NEW STRATEGIES FOR DEVELOPMENT

A Community Dialogue for Meeting the Millennium Development Goals

Edited by

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FORDHAM UNIVERSITY

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U N I V E R S I T Y   *New York City's Jesuit University*

Office of the President

Since 1841, Fordham University has offered a distinctive education rooted in the Jesuit tradition, a tradition characterized by excellence in teaching, by care for each student, and by development of each individual. Fordham students benefit from close contact with a distinguished faculty of scholars who challenge students to strive for ever great excellence in all aspects of their lives. As part of its educational mission, Fordham also encourages its students to develop an individual commitment to others and to seek opportunities to make their own contributions to the communities in which they live, both now and in the future.

The University's Jesuit tradition of a values-based, academically-rigorous education helps students formulate their own questions and take action. Putting knowledge into action, Fordham students at all levels of study enthusiastically participate in community service, professional assistance, and mentoring projects in New York City and around the world.

Demonstrating the competence, conscience and compassion that are the characteristics of a Jesuit education, a group of Fordham students, primarily from our program in the International Political Economy and Development program, embraced the importance of linking community practices with local and national action to meet the 2015 targets of the Millennium Development Goals and urged Fordham to live its mission by partnering with the United Nations Development Programme (UNDP) to create the Community Commons.
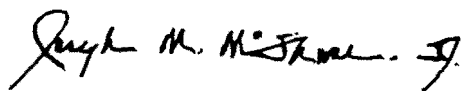
As a result of this vision, from June 16-18, 2005, community representatives from 43 countries met on the Rose Hill Campus of Fordham University to share innovative programs that reduce poverty, promote gender equality, combat HIV/AIDS and other diseases, and ensure environmental sustainability. These community representatives were joined by academics, business leaders and representatives of NGOs to amplify their voices about the importance of community-level involvement in efforts to achieve the Millennium Development Goals.

You hold the outcome of their work in your hand. The results of the Community Commons—the recommendations outlined in this book—should serve as a challenge to all of us. Other actors, policy makers, and global leaders should not be content with just learning about community programs and their potential for alleviating human suffering, for improving the human condition, and for achieving the Millennium Development Goals. The challenge is to listen to these community voices and develop action plans.

We must identify ways to continue and to expand the process of community partnerships—both across community programs and across the barriers that separate communities from governments, NGOs, and the United Nations. We invite you to join us in the dialogue, so that the work done at the Community Commons is sustained until all human beings live lives of dignity, are secure in their homes, and are free from want.

May God bless the noble work of your hands and help guide it to successful completion.

Sincerely,

Joseph M. McShane, S.J.,
President, Fordham University

United Nations Development Programme

UNDP's experience over the last few decades in capacity development has taught us the importance of working with communities to help shape and realize local and national policies that can inform global decision-making from the bottom-up.

Any strategy to achieve the Millennium Development Goals (MDGs) must consequently build upon the inherent knowledge and expertise that exists at the local level. This requires a willingness from the international community to be receptive to the voices of local communities and Indigenous Peoples to bridge the divide between local development objectives and the universal aims of the MDGs.

Responding to this need, the Community Commons was created to give voice to and highlight stories of grassroots sustainable development successes, and challenges faced, by community-led development initiatives around the world. UNDP was delighted to collaborate with Fordham University in organizing and co-sponsoring this 'community dialogue space' – building on the successes of six other dialogue spaces we organized at previous global policy fora, starting with the "Community Kraal" at the World Summit on Sustainable Development in Johannesburg in 2002.

In establishing this space for community participants, the Community Commons set out to achieve four objectives, to: (1) recognize the success of local action to achieve the MDGs, (2) share local knowledge and learning among communities, NGOs and governments, (3) inform decision makers and policy processes, and (4) develop the capacity of local leaders and communities in their efforts to achieve the MDGs.

This book, reflecting the outcomes of the Community Commons events held on 16-18 June 2005 at Fordham University, contributes to all four objectives. In particular, the recommendations in the book deserve our full attention because they represent a successful first step towards the further inclusion of local voices and support for local actions and efforts. The Community Commons approach is one that links communities to broader civil society actors, policy makers and the private sector in meaningful dialogue and partnership, and in a concerted effort to achieve long-lasting sustainable development goals.

Shoji Nishimoto
Assistant Administrator, Director
Bureau of Development Policy

Turning Diversity to Advantage: Community-based Strategies for Promoting Fair Trade Entrepreneurs[1]

Author: Darryl McLeod (Fordham University)

The success of the Global Community meetings, from Mauritius to New York, caps a decade of remarkable political progress for indigenous peoples, both in maintaining their own community identities and in becoming key players in global civil society. Early on, many expected globalization to drive the world toward one market, one culture: an environment in which only the largest organizations would thrive. The reality has been quite different, as demonstrated by recent political developments in Latin America. Instead of lowering the political profile of local communities, globalization has enhanced it. Previously isolated indigenous groups now use wireless communications and the internet to reach across borders and valleys to find like-minded allies.[2] Powerful coalitions of indigenous groups in Mexico, Ecuador, Peru, Bolivia and even Northern China now influence domestic and international events, electing a President in Ecuador or toppling one in Bolivia. Evidently communities and NGOs with strong beliefs and social cohesion (abundant "social capital" in modern parlance) become more influential when the cost of telecommunication falls, an aspect of the recent globalization wave few anticipated.

