THE ROLE OF SocialLY RESPONSIBLE CORPORATIONS IN COMMUNITY DEVELOPMENT:

A CASE STUDY OF FUNDACION NANPAZ IN THE ECUADORIAN AMAZON

by

JASMINDRA JAWANDA
B.A., University of Victoria, 1991

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS in

THE FACULTY OF GRADUATE STUDIES
School of Community and Regional Planning

We accept this thesis as conforming to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA
November, 1999
© Jasminda Jawanda, 1999
In presenting this thesis in partial fulfilment of the requirements for an advanced degree at the University of British Columbia, I agree that the Library shall make it freely available for reference and study. I further agree that permission for extensive copying of this thesis for scholarly purposes may be granted by the head of my department or by his or her representatives. It is understood that copying or publication of this thesis for financial gain shall not be allowed without my written permission.

Department of ____________ School of Community & Regional Planning

The University of British Columbia
Vancouver, Canada

Date ____________ November 24, 1999

DE-6 (2/88)
ABSTRACT

Natural resource extraction has a deeply rooted legacy in the developing world, especially in Latin America, due to the historical onslaught of colonialism and mercantilism. For the past couple of decades, Latin America has been experiencing the phenomenon of globalization, accompanied by the influx of trans-national natural resource companies whose main mandate seems to be to enter a country, extract resources and then exit the area. However, as a result of this type of corporate conduct, the surrounding communities are often left in a state of cultural and environmental degradation. Interestingly, a new era of "corporate consciousness" is entering the business world where corporations are chanting the mantra of "social responsibility" and are thereby becoming committed to creating positive change in many marginalized communities throughout the world.

This thesis examines two themes: (1) the role of a trans-national oil company as a "socially responsible" company in the communities of the Ecuadorian Amazon and; (2) the establishment of a local NGO, as a bridge between the trans-national oil company and communities, in order to implement viable community development projects.

A community questionnaire (structured interview) was applied and unstructured interviews were conducted with community residents, NGO staff and environmental specialists. The principal findings were: (1) petroleum development creates adverse effects on the social, cultural, economic and environmental fabric of many communities; (2) there is a dire need for community organization for communities to become self-sufficient; (3) community residents must become part of the political process in order for their voices to be heard and recognized and; (4) community development projects can provide marginalized communities with alternative livelihood opportunities and effective conservation programs.
CONTENTS

Abstract......................................................................................................................... ii
Table of contents........................................................................................................... iii
List of tables.................................................................................................................... vi
List of figures.................................................................................................................. vii
List of maps.................................................................................................................... viii
List of boxes................................................................................................................... ix
Acknowledgments......................................................................................................... x
Dedication........................................................................................................................ xi

CHAPTER 1. INTRODUCTION

1.1 Introduction and Motivation of Study................................................................. 1
1.2 Research Problems and Questions...................................................................... 3
1.3 Methodology and Organization........................................................................... 4
1.4 Relevance of the Study...................................................................................... 6
1.5 Credo of the Researcher................................................................................... 7

CHAPTER 2. THEORETICAL ISSUES: Community Development
and Corporate Social Responsibility

2.1 Introduction........................................................................................................ 9
2.2 Community Planning.......................................................................................... 10
    2.2.1 Community Participation.............................................................................. 11
    2.2.2 Community Development.......................................................................... 13
    2.2.3 Participatory Development........................................................................ 14
2.3 Role of Corporations in Community Development............................................ 17
    2.3.1 Corporate Involvement in International and Community Development...... 17
    2.3.2 Corporate Partnerships.............................................................................. 19
    2.3.3 Corporate Commitment to Economic, Environmental and Social Issues.... 21
2.4 Role of Non-Governmental Organizations in Community Development........... 26
    2.4.1 Work of Non-Governmental Organizations.............................................. 26
    2.4.2 Intermediary Non-Governmental Organizations........................................ 30
2.5 Corporate Social Responsibility.......................................................................... 33
    2.5.1 Globalization and Corporate Social Responsibility.................................. 33
    2.5.2 Societal Challenge.................................................................................... 34
    2.5.3 Stakeholders and Corporate Accountability............................................. 37
LIST OF TABLES

Table 3.1  Petroleum Production in Select Latin American Countries ............. 55
Table 3.2  Environmental and Social Recommendations
by Different Stakeholders ........................................... 68
LIST OF FIGURES

Figure 3.1  Oil as Percentage of Ecuador’s Export Earnings .......................... 56

Figure 3.2  Petroleum Revenues as Percentage of National Budget ................. 57

Figure 3.3  Typical Scene in the Ecuadorian Amazon ................................. 62

Figure 4.1  Land Occupation of Sucumbios Province ................................. 78

Figure 4.2  Cielito Lindo ........................................................................ 80

Figure 4.3  Amazonian farmer selling his coffee ........................................ 93

Figure 4.4  Aquaculture Ponds at the Finca .............................................. 105
# LIST OF MAPS

<table>
<thead>
<tr>
<th>Map</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Map 3.1</td>
<td>Geographical Location of Ecuador</td>
<td>49</td>
</tr>
<tr>
<td>Map 3.2</td>
<td>Protected Areas in Ecuador</td>
<td>51</td>
</tr>
<tr>
<td>Map 4.1</td>
<td>Geographical Context of City Investing’s Oil Concessions</td>
<td>73</td>
</tr>
</tbody>
</table>
LIST OF BOXES

Box 2.1   Indicators of Participatory Effectiveness in Intermediary NGOs.....31
Box 4.1   Problem Areas in North-eastern Amazonian Communities.........82
ACKNOWLEDGMENTS

First of all, I would like to thank my family, my father, mother, sister, Kim and brother, Rob for their unconditional support and love throughout this program. A special "thank you" goes out to my father, whose words of wisdom and respect for humanity have become part of me.

I would also like to thank my thesis committee, Aprodicio Laquian and Michael Leaf, for their academic support throughout the writing of this thesis. Also, a thank you to Les Lavkulvich for being my external examiner.

As well, I would like to extend a very grateful thank you to James Geenen and Fidel Lopez who both made my thesis research and personal experience in Ecuador very enjoyable and memorable. A special thank you goes out to Suzanna Martinez for her valuable assistance and patience in the administrative aspects of this thesis. Finally, much gratitude to all the staff members at the main office and the "finca" for their friendships and support throughout my stay in their beautiful country.
DEDICATION

This dedication is two-fold. Firstly, I dedicate this thesis to my sister, Kim, who initially presented to me the opportunity of conducting my thesis research in Ecuador and who in my opinion, is someone whose heart is truly in the world of “development.” Secondly, this thesis is dedicated to the indigenous peoples of Ecuador who continue onwards in their struggle for cultural respect, social justice and environmental preservation.
CHAPTER 1

Introduction

1.1 Introduction and Motivation of Study

Globalization is a major driving force for trans-national companies to seek investment opportunities in the fertile ground of developing countries, where cheap labour, abundance of natural resources and inadequate regulatory mechanisms provide an attractive ground for harvesting company profits. History gives rise to the stark reality that many international companies have enjoyed their monetary benefits at the cost of environmental degradation, cultural destruction and economic exploitation in the developing world. The pertinent question arises: "how can trans-national companies move away from their capitalistic and often exploitative nature towards a more harmonious, healthy and mutually beneficial relationship with the peoples, communities and natural environment of the developing world?"

Presently, the rise of a new "social consciousness" has paved the way for alternative business paradigms to enter the "global corporate monastery" of the twenty-first century. The current challenge in the corporate world is for individuals, communities, the private sector and government to work communally on creating a new way of doing business. A new paradigm where corporations can take the leading role in ensuring that "social justice, environmental protection and universal harmony" has been placed high on the corporate agenda.

This thesis will illustrate, by way of a case study, that trans-national companies can change their exploitative nature to one of building trusting, mutually synergistic and lasting relationships with communities. This can transpire with the assistance and work of intermediary organizations, such as Non Governmental Organizations (NGOs). An NGO can act as a "bridge" between the corporate sector and communities. In many cases, the
responsibility of understanding and facilitating the demands posed by a company and community is given to an intermediary NGO. In this case study, a trans-national oil company has created an intermediary NGO to act as its “socially responsible arm” to link and establish positive and meaningful relationships with the involved communities. The NGO, on behalf of the oil company, advocates a non-paternalistic and participatory approach to regional and international development and promotes capacity building and empowerment as two outcomes of community development.

I believe that in order for an NGO to be successful in its programs and projects, it is essential to involve communities in all levels of project design, ranging from decision-making, to monitoring. Furthermore, in any development pursuit, the social, physical and spiritual needs of the communities should be respected, effectively addressed and incorporated into the mandate of companies and NGOs. The type of linear relationship formed between trans-national companies, NGOs and communities will ultimately depend on the initial relationship built between trans-national companies and communities. In regard to intermediary NGOs, the regional, national and international reputation of trans-national companies rests on how effectively their partnering NGOs can strengthen the economic, environmental, social and cultural fabric of the communities. Thus, any action taken by NGOs when working in community development will directly reflect and influence the reputation of trans-national companies.

This thesis will focus on:
(1) the role of a trans-national oil company in launching a “socially responsible” program;
(2) the role of an NGO as an "intermediary organization" between the company and the involved communities;
(3) the synergistic relationship that could be formed between the NGO and communities in promoting community development and;
(4) the role of the private sector in protecting the environment and the life styles of indigenous peoples.
The general purpose of this study is to illuminate the fact that many trans-national corporations are becoming socially responsible in order to contribute to the "social betterment" of marginalized communities throughout the world and to improve their corporate reputations. Moreover, consumers and communities, worldwide, are challenging the corporations that are jumping on the “socially responsible” bandwagon to substantiate how exactly they are improving the conditions of communities, especially poor ones.

The primary motive for conducting this case study is to document how a trans-national corporation can simultaneously improve its local and global business reputation while contributing to a better quality of life for marginalized communities in its area of operations. Furthermore, the study indicates that successful community development projects can be administered through a separate, intermediary organization (funded by the company), such as an NGO, whose mandate is to directly work in and with the communities.

1.2 Research Problem and Questions

To ensure that effective community planning is implemented, issues such as community development, participatory development and respect for the “voices” of stakeholders must be part of the planning process. The research problem that I attempt to analyze in this thesis is “in what ways do trans-national corporations carry out socially responsible programs that benefit their stakeholders.” In the course of the research, I explored and diagnosed four underpinning questions:

• how do trans-national resource extractive companies engage in “socially responsible” pursuits?
• in what ways can an NGO be a viable and sustainable bridge that effectively links the corporate sector with a community?
• how can the planning processes of community and participatory development ensure that the needs and concerns of stakeholders are adequately addressed.
• in what ways can natural resource extractive companies contribute to environmental and cultural preservation?
1.3 Methodology and Organization

The approach selected to study the role of a trans-national oil company and its establishment of an NGO to promote community development was through a case study undertaken in Quito and the Sucumbios Province, Ecuador (September - December, 1998).

To develop this case study several research methods were utilized:

(1) **Interviews** were conducted in structured and unstructured forms. The structured interview was constructed in the form of a community questionnaire where focused, predetermined and open-ended questions were administered to community residents. The unstructured interviews consisted of a series of open-ended questions posed to NGO staff (office and field) and environmentalist specialists.

(2) **Direct Observation** was conducted when field visits were made to the case study site for data collection.

(3) **Participation Observation** was used as a fieldwork technique to collect qualitative data for research purposes. At the case study site, I was given the invaluable experience of witnessing firsthand the social interactions between community residents, NGO staff, company staff and environmental activists.

(4) **Unobtrusive Observation** was a top priority for me when visiting the field site. I strongly advocate the need for “cultural sensitivity” and thus, I tried to impact as little as possible the daily lives of the community residents and NGO staff.

(5) **Secondary Data Collection** was carried out by researching literature from a myriad of sources (internet, theses, annual reports, maps, journal, books and project documents).

The community questionnaire consisted of questions in both English and Spanish and was distributed with the assistance of NGO field staff. In order to illustrate that the questionnaire was genuinely and effectively administered to community residents, I accompanied two translators into the rural communities during the site visits. My basic understanding of Spanish enabled me to comprehend the questions and the responses of the translators and the interviewees. In regard to the unstructured interviews, I conducted these on my own in English. Upon completion of the questionnaire, the answers were transcribed.
into English. Discussion pertaining to the questionnaire findings, are discussed in chapter four.

During my thesis fieldwork I encountered a few limitations. One limitation was my basic comprehension of Spanish which prevented me from partaking in serious and intricate discussions with NGO staff and community members. The second limitation was the lack of certain resources at the NGO field site. For example, the NGO could only afford one vehicle which meant that everyone had to wait and take turns for the use of the truck in order to complete their tasks and duties. As a result, the sample size for the community questionnaire decreased from the original intended number of 40 to 17 due to the lack of transportation opportunities to visit all of the communities. The third limitation is in reference to my four-month time limit stay in Ecuador. The fourth limitation pertains to the difficulty in obtaining current and accurate information on Sucumbios Province (where the field site is located), as the province was created fairly recently. It is important to note that despite the aforementioned limitations, I was able to develop positive and mutually beneficial relationships with the NGO staff and nearby community residents.

Chapter two of this thesis comprises of a literature review on the role of socially responsible corporations in community development. The chapter also introduces the universal challenge put forth by individuals and communities which states that many transnational corporations should change their hegemonic way of doing business to one where the protection of the environment and the empowerment of communities are top priorities. This chapter also examines the varied types of corporate partnerships that can be developed in community development projects and provides information on the role of one of these partnerships (NGOs) in promoting participatory development with communities.

Chapter three provides contextual background information on the history and influence of petroleum companies in the Amazon region. Furthermore, this chapter takes an in-depth look at the critical issues faced by oil companies, communities' and the environment in the Ecuadorian Amazon.

Chapter four presents the case study of the intermediary NGO, “Fundacion NanPaz,” and discusses the work of this NGO in promoting and implementing community development programs and projects in the Ecuadorian Amazon. The chapter also discusses
the role of different stakeholders and their involvement in specific projects. In addition, the chapter explores the research results of the structured and unstructured interviews.

The final and concluding chapter provides some recommendations and insights derived from this case study based on my theoretical knowledge and field work experience.

1.4 Relevance of the Study

There exists a "moral agreement" (verbal) among trans-national companies which states that these corporations should act just as responsible in their own backyard as in their operations in developing countries. However, I, along with thousands of other concerned citizens, wonder why many trans-national companies are still exploiting business opportunities, peoples and the environment in developing countries when these companies would not be able to commit these same corporate practices on their own soil. This leads me to further wonder when the "poorest of the poor" will be able to gain the political will and voice to say "not in our front or backyard" down the corridors of the corporate world.

Today, the situation remains where the governments of many developing countries continue to welcome trans-national companies and their foreign investment into their borders while paying little attention to the damage these companies could potentially wreak upon the environment, peoples and cultures of their countries. I believe that it is questioning issues such as these which should prompt governments, in the developing world, to look for alternative investment opportunities that do not degrade the natural environment and local communities.

For many people, the semantics of "international development" is a mantra uttered religiously through the mouths of some "development gurus" whose goals in life are to help the "less fortunate" around the world. However, one must wonder for whose purpose this mantra is chanted: for those who are seeking self-praise for their work or for those who work not to solely please themselves but work for the "common good" of the people. I must admit that this explanation into the world of international development is a bit exaggerated. However, I have my own perception when looking through the window of development. Over the years, I have come to the realization that for one to be truly committed on development issues then he/she must continuously seek paths of development which ultimately fulfill and satisfy the needs of the poor and their marginalized communities. For
this vision to transpire into reality, it is imperative for those working in development for personal benefits to shed their purpose of “feeling good,” by striving to wear the saffron robes of the truly “dedicated” workers, who are primarily concerned with improving the quality of life for the poor. On a personal note, the experience of conducting thesis research in Ecuador was the catalyst for my sojourn into the working world of “international development.”

1.5 **Credo of the Researcher**

Before I delve into the remaining chapters of this thesis, I would like to express my beliefs and ethics on the topic of “corporate social responsibility.” Initially, when I was given the opportunity of conducting my thesis research on a Canadian trans-national oil company that is becoming “socially responsible” to the communities in the Ecuadorian Amazon, I was hesitant to believe that the well-being of these communities was a priority for this oil company. This hesitation is due to the fact that many trans-national corporations face worldwide criticism on their policies and practices in the developing world. For example, in recent years the foot apparel company of NIKE has come under heavy fire by consumers, organizations and other corporations for its abusive labour policies and working conditions in the NIKE sweatshops scattered throughout the Southern hemisphere. Unquestionably, the era has arrived where trans-national corporations are being globally questioned on their corporate actions abroad.

Fortunately my time in the “halls of academia” has not only taught me to morally question and contemplate community planning issues but also to formulate my opinion on what planning theory and practice should look like in the field of “international development.” Thus, after my experience in Ecuador, I strongly believe that it is the responsibility of trans-national companies to ensure that wherever they go that they try to leave the area as natural as they discovered it and try to minimize their foreign impact on the local peoples and communities. If any of these companies contribute to environmental degradation, cultural appropriation, and community breakdown then concerned individuals, groups and organizations must rally together against these companies and make sure that the only type of business being conducted and promoted in their region and country is one of “social responsibility.”
By taking on this thesis topic, I was presented with the unique challenge of testing my personal worldview of whether or not a Canadian trans-national oil company could truly be committed to ensuring that the needs and demands of the Amazonian communities are met through corporate social responsibility and successful community development programs. After having conducted my thesis research, my conviction of having trans-national corporations held responsible and accountable for their corporate actions remains strong. Finally, I believe that the global corporate mantra of "corporate social responsibility" is a new way of conducting business not only in today’s global village but also in the twenty-first century.
CHAPTER 2

Theoretical Issues:
Community Development and Corporate Social Responsibility

2.1 Introduction

We only need to look at history to determine how corporations involved in extractive activities were able to transgress borders and infiltrate other lands for their rich and abundant deposits of natural resources. For example, the extractive resource industry in Latin America has its root in the colonial and mercantilist era when the “conquistadors” invaded and set up trade routes between their conquered territories in Latin America and Europe. Thus, from the onslaught of the historical Industrial Revolution to the recent emergence of multi-national corporations, a majority of companies, worldwide, continue to search for monetary enlightenment through the traditional path of “profit maximization and exploitation.”

The promise of colossal profits and eternal benefits has lured companies, such as trans-national companies, to seek refuge in a “corporate promise land;” land often found in the developing world. This land conjures images of abundant natural resources, an inexpensive labour force and vast natural environments, all portrayed as eagerly waiting for the arrival of corporate footsteps. Historically speaking, corporations have conventionally trotted along from one “business ashram” to the next with the hopes of attaining a capitalistic consciousness where the mantra of “profits, profits, profits” is revered. According to the North-South Institute, “the conventional view has long held that corporations have only one social responsibility: to maximize their profits as long as they adhere to ‘the rules of the game,’ without deception or fraud...but this view has come under increasing criticism from both within and without corporations because the ‘rules of the game’ are often perceived to be slanted in favor of business, and business is often seen as too ready to lay off employees or despoil the environment” (1998: 4).
For the past fifty years, a multitude of corporations have pushed their business mandates onto consumers and communities with little attention to issues such as, community planning, community relations and responsible business practices. However, a new business era has arrived where society is challenging corporations to embark on a “socially responsible” path that incorporates fair trade, healthy communities and protection of the environment and peoples. Part of this path reflects how corporations, operating in different sectors, are engaging in responsible business practices. Furthermore, many corporations are becoming socially responsible in community development initiatives, where Non-Governmental Organizations are playing a vital role.

In today’s global village many corporations are creating an alternative business paradigm where traditional business management is taking a back seat to a unique way of conducting business: corporate social responsibility.

This chapter discusses the importance of how effective community planning and development can lead to socially responsible business practices for trans-national corporations in the developing world.

2.2 Community Planning

Community planning is a discipline which strives to create “healthy communities,” by working on issues such as social justice, urban population growth and local/global environmental problems. One of the main objectives of community planning is to ensure that effective and proper planning mechanisms are set in motion in order to meet the demands and concerns of communities. The institutional component of planning enables planners to: design regulatory mechanisms (by-laws); provide fiscal and technical support for community infrastructure and address community concerns (land settlement disputes). Furthermore, planning “has become a crucial instrument for processing scattered information and translating it into a systematic decision whose outcome is likely to affect, in the long term, the everyday life of millions of people. Yet, to be actually able to implement such a major task, planning must explicitly recognize its political character, and therefore, the necessity of opening up the institutional process of decision-making to the entire society in the diversity of its interests and values. Planning is inseparable from the political process of negotiation and decision concerning the material conditions of life for people …” (Castells,
I believe that community planning should take into consideration not only the vested interests of the state, which basically determines how communities should be planned, but also the voices of society and its community members who may not have any political control over the planning of their communities.

This thesis concerns community planning as it specifically relates to how the private sector, NGOs and community members are working together in ensuring that effective community planning, through community development projects, is implemented in the communities of the Ecuadorian Amazon. Throughout the thesis, certain theoretical planning issues are discussed: community participation, planning approaches, collaborative partnerships, stakeholders, environmental preservation and indigenous development. In addition, two planning processes are explored: community development and participatory development.

2.2.1 Community Participation

The theme of community participation, at the forefront of the current concerns of planners throughout the world, is, at the same time, the expression of such a recognition of the political content of the planning process, and the awareness of the need for the political system to open new avenues of influence beyond the traditional boundaries of the political system (Castells, 1981: 2). Stiefel defines community participation as “organized efforts to increase control over resources and regulative institutions in given social situations on the part of the groups and movements hitherto excluded from such control (cited in Vettivel, 1993: 14). Moreover, community participation can become a panacea for the fragmentation and marginalization of many communities throughout the world by enabling these communities to legitimize their concerns on the conditions and problems in their communities. To build new sources of legitimacy, as well as to respond in some extent to popular demands, the state, in many different countries, recognizes the need for new channels of political participation better adapted than the pre-existing ones to the conditions of an urban economy largely shaped by the “informal sector,” and more sensible to the structures of power generated in the local communities (Stiefel cited in Vettivel, 1993:4). Thus, “community participation is the code-word for the process of building such a new form of
legitimacy, and planning is the institution designated for such a use because of its comprehensive approach to the new set of problems to which are daily confronted ... (Ibid).

According to Castells, there are at least 4 conditions for community participation to be successful and constructive (1981: 31):

1) People must be organized at the neighborhood level under the form of autonomous grassroots organizations, legitimized by the State but free of State control.
2) People must be informed about planning issues, both in general knowledge and in specific information. Planning authorities must provide information and educational systems to make this objective a possible one.
3) Planning has to be decentralized at the community level, both in terms of the information-gathering and of its implementation. The decentralized structure must have advisory representation of the community from the bottom to the top, in successive administrative steps.
4) People's autonomous organizations must be present in the administrative structure at all levels, but should not hold any administrative responsibility. They must be able to influence the decision but not of taking part in the institutional process of power. And this is because of two major reasons: a) they cannot substitute themselves for representative democracy established through an electoral process in which political parties with national goals are the representatives of the people. Otherwise we would switch from political representation to local interest groups struggling in a corporate state; b) on the other hand, popular organizations must remain autonomous from the State institutions, otherwise they become coopted and lose their role as dynamic agents of unrepressed popular aspirations.

The failure of many development projects is often attributed to the fact that although community participation may be a desirable goal, the extensive and paternalistic involvement of the state and private sector, in these projects, may hinder the development process. However, effective community participation can lead to positive social change when the concerns and voices of community members, as beneficiaries, are legitimized thereby, enabling the state, private sector and community organizations to work towards finding solutions to community problems. Moreover, “once people are recognized as citizens, they
might not turn down the world capitalist system, but they will be certainly in a much better position to improve their living conditions, to change the city, to affect the functioning of the State, and, above all, to learn the practice of democratic management” (Castells, 1981: 4). Thus, community participation should be an “active process whereby beneficiaries influence the direction and execution of development projects rather than merely receive a share of project benefits” (Paul, 1987: v). Finally, “community participation is said to be achieved when programmes which are desired and utilized by the communities are effectively sustained by them after all external support has been phased out” (Midgley et al, 1986: 27).

