overall profitability of the project was in question (Maia, 2003). One key concern for Porto Dias lay with the skidder, which cost the community to contract out (P. Bruzzi, personal communication, November 26, 2002; N. Marcondes, personal communication, November 26, 2002). Managers also felt that the project was too big for the community to begin with (P. Bruzzi, personal communication, November 26, 2002; N. Marcondes, personal communication, November 26, 2002). The community required over six years to adjust to the scale of the project and still continues

²⁰ The role of women in forests tends to be oriented towards non-timber forest products. For more info look for books such as *Women, Forests and Plantations: the gender dimension of the World Rainforest Movement*, 2005 or the wealth of articles on women, gender and forests from CIFOR, FAO and others.

to adjust (P. Bruzzi, personal communication, November 26, 2002; N. Marcondes, personal communication, November 26, 2002).

Production in Partnership

Porto Dias illustrated a much greater use of partnerships than the other case studies, but this time chiefly with the Third sector. In the first year 26% of all activities consisted of partnerships and by the second, third and fourth years the proportion increased to 67%. It is older than the other two projects and, therefore, contributed data over several years. Over the four years the project attempted several production processes with four different partnership dynamics. In doing so, it illustrated the dimensions of the Third sector raised in literature: *Legitimacy*, *Accountability*, *Policy Advocacy* and *Funding*.

The discussion of *Legitimacy* in the Third sector often derives from the dilemma over a definition. Without a clear definition and distinct boundaries, the public sector hesitates to establish legal criteria for organizations. In turn, as Fukuyama (1995) explains, without a clear legal environment, trust amongst organizations is difficult to build. ISPs are particularly influenced when other sectors dependent on or interested in cooperation with the Third sector are unsure of Third sector limitations (Anheier & Salamon, 1996). For many, this is the most important issue affecting the Third sector in which *Accountability*, *Policy Advocacy* and *Funding* all play a part. *Legitimacy* provides the recognition necessary for interaction with the public and private sectors so that intersectoral cooperation is possible.

The local Third sector organization CTA, although not a membership-based organization, proved its legitimacy because it was a faithful partner to Porto Dias throughout the years. CTA initially performed managerial duties for the previous RFPP sponsored project through the Amazon Demonstration Program (PDA) based in Porto Dias. Similar to Pedro Peixoto, when the project Porto Dias began under a quarter (22%) of the production process occurred in conjunction with their partner. Most was completed by the assisting organization alone. In the second year, however, project members and technicians from CTA--that is, Third sector efforts--completed 59% of activities, which gradually increased to 62% of all activities. In contrast to Pedro Peixoto, partnership activities in Porto Dias occurred throughout the entire project from

the Pre-harvest, Planning and Administration phases through to Marketing phase of the final products. Contributing to the *Legitimacy* of CTA, a forest technician from CTA lived in the community to assist whenever needed and to listen to community perspectives. Meanwhile, additional administrative support and the project coordinator were located in Rio Branco, Acre.

The project members of Porto Dias completed few activities independently in comparison to Pedro Peixoto. The first year, over half of the production process was completed solely by CTA. However, by the second year, due to the use of partnerships, only one activity was completed by CTA alone. Activities completed by project members alone began at 17% and then dropped to 11% before returning to close at a fifth (20%) of production and commercialization activities. Only by the third year did project members begin to work independently, felling trees and processing planks in the sawmill, although decision-making activities were still accompanied by CTA.

By working closely with the community over so many years CTA established a trusting relationship. Described by the project manager, “CTA feels accountable for many aspects of the community beyond the CFM project, so we spend a lot of time listening to community members” (N. Marcondes, personal communication, November 26, 2002). *Accountability*, often arrived at through openness and ethical behaviour, is said to be innate to organizations in the Third sector, yet it remains a major concern (Anheier & Salamon, 1996). *Accountability* is one of several sources of *Legitimacy* (Anheier & Seibel, 1990). Edwards and Hulme (1996) point out that it is unnecessary for NGOs to be member-controlled in order to be legitimate, but that they must be accountable to claim *Legitimacy*. Leat (1990) believes that an organization should be subject to both internal and external *Accountability*. Internal accountability is that dedicated towards staff, while external *Accountability* is directed towards clients or users. In many organizations, *Accountability* to users becomes managed by funders, workers, and committees because of difficulties in hearing external users, thus resulting in judgments and decisions made internally (Leat, 1990). However, CTA excelled in external *Accountability* with the community.

Sustainable development stresses participatory development and multi-stakeholder resolutions, supporting the argument for participation of all sectors in ISPs.

Each sector is accountable to a distinct aspect of civil society and, in doing so, the ISP represents a greater spectrum of perspectives. Table 11 illustrates some of the diverse organizational participants on the local, state and national levels in the CFM project Porto Dias. Unlike Pedro Peixoto, Porto Dias recruits public and private sectors on the state and national levels for partnerships. Furthermore, the table illustrates the partnerships Porto Dias developed with the private sector on local, state and national levels. Like in Pedro Peixoto it also illustrates the many partners developed with intergovernmental organizations for *Funding*.

Table 11: Partners in Porto Dias

	Local	State	National
Public		SEFE	FNMA, SUFRAMA, ProManejo
Third	CTA	PESACRE, FUNTAC	WWF, IMAFLORA
Private	Assoc. Sering. Porto Dias	CM Neto	ECOLOG
Intergovernmental			PPG7, CIFOR, OIMT, ITTO

Porto Dias benefited from the advice of a diverse range of organizations in the CFM project. Third sector organizations such as PESACRE assisted with research and the Foundation for Technology of Acre (FUNTAC) played a part in the production process. The local association, the Associação Seringueira de Porto Dias, joined with FUNTAC to create a design program for small timber products and established a workshop in Porto Dias.

Outside of the Box

Nevertheless, partnerships with the public and private sectors throughout the years were limited in their activities. For Porto Dias this also limited the trust, discussed by Fukuyama (1995), which could be built through working together in partnerships and, in turn, impacted *Policy Advocacy*. The partnerships that did occur included activities such as road maintenance, the donation of safety equipment and some training. For the most part, public and private sectors hardly participated in partnerships for the

production and commercialization process. In this sense, CTA failed in its role to promote the CFM project and increase the audience interested in its success. Arguments in favor of ISPs, however, would suggest projects benefit from partnerships with vested interests. The more involved and interested the partners, then the stronger the ISP and the greater it's potential of impacting sustainable development policy.

Policy Advocacy relates back to *Legitimacy* in so far as an organization's rights to advocate policy. Fowler (1999) indicates that ownership, the origin of its resources, the agenda of the policy-maker and the regime in power or its advocacy competencies will affect *Policy Advocacy*, causing an organization to vary in its agenda. These factors may have either positive or negative connotations. For some, the broad range of possible economic and social attributes of the Third sector allows politicians to manipulate aspects of the Third sector to suit their own interests (Anheier & Seibel, 1990). The New Policy Agenda suggests that the Third sector may promote democratization and, through it, protect human rights, open participatory communication, provide training for activists and promote pluralism (Edwards & Hulme, 1996). This remains controversial since questions arise concerning the right of organizations, not necessarily democratic in themselves, to speak on behalf of others.

The relationship of Porto Dias to the private sector reflected a typical private sector role in the market system. Porto Dias contracted some of its activities out particularly in the beginning. The work, though, was limited to one or two activities throughout the production process. The exception was the second year production process, which required the infrastructure and experience of the private sector for processing. Nevertheless, by the third and fourth years, the actual involvement of the private sector was minimal again, limited to skidding and transport. Additional contributions by the private sector occurred later in the commercialization aspects of the project. Buyers often cooperated in a form of partnership when buyers were lenient and accommodating to the production process. Buyers included companies such as ICOMATI, ECOLOG, SENAI and Julia Krantz (Grupo de Produtores, 2002).

The diagrams below illustrate the transformation in the production and commercialization process as Porto Dias gained experience. In the first year, around half of the activities were completed by the Third sector alone, while 22% of the activities

were completed in partnership. The only other sectors participating were the public and intergovernmental sectors. By the fourth year activities completed in partnerships between CTA and the project members had increased to 62%, indicating greater involvement by the project members over the years. Still, there was very little involvement from other sectors, with 4% and 8% indicating only one or two activities.

Figure 7: Contribution by Sectors to Porto Dias's Production & Commercialization Process – First Year

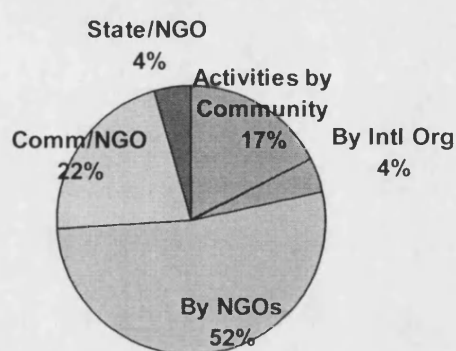
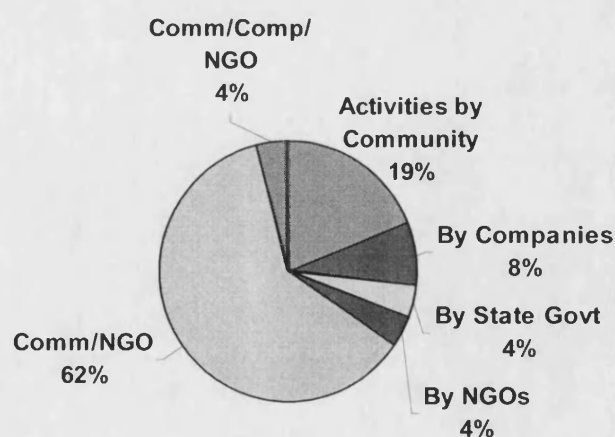


Figure 8: Contribution by Sectors to Porto Dias – Fourth Year



The partnership with the greatest participation occurred when all but the private sector joined forces to contribute to FSC certification, which the association received in 2003. In doing so, the Third sector illustrated its abilities in *Policy Advocacy*, generating support for certification from a variety of organizations. The Third sector recruited national Third, public and intergovernmental sector funding. National public and national Third sector organizations contributed equipment and certification fees, respectively, and the intergovernmental sector provided the majority of financial backing. Through the certification process CTA partnered with Organização Internacional de Madeiras Tropicais (OIMT), WWF, ITTO, and the State government through SEFE and EMBRAPA (Maia, 2003; Viana, 2002).

Sector partnerships were particularly beneficial to the funding in cash and in kind to Porto Dias. It touches upon another dimension of the Third sector often discussed. *Funding* appears as a weakness and a strength to the Third sector. *Funding* dependence on donors or ties to the government may tarnish an organization's reputation depending on its ability to maintain transparency and neutrality (Fowler, 1999). Many criticize the fundamental implications for Third sector organizations when they receive "official funding" for service delivery, as opposed to being supported as grass-roots organizations and institutional development (Edwards & Hulme, 1996). Yet, *Funding* is an essential resource of the Third sector for purposes of *Policy Advocacy*.

The dilemma behind securing funds from "official funding" raises the question of the financial sustainability for Third sector organizations. Few organizations are privileged enough to receive consistent *Funding* from one source without an objective attached. Third sector organizations exist for the purpose of representing interests and *Funding* is almost always attached to particular interests. Although a valid concern, it is unrealistic to assume that funding might be provided without objectives behind it. However, Porto Dias avoided financial dependency and overt influence by procuring funding from multiple sector organizations.

Instead of associating difficulties with Third sector *Funding*, an opposite perspective on the Third sector's ability to raise *Funding* suggests its value to *Policy Advocacy*. Environmental and social causes in sustainable development receive major *Funding* from Third sector organizations. The Third sector provides a valuable

contribution to ISPs with its ability to draw *Funding* from national and international levels to promote *Policy Advocacy* for sustainable development. Confident about *Funding* the CTA adopted a far larger production process than most CFM projects would dare undertake. Still, the local Third sector undertook the challenge and demanded time to discover the production and commercialization process appropriate for the community. The continual improvement year after year reflects positively on the project.

The Third sector partnership proved invaluable to the production and commercialization process by playing such a large role in ensuring the needs of project members were met. The CTA illustrated the importance of *Legitimacy* in developing a trusting relationship with the community. The relationship, in turn, illustrated *Accountability* to the community. Meanwhile, Third sector abilities to draw *Funding* allowed production and commercialization to experiment with methods that fit the community context. The partnership dynamic revealed a role for the Third sector in the administration of CFM projects and emphasized the importance of project member's adopting total responsibility for Harvest activities.

Administration provided by the Third sector

The Administration phase of CFM projects demonstrated the range of strengths and weaknesses found in each sector. Both literature and the CFM projects present arguments for and against each sector in an administrative role, which required organizational and monitoring skills. Although all sectors demonstrated some administrative capabilities, the negative influences also found in each complicated an analysis of comparative advantage for the Administrative phase. In practice, the case studies illustrated the negative influence of the public sector's bureaucracy on administration abilities. As Ashman (2000) and others (Bendell, 2001; Elkington, 1998) suggest the private sector's interest in the bottom line hinders its ability to place the interests of the community first. All the while, the Third sector referred to as well-suited to the administrative role, because of its local monitoring abilities, proved instead to be as problematic as the public and private sectors (Brinkerhoff, 2002; Charlton & Wilson, 1997; Fiszbein & Lowden, 1999; USAID, 2001; Waddell, 1999).

Midgal (1988) describes the public sector's *Institutionalization* as its ability to penetrate society in order to monitor its needs and communicate public sector objectives. Linking it to Grindle's (1997) analysis of the State, the extension of the *Use of Human Resources* enables the public sector to develop *Institutionalization*. Both would theoretically assist the public sector conduct administrative tasks; however, the public sector's bureaucratic *Institutional Structure* interferes. Despite the efforts of forest technicians and project managers from the public sector located within Pedro Peixoto, the public sector failed to react to local needs or demands. While the public sector illustrated potential for Administration in theory, the reality of its bureaucratic burden overwhelmed it.

The thoughts of Eade (2000) and McCarthy, Hodgkinson, & Sumariwella (1992) on the Third sector refer to its ability to provide *Accountability* on the local level, while its interest in *Policy Advocacy* draws attention from national and international arenas. Warner and Sullivan (2004) refer to the Third sector's access to local knowledge, capacity to mobilize community participation, access to tools and methods to ensure relevance to local needs, and the ability to monitor independently. Tennyson and Wilde (2000) support this view suggesting its abilities to take action to include local know-how; apply development experience, knowledge and people skills; and employ imaginative, low cost responses to the challenges faced by CFM. On the ground, the case studies illustrate how the Third sector interest in *Accountability* and *Policy Advocacy* empowers project members through training. Third sector organizations such as CTA employed methods such as open forums to engage locals' opinions and encourage participation in the Administration of the CFM project, thus influencing their future.

However, despite the efforts of CTA, Porto Dias illustrated the difficulties the Third sector may experience when handling the for-profit administration aspects of the project. The project struggled with systems to distribute profits to project members made by the collective sale of timber. The Third sector's weakness showed signs of undermining the trust that project members had placed in the organization's administration of the CFM project. Moreover, business partners pointed out that the complicated and disorganized business transactions discouraged businesses from

engaging with the CFM project, because it signaled increased risk (F. Albuquerque, personal communication, December 13, 2002; J. Krantz, personal communication, December 12, 2002). The confusion over payments to project members of Porto Dias lessened incentives and diffused enthusiasm for the project, which might eventually discourage project members from a long-term commitment to the project. On the other hand, the third case study Cachoeira demonstrated an alternative approach, leaving the majority of financial transactions in the hands of the community and encouraging them to contract out their services to one another. In this way, project members saw faster returns on their investments which provided incentives to keep the project going.

The primary negative consideration for the Third sector was Anheier and Salamon's (1996) concern with the *Legitimacy* of Third sector organizations such as CTA, which encouraged the independence of communities while relying on their cause for funding. This, however, is discussed within the context of community organization later in the chapter. The challenge to the balance of power amongst partners is essential to the Administration of the project and whenever there is a management role to play. The discussion of ISPs and the observations of this research demonstrate the competitive tendencies of the Third and private sectors. Tennyson and Wilde (2000) identify the combative and territorial tendencies of the Third sector and the "single-minded" and "competitive" traits of the private sector. Both create challenges for the balance of power amongst sectors in an ISP and obstruct objectives to create productive livelihoods for CFM. This research recognizes these two extremes described by Tennyson and Wilde (2000) within the Administration phase exemplified by the Third sector efforts for *Accountability* in Administration and private sector efforts to promote efficient action through *Incentives*.

The administrative pressure applied by the private sector partnership proved both beneficial and worrisome. On the one hand, with administrative assistance from the private sector Cachoeira succeeded in producing and selling their timber blocks and received certification much faster than any of the other CFM projects. As suggested in literature and demonstrated amongst the projects, the private sector had the *Capital* to provide safety equipment and maintenance, but most importantly had access to *Information* in its experience facilitating *Incentive*-based business administration

(Bendell & Murphy, 1997; Brown & Kalegaonkar, 2000; Waddell, 1999; Warner & Sullivan, 2004). One of the partners in Aver Amazônia points out, "The market experience behind Aver enables it to recognize the constraints in collective ownership of machinery. Project members are entrepreneurs themselves and must develop their own private capital" (V. Viana, personal communication, December 14, 2002). Timber orders in Cachoeira were divided into equal shares leaving project members to organize themselves and their privately owned chainsaws and teams of oxen and carts. Of course, this was also more feasible with the simplified production processes of Cachoeira and Pedro Peixoto than Porto Dias, which will play a role in policy considerations for replication and scale.

On the other hand, the private sector emphasis on *Incentives* and efficiency might also explain some of the growing concerns on the local level in Cachoeira (T. Azevedo, personal communication, December 1, 2002). Stone (2002) outlines concerns about the affect of the market-based system, and the private sector's *Incentives* system, on the welfare of community members not involved in the exchange. The market-based system does not account for effects on community organization or environmental conservation. Consequently, the private sector's weakness is its inability to balance the elements of sustainable development, making it a poor candidate for Administration of a CFM project.

Nonetheless, the delegation of responsibilities according to comparative advantage suggests the research indicate one sector with an advantage, however slight. Despite the challenges to the Third sector, the emphasis of the Administration phase in CFM on the monitoring responsibilities of production and commercialization activities implies that *Accountability* remains the most valuable resource to that role. The primary concern for the Administration of CFM projects was an organization's ability to provide a local presence to encourage project members to assume increasing responsibilities in order to manage the project independently. Mayers and Vermuelen (2002, p.19) indicate that the role of the Third sector as facilitators "...help build local capacity on business and negotiation." The experiences of the case studies do not necessarily negate its capacity in administration but indicate that consideration be taken in weighing the financial management abilities of individual Third sector organizations.

By remaining aware of its for-profit capabilities in project management, the Third sector may also turn to other sectors for alternative resources to provide skills for the community in the financial management of the project. Alternatively, by delegating financial responsibilities to project members the process limits the financial administration of the project. Either way administrative responsibilities would still include monitoring the financial dealings of project members to avoid any one member manipulating the project to his or her advantage on the local level. This is another example of when an ISP framework, providing collective resources, may resolve the challenges to CFM. In this case, that involves focusing Third sector capabilities on the extensive responsibilities of monitoring social and environmental impact of the project and delegating business management training to the private sector.

Project members' approach to the production phase

“Experience shows that the participation of a range of stakeholders improves the likelihood of all forms of forest management. Participatory forest management (PFM) in which local people are directly involved in the management process is widely acknowledged to be the best option from a development perspective and potentially in terms of sustainability of the forest resource.”

(M. Richards et al., 2003, p.3)

The core of the production and commercialization process is next to be discussed. The Harvest phase is central to the production and commercialization process of any productive livelihood and it provides the opportunity to discuss the role of a central element to the implementation of productive livelihoods, which are the project members themselves. Remembering that the sustainable development objective for the CFM projects is to provide skills for sustainable livelihoods for the long-term empowerment and independence of project members, it is essential to understand their role in the implementation process.

