

**Working Paper**

**REVIEW OF PLANS AND POLICIES CONCERNING  
FORESTRY AND POVERTY ALLEVIATION  
IN LAOS, VIETNAM AND CAMBODIA**

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## ABBREVIATIONS

ADB	- Asian Development Bank
CFM	- Community Forest Management
CPRGS	- Comprehensive Poverty Reduction and Growth Strategy (in Vietnam)
CSPU	- ADB Country Strategy and Programme Update
DAFO	- District Agriculture and Forestry Office (in Lao PDR)
DFID	- UK Department for International Development
DOF	- Department of Forestry (in Lao PDR)
EIA	- Environmental Impact Assessment
ESIA	- Environmental and Social Impact Assessment
FAO	- Food and Agriculture Organization of the United Nations
GDP	- Gross Domestic Product
GMS	- ADB Greater Mekong Strategy
IUCN	- International Union for the Conservation of Nature
JICA	- Japanese International Cooperation Agency
Lao PDR	- Lao People's Democratic Republic
MAF	- Ministry of Agriculture and Forestry (in Lao PDR)
MARD	- Ministry of Agricultural and Rural Development (in Vietnam)
NAFRI	- National Agriculture and Forest Research Institute (in Lao PDR)
NBCAs	- National Bio-Conservation Areas (in Lao PDR)
NGOs	- Non-Governmental Organisations
NPEP	- National Poverty Eradication Programme (in Lao PDR)
NPRS	- National Poverty Reduction Strategy (in Cambodia)
NTFPs	- Non-Timber Forest Products
PPA	- Participatory Poverty Assessment
PRPA	- Poverty Reduction Partnership Agreement
PRSP	- Poverty Reduction Strategy Paper
RETA	- Regional Technical Assistance
SIA	- Social Impact Assessment
SOCBs	- State Owned Commercial Banks (in Lao PDR)
SOEs	- State Owned Enterprises (in Vietnam)
STEA	- Science, Technology and Environment Agency (in Lao PDR)
TA	- Technical Assistance
UNDP	- United Nations Development Program
UXO	- Unexploded Ordinance

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## EXECUTIVE SUMMARY

This report presents a brief review of the forestry-poverty linkages identified in official government and ADB documents in Lao PDR, Vietnam and Cambodia. Documents that have been reviewed include: participatory poverty assessments (PPAs); poverty reduction partnership agreements (PRPAs) between the ADB and national governments; poverty reduction strategy papers (PRSPs) developed by national governments and international agencies; ADB country strategy and programme updates (CSPUs); and forestry policies in the three countries.

The PPAs present the views of poor people in these three countries about the difficulties that they face in trying to make a living, the many different aspects of their poverty and the ways that they think their livelihoods could be improved. Surprisingly, forestry is not mentioned very much in these documents, despite the fact that many of the poorest people in these countries live in or near forests. Where forests are identified as important, they are generally seen as providing a safety-net function rather than as a route to escape poverty. Access to forests is seen as important and, in some cases, forestry policies are seen as detrimental to local livelihoods, usually because they restrict that access.

ADB documents also say very little about forestry in the region, despite the importance of the forestry sector to the national economies of all three countries. They tend to focus on broader social, economic and governance reforms and macroeconomic growth. Forestry could play an important role in meeting these broader objectives and, given the strong inter-sectoral linkages between developments in the forestry sector and other parts of the economy, developments in the sector should be addressed at a broader level. However, given the importance of the forestry sector in all three countries, greater attention to the specific problems in the sector and the potential for forestry interventions to reduce poverty would seem appropriate.

The PRSPs and national forestry policies in all three countries present a number of objectives and actions for the sector. Poverty reduction is mentioned as a major objective in all three countries, but the specific details of how the proposed actions will contribute to poverty alleviation is lacking. Indeed, the forestry policies present a wide range of more traditional forestry policy objectives such as conservation, industrial development, afforestation and governance reforms, without specifying how these will be implemented in a way that will maximise their contribution to poverty reduction. Forestry policy reform is continuing in the region and the details of policy implementation are important if the sector is to maximise the potential for poverty reduction. Thus, further work on the forestry-poverty linkages in the region would be most timely and could help countries to achieve their stated poverty reduction objectives.

