

# Power from the Trees: How Good Forest Governance can Help Reduce Poverty

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Forestry is no magic bullet for poverty eradication any more than any other sector is on its own. But good forestry does offer some high potential routes out of rural poverty. Forestry can contribute to food security, provide resource safety nets and sometimes enterprise opportunities where little else exists. Forests have also proven to be fertile ground for pioneering good local governance.

What is needed is for national and international governance frameworks to take a lead from local initiative and convert laudable intentions into some practical action. It is time to remove the barriers that prevent forests and trees from contributing to the livelihoods of poor people and to support emerging opportunities for sustainable local forestry enterprises.

## Changing environment, new world order, same old poverty

The world's forests are declining, but demands on forests and trees are increasing, due to growing populations and greater wealth inequity. An estimated 1.6 billion people rely directly on forest resources for part of their livelihoods, deriving goods for subsistence and sale, plus a host of agricultural and environmental inputs. The world's rapid pace of change means increased challenges for poor people, but can also provide new opportunities. The challenge, primarily one of local governance, is to make specific practical changes to give poor people more secure rights over forest resources, better economic prospects and greater synergy between forestry and broader development aims.

## Forests for reducing poverty: four national governance challenges

### 1. Strengthen rights, capabilities and local decision-making

Many people stay poor because they have insufficient rights to manage their resources, including forests. Clear tenure rights are essential, but also need to be backed by

the ability to claim and defend these rights against more powerful challengers. Local people need their own effective, legitimate and accountable decision-making institutions. Devolution of rights should include management of budgets, costs and benefits along with responsibilities, and have safeguards in national law.

The forestry sector has a good record in initiating public sector reform, capacity-building, and improvement of rights to natural resources, and has recently focused attention on practical means for the elimination of corruption and illegal trade. Forestry is becoming increasingly effective in generating lessons for other sectors, learning from other sectors, and providing a springboard to broader action on governance.

### 2. Reduce poor people's vulnerability

For the very poor, access to forest resources provides a vital buffer, absorbing agricultural risk and reducing vulnerability. They need, above all, measures that protect their access to resources in the face of privatisation and trade liberalisation – for example rights to move freely and glean on public land – but that do not lock them into forest dependence.

## KEY CHALLENGES:

### National governance:

- Strengthen rights, capabilities and local decision-making
- Reduce poor people's vulnerability
- Enable market opportunities to be seized by poor people
- Work in partnership

### International governance:

- Recognise the power of good forest governance to reduce poverty – but not through brute 'enforcement'
- Stop marginalising forest communities and start listening to poor people
- Stop making international proposals and start implementing some
- Demand responsible forest enterprise and fair trade
- Increase accountability of the UN & Bretton Woods agencies



Access for poor people to forest resources is over-regulated while the more powerful interests can defy control. Poor forest dwellers are also often expected to bear costs of forest management, rehabilitation and protection – costs way out of proportion to the benefits they derive. Regulatory frameworks need to shift the regulatory burden onto large-scale forest industry, while improving terms for poor people to acquire, plan and manage forestry activities.

### **3. Enable market opportunities to be seized by poor people**

Small-scale forest producers face major barriers to marketing their products, while state and large corporate producers are sometimes subsidised. Poor people need fewer unfair regulations, more access to market information, and support in managing risk. One enabling step is to remove constraints to poor people's access to the more profitable and dynamic opportunities in forestry, such as secondary processing and forest support services.

Producer organisations, co-operatives, alliances and federations can reduce transaction costs, negotiate with buyers and provide economies of scale. They need support, as do forestry industry employees, particularly in contracted and outsourced sectors.

Small-scale forest enterprises will continue to be financed by mobilisation of savings rather than credit – innovative systems could bring returns to poor people and to investors. Emerging market-based mechanisms to pay for environmental services could also benefit poor people in a cost-effective and equitable way if their design is right.

### **4. Work in partnership**

National forest policies and directives have expanded far faster than capacities of government departments. One of the highest priorities in the forestry sector is to find ways to simplify policies and share decision-making more widely. Single-sector solutions will not reduce poverty. Mechanisms for inter-agency collaboration often exist but require concerted effort to create real interchange and real change.

Collaborative forest management remains a vital way forward and NGO roles, in particular, are crucial to reduce transaction costs while enhancing equitable local governance and sustainability. Partnerships between industry and local producers can enable industry to secure forest product supplies while providing credit, extension, markets and skills development to poorer producers.

## **Forests for reducing poverty: five international governance challenges**

### **1. Recognise the power of good forest governance to reduce poverty – but not through brute 'enforcement'**

Forestry can provide resource safety nets and sometimes enterprise opportunities where little else exists. The forest

sector has pioneered approaches to pro-poor governance change. Governance is much more than just law enforcement – it involves fundamental rights, institutional roles, policy incentives, and systems by which decisions are actually put into action and monitored. Current laws can be irrelevant or even detrimental to poor people. Calls for better 'enforcement' should emphasise laws that uphold local rights and opportunities.

### **2. Stop marginalising forest communities and start listening to poor people**

The balance struck thus far at international level between conservation and development has done little for the rural poor. Conservation organisations and forest industries from wealthy countries force rural people in poorer countries to bear the costs but not the benefits of commercial forest production and global conservation.

Instead, support should be given to poor people's organisations to get to the WSSD and related fora, to foster multi-stakeholder learning processes, and give credence to the voices of marginalised forest users.

### **3. Stop making international proposals and start implementing some**

What the world does not need are more inter-governmental proposals for action on forests. The UN Forum on Forests has been sluggish in moving on from negotiating and proposal-making towards solid commitments, targets and indicators based on what is already agreed. International fora like these would be best used to hook up demand for help with supply, and to share learning about tactics for change.

### **4. Demand responsible forest enterprise and fair trade**

Forest certification is paying off in terms of environmental performance, but is not yet an effective tool for pro-poor forestry. Other bright schemes, such as the Global Reporting Initiative, show promise, but much of 'corporate social responsibility' is still nothing more than cynical reputation management, and accessible only to the largest corporations. WSSD and other international fora should support actions to mainstream social criteria in certification and fair trade protocols, and to broaden the focus from large companies to smaller businesses, including co-operatives.

### **5. Get your own house in order – increase accountability of the 'lumbering giants'**

The UN and international financial institutions presiding over the pieces of the global sustainable development jigsaw are insufficiently accountable and democratic. Their legitimacy, and their ability to help forests contribute to poverty reduction, will depend on better communication and responsiveness. They need to orientate towards getting global governance right for local governance and to deliver to the disadvantaged as well as the powerful. ●