The Pre-harvest phase presents the first opportunity to empower the project members in the production and commercialization process. The technical knowledge in this phase is easily transferable and enables project members to work independently. In addition to its timber harvest, the transfer of knowledge for activities in the Pre-harvest

phase, in turn, places the CFM project in a position in which it may offer environmental services²¹.

The case studies illustrated the Harvest phase as the most likely opportunity for project members to work independently. Once project members were trained in harvest techniques, the Harvest phase required limited decision-making, being mostly labor intensive. Although project members hardly participated in Infrastructure activities, they were almost completely responsible for the Harvest phase of the production and commercialization process, especially in Pedro Peixoto and Cachoeira. Once Pedro Peixoto had begun, project members soon managed over 30% of forest management activities on their own. An additional 20% were completed in partnership with EMBRAPA. In its first few years CFM project members already completed over half of activities. The majority of these activities occurred during the Harvest phase. Similarly, Cachoeira's project members quickly took on over 40% of activities in the first year. Project members completed the Harvest and Processing phases independently in the second and third years.

The independence of community members is an important factor, primarily, because the concept of sustainable livelihoods suggests that communities be able to maintain their livelihoods without external assistance (Chambers & Conway, 1992; Scoones, 1998). The role of ISPs, therefore, would be to support the CFM project until it is established and then to encourage its independence. This indicates that the partnership relationship would evolve as the CFM projects evolve. Lowndes and Skelcher (1998) identify partnership life cycles as pre-partnership collaboration, partnership creation and consolidation, partnership program delivery and partnership termination or succession. The case studies illustrate the diverse needs of CFM projects in the beginning, middle and end with particular emphasis on the need for partnerships in the beginning and final phases. The ISP formed in the planning of a CFM project, therefore, would need to be dynamic and fluid throughout the lifetime of the project as it adapts to the changing needs of the project from implementation to conclusion. For example, the CFM project

²¹ Increasingly, environmental services are acknowledged as a valuable service but still creating constant discussion as to its monetary value. The discussion in CFM proposes payments or exemptions to communities in exchange for services monitoring deforestation and managing standing forests. See (Born et al., 2002; Rosa, Kandel, & Dimas, 2003)

created through an ISP may begin dependent on financial and technical aid from all four sectors. However, by the second or third year the project members may have begun to undertake half of the production and commercialization activities independently. This being the case, the sectors would then re-evaluate how to assist project members, possibly withdrawing from activities to play only a consultative role. As the project progresses the responsibilities of the sectors may include distinct tasks from their original duties.

The evolution of responsibilities was evident in Porto Dias and will appear again in Cachoeira when comparing the diagram of sector participation from the first year with the diagram of later years. The diagrams illustrate how the participation of the sectors changed over the years as the responsibilities of sector organizations and project members evolved. As Warner and Sullivan (2004) indicate, the ability of an ISP to reach its goal depends on the flexibility of partners to act and react as circumstances change and the project evolves. Supported by the experiences of the case studies, flexibility becomes an important factor determining the success of partnerships to meet the demands of sustainable development in both the production and commercialization process and factors such as training, certification, community organization and political voice. However, the multitude of resources considered available to an ISP facilitates this dynamism, allowing sectors to tap resources at various times and intensity as the project evolves.

On the Ground

The Third sector partnership with Porto Dias illustrated significant contributions and potential for addressing sustainability within an ISP framework. The sector complements the local level work of the public sector's *Use of Human Resources* with the Third sector's interest in *Accountability*. The Third sector provides the extension for the public sector's *Use of Organization*. Most importantly, the Third sector interest in *Policy Advocacy* illustrated means by which to address the obstacles created by the public sector's *Institutional Structure*. Both sectors reveal dimensions with a focus on local feedback, whether it be *Institutionalization* or *Accountability*. Third sector dimensions such as *Accountability* and *Policy Advocacy* are essential to sustainable

development, making the Third sector a valuable partner in ISPs focused on sustainable development.

As facilitator

Training proved a benefit of the Third sector ability to draw *Funding* for a cause like education. Third sector organizations offered courses to most project members upon initiation of the CFM projects. Over the years Porto Dias benefited from many of these courses, certainly more than Pedro Peixoto. The Third sector combined efforts with the public sector to facilitate training through the public sector's organizational resources. In 2001 the association was trained by the Centro de Tecnologia da Madeira e do Mobiliário (CETEMM) that belongs to the SENAI. Project members of Porto Dias were trained in the production of furniture and small objects (Bruzzi, 2002). In addition, they received training in management and administration in rural business and in forest harvesting operations from SEBRAE (Bruzzi, 2002). Still, the training courses were not enough, particularly for the Administration and Processing phases of production and commercialization process. CFM project managers agreed that not enough emphasis was placed on business skills such as management and marketing (M.V. Oliveira, personal communication, November 25, 2002; P. Roth, personal communication, November 29, 2002).

Table 12: Training Courses Received by Community Members in PAE Porto Dias

- Basic principles in Multiple-use Forest Management
- First-Aid and Job Safety
- Techniques in cutting and felling
- Maintenance of chainsaws
- Planning activities
- Rural management and administration
- Management of native forest seeds
- Forest mapping
- Management of Copaiba
- Plant identification
- Initial processing of logs
- Basic carpentry

Source: (N. Marcondes, personal communication, November 26, 2002)

Although the partnership with the Third sector succeeded in providing the most training of any of the case studies, it still did not meet the prerequisites for CFM. The production processes adopted by the CFM projects impacted the type of training received. The more complex production process in Porto Dias called for more serious training in machinery and management than that of Pedro Peixoto. Despite the amount of training many CFM stakeholders felt that Porto Dias took on too much too soon. The company that assisted with several stages of the production process indicated concern with their skills and organization (F. Oliveira, personal communication, November 27, 2002). Although CTA proved *Accountable* and *Legitimate* it was not able to recognize the demands of running small businesses without an understanding of the for-profit dimension.

Porto Dias is an excellent example of the need for business training of which CTA only provided a limited amount. Project members and Third sector managers disappointed buyers with the inconsistencies found in business dealings with Porto Dias. "The project had a confusing and unclear contract which created problems with transport and prices," describes the owner of the small furniture design business, Julia Krantz (J. Krantz, personal communication, December 12, 2002). In addition, both businesses

received their orders over four months late (F. Albuquerque, personal communication, December 13, 2002; J. Krantz, personal communication, December 12, 2002). Nevertheless, the businesses recognized the importance of management and the impact of the trust that managers develop with producers. Businesses such as ECOLOG and Julia Krantz were patient with the projects as they learned to negotiate (F. Albuquerque, personal communication, December 13, 2002). However, CFM project members were often frustrated with negotiations. In interviews, project members expressed frustrations in community organization (N. Marcondes, personal communication, November 26, 2002). The association suffered a major blow when it negotiated a deal with a new client and was “taken for a ride” (F. Albuquerque, personal communication, December 13, 2002; T. Azevedo, personal communication, December 1, 2002). Due to business inexperience the project valued money over reputation and learned a lesson in doing business.

In response to its failures, however, the Third sector partnership with CTA demonstrated its openness and interest, described by Anheier and Salamon (1996) as *Accountability*, when it sensed the growing frustration with management and sought an answer. The project manager felt, “...the root of the problem lies in good leadership, which has been difficult to find in the community” (N. Marcondes, personal communication, November 26, 2002). Leadership and group organization were identified as challenges to communities who had worked within an extractivist cultural structure. Extractivist communities such as Porto Dias looked to outsiders as leaders since historically they looked to rubber barons (P. Bruzzi, personal communication, November 26, 2002; N. Marcondes, personal communication, November 26, 2002). Observations confirmed these problems were ongoing (N. Marcondes, personal communication, November 26, 2002). CTA invested in community organization and informal leadership training. Although the for-profit dimensions did not come naturally, the Third sector was able to mobilize its dimensions when interested to identify a problem and provide alternative solutions through *Funding*. The Third sector organization once again took advantage of the relationship it had developed with the community to encourage constructive criticism of and community ownership of the CFM project in community meetings.

The Third sector partner mobilized *Accountability* and *Funding* to demonstrate its value to developing CFM as a sustainable livelihood. The intense production process required CTA to exercise its abilities to monitor local opinions and, in turn, demonstrated a desire to be accountable. The training of Porto Dias benefited from its Third sector partnership because of its responsiveness to local concerns. CTA responded by facilitating the public sector's *Use of Organizations* to mobilize Brazil's "S" system support organizations. In addition, the Third sector partnership provided technical training through its access to *Funding* for causes such as rural education. Its downfall, nevertheless, was the limited training in business skills. Especially in an intense production and commercialization process such as that adopted by Porto Dias, business skills in Administration, Harvest and Processing phases were still missing.

FSC certification

Third sector partnerships played an undeniable role in meeting the certification objective. Partnerships with the Third sector represented the certifying body, the training workshops and the financing of the certification process. The Third sector relied on its access to *Funding* for the environment to promote environmental policy through certification. The Third sector interest in *Policy Advocacy* encouraged the CFM projects to pursue certification. However, since environmental certification was a necessary factor to obtain funding for the CFM projects it creates controversy in relation to the *Legitimacy* of Third sector *Policy Advocacy* (Anheier & Seibel, 1990; Fowler, 1999).

As briefly referred to in Chapter 1, thirty certified operations manage the 1,281,938 hectares comprise the total area of certified forests in Brazil (WWF-Brasil, 2003). The representative of the Rainforest Alliance/Smart Wood Program in Brazil, IMAFLORA, certifies 53%, or almost 700,000 hectares of this total, the majority of Brazilian certified forests. About 0.04% or 4,800 hectares of the total certified forests is community managed (FSC 2003). Porto Dias became the second FSC certified CFM project in Brazil. In January of 2003 the Associação de Seringueiros de Porto Dias received certification for both the forest of 4,209 ha. and the Chain of Custody for its sawmill (WWF-Brasil, 2003).

Internally, settlements struggled with the topic of certification. The high costs of certification on production impact local interest in certification. Sororoca, the

community at the extreme end of the Seringal Porto Dias, illustrated its frustration with the CFM project in community meetings (Martins, 2004). The CFM process seemed slow and required extensive training to reach certification (Martins, 2004). Although training was available for free, the community members in Sororoca preferred to negotiate with loggers to receive R\$3.00 (US\$1.25) per cubic meter as opposed to the R\$300-R\$800 (US\$125-US\$334) for certified timber (Martins, 2004). Conversely, the CFM project members in Porto Dias understood the benefits certification brought to communities. Certification drew a significant amount of Third sector *Funding* to the community in and outside the CFM project. The World Wildlife Fund was the major funder of certification in CFM projects and many others supported other local community projects as a result.

Certainly, the external demand for sustainable development placed on the Brazilian Amazon is a burden on governments and communities in the region. The Third sector dimensions of *Funding* and *Policy Advocacy* play a part. Although Fowler (1999) and Edwards (1999) discuss the Third sector role in *Policy Advocacy*, they question the agenda behind its objectives attached to *Funding*. Third sector organizations clearly advocate environmental and social development through certification. Certification places Third sector organizations as environmental regulators, previously the complete responsibility of the public sector. Today certification through the FSC almost appears as an extension of the public sector's *Use of Organizations*. The public sector appears to have decentralized its regulatory responsibilities. However, the FSC is an international Third sector organization and is accountable to a distinct set of interests. On the one hand, given the international value placed on the Brazilian Amazon and the international demands on local industry it makes sense for national and international Third sector organizations to pay the expenses demanded of the region and its communities.

Assistance or dependence?

Many of the communities have found that a positive by-product of the CFM projects is greater community organization. However, Porto Dias illustrates how Third sector dimensions may develop to an extreme. Porto Dias struggled from the beginning in attempts to meet both financial and social goals. Despite the claims of well structured community organization and the efforts of the Third sector, the Association Porto Dias

continually reported organizational challenges. Nonetheless, a report on the CFM project found PAE Porto Dias to have one of the most well structured examples of community organization in the state of Acre (MMA/SCA-PPG7-PD/A, 1997). This was attributed to the involvement of CTA through the years (MMA/SCA-PPG7-PD/A, 1997). CTA took the Third sector interest in *Accountability* to heart, declaring upon initiating the CFM project that its primary concern was on discussion, awareness and developing proposals for models and systems together with community members. These were characteristics similar to those described by Edwards and Hulme (1996) for the New Policy Agenda in which the Third sector facilitates decentralization. CTA's efforts as a Third sector organization were directed at creating a strong social foundation for the project (Bruzzi, 2002).

The relationship ran a difficult course, however, between assistance and dependence. According to CTA, the community still had not taken responsibility or ownership of the project during the time of the research (Caetano, 2002). CTA described confidence building as the greatest challenge for the association. Porto Dias's project manager found that, "Community members view those responsible for the project as 'patroes' [or bosses], a term historically used for rubber barons, which doesn't help us find leaders" (N. Marcondes, personal communication, November 26, 2002). Another concern regarded decisions in groups. Several interviewees felt that the decisions made in groups were taken to an extreme and some decisions should have been delegated rather than attempting to form a consensus, for example, on the type and color of a truck necessary for the project (F. Albuquerque, personal communication, December 13, 2002; A. Hummel, personal communication, December 12, 2002). The Third sector appeared to be taking its interest in *Accountability* to an extreme. Low productivity plagued meetings due to a lack of organizational discipline and monthly discussions repeatedly concerned the maintenance of the boat, tractor or truck (P. Bruzzi, personal communication, November 26, 2002; N. Marcondes, personal communication, November 26, 2002). In addition, there was also no clear and efficient plan to approach CFM as a business and there was no plan for handing over the CFM project to the community under a timeline (Pinagé, 2001).

The Third sector partnership with CTA, instead of illustrating the strong community organization reported, indicated a weakness in Third sector effectiveness. In addition, financial difficulties with the project indicated a weakness in the non-profit dimension of the Third sector. Financial transactions from CTA to project members created confusion. Instead of project members receiving payments once the timber was sold, salaries were paid for work completed on the CFM project (Bruzzi, 2002). As payments were distributed it undermined project members' independence, reminding them again of serving rubber barons. Some CFM stakeholders saw problems with community ownership of tools and equipment (M.V. Oliveira, personal communication, November 25, 2002; V. Viana, personal communication, December 14, 2002). On top of it all, there were no legal contracts for services contracted out and there were also no documents outlining the criteria used for the selection of project members for training courses and employment in the sawmill or gender equality (Pinagé, 2001). All problems referred to weaknesses in the business or for-profit aspects of CFM.

The dimensions of *Accountability* and *Legitimacy* demonstrated by the Third sector illustrate an awareness and ability to work on the local level. However, in efforts to represent local needs a complex partnership evolved between the community and the Third sector organization. Despite encouraging local participation and facilitating community organization the project was continually challenged to create a healthy balance between assistance and dependence. Despite interest at the local level, the Third sector organization was not equipped to develop business management within the CFM project. A significant factor affecting the sustainability of CFM projects, the Third sector partnership with Porto Dias raised interesting questions about the role of Third sector organizations in addressing market-based decisions in the creation of for-profit livelihoods.

National policy advocacy

Despite difficulties with community organization, the Third sector partnership with CTA played to its strength in *Policy Advocacy* on the national level. CTA was very successful in attracting national level training and financing for the PAE Porto Dias. The CFM project received significant training and benefited extensively in areas such as health and education from its partnership with CTA. Since 1996 the PAE Porto Dias

educated community health administrators, organized vaccine campaigns, and worked on disease prevention (Bruzzi, 2002). In education CTA trained teachers, developed learning materials and constructed two schools with the help of the Inter-American Development Bank (IDB). The CFM project illustrated the Third sector in its role protecting human rights and promoting open communication (Edwards & Hulme, 1996). Porto Dias benefited far more in so far as health and education from its Third sector partnership to CTA than either of the other projects from their partnerships with public and private sectors.

Besides meeting local demands in health and education, CTA participated in the Working Group on Community Forest Management. In efforts to advocate policy change for CFM, CTA represented the project on a national level in discussions about taxes, organizational research, land tenure, financial credit and certification (M.J. Gontijo, personal communication, October 18, 2002). With participation from almost all CFM project managers the Working Group gained increasing momentum during the time of the research. It succeeded in promoting the focus of the Third sector, improving funding, research, and policy advocacy at the federal level for CFM (Anheier & Salamon, 1996; Michael Edwards, 1999).

In contrast, the Third sector organization did not illustrate an influence on local policy. Its relationships with public sector organizations in Acre were cordial, but distant. Differences of opinion interfered with CTA and SEFE's abilities to develop local policy on CFM (P. Bruzzi, personal communication, November 26, 2002; C. Vincente, personal communication, November 27, 2002). CTA preferred to appear accountable to local community members rather than be influenced by local government. However, in doing so, CTA hindered its ability to advocate local policy on behalf of the community. The Third sector stayed true to its dimensions and in this case study CTA illustrated how an extreme desire for *Accountability* has both positive and negative effects on *Policy Advocacy*.

Conclusion

Extractivist communities such as Porto Dias present an opportunity to explore how development policy impacts rural livelihoods in a standing forest. That is not by

encouraging just one source of income but by encouraging many livelihoods in a multiple-use forest. CFM allows communities an alternative that complements incomes such as rubber tapping and brazil nut. Pedro Peixoto experimented with CFM on a small-scale while Porto Dias presents an example on a larger scale. The larger scale of production and commercialization is unusual amongst CFM projects because it increases their complexity. The Third sector partnership in Porto Dias faced many challenges by operating on a larger scale, particularly with business management and community organization. Supported by a strong relationship with the villages of Seringal Porto Dias, however, CTA closely guided project members through the CFM project to an alternative livelihood.

The Third sector addressed in this research is the private, formal and non-profit organizations representing civil society. The partnership with CTA illustrated all four dimensions of the sector: *Legitimacy*, *Accountability*, *Funding* and *Policy Advocacy* in the context of a CFM project. CTA indicated its primary objective was *Accountability*. The Third sector illustrated *Accountability* to the community, which contributed to the *Legitimacy* of CTA as a Third sector organization. It worked extensively to voice community perspective. The Association Seringueira Porto Dias served as a forum for community participation and decision-making. The Third sector organization together with project members completed around 60% of activities in partnership from Pre-harvest activities through to marketing of timber products. A sawmill and training efforts generated additional incomes from timber by-products. The concentrated involvement of CTA in the project, however, also limited the participation of other sectors and the independence of the project members. Its efforts and interest in *Accountability* demonstrated a comparative advantage executing the Administration of the project and suggesting its role within an ISP framework. The project's focus on local participation emphasized the role of project members. Although Porto Dias is not the best example of independence, its intentions were good and it illustrated the importance of encouraging project member's independence. This was initiated by delegating responsibilities for the Harvest phase of the production and commercialization process to project members.

The discussion of administrative responsibilities illustrates how the implementation of a CFM project benefits within an ISP framework from collective

resources as well as a system of checks and balances. All three sectors illustrated positive and negative influences on the Administration of CFM projects, necessitating a system of checks and balances. Following the guidelines in Chapter 3 to implement an internal mechanism for problem-solving, a system of checks and balances provides strategies for transparency and accountability such as reporting that generates solutions to restrict the negative impact of sector characteristics (Fiszbein & Lowden, 1999; GCCI, 2005; Rahardjo, 2000; USAID, 2001; Welford, 2002; Zhang, 2005). Through a system of checks and balances the negative affects of sectors, like the *Institutional Structure* and for-profit pressure, are monitored for their negative impacts and compensated for with resources from the collective, thus suggesting a collaborative advantage over any comparative advantage of the individual sectors.

