



Forests, Livelihoods and Poverty Alleviation: Lessons Learned

Sara J. Scherr

Univ. of Maryland and Forest Trends
Presentation to “Market-based Approaches to
Sustainable Forestry Development and
Forestry-Based Poverty Alleviation”,
Huangshan, China, 11-12 May 2001

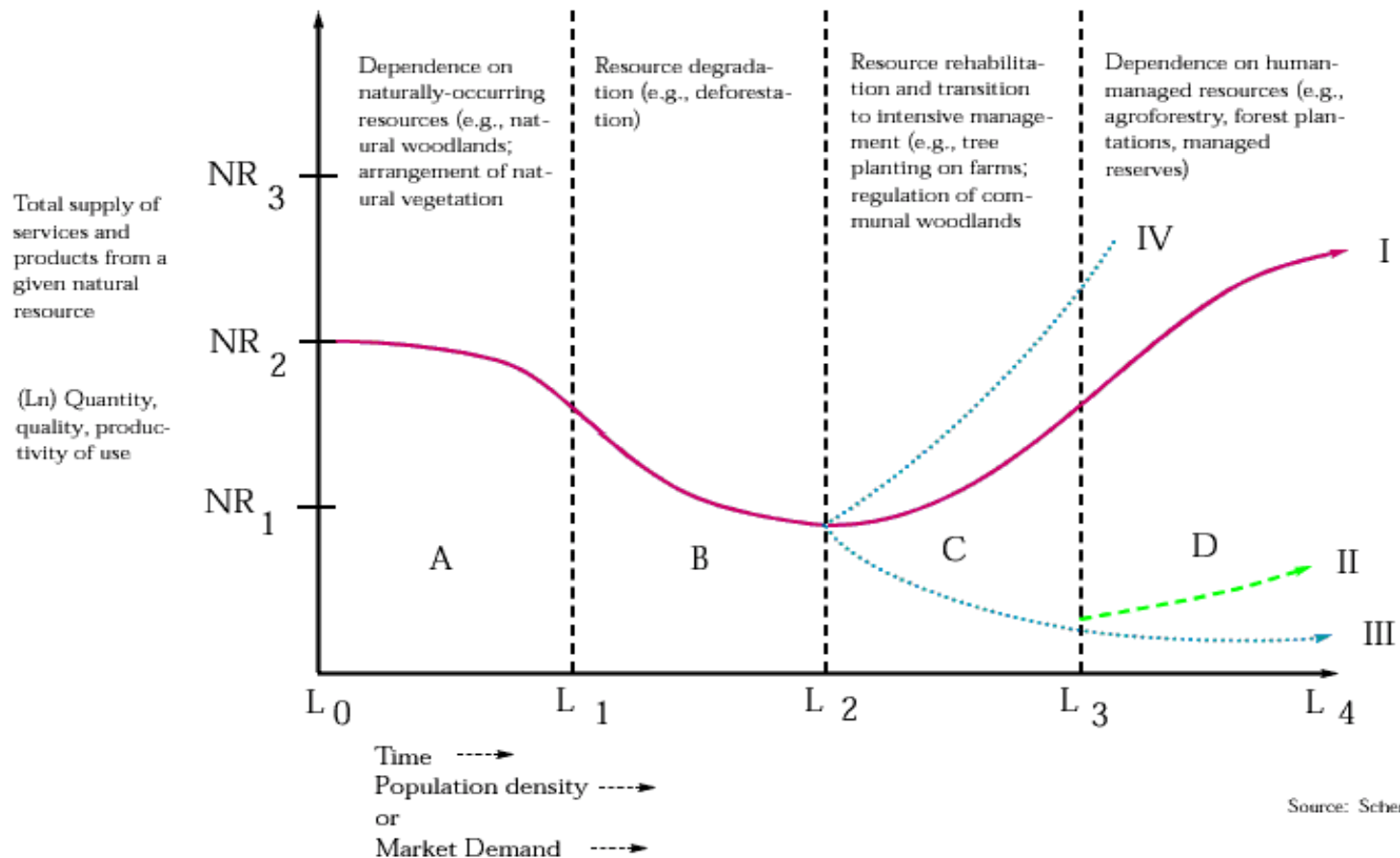


Global Forestry Challenges for the 21st Century

- Meet increasing demand for forest products
- Stem forest loss and degradation, and conserve environmental services
- Meet livelihood needs of rural people, especially in developing countries

