Poverty Reduction Strategy Papers: making the case for forestry

Neil Bird and Chris Dickson

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 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.

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 prioritise tenure reform in forested areas, although this is 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.
- 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 underestimate 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.

Introduction

The PRSP process

Since 1999, Poverty Reduction Strategies (PRsSs) 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. PRsSs 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).

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 (Scher 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, which 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 downplayed in the recent ‘growth’ debate and is missing from much of the PRSP literature. Yet there is considerable
The role that forests might play in poverty reduction have been little explored within existing PRSPs. 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. One reason for this is that 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 legible. 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, they are likely to be used for non-beneficial purposes. There are, therefore, a number of constraints preventing the poor benefiting from the products of these forests. Other constraints preventing the poor benefiting 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, significant changes within the forest sector will be necessary before the benefits associated with forestry can be realised by poor people. Potentially, the PRS process represents a major vehicle to encourage the necessary reforms, yet so far this potential has not been realised.

### 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), or formally defined (Uganda). 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) than natural resource based ones. This is particularly so as regards forest resources, which have sensitive national and international public goods dimensions. 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) than natural resource based ones. 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.

### Possible reasons for the limited coverage within PRSPs

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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

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Uganda PRSP 2000: p.17 “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.”
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 concessions 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 existing ‘free capture’ levels, at least initially. In addition, much uncertainty remains over the implementation of sustainable forest management (SFM), which is at an adaptive stage in many countries. The significant research efforts made in recent years in SFM are only now beginning to point the way forward towards operational systems. This uncertainty is compounded by a general 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).

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 radical impact not only on poverty but also governance, it is the issue of tenure reform. During the colonial period many forest dwellers lost control over their resources, and successive regimes in the post-colonial period have usually been unwilling to restate these rights. Such reform would provide the incentive for poor people to make greater, and more formalised, investments in forest management.

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.

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.
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.

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 statute, 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 (for example, through radical tenurial change) is arguably the most important means by which poverty can be overcome on a sustained basis.

References


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