Although primarily focused on the production process, CTA recruited public sector organizations to assist with training in commercialization, administration and management. The private sector, meanwhile, contributed through leniency in sales contracts. As a partner in CFM the Third sector demonstrated a strong positive influence on the ability of projects to reach sustainable development objectives. Although the intensive production process strained community organization, the Third sector compensated with extensive training. Certification was also facilitated and financed by the Third sector, compensating in part for the external demands certification placed on communities. Certification is often a cost communities cannot afford. Again, ISPs may offer a solution to many of these questions by diversifying interests and providing the checks and balances, described by Welford (2002) and Rahardjo (2000), the certification objective with consideration of its utility in achieving sustainable development.

On the other hand, despite contributing to national political voice through the Working Group on Community Forest Management, CTA demonstrated a weakness when it resisted improving relationships with the local public sector. Although CTA succeeded in assisting the community to meet needs for health clinics and schools, its concerns about *Accountability* led the Third sector to give up its potential to advocate for local policy change. In addition, in spite of reports indicating the positive influence of CFM on community organization, the Third sector partnership illustrated mixed results. Issues of dependence between CTA and project members are worth further research.

Still, the Third sector partnership provided Porto Dias a local voice in national policy. Porto Dias illustrated the value of the Third sector's contributions to CFM and their potential within ISPs.

Chapter 7

Resources of the Private Sector:

The case of Cachoeira

Intro

“All this only makes sense if the private sector plays a part.”
Jorge Viana (Página20, 2004b, translated).

The governor of Acre made this statement when he spoke to the Polo Moveleiro, or furniture industry center, about building a forest-based economy. Acre became a showcase state in the Amazon region when state politicians declared it the “Government of the Forest.” These declarations originated in a history famous because of the efforts of Chico Mendes, his family and friends who struggled to draw attention to deforestation in the region. As rubber tappers their communities depended on the trees for their livelihoods. Chico Mendes travelled internationally to promote the cause, but never did it receive so much attention as when he was murdered. In December 1988, Mendes and others were shot over the dispute on deforestation (Hall, 2000; May, 2002; Viana et al., 2002).

More recently, Nilson Mendes, a cousin of Chico Mendes preached the benefits of forest conservation for its use to sustainable livelihoods. Nilson Mendes served as leader in the Seringal Cachoeira, which was founded a year after the death of Chico Mendes by President José Sarney (Página20, 2002b). The Seringal has since received the Brazilian presidents, Fernando Henrique Cardoso and Luiz Inácio Lula da Silva. The government provided impressive support for the communities in the Seringal Cachoeira. This is partially because of the success of political leaders in the region but also because of the support of political, educational and religious organizations (Página20, 2002b).

As of the year 2000, the state public sector supported sustainable livelihoods by investing in research and infrastructure for the rubber tapping industry (C. Vincente, personal communication, November 27, 2002). With the development of the CFM project this also included timber. The SEFE promoted products obtained from the standing forest and began efforts to attract the private sector. Acre’s governor Jorge Viana thought an excellent way to promote the region’s products was to have them on display in the office. He asked a well-known designer from São Paulo to create furniture for the office using timber from the region and, in particular, from the new CFM project in the Seringal Cachoeira (E. Carmona, personal communication, December 10, 2002). This brought about a new partnership that this time included the private sector.

This chapter examines the contribution of the private sector to the CFM project through the third case study. Although the public sector is the original manager of the project, it is the private sector relationship that is the focus. In a discussion of income generating forms of sustainable livelihoods the presence of the private sector is essential. The private sector understands income generation far better than any other sector and adds a new dimension to the discussion of partnerships. The CFM project and its production process illustrate a small scale production process catering to high quality design. The private sector partnership with Cachoeira illustrates the contributions and untapped potential of private sector dimensions to CFM. Hariss, Hewitt and Robinson (2000) identify four components to promote a competitive market. These are capital, 'know how', information and environment (Harriss et al., 2000). This research identifies four similar dimensions to summarize the private sector, namely: *Capital, Information, Incentives and Environment*.

AMPPAECM

The PAE Chico Mendes was formed in 1987 by INCRA. Located in the Seringal Cachoeira it provides various forms of income in the form of brazil nuts, rubber tapping and subsistence agriculture. It reaches 24,098.61 ha. and is accessible by road. The Associação dos Moradores e Produtores do Projeto de Assentamento Agroextrativista Chico Mendes (AMPPAECM) was established by 20 members in 1995. Its main activity was to organize around the collection of brazil nuts, an industry which included all members of the community. The association now has approximately 50 members within Fazendinha, where its headquarters are located, and 90 members total. The association was already aware of the value of conservation due to its historical ties to Chico Mendes. This led to complications in the introduction of CFM. The local history of rubber tapping fostered a prejudice against logging, because of the connections made with clear-cutting. However, community training led to the eventual understanding that CFM involved management of a standing forest.

AMPPAECM served as the primary representative for the members of the CFM project. The governing council consists of 12 people, six of the executive board (president, vice, treasurer, vice treasurer, first secretary, second secretary) and six fiscal

council members (three staff and three substitutes). Like most associations the elections were held every two years. There was a new president serving his first mandate having taken over for the previous president who transitioned into a leader in the CFM project. The presence of unions²² plays an important part in the history of the region and have provided some of the members of the community with leadership experience useful to the association. A trained secretary was responsible for maintaining records and documents for the association. Together with the treasurer, the secretary maintained the accounts as well. Community members were invited to participate in a meeting and--if interested applies for membership--the association analyzes the case and accepts or denies the new member.

Over time, as the association came to accept the concept of CFM, an increased understanding brought CTA, the community and the city of Xapuri together in 1995 to develop a CFM project. The challenge was to provide alternative incomes within a multiple-use forest. Its objective was to provide alternative incomes that did not interfere with the regions use of non-timber forest products already in use such as rubber tapping and brazil nut. The management plan, begun in 1999, involved nine families and grew to 19 in 2003. Uniting the 100 ha. per family, the total reaches 1900 ha. allocated for CFM. The objective each year included a harvest of 10 ha. per family, creating a 10 year cycle for each family. Out of a possible 90 cubic meters, the first harvest managed 71 cubic meters in 2001. CFM has since risen to become the second most profitable income for the community (P. Roth, personal communication, November 29, 2002).

Most of the income from extractivist communities originates in the informal private sector. Only recently has the potential of extractivism come to the attention of local government and development organizations. Efforts in microfinance are still rare but efforts are increasingly being made to formalize extractive production. CFM fits the State's objectives for developing an economy around a standing forest, and illustrates that multiple livelihoods can and must be maintained in the region to secure rural communities in the forest. Cachoeira illustrates one of the more creative experiments in

²² Cachoeira illustrated several other forms of community organizations through church, associations and cooperatives (Caetano, 2002).

CFM, demonstrating the efforts of public and private sectors to develop sustainable livelihoods for rural communities.

An Original Outlook

After seeing examples of CFM projects that have worked closely with public and Third sectors, the research takes the opportunity to examine a project on the same scale but one that is recognized for its close relationship to the private sector. Although the project received support from the public sector, it also demonstrated a private sector partnership that complemented the research and its discussion of the contributions of each sector. It draws the research towards the greater discussion at hand, ISPs. Combining the efforts of public and private sectors in a CFM project the case study illustrates the development of a strategy employing multilateral partnerships in sustainable development.

Small-scale production and international markets

Similar to Pedro Peixoto, Cachoeira demonstrates a lower intensity production process that provides a stepping-stone for communities in CFM's initial stages. A simplified production process required less technological knowledge and inspired community confidence. However, the CFM project members were only capable of dealing with small quantities and specific sizes of certified timber, giving Cachoeira access to a limited market.

Each family was responsible for their own harvest, contracting out various stages of the production. Using privately owned chainsaws and teams of oxen, project members divide orders for specific timber amongst themselves. Then, they log what is available and process the logs with chainsaws. Each person managed their own equipment. This helped project members build capital and avoided community conflict, because each person was responsible for maintenance and contracting out their own equipment (P. Roth, personal communication, November 29, 2002). Technical aspects of the project were managed by CTA, SEFE and the Technical Assistance and Rural Extension Office (SEATER). A technical assistant always accompanied the various stages of production. The CFM project was recognized for its unusual relationship with the company Aver

Amazônia, which acted as a partner, guaranteeing initial sales and incomes for project members.

The CFM project members led by the project manager used the tree census to locate trees and identify properties then divide the larger order into individual orders for each producer. The project members arranged the rest. Cut and sold in large blocks or rough planks, the timber was primarily sold to Aver Amazônia and the local furniture making cooperative Oficina Escola, or otherwise known as Polo Moveleiro, located in Rio Branco. In 2001, 71 cubic meters were extracted, which later increased to 483.3 cubic meters in 2002 (Caetano, 2002). The way Cachoeira received payments, however, differed from both Pedro Peixoto and Porto Dias. While a collective income of about 37.5% of the profit was paid out, workers also owned their own equipment and accordingly contracted out labor and equipment costs. Since this was primarily chainsaws, oxen and carts, this was feasible informally amongst individual project members.

The marketing of timber products was completed through the association via the CAEX, a local cooperative made up of a number of community associations formed of rubber tappers, brazil nut collectors, CFM project members and others. It handled the legalities, since the community association AMPPAECM did not have for-profit status (Caetano, 2002). CAEX, at one point, represented the greatest private economic force in the municipality of Xapuri. In the creation of jobs and taxes it was second only to the Municipal government office (Michelotti, 2001). The cooperative received 5% of the value of the sale and the association held back 10%, which was divided equally between infrastructure and management, before distributing the rest to producers (Caetano, 2002).

A business opportunity

Cachoeira illustrated the benefits of a private sector partnership when it learned from the experience of Aver Amazônia in the wood products market in São Paulo. As Cachoeira developed a partnership with Aver in the first couple of years, the CFM project obtained certification and generated a profit much faster than many of the CFM projects (P. Roth, personal communication, November 29, 2002). The quick start

demonstrates some of the effects of the incentives provided and efficiency generated by its private sector partnership with Aver.

A dynamic entrepreneur, a businessman and a university professor joined forces to form the company Aver Amazônia and to work with CFM in developing designer wood products. In the beginning Aver Amazônia handled much of the processing after having bought the wood in blocks. Etel Carmona, the entrepreneur-designer, generated much of the added value as the blocks took on her designs and became bowls, vases and small pieces of furniture. With her experience in design and recognized brand, Etel brought a high price tag to her designs. She and Aver kept the majority of the profit when products retailed to a particularly high-end market in São Paulo, New York and London.

Etel describes the partnership as a business opportunity. In her own words, “I offered to pay the market price for the wood produced and the CFM project members happily accepted” (E. Carmona, personal communication, December 10, 2002). Etel knew the niche market offered a profit benefiting both the project members and Aver. She illustrates a key dimension of the private sector. The market and, in turn, private sector organizations are consumer driven. Lane (1991) explains a profit dependent on consumption drives decisions for the private sector. The essence of the market system and heart of the private sector is based on exchange (Lane, 1991). The transactions of one product for another constantly impact decision-making and learning. Without a response there is no action (Lane, 1991). The private sector learns quickly to determine what actions stimulate responses and react accordingly. The exchange is driven by a system of *Incentives* or rewards. Each transaction stimulates tasks or exchanges driven by further *Incentives*. Tasks are assigned to people and, once accomplished, they are rewarded (Lane, 1991). The CFM project quickly saw the return on its production efforts. Through its private sector partnership with Etel, project members were paid immediately for wood. This was significant to stimulating further production efforts and a continuous cycle.

The CFM project also appreciated having a market for their product. In Pedro Peixoto and Porto Dias the market identified by their partners was extremely competitive and not very creative. The private sector partnership for Cachoeira offered

insight into competition, by identifying a niche market which could cater to the limitations of a CFM project. Aver recognized the competition and was driven to develop a unique product from CFM for a national and international market. Literature refers to the necessity of numerous buyers and sellers of any resource or competition for private sector functioning (Parsons, 1996; Stone, 2002). A diversified market is said to promote an entrepreneurial spirit, encouraging new ideas and strategies. This is exactly what occurred in the private sector partnership with Cachoeira. The partnership created a creative outlet for the small scale certified wood products offered by the CFM project.

The emphasis of the private sector on *Incentives* and competition results in private sector efficiency. Project members felt the value of efficiency when they saw such a rapid return on their production. Although this is often perceived as a negative characteristic, this positive efficiency is central to private sector objectives (Lane, 1991). The private sector partnership recognized the importance of mobilizing the CFM project and generating a return. Efficiency was applied to reduce costs and increase profit margins. The theory of voluntary efficiency to produce allocative efficiency suggests that exchanges are based on individual incentives (Stone, 2002). The exchange implies that the products hold a greater value once the exchange has been made or there would not have been interest in the trade (Stone, 2002).

For Aver and the government of Acre, there were certainly benefits to an exchange. As Etel indicated, “I was honoured and excited to be invited up to discuss possibilities of working with the CFM project Cachoeira by Jorge Viana [the governor of Acre]” (E. Carmona, personal communication, December 10, 2002). He saw an opportunity to promote local forest products and she saw an opportunity to work with raw certified forest products. She made trips once a month for almost two years to work with the community in developing products (E. Carmona, personal communication, December 10, 2002). She became aware of unusual tree species and their possibilities on the market. Aver set up a workshop with wood working machines and tools. Besides project members from the CFM project, she worked with the youth in Rio Branco offering training in the workshop. A program was even established for a select few to work in São Paulo for eight months at the main workshop and then return to employment at the workshop in Rio Branco.

What gave the private sector partnership the edge over the other CFM projects in their initial stages, was the experience and knowledge in business management that Aver shared. Aver knew what was necessary to motivate and organize project members using *Incentives*. Aver was informed on the market and the limitations of the CFM project. As Hariss, Hewitt et al. (2000) suggest “Know-how” is crucial to a competitive private sector and *Information* is critical. “Know-how” refers to the human capital required to initiate any market activity and comprises the skills and training necessary to run a business or work in a skilled labor force (Harriss et al., 2000). The private sector use of *Information* plays a role on both the demand and supply side of the market. The private sector places emphasis on the necessity for full *Information* about available alternatives (Stone, 2002). Decision-making in market transactions depends upon the constant flow of *Information* and access to that *Information* results in decisions affecting price, in turn, coordinating the market system (Lane, 1991). *Information* is also essential in production in relation to technology, standards and sources of assistance to keep a business functioning and flexible in accordance with the market. The local wood working workshops facilitated a flow of information from São Paulo to Rio Branco and ensured access to technology and assistance, while also ensuring that standards for wood products were met.

However, this section does not indicate a totally positive impact of private sector dimensions such as *Incentives*. For example, problems occur in market exchange when decisions and actions to an exchange affect the welfare of people who are not a part of the exchange (Parsons, 1996; Stone, 2002). This is particularly important to the larger context of the community hosting the CFM project. The research also raises concerns over the controversial argument in favor of efficiency. The argument suggests that since exchanges make people better off as individuals, therefore, society is better off as a whole (Stone, 2002). However, efficiency is often utilized to rationalize shortcuts to profits. Shortcuts might include cutting job benefits and jobs themselves. Cachoeira illustrates the initial benefits of *Incentives* but then indicates some negative impacts on community organization, which will be discussed in detail later in the chapter. Cachoeira also illustrates how some private sector dimensions were not direct benefits of its private sector partner, instead the contributions were made by the public sector.

Divide and conquer

The public sector was the other significant partner in Cachoeira providing two essential aspects of the private sector, *Capital* and *Environment*. The private sector partnership with Cachoeira failed to illustrate one of the primary benefits of the private sector, which is access to *Capital*. Access to *Capital* is a starting point, for any business. For most private sector organizations, it is available through loans and investors, but this is not the case for CFM. Although the issue of credit was beginning to be addressed there were few options for experiments in sustainable livelihoods. However, a resolution can be found through a private sector partner capable of providing credit. In most CFM projects funding was found in the intergovernmental, Third and public sectors, while the private sector's access to *Capital* is rarely tapped. Private sector organizations, faced with rising pressure for Corporate Social Responsibility (CSR), are making increasing donations to charitable foundations while some have formed partnerships with Third sector organizations, providing stable funding to social and environmental *Policy Advocacy*.

However, in Cachoeira's case, the public sector used *Capital* as means to attract the private sector to the partnership. In order to attract Aver to the region it funded the CFM project and facilitated bureaucracy. In addition, the partnership between Aver, local government and the CFM project illustrated the importance of *Environment* in private sector development, illustrating how closely intertwined the public and private sectors are in creating an *Environment* for sustainable livelihoods. The example of the multilateral partnership amongst two sectors and the association also begins to bring the research closer to the discussion of ISPs.

Cachoeira was quickly functioning with support from public, Third and private sectors. Aver Amazônia facilitated an efficient certification process ensuring demands were completed and deadlines met, while the public sector completed infrastructure and some financial backing for the forest census (P. Roth, personal communication, November 29, 2002). The Third sector offered *Funding* and paid for safety equipment and certification and the project members paid for their own harvesting equipment (V. Viana, personal communication, December 14, 2002). Cooperation amongst the sectors relieved the stress surrounding financing the project.

The CFM project Cachoeira benefited from training and funding available through the informally formed ISPs. These were accessible through partnerships in the production process and were utilized several ways as the CFM project matured. In its first year, about 16% of the production process utilized partnerships. Partnerships existed between public, Third and intergovernmental sectors as the CFM project began to mobilize, but by year two and three, the sectors developed distinct responsibilities. The project members, meanwhile, continued to work on 20% of activities in partnership with the local public sector, IBAMA. An environmental technician from IBAMA accompanied the CFM project for support, although their contributions were kept to a minimum.

Table 13: Partners in Cachoeira

	Local	State	National
Public		SEFE, SEATER	SEBRAE, ProManejo SUFRAMA, IBAMA
Third			WWF, IMAFLORA
Private	CAEX	Aver Amazônia	Etel Interiores, Julia Kratz, Leo Madeiras
Intergovernmental			

As with the first case study Pedro Peixoto the partnerships occurred primarily in preparation for harvest, administration and marketing of the final product, because of the need for technical expertise. In its starting season, already a third of activities were conducted by the project members alone. This was significant in encouraging community independence. The public sector represented another third of activities, although it also indirectly represented contributions of the private sector. The public sector contributed to project infrastructure, but much of the administration and technical assistance represented by this piece of the pie was the influence of the private sector. In

the survey, the response illustrates the work of the project manager, who represented both public and private sector contributions with the actions she took.

Figure 9: Contribution by Sectors to Cachoeira's Production & Commercialization Process –First Year

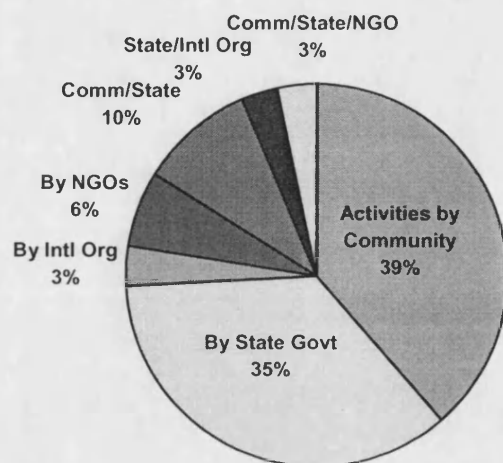
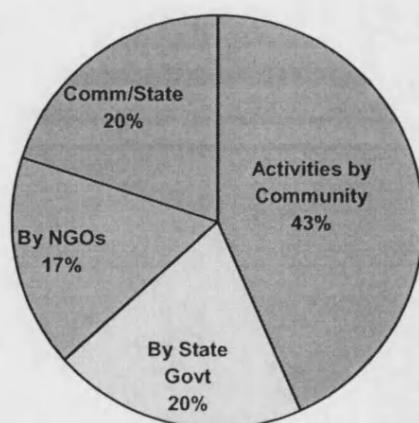


Figure 10: Contribution to Cachoeira by Sectors –Third Year



Although not illustrated in the diagrams, the contributions of the private sector make up a portion of the “Activities by Community.” The nature of the private sector contributions in Cachoeira encouraged project members to complete activities independently. For example, technical instruction was provided while project members completed tasks themselves, therefore, responses on who completed the tasks did not refer to the private sector. Private sector contributions, however, were clarified as interviews entered into further detail. As illustrated in the graph, Cachoeira divides responsibilities amongst various sectors as opposed to Porto Dias where all activities are conducted together with the community. In its first year, Cachoeira recruited partners from all the sectors and received support in numerous activities. By the third year, the project had stabilized and responsibilities were shared amongst public, Third, the unrecognized private sector and the CFM project members. In essence, it had indirectly formed an ISP. Cachoeira represented an example of partnership with a focus on the CFM project as a whole but not on partnerships in individual activities. Utilizing every sector, the project delegated clear responsibilities so that all sectors contributed to the whole.