Induced Innovation in Forest Resource Management

Figure 1 -- Induced Innovation in Forest Management





Structural Change in Global Forestry

- } Technological efficiency in processing
- } Industry concentration
- } Intensification of production
- } SFM and certification
- } Demand for environmental services
- Changes in governance of resources



Models of Forestry Development

- Logging concessions on public lands
- Plantation development
- Ecological forestry
(conservation/protected areas)
- Subsistence-oriented community forestry
- ***Community-based forest production for the market***



Forests and Livelihoods

(Adapted from Byron & Arnold 1999)

LIVELIHOOD TYPE	MAIN LOCAL GROUPS
Direct forest dependence	Hunters, gatherers, herders, shifting cultivators
Forest commodity extraction	Artisans, traders, industrial workers, transporters
Farm inputs, supplemental food	Wealthier farmers, poorer farmers, landless workers
Non-food products	All
Environmental services, values	All



Contributions of Forestry Markets to Local Livelihoods

- Enhance value of natural assets (wealth)
- Increase stream of income
- Leverage other capital
- Diversify income sources & reduce risk
- Provide local employment, multipliers
- Provide incentive to protect environmental services



Community Control of Forest Resources

↗ Community Control of Forest Resources in Selected Countries (official statistics)

Country	Forest Area Under Community Tenure (million hectares)	% of Total Forest Area Under Community Tenure
Papua New Guinea	25.9	97
Mexico	44.0	80
Peru	38.2	57
China	70.3	55
Colombia	24.5	46
Bolivia	19.4	37
Indonesia	30.0	16
Ecuador	19.2	16
Brazil	74.5	13

Source: White and Martin, 2001.

Relative Prices of Timber and Grain, 1961-1995

Figure 3.7 Relative Prices of Grain and Timber, 1960-97



Growth of Agroforestry

Importance of Trees on Farms in Selected Countries (official statistics)

Type of Agroforestry	Country	Area Under Agroforestry (million hectares)
Agroforests	Indonesia	3.0
	Other SE Asia	1.0 +
	Sri Lanka	0.9
Tree Crop Plantations (with nurse trees)	China	5.3
	Malaysia	4.0
	Indonesia	3.2
	C. America	1.0
	India	0.3
	Sri Lanka	0.3
	Philippines	0.2
Homestead, Farm forestry,	Thailand	3.1
	Laos	0.6
	C.America	0.2
	Philippines	0.1
	Vietnam	0.1
Silvopastoral	Central America	9.2
➤ 50 % of all tree cover or wood supply is from farms	Bangladesh	
	Kenya	
	Pakistan	
	Uganda	



International Demand for High-Quality Timber

- Only market segment with large projected price increases
- Market opportunities:
 - Selective harvest in community-owned natural forests
 - Small-scale farm production of timber

