



Key Factors for Successful Community-Corporate Partnerships Results of a Comparative Analysis among Latin American Cases

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Key Factors for Successful Community-Corporate Partnerships – Results of a Comparative Analysis among Latin American Cases.

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May 2009

Abstract

Over the past 10 years, changes in forest ownership patterns in the tropics have brought a greater number of forests under community and indigenous management. The forest industry increasingly finds itself turning to these forests as sources of raw materials, which in turn has raised the expectations placed on community-corporate relationships in the wood products sector. Such relationships have the potential to link communities directly to the marketplace, and can lead to poverty alleviation and increased economic benefits for underserved and often isolated communities. However, despite efforts made by development agencies, private industry and other donors, results to date regarding the success of such relationships have been mixed. We assessed 14 community-corporate relationships in Latin America, conducting field visits and interviews to determine the level of success of each relationship and identify the variables that facilitated or hindered success. We grouped potential explanatory variables into three categories: community and company internal structures; external sociopolitical conditions; and the structure and history of the relationship itself.

We found that key factors affecting success were: 1) the level of business skills, financial management and human capacity of the communities; 2) the level of support for this type of relationship provided by the prevailing business and political environment and 3) the level of trust established between the company and community. Many relationships that were able to improve over time appeared to generate trust on both sides and raise capacity within the community partner. Relationships that focused on forest management or on wood processing capacity without strengthening internal community structures were not successful over the long term. A less expected but equally important finding was that the need for technical assistance was strong not just for the communities but also for the companies.

These results have practical consequences for the way that financial assistance is directed to increase community participation in forestry value chains. Current approaches may put too much emphasis on the conditions of a written contract and too little on the development of trust between partners, strengthening the community's voice and generating support within the sociopolitical arena. The results of this project, which was funded by the Dutch embassy in Bolivia, are being used to design a project in Bolivia that promotes the adoption of sustainable, long-term and equitable commercial links within the forest products sector.

Key Words Company-community relationship; forestry; community development; competitiveness; commercial partnership.

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Introduction

The forestry sector worldwide is changing, with markets becoming more global in nature, forest resource ownership moving away from private industry back to community and indigenous hands, and external pressure on the sector to improve practices. Parallel to this, global demand for wood products is steadily growing. These trends present new opportunities and challenges to all actors engaged in forestry and wood products (FAO, 2009).

Around 25 percent of the world's population depends to some extent on forest resources for their livelihoods, and about 500 million people living in or near dense forest—among the poorest populations worldwide—are primarily dependent on it for their subsistence (IMF, 2003). Therefore increasing community involvement and economic returns from forest resource management is critical for effective poverty reduction efforts.

As a result of growing government recognition of traditional land rights, rural communities and indigenous peoples now own or have management rights to at least 25 percent of forests in the developing world, totally around 300 million hectares. (Forest Trends, 2005).

By 2002 the area of forests under community responsibility in developing countries was already three times that of forests owned by individuals and companies, and had doubled over the previous 15 years. As shown in Figure 1, this trend looks set to continue over the next 15 years (Bull and White, 2002; Forest Trends, 2005).

