



Rethinking Collaborative Arrangements with Local Partners

Summary of Findings

More forest area is being designated for use by local communities and indigenous peoples. In a growing number of countries legislation is being introduced to ensure that local partners share in the benefits of forest operations and participate as active stakeholders in the sustainable use of forest resources. Private sector investment in the forest sector is increasing as well. For businesses in an expanding range of investment settings, establishing and maintaining positive working relationships with local communities is an essential part of gaining access to natural resources, local skills and labor. Afforestation and reforestation activities and programs to reduce greenhouse gas emissions from deforestation and forest degradation (REDD), including sustainable forest management (SFM) and forest restoration, seek to increase forest carbon sequestration, and their success or failure will rely in many respects on the effective cooperation of forest dependent people.

These developments are giving partnerships and benefit-sharing arrangements between local and outside partners greater prominence than they have generally had in the past. The significance of these collaborative arrangements is increasing whether the local partner is a community, a user or producer association, or a group of individual landholders, and whether the outside partner is a private firm, a government agency, or a nongovernmental or civil society organization. The arrangements vary widely in purpose as well for the respective partners. Local partners may be interested in employment and income generating opportunities, in the security of their access to forest land, in the protection of resources that have traditional or other values, or in capitalizing on small business opportunities. Outside partners may be interested in gaining and securing access to forest products, in obtaining the cooperation of local communities in how forest resources are used, in alleviating rural poverty, or in managing risks and ensuring the provision of environmental services.

Collaboration with rural people is also an urgent practical priority among international development agencies, whose goals include poverty reduction and the sustainability of positive social and environmental impacts. These development outcomes often rely heavily on the active engagement interested participation of the households and communities involved in a project. The conditions that lend themselves to successful collaboration have therefore become the focus of increasing attention on the part of international organizations that support sustainable forest operations.

The World Bank has published a report titled ***Rethinking Forest Partnerships and Benefit Sharing: Insights on What Makes Collaborative Arrangements Work for Communities and Landowners***. The report presents evidence from a large number of surveys and interviews that were intended to capture the priorities and concerns of the different partners that have been involved in collaborative arrangements. The results can inform the design and conduct of partnerships and arrangements between stakeholders who have different interests but who also potentially have much to gain through mutually-beneficial outcomes. They also provide important practical insights into what concepts such as "trust" and "mutual respect"



Photograph by: Heriberto Rodriguez / The World Bank





MAKING AND KEEPING GOOD ARRANGEMENTS

Collaborative arrangements between partners take many forms, from informal agreements, to agreements with provisions that permit one partner to leave the arrangement, to fully enforceable legal contracts. Some agreements are not documented. Some have elements that are set forth in or based on legislation, forest management plans, organizational bylaws, or property records.

Effective and lasting collaborative arrangements tend to be characterized by a number of features analyzed in academic literature on law, negotiation, and conflict resolution. The study examined the importance of twelve of these factors, including:

Common expectations about the undertaking and what it will deliver.

Communication - both formal or informal, which satisfies both sides and promotes transparency.

Fully bargained - parties in a negotiation feel they understand the other's motives to their own satisfaction.

Incentives tend to be specific as well. The collaboration must be worthwhile not just to the community as a whole, but also to the particular people who have the power to help or hinder the project.

Legally recognized - where details are optimally set down in writing.

Mutual respect - neither side comes to the table from a position of superiority or inferiority and neither leaves the table feeling that the will of their counterparts was imposed or that some larger advantage and disadvantage provided unfair leverage.

Mutual understanding of their own and each other's responsibilities, and of specific details that are important or unimportant, such as deadlines and certain record keeping requirements.

Past history of conflict is thoroughly addressed – the arrangement addresses past conflicts - particularly if the conflict regarded use of the resource being negotiated.

Practical - both sides view the terms of the arrangements as practical, and each has the technical knowledge, capital, equipment, infrastructure, or simply labor and time necessary to fulfill their obligations.

Self determination - neither party felt compelled to negotiate or sign the agreement – they acted on their own free will. If either party was persuaded to attend, they agreed to see what was being offered, and what was being offered was not viewed as an ultimatum.

Trust - the partners in effective arrangements trust one another.

Verifiable obligations – it is easy to determine if partners are fulfilling their obligations.

These features apply both to making agreements and to maintaining them. In keeping a long-term agreement, the sides frequently must come together, renegotiate bits and pieces, and revise their relationship to account for new information or changing conditions.

While different combinations of these features proved important in different types of collaboration, four emerged as nearly universally important: mutual respect, trust, practicality, and communication. Furthermore, strong and lasting partnerships are characterized by processes and practices that go beyond what is captured in an agreement itself.

CONTEXT MATTERS

The conditions in which partnerships are negotiated and in which the respective partners operate can be as important to the success or failure of the collaboration as the form of the partnership itself. For instance, in situations in which a partnering community relies heavily on the natural resource concerned, the issue of bargaining proved highly significant. Where community livelihoods are less dependent on forests, incentives tend to become more important.

