

TENTH EXECUTIVE FOREST POLICY COURSE

**REVISITING THE POVERTY REDUCTION AGENDA IN THE CONTEXT OF SDGs:  
OPPORTUNITIES AND CHALLENGES FOR ASIA-PACIFIC FORESTRY**

15-25 MAY 2017  
COLOMBO, SRI LANKA



# ECONOMIC ASPECTS OF POVERTY REDUCTION THROUGH FORESTRY



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# BACKGROUND

- ❑ **Economics pervades every aspect of our individual and collective behaviour.**
- ❑ **Every intervention has its economic dimension. These include changes in policies and institutions, application of new technologies, and how markets responds to changes in demands and supplies.**
- ❑ **Many of the forestry interventions intended to benefit local communities – for example community forestry – have encountered problems on account of neglect of economic aspects.**

# ECONOMICS OF POVERTY REDUCTION

- Primarily the economics of poverty reduction focuses on:
  - ❖ How income/ wealth can be enhanced – the size of the economic pie;
  - ❖ How income is shared within the society, in particular whether the share that goes to the poor is increasing or not.
- Different forestry interventions have differing impacts as regards increasing the overall income and its distribution.



# FORESTS AND POVERTY

- ❑ The nature of poverty varies across space and time.
- ❑ This will imply that the nature of interventions will differ considerably and there are no off-the-shelf approaches to address poverty through forestry.
- ❑ We need to make a distinction between:
  - ❖ Poverty rate (Proportion of people below the poverty line).
  - ❖ Poverty density (Number of people below poverty line per unit area).
- ❑ In most of the forested areas poverty rate is likely to be high, but the poverty density may be very low. In areas away from forests, the poverty rate may be very low, but poverty density could be very high.

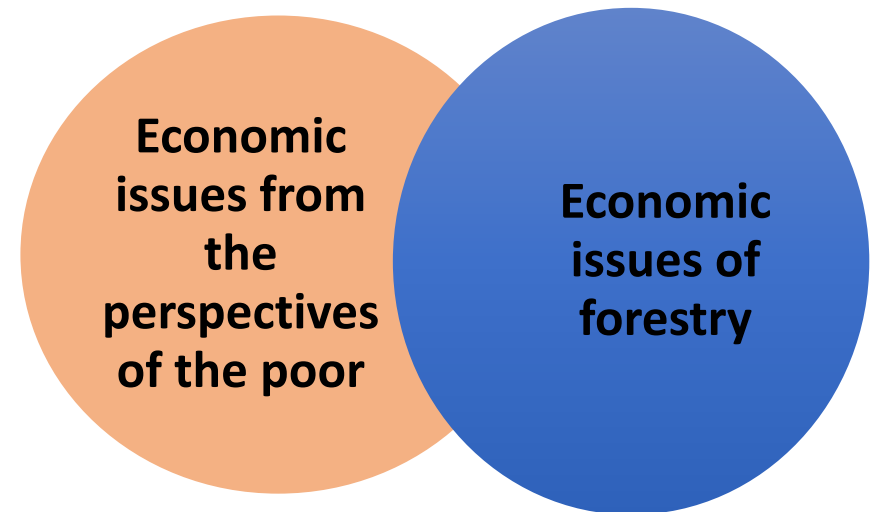
# ECONOMIC ISSUES FROM DIFFERENT PERSPECTIVES

- ❑ Forestry interventions addressing poverty need to consider economic issues from:

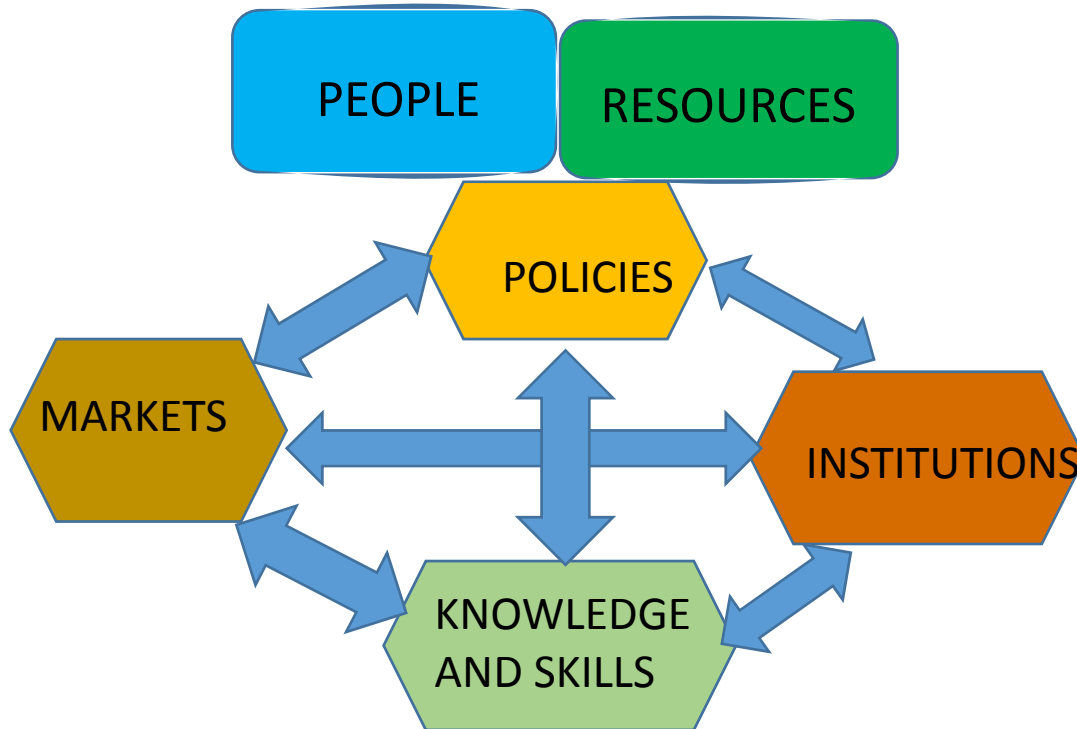
- ❖ The perspective of the poor.
- ❖ The perspective of forestry

- ❑ The challenge is how to enhance convergence of the economics of the poor with the economics of forestry.

- ❑ Essentially this will involve determining the trade off between narrow economic objectives and the economic advantages of more income to the poor



# ECONOMICS IS ALL-PERVASIVE



- Every aspect of people-resources and people-people interaction has an economic dimension.
- People will behave differently as individuals and as groups.
- Every policy has its economic implications. It will change the overall income as also its distribution.
- We have a vast array of studies on institutional economics.

- Knowledge and skills generation and application have their economic dimension.
- And finally markets are entirely driven by economic calculation of individuals and groups, impacting demand, supply and prices.

# ECONOMIC DIMENSIONS OF FORESTRY

- ❑ Forestry is an extensive form of land use which generates:
    - ❖ Goods and services that are directly used by local communities.
    - ❖ Income from employment/ sale of products enabling the procurement of goods and services improving the level of consumption.
  - ❑ Each type of forest has certain potentials as regards the production of goods and services. Technology can however improve the carrying capacity.
  - ❑ It is all about the choices available to people, the decisions they make and how the opportunities and challenges unfold.
- ❖ Economics of natural forest management.
  - ❖ Plantation economics.
  - ❖ Economics of mixed land use.
  - ❖ Economics of non-wood forest products
  - ❖ Economics of forest industries.
  - ❖ Economics of provision of ecological services

# ECONOMIC DIMENSIONS OF POVERTY

- It is important to consider economic aspects from the perspectives of those who are poor and the challenges they confront. We could identify diverse groups/ situations of forest dependence by the poor and the specific economic situation they confront.
  - ❖ Communities that are highly dependent on forests and who have access/ ownership of resources.
  - ❖ Those who have no ownership rights but obtain a number of products for subsistence use or trade.
  - ❖ Those who have no ownership/ access to forests, but who get employment in forestry and forest related industries.
  - ❖ Mixed groups – who have some land, some access to forest resources and also get employment in forestry related activities.