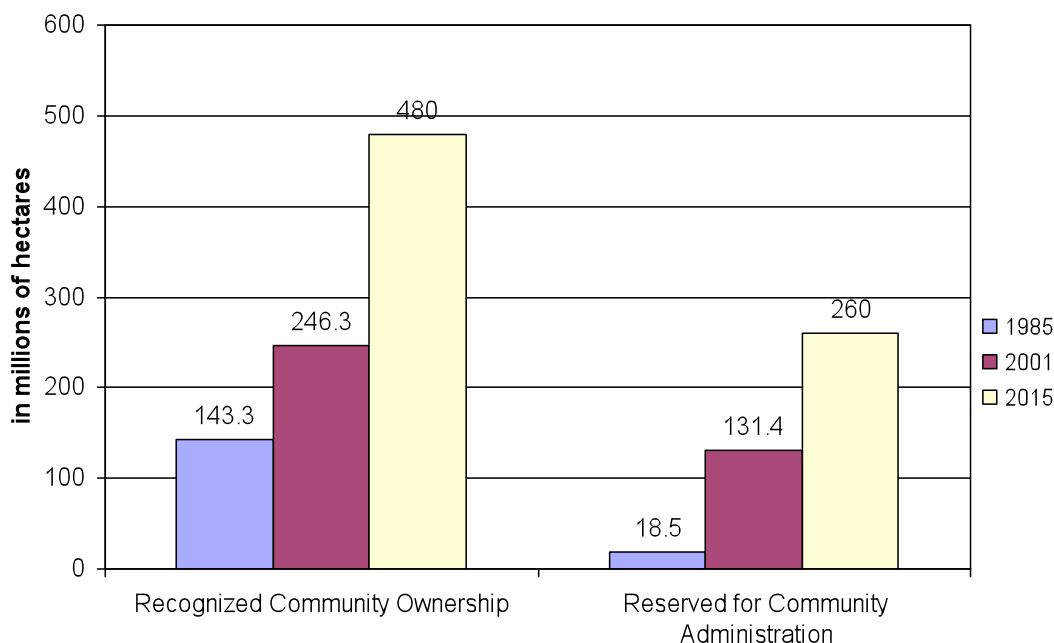


Figure 1: Forest area under community management

Source: Bull and White, Forest Trends, 2002

Increasing local control of forest resources impacts the forestry sector in a number of different ways. Forest-based communities historically place greater importance on conserving forest values beyond commercial interests and as such, will play an increasingly important role in global biodiversity protection (FAO, 2009).

Secondly, forest products companies increasingly have to rely on a more varied and complex supply base for their wood input than previously encountered, while facing increasing public scrutiny of their operations, demand for corporate transparency and demonstration of social and

environmental responsibility. These changes are forcing companies to adopt new strategies, including reaching out to community managed forest sources.

While there are numerous examples of community-company relationships throughout the forestry sector, formal studies on their long term benefits or success are relatively recent and results to date appear to be mixed (Morsello 2006).

Expectations of relationships are often not realized, indicating that these may be unrealistic from the outset. It has not been proven that community-company relationships alone can guarantee poverty reduction, long-term employment or community development (Vermeulen et al., 2008). Common problems include high costs of transactions, poor communication between parties, inequitable financial gains, and possible exclusion of disadvantaged community members (Mayers and Vermeulen, 2002).

However, even when such relationships are too inequitable and short-term to be considered successful they can still provide communities with experience and critical stepping stones towards true economic empowerment in the long term (Mayers and Vermeulen, 2002). Commonly cited benefits are increased economic returns, capacity building, administrative and infrastructure support, access to new markets and provision of capital by the company partner.

Forest product value chains are therefore a natural focal point for international development but it is critical that community participation be structured to ensure more equitable distribution of benefits than has been seen in the past (Mayers, 2006). Recent initiatives in Latin America are showing positive results in the higher profile that communities in Mexico, Guatemala, Honduras, and Bolivia now have in forestry supply chains (ITTO, 2007).

In this project we review 14 company-community relationships in Bolivia, Brazil, Guatemala, Honduras and Mexico to assess the level of success achieved and identify those practices that have contributed to the outcome.

We ask the following research questions:

1. How are these community-corporate relationships structured and can we identify levels of “success”?
2. What are the key factors that contribute to success of the relationships?
3. How can these findings be used to focus assistance towards increasing community integration in forest product value chains through commercial relationships?

Results from this study led to development of a model for assistance to the forestry sector in Bolivia to increase community involvement. The Forestry Program for Bolivia was designed by the authors and presented to IFC and the Dutch Embassy in September 2008², and has now been developed into a seven year project. Implementation will begin during 2009 with funding from the Dutch Embassy and the Swedish International Development Cooperation Agency (SIDA).

Methods

Our study focuses exclusively on Latin America and we chose to concentrate on a relatively small sample group of relationships to enable us to conduct site visits and hold interviews directly with participants from all parties involved – community leaders and members, company directors and staff, and facilitators from third-party organizations such as technical service providers and NGOs

² Formulation of the Community-Corporate Partnership Project in the Forestry and Wood Products Sector of Bolivia, Report 3: Forest Program for Bolivia. Funded by the International Finance Corporation (IFC)

involved in the relationship when encountered. Communities include forest management groups, cooperatives and indigenous associations

Our study uses data generated first hand from field visits to community forest operations, purchasing companies and facilitators. Information was gathered through the application of questionnaires and interviews.

