

The Amazon's forest-friendly economy needs a continuous improvement regime

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As Albert Hirschman predicted, the greatest challenge facing Amazon's forest-friendly economy is not a scarcity of investment or lack of public support, but the absence of a continuous improvement regime capable of mobilizing the resources that are hidden, scattered, or badly utilized.

How can we organize a program to promote the forest economy in the Brazilian Amazon? Many discussions on the subject are based on the premise of scarcity. According to this view, forest-friendly businesses do not prosper because they lack access to good roads, reliable internet, a trustworthy land titling system, low crime, and investment in applied research, among others.

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It makes sense, but the premise begins to crumble when we realize that other countries facing similar or greater scarcities than Brazil leave us far behind. For example, Bolivia exports US\$190 million worth of Brazil nuts a year, Vietnam exports US\$600 million in black pepper, and Ivory Coast exports US\$3,7 billion in cocoa beans. In contrast, Brazil exports only US\$125 million adding these three products together. Somehow, the structural problems that hold the Brazilian Amazon back do not seem to prevent the success of our tropical peers.

What's more, companies and communities based in the Brazilian Amazon already have access to all major factors of production, including 80 million hectares of deforested land, 8 million jobless adults, a sizeable number of capitalists seeking business in which to invest, and multiple companies that know how to produce and export forest-friendly products.

Putting the last nail in this coffin, the Brazilian government provides many of the key public resources and services. EMBRAPA maintains research units in all the nine states that comprise the region; EMATER and SENAR offer technical assistance and rural extension; the Banco da Amazônia provides cheap credit; APEX subsidizes export promotion activities, SEBRAE supports small businesses, CONAB enforces minimum price policies for various agroforestry products, and the National School Meals Program (PNAE) purchases large quantities of regional foods.

If we were talking about an athlete, we would already have a strong skeleton and plenty of muscles. What is missing is a nervous system capable of activating these organs, so the individual can move swiftly and confidently over unknown terrain.

In the field of public administration, such a nervous system is known as an “upgrading regime” and it is usually comprised of two components. On the private side, it is made up of producers that can prepare a robust diagnosis of their current condition, propose ambitious but realistic medium-term goals, and draft a detailed action plan that can be revised periodically.

While the private firms propose and implement, the government brings in its legal authority, analytical rigor, public resources, and political skill to guide the efforts and resolve conflicts. More specifically, public agencies rely on their legal authority to convene producers, other firms, and relevant entities; analytical rigor to demand that plans submitted by producers remain realistic; financial resources to provide subsidies and other benefits that keep participants engaged; and political skill to demand urgency, resolve conflicts and tie their support to measurable results.

When it works well, upgrading regimes create their own forward momentum as entrepreneurs demand increasingly better performance from the government, and the government offers tailored support for companies to increase their competitiveness and prosper in demanding markets.

At present, firms based in the Brazilian Amazon do not have the structures, routines or resources to perform these functions. Brazil's corporatists system of rural producers' unions is in decline and the existing units tend to cater to traditional activities, such as cattle ranching. Most cooperatives are small, fragile and lack resources to provide sectoral services or engage with counterparts in government. On a similar note, public agencies are not typically structured or tasked to act as described above. Some agencies offer subsidies but do not impose performance requirements. Other agencies impose constraints but do not offer support. And some entities are supposed to coordinate efforts, but they do not offer support nor impose goals.

Despite these difficulties, these regimes keep on emerging where we least expected them, including in Brazil, which shows that it can be done. And the firms and public agencies that participate in them adapt quickly, rising from their dormancy almost overnight. The biggest obstacle is start.

Fonte: <https://plenamata.eco/en/2022/12/27/the-amazons-forest-friendly-economy-needs-a-continuous-improvement-regime/>