ELEMENTS OF A GOOD CONTRACT

Contracts serve a number of important functions in collaborative arrangements, and their structure and content should be adapted to suit the purpose of the arrangement. In benefit-sharing arrangements for instance, contracts tend to emphasize communication and dispute resolution, while commercially-oriented contracts are more concerned with contingencies, loss prevention, and how risks are divided between the partners.

A review of good forest partnership contracts reveals a number of distinguishing attributes. They are generally clear, understandable, and complete, and address issues such as practicality, verifiability, and incentives. They are also legally valid at the same time that they provide means to resolve disputes that do not require those involved to go to court.



If there is any history of disagreements or disputes, the issues involved are fully taken into account by the contract. The structure and content of contracts are informed by the purpose of the contract.

SHARING THE BENEFITS: THINKING BEYOND COMPENSATION

Using forests imposes local costs, whether the use involves production or environmental services. Benefit sharing arrangements can ensure that the communities and households that bear these costs share in the benefits of the use.

Good benefit sharing arrangements characteristically go well beyond questions of compensation, and relate directly to the needs and livelihoods of the local partners concerned. They tend to be purposefully tailored to local contexts, and to be transparent with beneficiaries whose interest

are recognized as being legitimate by all partners involved. They sometimes entail cash payments to communities or individuals, which some project designers find eminently practical when the project's output consists of a marketable commodity produced through the efforts of an individual or small team, the value of which is readily measured. One project used cash payments for environmental services, based on participants keeping the land in particular uses. Where the project required a community effort or the use of a community-owned resource, some paid cash into a trust fund for community use, subject to outside review or control.

The use of cash payments, however, can be problematic. When the payments are made to community leaders, accountability, corruption and elite capture can become a concern. When they are made to heads of households, they may not benefit all household members, such as women

INPUTS, OUTPUTS, AND OUTCOMES

Partnerships and collaboration can be usefully considered in terms of their performance and their outcomes. Performance is generally considered in terms of how effectively inputs are used to generate short and medium term outputs or the ultimate objective of the partnership. In Rethinking Forest Partnerships and Benefit Sharing a table is presented that describes inputs, outputs and outcomes for each of the twelve factors. Below is an extract from this table:

Factors	Inputs	Outputs	Outcomes
Practicality	<ul style="list-style-type: none">Carefully assess the following aspects of proposed actions:Legal, technical, financial, and material needs and constraintsRisksEnvironmental and social impacts	<ul style="list-style-type: none">Realistic overall project planTraining, technology transfer, credit, and other assistance integrated into plansUnwanted external impacts minimized or mitigated	<ul style="list-style-type: none">Reduced risk of unmet expectations and resulting conflicts
Communication	<ul style="list-style-type: none">Identify and try to overcome barriers to communication: cultural, physical, institutional, and so onTry to agree upon (or create) practical channels of communicationIdentify party representatives, set out their authority, and create an obligation for them to communicate with the people they representCreate procedures to deal with grievances during the term of the partnership	<ul style="list-style-type: none">Regular and free flow of information among the partiesFrank discussion of problemsRegular flow of information between representatives and those they representPrompt and fair handling of grievances	<ul style="list-style-type: none">Fewer misunderstandingsControl of rumorsEnhanced trustEarlier warning of problemsBetter management of conflicts
Mutual respect	<ul style="list-style-type: none">Open-mindedness: suspend judgment of other partiesConsider different perspectives: be willing to listen and empathizeCulturally sensitive: use courtesy in communications	<ul style="list-style-type: none">Improved understanding of other partiesAvoidance of small, unintended insults	<ul style="list-style-type: none">Better working relationship
Trust	<ul style="list-style-type: none">Use candor in discussionsBuild a reputation of reliability/persistence in keeping past promisesKeep key project transactions, especially those involving money, transparent to all affected people	<ul style="list-style-type: none">Increased credibility	<ul style="list-style-type: none">Parties are willing to put faith in others' promises of future performance.Increased patience



and youth. Some communities, therefore, elected alternative forms of payment. These alternatives included combinations of cash payment with technical assistance, market vouchers, productive goods (e.g., beehives), access to land, decision-making power over nearly public lands and resources, extension services, credit or opportunities for employment. The alternatives were selected because they did more to advance the long-term prospects of the community and to reduce poverty than cash payments would have.

LESSONS FOR COLLABORATIVE ARRANGEMENTS

Contracts and other legal documents are useful instruments, but not ends in themselves. Writing out a contract can lead the sides to explore roles and risks in detail. Contracts provide a reference point for further discussion, and their execution impresses upon the parties that they are making a true commitment. Contracts can also be a means of informing potential outside investors and others about the agreement. If the contract can be recorded in the official property records, it may be a means of binding future owners of the land.

Contracts, however, are not the only mechanism for recording rules governing the partnership. Some partnerships detail parts of their understanding in management plans. Some partners have agreed to adopt certification standards. A partnership may also put its agreement into the founding documents of a new association or business entity. To ensure that the rights of parties are fully documented, projects may need more than a single contract, and there may need to be subagreements with others besides the main partners, e.g., with an outside investor or auditor.