## I. INTRODUCTION

1. The purpose of this technical assistance (TA) is to undertake a review and assessment of the potential for community and industrial forestry to contribute to poverty reduction in the Mekong Region (Cambodia, Laos and Vietnam). With the participation of all interested stakeholders, it will assess existing plans, programmes and policies and identify enabling policy frameworks and good practices for maximising the impact of developments in the forestry sector on poverty reduction in these countries.

2. This paper describes the links between forestry and poverty currently identified in national plans, programmes and policies in Cambodia, Laos and Vietnam. It examines where forestry is mentioned in poverty alleviation plans and strategies and, conversely, the priority given to poverty alleviation in forestry policies. The purpose of this review is to describe the current situation with respect to these linkages and to examine the potential for forestry to play a greater role in poverty alleviation through the implementation of these efforts. This is a preliminary review that describes how and where forestry might play a greater role in poverty alleviation within existing frameworks. A later report from this technical assistance will make recommendations about how the sector might make a greater contribution to poverty alleviation as these plans and policies are revised.

3. The main focus of the review is plans, programmes and policies developed by national authorities and the Asian Development Bank (ADB). In all cases, key documents that have been reviewed include: participatory poverty assessments (PPAs); poverty reduction partnership agreements (PRPAs) between the ADB and national governments; poverty reduction strategy papers (PRSPs)<sup>1</sup> developed by national governments and international agencies; ADB country strategy and programme updates (CSPUs); and forestry policies in the three countries.

4. The paper is structured as follows. The next three sections review all of the relevant documents for the three countries respectively. The final section presents a summary of the information contained in current plans, programmes and policies and some conclusions about how the TA might contribute to strengthening the impact of forestry on poverty alleviation.

## II. LAO PEOPLE'S DEMOCRATIC REPUBLIC

5. Key documents that have been reviewed include the following: Participatory poverty assessment (ADB, 2001a); National poverty eradication programme (Government of Lao PDR, 2003a); Country strategy and programme update 2004-2006 (ADB, 2003a); and the Poverty reduction partnership agreement (ADB, 2001b).

### A. Participatory poverty assessment

6. The PPA in Lao PDR was implemented over the period 2000-2001 and was based on research in 47 districts and 84 rural villages, covering 50 ethnic minorities from around the country. This sample was believed to provide a very good representation of poor villages in Lao PDR.

7. The PPA found that poverty in Lao PDR is strongly linked to culture and ethnicity and predominates in the ethnic groups living in the highlands of the country. Villagers' perceptions of poverty revolved around two principle measures: rice sufficiency and livestock numbers. Declines in either of these two variables were attributed to a number of factors,

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<sup>1</sup> The term "Poverty Reduction Strategy Paper" or PRSP is used here, although all three countries use slightly different names for these papers.

including natural disasters and the poor implementation of national policies and programmes. Of particular interest to this review, the “*land-forest allocation programme*” was the government policy most frequently identified by villagers as having a negative impact on poverty. Major impacts of this programme were reported as including the following: shortened fallow cycles leading to soil degradation; habitat and biodiversity loss; over harvesting of wildlife (especially predators) leading to pest problems and over harvesting of non-timber forest products (NTFPs).

8. As might be expected, other major factors identified as contributing to poverty were mostly related to the isolation of rural communities (e.g. low levels of access to health services, education and markets and a lack of infrastructure).

9. The main conclusions of the PPA were that poverty in Lao PDR is a fairly new phenomenon rather than an endemic problem. Poverty has resulted from external causes, rather than due to the actions of rural people themselves. It was also noted that poverty in Lao PDR is not generally associated with hunger, because people rely on natural resources to supply food in times of scarcity. The main recommendations of the PPA were that poverty alleviation should focus on the strengths and weaknesses of different ethnic groups and assist them in the transition towards a market based economy through education and the development of institutional capacity within government.

