



# North-South Policy Brief

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Authors: K.F. Wiersum<sup>1</sup> & Mirjam A.F. Ros-Tonen<sup>2, 3</sup>

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## The Role of Forests in Poverty Alleviation: Dealing with Multiple Millennium Development Goals

The UN World Summit from 14-16 September 2005 brought together more than 150 Heads of States and Governments to review progress since the adoption of the Millennium Goals in 2000. In the Summit outcome document, all governments reaffirmed their commitment to achieve the Millennium Development Goals by 2015 and to pledge an additional \$50 billion a year by 2010 for fighting poverty. According to the World Bank, over 90 per cent of the 1.2 billion people living in extreme poverty depend on forests for some part of their livelihoods. Eradicating poverty is therefore impossible without paying specific attention to the 410 million people (including 60 million indigenous people) who live in or near tropical forest areas and depend on these forests for their subsistence and survival needs. Of particular importance in this respect is to link Millennium Development Goal 1 to eradicate extreme poverty and hunger by one half with MDG 7 to ensure environmental sustainability by 2015.

This policy brief summarises the present state of scientific understanding of the potential contribution of tropical forests to poverty alleviation and highlights the implications of this knowledge for forest-based poverty alleviation policies.

<sup>1</sup> Forest and Nature Conservation Policy Group, Wageningen University.

<sup>2</sup> Amsterdam research institute for Metropolitan and International Development Studies (AMIDSt), University of Amsterdam.

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## 1. Historical trends in thinking about forests and poverty

Even in the late 1960s it was recognised that many tropical forest areas are characterised by poor socio-economic conditions and poverty. Indeed, throughout the world, socio-economic development often started with the conversion of forests into land-use systems that were expected to be financially more lucrative. In the late 1950s and early 1960s it was assumed that investments in tropical forestry in the form of industrial timber production would generate development that would automatically 'trickle down' to the poor in tropical forest areas. At the end of the 1960s it was acknowledged that this approach was failing to deliver the expected socio-economic development.

Consequently, during the 1970s and 1980s, and especially since the FAO VIII<sup>th</sup> Forestry Congress held in 1978 under the title 'Forestry for People', the focus of (inter)national forestry development strategies gradually changed from the need for increased commercial production to the need for a fairer distribution of profits from forest products, the need to consider forest products for basic needs, and the need for active local participation in forest management. Since that time, there has been a considerable increase in the understanding of the role of forests in the livelihoods of poor people and of the options available for organising forest management in such a manner that it contributes to rural development.

As a result of the Rio de Janeiro Conference on Environment and Development in 1992, the focus of international policies shifted during the 1990s to the need to prevent deforestation and loss of biodiversity.



Community forest management in Bolivia  
(photo: Charlotte Benneker)



(photo: Mirjam Ros)

Since the formulation of the Millennium Development Goals in 2000 and the Johannesburg Conference on Environment and Development in 2002, there has been a greater and more unified focus on how to link environmental conservation and poverty alleviation.

## 2. Present understanding of forest – poverty relations

The fact that so many poor people live in and near forest areas suggests that there is an intrinsic relation between forests and poverty. Indeed, forest areas have historically been regarded as being underdeveloped and needing conversion to eradicate poverty. However, at present there is a much more nuanced view on the linkages between forests and poverty. Three important new insights contributed to the recognition that forests may contribute to poverty alleviation:

- *Increased understanding of the scope of poverty alleviation.* Originally, poverty alleviation and rural development were considered to be synonymous with increased employment and income generation. At present, however, poverty is no longer exclusively interpreted as a lack of employment and income, but is also considered in terms of vulnerability and a lack of ability to withstand adverse conditions. A distinction is now being made between poverty mitigation or avoidance and poverty reduction or elimination. In the case of poverty mitigation or avoidance, people use forest resources to meet subsistence needs such as wood, food, fibre, medicinal plants and/or energy and as a 'safety net' to meet occasional shortfalls in production or income. The use of forest resources

**Box 1 – Household strategies in using forest products**

*Accumulation or specialised strategy.* Households endeavour to increase the stock of assets and income flows from forest products. The objective of this strategy is to increase income and it often involves specialisation in forest product manufacturing and trade, which then become the most important sources of household income. The main prerequisites for this proactive livelihood strategy are access to capital and access to markets.