The individual activities in Cachoeira appear more evenly distributed amongst the various sectors. By the third year work completed by national Third sector organizations and local public sector organizations alone appear around 20% for both. Although direct assistance by the private sector in production and marketing goes unrecognized by statistics, the private sector accompanied the production and commercialization or marketing processes from start to finish with visits by Aver’s company directors. The private sector played a crucial role providing financial guarantees and training for the processing of final products.

Cachoeira illustrates a project in which members alone complete around half of the production process. Given the small-scale production process, project members quickly undertook over 40% of activities. Project members completed the entire production and processing phases independently in the second and third years. Since project members bought their own equipment and financial assistance was provided by the public and Third sectors, the intergovernmental sector was never called upon for funding.

The partnerships established in Cachoeira provided an environment in which project members felt comfortable taking on responsibility. The conducive environment was essential to CFM project members just as it is also essential to the private sector. The *Environment* represents the legal and regulatory policy environment and the physical infrastructure for the private sector. A dynamic private sector relies upon stability and a low-risk environment provided by a clear and consistent legal and judicial system (World Bank, 1995). For example, preventing corruption, previously discussed as prevalent in the Brazilian public and private sectors, depends on having an efficient and effective legal system.

The World Bank identifies both “attractive” and “harsh” environments for the promotion and function of private sector participation (World Bank, 1995). “Attractive business environments” include features such as a clear legal and regulatory system and efficient tax and customs administration (World Bank, 1995). These comprise important conditions for the private sector especially in developing countries. Through a transparent and consistent legal system, conditions are established for secure and flexible transactions that, in turn, adapt quickly to new trends, demands and competition. In the review of Brazil’s public sector, Kenyon and Kapaz (2005) point out that Brazil’s tax system is one of the most inefficient in the world. This has a significant impact on the public sector’s *Institutional Structure*, which is critical to providing and enabling *Environment* for the private sector. A transparent environment and diversified market is provides increased possibilities and decreased risk for entrepreneurs.

Although the other case studies uncovered difficulties with the *Institutional Structure* provided by the public sector, Cachoeira found advantages. Anxious to facilitate the private sector, the state public sector organizations facilitated the CFM project by providing the conducive *Environment* needed. The CFM project found some infrastructure activities were completed more efficiently than the other case studies when timelines involved private sector demands. The advantage in the case of the private sector’s *Environment* dimension was the private sector’s ability to put pressure on the public sector by offering *Incentives*. As long as the public sector recognized it had something to gain, it was willing to facilitate private sector requirements for supporting livelihoods. Evidence of this in Cachoeira is significant, because it illustrates that despite

the obstacles and challenges posed by the Brazilian *Institutional Structure*, partnerships can provide alternatives facilitating cooperation.

Processing with the Private sector

The private sector interest in *Incentives* and efficiency has its comparative advantage in the Processing phase, where it serves a valuable purpose in focusing efforts towards productivity. With 32% of Processing activities in partnerships with the public and Third sectors, the case studies struggled to produce and market their products. Pedro Peixoto and Porto Dias illustrated these difficulties faced in their Processing phases. Only Cachoeira incorporated the private sector and was rewarded. What presented itself as the greatest challenge for CFM, became the most practical use of private sector capabilities.

The private sector partnership with Aver Amazônia enabled Cachoeira to target and to develop products for a niche market to guarantee sales and prices. Although Aver refrained from forwarding *Capital* to the project, it promised immediate payments and invested in training. By providing assurance that it would buy the product and demonstrating its involvement in the project, the private sector provided the confidence and offered the *Incentives* the community members needed in the for-profit venture. With the product in hand, Aver helped set up a workshop with wood working machines and tools, eventually contributing its knowledge of the market for product innovation. Other examples of willing private sector partners were the companies ECOLOG and Julia Krantz, who often cooperated with the inconsistent production and commercialization processes of the CFM projects. As indicated in the discussion of Infrastructure phase, ECOLOG supported CFM by providing financial *Capital* for projects to complete the processing of timber (F. Albuquerque, personal communication, December 13, 2002).

As partnership literature suggested, private sector *Capital*, access to *Information* and *Incentives* combined to provide insight into processing, which was rarely found in the other sectors. Tennyson and Wilde (2000) describe the private sector resources as management and technical skills; equipment; dissemination and distribution capacity; and contacts and spheres of influence. With access to *Capital* and *Information* the private sector provided skills, technologies, resources and access to markets that the

community required for the Harvest and Processing phases of CFM. A competitive edge and emphasis on *Incentives* illustrated in Cachoeira made these resources particularly valuable to the quest for income-generating livelihoods.

Nevertheless, the for-profit aspect of a CFM project needs to proceed with caution. Brown and Kalegaonkar (2000) point out private sector weaknesses such as the disregard for externalities and the lack of integration of long-term concerns. There are also concerns about how far to encourage a project to go to meet the demands of the market and who is to monitor that those demands do not infringe on the rights of other members of the community. These highlight Stone's (2002) concern over decisions made in the market place that affect the welfare of those not involved in the exchange. Dolsak and Ostrom (2003) illustrate how this is especially important when dealing with common-pool resources such as the forest. For example, in the Brazilian Amazon the impacts of logging influence the use of other resources in a multiple-use forest (Smeraldi & Veríssimo, 1999). Since the private sector emphasis on efficiency does not account for the social and environmental considerations necessary for the long-term approach to sustainable development, this discussion indicates once again the importance of a system of checks and balances. The mechanism would encourage the monitoring of partners, for example, encouraging the Third sector to monitor the impact of market incentives on the community and the environment.

As suggested in the discussion of Infrastructure and Administration, the private sector presents untapped resources. The introduction of CFM in Chapter 1 indicates how the for-profit component of CFM contributes to sustainable livelihoods by increasing work hours and providing opportunities to improve welfare and resilience through training and indirect job opportunities for the larger community (Barros & Veríssimo, 2002; Lima et al., 2003; Scoones, 1998; Smeraldi & Veríssimo, 1999). The case studies illustrate that the challenge for CFM projects in the Processing phase stemmed from inexperience with processing, marketing and sales. Cachoeira illustrates how these are addressed utilizing the private sector's comparative advantage. The development of CFM products depends on multiple resources in the Processing phase, all of which are private sector strengths. Private sector *Capital* provides access to tools and machinery for processing. Private sector knowledge and experience in the industry provide the

Information needed to make decisions on product innovation. Meanwhile, training and profit are employed as *Incentives* for community participation. The opportunity to incorporate the private sector into the planning and implementation of productive livelihoods, which is managed within a system of checks and balances, appears as a strong argument in favor of the use of ISPs as a strategy for sustainable development.

Untapped Potential

The concept of sustainable livelihoods involves production processes that generate incomes and preserve the environment. CFM provides an opportunity for Amazonian communities to maintain a sustainable livelihood because it combines making a profit while maintaining a standing forest. The basic for-profit element attached to sustainable livelihoods naturally benefits from the expertise of a sector based on the same principle. For the success of CFM, however, the private sector's *Incentives*, *Information*, *Capital* and *Environment* need to be applied to training, certification, community organization and political voice.

Business Skills

The partnership between Cachoeira and Aver Amazônia benefits from the private sector dimensions of *Capital* and *Information* to provide training. Similar to Porto Dias Cachoeira benefited from standard types of training in multiple areas, but it also benefited from the additional experience of a private sector partner. The project began with workshops from Third sector organizations in forest management and worker safety. Cachoeira also received a course from the public sector organization SEBRAE in small business and simple accounting (P. Roth, personal communication, November 29, 2002). In addition, the project manager helped train the association's secretary in managing information and taking orders. But none were as valuable to the for-profit element in sustainable livelihoods as the experience shared by the private sector.

Private sector dimensions like *Capital* and *Information* were valuable resources to Cachoeira. Aver Amazônia used its financial *Capital* to establish a base in the town of Xapuri close to the project. The nearby base enabled the private sector partner to train community members in the Processing phase of the production and commercialization process. Aver trained workers in woodworking and design and went so far as to develop

a training program in which ten young members of the community traveled south to São Paulo and trained at the headquarters for eight months (E. Carmona, personal communication, December 10, 2002).

The private sector partnership in Cachoeira offered training, making CFM competitive in the formal market (Compradores de Madeira Certificada, personal communication, December 11, 2002; J. Krantz, personal communication, December 12, 2002). This included technical skills and business skills. The project learned lessons in negotiating, marketing, and the tools required by the formal market (ie. contracts) and, of course, the knowledge of taxes and bureaucratic requirements (Grupo de Produtores, 2002).

In addition, training benefited from Aver's *Information* on the market and its experience in finding and developing a niche market. Aver recognized the scale of production at Cachoeira and designed a business opportunity around it. Aver also recognized the competition in the timber market, which encouraged the company to develop new ideas as discussed by Stone (2002). The contrast between training for Cachoeira and Porto Dias is as distinct as the production processes they adopted. After examining its market Cachoeira selected a small-scale production process to appeal to an elite group willing to pay added value for the unique designs given to the certified wood products. Community training in high quality woodcraft was necessary to offer a unique product. Porto Dias illustrated a production process on a larger scale requiring technical training necessary to operate machinery used in small to medium size timber companies. Knowledge and experience in the market influenced decisions on production and processing for both CFM projects. The greater pool of knowledge and experience in the market gained from the partnership with the private sector, consequently, provided a greater advantage to Cachoeira.

The partnerships in Cachoeira illustrated how to tap all sectors to meet the training objective. The Third sector partnership provided technical training, the public sector partnership contributed workshops in small business development and the private sector partnership contributed specialized training in processing. An additional partnership stimulated by the project also resulted in an industrial center in Xapuri offering public sector infrastructure and private sector training. It serves as a model for

ISPs, illustrating how to coordinate the strengths of each sector to accomplish a CFM objective.

A competitive market

As suggested in previous chapters, certification without the support of the Third sector or external organizations is unrealistic for communities. The financial capital necessary for certification is certainly not available to a CFM project just starting out. This pressure on financial capital brought on by certification often influences production methods adopted by communities. Input from companies such as Aver also influence production with their ability to recognize and access niche markets. The private sector illustrated the ability to create and access markets for CFM, using its understanding of competition. Future private sector partnerships have the potential to make additional contributions with financial *Capital* for certification. If its knowledge and experience identified the market in which certified CFM products might be profitable then it should be a willing investor in certification for CFM.

Both Cachoeira and Porto Dias implemented opposite approaches to the production processes for the certified timber market based on the advice of their partners. The implementation of distinct production processes is significant considering that Cachoeira received its certification within a year of its application, while Porto Dias took several years. Many believe that the path taken by the Third sector partnership required a higher level of community organization creating difficulties to achieving certification (T. Azevedo, personal communication, December 1, 2002; P. Bruzzi, personal communication, November 26, 2002). In contrast, others credit the private sector emphasis on *Incentives* and efficiency with the success of Cachoeira over a short time (V. Viana, personal communication, December 14, 2002; E. Carmona, personal communication, December 10, 2002; A. Hummel, personal communication, December 12, 2002). Either way there is an important connection to be made between certification, partnerships and production processes adopted. Sector partners influenced by certification impacted decision-making on production processes for CFM.

Production processes based on certification, in turn, impacted projects' abilities to profit in timber markets. High production costs required to meet certification standards limited the abilities of CFM projects to compete in local markets.

Nevertheless, both Cachoeira and Porto Dias discovered the challenges to a local market with unrealistic prices and a more costly national market. Cachoeira produced smaller quantities but compensated with high quality design. Conversely, Porto Dias competed in a larger market with small to medium sized companies, which produced non-certified timber, or worked with large certified plantations. The numerous buyers and sellers within this market, however, created considerable competition (Parsons, 1996; Stone, 2002). Amongst the Group of Producers in Acre, four out of the five projects turned to the certified timber market in São Paulo, a market which increased logistical difficulties and transportation costs. This was in hopes of finding the 25% increase in value said to exist when reaching an international market (Compradores de Madeira Certificada, personal communication, December 11, 2002). However, as indicated earlier, businesses belonging to the Buyers Group for Certified Forest Products claimed not to pay a higher price for certified wood no matter what the source (Cesare, 2002).

With the high costs of certification seen by the CFM case studies, there was significant pressure on partnerships to determine the most appropriate market. This sort of pressure suggests that a private sector partnership would be most likely to find a solution because of its knowledge of and experience in markets. Cachoeira demonstrates some of the benefits of the private sector partner in developing a small business. The private sector makes a distinct contribution towards certification objective with the resources to develop a marketable product and or develop a market for certified forest products, in addition to its most obvious potential advantage as a resource for *Capital* for certification costs.

Cooperation or conflict?

The history of unions and success of the PT in the area around Cachoeira increased the awareness of the importance of community organization. Its history appears to give the communities an advantage in community organization (Caetano, 2002). The private sector *Incentives* appeared to present an additional advantage, yet the case study also illustrates the dangers of a for-profit emphasis among rural communities. The discussion of for-profit status of local community organizations turns the question first to whether community associations or cooperatives should and can balance the

financial and social demands of a community. The influence of competition then illustrates how it can drive some communities apart.

In Cachoeira, a second private sector partner is found in the CAEX. It illustrates the discussion of the types of community organizations representing the community and the significance of their for-profit and non-profit status. As described by Cachoeira's project manager, "The CAEX has tried to balance both the social and financial objectives, but, over time, its financial demands have definitely taken a priority" (P. Roth, personal communication, November 29, 2002). The AMPPAECM does not hold for-profit status, which means that the CFM project must sell all products produced outside of the partnership with Aver Amazônia through the CAEX. The CAEX's history previously only concerned rubber tapping and brazil nut, respectively (Michelotti, 2001). Now it also manages some sales for CFM. This results in positive and negative impacts on the community.

By working through a middleman, such as the CAEX, the CFM project members receive 10% less profits (Viana et al., 2002). The CAEX is so big that it focuses primarily on its financial objective. On the other hand, this means the local association AMPPAECM can focus on the social needs of the community. Its role in community organization might otherwise become confused by its for-profit status and, in Cachoeira's situation, although community members lose out financially, they may find their social interests better managed.

The example reflects back again on the concerns of Anheier and Salamon (1996) that dwell on the impact of *Funding* and *Accountability* in Third sector or membership-based organizations. Porto Dias illustrated a similar but slightly different example amongst its associations (Caetano, 2002). Similar to Cachoeira, the PAE Porto Dias is also broken into three smaller associations. "Each association has a different objective and livelihood priority: one association focuses on NTFPs, one focuses on CFM and one focuses on fishing," explains the project manager (N. Marcondes, personal communication, November 26, 2002). All three associations focus first on their financial objective, while the larger association the Conselho Nacional dos Seringueiros (CNS) handles the social concerns of the reserve (N. Marcondes, personal communication, November 26, 2002). The question facing community associations on becoming for-

profit should be weighed carefully before making decisions that risk it losing focus of its original objective.

The private sector partnership with Aver demonstrates a second private sector impact on community organization, creating a rift between local communities. It refers to the problems identified by Parsons (1996) and Stone (20002) when market exchange affects people who are not part of the exchange. Cachoeira faced difficulties with two associations, one closer to town and one farther away. Both were approached with the proposal for CFM and both were open to it. However, the association farther away watched the concentrated efforts and benefits arrive first to the association in the front of the reserve and, eventually, envy drove the two villages apart. Observed by the project manager, "The problem is the association closer to town with the easiest access received the majority of services: road, bus, mail, school. This left the association farther away feeling it was unfair" (P. Roth, personal communication, November 29, 2002). In this case *Incentives* had not been distributed evenly in the process of exchange and it created division instead of fostering cooperation.

The other side of that argument, fostering cooperation, can also be made in favor of private sector partnerships for community organization. The emphasis on *Incentives* gave Cachoeira a greater sense of progress. The CFM project's foundation established on individual and collective *Incentives* offered clear objectives for project members linked to financial reward. Cachoeira was encouraged to take individual responsibility demonstrated by the emphasis on the individual ownership of tools. The private sector partnership illustrated how emphasis on efficiency and financial incentives might encourage community organization. Still, the partnership also demonstrates little acknowledgement of the social and collective dimensions of community organization. In Cachoeira the private sector emphasis on efficiency also appears to push the community to develop too quickly, not considering the negative affects of *Incentives* and for-profit objectives on community organization. The private sector influence on the community organization objective provided mixed results, offering a note of caution to arguments surrounding their potential in the development of sustainable livelihoods.

Political incentive

Although impacts on community organization proved worrisome, private sector impacts on political voice were welcomed. In Cachoeira the motivation behind policy change to facilitate CFM originated in the desire to accommodate the private sector. Anxious to satisfy Acre's Amazonia and encourage further investment from other private sector organizations the public sector created an *Environment* recognized as essential to the private sector by the World Bank (1995). Although local bureaucracy still challenged Cachoeira, the CFM project appeared to have the most conducive relationship with the public sector, because of its private sector partnership.

The public sector had a history with Cachoeira, which led to significant public sector support in founding the CFM project but also in recruiting the private sector to participate in the project. It exemplified the potential for the public sector's *Use of Organizations* that was missing in Pedro Peixoto. The public sector made efforts to create an *Environment* conducive to the private sector, one in which the private sector held considerable influence on political voice. The private sector had access to the ear of Acre's governor, Jorge Viana. The private sector emphasis on *Incentives* stimulated efficiency in the public sector and the attraction of its investment *Capital* contributed to increased political voice (Lane, 1991).

Given the proper *Environment* the private sector partnership flourished and, in turn, generated greater political influence for Cachoeira. The partnership linking public and private sectors and Cachoeira was anxious to make the CFM project a success for social but also political and public relations reasons. Evidence of the political influence was demonstrated when the town of Xapuri received state public sector support through FUNTAC to develop a center for wood furniture production (Polo Moveleiro) and to expand local industry (Caetano, 2002). It was a form of *Incentives* recognizing, as Parsons (1996) suggests, the necessity for numerous buyers and sellers to develop a market by encouraging community participation.

In dealing with the federal bureaucratic demands of CFM, however, Cachoeira received minimal special treatment and experienced many of the same difficulties faced by the other two projects in sorting through the bureaucracy (P. Roth, personal communication, November 29, 2002). Similar to Pedro Peixoto's partnership with the

public sector, Cachoeira did not benefit from local cooperation in dealing with bureaucracy. The benefits to political voice derived from public sector cooperation for Cachoeira, instead, were associated with the influence of the private sector on the state level.

Despite the fact, private sector organizations in the industry also illustrated alternatives, again demonstrating the potential of private sector partnerships in CFM. Private sector organizations in Acre were quick to recognize when things would not be changing quickly and illustrated the “Know-how” to efficiently maneuver legal paperwork (Harriss et al., 2000). They realized the financial value of time essential to the efficiency discussed by Stone (2002) and were willing to compensate for it in order to avoid the bureaucracy. As described by a medium-sized logging company, “Large companies are willing to pay a lawyer or assistant to accompany the paperwork, which is even more efficient in providing the gentle encouragement necessary for it [transport authorizations] to move from desk to desk in IBAMA” (F. Oliveira, personal communication, November 27, 2002).

