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Poverty Reduction Strategy Papers: Making the Case for Forestry

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Poverty reduction strategies have become a major framework for national planning and international development assistance. However, forestry coverage is limited within most Poverty Reduction Strategy Papers. Very few papers examine the links between poverty and the use of forest resources. There is also little exploration of the links between poverty reduction strategies and sector processes, such as national forest programmes. It is therefore unlikely that forestry issues will appear high on the national political agenda, which is now much influenced by the poverty reduction debate. This may affect budgetary allocations to the sector, and reduce the opportunities for cross-sectoral coordination. The contribution that forestry can make to poverty reduction has to be better understood and then communicated effectively in national policy circles. Sustainable forest management can probably play only a minor role in a growth-orientated, nationally accountable poverty reduction strategy. Yet through tenurial reform forests have the potential to provide significant, long lasting benefits for the rural poor.

Policy Conclusions

- Without established ownership or precisely-defined rights over forest resources there is little incentive for poor people to invest in forest management. Poverty reduction strategies present a valuable opportunity to address these issues, although this has been rarely acknowledged in existing PRSPs.

- There has been a tendency in the literature to see the strength of PRSPs as lying in the process of their formulation, not in their factual content. In relation to resources such as forests, however, there is a real danger that over-concern with process over content will simply serve to legitimize the status quo.

- When setting the priorities for pro-poor forest policy, the benefits of sound forest management should be valued in terms of harm avoided as well as of benefits gained. This means giving greater attention to the social safety net functions of forests and their role in reducing the vulnerability of the poor.

The sale of non-timber forest products provides some economic opportunities for the rural poor.

- Sector-led frameworks tend to be the most powerful lever of improved management practices within the bureaucratic structure of government. Poverty reduction strategies therefore need to strengthen links to sectoral planning processes. The national forest programme (nfp) represents the main planning framework for forestry in many countries. Nfps can provide the necessary broad platform to engage with the poverty reduction agenda by working towards coherent sector policies that have widespread support.

- Public consultations conducted as part of poverty reduction strategies may well understate the importance of forestry issues to the poor. Improved methodologies are required to compensate for the disincentives for the poor to reveal the extent of their dependence on resources which are often state assets to which they have no official right of access.

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Introduction

The PRSP process

Since 1999, Poverty Reduction Strategies (PRSs) have become a major national development framework in many countries. The Poverty Reduction Strategy Paper (PRSP) sets out an analysis of poverty for the country concerned and defines a national strategy for reducing it. Key policy measures and structural reforms aimed at poverty reduction and growth are identified and prioritised during the PRSP process, and their budgetary costs are assessed. PRSs are designed to improve the comprehensiveness of poverty reduction measures, in an effort to achieve the Millennium Development Goals. The process usually begins with the preparation of an Interim-PRSP (I-PRSP), which provides the framework for drafting the final paper. Originally set as a requirement for debt relief under the Enhanced Heavily Indebted Poor Countries facility (HIPC2), many non-HIPC-eligible countries have also invested in preparing these plans. The PRSP has thus become a formal representation of a nation's development policies, and helps determine the attitude of the international donor community towards national efforts (Booth, 2003).

Subsistence use of forest products remains important for large numbers of the rural poor

Forestry and poverty reduction

The treatment of forestry issues in this policy discourse is complicated by the fact that forestry is neither wholly a productive sector nor a social one. It does not fit neatly into any one sectoral box. Three strands can be identified concerning the way that forest activities impact on the lives of poor people:

- Large-scale, commercial timber harvesting is an established industry in many countries, providing employment and social provision (in terms of housing, schools, health clinics etc.). Employment in remote, rural areas and the revenue generation from timber production can be important national benefits. This is the strand most apparent in national planning documents (including PRSPs).

- Small enterprise development based on forest resources is important to a large number of additional people. The significance of these businesses to poverty reduction is gaining recognition internationally (Scherr et al., 2004), although the prospects of significant national-level poverty reduction appears limited for many forest products (Angelsen and Wunder, 2003). Also, the measurement of impact is costly as these activities frequently take place in the informal sector, and so are not recorded in government statistics. Hence, there is little in national planning documents on these 'hidden' activities.