#### **Box 1 Land-forest allocation: a summary**

A specific section of the PPA is devoted to the problems surrounding the land-forest allocation programme. The original intention of the programme was to control illegal logging by giving villagers ownership of forest resources. However, this was altered during implementation to fulfil a broader policy aim of reducing shifting cultivation, by moving villagers to areas of permanent agriculture, where they could also benefit from improved government services.

The PPA notes that shifting cultivation in Lao PDR follows two different models. One is sustainable, using long-term rotational cycles that allow sufficient time for land to replenish essential nutrients. The other is pioneering shifting cultivation (as practiced by the *Hmong*), which involves clearing forest and farming the land until it is so degraded that recovery is very difficult. As noted by the PPA, the desirability of controlling shifting cultivation is based on the problems associated with the latter, which only accounts for a small proportion of shifting cultivation activities.

The PPA identifies two major problems with the implementation of the programme. Firstly, the land allocated for permanent agriculture has been insufficient (in quantity and quality) to sustain livelihoods. In addition, there has been inadequate technical assistance to support this transition. This has resulted in reductions in yields and increased harvesting of wild resources to compensate for reductions in agricultural yields. The second problem is that the programme has resulted in large numbers of villagers moving to more remote areas to escape the programme and continue with their shifting cultivation activities.

Source: ADB, 2001a.

#### **1. Forestry-poverty linkages identified in the PPA**

10. As noted above, the land-forest allocation programme (see Box 1) was identified as a major cause of poverty in the PPA, particularly in the North and East of the country and, to a lesser extent, in the South. In order to alleviate poverty, revision of this programme was identified as a medium-priority solution in the East and North of the country. High priority was given to improving extension activities related to NTFP production in the Central and Eastern parts of the country and this was given medium priority as a solution to poverty in the North and South of the country. However, it should be noted that these forestry-related problems and solutions accounted for only a few of the many problems and solutions identified in the PPA.

11. In addition to the above, the PPA also described how villagers are increasing the harvesting of natural resources (wildlife and other NTFPs) to cope with livelihood deficiencies. Harvesting of wild meat and vegetables are reported as accounting for 70-75 percent of the non-rice diet of rural villagers. Sales of these products and handicrafts manufactured from bamboo and rattan are also becoming more important to rural livelihoods.

## **B. National poverty eradication programme (NPEP)**

12. The NPEP is the main government plan for eradicating poverty in Lao PDR (i.e. it is the PRSP for Lao PDR). The NPEP sets-out a number of goals for poverty reduction and development in the country, based on interventions in the following areas:

- **Four main sectors:** agriculture and forestry; education; health; and infrastructure.
- **Supporting sectors:** potential growth sectors such as: energy; agroforestry; tourism; mining; and construction.
- **Cross-sectoral priorities:** including: environment; gender; information and culture; population and social security.
- **Selected National Programmes:** covering drug control; decontamination of unexploded ordinance (UXO); and control of HIV/AIDS/STDs.

13. The NPEP recognises the low level of urbanisation in the country and the high incidence of poverty in rural areas, combined with the high dependence on agriculture and natural resources of poor people in rural areas. Consequently, interventions in the forestry sector are quite prominent and are proposed in several places in the NPEP.

### **1. Forestry's role in poverty alleviation, as identified in the NPEP**

14. Chapter 4 of Part I of the NPEP presents a summary of the main priority areas for poverty alleviation and mentions, amongst others, the following objectives: sustainable forest and watershed management; development of community-based forest management; and upgrading of deteriorated ecological areas. Other objectives that are given priority and may have an impact on forests in the country are: enhancing market-based farming; reducing disparities between lowland and sloping land farming; and developing rural road networks.