Unfortunately, greater political clout enjoyed by indigenous communities in Latin America and Africa has not translated into more rapid economic progress, at least so far. Poverty rates were and continue to be much higher among indigenous groups, and in the tropical countries many of these communities inhabit. A recent comprehensive survey of indigenous communities in Latin America, for example, shows some catch-up in education levels, but little progress in poverty reduction, particularly for women and children. In Guatemala for example, child labor force fell among non-indigenous peoples during the 1990s, but remained high and unchanged among indigenous groups.[3]

This chapter argues that with the right mix of national policies, the natural and social diversity of indigenous communities can be turned into an economic advantage rather than remaining a handicap. We propose a series of measures national governments can and have taken to encourage the development of local communities, including broad attainment of the Millennium Development Goals (MDGs). These measures are both consistent with objectives of communities, as expressed in a series of Community Commons declarations, and with the broader goals of Fair or

Sustainable Trade initiatives (see Examples 1 and 7). The key policy recommendations of this chapter are summarized in Example 2. These proposals range from very low-cost initiatives such as an institutional quality index for community groups and paralegal training for community members to more expensive "scaled down" public investment programs designed to quickly bring modern satellite communications to remote areas.

These policy measures are designed help communities capitalize on the ethnic and natural diversity which characterizes many tropical regions. By marketing products closely identified with their place of origin, these initiatives can turn diversity to economic advantage, much as geographic appellations for wine and coffee allow producers of high-quality varieties to distinguish and hopefully charge higher prices of their products. The same technologies and political coalitions with NGOs have made indigenous communities successful politically (albeit sometimes at stopping development projects), and thus are able eventually to turn to the more mundane but critically important activity of supporting indigenous entrepreneurs. The recent explosive growth of so-called "fair trade" or specialty coffees is a prime example how export growth can benefit communities in some of the poorest regions and fragile ecosystems in the world. Other examples include eco-tourism, garment and electronic exports, and non-timber forest products.[4]

Turning Diversity to Advantage

The closer one gets to the equator, the more ethnic, linguistic and biological diversity one generally observes (see Table 1). Population densities fall, climates turn harsh, but nevertheless social cohesion among the indigenous peoples who inhabit these regions remains high. Unfortunately, poverty, illiteracy and incidence of malaria and HIV-Aids tend to be high as well. One is also more likely to encounter ongoing civil war and/or illegal drug production, mining or poaching. In *Guns, Germs and Steel*, biologist Jared Diamond (1997) argues population dispersion, genetic diversity, and geographic isolation were likely key to these communities' survival over thousands of years. But today these same factors work against economic development, of nations and of peoples. Alesina et. al. (2004) argue that Uganda, for example, loses two percentage points of growth per year to ethnic "fractionalization"—despite its otherwise exemplary trade and health policies.[5]

This chapter argues that with the right mix of national policies, the natural and social diversity of indigenous communities can be turned into an economic advantage rather than remaining a handicap. Perhaps the best examples of this approach are eco-tourism and specialty coffees. Both industries have experienced explosive growth in recent years, and both exports derive value from the uniqueness, social and ecological, of the region in which they are produced. Much as people are willing to pay a premium for wine produced by a particular region or process, products and places can be marketed to an increasingly informed buying public. The Internet and

Table I.

Social and Biological Diversity (and poverty) rise near the equator

Countries ordered by proximity to the equator (abs latitude)	Absolute 3/ Latitude	Social Diversity [1] Deviation from World Avg. Ethnic	Linguistic	Biological Diversity [2] Per million people # of Species	Taxa	2000 Population (millions)	Poverty Rate $1/day avg.1990s	Average Income per person
1 Uganda	0.2	0.49	0.53	1176	199	23	85	1,430
2 Kenya	0.5	0.35	0.40	1573	228	30	23	1,029
3 Rwanda	2.0	0.07	0.12	263	115	7.7	52	1,257
4 Ecuador	2.1	0.22	-0.26	40147	2630	12	19	3,589
5 Tanzania	2.2	0.30	0.51	2564	444	34	49	601
6 Malaysia	3.3	0.15	0.21	1729	400	23	2.0	9,336
7 Burundi	3.4	-0.14	-0.09	2057	333	6.8	55	648
8 Congo	3.7	0.43	0.30	24504	27	3.4	NA	972
9 Central African Rep.	4.3	0.39	0.44	3129	800	3.7	67	1,132
10 Colombia	4.8	0.16	-0.37	4610	671	42	7.8	6,542
11 Cote d'Ivoire	5.5	0.38	0.39	1886	1681	16	13	1,510
12 Togo	6.2	0.27	0.51	1349	239	4.6	NA	1,677
13 Benin	6.4	0.35	0.40	716	109	6.2	NA	1,094
14 Liberia	6.4	0.47	0.51	7727	427	3.1	NA	NA
15 Nigeria	6.5	0.41	0.46	420	32	127	70	998
16 Indonesia	6.6	0.30	0.38	352	98	206	14	3,269
17 Papua New Guinea	6.6	-0.17	-0.04	57473	4342	5.1	NA	2,497
18 Ghana	6.7	0.23	0.41	1995	224	20	45	2,182
19 Sri Lanka	6.9	0.02	0.10	770	236	18	7.1	3,670
20 Sierra Leone	8.7	0.38	0.37	4801	523	5.0	NA	532
21 Angola	8.8	0.35	0.40	886	199	12	NA	2,288
22 Ethiopia	9.0	0.28	0.42	159	49	64	27	725
23 Panama	9.2	0.11	0.00	64431	6331	2.9	6.4	6,574
24 Venezuela	9.8	0.06	-0.32	4989	868	24	12	5,153
25 Costa Rica	9.9	-0.20	-0.34	587134	10469	3.8	3.6	9,224
26 Chad	10.4	0.42	0.47	267	47	7.9	NA	1,105
27 Somalia	10.6	0.37	-0.36	659	183	8.7	NA	NA
28 Cameroon	10.7	0.42	0.50	4186	546	15	24.8	2,078
29 Viet Nam	10.8	-0.20	-0.15	579	85	79	6.8	2,397
30 Guinea	11.7	0.30	0.38	2154	181	7.4	NA	2,091
31 Peru	11.8	0.22	-0.05	11733	1088	26	13.5	5,135
32 Cambodia	12.0	-0.23	-0.18	322	59	13	34	2,029
33 Burkina Faso	12.0	0.30	0.33	261	91	11	45	1,142
34 Nicaragua	12.2	0.04	-0.34	29619	1840	5	45	3,237
35 Mali	12.5	0.25	0.45	269	43	11	72	985
World Average		0.44	0.39				22.5	

Notes to Table 1:

1/ Source: Social and ethnic "fractionalization" indices computed by Alesina, et. al. (2002). A higher value of the index represents more diversity in ethnic groups and spoken languages– or what Alesina et. al term greater fractionalization. Religious diversity is also computed by is not listed here because it is generally not strongly correlated with economic performance.