The team first selected community-corporate partnerships to include in this study, based on the following criteria:

- Variety of case studies: to demonstrate lessons learnt from as many different relationship structures as possible;
- Quality of information: ability to access first hand information from participants;
- Representation: selecting relationship structures which are most representative of the common situation, particularly in Bolivia.

Table 1. Case studies of community-corporate relationships selected for study.

Country	Region	Community	Company	Facilitator/NGO
Bolivia	Pando	Comunidad Puerto Oro	Tahuamanu	Fundación José Manuel Pando (NGO)
Bolivia	Guarayos	Comunidad Cururú	CIMAL + INPA Paret	BOLFOR, WWF
Bolivia	Chiquitania	Comunidad de Salvatierra	Sobolma	BOLFOR
Bolivia	Chiquitania	Comunidad Zapocó	Los Petunos	APCOB (NGO)
Bolivia	Chiquitania	Community association COINFO	multiple private companies	DED – CIAT
Bolivia	Bajo Paragua	TCO CIBAPA (indigenous territory)	multiple private companies	Fundación PUMA (NGO)
Bolivia	Choré	Comunidad Yuqui-siris	multiple private companies	Fundación PUMA (NGO)
Honduras	Riío Plátano Biosphere Reserve	Community association UNICAF	Gibson Musical Instruments	NAWPI (broker) + Rainforest Alliance (NGO)
Honduras	Riío Plátano Biosphere Reserve	UNICAF communities	Caoba de Honduras	none
Mexico	Durango	Indigenous Community of San Bernadino de Milpillias	Forestal Alfa	none
Mexico	Durango	Ejido Vencedores	Forestal Alfa	none
Guatemala	Petén	5 community concessions	FORESCOM	Rainforest Alliance (NGO)
Guatemala	Petén	FORESCOM	UNIMASA	none
Brazil	Rondonia	Reserva Extrativista Estadual Rio Preto-Jacundá	multiple private companies	ASMOREX (community association) + WWF (NGO)

Building on the team’s collective experience in community forestry and following a review of related studies we identified specific indicators or variables which describe the desired outcome of a successful relationship (dependent variables) and those which may impact the relationship (independent variables). These fall into three core functional categories which characterize influences on the actors in a relationship – the internal structure and operation of the community and company; external socio-political conditions; and the structure and function of the relationship itself.

Over 100 indicators were identified in subsets listed in Table 2 below, which shows the relation between all of independent variables included in the study.

Table 2. Subsets of variables studied in comparative analysis.

Internal Parameters	External Parameters	Relationship Parameters
# variables = 54	# variables = 32	# variables = 23
<ul style="list-style-type: none"> ▪ Organizational administration ▪ Planning ▪ Financial administration and accounting ▪ Human resources ▪ Organization for commercialization ▪ Monitoring and management control ▪ Production permits ▪ Conditions for production ▪ Production costs ▪ Quality control ▪ Human resources for production 	<ul style="list-style-type: none"> ▪ Land tenure/ownership/usufruct ▪ Local governance ▪ Government policy ▪ Local markets ▪ Access to markets ▪ Support/Advocacy groups ▪ Access to financing ▪ Technical assistance ▪ Community/company leadership ▪ Institutions supporting forest certification – particularly FSC 	<ul style="list-style-type: none"> ▪ Status of relationship ▪ Nature of relationship ▪ Contract details ▪ Structure of relationship (level of involvement of company) ▪ Facilitation by third party ▪ Additional benefits ▪ Forest certification objectives

Three dependent variables which describe the desired outcome and serve as a measure of “success” for this study were considered in order of priority as follows:

- Positive perception of success by both parties;
- Economic benefits gained by community; and
- Length of association

This rough assessment of “success”, while clearly not exhaustive or statistically based, is a useful framework for the analysis of impact variables, and is further built on in the discussions.

Questionnaires incorporating all variables were adapted slightly for the different audiences, but followed the same format in all cases to ensure consistency of information for comparison.

Relationships were ranked according to response or “performance” under the three dependent variables above and a comparative analysis conducted on responses to all independent variables. Owing to the qualitative richness of the data collected and the relatively small sample size, we did not conduct a statistical analysis on responses. Rather they were manually compared for similarities and differences, to identify trends and patterns. This analysis enables us to identify factors that restrict and factors that favor the formation of successful commercial alliances³.