15. Chapter 1 of Part IV of the NPEP presents the "*Poverty-focused agriculture/forestry development plan*". The plan recognises that the agricultural sector (including forestry) accounts for 50 percent of Gross Domestic Product (GDP) and is the main source of livelihoods for 80 percent of the population. It notes that the economy will make a transition from central planning to a market-based economy, with greater involvement of the private-sector in the future. It also notes the distinction between rotational and pioneering shifting cultivation identified in the PPA and recognises that different approaches to development are needed in the uplands and lowlands.

16. The goals for the agriculture and forestry sector in the NPEP are set-out as follows:

- maintain a growth rate in agricultural output of 4-5 per cent annually;
- promote commodity production, especially for export;
- stabilise shifting cultivation and eradicate poppy cultivation;

- diversify and modernise the agricultural and forestry sector;
- conserve the natural environment and protect threatened species and habitats;
- maintain a healthy and productive forest cover as an integral part of the rural livelihood system, and generate a sustainable stream of forest products; and
- improve rural livelihoods.

17. The situation analysis makes specific reference to forestry in three places:

- the importance of NTFPs for food consumption;
- the need to re-assess the land-forest allocation programme; and
- the ongoing reduction in forest cover.

18. The proposed strategic response recognises that different development strategies are required in the uplands and lowlands of Lao PDR. It proposes a greater focus on development of market-based solutions in the lowlands and more proactive government interventions in the uplands. These strategies are summarised in Table 14 of the NPEP, which is reproduced here in Table 1 below.

**Table 1 Alternative agricultural development strategies identified in the NPEP**

<b>Lowlands/Mekong Corridor</b>	<b>Sloping/Uplands</b>
Improve and diversify farming systems with increased and intensified cash crop, livestock and fisheries production.	Plan land-use zoning based on bio-physical (slope and land capability) and socio-economic parameters.
Expand and intensify value added processing by promoting local and foreign investment.	Accelerate participatory land allocation and land use occupancy entitlement.
Develop market research and information systems and regional market links between producers and wholesale and retail buyers throughout the region.	Diversify farming systems and agroforestry development through adaptive research, trials and demonstrations of farmers' fields.
Develop internationally accepted product grades and standards.	Promote community management of natural resources.
	Sustainable land use management with soil erosion control, afforestation, plantation forestry and conservation management.
	Strengthen demand driven extension programs.
Rehabilitate, expand and intensify irrigation schemes with community based management.	Expand and intensify small-scale community managed irrigation schemes.
Strengthen and expand rural credit facilities through free competition and market determined interest rates.	Develop and expand rural savings and credit systems; target credit to support technology adoption by the poor.
Strengthen rural and agribusiness lending by SOCBs and private commercial banks.	Strengthen the capacity and legal framework of SOCBs in commercial banking transactions.
	Open community market access by upgrading and expanding feeder roads and market information.

Source: NPEP (Government of Lao PDR, 2003).

19. The strategic response also mentions seven cross-cutting “themes” that should be developed in the future. Of most relevance to the forestry sector are the following three themes:

- **Participatory planning**, so as to ensure sensitivity to local needs and circumstances, and to support preparation of district plans for lowland areas and the preparation of integrated watershed plans for upland areas; village and district level action is the main catalyst for growth of the agricultural sector.
- **Sustainable development of sloping lands and environmental management**, including protection of National Bio-Conservation Areas (NBCAs), regulation of harvesting of NTFPs, and a multi-sector and community-based approach to land allocation and management.
- **Stabilisation of shifting cultivation**, the Government aims to stabilise shifting cultivation by 2005, through the promotion of on-farm and off-farm activities, facilitated by district extension workers knowledgeable in alternative rural livelihoods.

20. In addition to the above, other themes that could improve the contribution of the forestry sector to poverty alleviation include: human resource development in government (to improve skills in participatory planning, extension techniques and understanding of market based economics and the role of the private sector); and the creation of an enabling environment for business development.