2/ Source: Global Biodiversity Information Facility: prototype data format (www.gbif.net/portal/country_list.jsp) as of August 2005. The number of species and taxa reported for each country obviously represent the degree of research as well as the likely stock of different species and taxa. Costa Rica's biodiversity for example has been well cataloged, while that of many African countries clearly have not been. For caveats regarding this "prototype" data listing by country see the GBIF web site.

3/ Source: latitude published in the Global Development Network database (World Bank Growth web page 2001).

other specialized forms of wireless communication (television) has made it cheaper for people to obtain information about particular products, and thus to obtain the quality and/or "fair trade" product they are seeking. The role of government in promoting these products and services is clear: provide basic infrastructure, safety and security, help certify quality and authenticity (of regional appellations, for example) and help communities build up the institutions necessary to conduct modern commerce and minimize waste and corruption.

Using development strategies that exploit rather than ignore geographic and ethnic diversity, governments can upgrade living standards of even the poorest and most isolated indigenous communities, as envisioned in the Millennium Development Goals (MDGs). But perhaps more important, they may enjoy greater domestic political stability and overall economic growth as well. In one of nature's ironic twists of fate, many indigenous groups happen to be gatekeepers for many key natural resources, from oil to gene pools. A peculiar confluence of global political movements and modern communication technology has greatly enhanced the political profile and reach of indigenous peoples. Concerns over the well-being of indigenous peoples disrupted the early years of NAFTA, blocked funding for dams in China and Uganda, stopped pipelines and disrupted oil production in Bolivia, Ecuador and Nigeria, even as tribal conflicts still fuel civil unrest in large regions of Africa. Community-based economic development is not the antidote for all ethnic conflict, but it is a step in the right direction and an improvement over development strategies that simply ignore isolated rural communities and the delicate ecosystems they oversee.

Certainly many indigenous communities are caught in "poverty traps" as Sachs et. al (2004) and the UN Millennium Project (2005) argue very persuasively; many African nations are, as well. But the particular traps small indigenous communities find themselves in may not be sprung by "big push" or "scaling up" public investment programs. Indeed, the very notion of "scaling up" implies a potential for replication and scale that largely ignores the size, uniqueness, and isolation of most indigenous communities. Instead of being scaled up, public investment may have to be scaled down to fit the needs of small, dispersed communities. Instead of roads and electricity, for example, one may need to focus initially on basic communications, as Colombia has done with its COMPARTEL satellite communications program (see Example 6).

Figure 1 illustrates the focus of this chapter and what we mean by diversity. Communities in a given country might be arrayed along two dimensions: horizontally by population density, proximity to cities, roads, ports, etc., and vertically, with respect to their ethnic and linguistic diversity; more homogenous communities where almost everyone speaks the national language give way to communities with great ethnic and linguistic diversity as one moves up in Figure 1. As it happens, ethnically and linguistically diverse and dispersed communities tend to be found near the

Figure I.

High diversity regions may require Scaling-down Public Investment
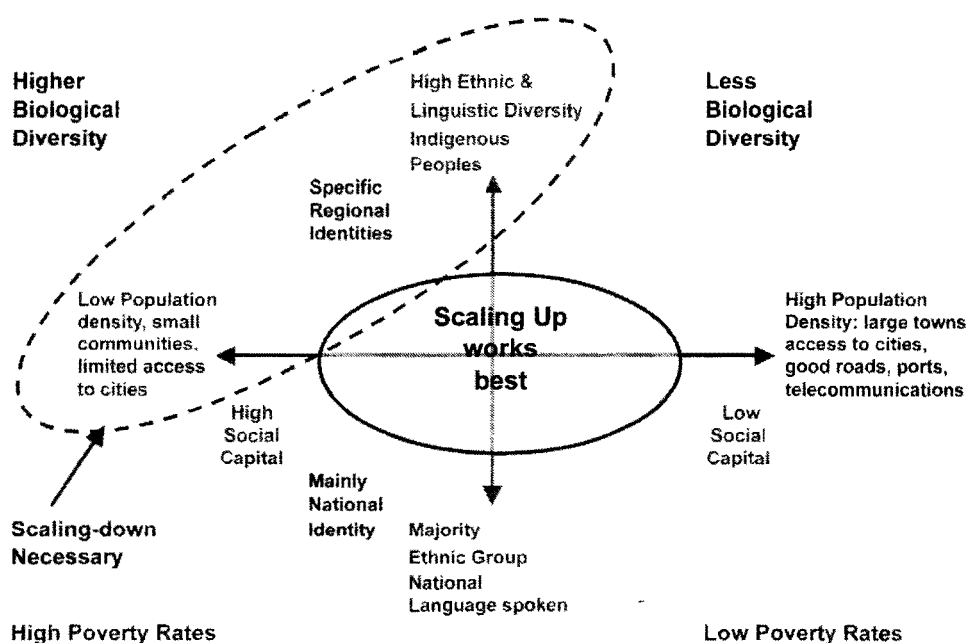
equator **(see Table 1)**. Uganda, for example, is located right on the equator and happens to have the most ethnically "fractured" population, as measured by the ethnic "fractionalization" index constructed by Alesina et. al (2004)—see **Table 1** for more details.