*Diversification strategy.* Households endeavour to diversify their livelihoods by supplementing (subsistence) agriculture and sometimes petty trading with the sale of forest products. This pro-active supplementary livelihood activity is mostly undertaken by households with a low to intermediate income and often serves to generate additional income that can be used for special household expenditures.

*Coping strategy.* Households with few other opportunities respond to adverse impacts of livelihood shocks or by using forest products for food security or for the provision of cash for essential livelihood costs such as school fees. This reactive and defensive livelihood strategy mitigates poverty rather than reducing it.

*Survival strategy.* Households revert to forest products as a last resort to secure food and prevent destitution. This reactive and defensive livelihood strategy acts as a safety net for households which have no other choice than to rely on this and other similar safety nets and survival activities.

*Source:* Shackleton, S.E. (2005). The Significance of the Local Trade in Natural Resource Products for Livelihoods and Poverty Alleviation in South Africa. PhD thesis Rhodes University, Grahamstown, South Africa.

thus protects them from economic decline in times of emergency needs. In the case of poverty reduction or elimination, people use forests as a means to provide products and services that can be traded (sometimes after further manufacturing), thus providing possibilities to generate cash income. When such products or services permit the accumulation of savings and assets, they may lead to lasting improvements in income and well-being and hence to the reduction or even elimination of poverty. These two options are reflected in different types of household strategies (Box 1). For households engaged in a survival or a coping strategy, forests mainly serve as a means of poverty mitigation, while for households following a diversification or accumulation strategy, forests serve primarily as a means of poverty reduction.

- *Extended interpretation of the role of forests as a livelihood asset.* In the mid 20<sup>th</sup> century, attention for the role of forests in economic development was exclusively focused on timber production. Since the end of the 1980s, it has been acknowledged that forests also provide a large variety of non-timber forest products, such as food, medicinal plants and fibres. Furthermore, forests are often also a socio-cultural asset because they are perceived as ancestral lands or a living environment, providing indigenous people with cultural identity. In addition to the recognition that forests provide multiple livelihood assets (and not only productive ones), it is

now also being acknowledged that forest-based livelihood activities usually form part of multiple-component livelihood strategies. Due to seasonality and the low densities in which non-timber forest products generally occur, the options for forest-based poverty alleviation will rarely concern specialised full-time activities, but are usually combined with other sources of income.

- *New opportunities for trading forest products and services.* As a result of the world-wide decrease in forest areas and the increased demand for forest products and services of increasingly affluent urban populations, several forest products and services that were formerly freely available are acquiring a financial value. In the past, only wood was considered to be a tradeable forest product, but there are now markets for a lot of non-timber forest products as well. During the last decade, experience has also been gained with payments for the aesthetic and experiential values of forests, for instance through (eco)tourism. Recently, initiatives have been started to develop payment schemes for environmental services, such as the provision of regular water supplies for domestic needs or CO<sub>2</sub> sequestration. As a result of recent policies to stimulate community-based forest management, increasing portions of forest land are falling under indigenous or forest community control. These developments are expected to create new opportunities especially for small-scale producers.



*Diversification in the Brazilian Amazon  
(photo: Mirjam Ros)*

These new insights have increased people's understanding that dependence on forest resources and the poverty-alleviating potential of forests is household and location-specific, depending on factors such as the quality of the forest, distance to markets, available infrastructure and transport facilities, access to capital, alternative livelihood options and the degree of organisation into producer groups.

