



## Poverty reduction - what can be done, and what have trees got to do with it?

A paper by

M. HOSNY EL-LAKANY

Assistant Director-General, Forestry Department, Food and Agriculture Organization of the United Nations (FAO), Rome

## Abstract

For the forest sector, the eradication of extreme poverty and hunger which is featured in the Millennium Development Goals (MDGs) represents both an opportunity to raise awareness of the importance of forests and a risk in terms of meeting expectations. Although the MDGs are as close to a global strategy as we have ever had, action plans are needed to tackle the root causes of poverty in a concerted manner. Ways in which forests can help achieve MDGs will only fully be tapped if they are considered within broader national development strategies. Discussions on their potential should build on the need for strong national commitment and concrete action to improve governance; the recognition that international aid may help poor people in the short term but is not a lasting solution; and the importance of realistic implementation strategies to bring about lasting change in the lives of poor and undernourished people.

**Key words:** forests, poverty, MDGs, commitment, strategies, action plans.

## Introduction

World leaders adopted the Millennium Declaration in September 2000, a statement that reinforces and consolidates commitments to which they agreed during world summits and global conferences during the 1990s. Eradication of extreme poverty and hunger figures prominently in the Millennium Development Goals (MDGs) and is now at the top of the global agenda. For the forest sector, this international priority represents both an opportunity and a risk – an opportunity to raise awareness of the importance of forests and a risk in terms of meeting expectations that are often unrealistic.

The World Bank defines poverty as a serious deprivation of well-being related to lack of material income or consumption, low levels of education and health, vulnerability, exposure to risk, and powerlessness. However, the benchmark it uses of US\$1 per caput per day only serves to establish that there are 1.2 billion poor people in the world (World Bank 2001). It does not shed light on the nature of their poverty, for example, the extent of their hunger, malnutrition, insecurity, vulnerability, and marginalization. If we use US\$2 as the threshold, almost half of humankind – 3 billion people – is considered poor. According to FAO, an additional 2 billion people will have to be fed over the next 30 years from an increasingly fragile natural resource base.

More than 842 million people are chronically hungry, most of them in rural areas of poor countries. Billions suffer from malnutrition caused by poor quality of, and lack of diversity in, their diet (FAO 2004). In the poverty-hunger nexus, it is irrelevant which comes first – whether poor people are hungry or whether hungry people are poor. What matters is that poverty and hunger are, to a large extent, both a cause and a consequence of land degradation of tremendous proportion, confirming the need to move beyond academic debate to concrete action.

One way of looking at poverty when designing interventions is to ask whether those who live on the equivalent of US\$1 or \$2 a day think of themselves as poor, since money is not always a full measure of wealth. Indeed, some would agree that giving the poor only money is insufficient to improve livelihoods either in the short or long term. While the fact remains that hunger and poverty are serious issues for which solutions either exist or can be found in this modern day and age, targeting those hardest hit as a matter of priority remains a challenge.

As a first step, we need to examine why some people are poor. Reasons include;

- weak and contradictory national policies;
- scarce natural resources at their disposal;
- global trade measures that unintentionally discriminate against the poor;
- violent conflict, including civil unrest; or
- a combination of these and other factors

Leaders and policy makers now realize that they have taken far too long to address the pressing needs of those living in poverty. However, the recent focus on the Millennium Development Goals is cause for optimism that a turnaround is within reach. Partnerships among governments, international agencies, non-governmental organizations and the private sector are being forged and are already making a difference. On the other hand, even though the MDGs are as close to a global strategy as we have ever had, they still fall short of the action plan needed to tackle the causes of poverty in a concerted manner and to bring about lasting change in areas such as the environment, global warming, natural resource degradation and increased risk and consequences of disasters.

Forests, as a natural resource of huge proportion, are often looked at as a significant part of the solution to poverty and hunger. Understandably, these problems are broad-based and deeply rooted. While forestry should be part of remedial efforts, forest-based strategies directed solely at alleviating poverty are not practical. The potential of this resource to alleviate poverty and reduce food insecurity will not fully be met unless contributions are considered within the context of national development strategies. In this regard, achieving broader country objectives will sometimes mean maintaining and sustainably using forests and other times it will mean removing forest cover to make way for other land uses. Such trade-offs are not new. Unfortunately, most decisions are made in the absence of a comprehensive framework so fail to take into account their effects on various sectors. In other words, planners often disregard the inter-dependency of natural resource management strategies.