Assuming the best located cities and most ethnically and linguistically homogenous communities have met their MDGs, there is scope for "scaling up" or "big push" investments in health care, education, roads, etc., in communities within the solid oval at the center of **Figure 1** (see the Millennium Project (2005) for more details). To reach to small, dispersed, heterogeneous "indigenous" communities, however, public investments may need to be scaled down, institutions upgraded, community property rights secured, etc. Hence communities in the dotted oval region are the focus of this chapter and the target of policies listed in **Example 2**.

Whether public investment and institutional innovation involves scaling up or scaling down, the overall objective is the same: sustained trade revenue generated by integration into the national and global markets. Two examples immediately illustrate such a strategy. Both happen to involve coffee, one of many coveted tropical products. Fair trade coffee exports generally, and especially the success of the La Selva coffee cooperative **(see Example 4)**, illustrate the potential for a poor commu-

nity to develop and market a product that preserves its ethnic community traditions while exploiting its ecological niche (coffee growth in the shade of a tropical canopy). Another example is the ongoing effort to establish a geographic appellation for Ethiopian coffee (see Ponte [2002]). Both examples involve "fair trade" products: "brand's" is linked to unique environmental and social conditions of production, in one case a farm cooperative in Chiapas, and in the other a particularly poor country. Both examples also involve a mix of community and private institutions, of traditional and modern technologies and of new marketing techniques to enhance the profitability of a very traditional product (see Examples 3 and 7). Ethiopian coffee production would certainly benefit from better roads, rural electrification, etc., but Arabica coffee grows wild in Ethiopia and a considerable quantity of beans find their way to Addis Ababa via the most traditional means of transport.

This community-based "fair" or sustainable trade model applies to a wide range of products and services, from non-timber forest products to eco-tourism. NGOs, community organizations, and in a few cases multilateral agencies have done much to promote community development via fair trade exports. National governments, on the other hand, have not done much at all to promote community entrepreneurship. Sometimes this neglect reflects long-standing racial and ethnic exclusion; other times it may simply reflect a lack of ideas. This chapter addresses the latter possibility, outlining a number of concrete steps, some expensive, some not, that national governments can take to promote community-based fair trade and entrepreneurship.

What Communities Want

Whether one reads community declarations from the Community Commons meetings or focuses on the published "demands" and aspirations of community groups themselves, the message is clear. Communities want to become players in the global economy, and not to lose the initiative to their governments, to multinational corporations or to competing community groups. To the extent that there is competition for economic advancement from individuals, from companies and from government, development prospects are improved. In fact, small indigenous communities have a role to play, and one that can be largely complementary to the interests of their community members and to their governments. Communities want sources of revenue and jobs for their able members, as well as a concrete role in the management and development of the natural habitats they live in and rely on.

Example 1 summarizes some of these aspirations as voiced in the Community Commons declarations following a three-day meeting in New York and Mauritius. The goals of communities include control of revenues and grants related to the attainment of the Millennium Development Goals and capacity building in the form of a Global Learning Center which facilitates in the training and exchange of knowledge among community groups, multilaterals, and NGOs. Communities are also concerned with control over natural resources and land tenure, as well as control

over traditional knowledge as codified by intellectual property rights. Both the New York and Community Vilai add social priorities as well, especially as they relate to the status of women (see Chapter 2 of this volume).

This chapter translates these broad aspirations into concrete steps national governments can take, paying particular attention to the reduction of poverty via the promotion of community entrepreneurship and fair trade. The result is the six policy recommendations listed in Example 2. Capacity building, for example, as well as transparency, can be facilitated by classifying the wide range of community groups by their institutional capacity and in particular by training paralegals from local communities to deal with land tenure and intellectual property rights within those communities (see Examples 4 and 5). Both of these measures were used with some success by a consortium of indigenous political organizations, NGOs, including CARE, working in conjunction with the World Bank, the IFAD, and the IDB (see Example 5 for more details). This is a model that worked in Ecuador's Amazon and coastal regions, and can be applied elsewhere.

With or without the help of NGOs and multilaterals, a number of small communities have already developed economic enterprises which both help reduce poverty while maintaining and indeed building up the cultural and ecological integrity of local communities. Examples include ecotourism, non-timber forestry, and fair trade export schemes such as the shade-grown coffee La Selva Café grown by a coffee cooperative in Southern Mexico (see Examples 3 and 7). These enterprises stabilize their communities and raise incomes while preserving their natural habitats and traditional cultures.

Ecotourism, marketing fair trade products, and the payments for the management of eco-system services such as carbon sequestration and bio-prospecting exploit the same characteristics of communities which make them richly diverse. Tourism in exotic tropical forests and game preserves in Costa Rica and South Africa are the most obvious examples, but there are other examples, including the establishing a geographic appellation for especially tasty Ethiopian coffee varieties. The appeal of geographic appellations stems not from their uniformity (though quality control is important) but from their diversity, and from their individual character.

Scaling Down Not Up

The special needs of indigenous communities, as voiced in a series of community commons declarations, require a slightly different approach and mindset than the "scaling up" strategies advocated by Sach's et. al. (2002) and the UNDP report. Instead of market access and replication of social services, most representatives emphasized their desire for local autonomy and community control over key natural resources. The "scaling up" approach starts at the community level and then expands to the national level, hopefully replicating the success achieved at the national level. Similarly, Prahalad's (2005) "bottom of the pyramid" approach

to entrepreneurship depends on selling millions of an inexpensive item to similar consumers. But indigenous communities tend to be small and heterogeneous, more akin to boutiques than supermarkets. The inherent advantage of indigenous communities is their diverse ethnic, linguistic and natural environments, their uniqueness rather than their uniformity.

