

POINT FOR ACTION

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- Remove the barriers to market entry
- Base land use decisions on true value of forests
- Ensure that markets for environmental services benefit the poor
- Support associations and financing for local forest businesses



Capturing
emerging
opportunities



CAPTURING EMERGING OPPORTUNITIES

Remove the barriers to market entry

Small-scale producers of timber and other forest products are frequently subjected to costly controls when harvesting, transporting and selling wood and other forest products, while state and large corporate producers are sometimes subsidized. States should provide enabling conditions for the poor in those markets where small producers would have a comparative advantage. A next 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.

Access to information on the value of forest resources in the marketplace is crucial. Emerging small-scale producers need support to analyse their markets and establish a competitive position, and to learn the financial and organizational viability

of different business models and how to manage market risks.

Base land use decisions on true value of forests

In the predominating system of state and corporate tenure over forest land, forest resources remain undervalued. Current valuation methods for forest goods and services do not reflect real costs and benefits. In particular, they do not take into account the opportunity costs of renewing forest resources, or the role of rural people in producing and providing forest goods and services. The losers are the rural poor and the forests, which remain unattractive as a form of land use. Greater control over the resource and more secure tenure rights for the poor would ensure that these values are reflected in the market. In addition, policy-makers need to recognize and include them in their decisions.

Ensure that markets for environmental services benefit the poor

Markets that pay for environmental services, such as watershed protection, carbon storage and biodiversity conservation, already exist or look feasible in many countries. The central rationale is that those who benefit from the services that forests provide should pay those – often the rural poor – who maintain the forests. At the same time, these payments must benefit the poor in a cost effective and equitable way.

For environmental service markets to benefit the poor, their rights must be secured; payments should be treated as a supplement to, rather than substitute for, sustainable forest use; and systems for market transactions and compliance must be equitable, transparent and efficient.

Support associations and financing for local forest businesses

Increased support is needed to improve the capacity of local forest businesses to access markets and match supply to demand. Strengthened producer organizations, cooperatives, alliances and federations can reduce transaction costs, negotiate with buyers and provide economies of scale. Support measures

MARKETS, FORESTS AND POVERTY REDUCTION

Small-scale forest product enterprises are among the top three non-farm rural commercial activities in most countries. More than a quarter of Brazil's timber is produced by micro-enterprises. In South Africa, government policy has **increased opportunities** for poorer farmers to participate in timber markets, and large companies are pursuing out-grower schemes with considerable local benefits.

are also needed to protect the rights of employees, particularly in contracted and outsourced sectors.

Financing local forest businesses requires innovation. Credit tends to benefit wealthier people who have individual land titles. The poor will continue to rely on savings as the primary source to make investments. Many individual and group savings schemes have proven effective in forestry. Traders of forest products and conservation agencies need to support more local forest businesses, and venture capitalists may find that helping local enterprises scale up their operations is a sound investment.

BIODIVERSITY CONSERVATION, FORESTS AND POVERTY REDUCTION

Biodiversity in managed forests and agriculture can be **more important** for the poor than biodiversity in protected areas. In Nigeria, carefully managed farmland provides a more varied and higher yielding source of fuelwood and fruits than local woodland. Global conservation efforts will be **more constructive** in helping the poor if they promote sustainable management of biodiversity rather than focusing only on forest protection.



Forest resources provide commercial opportunities, employment and income for the poor.