Model contracts, model designs, and reproducing partnerships. Fully bargained arrangements can be costly to achieve, especially when there is a need for multiple deals. The scale and scope of a partnership can influence whether the partnership is individually crafted—where the parties can afford to bargain, to innovate, to tailor the agreement carefully to each party's needs—or based on a standardized agreement, because the transaction costs of bargaining each agreement would just be too high. In situations where standardized agreements are necessary, it is good practice to develop the contract template based on consultation and discussions with the key stakeholders and experts.

Transplanting designs from one location to another is dangerous for two reasons. First, context matters, and each location presents different conditions and issues. Second, process matters, and attempts to shorten the process may reduce trust, respect, communication, and other characteristics that are important to the long-term success of the project. Partnerships based on standardized agreements need to involve some individual bargaining and tailoring of the project to the community.

Project design. Risk management is a vital element of good project design. Partners need to discuss possible risks and account for them in the design of the project. It is particularly important for them to mutually understand each other's responsibilities in the event that the risk becomes imminent. Because not all risks or practical issues can be anticipated at the beginning of a project, agreements should be structured with sufficient flexibility to address unanticipated risks and potential conflicts as they arise.

This note was prepared by Kenneth Rosenbaum (Sylven Environmental Consultants) and Diji Chandrasekharan Behr (World Bank) with editorial inputs from Gunnar Larson (World Bank). It is based on the economic and sector work entitled *Rethinking Forest Partnerships and Benefit Sharing: Insights on What Makes Collaborative Arrangements Work for Communities and Landowners* financed by the Trust Fund for Environmentally & Socially Sustainable Development (TFESSD).



Rethinking Collaborative Arrangements with Local Partners

Making Partnerships Work in Forest-Based Carbon Activities

Cooperation with forest-dependent people is vital to the effectiveness of programs and mechanisms that seek to capitalize on the carbon sequestration potential of forests and to reduce emissions from deforestation and degradation (REDD). REDD requires transferring benefits from reduced emissions to those who use and access forests. Afforestation and reforestation activities as source of emission reduction credits both on the voluntary market and through the Clean Development Mechanism (CDM) often occur on the land of smallholders and communities. Sustainable forest management (SFM) and forest restoration initiatives engage communities in forest planning and management. Even where forest-dependent people have only limited ownership rights, forest-based carbon activities become largely, and in some instances entirely, unworkable without their active support.

Projects that do not benefit the local partners involved, or that fail to earn the trust of those communities are unlikely to succeed. Long-term and stable partnerships between outside parties (e.g., investors, government, NGOs, or donors) and local partners therefore warrant priority in both the design and the implementation of carbon-related forest interventions. Among the most promising types of arrangements to formalize these partnerships are benefit-sharing arrangements.

A World Bank study—***Rethinking Forest Partnerships and Benefit Sharing: Insights on Factors and Context that Make Collaborative Arrangements Work for Communities and Landowners***—presents an analysis of the elements of successful natural resource based partnerships, including benefit-sharing arrangements. These arrangements can make local partners stakeholders with an active interest in the project's outcome, and can be used to compensate them for any local costs that may be incurred in providing the global public good of reduced greenhouse gas emissions.

PROCESS VS. CONTENT IN AN AGREEMENT

The process of reaching agreement with a local partner is as important to the success of a partnership as the content or legal form of the agreement itself. Project sponsors and community supporters therefore need to think beyond the technical parameters of the project. Successful partnerships must weigh biophysical and economic issues as well as business practices, laws, social relations, and cultural factors.

This applies both to making and maintaining agreements. In keeping a long-term agreement, the sides frequently must come together, renegotiate bits and pieces, and revise their relationship to account for new information or changing conditions.

The Clean Development Mechanism mandates some process elements; among other things, it requires project developers to provide local stakeholders with a clear description of the project, to accept local comment, and to document how the developer took local comments into account (Conference of the Parties, Kyoto Protocol, UNFCCC, Decision 3/CMP.1, Annex 37 (Montreal, 2005)). While "stakeholders" may be a larger class than just the local participants, going beyond the CDM minimum consultation requirements with direct participants and benefit recipients could contribute to strengthening partnerships. Full, two-way engagement and negotiation can build foundations of communication, mutual respect, and trust. These will pay dividends throughout the course of the project.

THE KEY FACTORS

Effective and lasting collaborative arrangements tend to be characterized by a number of features analyzed in academic literature on law, negotiation, and conflict resolution. Re-thinking Forest Partnerships and Benefit Sharing examined twelve factors which are listed below in an indicative order of significance for making and maintaining agreements. While different combinations of these factors proved important in different types of collaboration, the first four emerged as nearly universally important.

Communication. Communication should be among all parties on all aspects of the partnership, throughout the duration of the agreement, without physical, behavioral, or cultural barriers. This facilitates transparency.