2.2.2 Community Development

As the theme of “community development” is prevalent throughout this thesis, at this point I will only provide a few definitions and insights into this planning process. Community development is often viewed as a process originating from the union of community organization and economic development (Cary, 1970: 4). In many cases, community development is viewed as both a radical and a conservative process. According to Cary, “it is radical to the extent that, in calling for greater citizen participation, it creates new groupings and patterns of decision makers” (1970:5). It also “tends to challenge social systems and accelerates the pace of planned change and deliberate communal decision-making” (Ibid). From a conservative perspective, community development “helps to keep decision-making at the local level and government responsive to the local citizens This is ‘grassroots’ democracy, with the local citizens recognizing, defining, and resolving their own problems and issues” (Ibid). Furthermore, according to Laquian:

“Community development is the process by which people become involved in and are organized and mobilized for the attainment of common goals...it aims to facilitate the eventual turning over of projects to local governments and the local community. This requires development of group skills in community decision-making. Training programs are needed to develop local leadership and the mobilization of local resources. Community development seeks to encourage self-reliance in the continued operation and maintenance of basic services. Through skills training and encouragement of economic enterprises, community development may improve a community’s economic base, thus ensuring that the community will be able to pay its way in the future with minimal outside support” (1983: 120).
2.2.3 Participatory Development

Participatory Development is an evolving philosophy of human development and liberation based on shared central ideas: that all people have the capacity to learn, grow and manage their affairs competently; that people can achieve high levels of wellbeing and freedom as part of a community; and that communities can create the power needed to overcome obstacles to liberation (such as poverty, hunger, disunity, addiction, dependency, isolation, ignorance) through a collective process of learning and action (Uhrik, 1995: 14). Moreover, participatory development is a planning process which aims to incorporate grassroots community work with participatory planning. One of the benefits of incorporating participatory planning in the field of development is that this type of planning process enables varied stakeholders to collaboratively work together and share their expertise and resources. The following passage encapsulates the ideology of participatory planning and development:

"The growth and consolidation of community organizations, often encouraged by the democratization process which grew in strength in many Third World nations during the 1980s, has led to new forms of planning and support for programmes dealing with poverty. The development of 'participatory planning' is one of the most obvious changes in focus. Coordination between different social organizations and institutions (the state, financing agencies, NGOs, community organizations, private business, universities, churches, political parties etc.) is now considered one of the most effective mechanisms for implementing development programmes. Less emphasis is being given to large-scale national and regional plans while concepts of 'local development' and 'micro-regional development' have emerged."

(Arossi et al, 1994: 36)

One of the world's greatest thinkers who passionately promoted "participatory development" and who has deeply influenced the lives of the poor is Mahatma Gandhi. His teachings and philosophies are embraced not only by those who live below the poverty line but also by those who work on community planning issues in the developing world. Mahatma Gandhi "taught the untouchables, the widows, the landless, the assetless to fend for themselves, to organise themselves, to rely on themselves and on their own resources: their labour, their medicinal plants, the food in their environment, the simple materials which everyone can use. Gandhi was seeking to rebuild confidence, to reestablish personal dignity,
to stimulate simple local self-organisation and self-reliance (Poulton & Harris, 1988: 21). Simply put, Gandhi "started with basic needs, and he finished with basic needs" (Ibid).

Gandhi's approach to participatory development and community development can be surmised in the following equation:

\[
\text{Basic needs} + \text{Participatory development} = \text{Community development}
\]

Many NGOs operating in the developing world are looking towards this simple equation as an effective way to promote both participatory and community development. Poulton and Harris suggest that the role of NGOs should be to provide the participatory piece of this equation. Participation infers working closely with the people who will receive the benefits of the project. The initial step in participatory development is to identify the stakeholders and the final step in a project is to ensure that the needs of everyone, especially the poor have been sufficiently addressed.

According to the World Bank: stakeholders are those affected by the outcome - negatively or positively - or those who can affect the outcome of a proposed intervention (World Bank, 1995: 117). Furthermore, stakeholders are persons or groups, that have ownership, rights, or interests in a corporation and its activities, past, present or future. Members of a community development project can identify key and appropriate stakeholders by asking questions such as the following (World Bank, 1995: 120):

- Who might be affected (positively or negatively) by the development concern to be addressed?
- Who are the "voiceless" groups for whom special efforts may have to be made?
- Who are the representatives of those who are likely to be affected?
- Who is responsible for what is intended?
- Who is likely to mobilize for or against what is intended?
- Who can make what is intended more effective through their participation, or less effective by their non-participation or outright opposition?
- Who can contribute financial and technical resources?
- Whose behavior has to change for the effort to succeed?
With any community development project, there is a broad spectrum of stakeholders ranging from directly affected parties to those with indirect interests. Thus, in order for community development projects to be successful, it is crucial for all stakeholders to interact on an equitable, respectful and genuinely collaborative basis. Moreover, an element of trust must be created between the stakeholders and those who are part of the project team. Cases have shown that "to many of the identified stakeholders, an outsider bringing offers of 'participatory development' may seem suspect" (World Bank, 1995: 120). However, improving communication, engaging stakeholders in repeated interactions, and working through intermediaries who have on-going relationships of trust with poor and vulnerable groups, help gain the participation of affected stakeholders (Ibid). Furthermore, when all stakeholders collaborate in designing their collective future, it increases the chances of differences being resolved and ignites an atmosphere where people are not afraid to voice their concerns. Ultimately, "participation can be a 'conflict avoidance' process, to the degree that it helps stakeholders with different interests explore and potentially find common interests" (World Bank, 1995: 125).

Once the appropriate stakeholders are identified, the process should focus on how to effectively reach and engage the poor in participatory planning and decisionmaking. This stage is in some ways "touch and go" because in many cases the objectives of a project may be directed towards fulfilling mandates put forth by government officials or distinguished stakeholders instead of targeting the concerns of the poor. Without special efforts by the designers and sponsors of projects, and without appropriate policies to address and overcome these obstacles, the voices of the poor will not be heard and their participation will, at best, be a token one (World Bank, 1995: 135). Reaching the poor, therefore, requires working with them to learn about their needs; understanding how development decisions are made in their communities; and identifying institutions and mechanisms which can get opportunities and resources into their hands (Ibid). After the concerns of the poor have been highlighted, it is important to involve the poor in decisionmaking and getting resources to them by strengthening their capacity to act for themselves.
By building local capacity, the poor often start off as "beneficiaries" who are the recipients of services, resources and development initiatives. However, over time "as the capacity of poor people is strengthened and their voices begin to be heard, they become 'clients', who are capable of demanding and paying for goods and services from government and private sector agencies (World Bank, 1995: 123). Eventually the goal is for these clients to become the owners and managers of their resources and projects. Conclusively speaking, "the first step in any effort to enable the poor to participate involves learning from them, firsthand, about the problems they face, the ways in which they have tackled these problems, and their proposals for gaining more control and influence over development initiatives" (World Bank, 1995: 135). Understanding this perspective is one of the underpinnings of participatory development designed to help the poor. However, one should keep in mind that there are other models of participatory development – not just dealing with the poor. For example, there are models which specifically deal with issues between indigenous groups and the department of Indian Affairs or between environmentalists and resource extractive industries.

2.3 Role of Corporations in Community Development

2.3.1 Corporate Involvement in International and Community Development

Trans-national corporations are unquestionably carving their permanent imprint on the environment and communities around the world. However, the formidable task remains for these corporations to ensure that their overall impact on communities is more of a positive nature and that they morally and ethically examine their own actions for "setting up" shop in the developing world. For those corporations which operate in the developing world, it is imperative that they recognize the "fine line" between charity work and community development. Those that enter transactions of a charitable nature may well be doing so from a paternalistic approach and as a consequence, further entrench the gap between the "giver" and the "receiver." On the contrary, there are corporations which embrace the ideology of community development where the concepts of capacity building and empowerment overrule any attempt of self-serving corporate motives. Capacity building can be characterized as the
approach to community development that raises people's knowledge, awareness and skills to use their own capacity that form support systems, to resolve the more underlying causes of maldevelopment; capacity building helps them better understand the decision-making process; to communicate more effectively at different levels; and to take decisions, eventually instilling in them a sense of confidence to manage their own destinies (Schuftan, 1996: 261). Moreover, empowerment "enables people to understand, upgrade and use their capacity to better control and gain power over their own lives" (Schuftan, 1996: 260).

Therefore, the question of how trans-national companies can break away from their purely profit-making intentions and move towards a more harmonious and mutually beneficial relationship with the involved community is currently being addressed in the corporate world. In order to understand how corporations operating in the developing world can be "socially responsible," it is important to look at how the holistic path of "international development" has changed and grown over the last couple of decades.

The traditional modes of conducting work in international development originated from a "top-down" approach to the development process. The basic hypothesis of this approach "is that development is driven by external demands and innovation impulses, and that from a few dynamic sectoral or geographic clusters development would, either in a spontaneous or induced way, 'trickle down' to the rest of the system...such strategies, as well as being outward-looking or externally oriented, have tended to be urban and industrial in nature, capital-intensive, and dominated by high technology and the 'large project' approach" (Stohr, 1981: 1). Over a period of time, experts realized that the technocratic and capitalistic nature of "top-down" development was no longer working and the quest for another approach began.

The new approach was one of complete contradiction to the former approach as evident by its name: "bottom-up" development. In this case, " 'bottom-up' meant attention to basic needs first rather than waiting for prosperity to trickle down to the poor, and economic diversification and territorial integration of regional territories (through 'selective closure', i.e., import substitution) in the interests of stability and local determination of priorities" (Boothroyd, 1991: 14). One must remember that "bottom-up development" is what a plethora of organizations and corporations are striving to incorporate in their work. However, there still exists a dichotomy between the avid disciples of the "exploitative" path
of development and the supporters of healthy and self-reliant communities. Essentially, the “bottom-up development” approach is one that passes the responsibility of control over natural resources, community governance and legal issues to the community and its regularly selected leaders.

With changing times comes changing roles thus, the part as “caretakers of communities” is no longer only played by the state but also by other actors such as, corporations, NGOs and the community members themselves. Ultimately, there exists an implicit and explicit contract between corporations and the communities in which they operate. “Business is expected to create wealth; supply markets; generate employment; innovate and produce a sufficient surplus to sustain its activities and improve its competitiveness, while contributing to the maintenance of the community in which it operates. The interdependence between society and business cannot be understated” (Cannon, 1992: 31). Furthermore, the corporation “has to be a good neighbor; it has to be a good citizen. It has to help as far as it can those who live and work nearby, even if their direct contact with the company is tenuous” (Forrester, 1990: 10). Thus, corporate success can be fully attained only when the corporation becomes an integral part of the community and its development process.

2.3.2 Corporate Partnerships

For many developing countries, their governments do not have the financial or human resources needed to provide the essential environmental, social and community services in marginalized communities. This absence of government support provides corporations with the opportunity to “step in” and assist in raising the quality of life in these communities. Thus, where governments fail, corporations can prevail. Once corporations take on the responsibility of promoting community development, “governments and communities want to be assured that the private sector is protecting the environment, helping to meet local social needs, such as community education and health, and providing stable jobs for local citizens” (Jellinek, Schwartz & Connolly Journal, 1998: 1). Furthermore, corporations will be under scrutiny, by governments and communities, to ensure that they are actively working in community development and not just pleasing others with “empty words.”
Business and industry have a critical role to play in the process of partnership building in community development. “The combined social, economic and environmental impact of private enterprise - large and small, formal and informal, transnational and local - is powerful and far reaching. The business sector creates wealth and employment. It generates livelihood opportunities, new markets, products, services and technologies. It assumes risk, encourages competition and initiates change and innovation” (UNEP et al, 1994: 10). Generally, corporations can form partnerships in four main areas of activity to strengthen community development in oppressed and neglected communities (Ibid):

1) **In the workplace and marketplace:** during the course of its direct business activities, business enterprises can co-operate more closely with their employees (including trade unions), customers, suppliers, financiers, and even competitors and environmental activists, to develop cleaner processes and products, to establish voluntary standards and policies, to market sustainably managed resources and to share experiences and burdens.

2) **In the research and training field:** business groups can forge partnerships with the academic and scientific community to develop new technologies, new products and new management styles.

3) **In host communities:** companies can work with NGOs, local governments and the public, to add to the quality of life and to make social investments in the human and physical development of their neighbors.

4) **In the public policy realm:** the business community can collaborate more closely with government, at both a national and regional level, and with international organizations and research institutes, to develop incentives and regulatory frameworks which help business to improve its environmental performance, without undermining its economic performance.

The importance of corporate partnerships is that they build on overlapping interests where experience, expertise, resources and capabilities can be pooled. “Partnership is a recognition of mutual needs and interests which entails a longer and closer relationship than the provision of funds for a worthwhile promotional activity. It assumes that a company will play a more intimate role in the success of the venture, and be more deeply committed to ensuring its success” (Forrester, 1990: 19). Ultimately, “partnership must be a partnership
of equals" where all the voices are heard and where the common goal of sustainable community development is shared by all.

2.3.3 Corporate Commitment to Economic, Environmental and Social Issues

The following sections will discuss the importance of corporate commitment to economic, environmental and social issues, in the area of community development:

Economic

According to Stelios Loizides, “corporate involvement in Community Economic Development (CED) is a relatively new phenomenon” (1995: 1). Increasingly, corporations are choosing to allocate funds to support projects that directly benefit their businesses and the communities in which they operate. Corporations are recognizing that as stakeholders in communities, they have an important role to play in the revitalization process...they are becoming increasingly aware that healthy communities are vital for healthy business growth that is so necessary in today’s competitive environment (Ibid). Ultimately, it is to the advantage of the corporation to demonstrate to the community that the corporation is committed to strengthening the economic base of the community by implementing such initiatives as CED.

CED is essentially a strategy that works toward improving the quality of life in communities. Another definition describes CED as a “community-based and community-directed process that combines social and economic development and is directed towards fostering the economic, social, ecological and cultural well-being of communities and regions” (BC Working Group, 1993: 69). Many corporations have been successful in the revitalization of declining communities by focusing on CED strategies. Some of these corporations attribute their success to the creation of a separate organization whose purpose is to solely work on CED initiatives.
At this point, the reader may ask "how exactly do CED organisations work?" The following points should provide some insights (Loizides, 1995: 1):

- they are diverse in their pursuit of economic and social objectives;
- they set their own agenda based on evaluation of local conditions, opportunities and resources;
- they provide the vision and leadership needed to mobilize the resources to meet their social objectives;
- they help retain or create local economic activity;
- they provide social and human services and;
- they empower communities and individuals by providing them with opportunities, knowledge and skills.

With initial support from corporations, CED organizations have mobilized local resources and formed partnerships to enable individuals to have a voice in the future of their community and in the use of its resources. Thus, "a number of CED organizations have accessed corporate resources and expertise to meet their economic and social objectives" (Ibid). For many corporations, CED has become an important component in their community investment strategies. Examples of corporate support for CED organizations range from direct corporate investment, to corporate donations, to business executives volunteering their services and expertise, to individuals sitting on the boards of directors (Loizides, 1995: 3). Corporate involvement can also include the provision of training and strategic planning support that helps CED organizations build local capacity to enable them to market their communities to outside investors, retain businesses and initiate future economic and social development (Ibid). Moreover, the act of collaborating with a CED organization is visible evidence of corporate commitment to the community and as a result, helps to secure local acceptance. Ultimately, corporations have found that involvement in CED promotes their business objectives and enhances their image as responsible corporate citizens within the communities in which they operate (Ibid). Thus, promoting community economic development is one effective way to bridge the gap between the private sector and community.
For centuries, the environment has often been perceived as a "free commodity" where one took from it what one desired and as a result, the world’s biodiversity has been, and continues to be, destroyed to satisfy the selfish consumption of humans. Human dependence on the environment ranges from natural resource extraction by corporations as financial investments to the simple pleasure derived from admiring and immersing oneself in nature by nature-lovers and environmentalists. Thus, as we enter the twenty-first century, the protection and conservation of the world’s biodiversity will be a “hot” topic. According to the Convention on Biological Diversity, launched in 1992 at the United Nations Conference on Environment and Development, “the term ‘biodiversity’ embraces the variety of all life on Earth.” For many people, it is the natural resources they use -fuel, wood, fruit, wild crops, fresh water, fish- or which they admire each day, the variety of species they observe and the way in which different species depend upon one another in respective ecosystems” (IUCN, 1995: 11). Unfortunately, population growth, industry’s demand for revenue and society’s desire for mass consumption are putting the world’s biodiversity under increasing threat.

To conserve biodiversity, it has been suggested that “imaginative partnerships are needed and these must include the business sector” (IUCN, 1995: 11). Thus, “conservation of biological resources will only be possible through broad cooperation and partnerships between the many constituencies interested and affected by biodiversity. Two key players are: (1) the private sector, which is increasingly beginning to see the benefits from conservation and the sustainable use of biological resources and; (2) the ‘biodiversity community’ which to date consists mostly of government institutions and NGO, and which has now realized the need to collaborate with the private sector” (IUCN, 1995: 14). For example, Glaxo Wellcome, a British pharmaceutical company, is a leading example in the corporate world of how business can combine its motive of profits with the objective of conservation. Glaxo Wellcome, in cooperation with Pro-Natura International, an NGO which specializes in tropical foreign conservation programs, has developed a raft-like
platform which rests on a forest canopy without damaging the trees. Currently being tested, this novel technique should permit scientists to get a more accurate picture of ecological processes in this micro-habitat. This unique facility should stimulate similar research from other chemical, agricultural and pharmaceutical companies. Ultimately, a proportion of the revenue obtained from the biological sampling will be contributed to the development of incentives for local conservation policies.

Unquestionably, the private sector has an important contribution to make in conserving biological diversity and promoting sustainable development. As an active player, which often, negatively impacts the environment, business has a responsibility to ensure that the environment is protected for the enjoyment and use of future generations.

Reality indicates that "business is increasingly working towards the protection of the environment and is thereby contributing to a better standard of living for future generations. Although many businesses have made considerable efforts to address these concerns, the majority have yet begun to participate fully" (IUCN, 1995: 28). Thus, the two-way partnership between the environment and the business sector is in many ways a "partnership in progress."

**Social**

Social scientists have suggested that the first step of corporate commitment to social issues should be to establish a trusting relationship with the community. This involves talking, listening and understanding the social concerns voiced by community members. Once the corporation creates a solid base of information on the social fabric of the community, it then becomes the responsibility of the corporation to ensure that it continues to be well versed in social issues such as, the religious component, political affairs, and indigenous concerns of a community. It is not enough for the corporation to be only aware of social issues but also to implement projects that effectively address the needs and targets of both the corporation and community.

Within the last thirty years, there has been a global outcry for "social justice" voiced by the indigenous peoples who inhabit this earth. Unfortunately, more often than not, these voices fall silent on the ears of some trans-national corporations whose vision of profit overrides any attempt at social development. However, the numerous battles waged by
indigenous peoples against trans-national corporations have gained international prominence through the media. How a corporation addresses the social issues of indigenous rights and self-determination can ultimately affect a corporation’s reputation as thousands of local/global citizens will either praise or criticize the corporation for its work in the arena of social justice. The case of Royal Dutch/Shell, the world’s second largest petroleum company, serves as a good example. In recent years, publicized events have cast the company in an extremely unfavorable light. The company operates in Nigeria under contract with the ruling military regime and extracts oil from the ancestral land of the Ogoni tribespeople. “The company has been accused of moral complicity (and worse) with the government in the oppression of this group, an oppression that culminated in the 1995 execution of Ken Saro-Wiwa, a leading Ogoni civil rights activist. Not to compare it with the plight of the Ogoni, which is generally nightmarish, but from a corporate public relations perspective it was a scene straight out of hell, painting as it did the picture of a company indulging in the racist, colonist oppression of an indigenous people in the blind pursuit of profit” (Frankel, 1998: 18). Thus, if a corporation contributes to any social “evils” within the communities where it operates, then there is a potential reality for global citizens to counter-attack by boycotting this corporation and any affiliated organizations.

Conclusively speaking, corporations have been encouraged to conduct their business in a “culturally sensitive” manner and envision their bonds with communities as “social investments.” Some authors believe a “socially responsible” corporation is one which advocates community development by attacking the roots of social problems thereby requiring true social investment. Moreover, “it means investing in the development of people, which allows for the advancement of all society. Social responsibility is a renewed social ethic whose fundamental ethics are human development, the establishment of the concept and value of citizenship, the building of solidarity, and the formation of a new culture of dialogue” (Fundacion Esquel-Ecuador, 1997: 21).
2.4 Role of Non-Governmental Organisations in Community Development

2.4.1 Work of Non-Governmental Organisations

Traditionally, the planning of third world communities is conducted primarily by the state. However, this type of planning often fails to meet the needs of the marginalized and instead ends up in benefiting middle/upper-income groups or the more powerful business interests, both of whom may have strong and favored relations with members of the state. As the great majority of the poor do not benefit from these plans, a new player has entered the “game of development” and has become a “champion of the poor:” Non-Governmental Organizations. For more than fifty years, NGOs have managed to infiltrate, influence and secure a “foothold” in the planning of third world communities.

The term NGO was created at the end of the 1940s and refers to a wide range of organizations or institutions whose common feature is the fact that they are not part of any area of government and their primary purpose is not maximizing profits. According to the World Bank, NGOs are “groups and institutions that are entirely or largely independent of government and characterised primarily by humanitarian or cooperative, rather than commercial, objectives” (cited in Arrossi et al, 1994: 40). Korten describes NGOs as “groups and institutions that are entirely or largely independent of government and characterised primarily by humanitarian or cooperative, rather than commercial objectives” (cited in Arossi et al, 1994: 38). Despite the plethora of definitions in NGO literature, the key characteristics of NGOs can be summarised as (Ibid):

- formal organizations;
- involved with public interest issues and concerns;
- independent from government and state institutions;
- non-profit making and;
- self-governing with an independent decision-making body.
Non-Governmental Organizations can provide a myriad of services and play a series of roles (Arossi et al, 1995: 48):

**Work at the community level**

- To give technical and financial support to low-income households and communities to carry out development projects.
- To design and carry out programs and projects aimed at supplying basic services to low-income groups.
- To act as 'consciousness raisers' for low-income groups, working with communities in carrying out activities to encourage the political mobilization of the population in support of its own interests.

**Influencing policy**

- To develop and promote a new social model to other social actors (including residents, the state, political parties and international agencies) which differs from the one in force and which includes the creation and promotion of social practices such as participation, democracy and cooperation.
- To disseminate information on problems related to poverty to governments and other national or local groups (for example, business circles, the media) and to international groups (for example, aid organizations and financial institutions).
- To act as coordinators between different local and national institutions (residents’ organizations, government organizations) and international institutions (official aid agencies and private voluntary organizations) in the development, execution and evaluation of aid policies and programmes.
- To serve as institutions for the analysis and improvement of technology for use in different areas related to the reduction of poverty - which includes working as consultants or advisors on the problem of poverty and making proposals for solutions.
- To form technical teams to work with the state on issues such as public administration, and the execution and evaluation of local development projects.
- To analyse and evaluate developments in the state and civil society and, in particular, those directly related to the causes and effects of poverty, and the deterioration of the environment and people’s quality of life.
The trend for many NGOs operating in the developing world is to stay away from large, national development projects and instead concentrate on smaller, regional projects which involve the poor and their communities. This can be further exemplified by the following explication of NGOs (Poulton & Harris, 1988: 32):

"Against 'top-down' urban-designed projects, NGOs are using participatory 'bottom-up' methods which pass decision-making progressively to the people. Against the centralised models of bureaucracy, NGOs decentralise responsibility to local groups and community associations. Against a short-term project approach, the NGO methodology is evolutionary and long-term."

One of the strengths of NGOs, specifically operating in the developing world, is their capacity to promote "grassroots development." Often, the strongest grassroots links, the most capable and dedicated community workers, and the greatest experience in reaching disadvantaged groups through innovative participatory methods, are found in NGOs (World Bank, 1995: 236). According to Edwards and Hulme (1994: 24), "the main emphasis for NGOs involved in grassroots efforts is usually held to be the 'process' involved in supporting local initiative - awareness raising, conscientisation, group formation, leadership, training in management skills - rather than the 'content' of the programmes and activities which local organisations pursue." Another strength of NGOs lies in their ability to promote community participation which is directed towards the development of poor communities in the developing world. Community participation "encourages the community to become involved in the process of decision-making in the project and to influence how resources are used, choices made about what should be done and the role that external agencies take. It is this kind of participation which has been gaining acceptance in recent years, based on a recognition of the increasing importance of the role which communities take in solving their own problems and their capacity to design, manage, execute, control and evaluate the projects which aim to develop their settlements" (Arossi et al, 1994: 73). Unquestionably, the greatest achievement of NGOs is their ability to reach the poor and ensure that the "voiceless" are heard.
In regard to the weaknesses of NGOs, these can be surmised as (World Bank, 1995: 238):

- limited financial and management expertise;
- limited number of staff with training and experience in community mobilization;
- lack of technical capacity;
- limited coverage, in terms of scale of area;
- concentration in urban centers;
- lack of communication or coordination with other organizations and;
- limited understanding of the broader social and economic context in which they are working.

Fortunately, NGOs can look towards institutional and partnership building as ways of alleviating the struggles which they face on a day to day basis.

One clear conclusion, which emerges from NGO literature, is that institution building is the critical task facing all NGOs in their search for sustainable development (Edwards & Hulme, 1992: 214). Building effective, representative and sustainable institutions at different levels implies a much longer time-horizon in funding and other support than many NGOs are used to (Ibid). By forming partnerships with the public and private sector, NGOs can provide communities with additional funds, training and resources.