- The subsistence use of forest products has been down-played in the recent 'growth' debate and is missing from much of the PRSP literature. Yet there is considerable evidence to show that poor people rely on the collection of a wide range of forest products to sustain and supplement their livelihoods and as a means to help them invest in activities to help them escape poverty (Kaimowitz, 2003). Access to these resources is vital to the poor in many countries where there are no formalised social protection mechanisms. In such countries the main sources of forest products are often state and common lands, where tenure claims by different groups are often in conflict. This has negative implications for participatory policy development (Box Two).

The contribution of forestry to poverty reduction is therefore a complex issue, and is only now being established. The application of some forms of forest management, in particular large-scale timber harvesting, have had a negative impact on the poor in a number of countries. Through exclusion, repression and corruption, the benefits of forest development have passed them by. Other constraints preventing the poor benefiting significantly from high value timber production include the high capital intensity of logging, the economies of scale and the long time horizon associated with tree growing. In some countries, major change within the forest sector will be necessary before the benefits associated with forestry can be realised by poor people. Potentially, the PRS process represents an important vehicle to encourage the necessary reforms, yet so far this potential has not been realised.

Forestry within PRSPs

A recent ODI study reviewed the treatment of forestry issues within the PRSPs of 16 forest-rich countries from West and Central Africa, the Neotropics and South-East Asia (Dickson and Bird, 2004). The chosen countries were: Benin, Bolivia, Cameroon, Central African Republic, Democratic Republic of Congo, Côte D'Ivoire, Ghana, Honduras, Indonesia, Nicaragua, Nigeria, Sierra

Leone, Tanzania, Uganda, Vietnam and Zambia. Poverty levels are high throughout, with 40 percent of most populations living below the locally defined national poverty line.

The review method was adapted from two similar studies that have examined the inclusion of environmental issues (Bojö and Reddy, 2002) and forest issues (Oksanen and Mersmann, 2003) in PRSPs. For eleven countries within the sample, both the interim and final PRSPs were examined. For the remaining five countries the final PRSP document has yet to be published, so the country analysis depended on a review of the I-PRSP.

Forestry issues were mentioned in 23 out of the 27 documents reviewed, although almost all these references were very brief, general statements (Box One). A number of policy reforms related to the forest sector were suggested, but very few references were found of any assessment of the underlying problems associated with forest use by the poor. For example, the Zambian PRSP lists deforestation as the fifth of five environmental problems imposing the greatest social costs upon the Zambian people, but does not explain what the consequences are and how these impact on welfare or poverty. However, the suggested policy response includes extensive details of how to substitute charcoal fuel use and stimulate ecotourism.

Box 1. Forestry in PRSPs

The roles that forests might play in poverty reduction have been little explored within existing PRSPs. In some papers forests are described simply as an economic resource (Zambia), elsewhere they are set within the context of environmental degradation (Benin), often requiring some form of State control (Uganda):

- Zambia PRSP 2002: "Regarding economic empowerment, it is recognised that many parts of rural Zambia are well endowed with resources like land, water, wildlife, and forests – often better endowed than some urban areas. They remained underdeveloped because they have lacked quality investments to exploit the resources." p.50
- Benin PRSP 2003: "Forestry resources play a fundamental role in the ecological balance of Benin (regulation of rainfall, water balance of rivers, soil protection). The rapidly increasing need for land and firewood, due to demographic growth, has led to increasing stress on the forests: 100,000 ha are being destroyed every year by activities related to agriculture, livestock raising, indiscriminate logging and burning practices." p.30
- Uganda PRSP 2000: "Sustainable resource use will be promoted by raising awareness, including the encouragement of communal initiatives to protect common property resources. Forestry needs to be promoted by a mixture of public protection and investment in private forests." p.17

Very few references were found which made the link between the PRS and sector policy and planning processes. Specific reference to a national forest programme appeared in only one document examined, the Ugandan 2003 annual PRSP progress report.