To turn this diversity to economic advantage then involves reaching a range of small and diverse communities, so public investment and business models need to be scaled down to fit the administrative capacity of small communities. At the same time, some of these communities are very poor, lacking even the most basic physical and social infrastructure. The poorest among these communities need to be upgraded, or perhaps more important, have an incentive to upgrade their own institutions and facilities. Hence there is a need for capacity building up to some minimum standards of institutional capability. But even this upgrading process may involve customizing institutional arrangements to fit the needs of a particular ethnic group, as opposed to scaling up or replication. Building trust and gaining respect within smaller, more diverse communities initially requires a multi-tiered approach, allowing stronger communities to absorb and alter tenure arrangement, for example, while communities with weaker institutions and few resources are raised to some minimum standard (see Example 5). An example of this approach is CARE's program to train 160 paralegals from indigenous communities in Ecuador, discussed further in the next section.

A version of the "scaling down" approach was used with some success in Ecuador, where a consortium of NGOs and the World Bank firmly committed themselves to self-management of indigenous community development projects to make sure that development projects were "demand driven" and that over time the very diverse ethnic groups of Ecuadorian Amazon region would adopt these development initiatives as their own (see Example 6).

Policies Initiatives for Unleashing Entrepreneurship and Promoting Fair Trade

This section sets out the rationale for the six key policy recommendations in greater detail. The first three initiatives, including the development institutional quality index, geographic appellations and telecommunication facilities, are fundamental to institution-building, upgrading local governance and establishing secure communications for basic business, medical and legal services. The training of local paralegals and paramedical personal is aimed at developing and securing clear tenure rights for communities and their members. Both the Ecuadorian Amazon land-titling program and Mexico's Ejido reform (the La Selva cooperative started as an Ejido) are models of how to reconcile private, community, and national interests via property rights reform. Paralegals can also help communities extend intellectual property protection to local products, services, and gene pools.

To be fair, the small size, geographic, ethnic, and linguistic isolation of many indigenous communities represent a considerable challenge to entrepreneurs, individuals, community groups or even outside groups. The dark side of cohesive communities is, in many cases, gender inequality and other forms of social stratification or discrimination that inhibit entrepreneurship and trade with the outside world. At every community commons meeting, for example, the issue of gender inequality was raised. Legislation at the national level and better enforcement of existing laws is part of the answer, but these measures may be no match for community norms and traditions developed over hundreds of years.

It is also worth emphasizing that a number of indigenous communities have overcome these obstacles to develop successful businesses, marketing fair trade products such as coffee, non-timber forest products, and ecotourism. The role of government is to build upon and extend these successes, not just by identifying products and assigning geographic appellations, but by actively building up the institutional capacity of communities to administer their own enterprises. The need for capacity building is noted in almost every community commons declaration. To this end we propose a modified version of the community institutional capacity index used to administer a large Afro-Ecuadorian development project in the Amazon and on the coast of Ecuador. This index can improve the allocation of private and public development funds and credit, and provide incentives for communities to upgrade their administrative capacity, thereby "improving governance" and reducing gender inequality **(see Example 1)**.

A second challenge to traditional communities is securing and adapting land tenure arrangements in ways which are compatible with fair trade and entrepreneurship and yet preserve the ecological and cultural integrity of natural environment that many indigenous communities rely on. Here traditional communities distrust private ownership, and many development economists, most notably Hernando De Soto, blame the lack of clearly defined individual property rights for both poverty and the overuse of common property resources. But as China's household responsibility system demonstrates, a range of institutional arrangements and community-based property rights are compatible with individual initiative and producer incentives.

Again, the Ecuadorian Amazon (and the La Selva Café) provide a concrete examples of how these conflicting interests can be resolved. Using 160 paralegals drawn from indigenous and Afro-Ecuadorian communities and trained with funds provided by CARE and the Ecuadorian agricultural development agency, INDA titled 122,685 hectares of land to 71 grassroots organizations and as of 2003 had another 97,000 hectares in process. A key element of the Ecuadorian land-titling program was a CARE-supported training program of young paralegals drawn directly from the same communities targeted by the land-titling program. By using local paralegals in rural Ecuador and trained paramedics in Brazil, workers have been able to both gain

the trust of local residents and make the key changes in land-titling and healthcare procedures, laying the necessary foundations for sustainable development.

Similarly, in Brazil and Costa Rica efforts to lease large tracts of land for carbon sequestration and bio-prospecting led, indirectly, to clarification of land titles for thousands of acres of forest lands (see Heal [1999] and MacQueen, Duncan [2004]). Though the Ecuadorian project also involved new irrigation systems, it is not clear whether clarifying community ownership of land will lead to better development outcomes, but these efforts do demonstrate that it is possible to secure community tenure. A similar creative approach to land tenure was used by the La Selva farm cooperative discussed in Example 3. The cooperative replaced collective Ejido landownership, making each of its farmer-members a small landowner. Yet the cooperative retained a degree of control over farming methods and handled the bulk of the marketing and financing obligations, much like farm marketing cooperatives in United States. The precise mix of private and community ownership that works may vary across communities and over time, but all of these examples stress that the first step is clarifying and securing tenure; once someone takes responsibility for a given tract, to some extent the profit motive does the rest.

Labor and Environmental Standards and Transparency: Keeping Trade Fair

Community entrepreneurship and fair trade marketing is currently in its infancy, but has the potential to reduce poverty directly and is the only reliable means of securing revenue for other ecological and social programs of community groups. Groups promoting fair trade products or developing ecotourism currently draw on a reservoir of good will, and financial and marketing support from NGOs and sympathetic agencies. However, the reality is the fair trade marketplace is even less regulated and protected than commercial trade channels used by multinational corporations. Recently the IIED has worked with a number of research centers in developing countries to develop the broader notion of sustainable trade (see Example 7). The idea is that even mainstream exports such as garments and electronics can be produced and distributed in a fashion consistent with fair trade principles.

In the process of certifying geographic appellations and helping communities establish intellectual property rights over their products, governments can also minimize corruption by encouraging transparency and monitoring marketing claims of local exporters. This is similar to efforts to define what "organic coffee" means. Fortunately, modern testing techniques can be used to test whether where and how a particular coffee was grown and processed. However, it is up to the government to supervise and encourage testing, as the loss of reputation in one product area can damage the whole range of a country's exports. Producers have an incentive to fund testing and certification themselves as trade expands, but it may be up to the government to initiate and supervise this testing early on.