It is important to note that "the increase in the number and importance of NGOs in the Third World is, in part, associated with the worsening economic, social and political crisis experienced by many Third World countries in recent decades and governments' inability to find viable development alternatives" (Arossi et al, 1994: 37). In some Third World countries, the increase in the number of NGOs is being encouraged by governments. This is due to the "large and often growing volume of funding being offered to NGOs or to NGO-government partnerships by some international development agencies" (Ibid). Conclusively speaking, many NGOs in the developing world are forming valuable links with the state via "direct funding, high-level policy advice, ‘technical assistance’, the provision of ‘volunteer’ workers, or (usually) a mixture of these things" (Edwards & Hulme, 1992: 17). However, “it
is important to remember that these strategies are not an attempt to 'replace' the state, but rather to influence the direction of government policy or supporting existing policies” (Ibid).

In regard to partnering with the private sector, NGOs look towards corporations as a primary source of funding. In contrast, the private sector seeks the assistance of NGOs in community development projects where NGOs act as “intermediary organizations” between the private sector and communities. Ultimately, NGOs and the private sector share a synergistic relationship where each depends on the other either for financial reasons or a “socially responsible” reputation.

2.4.2 Intermediary Non-Governmental Organisations

Intermediary NGOs can be defined as "bridging institutions" which provide links between the poor, their governments and other sectors of society. These organisations can significantly contribute to participatory development by acting as "facilitators" or "catalyst-organizers" between the different stakeholders in a development project. In turn, "participatory community-based development depends on intermediary organisations with the specialized skills and experience to provide links between the community level institutions on the one hand, and government institutions and the private sector on the other (World Bank, 1995: 236). The intermediary functions include (Ibid):

- facilitating communication between project beneficiaries, government and the private sector;
- helping to identify and voice community needs;
- supporting participation and group formation;
- training and building the capacity of community groups and;
- channeling resources to the community level.
Box 2.1 further defines the role of intermediary NGOs in reference to participatory and community development:

**Box 2.1 Indicators of Participatory Effectiveness in Intermediary NGOs**

- a flat management structure with decentralized authority;
- organizational structures at the community level to which funding and/or other decisions are delegated;
- use of iterative planning, involving consultation with local communities;
- contributions of cash, labor, raw materials or local facilities by community members and organizations, making them clients rather than beneficiaries of the NGO;
- staff recruitment criteria, incentives and training which support participation;
- strong field presence outside metropolitan areas with high proportion of staff of local origin;
- community leaders and members have a positive perception of the NGO and;
- turnover of client groups as they 'graduate' over time and intensive field attention is transferred to new groups.

(Source: Carrol et al., cited in World Bank, 1995: 151)

Many national and international NGOs serve an intermediary function whether it be channeling development resources to community based organizations, providing them with services or technical assistance, or helping to strengthen their capacity (World Bank, 1995: 147). Intermediary NGOs can reach those who are not represented equitably by formal institutions, such as women, indigenous peoples and the very poor.
The strengths of intermediary NGOs can be surmised as:

- they have better communication with the poor, and a clearer understanding of poor people's survival techniques and perceived needs;
- they may be familiar with low cost techniques and resources;
- they have greater flexibility than formal agencies and;
- they have established connections with other NGOs, the public and private sector.

Moreover, intermediary NGOs "have experience in participatory project design, and have skills in participatory research, community mobilization, facilitation and group dynamics" (Ibid).

In reference to limitations of NGOs as intermediary organizations, several have been identified (World Bank, 1995: 147):

- they have limited financial and management expertise;
- they have limited institutional capacity;
- they often work in isolation, having little communication or coordination with other organizations;
- many are confined to small scale interventions and;
- they may lack understanding of the broader social and economic context in which they are operating.

Despite the fact that some intermediary organisations may not always reach the poorest of the poor, it is still important to praise these organisations for their commitment and effort in trying to create positive and synergistic links between the community and the public and private sectors.
2.5 Corporate Social Responsibility

2.5.1 Globalization and Corporate Social Responsibility

The embedded philosophy that "corporations exist to make money, not to help people or to save the world" still prevails within the minds of those who are quick to point out the negative impacts of the corporate sector (Frankel, 1998: 15). Moreover, corporate critics blame corporations for destroying the economic, social and environmental fabric of communities throughout the world through their exploitative and abusive policies. Korten describes this corporate hegemony in the global village by stating: "The global transformation of global institutions has transformed once beneficial corporations and financial institutions into instruments of a market tyranny that is extending its reach across the planet like a cancer, colonizing ever more of the planet's living spaces, destroying livelihoods, displacing people, rendering democratic institutions impotent, and feeding on life in an insatiable quest for money" (cited in Frankel, 1998: 17). As Korten and other critics see it, today's multinational corporations are like ghosts, immensely powerful ghosts, that are drawn irresistibly to wherever costs are lowest and profits are highest (Ibid). Therefore, with this severe criticism weighing heavy on their shoulders, many corporations face the challenge of shedding their negative images by embarking on the path of corporate social responsibility where the quest for profits is balanced with responsible business practices.

Corporate social responsibility is being hailed as a new, exciting and innovative way of conducting business. Its message of building responsible relationships with governments, communities and organizations reverberates throughout the global village. Fundamentally, "corporate social responsibility" isn't just a fashionable trend that companies can latch onto to gain respect. It's a philosophy they must embrace as a core value that dictates their relations with employees, customers and communities" (National Post, 1999: CB1).

In fact, corporate social responsibility is a direct outcome of globalization due to the influence of corporations at the trans-national level. This is substantiated by the fact that: "The world's ten largest industrial corporations employed three million people in 1991.
Their gross sales were over eight hundred billion dollars. They have power, authority and
demand the right to pursue these interests, generate wealth, innovate and change. With
great power comes great responsibility” (Cannon, 1992: ix). According to the United
Nations, “transnational corporations - 45,000 firms and 280,000 foreign affiliates - account
for two-thirds of the world’s trade in goods and services and employ some 73 million
people...moreover capital flows have increased five-fold during the 1990s, and now account
for more than 80 percent of investment capital flowing from industrial to developing nations”
(North-South Institute, 1998: 4). Given that the role and influence of multi-national
corporations continue to grow, and that the power of governments to compel is diminishing,
the question arises as to whether or not the responsibility of business should grow
concomitantly with its influence (North-South Institute, 1998: I). Thus, in order to
understand how corporations can be “socially responsible” it is important to address the
holistic role that society plays in determining the influence of corporations at the national,
regional and local levels.

2.5.2 Societal Challenge

In today’s global marketplaces, even corporate entities suggest that business must be part
of the solution rather than part of the problem - social responsibility is both good for society
and for business (Culpepper & Whiteman, 1998: 14). However, for this business axiom to
be realized, the dominant culture, practices and philosophy of business must change.
According to Culpepper and Whiteman, “the prevailing ethic of competitively driven self-
interest must give way to a more cooperative ethos in which the benefits accruing to society
and the environment are integrated into business policy and decision-making along with the
conventional profit motive (Ibid).”

Today, there is an emerging school of thought that social responsibility involves
companies taking the initiative to comprehensively address the critical environmental, social,
and economic issues that affect a company and its stakeholders (Jellinek, Schwartz &
Connolly Journal, 1998: 1). Thus, the historical business mantra centered on “profits” is
being replaced by an innovative insight that believes “pure economic objectives and a
exclusively business perspective will never represent societal interests if they are not
accompanied by goals that address other aspirations -cultural, political and environmental
Furthermore, to undertake the alternative business paradigm of social responsibility it is essential for the corporate sector to link with society to ensure that business operations are reflecting not only the concerns of corporations but also consumers, communities, and organizations.

Fundacion Esquel, a national NGO in Ecuador, believes that "the possibility of setting in motion an alternative development model that is sustainable over time requires the efforts of various forces acting simultaneously...these efforts need to be based on a long-term vision arrived by consensus about the type of society we want to build" (Fundacion Esquel, 1997: 21). Hence, companies should not consider themselves isolated from society but rather as integral actors who strengthen and are strengthened by others in society. One formidable task faced by corporations is to unite society's expectations with corporate objectives thereby creating a long-term relationship of solidarism. According to Courtney Pratt "business is a critical element of society...it inevitably has a great impact on how society develops...it has a responsibility to play that role with high ethical and moral standards, with consciousness and with purpose" (1998: 10). It is critical to note that even though wealth creation is a fundamental axiom of business operations, it is society that, in many ways, determines the extent to which this wealth can be enjoyed and valued.

It is important to point out the potential consequences faced by corporations if they fail to address and meet the demands of society. Part of the "societal challenge" is to not underestimate the power of consumers in confronting a corporation on its business conduct. For example, if consumers are disenfranchised with a corporation's conduct and reputation then they can turn to another corporation for similar products and thus, the loss in profits will be a critical consequence faced by the forfeited corporation. Individuals can also exercise their power in the political arena. South Africa is a classic example where people, from around the world, who were outraged and disgusted by the entrenched system of apartheid decided to take a "humanitarian stand" by boycotting certain South African commodities, such as wine and jewelry. It is evident that from a global perspective, many consumers are crying out for "equity and justice" in the corporate world by raising such issues as fair trade, human rights and responsible shopping. However, "the bottom line is that we all play a role in shaping how corporations conduct their business and must ourselves act responsibly by
exercising our economic power - by selective shopping, investment screening, and workplace decisions” (North-South Institute, 1998: 10).

According to the United Nations, “consumers in the developed world will increasingly demand more information on the environmental, social and ethical aspects of products when making up their minds about what products to buy” (cited in Wall, 1998: 7). In order to become aware and educated on the products and services supplied from the South, consumers in Europe and North America are turning towards a powerful movement called “fair trade.” Essentially fair trade is an alternative way of buying from producers in developing countries. Alternative trading organizations buy products directly from small-scale producer groups, paying a stable price that enables the producers to make an adequate living” (United Nations, 1998: 90). In the last thirty years, fair trade has grown into a large consumer movement where, “it has been estimated that fair trade practices are helping gain income for 800,000 households, or five million people, in developing countries” (Ibid). Recently, the fair trade phenomena has gained further momentum by “labeling” items as environmentally friendly products and fairly traded goods. Moreover, more and more Northern consumers are realizing “that their shopping choices can affect the lives of millions of people around the world, and contribute to more socially responsible and sustainable consumption patterns in their own communities” (Ibid).

Consumers and businesses realize that “social responsibility” encompasses many different aspects of business life: it means putting customers first, and providing them with good, safe and reliable products and services; it means being a first-class employer, providing fair pay, good conditions and decent pensions for employees; it involves genuine concern for health and safety and; a commitment to good employee involvement and communications (Clutterbuck & Snow, 1990: v). Holistically speaking, each of us can play an important role in questioning our own choices and decisions in the global economy which links the North and South. Thus, “with our voices and our dollars, we can let corporations know, loud and clear, that we expect them to deliver quality products and services without abusive labor practices” (Co-op America Quarterly, 1998: 4).
2.5.3 Stakeholders and Corporate Accountability

Searching questions have been raised in the corporate world regarding “corporate governance” such as, “what responsibilities do corporations have towards their stakeholders: customers, clients, consumers, employees, communities, and future generations?” What unites these groups and individuals is a conviction that corporations must go beyond the narrow objectives of short-term profit maximization to accept social and environmental responsibilities that are not yet required by law in the jurisdictions in which they operate (Culpepper & Whiteman cited in North-South Institute, 1998: 32). The time has arrived for corporations to go beyond corporate philanthropy, assess the impact of the corporation on all its stakeholders, and be a voice to call out for “social responsibility” at the regional, national or international level. Moreover, “it is not sufficient for corporations simply to say they intend to be socially and environmentally responsible: they must also be held accountable for their actions (or inaction)” (North-South Institute, 1998: 10).

Concerning corporate accountability, reality indicates that many “corporations routinely disregard the social and environmental costs of their actions, an attitude that is sanctioned and indeed reinforced by the prevailing rules of the game” (Frankel, 1998: 17). This reflects a fundamental flaw in neoclassical economics, namely, the assumption that our natural and social environments have no intrinsic economic value because no money changes hands (Ibid). Hence, the question arises of “how corporations can be held accountable for their actions which directly affect non-monetary valued goods and services and human rights issues in the workplace?” Fortunately, there exist a number of ways for corporate accountability to become part of a corporation’s mission statement and operating culture. For example, “...corporations of all kinds, on all continents, are commissioning independent ‘social audits’ to monitor and verify their social and environmental performance. Others are distributing their ethical manifestos by post, fax, and e-mail. Still others are joining associations and displaying symbols certifying that production complies with environmental or labour standards” (North-South Institute, 1998: 2). Some corporations are adopting evaluation methodologies that combine social, environmental, and economic considerations. Conclusively speaking, a present and future challenge is for stakeholders to demand for
"corporate accountability" and "transparency" to ensure that corporations who claim that they are "socially responsible" are being true to their corporate words.

2.6 Role of Socially Responsible Corporations in Different Sectors

2.6.1 Road to Corporate Social Responsibility

The topic of "socially responsibility" encompasses a variety of interpretations. For some, the definitions stresses the social dimension of corporate responsibility, asking companies to become better 'citizens' and to actively contribute to the development of equitable global communities (North-South Institute, 1998: 25). In my opinion, a socially responsible corporation is one which essentially protects the environment, helps meet local social needs and provides stable jobs for community members. At this point it is useful to divulge why many companies are shedding their past corporate images to put on the new cloak of social responsibility and to reveal some of the companies that are actually behind this fashion transformation (Jellinek, Schwartz & Connolly Journal, 1998: 7):

1) **Responding to business threats** – Companies that are concerned about their brand name reputation often have operations in countries where human rights issues have been raised. For example, NIKE and other footwear/apparel makers were accused of using child labor or not suppressing oppressive work conditions in their overseas production facilities. As a result, NIKE is now working hard in developing higher work standards, such as imposing stricter safety regulations.

2) **Protecting commercial interests** - Other companies have realized that identifying and taking action on a growing social problem can actually reduce the potential cost of doing business. For example, Levi Strauss identified HIV/AIDS as a concern within its ranks in the early 1980s - long before other companies - and just as the disease was beginning to spread throughout the country. The company acted quickly by sponsoring AIDS prevention programs, and encouraging “at risk” employees to be tested for HIV, among other activities.
3) **Sustaining long-term business viability** - When IBM, Apple Computer, Microsoft, and Hewlett-Packard donate their products to schools and local NGOs, they not only receive short-term financial benefits for their philanthropic activities, but also build awareness about their products for future generations of customers.

4) **Engaging in “cause-related marketing” to sell their products** - Companies such as Ben & Jerry’s, the Body Shop, Patagonia and others are affiliating themselves with an important social cause, such as the humane treatment of animals, or the protection of rainforests, and are finding that their products are gaining more shelf space in retail outlets and attracting more attention from consumers. Industrial companies, such as those in chemical manufacturing or oil exploration, are also finding that by adding a “social component” to their bid for new contracts, or obtaining the right to explore new regions, they are gaining an advantage on their competition.

5) **Doing the right thing** - IBM, for example, has had a strong record throughout its history of contributing to the common good, such as donating computers to individuals in need or to educational institutions. Such efforts not only generate goodwill but also positively affect a company’s bottom line, by attracting customers who select only from among those organizations that have incorporated “social responsibility” into ongoing business practices.

Indeed, there are many reasons why companies are engaging in socially responsible practices. However, one must recognize that managing global business strategies is no easy task. Every country in which trans-national companies find themselves today has different environmental, social and economic needs. Meeting these needs and applying appropriate company resources - while staying competitive - remains a significant challenge for most companies (Jellinek, Schwartz & Connolly Journal, 1998: 7). Moreover, in the global marketplace, it is a challenge that likely will not go away. However, once a corporation is comfortable with its own definition of corporate responsibility, then the next stage is to implement ways for the corporation to become “socially responsible.”
According to the North-South Institute, there are four steps which companies can follow in order to become more socially responsible (1998: 28):

1) **Reintegrate ethics into business culture:** Corporations, whether at home or abroad, can follow three ethical principles: respect core human values (respect for human dignity and basic rights, and good citizenship); respect local traditions; and consider the context of the situation.

2) **Adopt a systems-centered approach to stakeholder management:** In this case, the company moves beyond its own interests, and recognizes that it shares social systems and the national environment, which become more equitably represented.

3) **Adopt international codes of conduct:** Very simply, a business code of conduct is a statement of principles that corporations abide by voluntarily over the course of its operations. There are three basic types of corporate codes:
   - A code of ethics states the values and principles that define the purpose of the company. These codes are expressed in terms of credos or guiding principles. Such a code says: “this is who we are and this is what we stand for...”
   - A code of practice interprets and illustrates corporate values and principles, and is addressed to the employee as an individual decisionmaker. It says: “this is how we do things around here.”
   - A code of conduct says “this is what you must (or must not) do.”

4) **Broaden Corporate Accountability:** The US Council on Economic Priorities recommends a three-stage corporate monitoring system. First, the company itself monitors its activities, searching for both positive and negative impacts. Results are then evaluated by a second party, such as an independent auditing firm. At the third stage, an independent group monitors and evaluates the whole process. Such third-party monitoring can ensure that noncommercial interests and critical perspectives are adequately presented.

By embracing the aforementioned steps into their corporate agenda, corporations will be well on the path of attaining the consciousness of “social responsibility” and as a result, global citizens may follow their own journeys of responsible shopping and choices.
Socially responsible corporations exist in all sectors of the global economy. For example, "from oil companies and apparel manufacturers to groups such as Business for Social Responsibility and the World Business Council for Sustainable Development, companies and industry groups alike are examining the impact of social and community issues on their competitive interests and local operations (JSC Journal, 1998: 1). Thus, it is important to look at those corporations, operating in diverse sectors, which are working towards making their mandates and practices congruous with both societal and industry expectations. In today’s private sector, there exist three important sectors where companies and institutions are embodying the mantra of "social responsibility" into their corporate agenda: financial, manufacturing and natural resource. Each of these sectors will be briefly discussed in the following sections.

2.6.2 Financial Sector

The financial sector, not wanting to be left behind in the race to attain a "socially responsible" status, is taking on new policy initiatives that serve social and economic needs, especially in the international arena. These policy options "include social and environmental clauses in trade agreements; enhancing corporate disclosure regulations to include social performance; recognizing shareholder rights and allowing shareholders to advance proposals on 'general economic, political, racial, religious, social or similar issues;' and introducing legislation to require financial institutions to disclose financing activities related to the equitable distribution of capital - in short, making banks more accountable to communities" (Walker & de Sousa-Shields cited in North-South Institute, 1998: 6).

One area where financial institutions are making social progress and advancing towards corporate responsibility is "social investment." Social investment refers to the integration of social, ethical, and environmental values into the investment decisionmaking process. In general, social investors can pursue three strategies to perform this integration: screened investment portfolios; shareholder action; and alternative investments in credit unions, cooperatives, and community loan funds (Walker & de Sousa-Shields cited in North-South Institute, 1998: 40). It is important to recognize that these strategies are designed to advance social and environmental progress through investment capital and socially responsible businesses. In regard to screened investment portfolios, socially responsible
investors have become significant private sector actors who encourage positive social and environmental corporate performance. According to Walker and de Sousa-Shields, "hundreds of thousands of Canadians hold more than $5 billion in 14 socially screened mutual funds and six socially responsible labour-sponsored venture capital corporations" (North-South Institute, 1998: 50).

In reference to supporting the credit union movement, many credit unions maintain a commitment to make significant contributions to the communities in which they operate. Moreover, the support for alternative institutions for micro-and small business credit has increased dramatically. For example, "over the last two decades, micro-credit, or the provision of loans to micro-and/or small businesses for the purpose of generating increases in business income, has grown as a development tool. The World Bank now estimates that there are more than 7,000 micro-lending institutions worldwide, involving more than 13 million clients and more than US $19 billion" (Walker & de Sousa-Shields cited in North-South Institute, 1998: 51).

Unquestionably, the times have changed where financial institutions no longer exclusively act as a repository of society's savings but now can offer unique investment opportunities where individuals can invest their savings in a socially and environmentally responsible manner by choosing portfolios that exclusively focus on social and environmental causes.

2.6.3 Manufacturing Sector

Manufacturing has grown rapidly in developing countries where it now employs ten percent of the workforce (North-South Institute, 1998: 6). However, while the manufacturing sector is generally praised for the benefits it brings - knowledge, skills, employment, income - questions have been raised regarding the distribution of benefits and costs, for the workers and their environment. Currently, there is a controversy on the manufacturing front where consumers are battling retailers over issues such as the inhumane treatment of workers in the developing world. From a consumer's perspective, the battle is being waged in order to ensure that workers are treated in a humanitarian and just manner. In Canada, campaigns such as the 'Clean Clothes' of 1993-1994 - and more recently the 'Labour Behind the Label Coalition' led by the garment workers' union - try to increase
retailers’ responsibility for the conditions in factories producing the goods they sell (Weston cited in North-South Institute, 1998: 67). For example, Canadian consumers have endeavored to persuade certain retailers to not sell goods made under very oppressive conditions in Burma. Although most firms in joint investments with Burma’s military regime are based in Thailand or Hong Kong, a recent report found clothes from Burma being sold by Sears Canada Inc., Hudson’s Bay Co., Reitmans Canada Ltd., Tip Top Tailors, and even Zellers Inc., despite Zellers’ company policy of not sourcing garments in factories that employ child labour (Weston cited in North-South Institute, 1998: 67). As a result, the “National Action Committee on the Status of Women” has picketed Canadian toy stores to protest poor labour conditions of workers, mostly women, in foreign toy factories.

The Body Shop is a classic example of a manufacturing company that has become successful and famous for its ability to be socially and environmentally responsible. The company was established, in 1976, in England to sell naturally-based skin and hair products through its own shops and franchised outlets. Currently, the company operates in thirty seven countries around the world. The company principles consist of: promoting health rather than glamour; reality rather than the promise of rejuvenation; using naturally-based, close to source ingredients wherever possible; not testing ingredients or final products on animals and respecting the environment (Forrester, 1990: 59). The Body Shop has a very unique corporate philosophy and vision: it sets out to source products in the Third World in an ‘unpatronizing and unexploitative’ manner, because it believes that encouraging local communities in developing countries to grow ingredients and make products for the company creates employment opportunities and trade. It also has the policy of paying the same wages, whatever country it operates in.

As we enter the twenty first century, it is likely that the operations of trans-national companies operating in the manufacturing sector in the developing world will continue to come under heavy fire by consumers: the war for “equal labour rights and conditions” is not over yet.
2.6.4 Natural Resource Extractive Sector

Due to the influence of international media, considerable attention has been focused on the harmful activities created by natural resource extractive companies such as, the past destructive logging activities endorsed by timber “mogul” MacMillan Bloedel in the ancient rainforests of British Columbia, Canada and the disastrous tailing spills at Placer Dome Inc.’s mining operations in the Philippines. Until quite recently, negative environmental and community impacts from natural resource extraction were tolerated on the grounds that resources could generate substantial wealth and stimulate national economic development. Unfortunately, the very nature of natural resource companies has an undeniable negative environmental, social and economic impact on the communities in which they operate. This can be illuminated by the fact that the natural resource sector often operates where working conditions are high risk unless carefully regulated and monitored and where large projects produce highly visible wealth which may not be widely distributed. As an export-oriented sector, the needs of the community are often ignored and neglected by natural resource companies. In addition, many natural resource companies still maintain the colonist mentality of entering, extracting resources and then exiting communities with no regard to issues such as indigenous land claims and the protection and conservation of biologically-sensitive areas.

Based on JSC’s (Jellinek, Schwartz & Connelly) experience in developing socially responsible policies and programs for multi-national companies, it is clear that some types of companies are thrust into socially responsible activities because of their line of business or the regions and countries in which they operate (1998: 6). For example, heavy industries such as mining, oil and gas exploration/development, and paper processing have found social responsibility to be a significant factor in expanding their business, particularly when entering new markets, typically in developing countries (Ibid). Social responsible projects undertaken by natural resource companies can lead to the development of infrastructure, erection of new facilities and the provision of employment and training opportunities. The bottom line is that an increasing amount of extractive companies are learning to invest in local communities, often from the ground up.
Despite the progress many natural resource companies are making in community development and responsible business, it is important to recognize some of the negative social impacts caused by these companies (Hutchinson cited in North-South Institute, 1998: 78):

- the creation or rapid expansion of communities in remote areas can lead to high rates of alcoholism and sexually transmitted diseases, a shortage of adequate housing, and overcrowded roads;
- environmental damage can have secondary effects, such as reduction in wildlife or fish needed for subsistence;
- the local and regional economy’s dependence on the extractive site for income and employment can lead to problems when the site closes and;
- communities can be disrupted or displaced when new exploration sites open or old ones expand.

To offset these social problems, natural resource companies operating, in developing countries, can undertake a series of steps to ensure that socially and environmentally responsible practices are implemented in different areas (82):

**Environment**

- revegetation, reforestation of extracted-out areas;
- production without major process emissions or tailing ponds;
- independent stakeholder committee to monitor implementation of environmental recommendations and;
- “de facto ecological reserve” maintained around an exploration camp, in which key habitats and ecological sites are identified and protected.