Trust. Most partnerships are based on commitments to deliver payments or products in the future. To enter into partnership each party must trust that the other party will keep their end of the deal. Over the course of long-term collaborative arrangements certain commitments may be violated. The partners involved will need to rebuild trust to fix the resulting problems.

Mutual respect. Neither side should come to the table from a position of superiority or inferiority, nor leave the table feeling that the will of their counterparts was imposed or that some larger advantage and disadvantage provided unfair leverage.

Practicality. All participants must have the technical knowledge, capital, equipment, infrastructure, or simply labor and time to fulfill their obligations. Skills required can range from bookkeeping, to forest management and conflict resolution.

Full, interest-based bargaining. The parties should negotiate with each other and feel they understand the other's motives to their own satisfaction. The local partner should be engaged in negotiating the details of the partnership. Negotiations should focus on interests — not solely on what partners are demanding, but why they want them. Such negotiations allow greater latitude for reaching agreement. When transaction costs are too high to tailor the agreement and standardized contracts are necessary, a good practice is to engage a sample of potential partners — through workshops, interviews, surveys, or other means — to develop the contract template.

Shared expectations. Parties should share common expectations about the undertaking and a mutual understanding of their own and each other's responsibilities. If you ask each to describe the agreement, their stories must mesh.

Verifiability. For purposes of transparency, the obligations should be verifiable and easy to determine if partners are fulfilling theirs. Measures such as milestones to demonstrate progress towards a distant goal, or recordkeeping that satisfies outside investors or regulators can facilitate verifiability.

Legal validity. The promises and duties of all sides in the collaborative arrangement should be written out — in a contract, a charter, a regulation, or some other formal, comprehensive, and legally valid and enforceable document. Often the costs and risks of going to court are so high that agreements are not enforced through the formal judicial system. Regardless, the process of reaching a written agreement builds common understandings of responsibilities. The written agreement also serves as a reference to the details of the arrangement over time.

BOX 1: SHARING BENEFITS – PROS AND CONS OF CASH PAYMENTS

Some project designers chose cash where the output was a market commodity that was easily measured and produced by individual or small team effort. Some used cash payments for environmental services, based on keeping the land in particular uses.

However, cash is sometimes a problem. Cash payments can be difficult to trace and verify, unless they are made through a banking system or placed in a trust subject to outside auditing. When cash goes into the hands of community leaders, communities are not always able to hold them accountable. Corruption becomes a concern. If the payments go to heads of households, they may not benefit the women or youths.

A community may prefer the alternative options listed in the text of this brief. Often these arrangements can advance the long-term prospects of the community and contribute to poverty alleviation more sustainably than cash payments.



Legal validity can also require verifying and clarifying the local partner's underlying rights to the resource. In certain situations, the benefit that the local partner values most in a collaborative arrangement is acknowledgement of its rights to the land.

Shared understanding about agreements. The parties should share a sense of what it means to make and maintain an agreement. They should understand and accept how the other party views the agreement. All partners must comprehend the commitments being made, and share a common view of the importance of specific provisions in the agreement, e.g., deadlines, abiding by local laws, submitting reports, and so forth.

Self-determination. The decision to enter into a partnership should be informed. Neither party should feel compelled to negotiate but rather come of their own free will. If they were persuaded by an outside party to attend and agreed to see what was being offered, the offer should not be viewed as an ultimatum. The choices, and the accountability for making the choices, must belong to the local partner.

- **Incentives.** The collaboration must be worthwhile not just to the local partner, but also to the particular people who have the power to help or hinder the project.

Past issues resolved. Agreements underpinning collaborative arrangements should address any past conflicts between the participants, and attempt to resolve them. Partners must deal with preexisting problems and reasons for distrust of similar arrangements, including past conflicts among the parties involved. This is particularly so if past issues concern rights to land.

These factors apply to partnerships as inputs, outputs, and outcomes (see table on inputs and outcomes In Summary of finding).

BENEFIT SHARING – THINKING BEYOND COMPENSATION

Capturing carbon delivers a public good but often imposes a local cost.

Benefit sharing arrangements can transfer benefits due to local partners that bear these costs. Appropriate benefit sharing supports long-term viability, reduces risks, and extends the development impact of the activities through its contribution to poverty reduction.

The best way to share benefits depends on the local context. Benefit sharing should be open, verifiable, and should serve legitimate beneficiaries. Ideally, it should look beyond compensation, towards promoting broader social and economic development (see Box 1). Benefit sharing arrangements reviewed in Rethinking Collaborative Arrangements included:

- Cash payments to local partners for land leased, commodities delivered, or environmental services provided.
- Combinations of cash payments with technical assistance or services for commodities or environmental services.
- Provision of alternative benefits for land, commodities, or environmental services. These alternative arrangements included:
 - Market vouchers
 - Productive goods (e.g., beehives)
 - Access to new land
 - Extension services
 - Credit
 - Opportunities for employment
 - Decision making power over land and resources, including clarification and acknowledgement of the local partners' ownership rights.