Competition with less community and environmentally friendly (or even illegal) products may be difficult in some regions. In a detailed comparison of tropical forest management, Heal (1999) stresses the importance of developing multiple uses for forests. To compete with logging or farming, ecotourism, bio-prospecting, and/or carbon sequestration alone may not generate enough revenue by themselves, but together and perhaps with some public support for land preservation, a combination of activities can compete head-on with more environmentally disruptive land-uses.

A key strength or asset of indigenous communities is their social cohesion, perhaps to the exclusion of other ethnic groups. However, a detailed study of African entrepreneurs found ethnic diversity among entrepreneurs themselves was often a key to success (see Biggs and Shaw [2002]). Evidently, different ethnic groups provide access to a wider range of skills and markets. A famous example of this phenomenon noted in the UNDP's study "Unleashing Entrepreneurship" is the case of Bangladesh garment factories in the 1970s. Korean owners opened factories in Bangladesh to avoid quotas, employing Bangladeshi workers. Almost every worker from those first factories left to open their own garment enterprises, eventually employing hundred of thousands of other Bangladeshis (mainly women). This sort of competition among entrepreneurs of different ethnic groups can play out between—as opposed to within—community enterprises (gender discrimination is an exception), but governments need to prevent the formation of barriers to entry. Competition is a healthy and indeed vital force for creating world-class industries, whether the product is cocoa, coffee or tourism.

To summarize, fair trade or sustainable trade entrepreneurs draw their sustenance from the same political sympathies and communication technologies that have made diverse indigenous communities and NGOs formidable opponents of traditional development projects. The same geographic isolation and concomitant social and natural diversity that has prevented modern industrial development from reaching these communities can be turned into an economic advantage, with the right marketing and development strategy, so to speak. The dramatic growth of ecotourism, fair trade coffee, cocoa, etc., as well as more conventional geographic appellations for wine, demonstrates the tremendous potential for these specialized export industries and services. Instead of encountering a wall of anti-globalization and anti-government sentiment, governments that promote these particular industries can draw naturally upon a well of favorable sentiment and publicity for the Millennium Development Goals in general, and for indigenous peoples and fragile tropical ecosystems in particular. This chapter presents some success stories along these lines and sets forth a concrete set of policy initiatives that governments, NGOs and multilaterals can use to set indigenous entrepreneurial forces in motion.

**Example 1:   Excerpts from Community Commons Declarations
(New York and Mauritius)**

UNDP-Fordham New York Community Commons declaration selected points:

1. Decision Making: Communities should take a leading role in achieving the Millennium Development Goals, in disaster relief and in conflict resolution. To this end, approximately 25 percent of funds dedicated for these purposes should be allocated by community groups.

2. Capacity Building: A Global Learning fund should be established to identify and build administrative capacity, identify communities and projects, and support peer exchanges among global communities, NGOs and multilateral agencies such as the United Nations.

3. Property Rights: Tenure and control over traditional lands and forests should be formalized and secured with particular attention given to insuring equal rights for women when it comes to land access and asset ownership.

4. Local Knowledge: Local knowledge systems, especially as they relate to traditional medicine, agriculture and should be documented and codified, to support any future patents or claims over intellectual proper rights.

5. Intellectual Property Rights: Enforcement of community intellectual property rights, including punishment of bio-piracy and controls over bio-prospecting.

Community Vilaj Declaration 14 January 2005 — Port Louis, Mauritius (abridged)

1. Decision Making: Communities in small developing states are extremely vulnerable to natural disasters and economic crisis, and their capacity to respond to these events is very limited. Yet communities must be at the core of policy making, have their rights acknowledged and must play a major role in managing and using natural resources.

2. Social Objectives: Women and youth are the center of families, communities and of small island societies.

3. Capacity Building: Community capacity building must be supported in order to develop sustainable development strategies, thereby reducing poverty. Communities need appropriate development strategies and financial support as well as measures to build stronger and better governance in our societies

Source: Community Declaration, Recommendations to the Civil Society Hearings

Example 2: Policies to Promote Community-based Fair Trade and Entrepreneurship

1. Capacity Building and Transparency: Establish an institutional quality index for community groups, including standards of transparency, financial accounting, gender equality and collaboration with like-minded NGOs and communities. The Afro-Ecuadorian Amazon project-ranking system provides a useful model and starting point both for constructing this index and for using it to allocate scarce financial resources (see Example 5 below).

2. Securing Property Rights Over Land, Indigenous Products and Knowledge: Develop and support a para-legal training or and "Lawyers without Borders" international legal team to advise fair trade entrepreneurs on how to protect their ideas, products and artwork and to train members of local ethnic groups as paralegals.

3. Geographic Appellations: National Governments, in cooperation with the UN, should establish geographic appellations identifying and delineating the ethnic, linguistic, and ecological traditions of indigenous communities and ecological systems. These appellations can be registered at the United Nations website set up for this purpose (much as the IMF set up the Data Dissemination Standard Bulletin board).

4. Fair Trade Self-discovery and Certification: National governments, NGOs and international agencies should encourage local communities to develop and market products and services internationally. Community entrepreneurship and fair trade marketing can secure revenue for other ecological and social programs of community groups.

5. Scaled-down Public Investment: National governments should initiate indigenous-communities-social-telecommunications-strategies for indigenous community groups which meet minimum institutional quality standards (see Example 5). A useful model is Columbia's COMPARTEL Social Telecommunications Program for rural areas (Stages 1 and 2) which has connected almost four million rural Colombians via fax, TV, telephone and internet, most using satellite technology.