**Workplace standards**

- hiring and training local people for technical and management positions;
- top wage and benefits packages in the host country;
- awards for working hours without lost-time accidents and;
- on-site medical programs for employees.
Economic and social impacts on communities

- consultation with communities prior to excavation opening and identifying resettlement sites;
- financial and technical support for education, youth training and crime prevention and;
- support for community economic development.

Thus, perhaps one of the greatest challenges for the natural resource sector, today, is to establish a new culture of “social consciousness” by merging the targets of the company with the needs of the community thereby, creating a positive synergistic relationship between the two.

2.7 Summary

The present situation of unsustainable living conditions should essentially be everybody’s problem. However, the corporate world may have the most vital role in creating innovative solutions to curb the downward spiral of environmental degradation, social inequities, community breakdowns and indigenous struggles. Not only does it produce much of the world’s waste and pollution, but its financial resources and extraordinary capacity for innovation make it the best - if not the only - candidate to lead the rescuing cavalry (Frankel, 1998: 13). So, it can be argued, the duty falls on the corporate community to remedy where society has culturally and economically - and, by extension, environmentally - gone awry (Ibid). As business has become the most powerful institution in the world, it has the responsibility for ensuring that society will benefit from its work at local and global levels.

In regard to trans-national corporations operating in developing countries, their corporate actions are unquestionably under the intense gaze of global citizens. In part, this reflects the growing awareness and education about the impact of corporate actions on the natural environment and communities. Thus, many corporations are being forced by society to “come clean” and act in a socially responsible manner; otherwise, there exist a series of consequences such as, the threat of “boycotts” which can transpire into a corporate nightmare. Moreover, one must not forget about how corporations are linking with NGOs to not only promote their image as being "responsible caretakers of communities" but to also ensure that community development is achieved through a bottom-up and participatory
process. Conclusively speaking, corporations which learn to chant the mantra of "the freedom to act is not the license to abuse" and act upon these words will be well on their way to some form of “corporate enlightenment.”
CHAPTER 3

Context:
The Petroleum Industry in the Ecuadorian Amazon

3.1 Introduction

In their quest for new resources of oil, gas and timber to meet the needs of the burgeoning, global population, natural resource companies are expanding their operations into some of the world's last undisturbed ecosystems. In the next decade, more than 80 percent of new oil development will take place in the humid tropics, home to most of the world's biological diversity (Rosenfeld et al, 1997: 1). This expansion has already caused extensive, severe, environmental and social disruption and has provoked a growing international awareness of the impacts of oil development in the tropics. However, only part of the movement of expanding oil production and finding newer reservoirs is due to the rising global demand for energy. As "perhaps the greatest contributor to the surge of exploration and development in these tropical areas... has been a trend toward liberalization of markets and privatization of oil and gas production" (Ibid). Ultimately, these changes have made it easier and more attractive for trans-national oil companies to invest in oil-developing countries.

Since 1967, when major petroleum deposits were discovered in the Ecuadorian Amazon, also known as the "Oriente," the Ecuadorian economy has come to depend on oil production as its main source of national revenue and debt repayment. The petroleum industry in Ecuador "generates about 15 percent of the country's GDP and nearly half of its exports. In addition, petroleum revenues account for 40 percent of all public sector income" (Southgate & Whitaker, 1994: 79). Without the existence of a petroleum industry, it is no doubt that Ecuador would have a difficult time in paying its looming foreign debt. However,
the often ignored price to pay for the existence of a petroleum industry may have nothing to do with debts but everything with the environment and those who depend on it for survival. Therefore, the role of the petroleum industry is of a highly controversial nature: its existence on the one hand, pays off the country’s national and foreign debts and on the other, it destroys some of the most biologically-diverse and culturally-rich areas in the world.

In order to completely understand this case study of how a Canadian transnational oil company is becoming socially responsible towards the communities in which it operates in the Ecuadorian Amazon, it is important to provide a contextual background that explains the relationship shared between petroleum companies, government, Non-Governmental Organizations, communities and the environment.

This chapter will highlight the historical, relevant aspects and severe impacts of the petroleum industry in the Ecuadorian Amazon.

3.2 The Amazon Region

Ecuador is a lower-middle income country of approximately 11.2 million people with a GNP per capita of US $ 1,475 (Fundacion NanPaz, 1998: 2). Located on the northwestern corner of South America, it is one of the most ecologically and topographically diverse countries in the Western Hemisphere, as illustrated in Map 3.1:

Map 3.1 Geographical Location of Ecuador

(Source: Kimmerling et al, 1991)
Ecuador consists of four distinct, topographical areas: the Galapagos Islands, the Pacific coastal plain, the central Andean region and the Amazonian region in the east. Furthermore, the country boasts some of the richest flora and fauna in the world and according to the environmental organization Conservation International, "Ecuador harbours a more concentrated variety of living species than any other nation in the world." This astounding diversity contains: tropical rainforests, cloud forests, coastal and dry moist forests, Andean alpine meadows, mangrove swamps, and island systems.

### 3.2.1 The Land

The Eastern half of Ecuador, sloping down from the Andes mountains, forms the Ecuadorian Amazon basin, encompassing over 13 million hectares of tropical rainforest (Kimmerling et al, 1991: 31). Ecuador's Amazon Region is comprised of five Provinces (Napo, Pastaza, Morona Santiago, Zamora Chinchipe and Sucumbios), with a total population estimated at approximately 350,000 and with the region's population density at only two inhabitants per square kilometers (Hicks et al, 1990: 1). Although Ecuador's Amazon Region accounts for almost half of Ecuador's total territory, its population represents only about four percent of the country's total (Ibid). This region has several distinct features:

- the extreme fragility of the region's natural resources;
- its rich biological diversity;
- its significant indigenous population;
- its increasing population and migration rates and;
- its large, but diminishing, petroleum reserves.

The Amazon Region is world renowned for its extraordinary and unique biological diversity. Moreover, much of this diversity is not yet documented thus the commercial and economic potential for this region may be significant. However, this potential may remain undiscovered and lost forever if the tropical rainforest is permanently destroyed through inappropriate land uses such as, natural resource extraction. In order to preserve part of the biological diversity located in Ecuador, the state has established an extensive system of...
natural parks and reserves for preservation of biological diversity and for protection of the native populations, as illustrated in Map 3.2:

Map 3.2 Protected Areas in Ecuador

(Source: Kimmerling et al, 1991)
It is important to note that the aforementioned protection system has been jeopardized, and continues to be, by petroleum exploration and exploitation. In addition to the devastating impacts of extractive companies, a high rate of migration is contributing to further pressure and degradation on the environment and its peoples. From 1974-1982, "the region's population grew at 4.9 percent per year, versus 2.5 percent for the country as a whole" (Hicks et al, 1990: 1). It has been suggested that if current natural resource extraction coupled with land settlement trends continue, then in the next 25-30 years, there will exist little hope for saving the Amazon rainforest from irrevocable destruction.

3.2.2 The People

It is important to understand that at the same time that ecological destruction is taking place in the Amazon so too is human and cultural destruction. Many indigenous communities are on the brink of cultural extinction as a direct consequence of the encroachment and influence of natural resource companies and colonos (migrants). In essence, the disappearance of the forests mirrors the disappearance of indigenous peoples and their indigenous cultures. The dependence on the rainforest for survival, from a subsistence perspective, is undeniably high for the indigenous peoples living in the Ecuadorian Amazon.

The Ecuadorian Amazon is home to a rich heritage of indigenous cultures consisting of eight groups. Estimates of the region's indigenous population "range from 90,000 to 250,000 - 25 to 50 percent of the region's total population" (Kimmerling et al, 1991: 34). Two groups, the Quichua and the Shuar, together account for approximately 85 percent of the Amazonian indigenous population (Hicks et al, 1990: 30). The balance of the population is found among the Achuar, Cofan, Huaorani, Shiwiwar, Secoya, and Siona. The Cofan number approximately 300 individuals, the Huaorani roughly 1,580, the Shiwiwar some 600, and together the Secoya and Siona number about 350 (Kimmerling et al, 1991: 34).

The social disruption of the indigenous and colonos communities in the Ecuadorian Amazon is a direct result of two government policies in this region. The first policy revolves around the government's need for foreign capital from trans-national oil companies to pay off its national and foreign debts. This policy enabled foreign oil companies to explore oil deposits and an indirect result of the construction of "oil roads," was the opening up of large
tracts of Amazonian jungle to colonization. During eight years of oil development in the 
northern Oriente, colonization along oil roads led to a significant population increase from 
74,000 to 260,000, a growth rate double that of the rest of the country" (Rosenfeld et al, 
1997: 18). This fast population growth is attributed to the massive in-migration to the region. 
As of the last census, almost half (47 percent) of Ecuador's Amazon Region's population was 
born outside the region, with two-thirds of these immigrants coming from the Sierra Region 
(Hicks et al, 1990: 1). A majority of the colonos population consists of approximately 
300,000 poor peasants from the Andean region who have colonized the area, clearing and 
burning land to raise crops and cattle on rain forest soil ill-suited to agriculture (Kimmerling 
et al, 1991: 18). Furthermore, "in the 254,760 hectare Cuyabeno Wildlife Reserve, which 
was established in 1979, an oil road built by Petroecuador attracted 1,000 colonist families, 
who now impact about 25 - 40 percent of the park's area" (Ibid).

The second policy elaborates upon the Ecuadorian government's view of the Amazon 
Region as an "escape valve" for the country's demographic and land distribution pressures. 
For example, "despite the presence of indigenous peoples, Ecuadorian law treats the vast 
majority of Amazonian territory as tierras baldias, or 'unoccupied lands'" (Kimmerling et 
al, 1991: 40). Thus, the law has declared the "colonization of these lands to be an urgent 
national security priority, and offers land titles to settlers who clear the forest for crops or 
pastures" (Ibid). Simply put, for the Ecuadorian government, the Amazon Region still 
represents a frontier to be conquered. As a result, Amazonian peoples, in particular the 
indigenous groups, "are increasingly threatened by aggressive government policies that seek 
to 'develop' and colonize their lands and to assimilate them into the dominant Ecuadorian 
culture" (Kimmerling et al, 1991: 39).

Despite years of conflict, the Amazon Region has not been totally "conquered," and 
its indigenous peoples, "though increasingly threatened, have maintained their cultures and 
rich family and community life, while adapting in various ways to changes around them" 
(Kimmerling et al, 1991: 37). However, the critical issues faced by both, indigenous and 
colonos peoples in the Ecuadorian Amazon must be solved in a culturally sensitive and 
conservation-based manner if these communities are to thrive and if sustainable community 
development is to be actualised.
3.3 Petroleum Development

The oil business is one of the largest economic entities in the world today, generating economic activity of more than $1 billion daily (Rosenfeld et al, 1997: 7). In 1976, oil and gas accounted for about 60 percent of energy demand worldwide (Ibid). Two decades later, this proportion remained steady, at 60.1 percent, despite energy crises, rising energy prices and other economic factors that should have inspired a movement away from oil and gas (Ibid). Thus, as global energy demand continues to grow, the oil industry will further expand its influence into new frontiers of petroleum development. These new areas can be found in the developing world where some of these countries are heavily dependent upon oil revenues as an important source of desperately needed foreign exchange and investment. Unfortunately, many trans-national oil companies are paying no heed to where they set up exploration sites as evident by their presence in some of the world's most sensitive and remote ecosystems such as, the humid tropics. More specifically, the Amazonian Region in Latin America represents one geographical area where, in the next decade, much of the world's future oil development will probably take place.

3.3.1 Need for Foreign Capital

The driving force behind the liberalization of oil markets and the push to attract international investment in Latin America is the need for foreign capital by these countries and their governments. Oil revenues play an important role in these developing countries and often account for a significant percentage of their Gross Domestic Product. Furthermore, many Latin American countries share a symbiotic relationship with trans-national oil companies. Latin American governments' need the foreign capital for debt repayment from these oil companies and the oil companies look upon the privatization and liberalization policies created by governments as their legal and guaranteed entrance into untapped areas of petroleum deposits. In addition to this widespread liberalization and privatization policies, economic and contractual incentives for investment and increasing political stability are making it easier and more attractive for trans-national oil companies to enter regions such as, the Ecuadorian Amazon.
In regard to Ecuador, the country is heavily dependent upon oil revenues to rescue the economy from a recession and the impact of looming national and foreign debts. For example, the "$1 billion oil industry represents about one-third of export earnings and public sector revenue, and foreign investment is desperately needed to help pay off a $12.6 billion foreign debt" (Rosenfeld et al, 1997: 12). Recently, Ecuador, desperately seeking foreign investments, offered up for bids nine large tracts of the Amazon jungle for international investors to acquire production-sharing contracts for exploration and development (Ibid). As evident by the table on the next page, Ecuador experienced a high growth in oil production during the nineties:

Table 3.1 Petroleum Production in Select Latin American Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Estimated Oil Production 1994 (1,000 barrels per day)</th>
<th>Increase from 1993 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>656.6</td>
<td>11.6</td>
</tr>
<tr>
<td>Bolivia</td>
<td>25.6</td>
<td>16.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>673.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Colombia</td>
<td>456.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Ecuador</td>
<td>376.8</td>
<td>10.8</td>
</tr>
<tr>
<td>Guatemala</td>
<td>7.5</td>
<td>8.7</td>
</tr>
<tr>
<td>Peru</td>
<td>130.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Venezuela</td>
<td>2,463.3</td>
<td>5.5</td>
</tr>
</tbody>
</table>


The future challenge for Ecuador is to monitor petroleum development in the Amazon Region by ensuring that liberalization and privatization policies are not abused and by limiting the adverse impacts of trans-national oil companies on the environment and its peoples.
3.3.2 Petroleum Development in the Amazon

Essentially all of Ecuador's known petroleum reserves are located in Ecuador's Amazon Region. Oil development in the Ecuadorian Amazon began in 1967, with a well drilled by a Texaco-Gulf consortium. Ecuador's Amazon crude began flowing across the Andes just before the 1973 Middle East oil embargo and the subsequent skyrocketing of world oil prices (Kimmerling et al, 1991: 46). A resulting decade-long oil boom boosted the nation's economy - formerly one of the poorest in Latin America - by an average of seven percent annually, with per capita income rising from $290 in 1972 to $1,490 in 1982 (Ibid). This favorable period enabled the government to earn some $7.4 billion in oil revenues. However, by 1987, prices for Ecuadorian crude had fallen from a high of $25 to less than $15 per barrel (Ibid). Still, today, the Ecuadorian economy remains overly dependent on oil revenues and is hence vulnerable to changes in the international price of oil. Diagrams 3.1 and 3.2 reveal the importance of petroleum development for the Ecuadorian state:

Figure 3.1 Oil as Percentage of Ecuador's Export Earnings
Oil in Ecuador is owned, refined, transported, sold and controlled by the government. However, while most of the oil is produced by Petroecuador, the state oil company, about 10 percent of recent production has been from private companies under contract to Petroecuador. Today, there are more than a dozen private enterprises, operating along with Petroecuador, including Amoco-Mobil, ARCO, City Investing, Elf, Maxus, Oryx, Santa Fe, Tripetrol, and Triton (Rosenfeld et al, 1997: 18). During the last 18 years, these oil companies have "extracted nearly 1.5 billions barrels of oil, the equivalent of its current estimated reserves" (Kimmerling et al, 1991: 44). Moreover, the potential reality exists that "at the current production rate of approximately 100 million barrels of oil per year, all of Ecuador's oil could be exhausted by the year 2005" (Kimmerling et al, 1991: 31).
Although the benefits of petroleum development have been largely national in impact, many of the costs have been concentrated in the Amazon Region. Substantial costs of the region's petroleum do not appear to be adequately considered in the industry's production and pricing decisions; these costs may be classified in two broad categories: direct and indirect (Hicks et al, 1990: 9):

**Direct Costs**
- during the petroleum production phase, water systems surrounding extraction sites frequently are devastated through uncontrolled petroleum drainage pools and emulsion processes and;
- during the petroleum transportation phase, external costs result from leakages or major spills that may be produced from poor maintenance, from natural disasters such as earthquakes, landslides, and from sabotage.

**Indirect Costs**
- the road networks built to support petroleum development have provided an essential precondition for much of the region's colonization and land settlement.

Without careful planning and proper implementation of best technologies and management practices, development of petroleum reserves in the Ecuadorian Amazon will unquestionably result in devastating impacts. Moreover, as long as the Ecuadorian government regards the rich oil deposits of the Amazon as its best hope of paying its huge foreign debt, the Amazon and its peoples will continue to feel the severe environmental, social and economic impacts of petroleum development.

### 3.4 Impacts of the Petroleum Industry

"I want to stamp on the ground hard enough to make that oil come out. I want to skip legalities, permits, red tape, and other obstacles. I want to go out immediately and straight to what matters: getting that oil."

(Rick Bass, Petroleum Geologist, cited in Kimmerling et al, 1991)

"Look at the land. Our Grandfather lived here. So do we. It is our land here, here we used to live. Stranger, touring around you will not come, you will not come. We lived over these hills, we still do, because the forest is our life."

(Huaorani chant, translated by Laura Rival, cited in Kimmerling et al, 1991)
The petroleum industry and the infrastructure associated with it has contributed to significant environmental and social impacts worldwide. Even though oil development in any region is risky, as it carries the potential for creating severe environmental damages and social disruption, tropical areas are particularly vulnerable. Due to the high correlation between areas of high biodiversity and geologic formations that contain hydrocarbons, many of the areas targeted for oil development directly overlap with sensitive and threatened ecosystems (Rosenfeld et al., 1997: 2). Furthermore, "many of these areas are also home to indigenous populations, some of which have had little or no contact with the outside world" (Ibid).

In Ecuador, petroleum development has caused "adverse impacts on the land and people of the Oriente at every stage, from initial seismic studies and exploratory drilling through production, transport, and refining" (Kimmerling et al., 1991: 83). Unfortunately, very little quantitative work has been done to analyze the resulting damages and no comprehensive studies or chemical data on environmental or public health impacts exist. According to the World Bank, "if current population and land trends continue and the fragility of the Amazon Region's natural resources is not properly recognized the following impacts can be expected" (cited in Kimmerling et al., 1991: 83):

• irreversible loss of the region's renewable and nonrenewable resources and of their potential to produce regional and national economic benefits;
• diminishing returns of economic activities over time as the fragile resource base is depleted;
• social conflicts between indigenous and migrant populations and;
• eventually, reverse migration as people must abandon the then resource-poor Amazon region, contributing to even greater pressures in non-Amazon regions.

Interestingly enough, these direct and indirect impacts have deeply affected the environment and the peoples of the Ecuadorian Amazon and I wonder why is it that these impacts have not been adequately addressed by the state and petroleum industry? Moreover, where are the "voices of the Amazon?" This questioning goes hand in hand with Jacob Scherr's (an international environmental expert) stance on what is happening in the Ecuadorian Amazon:
"it's like a giant oil spill has been going on for twenty years and nobody knows about it. It's the Exxon Valdez times twenty" (cited in Kimmerling et al, 1991: ix).

### 3.4.1 Environmental Impacts

"One drop of oil contaminates 1,000 litres of water."

(Ecuadorian Ministry of Environment Poster, 1998)

While the financial benefits accruing to oil companies and to the state can be enormous, the environmental implications of these companies can be just as significant. The Ecuadorian government, in its search for rich oil deposits, has ultimately neglected the environment. For the last thirty years, the Ecuadorian government has allowed the petroleum industry to venture into pristine jungle, extract oil and reap monetary benefits without any concern towards the myriad of environmental impacts that result from oil operations. The majority of oil companies operating in the Ecuadorian Amazon continue to depend on technology practices that, while effective in certain ecological surroundings, prove ill-suited to the environmentally fragile ecosystems of this region. As a consequence, severe, direct environmental impacts, including deforestation, air pollution, water contamination, soil erosion, sedimentation, and disturbance of wildlife and habitats, have resulted. Perhaps even more threatening are the indirect environmental impacts, such as the phenomenon of colonization accompanied by extensive deforestation, that result from the opening of access into the forest via roads and pipeline paths.

Oil is an enormously toxic substance. For example, "a gallon of it will kill fish in a million gallons of water and harm aquatic life at concentrations as low as one part per hundred billion" (Robert F. Kennedy Jr. cited in Kimmerling et al, 1991: xii). In Ecuador, oil companies are notorious for dumping their wastes into local water sources while turning a "blind eye" to their devastating actions. It has been estimated that, between 1972 and 1989, 19 billion gallons of toxic wastes were spilled into the Ecuadorian environment, approximately 4.4 million gallons per day, and more than 17 million gallons of oil have spilled along the Trans-Ecuadorian pipeline in the last two decades (Bowles et al, 1998: 4). Discharges from secondary pipelines have never been estimated or recorded, however, the
smaller flowlines discharge approximately 10,000 gallons per week of petroleum into the Amazon, and each day production pits dump an astounding 4.3 million gallons of toxic production wastes and treatment chemicals into Amazonia's rivers, streams and groundwater (Kimmerling et al, 1991: ix). Oil and water separation stations have discharged about 20 billion gallons of production water since 1972 (Rosenfeld et al, 1997: 18). In addition to daily spills, accidental spills have also contributed to significant environmental damage. Open waste pits are another significant problem in the Ecuadorian Amazon as unlined pits cause liquid wastes to seep into the soils and contaminate groundwater, or to overflow during heavy rains. The aforementioned information should paint a vivid picture of what is happening to the Ecuadorian Amazon as the unregulated petroleum industry continues to wreak havoc on this fragile and rich environment.

The indirect environmental impacts of oil companies include spontaneous colonization along oil roads and its accompanying deforestation and habitat conversion as colonists move into previously unsettled areas. Colonists often burn the forests on both sides of the road to create homesteads and raise cattle and crops. Figure 3.3 on the next page illustrates a typical scene with a colonist's house in the background and an oil pipeline (this pipeline will eventually connect with the trans-Ecuadorian national pipeline, which extends from the East to the Western Coast) in the foreground:
It has been estimated that for every 1 kilometer of new road built through a forested area, roughly 400 - 2,400 hectares are deforested and colonized (Rosenfeld et al, 1997: 24). Moreover, in one part of the Amazon, “oil roads have led to a 90 percent increase in the deforestation rate and opened up 2.5 million acres of previously untouched homelands of eight indigenous tribes” (Rosenfeld et al, 1997: 18). However, as long as petroleum development remains a lucrative business in Ecuador, the environment will continue to be an "open playing field" for further exploitation by new migrants.

The Ecuadorian government, which controls the petroleum industry, has not successfully implemented any national environmental legislation directed towards minimizing the environmental impacts rising from oil pollution. Thus, the Ecuadorian government’s true commitment to curbing oil industry pollution remains in doubt due to its unfulfilled promises of stricter environmental laws and conditions on petroleum companies. Moreover, the following passage adequately addresses the bias shown by the government
petroleum companies and thus, illustrates the government’s neglect for the peoples and environment of the Amazon Region (Rosenfeld et al, 1997: 83).

"In February, 1993, the state oil company established three exploration camps in the Cuyabeno Reserve, without prior authorization from INEFAN (national environmental organization), which manages all protected areas in the country. Petroecuador submitted a ‘diagnostic study’ and filed an environmental management plan. INEFAN responded by levying a maximum fine of $315 and of much greater importance was INEFAN’S decision to suspend all exploratory work in the reserve, which was upheld by the president of the country in July, 1993. However, Petroecuador, which had already signed contracts with various suppliers and outfitters for the Cuyabeno project, succeeded in convincing the president that the suspension created an excessive financial burden. Around the middle of September, INEFAN’s director was informed that drilling would go forward immediately at one of the three contested sites."

3.4.2 Social Impacts

Just as it is important for the Ecuadorian government and oil companies to take responsibility for mitigating environmental impacts, it is equally necessary that they address the social issues created by the petroleum industry. Social problems such as colonization and consequent land settlement disputes, adverse health effects stemming from oil pollution and breakdown of indigenous cultures continue to exist in the Ecuadorian Amazon. Unfortunately, no systematic investigation of these social impacts has been conducted in Ecuador.

The effects of colonization represent some of the most complex and troubling issues occurring in the Ecuadorian Amazon. Colonization of the Ecuadorian Amazon by colonos has led to massive demographic stress on local social services and government capacity. Furthermore, “colonization increases the opportunities for new contact situations between indigenous people and migrants, speeds acculturation, and leads to increased competition for local resources” (Rosenfeld et al, 1997: 37). Therefore, any additional population growth places enormous, added “stress” on the natural environment, local infrastructure and community services in the Ecuadorian Amazon.

The socio-economic needs of the migrants in the Ecuadorian Amazon have been met at a relatively low cost. For example, “public forest land was converted to the settler’s ownership if he presented evidence of agricultural and/or cattle production, according to the provisions of the 1978 Law for Settlement of the Amazon” (Hicks et al, 1990: 16). Thus, the main impetus behind past and current land settlement patterns in the Amazon Region is the
state's promotion of this region as a national "escape valve" for socioeconomic imbalances in other regions as "it offers a 'land without people' to 'people without land'" (Ibid). In regard to land settlement disputes, they are exacerbated by national property rights systems where the Ecuadorian government controls all oil activities on land that is owned by private citizens or indigenous peoples. It is the state that decides the future patterns of land settlement in the Ecuadorian Amazon and everyone living there can either adhere to the state regulations or expend much energy fighting the state settlement laws.