Possible reasons for the limited coverage within PRSPs

The limited treatment of forestry is consistent with a generally poor coverage of natural resource issues in PRSPs. There may be many reasons for this, one being that it is much easier for governments to give a positive image of themselves, and the partnerships they favour, when presenting social sector poverty reduction strategies (e.g. in health and education) as compared to strategies based on natural resources. This is particularly so as regards forest resources, which have sensitive national and international public goods dimensions. By the same token, there is less controversy as to the legitimate role of the state, and the necessity and benefits of state intervention, where social sector issues are concerned. Four additional reasons, in particular, help explain the limited coverage of forestry within PRSPs; these will be considered in turn.

i. Forest Tenure

Many countries retain natural forests as state assets and restrict local peoples' rights of access. Ownership by the state has been justified on the basis of protecting non-market, including inter-generational, public goods and services. However, until rural people can claim ownership or precisely-defined user rights over these natural resources there is very little incentive for them to invest in forest management. It is therefore not surprising that forests are often not seen as providing a pathway out of poverty. Nor is this situation restricted to natural forests: in some countries farmers hold no rights over the trees growing on their farms. This situation has led to conflict between farmers and those harvesting the timber.

In a number of countries, the existence of dual legal systems (i.e. Customary Law and Statute Law) has contributed to considerable confusion and conflict in rural areas over claims to forest resources. This is a major barrier to pro-poor development (Arnold, 2001).

Until there is greater clarity and acceptance of rights held, investing in economic opportunities based on forest resources will in many cases remain a high-risk strategy for the rural poor.

ii. Low visibility of non-timber forest products (NTFPs)

Forests are not just about timber production. They also make an important contribution to the livelihoods of many poor people by providing energy, shelter, medicine and food (both plants and animals). Yet, the financial benefits of timber production have dominated national development planning, including PRSPs. In part, this is because these benefits accrue to a visible sector of the population and provide government revenue through general taxation and concession fees. Most other forest resources do not have these visible characteristics. Nor are the people who depend on them well represented in the national poverty reduction discourse. As a result, the localised benefits of sustainable forest management in terms of non-timber forest products - both plant and animal in their origin - are often not acknowledged in PRSPs.

iii. Uncertain impact

The returns from investing in forests are seen to be long-term and high-risk compared to more mainstream productive sector activities. Sustainable management almost invariably entails lowering the harvesting rate relative to unplanned levels, at least initially. In addition, there is continuing uncertainty over the implementation of sustainable forest management (SFM), which remains at an adaptive stage in many countries. This uncertainty is compounded by a lack of information, caused in part by the shortage of skilled, motivated staff required to provide technical support, including data collection. This has made it very hard to determine progress within the forest sector, which in turn makes it difficult politically to justify sizeable public investments in forestry.

iv. Issues of participation

Public consultations conducted as part of poverty reduction strategies have not revealed a strong concern for forestry issues among the poor. Given what is known about the importance of forest products to the livelihoods of the poor, this is a surprising observation. Poverty reduction benefits are gained from sustainable forest management, as has been demonstrated by many individual cases (e.g. community-based land rehabilitation in Tanzania; reforestation initiatives in Vietnam), but the environment/poverty link has not yet been supported by the majority of consultation exercises associated with PRSPs. One powerful reason for this is that forest use is often associated with enormous power imbalances and conflict between local people and outside interests. This provides a powerful disincentive for the poor to express their views on forestry in open, public meetings (Box Two).

Box 2. A closer look at the participatory process

A major methodological tool developed to ensure widespread participation in the analysis of poverty is the Participatory Poverty Assessment (PPA). Originating in the early 1990s, PPAs are designed to include poor people's views in poverty analysis and the formulation of strategies to reduce it through public policy, such as those laid out in PRSPs. They therefore represent an important opportunity for ensuring that PRSPs address forestry where it is a significant sector to the poor. PPA findings that were used for input into the PRSPs of the ODI study were reviewed. The feedback from these consultations did not include many references to forestry resources. Of 17 consultation programmes (across 11 countries) designed for PRSP input, only five addressed forestry resources explicitly: in Cameroon, Zambia, Tanzania, Vietnam, and Nicaragua.

The very nature of participatory consultation can limit its scope, particularly in the forest sector. Firstly, consumptive use of forest resources is often heavily regulated, making it illegal for many people. This is likely to prevent participants from talking freely about their dependency on these resources. Secondly, the selection of participants may exclude the most remote communities, who are often those most dependent on forest resources. Concerns also exist about the discourse of the data collection methodology, which may discourage the poor from listing secondary or non-monetary income, and predispose them towards prioritising growth opportunities rather than vulnerability mitigation. Under such circumstances the value of forest resources to the poor may well be underestimated.