## **A realistic view of the role of forests and trees outside forest in poverty alleviation**

It is believed, though not confirmed by actual statistics, that a large part of the 842 million malnourished people live in or around forests. Despite scant research and empirical evidence on the contributions of forests and trees outside forests to improving livelihoods, it is common knowledge that these resources, where they

exist, provide poor people with the fundamental necessities of life – shelter, fuelwood, food and medicines. The number of trees on farms appears to be increasing and the benefits of agroforestry are gaining recognition. However, replicating best practices to reach more households remains a difficult task because successes are often confined to small areas. Community-based enterprises and other small-scale forestry projects provide some employment but, for the most part, forest products and services are consumed locally for subsistence purposes and do little to raise standards of living.

Timber is by far the highest valued product in most forests yet the conditions for its extraction often preclude poor people from participating in activities from which others reap significant financial benefits. Indeed, most timber production and processing require investments in capital and technology, economies of scale and secure land tenure – luxuries not available to poor people.

## **Emerging market opportunities**

### **Environmental services**

In addition to fulfilling the most basic requirements of poor and malnourished forest-dependent people, forests are a source of income for other functions. The market for environmental services is growing and may offer new opportunities for forest owners, including local communities. Evidence is mounting that certain segments of society are able and willing to pay to protect watersheds, for example, and this practice is expected to become more widespread when the linkage between upstream owners and downstream users is formalized. Payment for biodiversity conservation and carbon sequestration are two other emerging areas that are receiving significant attention. Factors that prevent most poor people from taking advantage of these opportunities include weak national policies and legislation; undefined tenure rights; limited access to these sophisticated markets; lack of negotiation skills; and sometimes corruption. Overcoming such constraints often depends on external support yet such assistance only offers a short term solution at best.

### **Ecotourism**

Forest-based ecotourism is increasing in popularity as well. If managed properly, ecotourism can generate income and employment for those faced with few alternative livelihood opportunities. Often however, mass unregulated tourism in natural areas can destroy the environment, disrupt social structures and leave few economic benefits for local people. Too often, the money goes to other countries as payments to tour operators, airfare, foreign-owned accommodation and non-local supplies and food. The World Bank estimates that only 45 percent of tourism's revenue worldwide stays in the host country, and a study of the popular Annapurna region of Nepal found that only 10 percent of tourism expenditures benefited the local economy (Martinoli and Fiore 1999).

## **Devolution of forest management to local communities**

In theory, devolution – including devolution in the forest sector – should alleviate poverty because the process is designed to make more efficient use of resources. Good governance and entrepreneurial capacity are the basic ingredients for success, ones that create an enabling environment to foster fair competition and markets that function well.

Increasingly, ownership and control over natural resources, forests included, is shifting from the state to local communities (CIFOR/Forest Trends 2003). However information on this trend is either not available or not current so the jury is still out on the effects it has on poverty alleviation and food insecurity. As part of the update of the global Forest Resources Assessment, due to be released later in 2005, FAO is collecting country data that classifies the world's forests into two classes: public or private. Results should shed light on the nature of linkages, along with outcomes of other studies that Forest Trends and IUCN, among others, are undertaking.

## **A Global agenda for action but no global action plan**

Declarations by world leaders are an effective means to create awareness and raise the profile of issues to the global level. Indeed, Heads of State have a responsibility to bring these matters to our attention and the MDGs are a good example of concrete commitments and targets. Reaching consensus to pursue common goals such as these is a critical first step to taking action. We all agree that the world can and should collectively do something about most problems plaguing our planet today: global warming, natural resource degradation, environmental disasters and terrorism, to name a few.

We have the documents, we have words on paper, but a meaningful global action plan *per se* is nowhere in sight. As a result, progress in achieving commitments has so far been mixed. Despite good intentions and general agreement on the need to move forward, the global community, as an entity, has devoted little thought to devising a practical approach to half the proportion of people living on less than a dollar a day, for example. Taking concerted remedial action requires long-term planning and funding to support implementation. Good intentions are not enough. Therefore, the current challenge in my view, at least for the forestry sector, is to progress beyond small-scale projects and turn to broader strategic and coordinated implementation according to a well thought out and systematic plan.

The same strategy holds true in terms of globalization, a trend which is leading to greater inter-dependency among countries. This growing movement, coupled with trade liberalization policies that often hurt poor people in the short term, tends to favour big business in the hope that the prosperity of the rich will eventually filter down – an effect that remains to be seen.

## **National Approaches**

If current national approaches to alleviating poverty and improving food security were effective, there would be no need for additional action at the global level. Heads of State, policy-makers and practitioners could focus their attention on other issues. The fact remains, however, that national strategies are not as comprehensive as they should be. Competing objectives, too many priorities and lack of coordination hinder both policy development and implementation at the country level. I often argue that drawing up forest policies centered around the goal to alleviate poverty is not realistic. Instead, we should do the reverse – make forests a substantive component of poverty alleviation strategies at both national and global levels.