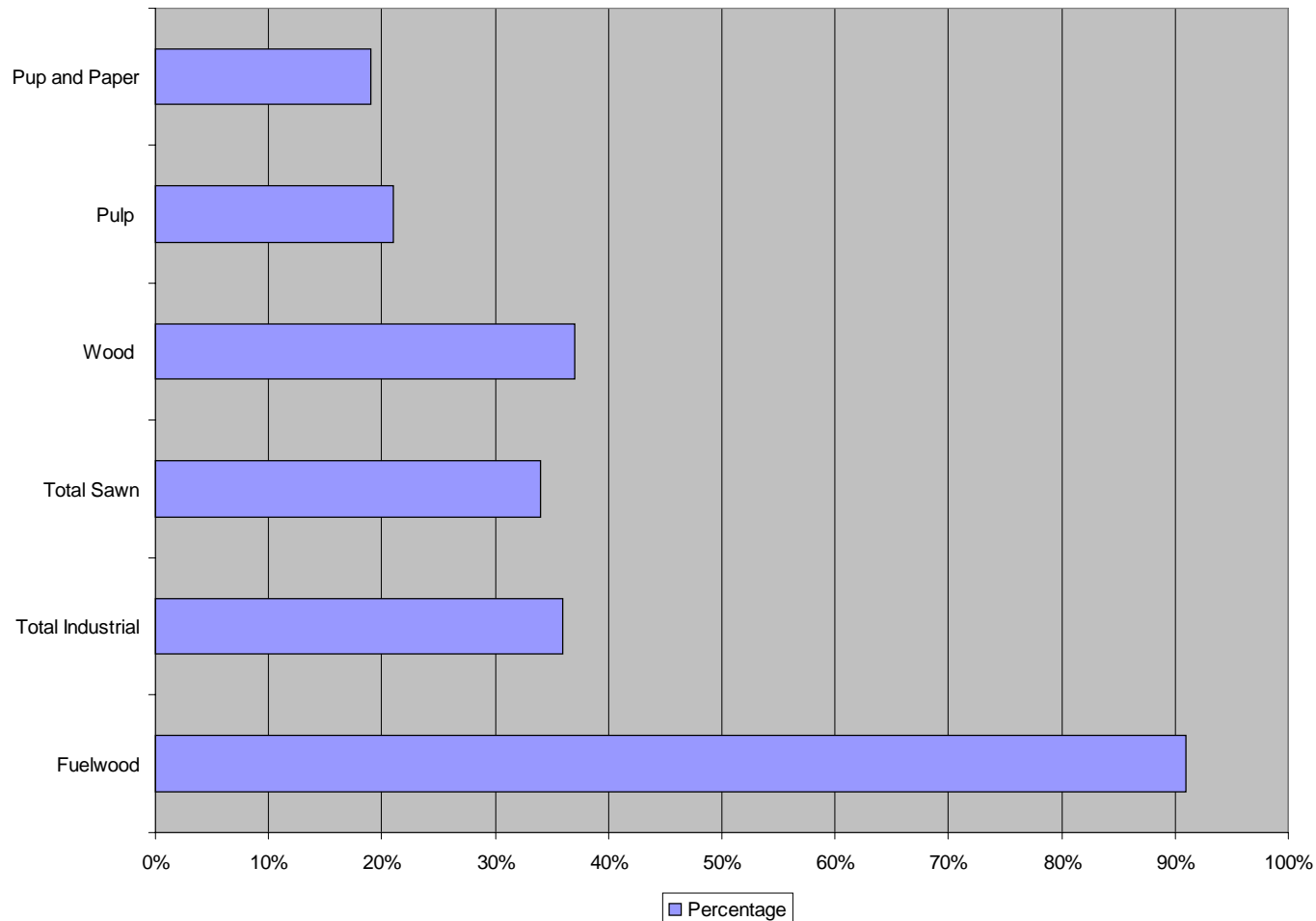


} Industrial Pulpwood Demand

- } Paper demand high; pulp demand lower; low-cost competition
- Market opportunities:
 - Farmer outgrower schemes in densely-settled, forest-scarce countries
 - Conversion of degraded community forestland to pulp plantations

