

Field manual helps create more equitable PFM projects

RIU

Validated RNRRS Output.

A new field manual is allowing local or national economists who have not had in-depth training on natural resources economics to study participatory forest management (PFM) situations. The aim is to promote more equitable projects and policies. The book contains six ways of comparing local stakeholder incentives in forest management with alternative land or livelihood uses. It also breaks down communities into wealth- and gender-based sub-groups to assess how much each one is benefiting. Spanish and Chinese translations have been made. The manual was necessary because weak local involvement in PFM activities and poor understanding of the costs and benefits to local people have sometimes constrained the design of effective project interventions and policies. Also, there has been a lack of economic analysis of PFM, especially the incentives for local forest users.

Project Ref: **FRP15:**

Topic: **5. Rural Development Boosters: Improved Marketing, Processing & Storage**

Lead Organisation: **Richards, M. (Independent)**

Source: **Forestry Research Programme**

Document Contents:

[Description,](#)

Description

FRP15

Research into Use

NR International
Park House
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UK

Geographical regions included:

[Africa,](#)

Target Audiences for this content:

[Forest-dependent poor,](#)

A. Description of the research output(s)*1. Working title of output or cluster of outputs.*

In addition, you are free to suggest a shorter more imaginative working title/acronym of 20 words or less.

Practical guidance for economic analysis of local user incentives and equity in participatory forest management (PFM) projects and policies.

2. Name of relevant RNRRS Programme(s) commissioning supporting research and also indicate other funding sources, if applicable.

Forest Research Programme

Other funding for Zimbabwe case study from DFID Environmental Policy Department and Agroforestry Southern Africa (AFSA) programme of Canadian International Development Agency (CIDA)

Other funding for additional case study in India (R6914E) from DFID Himachal Pradesh Forest Sector Reforms Project

3. Provide relevant R numbers (and/or programme development/dissemination reference numbers covering supporting research) along with the institutional partners (with individual contact persons (if appropriate)) involved in the project activities. As with the question above, this is primarily to allow for the legacy of the RNRRS to be acknowledged during the RIUP activities.

R6914 and R6914E (India case study)

Institutional partners: the project was implemented by Overseas Development Institute with various national partners in the case studies:

Bolivia: Centro de Investigacion Agricola Tropical (CIAT), Centro de Investigacion y Promocion del Campesinado (CIPCA)

Ghana: Collaborative Forest Management Unit, Forest Department

Mexico: TRL (Asociacion Civil), Quintano Roo

Nepal: DFID Nepal-UK Community Forestry Project

Zimbabwe: Institute of Environmental Studies, University of Zimbabwe

India: URS Corporation Ltd., Himachal Pradesh Forest Sector Reforms Project, TERI (The Energy Research Institute), Himachal Pradesh Forestry Department,

4. Describe the RNRRS output or cluster of outputs being proposed and when was it produced? (max. 400 words). This requires a clear and concise description of the output(s) and the problem the output(s) aimed to address. Please incorporate and highlight (in bold) key words that would/could be used to select your output when held in a database.

The end product of the research was a book: Richards, M. Davies, J. and Yaron, G. 2003.

Stakeholder Incentives in Participatory Forest Management. A Manual for Economic Analysis. ITDG

Publishing. This is intended as a **field manual** for use by local or national economists (without sophisticated NR economics training) to undertake **economic studies of PFM** situations with the aim of promoting more equitable PFM projects and policies. The core of the manual is the '**economic stakeholder analysis**' (**ESA**) **toolbox**, which consists of six methodological steps to compare local stakeholder incentives in forest management with alternative land or livelihood uses. A key aspect of this is an analysis of relative resource scarcity, so that technological or management changes are evaluated in terms of the returns to the household's scarcest resource be it labour, capital or fertile land, since this should conform closely to the farmer's decision-making criteria. Unfortunately many research studies, especially where the researchers are not economists, do not consider relative resource scarcity when evaluating livelihood or land use changes.

A second key aspect is to break down communities into wealth and gender based sub-groups to assess how much each one is benefiting, and in order to better identify constraints to increased benefits. It is also important to consider both private and community forestry sources of forest products in order to assess dependence on community forestry.

As much as possible, economic analysis should be as participatory as possible, partly to encourage ownership. At the same time, the manual assesses the limits to participation. The methodology also systematically integrates economic tools into a decision-making framework in a way that allows economists and practitioners of other disciplines, working in inter-disciplinary teams, contribute to more informed decision-making. We argue that the ESA framework represents an important contribution to 'livelihood economics' and has application beyond forestry.

The book has been translated into Spanish and Chinese, with added regional or national case studies. The Chinese version is fully edited and has been sent for publication by Chinese Social Science Publishing House; the Mexican version is due to be published by Plaza y Valdes, but final editing is proving slow.

Other outputs were:

- four ESA 3-4 day training courses (Ghana, Nicaragua, Mexico and Bolivia);
- an interactive website for readers to practise using some of the ESA tools: <http://www.odifpeg.org.uk/economicsofPFM/examples.htm>;
- a literature review published as European Union Tropical Forestry Paper 5;
- five ESA case study reports;
- two journal papers (Nepal and Zimbabwe studies);
- ODI briefing paper.