Forest-sector collaborative arrangements come in many forms. The local partner may be a community, an association, or a set of individual landholders. The outside partner may be a private organization or a government. The interest of the local partner may be production of income from the forest, security of access to land, increased labor or small business opportunities, protection of traditionally valued resources, or other values. The interest of the outside partner may be similarly varied, from securing access to forest products, to obtaining the cooperation of the local community in the partner's resource use, to securing a source of labor, to alleviation of rural poverty, to production of environmental services and management of risks. Establishing arrangements that effectively deliver sustainable forest management and benefit local communities is a challenge because of the range of participants, objectives, and scales of partnerships and benefit-sharing arrangements.

Using an evidence-based approach *Rethinking Forest Partnerships and Benefit Sharing: Insights on What Makes Collaborative Arrangements Work for Communities and Landowners* provides insights into developing and maintaining collaborative arrangements in the forest sector. Building on negotiation and dispute-resolution literature for the analytical framework, this study identifies factors and practices promoting the formation and maintenance of partnerships, and explains how the factors are influenced by context.

The publication informs discussions and approaches to forest partnership and benefit-sharing arrangements. It also offers guidance on how to implement key factors that influence contract-based forest partnerships and benefit-sharing arrangements. The results should be of interest to those promoting partnerships and developing benefit-sharing arrangements. This includes government, private sector, and nongovernmental organizations, development partners, and managers of forest programs offering payments for carbon sequestration and reduced emissions from deforestation and degradation (REDD).

This work benefited from support from the Program on Forests (PROFOR) and the Trust Fund for Environmentally & Socially Sustainable Development (TFESSD) made available by the governments of Finland and Norway.



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Rethinking Collaborative Arrangements with Local Partners **Potential Roles for Civil Society**

Growing waves of land acquisition, mechanisms for promoting sustainable forest management, restoring forest landscapes, and producing forest carbon all point to the need for partnerships between resource dependent communities and outside parties such as businesses, government agencies, and civil society organizations (CSOs)¹. Partnerships involving the development and management of a resource can be effective instruments for empowering local communities, reducing poverty, and protecting the environment. The outside partner connects the community with new opportunities and incentives. Structured well, a partnership can benefit everyone.

Civil society organizations often participate in these arrangements, sometimes as the outside partner, but often in a helping role, as the community's advocate or as the honest broker who brings the sides together (see Box 1). A World Bank study titled ***Rethinking Forest Partnerships and Benefit Sharing: Insights on Factors and Context that Make Collaborative Arrangements Work for Communities and Landowners*** examined community partnerships for resource development to discover the processes and practices that foster success. The result is a working guide to better process in community partnerships. Although its findings are aimed at process partners, it also has insights for those acting as facilitators, advocates, or catalysts.

PROCESS VS. CONTENT IN AN AGREEMENT

The process of reaching agreement with a local partner is as important to the success of a partnership as the content or legal form of the agreement itself. Project sponsors and community supporters therefore need to think beyond the technical parameters of the partnership. Successful partnerships must weigh biophysical and economic issues as well as business practices, laws, social relations, and cultural factors. This applies both to making and maintaining agreements. In keeping a long-term agreement, the sides frequently must come together, renegotiate terms, and revise their relationship to account for new information or changing conditions.

When transaction costs are too high to tailor the agreement and standardized contracts are necessary, a good practice is to engage a sample of potential partners — through workshops, interviews, surveys, or other means — to develop the contract template.

KEY FACTORS

Effective and lasting collaborative arrangements tend to be characterized by a number of features analyzed in academic literature on law, negotiation, and conflict resolution. Below are twelve factors and the potential role for CSOs listed in an indicative order of



Photograph by: The World Bank

1. For purposes of this note, the terms resource-dependent communities and community includes Indigenous Peoples.



significance for making and maintaining agreements. While different combinations of these factors proved important in different types of collaboration, the first four emerged as nearly universally important.

Communication. Communication should be among all parties on all aspects of the partnership, throughout the duration of the agreement, without physical, behavioral, or cultural barriers. This facilitates transparency. *CSOs should encourage ongoing contact among parties, train local partners to be effective representatives of their interests; advocate that the arrangement provide for conflict resolution mechanisms and open and regular communication among the partners.*

Trust. Most partnerships are based on commitments to deliver payments or products in the future. To enter into partnership each party must trust that the other party will keep their end of the deal. Over the course of long-term collaborative arrangements certain commitments may be violated. The partners involved will need to rebuild trust to fix the resulting problems. *CSOs should facilitate the trust building and encourage honesty and openness.*

Mutual respect. Neither side should come to the table from a position of superiority or inferiority, nor leave the table feeling that the will of their counterparts was

imposed or that some larger advantage and disadvantage provided unfair leverage. *CSOs should encourage all sides to consider and understand the other points of view at the table and to navigate cultural differences.*