In addition, the team gathered supplementary information through the interviews which focused on determining the current need for technical services among companies and communities and the specific nature of those services. This information was collected specifically for Bolivia to provide further background to a long-term project design.

Results and Discussion

In this study we conducted an exhaustive review of all variables and a complete discussion of results was presented to the IFC and the Dutch Embassy⁴. For the purposes of this paper, we have focused our discussion only on those aspects which were found to be most significant to the specific research questions posed.

Considerations of “Success” in a Company-Community Relationship – Outcome variables

Comparing responses and information gathered from the case studies, the team ranked the 14 cases in order of performance against the outcome variables demonstrating the level of success attained by the relationship (Table 3 below).

Table 3. Relationships ranked in order of level of success.

Relationship	Status	Perception of Success		Economic Benefit				Duration of Relationship			
		Community	Company	Benefits cover production costs & improve community services, market prices by value added & species	Benefits cover production costs and basic community services, some increased from value added within community	Community income covers cost of production only	Community income dependent on price established by intermediary, generally low	Long-term history, even permanent relationship	More than 5 years	More than 3 years	Annual or occasional - based on POA
UNICAF communities with Gibson/NAWPI	√	√	√	√	√	—	—	—	—	√	—
Peten Communities with FORESCOM	√	√	√	√	√	—	—	—	—	√	—
Milpillas community with Forestal Alfa	—	√	√	—	√	—	—	√ (47 yrs)	—	—	—
Zapoco- Los Petunos	√	√	√	√	√	—	—	√	—	—	—

³ Organizational strength (internal parameters) of communities and companies was analyzed in depth using the Organizational Development – Organization for Production (OD-OP) methodology, developed by Global CDS for socio-economic analysis (Chávez, et.al 2005). This method plots scores for overall performance, providing a visual comparison of each community and company included in the study.

⁴ Formulation of the Community-Corporate Partnership Project in the Forestry and Wood Products Sector of Bolivia, Report 1: Findings and Lessons Learned from Phase 1. Funded by the International Finance Corporation (IFC)

Cururu – Cimal – INPA Parket	√	√	√	—	√	—	—	—	√	—	—
Vencedores community with Forestal Alfa	—	√	√	—	—	√	—	√ (33 yrs)	—	—	—
UNICAF communities w/ Caoba de Honduras	√	√	√	√	—	—	—	—	—	—	√ (new)
FORESCOM with UNIMASA	√	√	√	√	—	—	—	—	—	—	√ (new)
Salvatierra-SOBOLMA	√	√	√	—	—	√	√	—	√	—	—
Reserva Extrativista Estadual Río Preto-Jacundá, Brazil, w/ multiple buyers	√	√ (partial)	√ (partial)	—	√	—	—	—	—	—	√
COINFO- Empresas Santa Cruz	√	√	—	—	√	—	√	—	—	—	√
Puerto Oro - Tahuamanu	—	—	—	—	—	√	—	—	—	—	√
CIBAPA	√	—	—	—	—	—	√	—	—	—	√
Yukisiris	√	—	—	—	—	—	√	—	—	—	√

Success was ranked by degree of performance level under the three variables according to their priority order. For example, a relationship which scored high under Duration but was lower under Economic Benefit would be ranked lower overall as Economic Benefit is a higher priority than Duration.

Perception of Success

The majority of the relationships studied, 10 out of 14, were considered successful by the communities involved, nine of which were also perceived as successful by the companies. The remaining four were not considered successful or were inconclusive. In general, the longest-standing contracts were successful from the community's perspective because these relationships provided consistent economic return over a long period of time.

This does not imply however that every long-term relationship provides an ideal situation for the community but when both parties agree on this point, it provides an indication of the level of trust has been established in the relationship.

Economic Benefit

We included four levels of economic benefit indicators, from maximum return - where prices agreed in a sales arrangement cover or exceed production cost, to minimum return where communities were dependent on prices set by an intermediary.

The top five most successful relationships all received economic returns from forest product which covered production costs and basic community services. In all these cases, some degree of value added processing was taking place in the community prior to sale. Conversely in the least successful relationships, communities were not even recovering the cost of harvesting through their commercial relations.

Duration of Relationship

For purposes of this study we were interested in the length of time that the commercial relationship was in effect, not whether or not the relationship was still active. However we noted that of the 14 relationships studied, 11 are still currently active, two of which have lasted longer than five years⁵.