Health impacts from oil pollution and contamination pose a serious threat to those living in the vicinity of oil rigs and their waste pits. While these impacts affect all people, regardless of their degree of acculturation, they are particularly dangerous for those who depend more heavily on the forest for food, water and shelter (Rosenfeld et al, 1997: 41). Minute quantities of petroleum constituents (benzene, toluene, xylene, and polyaromatic hydrocarbons) can cause serious damage in humans and animals. Studies have shown that prolonged exposure to crude oil can cause severe health impacts, including cancer, birth defects, blood disorders, skin disorders and damage to the central nervous system. For example, "the largest government hospital in Coca, Ecuador, documented a rise in child mortality resulting from oil-related accidents and contaminated drinking water" (Ibid). Another exposure study, conducted by the Ecuadorian Union of Popular Health Promoters of the Amazon, looked at 1,465 people in ten communities, 1,077 of whom resided in oil-contaminated areas and 388 in non-contaminated areas (Ibid). The results indicated that those communities exposed to oil had a higher rate of illness, including miscarriages, respiratory ailments, dermatitis, headaches and nausea (Ibid). The passage on the following page written by Robert F. Kennedy Jr. provides his personal and stark insight into the devastating health impacts of oil pollution (cited in Kimmerling et al, 1991: xvii):
"That night, in the community health center in Lago Agrio, we met with the center's chief clinician, and with the representatives of fourteen communities accounting for about 40,000 people from the Aguarico River basin. Each of them told the same story. Sick and deformed children, adults and children affected with skin rashes, headaches, dysentery, respiratory ailments, cattle dead with their stomachs rotted out, crops destroyed, animals gone from the forest and fish from the rivers and streams. A colonist leader from Lago Agrio said, 'We realize that we live in a very rich zone, but our people live in poverty and misery. Texaco will give us shirts with their emblem, but they won't spend a sucre to prevent contamination or to protect our health. Those petroleum companies poison our lands, kill our livestock and domestic fowl and contaminate our sources of water. Little by little they are leading us to a death that is certain!'"

Unfortunately, both the loss of traditional land due to uncontrollable land settlement schemes and the dire effects of oil pollution are threatening not only the health of indigenous peoples living in the Amazon Region but also their overall physical survival.

In the Oriente region of Ecuador, according to one study, the impacts of contact from oil operations were "catastrophic", leading to loss of land and "broken down traditional bonds that have brought malnutrition and new diseases," pushing indigenous communities to "the bottom rung of a hostile market economy" (Rosenfeld et al, 1997: 38). Unquestionably, the oil boom in the Ecuadorian Amazon has accelerated the conquest of the Amazon jungle leaving some indigenous peoples and their cultures on the brink of total destruction. For example, in oil production areas, indigenous Cofan, Secoya, and Siona have been pushed into small pockets of land that are entirely surrounded by outsiders. These lands cover only a fraction of their traditional lands, straining the subsistence base of the people and severely limiting their range for hunting, fishing, food gathering, and gardening activities (Kimmerling et al, 1991: 77). As a result, many indigenous peoples travel to boom towns to sell trinkets to tourists or to sell their bodies for prostitution in order to make money. This out-migration from indigenous communities "can diminish cultural identity, which is often sustained through traditional knowledge, such as foraging strategies and ethnobotanical knowledge passed from generation to generation" (Rosenfeld et al, 1997: 38). In addition, outsiders such as land speculators, loggers, ranchers, colonists, agro-industrialists and the Ecuadorian military are heavily involved in appropriating indigenous lands and destroying the forests and some have also set off epidemics of new diseases in indigenous communities.
Today, petroleum development in the Ecuadorian Amazon continues to destroy Amazonian cultures and undercuts traditional indigenous economies and land rights. Without complete control over their own lands, indigenous peoples will not be able to adapt in their own ways to a changing world” (Kimmerling et al, 1991: 77). Moreover, the potential reality exists that as long as oil development proceeds in the Ecuadorian Amazon, indigenous peoples could become as economically poor and marginalized as the colonists who live in oil production areas.

3.4.3 Economic Impacts

Although the Ecuadorian Amazon Region accounts for less than four percent of the country’s total employment, it contributes a disproportionately high share of national employment in the primary sector: 5.6 percent in agriculture and related activities; and 23 percent in mining, including petroleum extraction (Hicks et al, 1990: 14). However, according to 1982 statistics, mining contributes a very small proportion of total regional employment as the sectors that provided the most regional employment were agriculture and housing services (no current statistics available on regional employment). Thus, from the perspective of employment generation within the region, the petroleum industry is basically an economic “enclave” with few backward or forward employment generation linkages. For example, “factor inputs, including materials and labor, predominantly are imported into the region, and skilled, as well as semi-skilled, labor live almost exclusively in petroleum camps during their ‘shifts’ in the region, leaving their families and most indirect employment generation potential, outside the region” (Hicks et al, 1990: 3). Furthermore, it is important to understand that the economic payoff for the work of oil workers is outrageously low compared to the physical challenges these workers face daily. This is blatantly evident by the payment of low wages by such oil companies as Petroecuador which pays their oil workers a meager 60,000 sucres a month, about two dollars ($US) a day (Kimmerling et al, 1991: xxi).

One major criticism of oil development is that it does not make a significant contribution to community development initiatives to reduce the economic dependence of the majority of the Oriente’s population on extractive industries. For example, “more oil wealth could be channeled into education as well as research and extension for agriculture, forestry, and other sectors of the rural economy...formation of nonenvironmental assets would, in
turn, facilitate sustainable economic development” (Southgate & Whitaker, 1994: 89). However, it is important to recognize that a “key obstacle to the region’s sustainable development is the capacity of Central Government institutions to promote this development” (Hicks et al, 1990: 25). An overriding problem is the perception that the Amazon is predominantly a sectoral concern under the responsibility of the Ministry of Agriculture. Thus, “if the region’s potential, long-term contribution to the country’s economic development is to be realized...the management of its resources must be understood as a national economic and social, and not just sectoral, concern” (Ibid). Furthermore, it is imperative that the state and oil companies collaboratively work towards conserving this region’s rich environment thereby ensuring that a stream of economic benefits can still be derived from environmentally, socially and economically responsible activities in this region.

3.4.4 Recommendations

Due to a lack of understanding about the best way to operate in a rain forest, and an undervaluing of the rain forest itself, conventional petroleum operations in the tropics have frequently been marred by poor environmental planning, assessment, and management, leading to large-scale environmental and social disasters and lengthy and expensive remediation (Rosenfeld et al, 1997: 16). These problems often lead to increased economic costs, social conflict and international censure. However, key stakeholders such as the oil industry, government and local people can adopt a new paradigm for petroleum development in the Ecuadorian Amazon based on a new set of environmental and social recommendations that can be easily regulated and enforced. Table 3.2, on the following page, exemplifies how these stakeholders can implement these recommendations (Rosenfeld et al, 1997):
## Table 3.2  Environmental and Social Recommendations by Different Stakeholders

<table>
<thead>
<tr>
<th>Role of Oil Industry</th>
<th>Environmental Recommendations</th>
<th>Social Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Recognizing and acknowledging its responsibility for understanding and addressing the potential environmental impacts of its operations</td>
<td>• Devote more resources to the public health and safety aspects of petroleum development</td>
</tr>
<tr>
<td></td>
<td>• Pipelines should be sufficiently distant from roadways or buried underground so as to prevent ruptures from traffic accidents, and other unpredictable events</td>
<td>• Part of petroleum revenues might be directed to indigenous community development, municipal services, and environmental protection activities</td>
</tr>
<tr>
<td></td>
<td>• Petroleum wastes should not contaminate local drinking water supplies or fishing areas, and large industrial facilities should have adequate accident control systems and emergency evacuation plans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Minimize the external costs of petroleum extraction, production and transportation, through the implementation of a comprehensive environmental management and control program</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Role of Government</th>
<th>Environmental Recommendations</th>
<th>Social Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• A single government office or agency should be responsible for overseeing and approving a company's environmental management strategy</td>
<td>• Require companies and contractors to adhere to international human rights agreements</td>
</tr>
<tr>
<td></td>
<td>• Should require companies to use the best environmental technologies and practices and, with the help of local and international experts, define what these practices are</td>
<td>• Should assist companies in clarifying land titling issues in complete consultation with local people</td>
</tr>
<tr>
<td></td>
<td>• Permit petroleum developments in protected areas, such as National Parks, only when viable measures for adequate natural resource management are in place and ensure that the integrity of these areas is preserved</td>
<td>• Take into account the wishes and needs of native communities, as reflected in the programs of their representative organizations and federations. The most important element in this regard is the legal recognition and regularization of indigenous land claims</td>
</tr>
<tr>
<td></td>
<td>• Minimally disruptive techniques should be included among the alternatives evaluated in the economic appraisal of petroleum development projects</td>
<td></td>
</tr>
</tbody>
</table>
### Environmental Recommendations

- Design an overall natural resources policy for the Amazon region based upon the concept of sustainability of its renewable and nonrenewable resource base. The policy should be based upon: the most reliable scientific information on the region's natural resources; the carrying capacity; and, a realistic assessment of the region's long-term prospects for settlement and economic development.

### Social Recommendations

- Should clarify its policy on indigenous land claims; provide adequate resources for the demarcation and titling of indigenous lands; protect indigenous forestry, fish and wildlife resources; and give greater support to indigenous designed health, education and community development programs.

### Role of Local People/Community

- Should exercise their capacity to influence governments and corporations by ensuring that they are educated about the latest environmental technologies and standards to minimize environmental damage by consulting with informed indigenous federations or other NGOs.

- Identify social impacts and determine community needs.

- Should participate in the process from the start, planning, questioning, designing, challenging and evaluating any projects under consideration in their territories.

- Work with oil companies to formalize two-way communications and standardize policies about interactions.

3.5 **Summary**

Oil exploration and development in the Ecuadorian Amazon is fueled not only by a continuing global reliance on oil to meet rising energy needs but also by the growing need for foreign exchange by the government. The expansion of oil operations in Ecuador has been driven mainly by investment from large trans-national companies seeking new resources and by the liberalization and privatization policies offered by the government (Kimmerling *et al*, 1991: 2). The petroleum industry in the Ecuadorian Amazon is essentially the “engine of economic development” for the country; the revenue derived from oil wealth provides the government with funds to see it through times of economic and political upheavals and disturbances.
By reviewing literature on petroleum development, one begins to understand that the universal objective of many trans-national oil companies is to maximize revenue and productions at the expense of other considerations. In Ecuador’s case, the impacts of the petroleum industry have resulted in severe environmental degradation, social disruption and economic inequities in the Amazonian region. Thus, one of the great dilemmas facing oil companies in the Ecuadorian Amazon is that petroleum development can have both positive and negative impacts. On the positive side, the oil industry “offers valuable opportunities for the extension of financial and material benefits to a diverse set of national and local interests” (Rosenfeld et al, 1997: 42). On the other side, petroleum development destroys the natural environment and those communities which depend on the rainforest for subsistence living. Undisputedly speaking, there are more negative impacts than positive when it comes to petroleum development in the Ecuadorian Amazon.

The extensive, irreversible and negative environmental and social impacts from oil development in the Ecuadorian Amazon are a result of inadequate regulatory frameworks and weak environmental and social legislation. In order to ensure that the conservation of the Amazon Region is not sacrificed at the expense of short-term oil development, Ecuador needs to implement progressive legislation that is supported by strong institutional capacity and innovative funding mechanisms. Moreover, proper planning and thorough implementation of environmental and social protection and mitigation can vastly reduce the negative impacts of petroleum development in Ecuador. It is important to note that oil development can coexist with conservation and be responsive to the needs of local communities when careful planning and consultation are undertaken and superior technologies and best practices are employed.

One of the initial steps in designing a successful participation and consultation process is to identify the stakeholders and their vested interests in petroleum development. In this case, a well-defined partnership between stakeholders, such as the central government, municipal governments, oil companies, local communities and NGOs, is highly needed to adequately respond to the development needs of the Ecuadorian Amazon. Such a partnership would only be effective, however, if all participants, are strengthened so that they can implement policies for sustained economic development of the region (Hicks et al, 1990: 29). Furthermore, “the Ecuadorian Amazon is home to some of the world’s most significant
biologically diversity…and the future of this biological wealth may be largely determined by how the private sector, government, local communities, indigenous people and non-governmental organizations manage petroleum development in this region” (Rosenfeld et al, 1997: 42).

From a global perspective, the oil industry has made several steps in recent years toward more environmentally and socially responsible operations. For example, “several individual companies and industry groups have set up environmental committees, such as the industry’s Western Hemisphere Oil and Gas Environmental Forum, to discuss important environmental and social issues and share experiences and knowledge” (Bowles et al, 1998: 4). In addition, certain companies operating in the tropical Andes, including Mobil, Shell and ARCO, have explored various formal mechanisms for stakeholder participation and environmental oversight (Ibid).

I believe that the survival of the Ecuadorian Amazon from petroleum development depends not only on positive changes in state legislation, industry policies and community relations but also on allowing the political “voice” of the Amazonian peoples to resonate from the jungle into the halls of the state. This viewpoint is shared by Robert F. Kennedy Jr. who states: the only way that the Amazon can be saved is if the people who live there choose to save it, and then only if they can muster the political power to impose that choice (cited in Kimmerling et al, 1991: xxv).
CHAPTER 4

Case Study:
Fundacion NanPaz

4.1 Introduction

Despite the varied impacts of petroleum development, oil companies do have a great deal to offer marginalized communities in terms of resources, employment opportunities, and infrastructure development and in turn, these communities represent an attractive labour force and a wealth of local and indigenous knowledge. In addition, oil companies can provide the funding and institutional support for important community programs (program areas which the government continues to neglect as they are not national priorities) such as education, health and livelihood. The challenge in this type of situation is to ensure that the oil companies follow through with their corporate promises of delivering any proposed projects; thereby establishing a new relationship based on “trust” between oil companies and communities of the Ecuadorian Amazon.

4.2 Pacalta Resources Limited and City Investing Company Limited

Pacalta Resources Limited ("Pacalta"), an exploration and production company based in Calgary, Alberta, has been operating in the Canadian oil and gas industry for six years (1990 –1996). In 1996, Pacalta extended its operations internationally through the purchase of oil concessions in Ecuador and Guatemala. In Ecuador, Pacalta's transactions culminated in a 100 percent ownership of City Investing Company Limited ("City Investing"), which has the longest continual operating history of any company in the Ecuadorian oil industry. Hence, City Investing is the "Ecuadorian oil subsidiary" of Pacalta Resources Limited.
According to Pacalta's 1996 Annual Report, Pacalta holds two concessions in Ecuador, the City Block concession which is 89,000 acres (part of it is located in the protected area of the Cuyabeno Reserve) and the 494,000 acres in the Block 27 concession. Map 4.1 illustrates the location of these concessions:

Map 4.1 Geographical Context of City Investing's Oil Concessions

![Map 4.1](image)

To date, all production is from the City Block with current capability of about 16,000 barrels per day (Pacalta Resources Ltd., 1996: 8). The City Block has a primary term through to August 1, 2015, and Block 27 has a minimum producing period of 20 years from commencement of commercial production.

4.2.1 Fundacion NanPaz

City Investing, recognizing that its approach to community planning and relations neither served the needs of the communities nor those of the company, opted to create an Ecuadorian Non-Governmental Organization, whose purpose is to act like a "bridge" between the company and the communities. In January, 1998, Fundacion NanPaz was legally founded, with the assistance of City Investing, as an NGO. In Quichua Nan means "road to" and Paz in Spanish means "peace." Thus, NanPaz symbolizes the "road to peace;" a road which City Investing and Fundacion NanPaz together are currently embarking upon in the Ecuadorian Amazon.
4.3 Creation of Fundacion NanPaz

After nearly twenty years of working in the field of “development,” Mr. James Geenen decided to partially venture away from the humanity-preaching voluntary sector and delve into the private sector. Mr. Geenen has been interested in community development issues as evident by his seventeen years of working with the international organization “Plan International.” Mr. Geenen has worked extensively in Africa and Asia and most recently he was posted in the Philippines where he was in charge of implementing sustainable development projects throughout the country.

Recently, Mr. Geenen became interested in the idea of linking companies with their surrounding communities, in the developing world, in order to promote the synergistic objectives of corporate social responsibility and community development. Based on this premise, Mr. Geenen conducted his own research on the relationship between oil companies and their surrounding communities in the Sucumbios Province in the Ecuadorian Amazon. From his findings, there was ample evidence that the historical onslaught of petroleum development coupled with massive migration has culminated into dire environmental, social, cultural and economic problems in this ecologically-fragile region.

How then can corporations, such as oil companies, create and nurture a positive relationship with communities? Mr. Geenen’s response is for oil companies to create a separate, intermediary organization, such as an NGO, to serve as a bridge/access into the communities. In 1997, Mr. Geenen approached Mr. John Wright, President of Pacalta Resources Limited and City Investing, to discuss such an opportunity whereby City Investing could establish an organization that would focus on creating innovative community development projects; which if successful would lead to an improvement in City Investing’s corporate reputation. Thus, Mr. Wright impressed with Mr. Geenen’s proposition, agreed that the time had arrived for the company to regionally, nationally and internationally establish itself as a “socially responsible” trans-national oil company committed to successful community development. As a result of this decision, Mr. Geenen became Director of “Fundacion NanPaz.” The initial seed money to start and maintain the operations of Fundacion NanPaz is provided by City Investing. However, one of the critical long-term visions of Fundacion NanPaz is to become financially independent from City Investing; by
implementing successful community development projects that will provide a steady stream of revenue for the organization and earnings for its employees in the future.

After a series of visits with different communities in the Sucumbios Province, Fundacion NanPaz "presented the communities with an invitation to enter into a new relationship, based on a number of ideals such as personal growth, a creative and collaborative approach to problem solving and project development, with a strong focus on conservation and ecological sensitivity" (Fundacion NanPaz, 1998: 2). As a result, many communities demonstrated their willingness to enter a relationship with Fundacion NanPaz and thereby became involved in the preliminary needs assessment and diagnostic study. Ultimately, the results of this study indicated that, according to community members, areas which are neglected and underdeveloped can be adequately addressed and developed by Fundacion NanPaz, through the creation of their proposed "Community Development Initiative." This initiative focuses on specific and much desired community development programs and accompanying community development projects that are being and will be developed in the Ecuadorian Amazon. Furthermore, it is important to note that the need for these community programs and projects has been largely determined by community members' and not by Fundacion NanPaz.

This chapter discusses the role of Fundacion NanPaz as an "intermediary organization" between City Investing and the communities in the Ecuadorian Amazon.

4.4 Situational Analysis and Communities' Profile

4.4.1 Situational Analysis

Prior to the legal establishment of Fundacion NanPaz in January (1998), an exploratory period (four months) of consultation was carried out in the communities influenced by City Investing. At that time, Mr. James Geenen and a research assistant visited these communities to conduct a participatory diagnostic needs assessment with community members. The assessment consisted of informal interviews with community members and the results were then shown to Mr. Wright, who, after studying the results, agreed that the creation of an NGO would be the best way for the company to meet the needs of these communities. It is crucial to point out that Mr. Geenen's and his assistant's initial encounters
with a few of the communities in the Sucumbios Province were met with some resistance due to the historical and tense relationship between "outsiders" (foreigners and migrants) and local communities.

It is evident that the presence of oil companies and the migration of colonos have bred a general feeling of anger, mistrust and entitlement in the communities of the Ecuadorian Amazon. Moreover, the situation is one where each player is quick to blame the other for serious environmental, social and economic problems in the region. For example, the majority of oil companies operating in the Ecuadorian Amazon regard the lifestyle of the colonos as "lazy" since many colonos would rather tend to agricultural crops than work the long and demanding hours required by these companies. According to the manager (who would like to remain anonymous) of one of City Investing’s oil rigs: "the colonos mentality towards the environment and petroleum companies is aggressive and furthermore, they do not want to work due to the demanding climate of the jungle." In return, colonos and indigenous peoples blame the oil companies for polluting the rivers, lakes, soils and forests of the Ecuadorian Amazon. Furthermore, for the indigenous peoples in this region, the environment of the jungle is their source of subsistence and thus, their survival.

From personal observation (during my two field site visits), I do not hesitate to label the situation as "tense" between oil companies, indigenous peoples and the colonos in the Ecuadorian Amazon. Simply put, the oil companies are facing severe resentment by the indigenous and colonos populations who see these companies as a major threat to the environment and their ways of life. In regard to the colonos, the newcomers to this region, they have unfortunately developed a harsh mentality of "free land for all" resulting in further deforestation, soil erosion and watershed destruction. However, in my opinion, the struggle for survival in this region is undeniably felt strongest by the indigenous peoples who are desperate to save their land, knowledge and cultures, from possible extinction, in order to pass on their rich history to future generations. Furthermore, "the prospect of further migration due to the extreme coastal effects of El Nino, unemployment and under employment in all parts of the country, the devaluation of the Sucre, the country’s political instability and the government’s ineffectiveness in meeting the needs of its citizens, all bode negatively on the future of the Amazon Region" (Fundacion NanPaz, 1998: 2).
Fundacion NanPaz is highly aware of the volatile situation emanating in the Amazonian jungle and is thereby committed to improving the conditions of the marginalized communities in the Sucumbios Province, without adding any additional “stress” to the communities and their natural environment. This commitment by Fundacion NanPaz in designing and implementing “socially responsible” and viable community development programs and projects is evident in the following passage (Fundacion NanPaz, 1998: 2):

“To curb further destruction of this fragile eco-system, alternative options for livelihood have to be made available to the colonos and indigenous peoples, and emphasis must be placed on ecologically sound agro-industrial practices which will provide for an improved standard of living and protection of the environment. Looking to the future, the solution to these problems will be found in the efforts of conscientious individuals and the policies of progressive companies. The solution demands a collaborative effort on behalf of all stakeholders, and increasingly, on the part of the inhabitants. The process will require a great deal of patience in attempting to bring about a change of mindset – from one of entitlement to one of responsibility – but the survival of the communities, not only the rain forest, depends on it.”

4.4.2 Communities’ Profile

Fundacion NanPaz has begun the development process of its “Community Development Initiative” in the communities of the Sucumbios Province, located in the northeastern part of Ecuador. Fundacion Nanpaz is currently working with eleven communities in Sucumbios Province. Eight communities are located within the vicinity of the City Block (area of City Investing petroleum operations): Marian 4, San Jose, Palmas, Aguas Negras, Tarapoa, Paz y Bien, El Triunfo and 17 de Abril. The other three communities are found on the periphery of the City Block: Rey de los Andes, Puerto Chiritza and 16 de Abril. Please refer to Map 4.1 to see where these communities are generally located. It is important to note that the aforementioned communities are all located approximately 20 kilometers away from the Colombian border which makes this area highly vulnerable to drug trafficking and Colombian paramilitary and guerilla attacks.

The latest census, conducted in 1990, reported the population of the Sucumbios Province as approximately 76,952 inhabitants where 66.1 percent comprises of colonos peoples and 33.9 percent represents the indigenous population (Tamariz & Villaverde, 1997: 123). The majority of the population is considered “rural” at 73.4 percent (Ibid). Diagram 4.1 illustrates how land is occupied in Sucumbios Province:
The main economic activities for the communities of Sucumbios Province revolve around agriculture, silviculture, hunting and fishing and the primary occupation is farming. The reader should note that the research findings from the "Community Questionnaire" indicate that the occupations of the seventeen community members interviewed range from Doctor to Forest Technician. For those community members who are not involved in main or specialized activities in their communities, due to factors such as age, health and skills, they must rely on securing jobs as Domestic maids or Self-employed entrepreneurs for additional sources of household income.

(Source: Tamariz & Villaverde, 1997: 185)
The living conditions in these communities are of a “basic” nature where food, clothing and shelter are provided at a subsistence level. However, almost all of the community members interviewed reported “no potable water” as a critical problem in their communities. Unfortunately, the seepage of oil from nearby oil rigs has contaminated the water sources which the surrounding communities depend on for their water supply. In regard to the average size of a family in these communities, results from the “Community Questionnaire” reveal that most families consist of approximately five people. Only six community members interviewed had children who attended school. The school attendance rate in these communities is extremely low as a result of: 1) parents wanting their children to work to provide additional sources of household income; and 2) the lack of qualified teachers and school infrastructure. For general information regarding the gender, age, occupation and nationality of the community members interviewed, please refer to Appendix D (List of Interviewees).