The private sector partnership with Cachoeira illustrates the importance of a stable and low-risk *Environment*. It acknowledges the necessity of public sector cooperation to create this environment in order to be efficient. The CFM project illustrates the impact of the private sector on political voice, by its ability to offer *Capital* and *Information* to the public sector. Altogether, actions taken by a private sector partner foster public sector support for their partners in CFM projects, generating political voice.

Conclusion

The value of a private sector partner becomes evident in the pursuit of sustainable livelihood projects oriented towards income generation. As Cachoeira illustrates, the private sector understands income generation far better than any other sector. It is defined by the market and the exchange of goods and plays a role globally in both formal and informal markets. The informal market presents significant opportunities for sustainable development through sustainable livelihoods once a

strategy is identified that enables communities to formalize their forest and non-timber forest products.

Cachoeira suggests a strategy that would provide the framework for communities to do so. Through partnerships with the private sector the CFM project mobilized a sustainable livelihood. The project adopted a simplified production process that, consequently, enabled the community to adjust and adapt quickly. Unlike the two previous CFM projects, Cachoeira delegated responsibilities amongst public, Third and private sectors to achieve its objectives. The technical assistance provided by partners and the small-scale production process soon enabled project members to complete almost half of production and commercialization activities.

The research identified four primary dimensions of the private sector: *Incentives*, *Information*, *Capital* and *Environment*. All four were illustrated in Cachoeira. Recognized as the basis for exchange, competition and efficiency in the private sector, *Incentives* encouraged project members to mobilize. The *Information* shared by Aver Amazônia catered the production and processing phases to meet the needs of the project members and the market. The dynamic of the project with public and private sectors supports arguments on the benefits to ISPs, by demonstrating how two sectors could share in the mutual gain of individual investments. Receiving significant public sector support, the CFM project hardly needed to tap the private sector's abilities to procure *Capital*. Meanwhile, in efforts to facilitate the success of the project both public and private sectors contributed to an enabling environment, addressing the *Action Environment* of the public and the *Environment* of the private, allowing both sectors to work more efficiently.

The result facilitated meeting the CFM objectives for Cachoeira. Aver could mobilize its private sector resources and capabilities to use its knowledge and experience (*Information*) to encourage training and develop a production process around a marketable certified product. The only resource left untapped was the financial *Capital* of the private sector. Alternatively, the community organization objective gave cause for concern and could be interpreted either positively or negatively. Focus could be placed on individual responsibility and community organization, stimulated by private sector *Incentives* and demonstrated by the ownership of tools, or the focus could be on the

pressure placed on the community because of private sector emphasis on efficiency. However, the impact of the private sector on political voice was clearly positive. The private sector partnerships influenced the State and created a high profile for the project on the national level. Despite being limited by the federal bureaucracy, the private sector also illustrated the potential to deal with it creatively. Altogether Cachoeira demonstrated a positive impact on training and political voice because of its abilities to mobilize *Capital* and *Information* and, although future private sector roles in certification and community organization are unclear, its efforts in all three case studies illustrate the potential benefits worthy of incorporating the sectors within an ISP framework.

Cachoeira illustrates some of the additional benefits of ISPs simply by incorporating the public and private sectors in partnership. With a simplified production process Cachoeira mirrors the approach taken by Pedro Peixoto and contrasts with Porto Dias. Its scale allowed for a unique relationship to develop with the private sector; nevertheless, due to the entrepreneurial nature of Etel Carmona, it is difficult to assess the replicability of Cachoeira. Still, it is important to note the type of private sector organization willing and capable of such efforts. The CFM project suggests that smaller private sector organizations have a lot to offer CFM projects. Other small businesses have demonstrated interest in similar partnerships with CFM projects (Compradores de Madeira Certificada, personal communication, December 11, 2002). This illustrates potential for ISPs if the businesses prove committed to making CFM and the partnership work. Cachoeira suggests that the private sector organizations should contribute their dimensions of *Incentives*, *Information*, *Capital* and *Environment* to the production and commercialization process in CFM and would, in turn, be valuable to ISPs in sustainable development.

Comparative advantage is recommended as a valuable strategic component to the formation of ISPs, being essential to optimizing the use of sector resources and capabilities and applicable to the evolving dynamic of CFM projects (Brinkerhoff, 2002; Waddell, 1999; Zhang, 2005). With this in mind, the research analyzed the resources and capabilities of the public, Third, private and intergovernmental sectors to fulfill the responsibilities demanded of an ISP in CFM. It began with the discussion of the

advantages to an intergovernmental sector as mediator. The discussion in Chapter 5 determined the benefits to the public sector over the private for Infrastructure responsibilities. Chapter 6 presents the discussion of the Third sector's slight advantage in the Administration phase, but emphasizes the benefits of a system of checks and balances to manage public, Third and private sector contributions in the Administration of the project (Fiszbein & Lowden, 1999; Rahardjo, 2000; Welford, 2002; Zhang, 2005). The private sector proves to have a particular advantage in the Processing phase of production and commercialization, benefiting from its access to *Capital*, *Information* and *Incentives* for the creation of for-profit livelihoods, although it too is ideally monitored within a system of checks and balances.

All of these responsibilities revolve around the central figures to the CFM projects. Remembering the objective of the CFM projects to produce income-generating alternatives to communities, the research recognizes the importance of empowering project members with increasing responsibility for the CFM project. The contribution of the project members to the Harvest phase illustrated the completion of activities independent of external assistance, the first step in the creation of productive livelihoods with long-term possibilities.

Responding to the first part of the research question, CFM benefits as a productive livelihood from ISPs strategically formed to optimize comparative advantages and leading to a gradual transfer of knowledge to project members. However, the question remains as to whether the the collective resources and checks and balances claimed by ISP proponents offer an added value beyond the implementation of productive livelihoods to address the economic, environmental, social and political challenges to CFM that arise in the creation of sustainable livelihoods.

Chapter 8

Intersectoral Partnerships:

Recognizing their problems and potential

Overview

The question central to this research is how to create sustainable livelihoods with a strategy that bridges economic, environmental, social and political systems to promote sustainable development. It calls upon a strategy which links local communities to the external world through a range of resources. Applied in the planning and implementation of sustainable livelihoods, ISPs have the potential to facilitate linkages between local income generation and natural resources management. Dolsak and Ostrom (2003, p.18) describe economic globalization as an opportunity "...for users of local common-pool resources to access larger markets in which they can sell goods and services originating from the use of those resources." Through local, national and international linkages to markets and political systems partnerships enable development programs to address poverty and the environment locally and globally.

Explored in this research, the Brazilian Amazon provides an opportunity to pursue this dynamic. Historically, although 7% of GNP is generated by the Brazilian Amazon, only 3% of federal investments in research and development are directed to the region (Clement et al., 2004). These figures indicate the Amazon is paying for the research and development of other regions in Brazil when, instead, the region needs the investment itself. Timber production, from its initial steps in planning through to the sale of a final product, offers viable opportunities for CFM (Amaral & Neto, 2000; Lima et al., 2003; Melo Neto, 1999; Smith, 2000). The 250,000 jobs directly generated and US\$2.5 billion in annual revenues from the timber industry would offer ample opportunities to rural communities (Lima et al., 2003).

Beginning by examining the role of sectors in development, the research traced back development theory to discover the gradual recognition of sector resources and their unique contributions to sustainable development. Development theory and practice had evolved to adjust and adapt to dynamic social and environmental challenges such as poverty and deforestation. Globally, the end of the Cold War brought about a new redistribution of power among states, markets and civil society (Heap, 2000). National governments not only lost autonomy but began to share power with Third, private and intergovernmental sectors (Heap, 2000; Mathews, 1997). Trends such as

decentralization, structural adjustment and social capital led to increased discussion of partnerships (Fiszbein & Lowden, 1999; Jones, 2004). While at the same time, the increasing complexity of sustainable development challenges demanded greater cooperation (Covey, 2001). The 90s hosted an extensive discussion on cooperation and partnerships (Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997; Evans, 1997; Harriss et al., 2000; Ostrom, 1996; Sikkink, 1993). The 21st Century opened the discussion to Intersectoral Partnerships (Brown & Kalegaonkar, 2000; Otiso, 2003; USAID, 2001; Warner & Sullivan, 2004; Yakovleva & Alabaster, 2003).

The precarious balance between social and environmental development in the Brazilian Amazon offered an opportunity to investigate partnerships as a strategy for sustainable development. Three CFM projects, in particular, demonstrated the roles of society's primary sectors in partnerships promoting CFM and sustainable livelihoods. Pedro Peixoto, Porto Dias and Cachoeira each illustrated the role of the public, Third and private sectors, respectively. The research reviewed literature on sectors and observed their contributions in case studies to identify the present and potential roles of sectors in partnerships. A structured interview of the production and commercialization process of CFM projects allowed for an analysis of specific sector contributions. The results identified the strengths and weaknesses of sectors in phases of the production and commercialization process in order to determine whether sectors would hold conflicting or complementary roles in ISPs promoting sustainable livelihoods.

Applying the concept of comparative advantage, each sector was examined to determine how its strengths and weaknesses might be applied to the production and commercialization process of CFM within an ISP framework. The organization of the ISP for the production and commercialization process of CFM depended heavily on the public sector's use of human resources and Third sector's interest in accountability during Pre-harvest activities, providing technical assistance with the construction of stockyards and with data collection and processing for the CFM management plan. Both sectors illustrated particularly important roles in laying the groundwork for the project, facilitating concerns from the local community and dealing with the public sector's institutional structure. Securing funding and aid coordination from Third and

Intergovernmental sectors was also crucial to the project at this stage. The public sector played a valuable role in large-scale infrastructure, which communities depended on for access to markets. Meanwhile, project administration was primarily facilitated by Third sector efforts at the local level and interests in accountability. As plans turned to action, the project members assumed responsibilities for the Harvest phase. The role of the private sector peaked once the timber was harvested and the Processing began. Its access to information through experience in the wood and timber markets gave it a unique perspective on product innovation and development. Functioning within an ISP, these sector strengths, illustrated in the case studies, are ideally coordinated by a mediator such as the intergovernmental sector. These conclusions offer insight into how ISPs might provide a proactive and practical solution to the implementation of CFM projects. This research took the first step towards analyzing the theories and claims of ISP proponents by determining whether access to the collective resources of partnerships is indeed useful and whether they would conflict or complement each other when utilized within a sustainable livelihood project.

The fundamental challenges to CFM as a sustainable livelihood and as a form of sustainable development were identified as its production and commercialization process, training, certification, community organization and political voice. In chapters 5, 6 and 7 the research has described how each sector has reacted to these challenges individually. The research discussed how those resources and capabilities might be organized and delegated amongst sectors according to comparative advantages within an ISP framework to contribute to the production and commercialization process and, consequently, to create productive livelihoods for the present generation. However, resolving how to proactively approach the challenge of production and commercialization does not secure a project's sustainability. In order to create livelihoods for future generations via ISPs, the research must also determine how ISPs provide added value as a sustainable development strategy by utilizing resources and capabilities as a team in order to address, in this case, the challenges to CFM of training, certification, community organization and political voice.

The proactive potential of ISPs became evident after recognizing their use as a problem-solving tool amongst the CFM projects. By forming partnerships, CFM projects

recruited sector resources and capabilities in the short term, in what projects assumed would be the brief implementation phase of the project. However, developing means to sustainable livelihoods through CFM proved to be much more complex. It demanded a long-term approach necessitating a major time commitment from partners and the balance of power amongst partners for ISPs to succeed as a strategy for sustainable development.

The advantages of ISPs are proposed to be the collective resources and a system of checks and balances that enable it to address the challenges to sustainable development for present and future generations. This chapter begins by examining the added value proposed of the ISP framework to determine how the ISP framework provides the collective resources and system of checks and balances to resolve them. The chapter then proceeds to emphasize the challenges posed to ISPs and the preconditions of time and balance of power demanded by a long-term approach to sustainable development through ISPs. It then concludes with a discussion of the potential of ISPs nationally and internationally as a strategy for sustainable development.

Teamwork, the added value of ISPs

The identification of comparative advantages by this research responded to CFM stakeholders' primary concern with the production and commercialization process of CFM projects and resulted in the identification of how sector puzzle pieces fit together within an ISP to offer a proactive strategy to address it. However, determining a strategy for production and commercialization processes does not ensure the success of CFM as a sustainable livelihood. CFM requires training in technical knowledge and business management to meet economic opportunities. Certification standards demand attention for both social and environmental impacts in pursuit of economic opportunities, therefore, linking all three systems. Community organization is required during the implementation of livelihoods to address social concerns and provides a forum to discuss training, certification and political concerns. Providing rural communities with political voice enables them to indicate their needs, wants and intentions for all four elements of sustainable development. Meeting these four CFM objectives, serving as

indicators of sustainability for CFM, determines whether ISPs provide the resources and capabilities to CFM projects to manage the challenges to sustainable livelihoods over the long-term, and thus dictating the potential of ISPs to serve as a strategy for sustainable development.

Evidence provided by partnership literature and the case studies indicate that ISPs offer the framework for CFM projects to do so in two ways. First, by providing access to a diverse set of resources and capabilities that also promotes teamwork amongst public, Third, private and intergovernmental sectors. Second, by providing a system of checks and balances that encourages transparency and the monitoring of the actions and reactions of sectors through multi-stakeholder participation (Fiszbein & Lowden, 1999; Rahardjo, 2000; Welford, 2002; Zhang, 2005). Both the collective resources and the system of checks and balances are essential to transform productive livelihoods into sustainable livelihoods. However, as discovered through the sustainability analysis of the case studies, these two are only available through the collaborative advantage offered by teamwork in the ISP framework.

Training project members together

The requirements for technical and management training demonstrated by the case studies and identified by stakeholders to reap long-term benefits, called upon the combined resources and capabilities of all sectors. Fortunately, each of the three case studies also illustrated how each sector contributed to meeting training requirements. Porto Dias illustrated the Third sector abilities in technical knowledge and, in addition, pursued relationships with public and private sectors to facilitate training for CFM projects. Pedro Peixoto demonstrated the resources and capabilities of the public sector for technical training and Cachoeira illustrated private sector talents in hands-on technical and management training. Meanwhile, financial resources such as capital, funding and aid coordination from the private, Third and intergovernmental sectors made it all possible.

The Third sector contributions to training illustrate its ability to monitor and facilitate the needs of the project. The training conducted by the Third sector emphasized its role in the beginning of the CFM project. Training incorporated activities in the Pre-harvest phase such as forest census, collection of data and cutting of vines, all

of which were easily transferable skills that would enable the project to offer environmental services as part of CFM. Supported by the findings in Mayers and Vermeulen (2002) and Warner and Sullivan (2004), Third sector partnerships facilitated access to technical knowledge and capacity building and shared it on a local level. Made evident in this research, the Third sector was able to recruit and organize public sector organizations such as SEBRAE and its sister organization SENAI to provide training through the ability to attract funding. The Third sector's funding resources coupled with the public sector's use of organizations enabled Porto Dias to receive training in almost all phases of the production and commercialization process. The advantages to teamwork were evident as the two were brought together.

This dynamic, however, illustrated a weakness in the public sector's efforts towards training. Apart from the use of human resources in Pedro Peixoto, the public sector demonstrated relatively little participation in the CFM projects. On the one hand, the public sector partnerships in the Harvest Planning phases benefited from the public sector's use of human resources. Pedro Peixoto exemplified this role by providing technical assistance with an "in-house" forest technician throughout the production and commercialization process. This phase in the production and commercialization process demanded forestry expertise and in some cases technical equipment both of which were available through the public sector. On the other hand, there was little to no formal training available in the region for rural communities in CFM. Few technical schools or university programs existed for formal training as forest technicians and even fewer opportunities existed for rural communities to access technical training in forest management. Despite their potential, the Brazilian "S" system organizations were underutilized in technical and management training in CFM. The valuable resources available through the public sector's use of organizations indicated significant training capabilities and yet they were only mobilized through partnerships with the Third sector.

Similar to the public sector, the private sector offered hands-on training through the concentrated efforts of one or two stakeholders. Both public and private experiences illustrate how the transfer of knowledge depended primarily on one technician. This highlights the need for technical knowledge that is easily transferable. As suggested by the now Secretary of the Environment and Sustainable Development for Amazonas,

Virgilio Viana, "...the long-term benefits of technical training depend on making knowledge easily transferred amongst literate and illiterate community members" (V. Viana, personal communication, December 14, 2002). In doing so, once technical skills are taught to one group the knowledge might be easily passed along to others in the community serving as a long-term strategy encouraging sustainable livelihoods.

Described in Chapter 7, the investment of the private sector resources of capital, information and incentives in the training and capacity building of CFM projects such as Cachoeira recognizes the value of returns on training for the future. Besides local training opportunities, Etel Carmona generated skills to sustain livelihoods over the long-term by offering an exchange program to train the community's youth in woodworking in the Processing phase. In addition, by working closely with the private sector, the members of Cachoeira learned the value of clear communication with buyers (P. Roth, personal communication, November 29, 2002). The private sector offered a wealth of information from its experience that was applicable to product innovation and development, as well as marketing and negotiations.

In the experience of all CFM projects communication and negotiation skills with buyers proved to be invaluable for the sustainability of the for-profit venture and CFM as a sustainable livelihood (F. Albuquerque, personal communication, December 13, 2002; P. Bruzzi, personal communication, November 26, 2002; Compradores de Madeira Certificada, personal communication, December 11, 2002; J. Krantz, personal communication, December 12, 2002; N. Marcondes, personal communication, November 26, 2002; F. Oliveira, personal communication, November 27, 2002; M.V. Oliveira, personal communication, November 25, 2002; P. Waldorf, personal communication, December 9, 2002). However, training in small business skills was absent amongst the majority of CFM projects. Both Pedro Peixoto and Porto Dias lacked enough training and experience in business skills to encourage the creativity and efficiency necessary to establish confidence in their long-term abilities to compete in a for-profit market. The public and private sectors' resources and capabilities suggest a much greater role for the two sectors assisting projects in training.

Training, in both technical and business skills, impacts the sustainability of CFM projects, because they are the opportunity to provide the project members with the skills

to adopt the project and independently continue the project into the future. Training, otherwise described as capacity building, generated direct and indirect jobs for the community in which the project was based and influenced more than its project members (Ashman, 2000; Azevedo, Lima, Sobral, Smeraldi, & Adalberto Veríssimo, 2002; Chambers & Conway, 1992; Edmunds & Wollenberg, 2002; FAO, 2004; Mayers & Vermeulen, 2002; Weber, 2003). The women associated with the CFM projects, but not included in the CFM projects themselves, depended on training to take advantage of the indirect income generating opportunities of CFM. As indicated by project managers, crafts projects utilizing timber by-products offered valuable opportunities to expand the impact of the project on the community to women and youth (N. Marcondes, personal communication, November 26, 2002; P. Roth, personal communication, November 29, 2002). Recognized as an integral part of Brazilian programs directed at gender and poverty alleviation, training within CFM projects offered opportunities to direct gender-focused development, where federal programs are restricted by finite resources (Macaulay, 2003).

The experiences of the CFM projects suggest that the effect of the project on job creation influenced community members' attitude towards the CFM project. The more jobs and increase in incomes directly and indirectly generated by the project then the more willing the community was to make efforts to keep the project functioning for future generations. This evidence suggests the value of adopting a framework utilizing collective resources and capabilities to optimize training for a CFM project. Cachoeira illustrated one example of how training capabilities might be maximized, drawing upon the comparative advantages of sectors within an ISP framework. The Third sector organized technical workshops, the public sector provided the infrastructure for a training center and the private sector trained community members in product innovation and processing. Recognition of ISPs as a development strategy for meeting the training objective can be found in the Sustainable Business Service, launched by the Brazilian Amazon branch of Friends of the Earth. Its training opportunities for small-scale community initiatives in the Amazon region were recognized by FAO for its impact on forest communities (Amigos da Terra, 2004). The service coordinates partnerships with local public, Third and private sector organizations to offer technical, legal, marketing

and business management support (Amigos da Terra, 2004). In doing so, it creates ISPs by pooling resources and capabilities to strengthen local industries.