### 3. Implications for forest-based poverty alleviation policies

Most poor people use forest products because these are often freely available and can be obtained through informal means. Markets in these often isolated areas are poorly developed and characterised by weak producer organisations and high transportation costs. One should therefore not be overly optimistic about the role forests play in contributing to poverty alleviation. At the same time, improved forest resource management essentially implies increased control over forest use, as a result of which many forest conservation and management policies and programmes have, in the past, resulted in reduced access of poor people to forest resources and, consequently, increased poverty. This means that improved forest conservation and management does not necessarily result in poverty alleviation. Nonetheless, recent research and experience indicates that various possibilities exist for stimulating the link between sustainable forest management and poverty alleviation. In order to optimise this link, the following aspects need careful attention:

- *Adjust policies to various livelihood strategies and various dimensions of poverty alleviation.* Forests contribute significantly to subsistence needs and offer a safety net in times of shortfall, but possibilities to lift people out of poverty on the basis of forest resources alone are limited. Depending on location-specific conditions, in some cases support to subsistence and the safety net functions needs to be given, and in other cases enhancement of income-generating activities. Special care should be taken to ensure that schemes aimed at improved forest conservation and management projects do not jeopardise the safety net of forests for poor people or limit the role of forests with respect to poverty reduction.
- *Recognition of the multiple-component strategies of poverty-stricken rural households.* In the past, both scientists and policymakers often made a strict division between natural and cultivated areas. This is reflected in the distinction between various sectors such as agriculture, animal husbandry, forestry and nature conservation. This distinction is not relevant to most poor rural households since they are generally engaged in multiple activities including agriculture, animal keeping, gathering of



*Dammar resin extraction, Sumatra  
(photo: Mirjam Ros)*

wild plants and animals, petty trading and/or (seasonal) labouring in manufacturing or the service 'industry'. Both natural and man-made forests, including agroforestry fields, play a role in these strategies. Efforts to increase the role of forests in poverty alleviation should take account of the importance of such multi-component household activities which take place in multiple landscapes. In this context special attention should be paid to the poverty-alleviating role of forested landscapes – which covers not only natural forests but also man-made forests and cultivated fields.

- *Recognition of the full range of forest products and services.* Since the 1990s, (inter)national forestry and nature conservation policies have paid a lot of attention to the scope of non-timber forest products as a means of contributing to both forest conservation and poverty alleviation. Forest products have typically been divided into two main categories, namely timber and non-timber forest products (NTFPs). It was assumed that NTFPs were important to poor people and that they could be harvested with low environmental impact, thus providing optimal conditions for a strategy that improves livelihoods in an environmentally sound way. Conversely, timber production was considered to be out of reach for poor people because of the large-scale and capital-intensive nature of mechanised timber exploitation and the high entry costs of engaging in the timber trade. Recent research has shown that this NTFP versus timber distinction is a false dichotomy when it comes to poverty alleviation, the more so because increasing portions of forest land are falling under local community ownership and control. Programmes aimed at stimulating forest-based poverty alleviation should



Sorting dammar resin, Sumatra  
(photo: Mirjam Ros)



NTFPs from the Brazilian Amazon  
(photo: Mirjam Ros)

not assume that non-timber forest products offer better opportunities than timber products. Rather than taking different kinds of forest products as a starting point for development strategies, attention should focus on ways in which the poor can use and exploit various forest products, including timber, in an integrated and sustainable way.

- *Recognition of the role of forest quality and management in enhancing forest products and services.* The quality of the forest (in terms of its biodiversity, structure etc.) and of its management is linked in complex ways with its ability to deliver multiple goods and services for human livelihoods. The importance of forest quality is not the same for all products and services, but insight into the extent to which this is the case is still limited. In this respect not only natural forests, but also human-modified and enriched forests need further consideration. Whatever forest type, poorly managed forests are likely to lose the ability to provide at least some services and this may impact on their ability to alleviate poverty.
- *Recognition of the importance of clear tenure arrangements.* Secure access and use rights to forest resources are of primary importance for the realisation of the poverty-alleviating potential of these resources. In spite of worldwide efforts to decentralise and devolve rights to local communities and groups of forest users, insecure tenure arrangements and conflicts over forest land often still prevail. Forest-based poverty alleviation is impossible without clear tenure and forest use

arrangements. Any strategy to enhance the poverty-alleviating role of forests should therefore prioritise the clarification of tenure rights and act upon factors that impinge on poor people's access to forest resources. Such strategies should not only consider the decentralisation of forest management to local communities and groups of forest users, but also the devolution of forestry responsibilities, decision making and forest-use rights.