To provide the reader with a glimpse into the conditions and profiles of one of these communities, the following passage provides a personal insight during one specific community site visit:

November 15th:

“Fundacion NanPaz was invited by community members of Rey de los Andes, a community located inside the jungle, to attend their annual Christmas Bingo Community Fundraising event. Five of us, all from the field office, began the three hour trek into Rey de los Andes in the late afternoon. The way to enter this community is either by foot, walking on undulating and suspended logs or by boat. My initial observation of this community was one of very basic living, where a subsistence lifestyle prevails. For example, the house of our host consisted of a raised wooden shack and fuelwood was the primary source of fuel used for cooking and heating purposes. In this community there are no stores which leaves the community members no choice but to grow their own food or to depend on the delivery of supplies by boat when the rivers are navigable into this region.”
4.5 Background Information of Organization

4.5.1 Location and Staff

Fundacion NanPaz conducts its work in two very different settings. The administrative and policy design operations are carried out in the Quito office (headquarters of City Investing), where the full-time staff consists of: director, assistant director, secretary, two financial advisers, computer program specialist and three general workers. Throughout the year, the office staff often consists of visiting researchers, consultants and specialists. The field office is located in a two-story farmhouse (called “finca” in Spanish), on land bought by City Investing, entitled “Cielito Lindo” (translated as “beautiful sky” in English) in the community of Tarapoa. The finca acts not only as staff accommodation but also as the training/interpretive center for the delivery of community development programs and projects, as illustrated in Figure 4.2.

Figure 4.2 Cielito Lindo

Sitting high on the hill, in the background, is the farmhouse and the land in the foreground is where some of the proposed community development projects, such as coffee and aquaculture, are and will be carried out.
The community of Tarapoa has approximately 8,000 inhabitants, consisting almost entirely of colonos families. Surrounding the farmhouse, are 30 families who raise agricultural crops (such as, yucca, cassava and palms) as their source of family income. The staff at the finca consists of: general manager, supervisor, four university student volunteers, two construction persons and two cooks. Ultimately, the size and skills of the staff in the future will vary depending upon how many community development programs and projects Fundacion NanPaz proposes to develop.

4.5.2 Vision/Mission Statements

The following statements are located in the “Fundacion NanPaz Program Proposal” (7):

**Vision Statement:**
Fundacion NanPaz envisions peaceful communities where social-economic human conditions are improved and natural resources are effectively managed for this and future generations.

**Mission Statement:**
Fundacion NanPaz is a resource for facilitating Community Sustainable Development through an integrated, results based program for health, education, community services, capacity building, livelihood, youth and gender issues, while effectively managing and conserving the region’s natural resources. Through strengthened community organizations, we will nurture a participatory process and a socially responsible approach to meet the various stakeholders’ identified needs.
4.5.3 Problem Statement

Fundacion NanPaz faces the challenge of working in a harsh environment plagued by oil pollution and fragmented communities. Communities within these areas live in very basic, if not inadequate, social-economic conditions, focusing their daily efforts on subsistence farming complemented by some logging, fishing and hunting activities, with limited and diminishing results (Fundacion NanPaz, 1998: 2). In reference to these communities, the results from the participatory diagnostic needs assessment, conducted for City Investing, identified five problem areas (outlined in Box 4.1) for Fundacion NanPaz to start working on and find viable, long-lasting solutions (Fundacion NanPaz, 1998: 3).

Box 4.1 Problem Areas in North-eastern Amazonian Communities

**Education:** Basic levels of formal and non-formal education are lacking in all communities, resulting in inadequate preparation for employment and inability to further their own development.

**Health:** Basic standards of health care and health promotion are lacking resulting in higher than the national average infant malnutrition as well as illnesses caused by inadequate basic services such as, contaminated water sources and poor sanitation.

**Community Services:** The lack of effective organization and leadership prevents the communities from taking the necessary steps towards improving the local and regional infrastructure and procuring basic community needs, such as potable water, sanitation, housing and waste management.

**Conservation:** Past and present migration to the Amazon, and specifically Tarapoa and the Cuyabeno, is placing an increasing strain on the eco-system’s ability to sustain itself.

**Livelihood:** The lack of necessary and disposable income traps the family within the cycle of poverty and prevents community development in general, while causing increasing strain on their natural environment.
4.5.4 Major Detracting and Enhancing Factors

The following factors represent the direct outcomes from the participatory diagnostic needs assessment (Fundacion NanPaz, 1998: 4-5).

**Detracting Factors/Constraints:**

- There is still an adherence to a paternalistic philosophy within factions of City Investing and the communities.
- Internal co-operation with the Community Relations Department (City Investing) has not evolved to a desired level resulting in general confusion (throughout City Investing, Fundacion NanPaz, and Amazonian communities) and duplication of efforts.
- There exists a critical political situation at all levels of government within the country, compounded by the uncertainty of political elections, leading to widespread corruption and apathy towards an optimistic future.
- The uncertain local political situation confuses the relationship between Fundacion NanPaz, the identified communities and their various organizations.
- The government is not meeting its responsibility for provision of basic community services within the focused program area which compounds the development process.
- Previous petroleum companies’ neglect of sound environmental practices has left a legacy of contamination and mistrust on the part of the communities and general public.
- Individuals in the communities assert that certain agreements made by City Investing have not been met.
- Throughout the country, the natural disasters precipitated by El Nino continue to disrupt normal social-economic and developmental activities, while posing a real threat of further colonization in this area, compounded by the opening of the new Inter-Oceanic highway.
- Cultural differences (between and amongst the colonos and indigenous populations) such as strong individualism, lack of communication, organization and poor follow through threaten to slow the development process.
- There is a current lack of sufficient human and financial resources required to meet all the needs of the communities.
- Mismanagement of the natural resources, breaking with traditional wisdom and illegal activities are threatening future sustainability of the eco-system.
Enhancing Factors/Opportunities:

- City Investing has endorsed and supported the establishment of a sustainable development program. In a progressive move, management recognized that the traditional paternalistic approach to community relations is no longer an acceptable means of working with the community.

- On a global scale, there is a growing trend toward private and civil sectors abandoning the “provision of service” type community intervention and searching for non-profit organizations which are capable of facilitating alternative solutions via dynamic, sustainable and participatory programs.

- There is overall acceptance on the part of the community to trust the intervention facilitators as demonstrated to date by their active involvement in the program process.

- Financial and human resource opportunities have been identified within and outside of City Investing.

- Government, NGO, and the private sector have demonstrated support of the adopted philosophy.

- The area of operation is in proximity to one of the world’s renowned bio-diversity regions (Cuyabeno) which presents tremendous opportunity for program development and places City Investing and Fundacion NanPaz in an ideal position to be recognized as leaders in “business for social responsibility.”

4.6 Community Development Initiative

While the following proposed Community Development Initiative appears somewhat ambitious in scope, it is important to realize that it is based on a long-term integrated intervention plan which requires both vision and a dynamic approach (Fundacion NanPaz, 1998: 7). Part of this vision proposes full integration of women and youth in each of the program sectors and stresses observance of environmental issues. In addition, Fundacion NanPaz is working hard in developing an extensive network of resources (volunteers, equipment and machinery) to complement the various stages of the Community Development Initiative. Before delving further into this section, I hope the reader takes into consideration the fact that Fundacion NanPaz is a “new” NGO on the “development block,” and therefore,
placing any high expectations for fast results should be reconsidered and more attention should be placed on how this NGO can implement feasible and rewarding programs.

In harmony with the vision and mission statements of Fundacion NanPaz, the overall objective of the Community Development Initiative is to create a positive economic, social and environmental legacy in the communities of the Sucumbios Province by:

- increasing training and employment opportunities;
- implementing income-generating micro-enterprise activities;
- increasing nutritional intake through agro-industrial practices;
- producing local, eco-friendly products for regional, national and international markets;
- promoting successful community development programs and projects and;
- promoting conservation education and management.

For each community development program, in the Community Development Initiative, the role of Fundacion NanPaz is to assist the communities by acting as “facilitator” in meeting the goals and objectives of each program. In regard to the communities, they will play a collaborative role (with Fundacion NanPaz) in the development and management of these regional community development programs through their active involvement in the planning, implementation, monitoring and evaluation stages of each program. The following information describes the purpose and parameters of each community development program, proposed by varying communities and Fundacion NanPaz (Fundacion NanPaz, 1998):

4.6.1 Education Program

Due to the extremely high illiteracy rates in the Ecuadorian Amazon, community members have unilaterally "voiced" their concerns over the importance of providing adequate educational schooling to both colonos and indigenous populations. Community educational facilities will be established and certain community members will be provided with necessary training to adequately meet their teaching responsibilities. Furthermore, emphasis will be placed on providing access and affordability to education.
Fundacion NanPaz recently received a teacher-initiated proposal, from various community members in the Sucumbios Province, for the creation of an experimental agriculture center as part of the school curriculum in this region. This agricultural center will provide students with education and training in the latest agricultural technologies (western and indigenous). Students will learn about valuable conservation techniques and innovative organic farming methods. In many ways, this is precisely the type of program Fundacion NanPaz is seeking as it demands initiative and responsibility from those who created the proposal, thereby allowing Fundacion NanPaz to act out its role as facilitator.

**Educational Program Parameters:**

- Assist in establishing and developing plans (program goals, strategic objectives, and guidelines) to meet community acceptable targets in reference to their educational goals.
- Ensure literacy goals are established and met.
- Ensure that adequate formal and non-formal educational programs exist for both “in and out” of school youth and adults. Include adequate pre-school programs such as “child to child” programs.
  - These parameters would allow for access to non-formal, such as vocational and human development skills training, either within the communities, the Training Center or via scholarship programs for courses outside the communities.
  - The “Colegio a Distancia” (translated as “Distant Education” in English) programs would be strengthened to meet community established objectives.
- Develop and implement an integrated program to help resolve health and environmental issues through formal education.
- Assist with ongoing teacher training which complements the existing curriculum.
- Support construction of school infrastructure (classrooms, multi-purpose training centers, libraries, boarding accommodations, computer labs, etc.) and the acquisition of furniture, equipment, school supplies, etc.
4.6.2 Health Program

Fundacion NanPaz proposes that it assume responsibility of managing a sustainable health program for the communities of the Sucumbios Province. The first step would be to manage: a) the Primary Health Care and Growth Monitoring Program being developed in conjunction with other local organizations, b) the Health Education Program which focuses on improving health and environmental issues through formal education. The communities will be responsible for determining the critical health needs/concerns of community members. Community health centers will be established and community members will be provided with the necessary training to adequately meet their health care responsibilities. Emphasis of this program will be placed on providing preventative health care and health education.

Currently, a regional health plan called “URMES” (cannot find the English translation) is being developed where different stakeholders are working together in providing solutions to the plethora of health conditions that exist in this region of Ecuador.

*Health Program Parameters:*

- **Primary Health Care**
  - Ensure immunization of all children.
  - Educate mothers in proper personal and domestic sanitation, waste management and animal control.
  - Implement a Growth Monitoring Program.
  - Promote responsible paternity and family planning.

- **Health Education**
  - Incorporate into the school curriculum a Health Education Program.
  - Train teachers and volunteer promoters in the implementation of the program.
  - Identify, prevent and control, through education, the area’s ten most common diseases.
  - Include a module on environmental education as it relates to health.

- **Integrated Health Considerations**
  - Facilitate access to safe water and sanitation.
  - Facilitate access to safe and healthy housing.
4.6.3 Community Service Program

Fundacion NanPaz proposes to facilitate "organizational development," to provide the communities with the necessary tools for managing their basic community service needs and community resources. Furthermore, Fundacion NanPaz will offer educational seminars to the communities that explain the significance of terms such as "capacity-building" and "empowerment." Community centers will be designed to provide activities for all ages and cater to carry out community meetings and services. Emphasis of this program will be placed on providing fair access to information which will hopefully lead to a democratic ambience, thereby allowing community members to "voice" their concerns on community issues.

Community Service Parameters:

- Facilitate "organizational development" to be used by the communities to establish networks and develop plans to meet their goals in community service.
- Assist the communities in resolving identified infrastructure needs: new and improved roads, potable water, sanitation, power and lighting, etc.

4.6.4 Conservation Program

Fundacion NanPaz feels this program is not only of utmost importance for sustainability purposes, but also by sheer virtue of the geographical location, namely the biologically-diverse Amazon Region and more specifically, the Cuyabeno Natural Reserve and its buffer zones. Fundacion NanPaz is aiming to conduct extensive and informative research on environmental problems and solutions, in this region, as this type of research will be of imminent significance when seeking external financial support. Finally, by introducing environmental practices in the communities' production systems, local environmentally-friendly products will be attractive to specialized, more lucrative markets while benefiting the ecology of the region. Emphasis of this program will be placed on integrating conservation principles into each of the community development programs.
**Conservation Program Parameters:**

- **Indirect**
  - Establish a Training/Interpretative Center through which Fundacion NanPaz will promote conservation principals and transfer appropriate skills for use in the local area. The Center will also serve as a resource for visiting researchers and a promotional center for eco-tourists, potential donors and invited guests.
  - Develop, with the community, “Youth Conservation Corps” dedicated to the understanding and conservation of their natural environment. Included in their activities will be the development and maintenance of nurseries and re-greening programs.

- **Direct**
  - Promote the creation and conservation of private land reserves in order to prevent further colonization and destruction.
  - Explore the development of a carbon dioxide sequestration program with the objective of financing further conservation projects, while anticipating tangible benefits for City Investing.

### 4.6.5 Livelihood Program

Fundacion NanPaz proposes to develop projects, with the communities, that focus on income-generating activities thereby, allowing community members to meet their basic needs and to provide adequately for their families. The methodology for this program will focus on: the improvement of existing agro-industrial activities and; the search for alternative livelihood options. Two practical outcomes of this program are the establishment of: 1) training/interpretive centre and; 2) experimental model farms located within selected communities. Part of this program is to employ environmentally sound practices in the production and manufacturing of commodities thereby, enabling Fundacion NanPaz to source specialized niche markets for their unique local products. Emphasis for this program
will be placed on providing affordability and easy access to a variety of capacity-building courses and presentations.

**Livelihood Program Parameters:**

- Assist the community in establishing and developing plans (programs, strategic objectives, and guidelines) to meet community acceptable targets, which lead to the raising of their standard of living. The formula for assistance will be based on a credit program which will be designed to suit the specific project.
- Establish the training/interpretive center based on communities’ needs for this type of venue.
- Assist in improving the following mainstay crops: coffee, rice, corn, sugar cane, fruit, etc., by practicing permaculture and certifying “eco-friendly” products.
- Assist in developing an aquaculture industry.
- Assist in developing an eco-tourism industry.
- Assist in developing nurseries, reforestation policies and a sustainable tropical forestry industry that incorporates selective (certified) timber and forest product harvesting techniques.
- Facilitate animal rearing and experimentation to breed wild species for consumption, tourism and marketing.
- Experiment with cottage industries such as bee keeping, aquarium fish, handmade paper, handy crafts, medicinal crops, etc.
- Facilitate the development of a recycling program.

### 4.7 Community Development Projects

Currently, Fundacion NanPaz is working on **two** community development programs and their associated projects: **livelihood and conservation**. Since one of the main socio-economic problems, according to many colonos communities’, is the lack of livelihood opportunities, Fundacion NanPaz deemed the livelihood program as an urgent and top priority for community development. The conservation program is the other choice of focus due to two reasons: 1) the high dependence placed on the natural environment by the indigenous communities’ for subsistence development and; 2) the concern for environmental
protection and conservation by staff members of Fundacion NanPaz and community members.

The Livelihood Program, at this time, consists of four distinct projects: *shade-grown coffee; aquaculture; sustainable tropical forestry and eco-tourism.* The Conservation Program consists of two projects: *youth conservation corps and the green investment plan.* Presently, only two projects (coffee, aquaculture) are in the process of being implemented; the other four will be developed in the near future. Fundacion NanPaz has decided to initially focus on two, and not all six, projects in order to gain immediate credibility as a trustworthy organization that is committed to successful community development. In addition, it is hoped that the monetary outcomes from these initial projects will provide the capital needed to fund the other projects. Each of these projects will be discussed on the following pages with emphasis on project goals and objectives.
4.7.1 Shade-grown Coffee

Project Goal:

Each year more than 6 million tons of green coffee beans are produced in fifty tropical countries world-wide, making coffee the world's second largest internationally traded agricultural commodity.

Ecuador is a coffee-exporting country and Fundacion NanPaz is interested in creating a sustainable and environmentally sound coffee industry in the communities of Tarapoa by growing shade-grown coffee.

Currently, there exists a multitude of Ecuadorian coffee producers who grow coffee on monocultural, full-sun plantations. These large-scale plantations do produce more beans than their smaller coffee producing counterparts; however, these types of operations result in green "deserts" which destroy the natural environment and wildlife. For example, in recent decades, migratory songbirds have suffered greatly from the creation of full-sun, high-yield coffee plantations. It has been estimated that these full-sun plantations can cut bird populations by 95% (Tirimbina Rainforest Center, 1997). Overall, large-scale, full-sun coffee plantations promote unsustainable practices such as clearcutting large tracts of land and using large amounts of agro-chemicals that pollute the surrounding environment. In direct contrast, the canopy of shade-tree plantations allows songbirds to stop and rest and refuel on their southern migration route and provides them with nectar, fruit, insects, crustaceans and seed.

Shade-grown coffee is an attractive environmental practice, as it only requires a small amount of space within the rainforest and can be produced under a secondary forest canopy. These plantations do not promote deforestation practices and instead these farms play host to protecting high levels of biodiversity. For example, 40 species of trees can be found in some traditionally managed plantations and as many as 150 species of birds have been found on such farms (Tirimbina Rainforest Center, 1997). Shade-grown coffee farming also demands less weed control and fertiliser, making for a healthier environment.
The main problem with coffee production in the communities of the Sucumbios Province is the way the coffee is picked and then sold to coffee wholesalers. Coffee beans should be picked only when they are a reddish color, thereby guaranteeing a full-bodied flavour. Unfortunately, much of the coffee in this region is picked when it is a greenish, unripe color, which does not inhibit coffee farmers to sell these beans to local coffee wholesalers, as evident in the following figure.

Figure 4.3  Amazonian farmer selling his coffee

While conducting some research on gender development initiatives in the central district of the Tarapoa community, I witnessed a coffee farmer coming into town to sell his, mostly green, coffee beans.
According to Conservation International, “there exist scores of coffee importers and roasters looking for high-quality, sustainable produced coffees.” As coffee is becoming a trendy and popular commodity, the market for gourmet coffee is growing and hence many coffee consumers are searching for environmentally friendly produced and packaged coffee. For example, Rainforest Alliance, a U.S. based non-profit organization, has developed a set of clear, measurable and verifiable environmental standards for the production of commodities such as wood, bananas and coffee. In regard to coffee, Rainforest Alliance has created a production certification mark called ECO-O.K.. This mark is affixed to coffee products that are properly certified as eco-friendly products. The ECO-O.K. project has proven that it is possible to bring conservationists and commercial coffee farmers together for constructive dialogue where both groups can work towards finding new solutions to current environmental problems. Fundacion NanPaz shares a similar vision where it will promote the marketing of shade-grown coffee through its own “green certification” process. This process will ensure that the product is produced in an environmentally sustainable manner thereby reducing environmental impacts of commodity production, increasing environmental awareness in northern consumer countries and attracting the global market of environmentally-conscious coffee drinkers.

**Project Objectives:**

- provide viable employment opportunities in the coffee industry;
- promote conservation practices;
- improve coffee quality and production;
- earn and implement a coffee certification program (eco-labelled coffee) and;
- market the end product to local, national and international markets.
4.7.2 Aquaculture

*Project Goal:*

Since the global population shows no sign of slowing down, the worldwide food crisis continues to leave a heavy atmosphere of massive hunger and malnutrition in marginalized communities throughout the world. Thus, the promotion of aquaculture (fish farming) as a nutritional and affordable food source is taking precedence in many developing countries.

Aquaculture is the cultivation of fish, aquatic plants, crustaceans or mollusks. It can be categorised by temperature preference (coldwater, coolwater, warmwater and tropical) and salinity preference (freshwater, brackish water and marine). Aquaculture is primarily a food production industry however, fish farming can also be a specialised ornamental industry that creates income-generating opportunities through the exportation of tropical, aquarium fish. Aquaculture is also an attractive livelihood and environmental alternative to the environmentally destructive practice of cattle grazing, which is one of the main culprits of massive deforestation in the Ecuadorian Amazon. As a result, Fundacion NanPaz is promoting an aquaculture industry in the community of Tarapoa as a viable economic and environmental alternative to current damaging agricultural and resource practices, ensuring that the industry is ecologically sound and facilitates conservation practices.

Due to the success of breeding the native Amazonian fish specie “cachama” in Colombia and Brazil and most recently in Ecuador, Fundacion NanPaz has decided to introduce cachama farming into the community of Tarapoa. Fundación NanPaz is currently investigating other fish farm operations in Tarapoa and is discovering that the high demand for cachama, by the surrounding communities, has been difficult to meet. Thus, Fundacion NanPaz can be a valuable actor in filling the niche for cachama production in these communities. Moreover, Fundacion NanPaz envisions aquaculture not only as a viable and sustainable food source for communities but also as a marketable commodity to increase the productive capacity of local people. Aquaculture can be a community-operated industry,
which also offers potential for full participation and integration of men, women and youth. In addition to being a nutritional and local food source, a properly designed and administered aquaculture industry can promote environmental conservation of the Amazon rainforest through the following actions: developing fish ponds on existing and under-utilized cleared grassland; utilizing an uncontaminated water supply that will promote rainforest conservation and; reforesting areas around the perimeter of fish ponds.

Alongside the development of fish farms, Fundacion NanPaz is planning to build a fish processing plant to freeze, process and market the cachama for local, national and international consumption. The long-term vision of Fundacion NanPaz is to facilitate the development of local fish farms that will grow, in a reasonable time frame, into a community-managed, sustainable aquaculture industry.

**Project Objectives:**

- increase protein intake, provide nutrition and decrease poverty and malnutrition;
- provide income generating opportunities;
- envision aquaculture as an alternative to current destructive agricultural activities;
- market cachama as a local, national and international product;
- breed the cachama by incorporating indigenous knowledge and;
- research alternative sources of food.
4.7.3 Sustainable Tropical Forestry

**Project Goal:**

According to World Bank, “there will be no loggable tree left in Ecuador in fifteen to twenty years, unless drastic measures are taken today” (University of San Francisco de Quito, 1997). Thus, Ecuador must take serious action to guarantee that future generations will not be deprived of the rainforests that are home to an amazing array of biodiversity.

Ecuador, in 1961, took the first step towards a national conservation policy by declaring the Galapagos Island as the First National Park in the country. Since then, twenty-one areas have been declared as natural reserves with a total area of more than six million hectares, which covers eighteen percent of Ecuador (University of San Francisco de Quito, 1997). However, it is crucial to note that the declaration of geographical areas as natural reserves does not guarantee the survival of the biodiversity within the reserves as illegal entrance, by people and resource industries into these fragile areas is increasing and due to limited funds these activities are difficult to monitor. From a holistic perspective, many timber companies in Ecuador continue to mismanage and destroy the land and unless sustainable tropical forestry practices are implemented then the destruction of the rainforests will only increase in the future.

Fundacion NanPaz envisions a sustainable tropical forestry industry as an effective means to curb large-scale deforestation by engaging forest-dependent peoples and communities in alternative and conservation-based employment opportunities. For example, a sustainable tropical forestry industry can provide not only a myriad of employment opportunities but also diverse ways to minimise environmental damage, such as encouraging selective logging practices in lieu of clearcutting. Recently, a few timber companies in Ecuador are in the process of developing sustainable forestry management models that follow the guidelines of the ITTO (International Tropical Timber Association) Resolution. The
timber companies that comply with ITTO will market only certified forest products produced in sustainable managed areas, where ecosystems are properly maintained.

Fundacion NanPaz is interested in promoting a sustainable tropical forestry industry in the communities of Sucumbios Province where conservation development, reforestation, selective logging, small-scale sawmill operations, the production of value added commodities and the production of certified wood products will be encouraged. Fundacion NanPaz will provide technical training and expertise in sustainable tropical forestry practices and conservation education to the workers. Ultimately, Fundacion NanPaz hopes to establish a mutually beneficial relationship with the colonos and indigenous communities’ in achieving overall sustainable natural resource management.

**Project Objectives:**

- define areas for selective logging and areas for permanent forest protection;
- assess the value of forest resources and products;
- create and implement sustainable management plans for Tropical Forestry projects;
- provide employment opportunities in the Forestry sector;
- create extension/training mechanisms and technical regulations for sustainable management;
- encourage community reforestation activities and;
- produce certified wood products to attract environmentally-conscious consumers and companies.
4.7.4 Eco-tourism

Project Goal:
Today, tourism is the highest revenue earner and fastest growing industry in the world. A sector of this industry that is gaining international and environmental recognition is "eco-tourism."

The environmental organisation, Nature Conservancy, defines eco-tourism as "another means to the end of sustainable, effective, long-term conservation of unique and endangered resources." In regard to the eco-tourist, eco-tourism symbolises responsible travel, where responsibility implies an understanding and respect for the ecological and cultural systems of the peoples and communities that are to be visited. From a local community perspective, eco-tourism can mean economic benefits where community members are engaged in a myriad of activities ranging from forest guards to eco-tour guides.