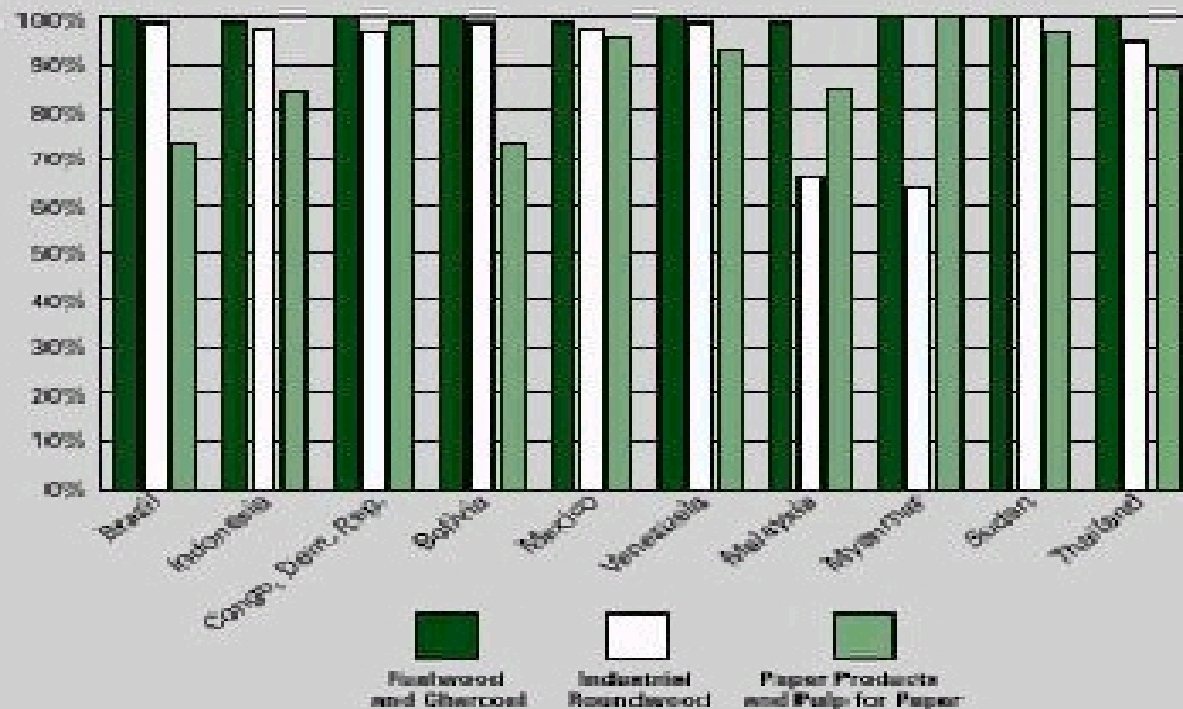
Forest Products Produced in Developing Countries

Role of Developing Countries in Supplu of Forest Products



Domestic Wood Consumption of Developing Countries

FIGURE 12:
National Consumption as a Percentage of National Wood Production in the Ten Most Deforested* Countries from 1990-1995



*As measured by the total area of forest lost from 1990 to 1995.

Source: Data are from FAO/STAT Statistical Database on GDP/PCY, 1998.



LDC Domestic Demand for Lower-Value Wood

- Market opportunities:
 - Communities near inland population centers (lower transport, market costs)
 - Communities that partner with domestic firms to reduce production risk
 - Communities who face lower cost structures for forest management



1 Demand for Certified Wood

- Consumer, investor demand
- Market opportunities:
 - Communities with high management and marketing capacity
 - Communities with direct links to wholesale or retail buyers
 - Communities with low certification costs



1 Demand for Selected NTFP's

- Market opportunities
 - Commodities with rising domestic demand
 - High-value export commodities, suitable for on-farm domestication
 - Well-established export commodities for NTFPs that are difficult to domesticate
 - Low-income consumer goods??
 - High-value niche markets

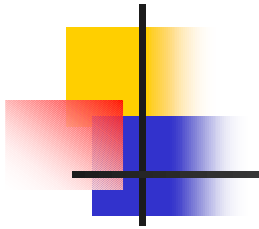


Demand for Environmental Services

Market opportunities

- Communities with forests (or potential forested areas) of high carbon sequestration value [?]
- Communities whose forests have high watershed or biodiversity value to outsiders
- Communities obtaining external financial assistance for “re-greening” investments
- Biodiversity & habitat

Market Strategies for Community-based Forestry



Local People

- Forest Communities
- Small-scale farmers
- Landless people

New Market Opportunities

- Timber
- Pulpwood
- NTFP
- Environmental Services

Enabling
Policy
Environment

New
Business
Strategies &
Partnerships

New
Sources of
Financing

Outcomes

- ▼ Supply
- ▼ Forest Conservation
- ▲ Poverty



Strengthen Community Land and Forest Rights

- Problem: local people lack forest rights
- Strategies to secure forest rights
 - Devolve forests to local control
 - Legalize local land ownership
 - Legalize local access to forests
 - Strengthen social criteria for certification
 - Design markets to recognize local rights



Remove Market Distortions

- Problem: Market distortions disadvantage local producers
- Strategies to reduce distortions
 - Simplify or remove harvest/transport rules
 - Simplify forest management plans
 - Develop & enforce contract standards
 - Facilitate environmental certification
 - Encourage competition, transparent prices
 - Design new markets to recognize local rights



Strengthen Voice of Local Producers

- Problem: Weak voice of local people
- Strategies:
 - Formalize role in ecosystem planning and management
 - Organize and lobby for policy action
 - Encourage direct communication and negotiation between communities and private sector