Future policy initiatives have also begun at the State level. Jorge Viana, governor of Acre, announced that only processed logs will be allowed to leave the state. This is an effort to encourage all processing (and profits) to remain within the state, therefore, stimulating local industries linked to timber (Maia, 2003). The policy benefits many of the CFM projects by encouraging infrastructure investments within Acre. In addition, Porto Dias will benefit from the help of the International Timber Trade Organization (ITTO), whose plans include the donation of more than R\$100 thousand (US\$41,800) in modern machines to enable Porto Dias to produce fine furniture on a large scale. The partnership amongst the intergovernmental sector, ITTO; the public sector, SENAI; Third sector, CTA; and the local association will provide technical training in product innovation (Maia, 2003). State policy now provides the context or action environment, but relies on an ISP to facilitate the financial investments and resources to meet the market demands for training as the forest industry grows. Uniting the financial resources of sectors creates the potential for a wider influence and greater impact (Fiszbein & Lowden, 1999; USAID, 2001; Warner & Sullivan, 2004).

Meeting the demands of certification together

Although the Third sector plays a major role in the certification of CFM projects, both public and private sectors hold valuable potential resources for future certification. Partnerships with the Third sector provided the certifying body, the training workshops and the financing of the certification process. The public sector, meanwhile, struggled to develop a certification system of its own.

As described in Chapter 5, the public sector attempted to set standards for Brazilian forest certification through CERFLOR. Its interest in a certification system, however, recognized the need for alternative tools to battle deforestation, where previous resources such as institutional structure, use of organizations and use of human resources had failed. The complexity of deforestation demonstrates to be too difficult for the public sector to address alone. Instead, certification presents an ideal opportunity for partnerships similar to those described by Ostrom (1996) as co-production, one in which

the public sector may turn to the resources and capabilities of the Third sector to provide service delivery.

Recognizing a need, the Third sector was first to set international environmental standards in forestry (Brandlmaier & Rainey, 2002). The FSC became a driving force behind international environmental certification. CFM projects became a primary target for FSC certification since their objectives coincided with Third sector interests in environmental policy advocacy. Both CFM projects and Third sector certifying organizations aimed to link social with environmental development through the market system. As illustrated by all three CFM case studies, the Third sector took full responsibility for promoting and facilitating the certification process, in hopes of discouraging illegal logging in rural communities. However, the whole-hearted efforts of the Third sector are interpreted in two ways. On the one hand, the Third sector used its access to funding and interest in policy advocacy to back up its decision in favor of certification and paid the fees for Pedro Peixoto, Porto Dias and Cachoeira, amongst others. On the other hand, its resolution to help CFM projects achieve certification also raised concerns about their accountability to project members as well as surrounding community members. Despite the best interests of Third sector organizations and the FSC process, there was little evidence of the certification decision made on a local level (Jones, 2003).

The intentions of certification offered by the Third sector were to set environmental and social standards which ensured that productive livelihoods become sustainable livelihoods, adopting a long-term approach to developing sustainability. As the initiative expands, FSC standards have increasingly focused on the social aspects in addition to environmental concerns. FSC environmental certification of small groups requires special attention to culture and livelihoods, recognizing the need to address the concerns of project members but also to observe the impact of forestry on the community (FSC, 2002). In turn, small group certification claims to maintain communities in the forest to provide environmental services and promote sustainable development in and around the standing natural forest (FSC, 2002).

In contrast to the Third sector, the private sector interest in certification is motivated primarily by profit. FSC certification is claimed to open markets, guarantee

quality, increase profit margins and facilitate marketing and, therefore, attracts the interest of timber buyers (Compradores de Madeira Certificada, personal communication, December 11, 2002). Even though not all claims prove to be true, companies indicate that they still stand to benefit (Compradores de Madeira Certificada, personal communication, December 11, 2002).

Although the private sector interest as a for-profit sector does not suit responsibilities in the creation of certification standards, it does offer potential contributions to a partnership formed to meet certification standards. The for-profit motive behind the private sector takes priority over the best of its intentions to create environmental and social standards and, therefore, prevents it from being a candidate for standard-setting responsibilities. However, the private sector emphasis on profit incentives encouraged Cachoeira to quickly meet certification demands, becoming the first CFM project to be FSC certified. In addition, the private sector influenced Cachoeira's Processing phase by orienting production techniques to products marketed with the certification label. Demonstrating the potential of private sector contributions to certification, Aver Amazônia utilized information resources to develop a certified product for a niche market. Its knowledge and experience in the formal market recognized the added value of certification in marketing and determined processing techniques that maximized its value on the market. The private sector potential, as illustrated by Cachoeira, existed in creating a profitable product that would, consequently, provide incentives for project members to maintain environmental standards over the long-term.

Generally, partnerships in certification have all but the private sector already on board CFM projects. Pedro Peixoto and Porto Dias united public, Third and intergovernmental sectors behind the cause. For example, CTA partnered with SEFE (public), WWF (Third), OIMT (Organização Internacional de Madeiras Tropicais) and ITTO (both intergovernmental) (Maia, 2003; Viana, 2002). However, ISPs including all four could be found in indirect partnerships in The Buyers Group for Certified Forest Products, which united public, Third, private and intergovernmental sectors around certification issues (Cesare, 2002). Other indirect forms of ISPs support the Certified Forest Product Fair (Feira de Produtos Florestais Certificados) in Latin America, which

was first held in São Paulo on April 17th, 2004 (IMAFLOA, 2004). It united the 50 businesses certified by the FSC with 2000 participants, including designers, entrepreneurs, artisans, government officials and representatives of extractive communities in the Amazon.

The success of certification initiatives, however, also indicates that ISPs are not necessary for certification. The conclusion, instead, is that ISPs would significantly facilitate the certification process and its long-term potential in the future, but are not as essential to its success as they prove to be to training, community organization and political voice objectives. Conversely, although the Third sector succeeds in carrying the responsibilities alone, CFM projects have shown to benefit from the resources and capabilities of the public and private sectors. In addition, within the ISP framework project members also find measures to ensure accountability, enabling the project to determine whether certification is truly in the best interests of the CFM project at a particular time.

Certification illustrates how cooperation to meet environmental objectives for sustainable development improves mutual gain, despite the fact that individual motives may differ. The public sector contributes by continuing to improve regulations and minimize bureaucracy and benefits by being relieved of some of its forest monitoring and enforcement duties. The Third sector contributes by funding certification and benefits by promoting environmental policy, while the private sector contributes by using incentives and information to encourage local participation in the creation of profitable products and benefits from the profit generated by the added value brought to products by certification. The intersectoral sector contributes funding through aid coordination and benefits from the long-term approach promoting international sustainable development policies towards deforestation and livelihoods. These contributions and benefits re-enforce the ISP by sharing responsibilities and gains, which encourage the financing and facilitation of the certification objective through a diverse set of resources.

The Amazon produces around 28 million cubic meters of logs of which only between 280 and 360 thousand cubic meters are certified. IMAZON detected a demand for certified wood at 20% of the market or 1.2 million cubic meters, yet there is still little

available to meet this demand (Azevedo et al., 2002). Cachoeira illustrates how the knowledge and experience of the private sector offers the opportunity to exploit this demand in the future. Although the financial returns of certification may not necessarily ensure sustainability, the benefits of certification appear to be international recognition for the CFM project, consequently leading to the funding necessary to carry the project until it has the skills to work independently (T. Azevedo, personal communication, December 1, 2002; M.J. Gontijo, personal communication, October 18, 2002; A. Hummel, personal communication, December 12, 2002). In conjunction, project managers indicate that over the course of the projects project members become more conscientious of the environmental services they provide for the State, thus, suggesting an increased awareness of their role and the power it holds (P. Bruzzi, personal communication, November 26, 2002; N. Marcondes, personal communication, November 26, 2002; P. Roth, personal communication, November 29, 2002). Future policy goals for Acre such as those instituted by the Governor Jorge Viana suggest significant potential for ISPs promoting certification. Since gaining office one goal has been to guarantee that 25% of the state's forests, close to four million hectares, are sustainably managed (Certificação, 2003). Viana's objective includes certification of the state forest of Antimari, which totals 66,168 hectares and supplies timber on the local market (Certificação, 2003).

Organizing the community together

"While, at times, it may be difficult for them to collaborate, the scale of today's social and environmental problems requires it."

Gavin Power, public affairs director of the UN Global Compact, referring to a study that calls on NGOs to develop a better understanding of business and to form effective partnerships with private and public sectors to address the social impact of globalization. – Financial Times, June 25th, 2003.

Community organization presented the most complex challenge to CFM. No one sector manifested a capability to address all its related issues such as land tenure, community independence and community management. However, the argument in favor of ISPs presents an alternative strategy to address the complex social dilemma (Brown & Kalegaonkar, 2000; Brown & Waddell, 1997; Charlton & Wilson, 1997; Harriss et al., 2000). The combined approaches of the public, Third and private sectors contribute

multiple perspectives which create an extensive resource base from which the ISP may alter and adjust its approach to community organization according to the unique contexts of each project. In addition, community organization depends on a system of checks and balances to manage the varied interests and perspectives, so that they are directed toward sustainable development.

The bureaucracy and confusion over land tenure creates one of the most obvious yet difficult challenges to community organization for CFM projects. The public sector's institutional structure has caused confusion as the rules and procedures that govern land tenure over the decades have become increasingly complicated. Through its use of organizations public sector organizations, IBAMA and INCRA, are responsible for a growing number of rural settlements in the Amazon to which they apply their individual management styles. The result is confusion within the regulatory environment of the federal institutional structure and its management on the state level. Both organizations did little to assist CFM projects to obtain credit and to develop project management plans.

Part of the rationale for this failure to act is attributed to being overwhelmed by the market structure, public participation and social division, otherwise known as its action environment. As Midgal (1988) observed, competing interests from organizations of the public, Third and private sectors often obstruct the ability of the public sector to create policies conducive to community organization in CFM projects (Hewitt et al., 1992; Sinha, 2000). The demands of Third sector organizations for conservation of the Amazon, the conflicting lobbying carried out by the private sector over forestry concessions, in addition to the interests of rural extractive communities create significant controversy and delays in legislation that might otherwise clarify land tenure (Associated Press, 2005; Ministério do Meio Ambiente [MMA], 2004).

By gathering all four sectors in discussion, however, ISPs provide a framework in which to address not only the difficulties for the public sector's action environment, but also the stable judicial and regulatory environment needed by the private sector, which would also significantly contribute to policy advocacy for the Third sector. All three sectors function better within conducive environments which might be facilitated through the ISP framework. For example, within ISPs the public sector would not face

the conflicting interests in the Brazilian Amazon alone, but would have all sectors at the table to discuss their interests in the forest industry. Third and private sector resources and capabilities would be available within an ISP's collective resources, providing support for the public sector's first steps to addressing community organization. In this context ISPs serve not only to resolve conflicts in the present but also provide a tool for future conflict resolution.

Similar to the public sector, the Third sector also struggled with aspects of its own dimensions to address community organization on its own. The influence of accountability and question of legitimacy is imperative to the Third sector role in community organization. As suggested in the discussion of project administration, the interest of the Third sector to register and represent opinions at the local level created a difficult line to walk between assistance and dependence. When CTA accompanied the project members in every step of the production and commercialization process the Third sector organization not only provided assistance but ran the danger of creating a dependency.

The observation of community organization in Porto Dias illustrates the potential for dependency in two directions: CTA might rely too heavily on the community as their motive for funding, while the community risks assuming the organization will always be available to provide assistance. Porto Dias indicates that, in excess, a strength may become a weakness, creating dependence rather than encouraging the independence of the project. As a result, a system of checks and balances is particularly important for community organization, encouraging transparency, enabling sectors to monitor each other's participation and preventing any one characteristic from becoming extreme (Fiszbein & Lowden, 1999; Rahardjo, 2000; Welford, 2002; Zhang, 2005).

The private sector influence on community organization also required the collective efforts of a system of check and balances. As suggested in the discussion of project administration, on one level the private sector emphasis on incentives complemented community organization by encouraging improved administration of the CFM project. On another level, however, the private sector's emphasis on incentives created friction between two communities (P. Roth, personal communication, November 29, 2002). Increased social unrest amongst community members was attributed to

Cachoeira's partnership with the private sector which allowed little time for the community to adapt to new experiences (Compradores de Madeira Certificada, personal communication, December 11, 2002; P. Roth, personal communication, November 29, 2002). The partnership, on one hand, provided a much-needed incentive for community members to organize toward a financial goal, on the other hand, by neglecting to address cultural issues the progress faltered (T. Azevedo, personal communication, December 1, 2002). Similar to the Third sector, the private sector capabilities benefit from partnerships with diverse sectors to ensure that the sector's relationship with the community remains balanced.

The community organization in CFM projects suffers most from the lack of clear objectives in community associations. The large impact community organization has on projects oriented at sustainable development severely contrasts with the few research initiatives in community organization (M.J. Gontijo, personal communication, October 18, 2002; W. Maenning, personal communication, December 12, 2002). No matter the objective behind community organization--whether financial, social, religious or otherwise--organizations benefit from a clear objective in which they focus on a few related community concerns at a time (M.J. Gontijo, personal communication, October 18, 2002; A. Hummel, personal communication, December 12, 2002). Community organizations such as those often found in CFM projects such as the Associação Seringueira de Porto Dias illustrate organizations attempting to address both social and financial objectives. Although they succeed in addressing both objectives while small, as the organization, or the industry the organization represents, grows, their experiences suggest that it becomes increasingly difficult to attend to both social and financial demands.

Although one of the notable indirect results of CFM projects has been community organization, there is still a great discussion about its progress (Amaral & Neto, 2000; M.J. Gontijo, personal communication, October 18, 2002). The research finds that the ability to promote community organization is not identified in any single sector. Instead, the solution lies in the multiple resources and a system of checks and balances provided in an ISP framework (Fiszbein & Lowden, 1999; Rahardjo, 2000; Welford, 2002; Zhang, 2005). The resources and support found for the sectors by

working in an ISP defines its added value. As suggested in literature, an ISP inherently involves multiple stakeholders in monitoring each other (Andriof & Waddock, 2002; Oksanen et al., 2003). In doing so, USAID (2001) suggests that it encourages balance amongst organizations, their influence and their actions, crucial to the development of community organization and essential to sustainable development. In contrast, bi-lateral partnerships such as those exhibited in Porto Dias and Cachoeira, walk a fine line between encouraging leadership and taking it away in relation to community organization.

Improvements to community organization are one of the most valuable by-products of CFM projects. Community organization directly impacts the ability of communities to manage economic, environmental, social and political impacts independently and sustainably. It creates a forum in which rural communities may address environmental or social conflicts, problems with the market and mobilize political voice. Enabling the community to address these issues independently, in turn, encourages the community to adopt the project as well as entrusts the community with decisions in regards to its own sustainability. Contributions to community organization demand the greatest time commitment of partners in the ISP, because it requires skills and experience. In many cases, the community will only learn from experience and with intentions for sustainable development the ISP will need to maintain its relationship with the community to support it over the long-term, while it learns from its mistakes.

Challenged by the public sector's institutional structure, community organization has only begun to draw attention of policy initiatives. Third and public sector organizations such as IIEB, FUNBIO and ProManejo used funding resources from the Third sector to access technical expertise in the public sector's institutional structure to create a guide for communities outlining clearer tax structures and definitions of organizational forms. Hope for the future also lays with the Ecological-economic Zoning of the state of Acre by the governor Jorge Viana, which will help clarify land tenure discussion and address the State's institutional structure to facilitate development planning and community organization (MMA, 2004; Xangai, 2004). The significant impact policy has on community organization emphasizes the close relationship between the objectives of community organization and political voice.

Mobilizing change together through political voice

In the context of sustainable development, the objective of political voice is to provide project members with the skills that enable them to mobilize their own political voice. However, political voice is first measured by the contributions of sectors to the CFM project with the rationale that once the project is able to create its own political voice then it will be capable of passing on those skills to members of the CFM project.

The case studies again illustrate that no bi-lateral partnership is as likely to achieve the impact of an ISP. The joint efforts amongst sectors in the CFM projects illustrated the most influence on local and national public policy. Given the unique perspectives recognized in the evolution of development theory and described in the core chapters, each sector approaches political voice from a unique perspective. Amongst the case studies, the public sector struggled most with the creation of local political voice, despite direct access to its own institutional structure. It depended upon direction from the Third sector in health and education and from the private sector in industry and livelihoods.

The example used to examine the ability to influence public policy was the projects' abilities to conquer bureaucracy. Bureaucracy was an overriding factor in the financial success of CFM projects. The bureaucracy created for CFM through the public sector's institutional structure and use of organizations presented problems for all case studies. No matter the scale of production or the number of relationships with public sector organizations, all three CFM projects lost momentum due to bureaucratic challenges. The projects consistently faced bureaucratic challenges from the initial management plan through to the sales of a certified forest product.

The Third sector compensated for the public sector by doubling efforts to increase political voice. Stemming directly from its interest in policy advocacy and accountability, CTA demonstrated the Third sector's ability to influence local health and educational policy. In spite of this, it was not nearly as successful influencing local environmental policy. On the local level, CTA allowed disagreements with the state government to interfere with its abilities to promote political voice within the state. The Third sector in this case, demonstrated some of Tennyson and Wilde's (2000) critiques by becoming "territorial". On the national level, however, the Third sector indirectly

organized forms of ISPs to promote its interest in policy advocacy. National Third sector organizations prepared forums such as the Working Group on CFM. It united sectors to create political voice and advocate for national level policy change in the National Forest Program and on topics such as land-use reform.

The experiences of Cachoeira illustrated how the private sector complements efforts in Third sector policy advocacy with influential capabilities in environmental policy. The actions of Aver Amazônia provided incentives for the public sector's inefficient institutional structure. As Lane (1991) suggests, the private sector emphasis on incentives enables it to discover effective means of influence. Although all three CFM projects experienced difficulty in managing bureaucracy, Cachoeira illustrated the least. On state and national levels, however, the private sector motivated the public sector with the offer of private sector contributions to industry (Compradores de Madeira Certificada, personal communication, December 11, 2002; V. Viana, personal communication, December 14, 2002). When Aver Amazônia offered to invest in local industry, the government of Acre acted quickly to facilitate the process. The partnership with the private sector proved to be a valuable asset in dealing with bureaucracy.

As the sector partnerships indicate, recruiting the public sector as a partner did not guarantee that it would clear the obstacles posed by the public sector's institutional structure. In contrast to what is suggested in literature, the public sector partnership does not provide access to the political machine (Brown & Kalegaonkar, 2000; Mayers & Vermeulen, 2002; Warner & Sullivan, 2004). Instead, it is the force behind the collaborative efforts and collective resources of the team that demonstrated the potential to create political voice to instigate change for the CFM project. As discussed in certification, the ISP is fortified when all sectors share potential benefits. As it did in certification, mutual gain occurs in pursuit of political voice within an ISP framework: the public sector simplifies its institutional structure, the Third sector facilitates the policy advocacy process, and the private sector streamlines its market environment.

Political voice represents a priority for ISPs in CFM interested in sustainable development because of the impact the bureaucratic regulatory system has on all CFM objectives. It provides the capabilities to address the production and commercialization process, training and certification objectives for the CFM projects. In addition, political

voice and community organization are inextricably linked on the local level. The research suggests that community organization is facilitated when the ISP gains the political voice to mobilize change in the public sector's institutional structure. The result provides forums in which individuals gather to mobilize political voice for the community on a local level. As a consequence, once the ISP learns to create its political voice it might pass those skills on to the community, consequently, encouraging project members to generate their own political voice to mobilize change themselves or ask for assistance in meeting the challenges to CFM (Baumann & Sinha, 2001).