Currently, Fundacion NanPaz is researching and investigating eco-tourism possibilities in the Cuyabeno Natural Reserve. The Cuyabeno Natural Reserve with over 1.5 million acres is the second largest reserve in the Ecuadorian National Parks system, protecting a vast area of primary tropical jungle and wetlands. According to the Manager of a high-class lodge in the Reserve, "eco-tourism is a growing business in the Reserve as evident by the 8,000 tourists who venture into the area." However, the question arises of how to balance this influx of tourists with conservation practices and cultural respect. Fundacion NanPaz would like to work in collaboration with the Siona and Secoya indigenous communities within the Cuyabeno Natural Reserve to ensure that eco-tourism will be a positive contribution to the environment and their communities.

Presently, there are twenty-two Siona and Secoya families, with a total population of approximately 130 people, living throughout the reserve. Fundacion NanPaz is aware that the best source of information on the biological and cultural aspects of the Cuyabeno Reserve can be derived from indigenous knowledge. Thus, the Siona and Secoya peoples can be employed as environmental educators and eco-guides who will provide insight into the flora and fauna of the reserve and act as oral historians to explain the importance of cultural preservation. Moreover, the monetary revenue derived from eco-tourism activities can be
funneled back into the communities in such areas as health care, education and infrastructure development.

It is important to note that eco-tourism is not a panacea for conservation. Fundacion NanPaz recognises the valuable economic benefits derived from eco-tourism but of equal importance is the awareness that eco-tourism has the potential to generate negative environmental and cultural impacts. Thus, part of the answer in establishing eco-tourism as a positive force for conservation is to ensure that proper planning and monitoring are set in motion. Another area which Fundacion NanPaz envisions as critical to the conservation of the Cuyabeno Reserve is “education.” Fundacion NanPaz is interested in emulating the eco-tourism project in Belize, set up by Conservation International, where two educational programs (national and international) have been initiated. Fundacion NanPaz will implement similar programs: the national program will educate school children on the benefits of rainforest conservation; the international program will target eco-tourists, university students and teachers who are interested in rainforest and ecology courses/seminars. Undoubtedly, eco-tourism in the Cuyabeno Reserve will continue in the future and thus, the challenge for Fundacion NanPaz is to create a harmonious relationship between eco-tourism and conservation development.

Project Objectives:

- generate employment opportunities for the Siona and Secoya communities;
- promote responsible and low impact eco-tourism activities;
- educate local communities and eco-tourists on conservation development;
- provide economic and social benefits to local communities and;
- promote local conservation efforts.
4.7.5 Youth Conservation Corps

**Project Goal:**

Ecuador, as one of the smallest countries in South America, is ironically a country that possesses one of the highest rates of deforestation in the continent. Deforestation in the Ecuadorian Amazon is a critical issue that must be addressed and curbed otherwise further encroachment into pristine and fragile areas will continue in the many years to come.

It has been estimated that if the current rate of deforestation continues, Ecuador's Amazonian rainforest and its rich biodiversity will be decimated within fifteen years (San Francisco University de Quito, 1997).

Fundacion NanPaz is deeply concerned with the current unsustainable practices and environmental degradation in the community of Tarapoa and the Cuyabeno Natural Reserve. Currently, Fundacion NanPaz is designing its “Stewards of the Amazon” program in the “Youth Conservation Corps” initiative, which promotes conservation and fosters economic growth by implementing environmentally sustainable projects that are carried out by youth. According to two members of the Los Angeles Conservation Corps (U.S. based environmental organization), who were hired as consultants by Fundacion NanPaz, the principal focus of this initiative is to “train young people to be responsible, capable and committed members to their communities through hard work – work which is of service to their communities.” The mission statement for the “Stewards of the Amazon” program is: “To assist the diverse communities of Ecuador by: providing young people with jobs that benefit themselves as well as their communities; developing work opportunities that focus on environmental enhancement; and, encouraging corps members to develop leadership skills as well as self-esteem and pride in their work.”
The purpose of the “Youth Conservation Corps” initiative is to involve and encourage the youth of the Tarapoa community and the Cuyabeno Reserve in becoming “caretakers and nurturers” of their environment. As this generation is facing severe environmental degradation, the present and urgent challenge is to “revive” and “green” the landscape through dedicated and respectful projects, which provide education and training in the field of conservation. This program will focus on developing the areas of: reforestation, watershed management, community gardens, medicinal plants, recycling and infrastructure services. Fundacion NanPaz can facilitate the work of the youth in the communities of Tarapoa and the Cuyabeno Reserve by providing them with highly desired micro-enterprise and conservation development skills. The youth that live in these communities have shown great interests in becoming “Stewards of the Amazon;” for example, some youth have already created “informal” environmental clubs. Furthermore, the youth who become involved with this initiative will essentially become “conservation emissaries” to their communities, thereby educating community members and their families on the importance of conserving and protecting their rich and biologically diverse environment.

**Project Objectives:**

- rehabilitate the environment in the communities of Tarapoa and the Cuyabeno Natural Reserve;
- train and educate youth in a variety of conservation activities;
- provide valuable employment and on-job training opportunities for youth and;
- promote cultural and environmental awareness.
4.7.6 Green Investment Plan

Project Goal:

Fundacion NanPaz is deeply concerned with the massive deforestation that is occurring on the periphery of the Cuyabeno Natural Reserve and is thereby designing a land acquisition and management project that will protect these areas from further mismanagement and destruction, such as farming of unproductive crops and large-scale cattle ranching. The long-term goal of this project is to reduce pressure on the Reserve by protecting the lands that lie adjacent to the Reserve, which are subjugated to high deforestation due to their close proximity to major oil roads.

One way to protect these lands is to ensure that no large-scale development occurs and that the land is properly monitored and managed. Fundacion NanPaz plans to facilitate the purchase of approximately two thousand hectares, located on the buffer zone of the Reserve, and will concentrate on two areas: small scale sustainable development projects (aquaculture, reforestation, ecotourism) and complete preservation of certain tracts of jungle.

From a global perspective, people are becoming more interested in the preservation of certain natural environments, such as rainforests, and hence are taking a vested interest in protecting the world’s environment. Fundacion NanPaz is impressed with the Nature Conservancy’s "Adopt An Acre" program “which provides critical rainforest acquisition and management funds.” Fundacion NanPaz hopes to replicate a similar plan and is currently developing its “Green Investment Plan” (GIP); a plan that will provide individuals with the opportunity of becoming “green investors” through their adoption of an Ecuadorian Amazonian acre. By becoming a green investor, the individual can make a lasting difference in the protection of the Amazonian rainforest as his/her donation will be used primarily to purchase and preserve tracts of land. In addition, a portion of the donations will be funneled into protection and management activities: hiring, training and equipping forest guards; constructing facilities for forest guards; conducting conservation and educational programs and; developing sustainable income generating projects in which local community members will be employed.
As a green investor adopting an Amazonian Acre, the individual will receive an honorary land deed from Fundacion NanPaz that specifies the location and plan of the acre. Fundacion NanPaz believes that the sooner this plan is implemented the sooner can individuals make a positive and lasting contribution to the protection of one of the most biologically diverse areas in the world: the Ecuadorian Amazon.

**Project Objectives:**

- provide individuals/organizations with investing opportunities in the protection of Ecuador’s Amazon Rainforest;
- curb deforestation and its negative impacts;
- provide local communities with employment opportunities in sustainable and conservation development and;
- educate individuals on the importance of preserving the world’s rainforests.

**Current Projects**

In November, 1998, Fundacion NanPaz was awarded a grant on improving its coffee-industry at the finca and thus, training, education and employment opportunities in coffee-growing and picking is currently being offered to some community residents in Tarapoa. As a result, Fundacion NanPaz has already managed to produce some good quality coffee which is being packaged and presented to other communities, the local municipal government and tourists. Aquaculture is the other community project that Fundacion NanPaz is currently developing and when I left Ecuador construction of the fish pools, behind the finca, was underway, as evident in Figure 4.4 (on the following page).
4.8 Stakeholder Involvement

In this case study, the stakeholders involved in the Community Development Initiative consist of:

- City Investing;
- Fundacion NanPaz;
- Local Municipal Government;
- Local Communities and;
- Environmental Organizations.
It is important to understand that even though each aforementioned stakeholder plays its own unique role in fulfilling its mandate, they all seem to share the similar vision of wanting to improve the environmental, social, cultural and economic conditions in the marginalized communities scattered throughout Sucumbios Province. Furthermore, the reader should take into consideration that some of the involved stakeholders have only recently taken interest in the Community Development Initiative proposed by City Investing and Fundacion NanPaz. Therefore, certain stakeholders are still in the early stages of defining and developing their specific duties and expectations. The following section briefly describes the general roles and objectives of these stakeholders:

1) Role of City Investing as “Funding Agency”

One objective of City Investing as funding agency is to supply the initial capital and resources needed for Fundacion NanPaz’s Community Development Initiative and other community-based ventures. It is the hope of City Investing to be recognized by nearby communities as an oil company which is genuinely committed to strengthening community relations and development in the Sucumbios Province. Unfortunately, as a researcher I was not privy to any statistics regarding how much money City Investing is currently investing in Fundacion NanPaz and its programs.

2) Role of Fundacion NanPaz as “Facilitator”

The objective of Fundacion NanPaz as facilitator is to assist local communities in carrying out community development projects by providing the funds, resources and infrastructure needed to implement these projects. In addition, Fundacion NanPaz will play an “advocacy” role on behalf of the local communities so that these communities can establish new relationships with the local municipal government and City Investing. This type of advocacy work will involve: conservation education for youth; preservation of cultures, traditions and knowledge of indigenous peoples and; promoting gender development in the areas of capacity-building and empowerment. Moreover, any role undertaken by Fundacion NanPaz will involve “participatory” approaches to community development.
3) Role of Local Municipal Government as “Municipal Support”

The objective of the local municipal government of Sucumbios Province is to offer municipal support by discussing with Fundacion NanPaz and local communities legal matters such as land permits and industrial and business applications. More specifically, it is the responsibility of the local municipal government to administer legalities and deliver public services (for e.g. education, health, sanitation, water, etc.) to its communities. Up to today, the municipal planning department has made very little effort in providing public services and building public infrastructure. As a result, many local communities are left without any local government funding and since these communities are themselves “poor” they are not able to invest in the building of community development.

4) Role of Local Communities as “Project Beneficiaries”

The objective is for Fundacion NanPaz to assist local communities (colonos and indigenous) in making the transition from project beneficiaries (recipients of projects) to “clients” (producers of projects) by: 1) involving these communities in all stages of project design, from the planning to monitoring stages; 2) helping these communities to become “self-sufficient.” Community self-sufficiency is important as it enables communities to lessen their dependence on outside funding and assistance. Furthermore, colonos and indigenous communities’, in their unique ways:

- represent an inexpensive and attractive labour force;
- represent a valuable source of local and indigenous knowledge;
- provide local skills and expertise in areas such as agricultural development and conservation practices;
- have the responsibility of identifying community needs and problems and proposing ways to fulfil community demands and;
- can experiment with alternative livelihood options proposed by local agricultural and business leaders.
5) Role of Environmental Organizations as “Environmental Partners”

The common objective of a few environmental organizations working in Sucumbios Province is to develop a working partnership with Fundacion NanPaz, by pooling resources, funds and contacts, in order to promote conservation development in the Ecuadorian Amazon. For example, INEFAN (one of the leading Ecuadorian environmental organizations) is eager to work with Fundacion NanPaz and indigenous communities on designing and operating eco-tourism activities in the Cuyabeno Natural Reserve. Moreover, these environmental organizations represent a wealth of information pertaining to environmental issues which can be shared with local communities.

In many ways, the success of the Community Development Initiative will depend on what these stakeholders can contribute to the community development projects and what type of interlocking relationships can be constructed amongst them.

4.9 Voices Concerning the Amazon

This section summarizes research findings in both structured and unstructured interviews. Instead of providing a lengthy breakdown, I have chosen to discuss the main points involved in the structured and unstructured interviews. I would like to point out that the community members who participated in the Community Questionnaire were randomly selected. Furthermore, all but one community member interviewed are colonos who were not born in the Sucumbios province. Interview results indicate that approximately one third of the interviewees have migrated from Bolivar province, two are from Columbia and the rest come from other provinces throughout Ecuador. Unfortunately, the opportunity did not arise to interview any indigenous peoples as most of these communities are scattered in and around the Cuyabeno Natural Reserve thereby making it difficult to reach these communities. Moreover, Fundacion NanPaz did not have the extra staff nor transportation mode to accompany me into these communities. I would also like to point out that when direct quotations are used that these translations are as close to their original intentions as can be.

The reader should note that Fundacion NanPaz is a new NGO with an insufficient track record on its progress and since its programs are just starting this implies that the work of Fundacion NanPaz cannot yet be evaluated based on objective results. Thus, the information gathered from both structured and unstructured interviews is cast as my
assessment of the prospects that Fundacion NanPaz will achieve its community development programs and projects. In addition, the results from the interviews allowed me to draw a general idea of the feelings of varied stakeholders about the present and future endeavors of Fundacion NanPaz and on the future of the Amazon and its communities.

The two sections below, which focus on the results of the structured and unstructured interviews, consist of a series of subheadings which represent the main ideas in the series of questions posed to the interviewees'. Furthermore, the information found under each subheading begins with a description of interviewees’ responses and feelings on certain issues and concludes with a paragraph(s) based on my assessment of Fundacion NanPaz work on these issues.

**Structured Interview**

The structured interview of a “Community Questionnaire” (please refer to Appendix A) was conducted in three communities (Tarapoa, Aguas Negras, Montufar) with a total of seventeen community respondents. The structured interview format allowed each interviewee the opportunity to answer all of the questions in the Community Questionnaire.

**Serious social, cultural and economic problems**

Common social problems cited by many of the respondents pertain to: alcoholism; prostitution; children leaving home at an early age; single, young mothers and lack of community organization. Another prevalent social problem is the “tense” relationship between the colonos and oil company owners and workers. One respondent described this situation as “the oil company owners look upon the worth of colonos only as workers, as ‘profits.’” The respondent further added that as an oil company worker, he receives very low wages for the many hours worked, which in his opinion culminates into “social injustice.”

In regard to cultural problems, the main issue was the perceived lack of respect and understanding of the beliefs, practices and religions by the colonos of the indigenous peoples. Furthermore, there seems to be an air of “justified resentment” by the indigenous peoples towards the colonos due to the fact that many colonos are encroaching onto land that is considered indigenous territory.
In economic terms, the common cited problem was the lack of employment opportunities which prevents community members from being able to afford necessities such as, food and medicine. However, the problem is compounded when a community member can afford medicine but there may be shortages in medical supplies in the local health clinic. According to a young, female doctor working in the community of "Montufar," she claimed that there is often "no medicine, no materials and no electricity (needed for operations)."

My assessment, based on the community questionnaire findings, on how Fundacion NanPaz can successfully solve the aforementioned social, cultural and economic problems is for Fundacion NanPaz to concentrate on building “community organization” in these communities. Community organization allows the community to pool together its resources, expertise and labour supply thereby providing communal solutions to community problems. Since there is a perceived tension between the colonos and indigenous communities the question then arises of how to build community organization amongst these different communities. One way for Fundacion NanPaz to alleviate this tension is to focus on building community organization separately in the colonos and indigenous communities. Once the colonos and indigenous communities obtain a solid foundation of community organization in their own communities, then Fundacion NanPaz can act as “facilitator” to try and bring these communities together to discuss whether or not certain skills, resources and knowledge can be shared between these distinct communities. Currently INEFAN (national environmental organization) is monitoring the actions of the colonos and indigenous peoples living on the periphery of the Cuyabeno Natural Reserve. However, it seems that no attempt has yet been made by INEFAN, the state or other organizations to work on alleviating the strained relationships between the colonos and indigenous peoples.

Furthermore, my assessment indicates that the following solutions, if undertaken by Fundacion NanPaz, will help alleviate many community problems: curbing local, political corruption; constructing more educational facilities; hiring more educators; employing social planners and anthropologists and; focusing on job creation initiatives.
Serious environmental problems

There are two main environmental problems cited by almost all of the respondents: oil pollution and the inadequate disposal of garbage. Without hesitation and often with a look of anger in their faces, community respondents were quick to blame the oil companies for the current environmental problems faced in their communities. Respondents informed me of their personal experiences of coming upon black pools of oil seeping into the earth and water systems, thereby resulting in massive land and water pollution. Furthermore, this oil pollution is reported to have resulted in serious illnesses suffered by community members and their livestock. One community respondent came forth and described the overall problem of oil pollution as “destruction without compassion.”

In regard to the disposal of garbage by community members onto the land or into the rivers, this can be attributed to the fact that many community members do not have proper education in garbage disposal. Furthermore, they seem interested only in the immediate riddance of their garbage without having to think of the long term environmental damage this causes. In addition, many colonos do not have the same cultural and spiritual attachment to the environment as the indigenous peoples and as a result, the latter believe that the colonos are careless in where they throw their garbage.

In many ways the potential success or failure of Fundacion NanPaz in addressing the aforementioned environmental problems depends on whether or not Fundacion NanPaz can incite City Investing to implement the following solutions: 1) regulate the contamination by introducing regulatory mechanisms to monitor oil pipelines; 2) prohibit oil companies from operating in protected natural areas; and 3) representatives of the oil company should talk and listen to the local people regarding local community concerns on the environment. In regard to the indiscriminate throwing of garbage, Fundacion NanPaz has the valuable opportunity of providing education, through seminars and training, on garbage recycling and waste disposal to the community members.
Knowledge about Fundacion NanPaz and its work

When asked whether or not interview respondents had heard about the existence of Fundacion NanPaz, all of them answered “yes.” Most of the respondents perceived Fundacion NanPaz as an organization committed to addressing community problems by implementing community development initiatives and providing livelihood options for community members. A few of the respondents know that Fundacion NanPaz is directly financed by City Investing.

My assessment of how Fundacion NanPaz is perceived by these communities is one based on “great expectations” due to the fact that many interview respondents are placing an enormous amount of pressure on Fundacion NanPaz to find workable and immediate solutions to their community problems. Only by showing positive results from the community development projects can Fundacion NanPaz fulfill any expectations placed upon them by community members. At this point, it seems that community members are waiting for the results of the coffee and aquaculture projects that are currently being implemented at the “finca” to determine if Fundacion NanPaz is committed to successful community development in their communities.

Future vision of community

When asked about how the respondents envision their communities in the future, the responses were of a similar nature. Most respondents wanted their communities to have the following characteristics in the future: well organized, in terms of “community organization;” basic services; good educators and educational facilities; viable employment opportunities and self-reliance and sufficiency.

Pertaining to how Fundacion NanPaz can ensure that some, if not all, of the aforementioned characteristics are part of the future plan in these communities, Fundacion NanPaz should focus on providing livelihood options which in turn will lead to an increase in household incomes of community members thereby enabling these members to afford more basic services. Fundacion NanPaz should also focus on building a solid foundation of “community organization” which will enable community members, on a unified basis, to tackle their own problems, thereby achieving a sense of “solidarity” amongst themselves and a feeling of self-reliance amongst the communities as a whole.
Unstructured Interviews

In regard to the informal interviews, I interviewed the staff of Fundacion NanPaz (main office and the “finca”) and three environmental specialists from the United Nations Development Programme, the National Forest and Protected Areas Institute (national environmental organization) and the state government (Vice President of the Ministry of Environment). The format for the unstructured interviews (please refer to Appendix C) consisted of a checklist of items/points which were posed to the interviewees in the form of guiding interview questions.

Fundacion NanPaz Staff:

Critical social, cultural, economic and environmental problems/issues in communities

In regard to the social problems that exist in these communities, staff members of Fundacion NanPaz cited the prevalent attitude of “machismo,” single, young mothers and prostitution as key problem areas. The perceived lack of cultural identity and cohesiveness amongst the colonos represents a cultural issue that needs to be addressed in these communities, with special reference to they youth. Economic problems revolve around the lack of employment opportunities and training in community organization building. Staff members agreed that oil pollution and deforestation represent two critical environmental problems in this region.

According to staff members, the success of Fundacion NanPaz in providing solutions to these problems will depend on whether or not it can offer the following options to community members: 1) more educational opportunities in the areas of sex education and cultural and gender development; 2) livelihood opportunities; 3) training in building community organization and 4) conservation education.

Describe the communities’ feelings about City Investing

Due to the often hegemonic and capitalistic nature of the oil industry, staff members indicated that many community members are justifiably mistrustful of oil companies and their actions. Thus, City Investing is perceived by a few community members as one of the myriad of oil companies which does not “give back” to the surrounding communities but
instead siphons the benefits for themselves. However, on the contrary, NGO staff indicated that many community members consider City Investing as a valuable source of funding and they realize that without the assistance of City Investing that the proposed community development projects would not have been designed nor implemented.

From the results of the unstructured interviews, it is apparent that Fundacion NanPaz must gain complete trust with the surrounding communities in order to build a lasting and promising relationship between itself, the communities and City Investing.

**Definition of “socially responsible”**

Research findings revealed that many staff members shared similar insights into the definition of “socially responsible.” Mr. Geenen’s interpretation of the term is “individuals and communities which take positive actions to resolve problems which confront their communities respective to social, economic and environmental issues. Mr. Lopez (Administrator) defines “socially responsible” as “involving the community in the development and benefits of the private sector.”

It is important for staff members of Fundacion NanPaz to share common interpretations of “socially responsible” as this should ultimately lead to more agreements than disagreements when it comes to determining what type of projects are most suitable in promoting the social betterment of the communities in the Ecuadorian Amazon.

**Strong and weak points of Fundacion NanPaz**

Despite the fact that Fundacion NanPaz is still a new NGO working on building its administrative, institutional and research framework, staff members agreed that good team approach to problem identification, effective negotiation skills and concentration on conservation issues represent the strong points of Fundacion NanPaz. In regard to the weak points, interview results indicated that the lack of resources to address the multiple and varied community problems, lack of financing from alternative sources and lack of information on the Sucumbios province are areas that should be strengthened and improved.
In regard to the aforementioned weak points of Fundacion NanPaz, my assessment is that Fundacion NanPaz should utilize its effective negotiation skills in securing alternative sources of financing from the state, private sector or other NGOs. Furthermore, any additional financing should enable Fundacion NanPaz to afford resources such as extra vehicles for the “finca” and the hiring of specialists to work on community organization building and the community development projects.

**Community benefits from the assistance of Fundacion NanPaz**

Research results indicated that staff members perceive the following as possible, future community benefits arising from the assistance of Fundacion NanPaz: provision of alternative employment/livelihood opportunities, promotion of community participation, promotion of capacity-building mechanisms and conservation education. However, many staff members stated that viable employment opportunities were the main benefit they hope to offer to the communities. Furthermore, staff members hope not only to raise the quality of life, with benefits such as employment security, but also to curb the problem of out-migration to urban centers, which is a result of lack of livelihood options in these communities.

As Fundacion NanPaz is in the early stages of project implementation, it is important for Fundacion NanPaz to illustrate to the communities that these benefits will not immediately materialize as Fundacion NanPaz must first work on producing positive results from its current coffee and aquaculture projects. Furthermore, it is Fundacion NanPaz’s hope that the visible and tangible results from these projects such as, hiring community members and providing inexpensive, local products for consumption, will assure these communities that Fundacion NanPaz is committed to improving the current social, cultural and economic situation in these marginalized communities.

**Long term vision of Fundacion NanPaz**

Many staff members revealed that providing a “sustainable development model based on community development initiatives” was their long term vision of Fundacion NanPaz and its work in the Ecuadorian Amazon.

In order for this vision to transpire into realistic terms, Fundacion NanPaz must first have a clear definition of “sustainable development” and then be able to articulate to the
communities how Fundacion NanPaz proposes to design, implement, monitor and evaluate, with their assistance, the community development projects. Moreover, Fundacion NanPaz should ensure that community members are consulted on all projects and are given the opportunity to voice their opinions through an effective participatory process.

Environmental Specialists:

*Description of the Ecuadorian Amazon*

When asked to describe the Ecuadorian Amazon, the environmental specialists agreed that deforestation, high unemployment, large and monoculture plantations, cultural degradation and oil pollution should provide an accurate account of what specifically is happening in this region.

Fundacion NanPaz is deeply aware of the conditions in the Ecuadorian Amazon and it hopes that the results from the community development initiative will help alleviate the aforementioned problems. As a new NGO, Fundacion NanPaz should immediately focus on providing livelihood options and conservation education in order to address the critical problems of high unemployment and environmental degradation. Furthermore, many community members have indicated that raising their family income and environmental protection will lead into solving many of the other problems faced in this region. For example, by ensuring that no large-scale deforestation takes place should ultimately lead to the guaranteed survival of the indigenous communities who depend upon the environment for their subsistence lifestyles and cultural, spiritual fulfilment.

*Serious environmental problems*

All three environmental specialists indicated oil pollution and massive deforestation (caused by agricultural plantations, timber companies and migration of colonos) as the main environmental problems in the Ecuadorian Amazon.