Business Factors Limiting Local Market Participation

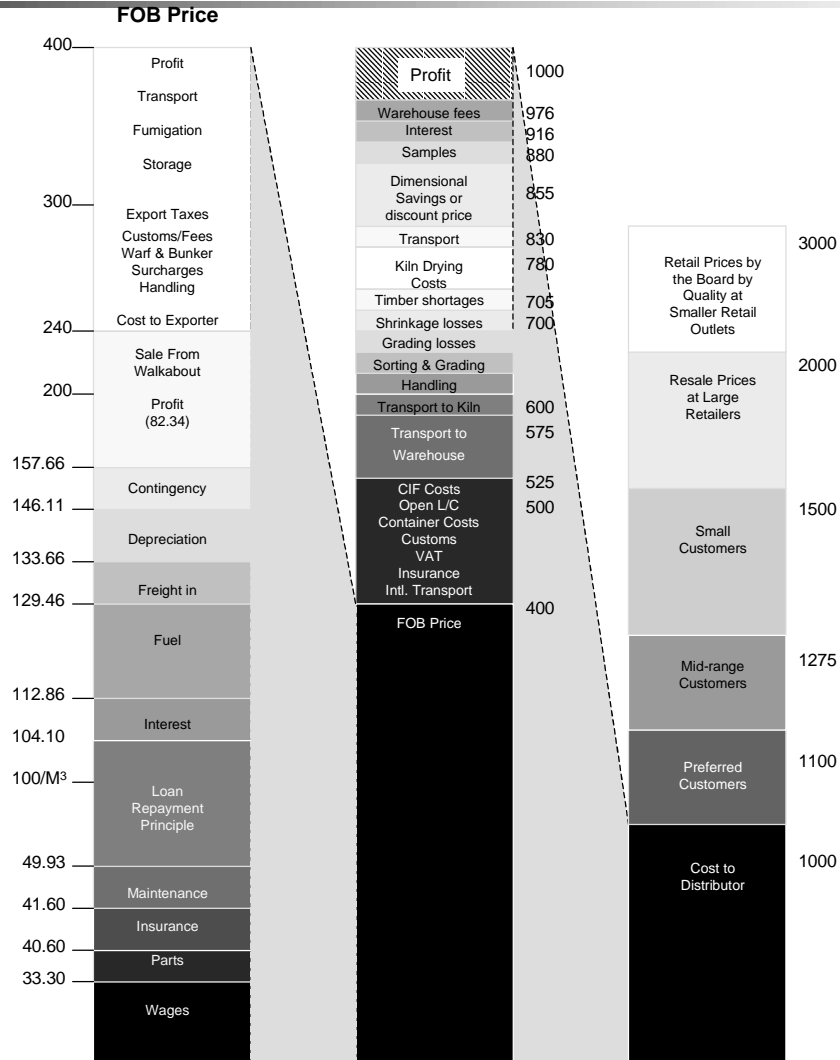
- Vulnerability to livelihood risk
- Limited access to technology
- Limited formal business skills
- Scarcity of capital
- Weak bargaining position in the market
- High transaction costs
- Collective action problems



Improve Market Position

- Analyze the value chain
- Establish a competitive position
- Strengthen local producer organizations
- Improve technology
- Act collectively to overcome “gaps”
- Educate and attract potential buyers and partners

Value Chain for High-Value Timber – Papua New Guinea





Forge Strategic Partnerships

- Community co-management of public forest
- Community groups or individuals contract public forest concession
- Private concessions in community forests
- Contract forestry on farmlands
- Joint investment (local groups and private companies)
- Pooled management of small parcels



Develop Support Services for Local Forest Business

- Business management services for local producers
 - “Honest brokers” for deal-making
 - Referral and consultancy services
- Technical assistance
- Market information
- Professional education
- Research for community-based forestry



Diversify Financing

- Buyers of forest products and environmental services
- Investors

Conclusions



- Major potentials for poverty alleviation
- Protect forests by increasing the value of forests for local people
- Pursue opportunities based on market trends
- Devolve public forests to local communities
- Reduce market distortions
- Encourage direct partnerships between private sector and communities
- Invest in institutional development for small-scale production