Practicality. All participants must have the technical knowledge, capital, equipment, infrastructure, or simply labor and time to fulfill their obligations. *CSOs should evaluate local partners' capacity, assess their needs, and, where possible, assist local partners in filling capacity gaps.*

Full, interest-based bargaining. The parties should negotiate with each other and feel they understand the other's motives to their own satisfaction. The local partner should be engaged in negotiating the details of the partnership. Negotiations should focus on interests — not solely on what partners are demanding, but why they want them. Such negotiations allow greater latitude for reaching agreement. *During negotiations, CSOs can serve all parties involved as a mediator or facilitator. Alternatively, CSOs can serve one side: (i) as a negotiation and bargaining coach; (ii) by informing the local partner about costs and benefits of similar arrangements; (iii) by framing the discussions in terms of interests rather than positions; and (iv) by encouraging creative problem-solving.*

BOX 1: POTENTIAL ROLES FOR CSOS

In collaborative arrangements CSOs can be: (i) independently funded advisors and advocates for the local partner; (ii) financed by the outside party to serve as an advisor to the local partner; and (iii) the outside party that enters into agreements with local partners. In some situations, CSOs can take on more than one role as well as assume a temporary or transitional role. Below are brief descriptions of CSO roles in two cases.

In Tanzania a project with the objective of helping villages manage forests under FSC certification for a particular tree species involved two agreements. A non-governmental organization (NGO) played different roles in each of these agreements. One agreement was between the communities and the government and sought to enable the former to gain control over the forests. The NGO advised the communities in this process. In the second agreement the NGO was the outside party. The second agreement was to obtain certification for the management of the specific tree species. This agreement made the community a member of the NGO's certification group.

In a payment for environmental service arrangement aiming to protect a watershed in Bolivia, the NGO served as organizer, funder, and outside partner in the arrangement. In this arrangement, the NGO will eventually step aside and have the downstream water users pay for the service and form a partnership with the local service providers.

Independent of the role of a CSO in a collaborative arrangement, the organization must avoid a narrow focus of delivering on only certain factors, and overlooking other problems. The CSO must consider all aspects of a successful partnership.



Shared expectations. Parties should share common expectations about the undertaking and a mutual understanding of their own and each other's responsibilities. If you ask each to describe the agreement, their stories must mesh. *CSOs should encourage the parties to discuss the arrangement and all its ramifications; help communicate their expectations, listen to each other, and come to agreement.*

Verifiability. For purposes of transparency, the obligations should be verifiable and easy to determine if partners are fulfilling theirs. Measures such as milestones to demonstrate progress towards a distant goal, or recordkeeping that satisfies outside investors or regulators can facilitate verifiability. *CSOs should encourage the parties involved to be transparent in designing and implementing the collaborative arrangement, and to clearly define how they will know if the agreement is being fulfilled.*

Legal validity. The promises and duties of all sides in the collaborative arrangement should be written out — in a contract, a charter, a regulation, or some other formal, comprehensive, and legally valid and enforceable document. Often the costs and risks of going to court are so high that agreements are not enforced through the formal judicial system. Regardless, the process of reaching a written agreement builds common understandings of responsibilities. The written agreement also serves as a reference to the details of the arrangement over time.

Legal validity can also require verifying and clarifying the local partner's underlying rights to the resource. In certain situations, the benefit that the local partner values most in a collaborative arrangement is acknowledgement of its rights to the land. *CSOs should supply legal advice to local partners. In appropriate situations CSOs should advocate for local partners to have secure rights.*

Shared understanding about agreements. The parties should share a sense of what it means to make and maintain an agreement. They should understand and accept how the other party views the agreement. All

partners must comprehend the commitments being made, and share a common view of the importance of specific provisions in the agreement, e.g., deadlines, abiding by local laws, submitting reports, and so forth. *CSOs should assist in ensuring that the parties involved share clear understandings about their commitments.*

Self-determination. The decision to enter into a partnership should be informed. Neither party should feel compelled to negotiate but rather come of their own free will. If they were persuaded by an outside party to attend and agreed to see what was being offered, the offer should not be viewed as an ultimatum. The choices, and the accountability for making the choices, must belong to the local partner. *The local partner may need technical or legal advisors to understand the proposed deal. This is a potential role for a CSO. The advisors should not make the agreement but should assist the local partner's decision-making, while stepping back to let the local partner assert its will and accept responsibility for its choices.*

Incentives. The collaboration must be worthwhile not just to the local partner, but also to the particular people who have the power to help or hinder the project. *CSOs should ensure that local partners receive their due benefits from a collaborative arrangement, and that these benefits are distributed appropriately. The CSO should also advocate for benefit sharing that advances the social and economic development of the local partner.*

Past issues resolved. Agreements underpinning collaborative arrangements should address any past conflicts between the participants, and attempt to resolve them. Partners must deal with preexisting problems and reasons for distrust of similar arrangements, including past conflicts among the parties involved, particularly if past issues concerned rights to land. *CSOs should identify unsettled issues, particularly regarding land rights; place these on the agenda when the arrangement is first negotiated; and act as a mediator to resolve issues between local partners, such as location of land boundaries.*



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Using an evidence-based approach *Rethinking Forest Partnerships and Benefit Sharing: Insights on What Makes Collaborative Arrangements Work for Communities and Landowners* provides insights into developing and maintaining collaborative arrangements in the forest sector. Building on negotiation and dispute-resolution literature for the analytical framework, this study identifies factors and practices promoting the formation and maintenance of partnerships, and explains how the factors are influenced by context.