To effectively address these problems, Fundacion NanPaz should take into consideration the following proposed solutions articulated by the environmental specialists:

- changing the state regulation pertaining to the protection of the Amazon’s biodiversity;
- recuperating the areas around oil rigs;
- providing the Amazon communities with more local, political control/autonomy and;
• working on cultural cohesion between and amongst colonos and indigenous communities by promoting constructive dialogue and facilitating any disputes amongst these communities.

By contacting officials in City Investing, the state government and environmental organizations (national and international) and explaining to them the environmental problems in the Ecuadorean Amazon, Fundacion NanPaz can use the assistance, expertise and influential power of these officials in providing viable solutions to these problems.

Conclusively speaking, the results from both the structured and unstructured interviews indicate that the main problems faced by the communities in the Ecuadorean Amazon revolve around petroleum development. The community questionnaire results indicate that community members cannot drink from various water sources, their livestock are dying and many community members are suffering from various ailments, all contributed to oil pollution. Besides the devastating effects on the communities, the biodiversity of the Amazon itself is being destroyed as a multitude of oil pipelines continue to spill their oil into the earth and water systems of this biologically rich region. Moreover, many of the social, cultural and economic problems in this region are directly related to the petroleum industry. This type of extractive industry often creates a demand for social ills (for example, prostitution), hires “outside” workers thereby decreasing the work opportunities for community members and exposes, in a negative way, the cultural differences between those working on the rigs and those living outside its perimeters.

In order to solve the myriad of problems in the Amazon region, we need to look no further than the voices of the community members who as respondents to the community questionnaire have offered valuable insights and solutions to these critical issues. The general results from this questionnaire indicate the following as potential solutions to the most severe community problems: 1) stricter controls on petroleum development, with special reference to pipeline leakage; 2) community organization to solve issues such as garbage waste disposal and recycling and; 3) government support (national and regional) in promoting local, political autonomy. Moreover, it seems that the staff members of Fundacion NanPaz believe that community development initiatives can alleviate many of these problems; as these type of initiatives provide viable employment opportunities,
promote community participation and introduce mechanisms for creating community organization. Furthermore, one of the environmental specialists, stated that the power to solve many of the problems in the Ecuadorian Amazon lies with the “power of the state.” Thus, the state can be an effective player in making positive progress in the Amazonian communities by introducing changes in legislation that protect the “Amazon” and its communities and by making the petroleum industry more accountable and responsible for its actions. However, in my opinion, one of the crucial answers to solving the social, cultural, economic and environmental problems in the Ecuadorian Amazon is best said through the words of one community member: “talk to the people to know the reality in which we live.”

My future assessment on the overall success or failure of Fundacion NanPaz as an NGO working in the field of community development and linking itself with the private sector will depend upon the results of the community development projects which in return will determine whether or not the problems and needs of the local communities have been adequately addressed and met. Thus, the impetus for conducting the community questionnaire was a genuine attempt to listen to the local voices about local concerns thereby trying to elicit the truth from those who truly know the Ecuadorian Amazon.

4.10 Summary

It is important to recognize that Fundacion NanPaz, as a newly founded NGO, presently struggles with certain challenges such as shortages in professional and technical staff and volunteers, office resources and transportation modes. Furthermore, if Fundacion NanPaz plans to become financially independent from City Investing, it must look into alternative funding sources and partnerships. However, on a more positive note, Fundacion NanPaz, as a new organization, has the valuable opportunity of exploring and forming a myriad of partnerships with the municipal government, environmental organizations and other NGOs.

Fundacion NanPaz, as a recent arrival in the field of “corporate responsibility,” understands how vital the link is between the private sector, intermediary NGOs and communities in promoting successful community development. The private sector represents a valuable source of “capital” which can be funneled into community development programs.
proposed by NGOs and in return, the communities act as the beneficiaries of these programs. In this case study, City Investing has the valuable opportunity of establishing itself as a “socially responsible” corporation through the assistance and operations of Fundacion NanPaz.

Unfortunately at this time, I cannot provide an overall assessment of Fundacion NanPaz’s “Community Development Initiative” as Fundacion NanPaz is still considered a new NGO, working on the implementation stage of its coffee and aquaculture projects. However, once the future results of these projects are materialized then and only then can any fair assessment be made. Thus, through the eyes of this thesis researcher, the journey of Fundacion NanPaz is just beginning. Moreover, I believe that the success of this NGO will ultimately depend on how long City Investing is committed to investing in community development, social justice and environmental protection in the Ecuadorian Amazon and how long it wants to be deemed as a “socially responsible” trans-national oil company.
CHAPTER 5

Conclusions/Recommendations

5.1 Introduction

This chapter draws conclusions pertaining to the relationship between a trans-national oil company, an NGO and marginalized communities in a developing world context. The NGO, acting as a bridge between the oil company and communities, has been successful at initially working with the communities and their community members by genuinely listening to their concerns and incorporating these considerations into present and future viable policies and programs. I believe that the oil company is committed to "social responsibility" as evident by the current community development programs and projects being implemented at the NGOs demonstration farm in the Ecuadorian Amazon. As a result of the NGOs "Community Development Initiative," community members are partaking in alternative livelihood options that not only provide valuable economic opportunities, highly needed to raise their standard of living, but also help conserve and protect the environment.

5.2 Fundacion NanPaz: Achievements and Alternatives

Despite the justified atmosphere of mistrust and suspicion of "outsiders," whether they be oil company workers or development agencies, in the Ecuadorian Amazon, many community members have openly displayed a genuine interest of working with Fundacion NanPaz. One of the main reasons for this display of voluntary cooperation is related to the diagnostic needs assessment which was conducted by two staff members of Fundacion NanPaz, which indicated to the community members that this NGO is committed to listening to their local concerns and assisting in development projects. Overall, community members are content with the current community development projects being implemented at the demonstration farm however, some community members have come forth and presented the
following future alternatives to be considered as “potential recommendations” in the work of Fundacion NanPaz:

**Extend local community services**

Community members residing in Tarapoa have indicated the need for a local health clinic as presently the nearest medical clinic is in Lago Agrio, which is approximately two hours away by car. By building a health clinic near the vicinity of the demonstration farm, community members will not only receive proper medical attention but will also have the opportunity to visit the staff of Fundacion NanPaz in case there are any community issues that need to be discussed. A health program is currently being designed by Fundacion NanPaz and health practitioners in the community of Lago Agrio and in the near future Fundacion NanPaz hopes to obtain the necessary funding to construct a local health clinic.

Another community service which members have expressed an interest in designing and participating revolves around conservation programs. Many community members, especially the younger ones, have displayed an avid interest and passion in learning and understanding conservation issues such as recycling, reforestation and community gardens. In this case, Fundacion NanPaz can recruit university students specializing in environmental studies to become volunteers, on short term contracts, and work with community members on protecting and appreciating the environment.

**Representation in local politics**

Presently, many colonos and indigenous communities in the Ecuadorian Amazon lack proper political representation. This is a result of local government officials’ paternalistic and often condescending attitudes towards the marginalized communities in this area. Thus, many community members view Fundacion NanPaz as their vital link to the political scene especially since Fundacion NanPaz has formed a good working relationship with local government representatives. Moreover, many indigenous communities currently are struggling with issues such as, land titles and cultural preservation, and their voices may resonate louder with assistance from Fundacion NanPaz.
Opportunities in gender development

Recently, the director of Fundacion NanPaz ventured into various communities to sit down specifically with women to hear their concerns. As a result of these discussions, women in one community approached Fundacion NanPaz with the idea of creating “women craft cooperatives.” The idea is for local women to partake in activities such as, sweater making and jewellery making in order for these women to gain valuable craft skills, earn money and to achieve a sense of empowerment. Since the unemployment rate is quite high for males in these communities, women can be valuable players in supporting their families with income earned from craft cooperatives.

5.3 Fundacion NanPaz: Significance for Indigenous Development

Fundacion NanPaz has the valuable opportunity of collaborating with the surrounding indigenous communities to ensure that these communities retain their indigenous knowledge, cultures and ways and preserve the environment which they are dependent upon for their subsistence lifestyles.

Upon invitation by certain indigenous communities, Fundacion NanPaz is also exploring co-operative interventions within the Cuyabeno Natural Reserve where the indigenous population is comprised mostly of Siona and Secoya groups. The Siona and Secoya live along the rivers in the reserve and still use canoes made of tree trunks as their main mode of transportation. They live in dispersed patrilineal and patrilocal family groups throughout their territory. The culture of both groups is intimately related to the tropical forest environment, and they both still depend upon hunting, fishing, and food collection for subsistence survival. For example, “hunting, which is a masculine activity, furnishes more than 80% of the protein in the Siona and Secoya diets; and, horticulture, which is conducted by women, provides 70 to 80% of the calories in their diet” (Hicks et al, 1990: 34).

The Siona and Secoya face unique problems in the reserve due to their smaller size and greater dependency upon forest resources (wildlife, fish, gathered products, etc.). One major problem arises from the ignorance and neglect displayed by the state government and oil companies in acknowledging the overlap between the Siona and Secoya traditionally or
legally assigned territories and the existence of the Cuyabeno Natural Reserve as a
"protected" area. It is the Ecuadorian state government which has given permission for
certain oil companies to set up their operations in this biologically diverse area without any
consultation with the communities who live in the reserve. As a result, there is “justified”
resentment by the Siona and Secoya groups towards the state and oil companies who are the
culprits of environmental degradation and social disruption within the reserve. However,
recently at the state level “there is a growing awareness about the need to manage and protect
these areas in order to ensure their biological diversity, the cultural integrity of the occupying
indigenous groups, and their potential for more sustainable forms of development” (Hicks et

Fundacion NanPaz has, on a few occasions, established contact with the Siona and
Secoya and thus, has the valuable opportunity of developing a “working” relationship with
these groups in the near future. Since Fundacion NanPaz has entered these communities with
a “non-paternalistic” and informal attitude, the Siona and Secoya communities feel less
threatened and are thereby more open to working with Fundacion NanPaz. Currently,
Fundacion NanPaz is focusing on eco-tourism and micro-enterprise activities to be
implemented in the Cuyabeno Natural Reserve. Already certain community members have
expressed great interest in becoming “eco-guides” in their own backyard. A tourism industry
does exist within the reserve but it is highly monitored by the national environmental
organization, INEFAN. It is the responsibility of INEFAN to ensure that no illegal and
harmful activities transpire within the region. In regard to micro-enterprise development,
Fundacion NanPaz is looking towards establishing “craft” co-operatives where women and
youth can participate in activities such as basket weaving and jewelery making. It remains to
be seen whether or not these activities “take-off” however, the hardest part has already been
successfully achieved which was establishing a relationship based on “trust” between
Fundacion NanPaz and the Siona and Secoya communities".
5.4 Areas for Further Research

Based on the accuracy of the interviewees' assessments of Fundacion NanPaz and its "Community Development Initiative," the interview results indicated that Fundacion NanPaz needs to work upon the areas of capacity-building, community participation, community organization and empowerment, if it wants to strengthen the social, cultural, environmental and economic fabric of these marginalized communities. Furthermore, these areas should be considered as on-going processes which need to be nurtured from the onset and throughout the term of development projects and need to continue once the communities become self-sufficient. As many community members may not yet be familiar with these type of planning terms, Fundacion NanPaz can organize discussion seminars at the demonstration farm to teach the importance of these concepts in community development. Ultimately, community members will be able to comprehend many of their community problems once basic concepts of community planning and development are first explored and understood. Moreover, community members who become well-versed in these concepts will then be better able to participate in the decision-making process of community affairs which often requires a good understanding of key concepts.

The interview results revealed that in order for Fundacion NanPaz to be completely successful in its Community Development Initiative, Fundacion NanPaz must show that: project sustainability depends upon the extent of community participation and the extent local communities have control over planning and implementation from the very beginning; the stakeholders are participation oriented and have a belief in local people's capacity and not their own; by learning to become "culturally sensitive" and less "paternalistic," it can "be" with the people and allow the projects to evolve from a grass-roots perspective and; local communities are basically participatory in nature and have enormous wisdom and capacity to take part in project planning and implementation. However, it is important to keep in mind that "while participation continues to remain the central theme in project designs, it is often made a peripheral activity at the time of actual planning and taking decisive actions" (Vettivel, 1993: vii). Thus, City Investing and Fundacion NanPaz should ensure that a participatory process is established at the beginning of any project and should avoid the desire to keep the power of decision-making about the projects and programs to themselves. Moreover, participation, in this case study, should not become City Investing asking
Fundacion NanPaz to make the communities do what City Investing would want the communities to do. Instead, City Investing should give complete control to Fundacion NanPaz and the communities in deciding how the needs of the communities can best be addressed and how community members can achieve their own visions of what they want their communities to look like in the future.

It is important for the reader to understand that as a new NGO, Fundacion NanPaz is still in the beginning stages of project implementation and as a result, the “Community Development Initiative” cannot be evaluated based on any objective results. Furthermore, I believe that once the results from the community development projects are realized, only then can the interviewees’ assessments of the community development initiative be properly and fairly evaluated. Basically, only time will tell through the projects’ results whether or not Fundacion NanPaz will be successful in developing viable community development projects, in fulfilling the needs and concerns of the local communities and in continuing to promote City Investing as a “socially responsible” trans-national oil company.

To sum up, the force of globalization is becoming stronger and this implies an increase in trans-national companies setting up their operations and securing their presence throughout the developing world. It is important to keep in mind that globalization may bring peoples and communities together but how this is done is another story. There are always two sides to the stories, one which is usually positive and the other, negative. True, the effects of globalization in the communications sector (for example, internet services) can be a positive influence however, the negative impacts of the globalization process also need to be addressed. For example, we need to look no further than the negative impacts of trans-national natural resource companies on communities and the environment. Which brings to light the question of “how the natural environment and peoples who depend upon their environment for survival will continue to thrive and exist in the midst of inappropriate corporate domination, escalating resource depletion and state manipulation?”

The answers to the aforementioned question are complicated and must be analyzed from all perspectives with a respectful attitude for the great differences between peoples and communities throughout this world. However, one answer which seems to be working in some parts of the world is the linking of the corporate sector with communities. By working together on community issues, both the company and community will be able to share their
unique knowledge in addressing local concerns thereby, providing collaborative solutions. I believe that City Investing is an exemplary model of how a trans-national oil company is becoming socially responsible to the communities in the Ecuadorian Amazon. By establishing an intermediary NGO to directly link with communities and work on viable community development projects, is how City Investing is “socially responsible.” City Investing as a local/global model of corporate commitment to social responsibility hopes that not only other trans-national oil companies operating in the Ecuadorian Amazon follow suit but also that other trans-national natural resource companies, operating in the developing world will embark on a similar path of “corporate social responsibility.”

As today’s world is essentially becoming a “global village,” I believe people must start to redefine the planning process of “community development” to cater to their own local needs and goals. This can be achieved when the corporate sector works with local people in marginalized communities by initiating projects that will enable community members to take care of their “local villages” even after the corporate and NGO support is no longer available. An understanding of one’s own community and its problems is critical if these community members want local solutions before any global solutions may be considered. In other words, what many marginalized communities and people working in the field of “development” want, is to start from the bottom-up which often implies working at the community level. Thus, the creation of new partnerships between the private sector, NGOs and communities represent a viable way for successful community development to materialize in many of the marginalized communities throughout the developing world.
BIBLIOGRAPHY


Co-op America Quarterly (1998) Solutions to a Global Problem No. 46, Fall.


IUCN "Why Should the Private Sector be Concerned with Biological Diversity?"


Stohr, Walter (1991) "Development from above or below" Publication.


University of San Francisco de Quito (1997) *Tropical Forestry Paper* Quito: University of San Francisco de Quito.


APPENDIX A: 
STRUCTURED INTERVIEW

Name/Nombre:
Age/Edad:
Occupation/Ocupacion:
Nationality/Nacionalidad:
Gender/Sexo:
Address/Direccion:

1) What is your occupation?
   En que trabaja Usted?

2) Were you born in this community? If no, then where were you born and how many years have you lived in this community?
   Donde nacio? Cuantos anos vive en esta comunidad?

3) Are you renting or do you own your house and the land?
   Es Usted propietario de su casa y el terreno, o esta alquilando?

4) How many members in your family? What is the age of each family member?
   Cuantos miembros de su familia viven aqui con Usted? Cuantos anos tiene cada uno de ellos?

5) If you have children, do they go to school?
   Tiene Usted ninos? Asisten a la escuela?

6) Do you have access to basic services: food, clean water, sanitation and shelter?
   Tiene Usted acceso a servicios basicos, por ejemplo: comida, agua potable, vivienda?
7) *What are the main income generating activities in your community?*  
En su comunidad cuales son las fuentes de ingresos?

8) *Are there any social, cultural and economic problems within your community?*  
Existen problemas sociales, culturales o economicos serios en su comunidad?

9) *How do you think these problems can be solved?*  
En su opinion, como se podrian resolver estos problemas?

10) *Are there any serious environmental problems in your community and the surrounding area?*  
Existen problemas ambientales en su comunidad y alrededores? Son serios?

11) *What are the primary causes for these environmental problems?*  
Cuales son las causas principales para estos problemas ambientales?

12) *Are there any potential solutions to these environmental problems?*  
En su opinion, existen soluciones para resolver estos problemas ambientales?

13) *Do you know about Fundacion NanPaz and its work? If yes, please describe your knowledge on Fundacion NanPaz?*  
Conoce la Fundacion NanPaz y el trabajo que hace? Si la conoce, podria escribir lo que sabe de la Fundacion?

14) *What do you want your community to look like in the future?*  
Como le gustaria que fuera su comunidad en el futuro?
APPENDIX B:
RESULTS OF STRUCTURED INTERVIEW

1) What is your occupation?
• 3 Domestic Maids
• 2 Missionaries
• 2 Self-employed Entrepreneurs
• 1 Farmer
• 1 Forest Technician
• 1 Business Person
• 1 Fundacion NanPaz Volunteer
• 1 Doctor
• 1 Oil Company Security Guard
• 1 Dentist
• 1 Housewife
• 1 Professor
• 1 Artist

2) Were you born in this community? If no, then where were you born and how many
years have you lived in this community?
• 1 is born in their community
• 6 are born in the Bolivar Province
• 2 are born in the Loja Province
• 6 are born in other provinces
• 2 are born in Colombia
• Average years in their own communities: 10 years

3) Are you renting or do you own your house and the land?
• 6 own their own houses and the land
• 11 are renting their houses

4) How many members in your family? What is the age of each family member?
• Average size of a family: 5 family members
• Age ranges from 1 year to 56 years

5) If you have children, do they go to school?
• 6 families have children who attend school

6) Do you have access to basic services: food, clean water, sanitation and shelter?
• Most basic services are provided at the subsistence level except “potable water”
7) **What are the main income generating activities in your community?**
- Agriculture
- Silvaculture
- Hunting
- Fishing

8) **Are there any social, cultural and economic problems within your community?**
- Social: high rates of alcoholism; prostitution; single, young mothers; lack of community organization
- Cultural: perceived lack of respect and understanding of the beliefs, practices and religions by the colonos of the indigenous peoples; resentment of land encroachment by the indigenous peoples
- Economic: lack of employment opportunities

9) **How do you think these problems can be solved?**
- Building community organization
- Curbing local, political corruption
- Construction of more educational facilities
- Hiring more educators
- Focus on job creation initiatives

10) **Are there any serious environmental problems in your community and the surrounding area?**
- Oil pollution
- Inadequate disposal of garbage

11) **What are the primary causes for these environmental problems?**
- Oil companies and their attitude of “destruction without compassion”
- Lack of education in garbage disposal techniques
- Lack of spiritual and cultural connection to the environment by colonos

12) **Are there any potential solutions to these environmental problems?**
- Stricter regulatory mechanisms and monitoring of oil pollution
- Prohibition of oil companies in protected natural areas
- Listening to local people and their concerns
- Education on garbage recycling and waste disposal

13) **Do you know about Fundacion NanPaz and its work? If yes, please describe your knowledge on Fundacion NanPaz.**
- All community members answered “yes” on knowledge of the existence of Fundacion NanPaz
- Perception of Fundacion NanPaz as an organization committed to addressing community problems such as, provision of livelihood options
14) What do you want your community to look like in the future?

- Well organized ("community organization")
- Provision of all basic services
- Multitude of good educators and educational facilities
- Abundance of employment opportunities
- Community "self-reliance"
APPENDIX C:
INTERVIEW GUIDE FOR UNSTRUCTURED INTERVIEWS

Fundacion NanPaz:

1) Are there any critical social, cultural, economic and environmental problems/issues in the communities which you are working in?
   Existen serios problemas sociales, culturales o economicos en las comunidades donde esté trabajando?

2) How do the communities feel about City Investing?
   Podría Usted describir los sentimientos que tiene Usted relacionados a City Investing?

3) How do you define the term “social responsibility?”
   Como define Usted el termino “responsabilidad social?”

4) Are there any strong and weak points of Fundacion NanPaz?
   Cuales cree Usted son las fortalezas y los puntos debiles de Fundacion NanPaz?

5) How can the communities benefit from the work/assistance of Fundacion NanPaz?
   Como pueden las comunidades beneficiarse con el trabajo que esta realizando Fundacion NanPaz?

6) What is your long-term vision of Fundacion NanPaz?
   Cual es su vision de la Fundacion NanPaz a largo plazo?

Environmental Specialists:

1) How would you describe the conditions in the Ecuadorian Amazon?
   Podría Usted describir las condiciones de la Amazonia Ecuatoriana?

2) Are there any serious environmental problems in this area?
   Existen serios problemas ambientales en las comunidades y alrededores?
APPENDIX D:
LIST OF INTERVIEWEES

Community Members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Gender</th>
<th>Age</th>
<th>Occupation</th>
<th>Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Emma Sara</td>
<td>Female</td>
<td>31 years</td>
<td>Domestic maid</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>2) Juvenal Cordones</td>
<td>Male</td>
<td>56 years</td>
<td>Farmer</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>3) Magadalena Echererri</td>
<td>Female</td>
<td>68 years</td>
<td>Missionary</td>
<td>Colombian</td>
</tr>
<tr>
<td>4) Rebeca Nunez</td>
<td>Female</td>
<td>59 years</td>
<td>Missionary</td>
<td>Colombian</td>
</tr>
<tr>
<td>5) Ennido Cedeno</td>
<td>Female</td>
<td>28 years</td>
<td>Domestic maid</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>6) Cristina Palacios</td>
<td>Female</td>
<td>19 years</td>
<td>Self-employed</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>7) Carlos Torres</td>
<td>Male</td>
<td>24 years</td>
<td>Forest technician</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>8) Ingela Torres</td>
<td>Female</td>
<td>32 years</td>
<td>Business woman</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>9) Pilar Torres</td>
<td>Female</td>
<td>22 years</td>
<td>Fundacion NanPaz Volunteer</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>10) Veronica Maldonodo</td>
<td>Female</td>
<td>26 years</td>
<td>Doctor</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>11) Vicente Aguilar</td>
<td>Male</td>
<td>48 years</td>
<td>Self-employed</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>12) Patricia Ortega</td>
<td>Male</td>
<td>22 years</td>
<td>Oil Company Security Guard</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>13) Lili Pancho</td>
<td>Female</td>
<td>29 years</td>
<td>Dentist</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>14) Margarita Ramos</td>
<td>Female</td>
<td>40 years</td>
<td>Housewife</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>15) Marayma Jurado</td>
<td>Female</td>
<td>48 years</td>
<td>Domestic maid</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>16) Janeth Perez Chiro</td>
<td>Female</td>
<td>34 years</td>
<td>Professor</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>17) Santos Campouerde</td>
<td>Male</td>
<td>58 years</td>
<td>Artist</td>
<td>Ecuadorian</td>
</tr>
</tbody>
</table>
**Fundacion NanPaz Staff:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Gender</th>
<th>Age</th>
<th>Occupation</th>
<th>Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) James Geenen</td>
<td>Male</td>
<td>52 years</td>
<td>Director</td>
<td>American</td>
</tr>
<tr>
<td>2) Fidel Lopez</td>
<td>Male</td>
<td>35 years</td>
<td>Administrator</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>3) Suzanna Martinez</td>
<td>Female</td>
<td>N/A</td>
<td>Secretary</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>4) Nestor Acosta</td>
<td>Male</td>
<td>28 years</td>
<td>Biologist/Computer Specialist</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>5) Fabian Toral</td>
<td>Male</td>
<td>28 years</td>
<td>Biologist/Manager (“finca”)</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>6) Eri Martinez</td>
<td>Male</td>
<td>28 years</td>
<td>Administrator (“finca”)</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>7) Paulina Herrera</td>
<td>Female</td>
<td>22 years</td>
<td>Volunteer (“finca”)</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>8) Karina Narvdez</td>
<td>Female</td>
<td>22 years</td>
<td>Volunteer (“finca”)</td>
<td>Ecuadorian</td>
</tr>
<tr>
<td>9) Tannya Lozaade</td>
<td>Female</td>
<td>22 years</td>
<td>Volunteer (“finca”)</td>
<td>Ecuadorian</td>
</tr>
</tbody>
</table>

**Environmental Specialists:**

The three environmental specialists have requested that their names remain anonymous.