Seven of the relationships (50%) lasted three years and longer. The remaining seven are either annual, which may or may not be renewed for each harvest season, or new relationships less than three years old.

Comparative Analysis of Internal, External and Relationship factors – Explanatory variables

We found 11 factors that influenced the success of community-corporate partnerships. Some of these factors were single variables; others were groups of variables that we combined to describe a larger concept, such as ‘competitiveness’. These top 11 factors are shown in Table 4 (listed from highest impact to lowest), and discussed in more detail below.

It should be mentioned upfront that land tenure was not considered further in the discussions as all communities studied were found to have clear tenure or resource use rights. Land tenure/usufruct may therefore be considered a requirement for any degree of success to be possible in commercial company-community relationships.

Table 4. Performance of relationships against key explanatory variables, by likely impact.

Key Impact Variables	Highly successful relationships (n=5)	Moderately successful relationships (n=5)	Unsuccessful relationships (n=4)
Organizational Strength and Productive Capacity of community – <i>competitiveness</i>	Medium-High to High	Medium	Medium-Low to Low
Nature of relationship – level of trust	High	Variable	Low
Detailed agreement	High	Medium	Variable
Additional benefits	High	Variable	Low
Independent of 3 rd party facilitation	High	Variable	Low
Focused technical assistance	High	Medium	Variable
Access to financing	Medium	Variable	Low
Financial management	Medium	Variable	Low
Business skills	Medium	Variable	Low
Access to markets	Variable	Variable	Low
Forest certification	Variable	Variable	Low

Organizational and Productive Capacity - Competitiveness

This is a large category of explanatory variables referred to as Internal Parameters in Table 2. Collectively these variables describe the organizational development and productive capacity of a community or company, also considered the competitiveness of an organization.

All purchasing companies achieved a high level of competitiveness, as might be expected. However, of the 11 companies studied only five had personnel specifically dedicated to coordination with communities. Four of those companies are in relationships considered successful

⁵ Interestingly two of the longest lasting relationships– Comunidad Milpillas and Ejido Vencedores with Forestal Alfa (47 and 33 years duration respectively), considered successful by both parties - are no longer active. This was a result of increasing technical capacity within the communities and their ability to diversify production and seek a greater variety of buyers with more competitive prices.

by both parties, so this may be an important consideration for a company which relies on communities for their wood input.

We found a direct relationship between overall competitiveness of a community and success of their commercial relationships. All of the communities in the top five relationships in terms of success scored high or medium-high with regards to the complex of internal variables⁶.

Within the group of variables comprising competitiveness, the most common weaknesses encountered are lack of business and marketing skills, poor administration, lack of financial resources and adequate costing for production.

Nature of relationship

These indicators address the level of interaction between the company and the community, and imply the level of trust achieved. All of the successful relationships are structured with direct interaction between company and community, or where the intermediary was transparent and actively promoting codes of conduct.

We found that the level of trust established between the parties is directly related to degree of success in all cases.

Contract mechanism

The most successful relationships are guided by a detailed agreement with rules of engagement, timeframes and expectations. These are not necessarily commercial contracts.

Six of the 14 cases had a written statement laying the foundation for medium or long-term relationships, most commonly in the form of a mutual agreement or “memorandum of understanding”. Formal commercial contracts were encountered in only seven relationships, both in addition to the agreement and in place of it.

Most relationships started with an agreement related to annual harvest, with the option of renewing annually. This is often preferred by both parties as it gives flexibility for re-assessing prices and volumes according to market fluctuations and availability. It also enables other clauses in the contract to be modified, and avoids situations where the community could be trapped in an unfavorable relationship.

Clear rules and expectations appear to be related to the level of trust between parties. We did not find that success or actual duration of the relationship was impacted by either the type of document (MOU or contract) or the length of time anticipated in the agreement. The most important impact appears to be the transparency of the written agreement and fulfillment of the agreement by both parties.

Additional Benefits

This refers to benefits communities receive from a relationship beyond economic returns from the sale of wood products, and are most often provided directly by the company.

⁶ An exception of note is the group of 12 communities in Honduras which comprise UNICAF. Competitiveness levels vary among these communities, generally falling in the medium range, but the relationship achieved high scores on level of economic benefit. This is due to an effective pricing system and a high-value product commanding a consistently high price – mahogany blocks for musical instrument production.