Future policy recommendations to deal with bureaucracy have begun as initiatives on the state level. The state of Amazonas has made moves to decentralize the bureaucratic regulatory system which overwhelms IBAMA and delays CFM projects (Galvão, 2004). The State Secretary of the Environment and Sustainable Development (SDE) and IBAMA signed an agreement allowing the State of Amazonas Institute for Environmental Protection (IPAAM) to manage forest resources in certain areas (Galvão, 2004). The agreement simplifies the environmental licensing process and addresses the concerns of this research with the federal bureaucracy.

Actively engaged and managed within the system of checks and balances, sector resources in the institutional structure, use of human resources and use of organizations or network of the public sector; policy advocacy and accountability of the Third sector; capital, incentives and information of the private sector, and the policy dialogue and aid coordination from the intergovernmental sector provide the capabilities to address training, certification, community organization and political voice. The case studies illustrated that no single sector could meet the challenges to the sustainability of CFM alone. The experiences of the case studies suggest, instead, that added value is generated by uniting the resources of multiple sectors. Access to such a diverse set of resources indicates how the framework of ISPs provides the ability for CFM to meet obstacles to sustainable development, especially community organization and political voice. However, the case studies also indicate that several issues must be kept at the forefront of discussions when working within the ISP framework, namely a system of checks and balances.

Problems for ISPs

Despite the apparent potential of the ISP framework as a sustainable development strategy, the discussion of community organization and political voice objectives, indicate the importance of managing sector traits that may be taken to the extreme, such as the Third sector's interest in local accountability or the private sector's emphasis on incentives. Charlton and Wilson (1997) suggest that ISPs may not be the first choice as a strategy in development projects because of the transaction costs incurred because of the time commitment and high level of involvement necessitated in developing and establishing an ISP. Creating an ISP requires time invested in searching for the appropriate organizational partners within each sector and, once all partners are at the table, then additional considerations must be made to manage the balance of power amongst partners.

To apply ISPs as an approach to sustainable livelihoods emphasis must be placed on internal problem-solving mechanisms within ISPs to resolve and prevent conflicts amongst partners. ISPs are susceptible to abuse by organizations concerned primarily with image and not sustainable development. Sector organizations may be tempted to join partnerships to benefit from the “greenwash” or “bluewash” affect²³ (Brown & Kalegaonkar, 2000). Being susceptible to manipulation by individual partners within ISPs draws attention to one of the guidelines listed in Chapter 3.

Partnership programs, such as those recommending ISPs, stress the importance of an internal problem-solving mechanism (GCCCI, 2005; Mayers & Vermeulen, 2002; USAID, 2001). Since partnership literature highlights a system of checks and balances as an inherent trait of ISPs, this needs to be developed to provide the internal problem-solving mechanism required for a long-term approach to problem-solving (Covey, 2001; Fiszbein & Lowden, 1999; Rahardjo, 2000; Welford, 2002). The guidelines suggest that by creating an internal and external problem-solving framework in ISPs, the partnership diminishes the risk of individual partners by sharing the risk amongst the partners. In

²³ The term “greenwash” refers to the association by organizations with environmental projects to portray an image reflecting a positive interest in the environment, despite little or no positive impact on the environment. The term “bluewash” refers to a similar association but with causes associated with the United Nations (and its blue flag). Again, organizations attempt to associate themselves to improve their image, despite little or no impacts to benefit the UN causes.

this case, all four sectors benefit from a more stable and low-risk environment. By focusing efforts in the development of an ISP on a system of checks and balances, partners are reassured that internal conflicts and external conflicts will be resolved through collective resources and problem-solving mechanisms. As a result, organizations are more willing to make the commitment to the partnership, in turn, creating a forum to better understand sector organizational tendencies, as seen amongst the case studies. Nonetheless, in order to form problem-solving mechanisms such as a system of checks and balances partnerships first demand the long-term time commitment of partners and must tacitly accept, in principle at least, a sharing of power so as to balance competing interests to ensure a successful ISP.

Time commitment of partners

The phrase, “Time is money” indicates the value society places on efficiency and suggests the value of contributions such as time commitment by organizations to ISPs. The discussion of public, Third and private sectors in Chapters 5, 6 and 7 suggest how time restricts organizations from every sector. The public sector faces political initiatives with electoral deadlines while the Third sector attempts social and environmental initiatives with funding deadlines and the private sector meets economic initiatives with profit deadlines. All the while, members of the CFM projects at the local level require a long-term approach, necessitating a time commitment by partners to address sustainable development. Therefore, time restraints emphasize the value in planning to identify roles, resources and responsibilities such as recognizing sector comparative advantages in order to reach a common objective (Brown & Kalegaonkar, 2000).

Under financial pressures to produce results for the electorate, for funders and for shareholders the public, Third, private and intergovernmental sectors are all susceptible to rushing projects aimed at sustainable development (Andriof & Waddock, 2002). Edmunds and Wollenberg (2002) indicate that organizations find it difficult to allow time for local stakeholders to participate, adjust and adapt to ideas. Time, therefore, becomes essential for communities to absorb ideas presented by the project (Brown & Waddell, 1997). Evidence of this appeared in the case studies when Third sector organization CTA responded by devoting the majority of its funding and technical resources to supporting the CFM project over six years, thus earning the trust of the

community. Although not devoting nearly as much time, the founders of *Aver Amazônia* also spent significant capital and information resources visiting and spending time with project members in Cachoeira, demonstrating their commitment. The value of the commitment is also especially important to the development of community organization. As observed amongst the case studies, both community members and outside partners required time to understand and adjust to each other and the CFM project so as not to create unmanageable expectations for community members and to overcome historically or culturally-based misunderstandings of CFM. This also applied to communities indirectly affected by the CFM project such as those surrounding Porto Dias and Cachoeira.

In addition to allowing for communities to adapt, Ashman (2000) suggests that a long-term time commitment by partners provides the opportunity to adjust to and understand the influence of the context or environment hosting the CFM project. A long-term approach to problem-solving enables partners in the ISP to take time to understand the environment in which they are working and context of the project. Brown and Waddell (1997, p.6) explain that in many cases collaboration is a result of “contextual pressures in policy environments, government regulations and social pressures.” This being the case, building a solid foundation for sustainable livelihoods demands an understanding of these environmental influences (Brown & Waddell, 1997; Heap, 2000). Although the participation of local partners assists in understanding the context for the project, the eight-year sponsorship, thus far required by most Brazilian CFM projects, illustrates that time is still essential despite local knowledge to understand and work with culture, politics and nature. Consequently, as Brown and Kalegaonkar (2000) and USAID (2001) emphasize, time commitment encourages an understanding of the interrelationships amongst partners and their environment and, therefore, illustrates how to influence them, strengthening the ISP and broadening its impact.

Balancing power amongst partners

The efforts demonstrated by the time commitment of partners to an ISP project and to its environment promote the respect necessary to address the balance of power (Ashman, 2000; Heap, 2000). In exchange, the equitable distribution of costs and benefits in an ISP encourages and maintains participation by sector partners over the

time required to meet the objective. There is overwhelming consent in the literature on ISPs recommending the need for a balanced partnership (Fiszbein & Lowden, 1999; Mayers & Vermeulen, 2002; Tennyson & Wilde, 2000; USAID, 2001). Brown and Kalegaonkar (2000), amongst others, recommend that power differences should be balanced at the outset and continually monitored to foster mutual influence (Ashman, 2000; Mayers & Vermeulen, 2002). This suggests selecting partners with careful consideration for their influence of power and, ideally, selecting partners without a large disparity in their degree of power influence (Brown & Kalegaonkar, 2000; Edmunds & Wollenberg, 2002).

However, it is unrealistic to suggest that all partners are equal when they differ in size, resources or expertise; therefore, partners rely on the ISP framework to provide additional support through an environment that encourages respect and trust (Brown & Kalegaonkar, 2000). Brown and Kalegaonkar (2000) indicate that within such an environment partners create discussion and encourage communication that generates an appreciation of sector comparative advantages. Since a level playing field amongst organizations is difficult to achieve despite these conditions, Edmunds and Wollenberg (2002), supported by other sources, suggest that the creation of an environment of balanced power requires additional attention be paid to disadvantaged groups in multi-stakeholder negotiation, such as the community association representing the project in the CFM case studies (Andriof & Waddock, 2002; Brown & Kalegaonkar, 2000). The balance of power is encouraged by framing the project's objective so that the positive and negative influences of each sector are easily recognized and partners become aware of their own power and its impact (Edmunds & Wollenberg, 2002).

The primary challenge to ISPs is the influence of power on cooptation in the discussion of political voice. Cooptation refers to the attempts of partners to neutralize or convince other partners by assimilating them into their own culture (Covey, 2001). Examples affecting partnerships include lobbying or bribes from other sectors (Brinkerhoff, 2002). Cooptation defeats the original purpose of ISPs, which was to gather the diverse perspectives represented by sectors in the planning and implementation of a mutual objective (Covey, 2001). The partnership depends upon maintaining organizational identities "...to which an organization remains consistent and

committed to its mission, core values and constituencies” (Ashman, 2000, p.23). Therefore, for political voice to succeed within an ISP, each partner needs to be capable of representing its stakeholders in decision-making for the project. This is especially important because the problem-solving abilities of an ISP rely on this dynamic to generate innovative solutions originating from multiple perspectives (Lowndes and Skelcher, 1998). This also suggests the power behind the political voice of the ISP, which by uniting the sectors in an ISP is capable of creating change and ensuring its own needs are met. Thus, political voice provides the resource and capabilities needed within an ISP framework to ensure that ISPs are a successful strategy for sustainable development.

By maintaining each sector’s organizational identity, an ISP creates its advantage as a strategy for mobilizing political voice. As Fizbein and Lowden (1999) suggest, each sector is consequently able to lobby the political system at a unique angle, which, when united, provides the stimulus for change at the federal level. The Acre rubber program illustrates an initiative taken by the public sector utilizing the same concept as an ISP in order to resolve challenges with bureaucracy. The Third and private sectors joined the public sector in creating a system in which all sectors and most importantly local communities benefited (C. Vincente, personal communication, November 27, 2002). Under public sector coordination, the Third sector research organizations identified the challenges to the industry, while the private sector was involved in product development and commercialization. Rubber subsidies and support for cooperatives addressed issues of urban migration, rural livelihoods and job creation (C. Vincente, personal communication, November 27, 2002).

An additional example of challenges for ISPs can be found in the impact of time constraints on increased financial tensions amongst partners, thus, affecting the balance of power and having implications for long-term sustainable development. When time constraints are related to financial pressures, which often occurs within a market-based system, the financial pressures placed on organizations within that system, whether for-profit or non-profit, are in distinct contrast with the environmental and social systems that dictate sustainable development. Financial pressures emphasize the short-term

product while sustainable development, addressing environmental and social systems, emphasizes the long-term product.

The financial pressures of passing budgets, procuring funding and meeting the bottom line, however, are provided some relief through the pooled resources available to an ISP. Therein lies a benefit of balancing competing interests and minimizing power struggles. The financial resources available to the collective within an ISP result from either collaborative efforts or individual contributions. Either Third, private and intergovernmental sectors may pool their financial resources or one of those sectors may use its comparative advantage within the context of the project to ease the financial pressures on the collective. In the second case, the organization is willing to make a large financial commitment to the ISP, because it has a lot to gain. A subsequent problem arising out of funding from only one source, however, is that partners depend upon the one funding partner, therefore, upsetting the balance of power. Instead, the collective contribution of funds would be more conducive to sharing power within an ISP. In turn, through shared resources, the financial support provided through an ISP provides some relief from the financial pressures incurred by the time commitment of invested partners.

The experiences of Porto Dias balancing between assistance and dependence indicate the value of incorporating both time commitment and the balance of power. The Third sector organization, while making a serious time commitment, continued to struggle with issues of power. The question remains whether a balance of power is possible and whether power differences can be limited enough to avoid situations such as cooptation. The proposal in partnership literature suggests that an awareness of each other's strengths and weaknesses shares power (Brown & Kalegaonkar, 2000; Covey, 2001). By facilitating dialogue and encouraging communication sector partners realize the strengths and weaknesses in their resources and capabilities as applied to sustainable development. By acknowledging their weaknesses and recognizing another sector's strengths, sectors find they could benefit from a partner's strength and are more willing to cede control and relinquish a degree of power to them. By observing sector comparative advantages in the case studies, the research takes the initial step towards recognizing sector strengths and weaknesses. However, to encourage power sharing a

proactive approach to the ISP is necessary. As a strategy for project development and implementation sector comparative advantages would need to be assessed and brought to the negotiation table in forming the ISP. Fukuyama (1995) suggests that this process encourages respect amongst partners and aids in building trust in partners and the partnership. The majority of issues surrounding CFM revert back to over-arching issues of time commitment, the balance of power and keeping the extreme tendencies of sectors in check.

The challenge in this research was that it looked back at the sectors in the case studies to determine comparative advantages, only to discover that if ISPs were to be implemented as a strategy for sustainable development then this process needed to occur at the start of every project. This research only provides general guidelines of sector comparative advantages in CFM based on three case studies. As it examines the case studies, however, it discovered that given the diversity of sector organizations and the unique context of every project calls for an examination of comparative advantages in the implementation of every project. In doing so, the ISP necessitates a long-term and proactive approach. In addition, for users and stakeholders to efficiently access and utilize institutional, technical and human resources partners must recognize the interplay of time commitment and balance of power. Time commitment is identified as necessary to appreciate both the partners and the context of the project and address the unexpected challenges to project planning and implementation in sustainable development (USAID, 2001). The balance of power is recognized as essential to the mediation of partnerships and resolution of conflict (Lowndes & Skelcher, 1998; Mathews, 1997). Conscientious efforts to discuss these conditions amongst partners enable the ISP framework to access the potential of sectors.

Consequently, developing a foundation built on time commitment and a balance of power offers the partnership the opportunity to develop a personalized system of checks and balances to manage sectors and, in turn, prevent and resolve conflicts, enabling the project to address the challenges to sustainable development. CFM objectives of community organization and political voice depend on a system of checks and balances to benefit from the collective resources of an ISP framework. ISPs are not a shortcut to sustainable development and, in fact, may be the longer path. Negotiations

in partnership necessitate relationship-building as well as substantive negotiating skills of partners (Covey, 2001). In most cases, this calls for capacity-building in the building of partnerships. For this reason, an awareness of the intensity of demands in an ISP is important, because it may discourage half-hearted attempts that are otherwise likely to waste the time and efforts of partners.

The potential of ISPs directly correlates with the interest and investment of its partners. Interested partners produce ISPs invested in pursuing mutual gain (Mayers & Vermeulen, 2002). Once the extensive initial efforts towards the creation of ISPs are invested, however, partners are less likely to allow the project to fail, thus losing their investment. As a result, the probability of the project's long-term sustainability is much more likely than that of a project established by a single sector or bi-lateral partnership, requiring less investment (USAID, 2001; Warner & Sullivan, 2004). Accordingly, the greater the investment made and foundation built for the ISP the more likely it is to impact future generations in tune with the core objective of sustainable development. Understanding the subtleties of the problems with ISPs requires future research to examine proactively formed ISPs as case studies, as opposed to deriving the potential benefits and problems of ISPs from an examination of theories and experiences of sector components. Fortunately, this will soon be possible following the implementation of a growing number of national and international policies supporting ISPs.

In the meantime, this research indicates that when the resources and capabilities of sectors are managed through system of checks and balances within an ISP framework it offers the partnership the flexibility to apply a unique approach to each project which considers its economic, environmental, social and political contexts. For this reason, ISPs demonstrate to be a valuable approach to all sustainable livelihoods, not only CFM. It does not suggest replicability in the sense that each project requires the same public, Third and private sector organizations, but instead suggests that for every project the team of organizations will differ, but in all cases it should represent all sectors of society (Warner & Sullivan, 2004). Determining the collective resources and comparative advantage of sectors in this research identifies a proactive approach with problem-solving capabilities for the production and commercialization processes in CFM. The research indicates that applying an ISP framework to the production and

commercialization process of sustainable livelihood projects creates both direct benefits to income generation and indirect benefits of alternative productive livelihoods. Although the strategy itself is complex, it is this same quality that enables ISPs to address the increasingly complex challenges of sustainable development.

Potential for ISPs

Provided the interest and time commitment of partners exists and a balance of power can be negotiated, ISPs demonstrate a valuable quality of sustainable development policies, which is the potential for replicability. Since ISPs serve as a basic framework, the skills developed in the intensive formation of ISPs serve as tools to replicate ISPs for additional problem-solving. The negotiation and management skills learned, in turn, extend the impact of ISPs because they are easily applied within the framework to accomplish other objectives. These skills provide the potential to address external challenges to CFM such as the promotion of a market for timber and non-timber forest products, for example.

ISPs offer the potential to teach project members how to help themselves by providing them with the skills and framework to address challenges in health, education and or the environment. Keeping in mind the eventual independence of the project, the implementation process not only provides the direct benefits of the sustainable livelihood but also provides project members with training in skills such as administration and management to solve problems as they arise and to apply the framework to draw new partners to address other challenges or forms of sustainable livelihoods. An ISP implemented with consideration for time commitment and balance of power and built with a system of checks and balances provides the tools for project members to address a diverse set of challenges to sustainable development over the long-term.

Replicating ISPs

A valuable result of small-scale ISPs is the negotiation skills learned by local organizations for the future formation of additional ISPs to meet local needs in health and education. The flexibility permitted in the framework enables ISPs to be adapted to and applied in multiple contexts. Although this research focuses on its use in CFM it also demonstrates potential as a strategy amongst a variety of sustainable livelihood alternatives. Evidence of small-scale ISPs in NTFP projects, suggest that ISPs are a strategy not only for CFM projects but also for all projects focused on other local sustainable livelihoods (Anderson & Clay, 2002). Timber and non-timber forest products depend on a similar project construction which provides infrastructure, administration, production and processing of the forest product. The proactive strategy, suggested after identifying sector comparative advantages in this research, might be applied to the production and commercialization process of several forest products.

This research does recommend, however, that ISPs be initially formed of organizations similar in size. Influenced by time commitment and the balance of power, partnerships formed of organizations similar in size and influence require less time spent on the management of the partnerships and allow more time to be spent accomplishing the mutual objective (Andriof & Waddock, 2002; Bendell & Plante, 1998; Brown & Kalegaonkar, 2000; Otiso, 2003). Examples of international case studies indicate this practice brought limited risk and greater balance to ISPs when compared to case studies referring to partnerships amongst organizations of various sizes (Anderson & Clay, 2002; Mayers & Vermeulen, 2002).

Although none of the production and commercialization processes indicate success or failure dependent on scale, they do illustrate that the smaller scale production process does encourage greater project independence. The smaller less complex production and commercialization processes demonstrated higher percentages of activities completed independently by project members. Replication at varying scales appear, but suggest the ISP keeps in mind the balance of power. The case studies indicate that ISPs on the small scale are certainly replicable. Projects of a medium scale such as Porto Dias also illustrate potential for replication although examples of ISPs are harder to find. This scale may present greater risk because it is caught between small-

scale ISPs producing items for a niche market and large-scale ISPs meeting the standards to compete in national and international markets. Large-scale ISPs are found in examples provided by Warner and Sullivan (2004). The growing experience of some programs such as the Business Partners for Development Program of the World Bank suggest scaling up is feasible. It supports tri-sector partnerships on a micro-level, like a health clinic in Venezuela, that can be scaled-up, or a macro-level initiative, like a road safety initiative, that can be brought into action on a regional level (Warner & Sullivan, 2004). However, as ISPs have only begun to be proposed as a proactive strategy, it is difficult to assess their replicability or possibilities for scaling up.