Example 3: La Selva Café: A Creative Mix of Community and Individual Enterprise

La Selva Café is an example of institutional innovation, striking a very successful balance between community control and individual ownership. Starting with an Ejido cooperative farm, La Selva first made sure its individual members had clear and secure ownership rights—in effect made them full shareholders or part-owners of a coffee plantation. The cooperative then developed and marketed its scheme for selling both coffee, and the idea of shade-grown coffee methods (which preserves the Jungle canopy as a natural shade for coffee trees). La Selva Café then sold franchises to use its name and sell its coffees in small

cafes. The result has been five successful cafes in Mexico City and one in Atlanta.

The success of La Selva Café, the shade-growth organic coffee farm and its affiliated cafes is an example how a community might use multiple layers ownership to both secure a community's natural resources (a shade coffee plantation) and to provide sustainable livelihoods for a number of residents and urban workers. In the middle there is the La Selva farm cooperative: it handles the processing and planting and markets the coffee via its franchises. However, at both ends individuals own plots of land (or shares of the cooperative farm) and café owners own franchises. The freedom of entry and exit and the incentives to build a successful business starts with individual ownership shares (within the Ejido enterprise). The cooperative secures the name and supervises the process of coffee making and maintains ecological standards on the farm and quality standards in the cafes. At the same time, the ability of farm and franchise owners to exit (sell their shares or franchises) provides a check on the quality and fairness of the cooperative's management.

La Selva Café also illustrates one approach to quality control and the certification of a fair trade product: that is, vertical integration. It manages and monitors its product from the farm to the Café where it is served and to its final marketing to consumers. By using franchises and alliances with other fair trade marketing groups, La Selva was both able to raise capital, expand its market, and monitor the quality of its final product. The success of specialty coffees can likely be replicated for many products, especially if the United Nations and national governments collaborate with fair trade groups to set standards and geographic appellations. Some argue geographic appellations cannot be established without privately-owned production and processing. But modern chemical testing technology can identify particular species of coffee genetically and/or detect trace elements from particular soils. Random testing could then be used to make sure coffee marketed as Ethiopian, or shade grown from Chiapas, is indeed what it claims to be.

Example 4: Kente Cloth and Coffee: Experiments with Community Intellectual Property Rights

The WTO's Trade Related Intellectual property rights (TRIPS) emphasizes protecting the intellectual property rights of Multinational companies and artists based in OECD nations, particularly in the U.S. TRIPs, however, can be a two-way street. An instructive failure of indigenous community IPRs is the story of Ghanaian artist Gilbert 'Bobbo' Ahiagble, as told by the Africa Commission (2005). Bobbo's traditional Kente cloth designs follow a "traditional Ghanaian form of weaving that depicts significant life events and reflects the history, philosophy, ethics, and moral values in Ghanaian culture." But Mr. Ahiagble found he had no legal recourse when a US supermarket chain reproduced and marketed his designs. One effective means to encourage entrepreneurship and prevent this sort of IPR "theft" is to train paralegals to help artists like Mr. Ahiagble copyright their works in a number of countries (perhaps while displaying them on websites). There is no reason not to market and license designs of traditional communities, but extra care must be taken to inform and protect the rights of artists working in indigenous communities, some of whom may not even be aware their artwork or designs are being marketed for commercial gain.

Similarly, the La Selva Café fair trade coffee cooperative uses franchises to both expand the market for its coffee and to derive revenue from its promotion of shade-grown organic coffee. Protected by commercial copyright law, the farmer-owners of the La Selva Café can prevent others from profiting from their geographic appellation in Southern Mexico and from their ideas regarding the benefits of shade-grown coffee.

Source: Commission for Africa, (2005) page 298 paragraph 109. The Commission on Africa recommends "developed countries should increase technical support to African countries and regions for the extension of intellectual property rights to indigenous innovation and knowledge."

Example 5: Building Community Institutional Capacity

In administering one of the first well-funded initiatives to help poor indigenous communities, the Confederation of the Indigenous Nationalities of the Ecuadorian Amazon (CONFENIAE) faced some daunting challenges. Itself a coalition of several hundred community groups formed in the 1960s, it first allied itself with a confederation of coastal indigenous groups (CONAIE). Together, they faced a clientele of over 2000 community organizations seeking financial or logistical support. To cope with these heterogeneous and often small organizations, CONFENIAE devised an institutional scoring system. Groups lacking administrative capacity were not excluded, but were given more supervision and lower funds up front.vi Similar but perhaps broader scoring systems conforming to international standards should be developed to evaluate

communities in terms of their capacity to manage and initiate development projects.

Such an index could be used to allocate funds or credit to community groups. Perhaps more important, it would encourage organizations below some critical capacity-threshold to upgrade or form alliances with stronger organizations including NGOs and/or neighboring groups. By building organizational capacity and accountability, from the bottom up, this sort of index can greatly improve the economic performance of local communities, regardless of how much outside assistance they ultimately receive. A brief summary of their criteria plus some proposed additions to their point system follows:

1. Legal Status: Organizations get points for lasting and having written rules or by-laws.

2. Fiduciary Capacity: Organizations with bank accounts and computers get more points.

3. Management Capacity: Partners (NGOs) and/or past projects earn extra points.

4. Human and Financial Capital: Skills in-house or outside, or funds on hand earn points.

5. Organizational Culture: Relations with NGOs and other organizations as well as participatory management and training programs earn extra points.

Additional point-generating criteria related to broader development goals:

6. Gender equality and ethnic diversity earns additional points.

7. Bio-diversity and environmental services: [earn additional points?]

8. Participatory management and or free entry and exit by members. [earn extra points?]

Based on their scores in the first six categories, Amazon community organizations were divided into three groups: tier one, two, or three organizations. Tier one groups received the largest grants (up to $95,000) with the least supervision, while low-scoring third tier organizations received smaller grants (up to $25,000) with greater supervision (perhaps by a Tier 1 organization).

Source: A more detailed description of the Ecuadorian Amazon groups scoring system is available as Annex 3 page 31 of Uquillas and Niewuwkoop (2003). See also Examples 1 and 7 for a discussion of transparency issues and social investment criteria.