High levels of additional benefits were reported in the most successful relationships. Most commonly these include technical training, equipment and improvements in community health care.

It appears that provision of additional benefits are most likely in a relationship where the company has invested in a community over a period of time and the existence of such benefits in turn fosters trust between the parties.

Facilitation of relationship

This refers to direct third-party involvement, commonly by a NGO or donor-funded project entity, in establishing and maintaining a relationship between the community and company.

Four of the cases studied would likely not have been possible without direct facilitation from a third party to establish the relationship in the first place. Two of these⁷ are considered to be successful and are on-going, the remaining two were not and have since ceased. Nine cases reported third-party facilitation to support greater community involvement but not directly related to maintaining relations.

A key factor appears to be the nature of facilitation. Problems arise when both parties rely heavily on a third-party to establish and maintain the commercial aspects of a relationship, such as tender and pricing. In these situations communities are less likely to take ownership of the relationship and do not increase internal capacity for future business.

Facilitation early on can be critical in establishing the relationship but must be focused on increasing capacity of both parties to foster independence and should not be engage in the commercial aspects.

Technical Assistance

All but one of the 14 cases had access to technical support from NGOs, projects or foundations. Together with a history of experience in the region, we have found technical assistance to be a key factor in strengthening community capacity and enabling successful relationships with companies, but the nature of that assistance is critical.

Technical support for community forestry has frequently focused on forest management aspects. Our study shows that the main focus of support should now be the development of communities' organizational strength and competitiveness. In the seven most successful relationships, external entities provided technical support and training on business skills, marketing and relationship-building. This is the most effective third-party input for company-community associations, not direct management of the relationship itself.

In addition, the five most successful relationships reported receiving technical support directly from the purchasing company or broker. This support was focused on grading, milling and the production itself.

Access to Financing

Historically, forest communities in Latin America have had limited or no access to formal bank loans or credit owing to unfavorable business environments and the communities lack of organizational capacity and capital.

⁷ UNICAF/Gibson in Honduras and Petén communities/FORESCOM in Guatemala

In 11 of the 14 of the cases, financing was only available in the form of advance payment from the purchasing company or through an NGO. In only three cases did communities have access to financial services and credit outside of the commercial relationship, through banking institutions. All of these were successful relationships.

Communities with no capital to finance forestry activities have little bargaining power with potential buyers and often have to rely on advance payments and fixed prices, limiting potential for equity. However advance payments can be a positive step towards greater independence in the right situation. In those relationships which relied on advance payments but achieved success in other core aspects, we found a high level of trust between the company and the community, and both parties were working to move away from this system.

Financial Management

This refers to the distribution and use of funds from forestry activities. In all relationships where communities had not realized effective economic benefit we found serious weaknesses in internal financial management. In addition, relatively few communities re-invest in future forestry initiatives or create a capital fund, even in those relationships considered most successful. This is a critical limiting factor in community development around effective production and is part of its competitiveness.

Business skills

Of the 29 communities in total included in the case studies, only five had developed business plans for their forest production and marketing, indicating that communities are not considering forest management activities as a business proposition. In addition, the most common cause for dissatisfaction from the purchasing company, and in some cases failure of the relationship, is the lack of follow through on agreements and delivery of product, all related to business capacity.

Market Access

There was considerable variation among the case studies regarding availability of local markets, with only five communities currently accessing these opportunities to their advantage.

However, we found that access to markets appears to be less important to the success of a commercial relationship than trust between the partners. A community can gain economic and additional benefits and increase capacity through selling into a limited market if the relationship is open and provides opportunity for growth. Market access can improve over time as the community gains experience and skills.

Forest certification

Given the importance of forest certification in protecting biodiversity and promoting sustainable practices we included FSC status as a variable in our study, to determine what if any, influence it may have on the success of the relationship.

FSC certification featured in seven relationships studied here, with one or both parties currently certified. In these cases we found that communities most commonly sought certification as a result of a relationship with a certified buyer, and that financial assistance for associated costs was provided by the company or by national initiatives. In two cases the company was seeking certification as a result of purchasing from certified suppliers.

Certification may influence the success of a relationship when one party is certified and is specifically seeking a certified supply or market. Where neither party is certified it does not appear to be a deciding factor in success, but rather the relationship may be an opportunity to incorporate certification objectives.