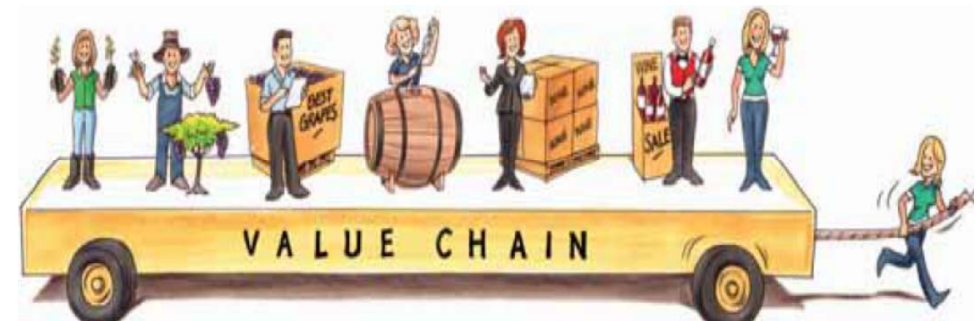
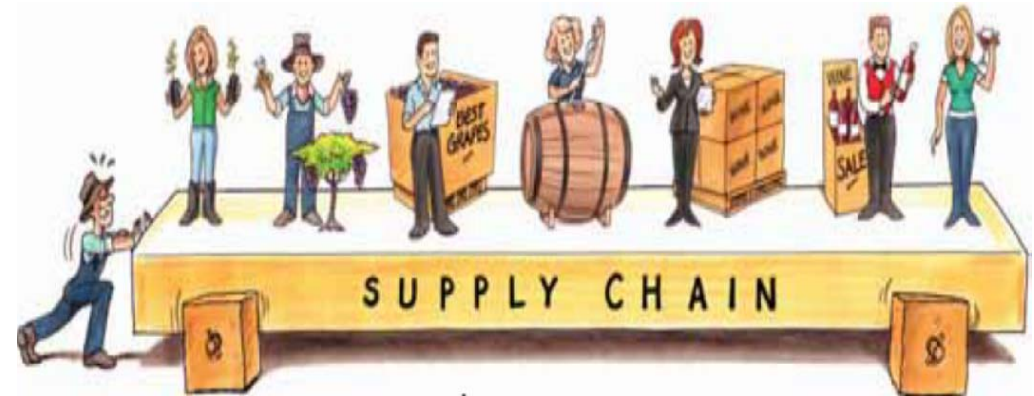


# POLICY OPTIONS FOR ADDRESSING POVERTY

- ❑ A number of forestry options have been attempted to address poverty:
  - ❖ Ownership of forest lands to forest dependent communities.
  - ❖ Improved access to forest product markets.
  - ❖ Commercial scale community forestry
  - ❖ Improved employment and income earning opportunities in various forestry activities (logging, transport, processing, etc.).
  - ❖ Pro-poor PES
  
- ❑ Most of these are necessary, but not sufficient conditions.

# POVERTY REDUCTION IN A GLOBALIZED ECONOMY

- ❑ As economies globalize and the value chains become global, the opportunities and challenges for poverty reduction through forestry changes significantly.
- ❑ In a globalized environment somewhere, someone is making efforts to make new products and services, possibly undermining traditional producers.
- ❑ Globalization also offers immense opportunities: In fact it has made significant contribution to poverty reduction in the Asia-Pacific.



From Neil Byron's presentation  
2016 – Based on Fearné 2009

# CONVERGENCE OF FORESTRY WITH THE NEEDS OF THE POOR

- ❑ **Access to products and services: Through rights over forests or rights to specific products (Natural Asset route)**
  - ❖ For subsistence consumption.
  - ❖ For sale of products/ services for income.
  
- ❑ **Income from employment (Human Capital Route)**
  - ❖ Production of wood and other products and services (logging, plantation related activities, forest conservation, etc.)
  - ❖ Value addition – Processing of wood and other products.

# SUMMING UP

- ❑ **Need to enhance the convergence of the economics of the poor and the economics of forestry. This will require a critical assessment of every aspect – policies, legislation, institutions, knowledge and skills, markets in relation to the vast array of forestry activities.**
  
- ❑ **Interventions need to be tailored to the specific conditions of the poor:**
  - ❖ **Those who live within forests - Abundance of natural capital, but very low physical capital and human capital.**
  
  - ❖ **Those who live on the forest fringes: Limited natural capital, slightly better physical capital and improved opportunities to enhance human capital.**
  
  - ❖ **Those who live away from forests – Very low natural capital – Much better physical capital – Very high potential to improve human capital.**

# SUMMING UP

***“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists.”***

***Joan Robinson***



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**Thank you**



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