These outputs respond to the following problems:

- weak local participation in PFM projects supported by ODA/DFID and others, and poor understanding of costs and benefits to local people which constrained design of effective project interventions and policies (these points are documented in a major ODA review of its support for PFM projects in 1996);
- lack of accessible methodological guidance for economic analysis of PFM, especially

incentives of local forest users. Most available guidance was of sophisticated economic methods, which were therefore not very cost-effective to implement within the normal project level budget and time horizon constraints, and are mostly written from an environmental economics or policy perspective.

5. *What is the type of output(s) being described here?*

Please tick one or more of the following options.

Product	Technology	Service	Process or Methodology	Policy	Other Please specify
			X		

NB. There are many policy implications but it is not exactly a policy output.

6. *What is the main commodity (ies) upon which the output(s) focussed? Could this output be applied to other commodities, if so, please comment*

The main commodity focus in the ESA case studies was timber (Bolivia, Mexico and Ghana), but non-timber forest products were important in four studies (Zimbabwe, Nepal, Mexico, India); subsistence forestry feeding into the farm economy was important in Nepal and India; and non-market benefits or ecological services were important in Ghana and Mexico. The book covers all these PFM situations, so ranges from market oriented timber or NTFP based PFM to subsistence forestry in which forests are valued more for the farming inputs, energy source and ecological services.

7. *What production system(s) does/could the output(s) focus upon?*

Please tick one or more of the following options. Leave blank if not applicable

Semi-Arid	High potential	Hillside	Forest-Agriculture	Peri-urban	Land water	Tropical moist forest	Cross-cutting
			X			X	

NB. I have not ticked 'High potential', but there is clear potential for 'win-win' outcomes from carbon forestry, especially the 'avoided deforestation' option suggested by Stern Review - but the book does not focus on carbon forestry. It can also be noted that many forests occur on steep hillsides.

8. *What farming system(s) does the output(s) focus upon?*

Please tick one or more of the following options (see Annex B for definitions).

Leave blank if not applicable

Smallholder rainfed humid	Irrigated	Wetland rice based	Smallholder rainfed highland	Smallholder rainfed dry/cold	Dualistic	Coastal artisanal fishing

9. How could value be added to the output or additional constraints faced by poor people addressed by clustering this output with research outputs from other sources (RNRRS and non RNRRS)? (**max. 300 words**).

Please specify what other outputs your output(s) could be clustered. At this point you should make reference to the circulated list of RNRRS outputs for which proformas are currently being prepared.

The main contribution of ESA is to check whether technological or management changes, which appear technically and institutionally sound, make economic sense to villagers, especially in comparison with the best alternative use of their most scarce resource. In other words does the innovation or improvement compensate the opportunity cost. It may be easier to cluster with projects in countries and production systems where ESA has been piloted. With this in mind, rough order of priority:

R6918. Potential to develop an integrated methodology for FUGs using our researchers (Drs. Maharjan and Dr Kanel). R6918 has done hard work of quantifying production change, and assessed inequality. ESA can increase transparency of equity impacts and lead to more equitable management rules by FUGs.

R 6322. A problem with fodder is that normally only households with livestock benefit. The answer is either to find a way to increase livestock ownership by the poor or look for tree species which produce firewood or poles for sale.

R8101. 'Locally appropriate best practices' should be evaluated in terms of their equity implications (costs and benefits to wealth and gender sub-groups)

R6320 and R7274. I assume thorough economic and equity analysis has been done on these, but if not, it would be great to apply ESA to carbon forestry.

R7635, R7925. The ESA approach complements other decision-making tools. In the case of agroforestry, economic analysis is essential given that poor returns to labour has been a major cause of non-adoption of technologies like alley cropping. High potential technologies can increase returns to labour and land. For NTFP commercialisation, a key question is are returns to labour high enough for it to offer a poverty escape route? NTFP forestry can be a poverty trap due to low labour returns. Another concern is price elasticity of supply.

R6709, R7285. Have improved silvicultural and management practices made forestry more attractive than other land/labour uses? Have poor groups and women benefited from fair trade, and how can they benefit more? What are the transaction costs?

R7589. Certification has direct and indirect (opportunity) costs for communities and households. Do increased benefit flows compensate these? Again transaction costs are significant.

R8305, R7822, R6549. Do the costs and benefits of management and processing provide positive incentives, and how much have poorer groups benefited? The per cow profit has increased, but has the return to labour and capital increased?

ADDITIONAL COMMENT (not included in 300 words):

In the next iteration of FRP outputs, could you add:

There was most interest in replicating and extending the ESA methodology in Nepal, and CARE Nepal has encouraged 'participatory economic analysis' although the practical extent of this is unclear. The current Ford Foundation and CARE funded 'Action Research into the Poverty Impact of PFM (ARPIP)' study involving other ODI researchers incorporates some of the methods in the Stakeholder Incentives book into its research methodology. This is being applied in 40 villages in Kenya, Tanzania, Nepal and will be applied in Vietnam in 2007. The purpose of this study is to assess the poverty impacts of PFM. It will provide further evidence of the potential of the ESA toolbox to clarify equity impacts and lead to pro-poor PFM project and policy interventions.

Editor's Note:

Other sections are not available.