Donor aid can help the process initially but will never be enough to bring about fundamental change. In some instances, such assistance has been known to breed corruption, leaving a country worse off than before interventions. New and additional financial resources from both internal and external sources to fight hunger, poverty and other problems may provide the impetus to start badly needed projects but experience has shown that relying on this type of funding is not a solution in the long run. On the other hand, if a country uses these resources for long-term planning and for the development and implementation of comprehensive national strategies, money will have been well spent.

As is the case with any global action plan, national development strategies will not feed the hungry or alleviate poverty until words on paper move to activities in the field. Neither will strategies make any real difference unless the range of sectors are involved in their formulation and, in the process, succeed in balancing the trade-offs that will inevitably have to be made during implementation.

Outcomes of world summits and global conferences over the last decade have consistently called for more integrated approaches to natural resource management and to sustainable development at international and national levels. Global policies such as the World Bank Operational Policy for Forests (OP 4.36) reflect this new imperative. As a result, assistance is being given to countries that adopt cross-sectoral strategies where forestry is but one component of efforts to alleviate poverty. The process related to Poverty Reduction Strategy Papers also discourages the treatment of sector specific issues in isolation, making it easier than in the past to include a forestry dimension.

## **Key constraints limiting the potential of forests to alleviate poverty**

FAO and others maintain that there are two ways in which forests can have a positive impact on poverty. Firstly, forest resources help people at the margins avoid poverty or they can lessen the poverty they are experiencing. NWFPs play a special role in this regard because they are easily accessible and require little capital. However, these same characteristics can also make forests poverty traps. Secondly, in fewer instances, forests can actually help people lift themselves out of

poverty if certain conditions are met such as democratization, secure tenure, and access to markets (FAO 2003).

Perhaps the two biggest constraints preventing more effective use of forests in the fight against poverty are corruption and illegal activities. According to the World Bank, governments lose US\$5 billion annually to illegal logging and economies of timber-producing countries lose a further US\$10 billion (Contreras 2002). In many cases, the proportion of illegally produced timber far exceeds legal production. The activity depresses prices, undermines profitability of legitimate enterprises, and helps to finance wars and civil strife (FAO 2005), all of which seriously undermine efforts to alleviate poverty and feed the hungry.

In addition to huge revenue losses to governments, corrupt practices often mean that households engaging in small-scale forestry are forced to pay bribes they can ill afford or sell products, including timber, to unscrupulous agents at prices far below market value. In other cases, poor people have no recourse when corrupt officials or private companies threaten them with violence and illegally deny them access to forest resources to meet their basic needs.

## **Building on lessons learned**

Until the recent focus on MDGs, most international calls related to forests and sustainable forest management do not directly target poverty alleviation. Rather, most actions address forests at large, including the proposals for action of the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests and the expanded Programme of Work on Forest Biological Diversity of CBD. Future discussions of the role of forests in poverty alleviation, therefore, should build on the following principles:

- Forests and trees outside forests have a role to play in alleviating poverty and improving food security but only as part of wider strategies for economic development. For the foreseeable future, these resources will continue to act as a safety net for poor, hungry and malnourished people.
- A strong national commitment and concrete action plans to improve governance and fight corruption, forest sector included, may be an effective means to alleviate poverty.
- International aid may help poor people recover from sudden shocks and environmental disasters but it is insufficient to alleviate poverty and ensure food security in the long term. Empowering the forest dependent people and building their entrepreneurial skills may help them become competitive.
- Global commitments to reduce poverty will bring about lasting change in the lives of poor and undernourished people only if they are accompanied by realistic implementation strategies.

## References

CONTRERAS, A. 2002. Illegal forest production and trade: an overview. Paper for the World Bank ESSD Forest Governance Program. Available at: [Inweb18.worldbank.org/ESSD/ardext.nsf/14ByDocName/ForestGovernanceProgramBackgroundDocumentsandResearch](http://web18.worldbank.org/ESSD/ardext.nsf/14ByDocName/ForestGovernanceProgramBackgroundDocumentsandResearch)

FAO. 2004. The state of food and agriculture 2003-04. Rome.

FAO. 2003. State of the world's forests 2003. Rome.

FAO. 2005. State of the world's forests 2005. Rome.

MARTINOLI, L. and FIORE, R. 1999. How tourism can contribute to conservation. Presented at the Congress of the Asociación Mexicana de Primatología, September. Available at: [www.xterx.net/pithekos/ricerche/congrmessico.htm](http://www.xterx.net/pithekos/ricerche/congrmessico.htm)).