The publication informs discussions and approaches to forest partnership and benefit-sharing arrangements. It also offers guidance on how to implement key factors that influence contract-based forest partnerships and benefit-sharing arrangements. The results should be of interest to those promoting partnerships and developing benefit-sharing arrangements. This includes government, private sector, and nongovernmental organizations, development partners, and managers of forest programs offering payments for carbon sequestration and reduced emissions from deforestation and degradation (REDD).

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Rethinking Collaborative Arrangements with Local Partners

Better Partnerships between Private Sector and Communities

For the private sector, partnerships with resource-dependent communities and landowners can produce three kinds of value: economic, social, and environmental. On the economic side, partnerships give the private sector access to land, natural resources, local skills, labor and contribute to profit. On the social side, partnerships can generate jobs and enhance quality of life. On the environmental side, partnerships can be an avenue leading to sustainable resource use.

The three kinds of value are inseparable. Rural people appreciate responsible businesses bringing jobs, contributing to poverty alleviation, and improving their quality of life. Customers today are more and more aware of the "invisible quality" that corporate social responsibility adds to products. Socially and environmentally responsible conduct ensures "social license" for a business's efforts to develop local natural resources. Achieving this may come with costs. In the end, however, responsible conduct advances the triple bottom line of the company.

But how does the private sector approach a local partner to build a partnership that will be low in risk, reasonable in transaction costs, and high in satisfaction for both sides? For arrangements involving carbon payments or payments for environmental services, how can an investor create working relationships that will last for an extended period?

A World Bank Study — ***Rethinking Forest Partnerships and Benefit Sharing: Insights on Factors and Context that Make Collaborative Arrangements Work for Communities and Landowners*** — offers success stories, and a few cautionary tales, for businesses to consider. In addition, it provides a list of inputs that managers can use when planning projects, negotiating agreements, and maintaining ongoing partnership work. These inputs build towards outcomes that support long-term, successful relations with local partners.

PROCESS VS. CONTENT IN AN AGREEMENT

The process of reaching agreement with a local partner is as important to the success of a partnership as the content or legal form of the agreement itself. Project sponsors and community supporters therefore need to think beyond the technical parameters of the project. Successful partnerships must weigh biophysical and economic issues as well as business practices, laws, social relations, and cultural factors. This applies both to making and maintaining agreements. In keeping a long-term agreement, the sides frequently must come together, renegotiate bits and pieces, and revise their relationship to account for new information or changing conditions.



Photograph by: The World Bank



When transaction costs are too high to tailor the agreement and standardized contracts are necessary, a good practice is to engage a sample of potential partners — through workshops, interviews, surveys, or other means — to develop the contract template (See Box 1).

THE KEY FACTORS

Effective and lasting collaborative arrangements tend to be characterized by a number of factors analyzed in academic literature on law, negotiation, and conflict resolution. Rethinking Forest Partnerships and Benefit Sharing examined twelve factors which are listed below in an indicative order of significance for making and maintaining agreements. While different combinations of these factors proved important in different types of collaboration, the first four emerged as nearly universally important.

Communication. Communication should be among all parties on all aspects of the partnership, throughout the duration of the agreement, without physical, behavioral, or cultural barriers. This facilitates transparency (See Box 2).

Trust. Most partnerships are based on commitments to deliver payments or products in the future. To enter into partnership each party must trust that the other party will keep their end of the deal. Over the course of long-term collaborative arrangements certain commitments may be

violated. The partners involved will need to rebuild trust to fix the resulting problems.

Mutual respect. Neither side should come to the table from a position of superiority or inferiority, nor leave the table feeling that the will of their counterparts was imposed or that some larger advantage and disadvantage provided unfair leverage.

Practicality. All participants must have the technical knowledge, capital, equipment, infrastructure, or simply labor and time to fulfill their obligations. Skills required can range from bookkeeping, to forest management and conflict resolution.

Full, interest-based bargaining. The parties should negotiate with each other and feel they understand the other's motives to their own satisfaction. The local partner should be engaged in negotiating the details of the partnership. Negotiations should focus on interests — not solely on what partners are demanding, but why they want them. Such negotiations allow greater latitude for reaching agreement.

Shared expectations. Parties should share common expectations about the undertaking and a mutual understanding of their own and each other's responsibilities. If you ask each to describe the agreement, their stories must mesh.