- Recognition of the need to stimulate not only sustainable forest management, but also forest-based enterprise development.* In the wake of the Rio Conference on Environment and Development in 1992, a lot of effort, in terms of both research and policy, has been put into the development of sustainable forest management systems. It is accepted that sustainable forest management should take account of the importance of forests for indigenous and other local people. In this context, special attention is being paid to the subsistence role of forests as well as their cultural significance for tribal people. These insights have contributed to an improved understanding of the importance of the survival and coping strategies of households in their use of forest resources. Much less attention has been given to the commercial value of forests for forest-dwelling and adjacent households and to the scope for diversification and specialisation based on forest resources. Increased attention should be given to the development of business skills for manufacturing and trading forest products and services.
- Recognition of the importance of access to markets.* In order to be able to capitalise on forest resources, people need access to markets. Special measures are required to improve poor people's access to markets, such as de-bureaucratising exploitation and transport regulations, strengthening producers' organisations, stimulating small-scale forest-based enterprises, and forging public-private and company-community partnerships and other alliances that may enhance poor people's access to lucrative (niche) markets for timber, non-timber forest products and environmental services. In addition to external markets, more attention needs to be paid to the role of local markets in poverty alleviation and the way in which performance on these markets (which absorb the lion share of the forest-based products sold by poor households) can

be improved. Moreover, the increasing importance of trading traditionally non-marketable forest products and services offers an excellent opportunity to forge new arrangements for forest-based income generation. Care must also be taken that the benefits of developing new market opportunities for forest goods and services, such as ecotourism and non-timber forest products, are equally distributed and will not lead to disrupted income distribution within communities, nor to the creation of new elites and the exclusion of, or negative effects on, other groups. This is also of crucial importance when considering the development of new payment schemes for environmental services.



*Marketing medicinal plants, South Africa  
(photo: Tony Dold)*

To conclude, there are several promising options for linking up National Forestry Programmes and Poverty Reduction Strategies with Millennium Development Goals 1 and 7. Strategies for forest-based poverty mitigation can be incorporated relatively easily into sectoral forest policies, but forest-based poverty reduction requires cross-sectoral policies.

## Suggestions for further reading

- Angelsen, A. and Wunder, S. (2003). *Exploring the Forest-Poverty Link: Key concepts, issues and research implications*. CIFOR Occasional Paper No. 40. Bogor: Centre for International Forestry Research.
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- Scherr, S., White, A. and Kaimowitz, D. (2004). *A New Agenda for Forest Conservation and Poverty Reduction: Making markets work for low-income producers*. Washington D.C.: Forest Trends, CIFOR and IUCN.
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- World Bank (2004). *Sustaining Forests: A development strategy*. Washington D.C.: The World Bank.

## Useful websites

- <http://www.un.org/millenniumgoals> – What are the Millennium Development Goals?
- <http://www.fao.org/english/newsroom/focus/2003/wfc3.htm> – Tapping Forests to Reduce Poverty.
- [http://www.fao.org/documents/show\\_cdr.asp?url\\_file=/DOCREP/005/AC914E/AC914E05.htm](http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/005/AC914E/AC914E05.htm) – Forest-based Poverty Reduction: A brief review of facts, figures, challenges and possible ways forward.
- <http://www.forest-trends.org/programs/communities.htm> – Promoting Markets that Improve Livelihoods of Forest Communities.
- [http://www.cifor.cgiar.org/docs/\\_ref/research/livelihoods/index.htm](http://www.cifor.cgiar.org/docs/_ref/research/livelihoods/index.htm) – Forests and Livelihoods.
- <http://www.etfrn.org> – Topic pages on people and forests, non-timber forest products and other issues.