Demand for Technical Services in Bolivia

The most significant finding from our demand survey is that forest product companies in Bolivia are requesting assistance in technical areas comparable to the needs seen in communities.

Specifically, guidance in developing relationships with suppliers; contract fulfillment; negotiating longer relationship periods with suppliers; forest certification; and reducing costs.

Conclusions

We found certain factors appeared to have more influence, positive or negative, on the selected relationships than others, and others did not appear to influence success either way. This summary is presented in Table 5 below.

Table 5. Influence of key variables on community-corporate relationships.

Factors that Promote Relationship	Factors that Restrict Relationship	Factors that have little influence
<ul style="list-style-type: none"> ▪ Clear and consistent economic benefit, with effective distribution within community ▪ Competitiveness of community must reach “medium” level at a minimum ▪ Adequate pricing systems incorporating real cost ▪ Access to financial support through viable credit or loans, not dependent on project subsidies or company advances ▪ Technical assistance focused on business skills development ▪ Relationship built on shared goals, i.e. long term supply ▪ Written agreement, clear rules and transparent negotiation ▪ Company/representative presence in the field, direct coordination with community ▪ Third-party facilitation enabling relationship but not creating dependency ▪ Additional benefits provided by company such as equipment and training. 	<ul style="list-style-type: none"> ▪ Poor dissemination of economic benefit within community ▪ Pricing dependent on intermediary and limited market access ▪ Lack of capital and no access to credit – reliance on advance payments ▪ General technical assistance, unfocused ▪ Relationship limited to short-term sales only, no investment by company ▪ Contract based solely on volume/price, no details or conditions ▪ Relationship only through intermediary or broker, not transparent ▪ Facilitation required in order for relationship to function, creates dependency. ▪ Low level of competitiveness in communities combined with medium level in the companies 	<ul style="list-style-type: none"> ▪ Land tenure – basic necessity to start relationship ▪ Local governance - does not appear to play a strong role ▪ Government policy – tend to be general in nature ▪ Support/Advocacy groups – limited role ▪ Community/Company Leaders – appears to vary enormously and not a consistent factor ▪ FSC certification – may be common goal but inconsistent impact.

A successful relationship is one which generates benefits for both the company and community which neither could have achieved alone. We found relationships to be most successful when trust was established between both parties, and that trust is enabled by higher operational capacity of the community together with a supportive business environment.

We also conclude that factors impacting success of are inter-related between performance in the external environment, competitiveness, and performance within the relationship itself. For example, communities with weak internal organization cannot effectively incorporate the assistance available to improve production. Increasing the competitiveness of a community will lead to increased positive impact from other factors.

In practice, every company and community has a different internal culture and code of conduct, impacting specific details within a relationship in addition to the factors compared here, and these individual characteristics also need to be considered⁸.

We ask assistance providers to consider a critical question – how can support be designed to address the complex inter-relations between all parties and enable commercial relationships to succeed and continue independently in the future?

First we recommend that technical assistance to communities must expand beyond forest management practices and focus on competitiveness, particularly business skills, production processes and financial management to enable communities to function as economically viable entities.

Secondly, assistance must include all actors in the partnership to foster long-term success – particularly the purchasing company and supporting financial institutions. Companies benefit from outreach and training to improve their capacity to work with community partners, and to develop greater understanding and trust with communities. Additionally, the forestry sector needs to develop more creative ways to increase community access to credit, as has been taking place in the agriculture sector.

Acknowledgements

This work was funded by the Dutch Embassy in Bolivia through cooperation with the International Finance Corporate (IFC), and implemented by Associates in Rural Development (ARD), who contracted the authors for the project and provided support throughout.

Many thanks to Marco Guissani, IFC; Morris Israel and Jim Schweithelm, ARD; Deanna Newsom, Rainforest Alliance; Pablo Pacheco, CIFOR; Derick Martins; Juan Carlos Chávez, Fundación PUMA; Rudy Guzmán, Cadefor-Bolfor II; Los Petunos; CIMAL; Tahuamanu; Cámara Forestal de Bolivia; Raúl Lobo; Edwin Magariños and Orlando Melgarejo, WWF; Pablo Rodríguez, Fundación José Manuel Pando; and all the staff of purchasing companies and the community members who generously donated their time and provided invaluable information.

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