Verifiability. For purposes of transparency, obligations should be verifiable making it easy to determine if partners are fulfilling theirs. Measures such as milestones to demonstrate progress towards a distant goal, or recordkeeping that satisfies outside investors or regulators can facilitate verifiability.

Legal validity. The promises and duties of all sides in the collaborative arrangement should be written out — in a contract, a charter, a regulation or some other formal, comprehensive, legally valid, and enforceable document. Often the costs and risks of going to court are so high that agreements are not enforced through the formal judicial system. Regardless, the process of reaching a written agreement builds a common understanding of responsibilities. The written agreement also serves as a reference to the details of the arrangement over time.

Legal validity can also require verifying and clarifying the local partner's underlying rights to the resource. In certain situations, the benefit that the local partner values most in a collaborative arrangement is acknowledgement of its rights

BOX 1: MODEL CONTRACTS

Transplanting contracts from one location to another is dangerous for two reasons: (i) context matters, and each location presents different conditions and issues; and (ii) process matters, and attempts to shorten the process may reduce trust, respect, communication, and other characteristics that are important to the long-term success of the project. In situations where standardized agreements are necessary, it is good practice to develop the contract template based on consultation and discussions with potential partners and key technical advisors.

In an outgrower scheme in South Africa, the company reviews its model contract with grower groups every year and revises it based on their feedback. These changes apply to contracts signed with new growers or growers entering a new rotation. In addition, every year the company renegotiates the costs of some goods that it sells to all growers, such as fertilizer.



to the land.

Shared understanding about agreements. The parties should share a sense of what it means to make and maintain an agreement. They should understand and accept how the other party views the agreement. All partners must comprehend the commitments being made, and share a common view of the importance of specific provisions in the agreement, e.g., deadlines, abiding by local laws, submitting reports, and so forth.

Self-determination. The decision to enter into a partnership should be informed. Neither party should feel compelled to negotiate but rather come of their own free will. If they were persuaded by an outside party to attend and agreed to see what was being offered, the offer should not be viewed as an ultimatum. The choices, and the accountability for

making the choices, must belong to the local partner.

Incentives. The collaboration must be worthwhile not just to the local partner, but also to the particular people who have the power to help or hinder the project.

Past issues resolved. Agreements underpinning collaborative arrangements should address any past conflicts between the participants, and attempt to resolve them. Partners must deal with preexisting problems and reasons for distrust of similar arrangements, including past conflicts among the parties involved. This is particularly so if past issues concern rights to land.

These factors apply to partnerships as inputs, outputs, and outcomes. (see table on inputs, outputs and outcomes in Summary of Findings)

BOX 2: USING THIRD PARTIES TO BOOST COMMUNICATION

Communication in partnerships can be facilitated through formal and informal structures. Formal channels included grievance committees and schedules of meetings with local representatives. Informal approaches included hiring local people who have needed technical competence and exposure to outside parties.

Developing communication takes time, expertise, and resources. A company can leverage its investment in communication by bringing in third parties who share an interest in seeing the partnership succeed and are willing to lend their expertise at a modest cost.

In Uruguay, a forest products company joined a local economic development roundtable and asked for help to communicate with local partners and identify projects to fulfill the company's social development obligations. The outcome was small-scale dairy and woolproducing cooperatives in need of pastures signed contracts to graze livestock on company lands. When logistical difficulties arose with one of the contracts, a member of the roundtable - the local municipal government - stepped in to improve the cooperative's capacity.



Forest-sector collaborative arrangements come in many forms. The local partner may be a community, an association, or a set of individual landholders. The outside partner may be a private organization or a government. The interest of the local partner may be production of income from the forest, security of access to land, increased labor or small business opportunities, protection of traditionally valued resources, or other values. The interest of the outside partner may be similarly varied, from securing access to forest products, to obtaining the cooperation of the local community in the partner's resource use, to securing a source of labor, to alleviation of rural poverty, to production of environmental services and management of risks. Establishing arrangements that effectively deliver sustainable forest management and benefit local communities is a challenge because of the range of participants, objectives, and scales of partnerships and benefit-sharing arrangements.

Using an evidence-based approach *Rethinking Forest Partnerships and Benefit Sharing: Insights on What Makes Collaborative Arrangements Work for Communities and Landowners* provides insights into developing and maintaining collaborative arrangements in the forest sector. Building on negotiation and dispute-resolution literature for the analytical framework, this study identifies factors and practices promoting the formation and maintenance of partnerships, and explains how the factors are influenced by context.

The publication informs discussions and approaches to forest partnership and benefit-sharing arrangements. It also offers guidance on how to implement key factors that influence contract-based forest partnerships and benefit-sharing arrangements. The results should be of interest to those promoting partnerships and developing benefit-sharing arrangements. This includes government, private sector, and nongovernmental organizations, development partners, and managers of forest programs offering payments for carbon sequestration and reduced emissions from deforestation and degradation (REDD).

This work benefited from support from the Program on Forests (PROFOR) and the Trust Fund for Environmentally & Socially Sustainable Development (TFESSD) made available by the governments of Finland and Norway.



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