

Involving low-income forest producers in markets for environmental services

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Key questions

- **Why are we concerned** with involving marginalised groups in markets?
- What **competitive advantages** do local people offer in producing environmental services?
- What are the **key obstacles** to involving low-income households?
- What can we learn from **existing initiatives** to involve poor people?
- What are the key elements of an **agenda for action**?

Why are we concerned?

- *Ethical concerns*: society is concerned with equity
- *Efficiency concerns*: exclusion of potential suppliers reduces opportunities for cost-savings
- *Sustainability concerns*: exclusion may undermine social stability and spur resistance to markets

Potential risks:

- Exclusion from market & from forest resource base
- Serious consequences for:
 - Natural assets - lost access to NTFPs and timber resources
 - Social assets: erosion of community cohesion, loss of culture
 - Human assets: loss of valuable skills, reduced health
 - Financial assets: lost income
 - Political assets: erosion of ability to influence decision making

But also opportunities...

- *Natural assets*: increased forest value (direct & indirect)
- *Social assets*: increased organisational and managerial skills, strengthened CBOs, protected culture
- *Human assets*: improved health and education
- *Financial assets*: high & more diversified income base
- *Political assets*: stronger ability to project needs to policy makers

Competitive advantages of the poor?

- Key forest managers - cannot easily be excluded
- Cheaper - can undercut larger landowners
 - lower opportunity costs: WTA
 - cost-effective protection: self-policing
- PR benefits & market premiums - e.g. “pro-poor” carbon, “livelihood friendly-BD”, “fair-trade”
- Development spin-offs & public co-financing

Key obstacles?

- Insecure tenure - hard to sell what one doesn't own
- Inadequate skills & education
- Inadequate finance - start-up capital
- poor business services, e.g. market information, contacts, legal and accounting
- insufficient transport & communication
- inappropriate commodity design - large holdings and LT

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- High co-ordination costs
- Weak bargaining power
- Weak political voice
- Weak producers' organisations

Can we learn from existing initiatives?

- Existing environmental service markets
 - e.g. Scolel Té (Mexico), Sukhomajri (India), Shade coffee (Mesoamerica), Joint ecotourism ventures (Ecuador), PES (Costa Rica), EL Salvador (PRISMA), Philippines (ICRAF), forest certification
- Learning from other sectors
 - pro-poor agriculture and commodity market research, e.g. “Fair trade” initiatives

Agenda for action?

- Some preliminaries:
 - better info on how markets impact the poor
 - analysis of key constraints
 - commitment/interest of governments, donors and buyers to “pro-poor markets”
- Possible steps:
 - formalise PRs over forestland & services
 - Define appropriate commodities: simple, flexible, ST

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- Cost-effective payment mechanisms - to suit local capacities
- Strengthen cooperative institutions
- Training & education - e.g. managerial, organisational, marketing and technical skills
- Market support services - e.g. market info, business advice, contacts
- Improve access to finance
- Develop partnerships - NGOs, government, companies
- Encourage social certification & labelling