Example 6: Colombia's COMPARTEL Rural Telephony Program
With 20 percent of its country in the Amazon basin, and ongoing civil conflict in many rural areas, the government of Colombia initiated its COMPARTEL program in 1998. Noting that at the time 77 percent of all telephone lines

served the 23 largest cities (34 percent in Bogota alone) while 54 percent of the mainly rural population made do with just 22 percent of all telephones, the government dedicated funds from the privatization of its phone company to initiate a three-stage plan to bring telephones, computers, and television to small rural communities. Phase I of the COMPARTEL plan brought Satellite telephones to 6,750 rural communities, serving almost 3.7 million residents receiving telephone service. The target was to reach all communities with more than 10,000 residents but no phone service. Phase II of the plan was to deliver phones to all communities with more than 150 residents, while phase III provides at least two computers to each municipality in rural Colombia—reaching an additional two million people.

While part of the government's motivation is perhaps political, there are already plans to use this communication network to deliver medical care to remote areas. Whatever its motivation, providing wireless communication technology is inexpensive relative to other public investment projects and plays a key role in linking communities to outside groups (human rights groups, for example) and to nearby residents with similar concerns. Reliable communications with the outside world is also the first step in developing fair trade business, getting access to market information, credit, etc. To the extent that it is practical, scaling down public investment projects allows communities to become entrepreneurs, without forcing development toward cities or larger municipalities. These sorts of government programs can also promote better community management capacity,-if, for example, they are integrated with the community institutional quality index discussed in Example 5.

Source: COMPARTEL web site (Government of Colombia) and "Optic Fiber vs. Social Fabric" by Juan Manuel Soto, UNDP, Colombia (1999) (www.isoc.org/inet99/proceedings/3i/3i_2.htm)

Example 7: Sustainable Trade: A New Approach to Fair Trade?

The term "fair trade" has numerous meanings. It initially referred to trade agreements that incorporate some minimum labor and environmental standards. Or fair trade may simply mean production is not subsidized unfairly. For our purposes, "fair trade" refers to products associated with a particular community's practices and location. The term "fair trade coffee," for example, generally incorporates two of these three definitions: production is linked to a particular region or community or production method and it meets certain minimum social and environmental standards. Exactly who sets and certifies compliance with these standards is not well defined, which may be where eventually the third fair trade definition enters the picture.

A similar set of ideas underlies what the International Institute for Environment and Development (IIED) calls "sustainable trade," defined as "the international exchange of goods and services [that] yields positive social, economic and envi-

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ronmental benefits, reflecting the four core criteria of sustainable development," that is, trade which:

1. generates economic value;

2. reduces poverty and inequality;

3. regenerates the environmental resource base; and

4. is carried out within an open and accountable system of governance.

The IIED has recently completed as series of research projects with partners-institutions in developing countries seeking better "to understand the conditions which promote a convergence of trade and sustainability goals (particularly for smaller enterprises), and to develop practical tools to enable producers make the transition to improved social and environmental performance." Research partners include:

• The Bangladesh Centre for Advanced Studies (BCAS), Dhaka, Bangladesh, working on garments and textiles, as well as leather and shrimp exports;

• The International Centre for Enterprise and Sustainable Development (ICED), Accra, Ghana, working on cocoa as well as pineapple exports;

• The Rajiv Gandhi Institute for Contemporary Studies, New Delhi studying electronics exports from India; and

• Khanya, South Africa studying tourism and community development.

"At the heart of the project is a belief that it is time to put aside the discussions that separate trade and the environment, trade and labor standards, and instead develop a clear-headed strategy for sustainable trade—trade that contributes to the goals of sustainable development."

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Endnotes

1 The author would like to thank Phillip Kaufmann and Nancy Gillis for helpful comments.

2 Citing CEPAL researchers John Durston and Eduardo Bascuñan, Gustavo González (2002) argues "Globalization opens opportunities to ethnic communities...denied by the strict borders of Nation States and creates greater possibility for communication and alliance" as "internationalization of the economy overpowers the old structure of the Nation State, which has been an agent of oppression for ethnic minorities.." Durston (1999) argues that once overt conflict stopped in Guatemala indigenous groups' abundant "social capital" allowed them to rebuild political networks very quickly. In principle, social capital could also reduce the cost of business transactions; improve access to credit, etc. But these potential economic benefits of social capital have not been realized, hence the continued high poverty rates among Latin American indigenous peoples, see also Uquillas and Niewuwkoop (2003).

3 See Hall, Gillette and H. Patrinos (2005) "Indigenous Peoples, Poverty and Human Development in Latin America: 1994-2004, Executive Summary, World Bank, Washington D.C.

4 The term "fair trade" is used in other contexts, see Example 7. Fair trade initially referred to trade agreements that incorporate some minimum labor and environmental standards. Or fair trade may simply mean production is not subsidized unfairly. For our purposes, fair trade refers to products associated with a particular community's practices and location. The term "fair trade coffee," for example, generally incorporates two of these three definitions: production is linked to a particular region or community or production method and it meets certain minimum social and environmental standards. Exactly who sets and certifies compliance with these standards is not well defined, which may be where eventually the third fair trade definition enters the picture.

5 Located almost on right on the equator, Uganda happens to be the most ethnically diverse country in the world (at least according to the diversity index used by Alesina et. all). It also happens to be one of the few African countries which has contained spread of HIV-Aids and undertaken a series of economic reforms.

6 With the assistance of the World Bank, the Inter-American Foundation and Commundec, a local NGO, an alliance was a formed about indigenous peoples and Afro-Ecuadorians (CONFENIAE the Confederation of Indigenous nationalities of the Ecuadorian Amazon) which administered PORDPINE or the Indigenous and Afro-Ecuadorian Peoples Development Project see Uquillas and Niewuwkoop (2003)