International recognition for ISPs

Throughout the world a diverse range of cases illustrate ISPs offering creative and sustainable solutions to development problems. On a significantly larger scale than discussed in this research ISPs occur within the extractive industries in attempts to coordinate the interests of big business and local community development (Warner & Sullivan, 2004). They include projects extracting oil in Azerbaijan, Colombia and Nigeria, coal in India, and gold and copper mining in Tanzania and Zambia (Warner & Sullivan, 2004). In these cases, results emphasized the long-term commitment of partnerships, even in times when individual interests were not being met, indicating the importance of partner dedication to mutual gains. Conclusions also stressed the importance of consistent dialogue with communities directly affected by the projects. Despite consisting of organizations that differ significantly in size, resources and capabilities, the ISPs offered insights into community development. Although these ISPs faced the difficulties encountered in managing the balance of power, success stories amongst the case studies illustrate that a realistic imbalance of power amongst organizations does not prevent an ISP from reaching its objective and sharing in mutual gain.

In Kenya ISPs are examined on a similar scale to the CFM projects but, instead, explored cases of urban development. Wokabi Mwangi (2000) suggests ISPs serve in solving the challenges of urban environmental management. Inspired by Agenda 21, the case study confirms the importance of time commitment on behalf of partners (Wokabi Mwangi, 2000). The research stresses the importance of credibility and, thus,

accountability in every partner, whether public, Third, private or intergovernmental. Accordingly, the Kenyan case study supports the discussion of a system of checks and balances by indicating the importance of transparency to the ISP. In addition, it supports the finding of this research in its discussion of obstacles to ISPs when it suggests that bureaucracy and community organization are major obstacles for community development and are best addressed through ISPs (Wokabi Mwangi, 2000).

The second case study by Otiso (2003) on the upgrading of slums and basic service delivery in Nairobi differed in its results of comparative advantages. It identified the Third sector as a mediator in ISPs because of its ability to establish relationships across all sectors (Otiso, 2003). It also suggested the public sector as a source of funding and indicated the private sector's potential in providing infrastructure (Otiso, 2003). In this case, although conclusions differed, the arguments still revolved around attempts to deal with the bureaucratic institutional structure of the public sector. The data collected and analyzed in these cases collaborates with the CFM case studies and points to institutional structure as the primary problem for small to medium scale development initiatives. Both the urban case studies from Kenya and the rural case studies from Brazil illustrate attempts to address bureaucracy through partnerships and indicate the complexity of the challenge. However difficult, the African and Brazilian research both conclude that the potential to resolve the problem exists in ISPs. Supporting these findings, the FAO's (2003) discussion of forests and poverty alleviation also identifies a major challenge in bureaucratic institutional structures of public sectors and proposes the solution lays with partnerships amongst public, Third and private sectors.

A survey of company-community forestry partnerships completed by the International Institute for Environment and Development (IIED) represent the closest examples to ISPs on the scale represented by the CFM case studies in this research (Mayers & Vermeulen, 2002). In most cases, the public or Third sector was identified as a partner in the projects. The research concentrated on the various forms of partnerships found in forestry company negotiations with communities, but did not refer to CFM as forest management by communities in natural forests as discussed in this research. Its conclusions, however, point out some considerations for the use of ISPs aimed at sustainable development though CFM. First, company-community partnerships

demonstrated not to provide sufficient long-term approaches to address poverty, which consequently indicates the importance of time commitment and a multi-lateral approach to the CFM projects (Mayers & Vermeulen, 2002). Second, the results of the experiences with bi-lateral partnerships stressed the need to improve collective action and community bargaining power (Mayers & Vermeulen, 2002). This relates directly back to the conclusions of this research that indicate the need for ISPs to focus efforts especially on community organization and creating political voice for project members. Third, the research by IIED identified training as a valuable by-product, but suggested that direct employment from projects was not significantly improved (Mayers & Vermeulen, 2002). Instead, the benefit of the partnership was the creation and development of locally based forest enterprises indirectly associated with the project.

Internationally and nationally within Brazil, there are still only a few examples of ISPs in sustainable livelihoods, but projects based on partnerships amongst companies and communities, such as those discussed above and others with cosmetic companies such as the Body Shop and Natura, conclude that links to public and Third sector organizations are advantageous to the project (Anderson & Clay, 2002). The conclusions of the international experiences recognize the potential of ISPs. The lack of proactive examples in sustainable livelihoods, however, still prevent conclusions from being drawn guaranteeing the success of ISPs as a sustainable development strategy. All the same, diverse experiences turning to ISPs as a problem-solving tool mean that it cannot be overlooked, especially since international and national policies have adopted the strategy for forest management.

Promotion of ISPs in Brazilian CFM

The lack of previous experience with ISPs in Brazil has not deterred policy. The ISP framework has been adopted by international and national development agencies to promote sustainable forest management in the Amazon and other forested regions. For this reason, the research pursues an approach that determines the practical and proactive implementation of ISPs, examining theories offered by ISP proponents and the practice of CFM case studies.

International development policies supported the move towards ISPs during the UN Commission on Sustainable Development (CSD) at the World Summit on

Sustainable Development in Johannesburg. It reviewed and monitored the progress made fostering partnerships in Agenda 21. The summit encouraged 'Type II' commitments by governments and stakeholders in a wide range of partnership activities and initiatives to implement national, regional and international sustainable development (Doran, 2002). This secured the support of intergovernmental agencies crucial in facilitating ISPs and providing funding for local initiatives (Mayers & Vermeulen, 2002). In turn, DFID, GTZ and FAO have adopted the ISP framework as a mode of governance for National Forest Programs (DFID, 2002; FAO, 2004; GTZ, 2003; Wells et al., 2002). ISPs have been identified as means to promote multi-stakeholder participation in programs directed at poverty alleviation through community forest management.

National environmental policies have also begun to promote the use of ISPs in the development of sustainable livelihoods. The Plano Amazônia Sustentável (PAS), the World Bank's Brazil Rain Forest Unit's Business Plan and the IDB's Acre Sustainable Development Program all recommend the use of ISPs (IDB, 2004; Ministério da Integração Nacional et al., 2003; World Bank, 2004). Each encourages and supports initiatives to enhance institutional capacity of public, Third and private sectors through partnerships with the intention of addressing poverty in the Brazilian Amazon. Strategies include the promotion of ISPs with partners of similar scale on local, national and international levels. The Rain Forest Trust has delegated US\$150,000 or 7% of its budget to enhancing institutional policy and coordinating and building partnerships from 2005 through 2008 (World Bank, 2004). Policies for ISPs are intended to improve land use management and support environmentally sound economic activity and infrastructure. With intergovernmental financial and political support Brazilian national policy depends on PAS to encourage local partnerships. PAS encourages the public sector to take the role as mediator to recruit partners for the promotion, not only of CFM, but all sustainable livelihoods in the Brazilian Amazon.

There is no doubt that facilitating CFM with improved federal policies will contribute to one of the greatest challenges resonating from the region. The public sector is encouraged to identify and prioritize realistic steps to achieve policies and institutions supportive of partnerships in CFM (Mayers & Vermeulen, 2002). Logging companies and small scale artisans from the private sector have shown interest and Third sector

organizations have already begun pursuing partnerships as a problem-solving tool to meet local needs (Lima et al., 2003; Mayers & Vermeulen, 2002).

Further Research

The review of theory on individual sectors from a partnership perspective was the first significant contribution of this research to the theoretical discussion of partnerships. It led to a second contribution to partnership literature, which began by identifying the gap between theory and practice. Partnership proponents proposed why ISPs are a valuable strategy for sustainable development but do not explore how. The discovery stimulated the research to ask how ISPs serve as a strategy for sustainable development. The research filled the gap in partnership literature with a review of theory analyzed in practice in the context of CFM projects.

Due to the lack of proactively formed ISPs within the field of sustainable livelihoods, the research approached the problem by examining what individual components of ISPs brought to the team. The limitation to this approach, unfortunately, is that this research could only discuss potential benefits and potential problems to ISPs, neither of which could be examined specifically within the context of an ISP. The challenge for this research was determining the potential of a strategy that had yet to be put into practice. The research was forced to examine the strategy in parts, examining sectors in theory and practice, in order to determine the potential of ISPs as a whole. This has no doubt left gaps in the puzzle that are better filled by future research examining cases of ISPs themselves. Nevertheless, the research has significantly contributed to putting the puzzle together by examining how sectors, or the pieces of the puzzle, do fit together, complementing each other. The next step is to move past the claims of partnership literature and the declarations of international policies on partnerships to proactively apply ISPs to sustainable development challenges.

Future research requires examining ISPs in action to provide an analysis of the actual benefits they bring and problems they face as a sustainable development strategy. This research indicates that ISPs hold potential benefits once intensive steps have been taken in their implementation process and guidelines have been followed. Under conditions emphasizing time commitment, balance of power and system of checks and balances, ISPs offer potential in a variety of fields since it is able to cater to problems

originating in each of the economic, environmental, social and political systems. Fields such as environmental conflict resolution (Napier, 1998; Pompe & Rinehart, 2002; Swatuk, 2002; Weber, 2003), social auditing and business regulation (Bendell & Murphy, 1997; Heap, 2000; Welford, 2002), and modes of governance (D. Brown, Schreckenburg, Shepherd, & Wells, 2002; Lowndes & Skelcher, 1998; Wells et al., 2002; Zhang, 2005) are all fields where literature has begun to explore the benefits of partnerships as a tool, but would further benefit from exploring ISPs as a strategy. For example, the research into a network mode of governance through ISPs illustrates its role developing interdependent relationships based on respect to facilitate collaborative activities (Lowndes & Skelcher, 1998). ISPs are valued as a mode of governance in forest management by international forest programs because of their inclusive focus, in which partnerships serve as a coordinating mechanism in international development policies (D. Brown et al., 2002; GTZ, 2003; Lowndes & Skelcher, 1998).

Conclusion

This research subscribes to the theory that every project is unique and demands a framework which recognizes its unique economic, environmental, social and political dimensions. Proposing ISPs as strategy to sustainable development allows projects the flexibility to adjust to individual contexts. Given the time commitment from partners and a balance of power amongst sectors, ISPs offer opportunities to understand unique contexts and to recognize the resources and capabilities demanded by it. Time spent planning and discussing the balance of power within the ISP encourages sectors to acknowledge their own weaknesses and others' strengths and, consequently, to realize the value of partnership. However, the balance of power proves to be a consistent challenge to ISPs, demanding considerable efforts to manage it throughout the life cycle of the project. To address this issue ISP proponents have proposed guidelines emphasizing the necessity of a system of checks and balances. Still, the true test of ISPs is yet to come with the implementation of recent development policies.

By illustrating how sectors engaged with and reacted to the challenges of CFM in problem-solving, the CFM projects in this research revealed sector comparative advantages in practice, enabling a strategic approach that combined theory and practice

to propose the delegation of responsibilities within ISPs in pursuit of sustainable livelihoods. The discussion takes the experiences of CFM projects and the theory of sectors to illustrate how the sectors contribute to the CFM production and commercialization process and how the combined capabilities of the sectors in an ISP framework address training, certification, community organization and political voice addressed.

The intergovernmental sector provided aid coordination reflecting its role as a major funder of sustainable livelihood projects, but also promoted policy dialogue suggesting its ability to serve as mediator of ISPs. According to comparative advantages, the public sector demonstrated the capacity for long-term infrastructure investments in its institutional structure, creating a foundation for sustainable livelihoods. The Third sector illustrated how its interests in accountability serve to locally monitor the administration of projects. The private sector, meanwhile, mobilized its capital and information resources to demonstrate its value to the processing of forest products. All of which revolved around the efforts of project members as they assumed increasing responsibilities originating first with the harvest. In sum, the sectors demonstrated the potential as a team to offer the collective resources and capabilities to promote cooperation for the success of CFM as a sustainable livelihood by addressing its economic, environmental, social and political challenges.

Since every CFM project is unique, every ISP created for them will also be unique. Although this research outlines the comparative advantages of sectors, the sector advantages in projects will vary depending on individual organizations from public, Third, private and intergovernmental sectors. For this reason, ISPs benefit from reviewing and identifying the comparative advantages specific to the organizations in its partnership. As a result, the clear delegation of responsibilities according to sector comparative advantage avoids competition and conflict amongst sectors, thus, encouraging sectors to meet their potential (Brown & Kalegaonkar, 2000; Waddell, 1999). The delegation of responsibilities by comparative advantage serves to facilitate a proactive and long-term approach to the project.

The sustainability of the CFM projects, however, depend on an ISP framework to provide the collective resources and capabilities and a system of checks and balances.

The wealth of an ISP is said to be the “resources, competences, capacity and expertise” it has at its disposal when public, Third, private and intergovernmental sectors have partnered to achieve an objective (Warner & Sullivan, 2004, p.17). An ISP’s system of checks and balances take advantage of a sector’s strength and compensate for its weaknesses, demonstrating the added value of ISPs not found in individual or bi-lateral partnerships in sustainable development (Fiszbein & Lowden, 1999; Rahardjo, 2000; Welford, 2002; Zhang, 2005). Since ISPs require interested and invested partners committed to the time commitment and balance of power to create a system of checks and balances, ISPs do not present a simple strategy for sustainable development.

Despite the fact, ISPs do propose a strategy capable of addressing its complex challenges such as the creation of sustainable livelihoods, which, in turn, contribute to addressing the even more complex challenges of poverty and deforestation. The individual contributions of multiple sectors follow the institutional rules required to function within state, societal and market systems and, therefore, suggests that ISPs incorporating these comparative advantages facilitate the demands of society to form for-profit livelihoods, attentive to the demands of government (Zhang, 2005). However, the most valuable contribution of ISPs to sustainable development is the skills they impart on project members. The more skills that are transferred to project members the greater the impact of the ISP on sustainable development, because with the ability to negotiate additional ISPs, project members may address additional economic, environmental, social and political objectives through proactive and problem-solving approaches.

The research into ISPs in CFM in Brazil has drawn out the linkages and relationships where once only a vague network of associations existed. Faced with social and environmental challenges such as poverty and deforestation in the Brazilian Amazon the pursuit of sustainable development is overwhelming. Natural resources, in this case the forest, link a diverse range of users, local and global, and stakeholders whether through climate change, biodiversity or local incomes. “[Common-pool resources] are often used at different geographical scales, and these users often conflict: local forest users accrue benefits when the forest is used for timber production, for example, whereas global users of forests benefit from standing trees as they sequester a major

global pollutant (Young 1999)” (Dolsak & Ostrom, 2003, p.5). Illegal logging in the Brazilian Amazon continues to create difficulties for local, national and international users. Locally, deforestation deters the development of alternative forest product industries, while nationally, it is linked to the watershed supplying the major rivers providing power and irrigation to central and southern Brazil and, internationally, deforestation is closely tied to climate change.

Within the context of market-based environmentalism ISPs provide the resources and capabilities for forest communities to access globalized markets, capital flows, technology and exploit comparative advantages for sustainable development (Waddell, 1999). Globalization has opened up new markets and, within a framework of balanced power, ISPs provide the linkages amongst economic, environmental, social and political systems to promote opportunities for rural communities through sustainable livelihoods. Globalization accelerates priorities such as poverty and the environment by increasing their complexity. Social values, sustainability, biodiversity, animal habitat, aboriginal rights and multiple uses of the land base compete with the economic worth of timber and responsibilities of environmental protection. However, globalization also provides new opportunities. As complex as the problems they are capable of addressing, ISPs offer a strategy able to utilize the interconnectedness of today’s society to create sustainable livelihoods and promote sustainable development.

Appendices

Appendix 1: Interview Map of Organizations

To better understand the role of sectors in community forest management, around 40 semi-structured were conducted with organizations from public, Third, private and intergovernmental sectors on the local, national and international levels.

	Local	National	International
Third	CTA Porto Dias Cachoeira Pedro Peixoto San Luis Remanso	IIEB IMAFLOA IMAZON ISPN OELA	WWF FSC Friends of the Earth Ecotrust
Public	EMBRAPA/ AC SEFE IBAMA/ AC PESACRE	AMA/MMA PNF/MMA PNS/MMA PDA/MMA CNPT/IBAMA INMETRO CDS/UnB	-----
Private	Mad. CM Neto Aver Moveleiro BNDES	JURUA CIKEL ECOLOG Etel Interiores Julia Krantz	German Artists Small German Retailers
Intergovernmental	-----	-----	PDA/World Bank PPG7/World Bank GTZ/ProManejo UNEP

Appendix 2: Interview Topic Guide

1st Draft

What has been your experience with community forest management?

What experiences are you aware of between the (ie. Public) sector and community forest management? Repeat for all.

What do you see as the role of the each sector?

2nd Draft

What is your experience with community forest management?

What is your opinion of community forest management in regards to social, environmental, economic and political sustainability (sustainable development)?

What is the role of the public, Third, private and intergovernmental sectors in community forest management?

What experiences are you aware of between the (ie. Public) sector and community forest management? Repeat for all sectors.

Spontaneous questions were then inserted to address whichever one of the four areas was not addressed or which remained unclear.

Appendix 3: Production and Commercialization Process for CFM

Phase of Production and Commercialization	Activity
Pre-harvest Activities	Collection of information for the Management Plan
	Forest Census
	Cutting of Vines
Infrastructure	Planning for Harvest
	Mapping out of lots, roads and stockyards
	Opening of roads and stockyards
	Infrastructure construction
Harvest Planning	Road construction
	Planning of stockyards
	Construction of stockyards
	Processing of data
	Map production
	Selection and marking of trees for Harvest
Harvest	Logging of trees
	Planning of dragging lines
	Dragging of trees
	Cleaning of logs
Post-Harvest Activities	Silviculture management
	Monitoring of the forest
	Sawmill
	Processing (Crafts and Furniture)
	Marketing
	Certification
	Transport Tax
	Sales Tax
	Road maintenance
	Machine maintenance
Administration	Accounting
	Management
Purchases	Safety equipment
	Machines
	Oxen
Other	

Source: Based on (Amaral et al., 1998)

Appendix 4: Comparative Table of Guidelines for ISPs from tri-sector initiatives

<i>Guidelines for Intersectoral Partnerships</i>	USAID	Business Partners for Development	International Institute for Environment and Development	Global Corporate Citizenship Initiative
1. Mutual objective	Mutual objective	Common vision	Realistic prospects of mutual profits	Focus on mutual benefit
2. Sector benefits	Sectoral productive outcomes	Objectives for generating added value		
3. Clear responsibilities		Delegated activities and tasks		Clarity of roles, responsibilities, goals and “ground rules”
4. Recognition of distinct sector contributions	Maintain and manage resources and the distinctiveness of each sector	Tangible and intangible skills and resources from each sector	Secure partner benefits commensurate with their contributions	Commitment of core organizational competencies
5. Transparency		Responsibility, accountability and transparency	Fair and transparent decision-making	Openness, transparency and clear communication to build trust and mutual understanding
6. Respect for differences	Commitment to respect differences	Mechanisms for communication	Mutual respect	Respect for differences
7. Problem-solving strategies	Creative strategies to problem-solving	Capacity-building in organizational management and problem-solving	Learning approach to disagreement and experimentation	
8. Consideration for local disadvantaged partners	Ensure local ownership		Sound livelihoods, developing capacities of local institutions	Understanding needs of local partners and beneficiaries
9. Dissemination of lessons learned	Share information and disseminate best practices	Continuous learning mechanism ie. reports and workshops	Independent scrutiny and evaluation	
10. Internal problem-solving mechanisms	Operational resilience to overcome crisis	Grievance mechanism	Equitably shared risks	
11. Attention to local context and populations	Adapt partnerships to local context	Geographical boundaries and or target population	Contribution to broader development strategies	Building local capacity and capabilities
12. Commitment to partnership	Recognize long-term commitment	Legitimate representation	Long-term commitment	Professional rigor and discipline
13. Flexibility	Structural flexibility		Flexible models	

Source: Adapted from (GCCCI, 2005; Mayers & Vermeulen, 2002; USAID, 2001; Warner)

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