What needs to be done to improve the profile of forestry within PRSPs

Very large numbers of the rural poor engage in forest-based activities. Forestry provides a rare opportunity for people who are marginalised by poor skills, education, infrastructure, and remoteness to get involved in the cash economy, through wage employment and small-scale enterprise opportunities. Despite this, forestry has a very low profile within PRSPs. Three strategies are proposed that would help make the contribution of forestry to poverty reduction more visible.

i. Setting the priorities of pro-poor forestry policy

If there is one policy change above all others which would have a radical impact not only on poverty but also governance, it is the issue of tenure reform. Such reform would provide the incentive for poor people to make greater, and more formalised, investments in forest management. Where people are clear about ownership of land and their powers and responsibilities in managing resources, there is a propensity to effect sustainable resource management practices.

Another key policy area concerns non-timber forest products. Although the revenue derived from these resources may be low in absolute terms, they are vital to the welfare of the poor, as mismanagement and resource depletion can be devastating. Deforestation in particular can lead directly to shortages in resources required for subsistence: Uganda PRSP annual progress report 2003: "Deforestation has led to increased poverty through increased fuel wood costs, both in terms of money and time spent in collection." p.83.

The trade-offs between national benefits derived from commercial timber harvesting and local benefits derived from small-scale forest management initiatives are poorly acknowledged in PRSPs. The latter tend to emphasize a wider range of forest goods and services and involve many poor people. The magnitude of these trade-offs therefore has to be measured in terms of the relative poverty reduction impact of both strategies. Sector policies need to be adjusted to give greater weight to local concerns, if the rural poor are to benefit significantly from national forest development efforts.

ii. Linking with other planning and policy processes

The link between forestry and poverty reduction could be enhanced by ensuring PRSP and national forest programmes (nfps), which represent the main sectoral framework in many countries, are well linked. Nfps have the potential to inform the wider national process of poverty reduction if they help to address the underlying causes of deforestation, forest degradation and illegal forestry practices. They provide the best opportunity of achieving coherent sector policies that have broad support.

The medium-term expenditure framework (MTEF) provides governments with a longer term perspective to financial planning than the annual budget cycle. The spending plans detailed in a country's MTEF should reflect the policy priorities established within the PRSP. This has happened in Uganda, where the MTEF has become the basis of annual budget preparations and the mechanism for disclosing resource and expenditure projections to the legislature (Holmes and Evans, 2003). Future forestry programmes need to appear not only in the PRSP but also in the MTEF, if such programmes are to compete successfully in government spending plans.

Bushmeat makes an important contribution to the livelihoods of many rural people.

iii. Informing policy processes

In many countries, there is significant informal trade in forest products. For example, in Tanzania, as much as half of poor households' cash incomes in some areas derive from the sale of forest products (Tanzania PRSP 2000). However, because of the informal nature of this trade its impact on the natural resource base and on livelihoods and poverty reduction remains poorly understood in policy circles. As are the subsistence values of forest resources, which underpin many strategies for economic growth. The cash savings made possible by subsistence use of forest goods allow the rural poor to secure other household needs, including health and education. This has a knock-on effect on government resources, which can then focus on the delivery of other welfare benefits in rural areas. Information describing the contribution that

forestry can make to broad-based economic development now needs to be packaged in a better way to facilitate its rapid uptake in national policy debates.

Finally, turning to the organisational dimension, there is an important – but often over-looked - role for forest authorities to play in taking forward the national poverty reduction agenda. They are among the few government agencies with a physical presence in remote areas. Forestry staff and offices can support other government service providers (e.g. in infrastructure, health and education) to get information and services out to remote communities.

Conclusions

The fact that the poor are so heavily reliant on resources they do not own, and for which their access is often, in terms of existing laws, illegal, poses particular problems for participatory documents such as PRSPs. There has been a tendency in the literature to see the strength of PRSPs as lying in the process of their formulation (Booth, 2003), not in their factual content. This approach tends to discount the value of 'content tallies' in favour of attempts to strengthen participatory methodologies. In relation to resources such as forests, there is a real danger that over-concern with process over content will simply serve to legitimize the status quo.

The experience of the forest sector underlines the ways in which sectors which are, largely for political reasons, marginal in public discourse may well be actively disadvantaged by the new architecture of aid. This is paradoxical, as promotion of rights in such sectors is arguably the most important means by which poverty can be overcome on a sustained basis.

Commercial timber harvesting, and related downstream processing, can provide significant employment in rural areas.

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