21. Specific policy priorities for agriculture and forestry are described separately in Sections 1.5 and 1.6 of Part IV of the NPEP (although the section on agriculture - Section 1.5 - also frequently refers to the need to control unsustainable harvesting and exportation of NTFPs). Section 1.6 - Sustainable Forestry Management - presents a useful summary of the importance of the forestry sector to the Lao PDR economy (contribution to employment, GDP, exports and government revenues) and then presents some broad forestry policy objectives for the country, including the following:

- to strengthen the legal framework for forestry;
- to consider the further development of participatory and community forestry;
- to reform timber royalties and prices
- to develop a system of forest classification and delineation;
- to increase forest cover to 60 percent;
- to control and then phase-out shifting cultivation;
- to establish 1.5 million hectares of forest plantations;
- to sustain the development of National Conservation forests; and
- to reduce forest harvesting to a more sustainable level.

22. Specifically with reference to enhancing poverty alleviation through sustainable forest management, the NPEP proposes the following measures:

- enhance village-based natural resource management for poverty alleviation;
- revise the system for harvest determination, from focus on capacity of the wood industry to focus on sustainable supply;
- restructure the wood industry to bring processing capacity into closer accord with a sustainable raw material supply;
- control unsustainable harvest and export of NTFPs by unregulated traders and promote sustainable participatory management and processing of NTFPs;
- promote tree planting; formulate mechanisms (through collaboration among MAF/DOF, NAFRI, and STEA) for certifying sustainably managed tree plantations;
- prevent encroachment, illegal activities and bio-diversity degradation by effective law enforcement, capacity building, and the participation of villagers in conservation activities; and
- formulate a national land use policy and introduce land use planning at both the macro and field levels.

23. The NPEP then lists 11 first-level priority projects and five second-level priority projects in the agriculture and forestry sector for consideration in 2003-2005, of which the following two forestry projects are proposed:

- processing and marketing of NTFPs - ranked 9<sup>th</sup> out of the 11 first-level priority projects; and
- on-farm agroforestry adaptive research for sustainable upland farming systems - ranked 1<sup>st</sup> out of the five second-level priority projects.

24. The first project aims to address the following problems:

- income from NTFPs is largely derived from unprocessed primary products, due to lack of knowledge of processing possibilities, and
- lack of awareness of the need for harvesting of NTFPs on a sustainable basis.

25. The NPEP does not provide details about the aims of the second project.

26. The forestry sector is also mentioned in a few other places in the NPEP. including the following:

- **Chapter 4 of Part IV of the NPEP - Transport and poverty eradication: policy and investment priorities.** The chapter on transport development makes a few references to the need for environmental impact studies and mitigation of the environmental impact of road developments. Although forestry is not mentioned directly, in view of experiences in many countries, careful attention should be paid to the impact of road building on surrounding forest areas.
- **Section 5.1 of Part IV of the NPEP - Energy and rural electrification.** It is suggested that planned developments in the energy sector and rural electrification will

have positive gender effects by reducing the time spent collecting woodfuel (which is mostly a task carried-out by women).

- **Section 5.2 of Part IV of the NPEP - Agroforestry industry.** A short paragraph proposes the development of agroforestry production and processing, specifically in the area of NTFP development, although it is difficult to distinguish between this and the proposals for NTFP development set-out in the forestry section of the NPEP.
- **Section 6.2 of Part IV of the NPEP - Environment conservation and poverty eradication issues.** This section of the NPEP refers to a number of environmental problems in Lao PDR, including: deforestation and forest degradation; land degradation due to shifting cultivation; and losses of biodiversity. The following three strategic responses are proposed:
  - improve the management of natural resources through increased participation and protection;
  - improve the institutional framework and its capacity through strengthening the institutional framework and raising public awareness and political commitment; and
  - improve the environmental management in industrial and construction sectors.

27. Although forestry is not mentioned specifically in these measures, improvements in forest management are highly relevant to the aim of improving the environment in the country.

### C. Poverty reduction partnership agreement

28. The PRPA for Lao PDR closely follows the proposals set-out in the NPEP, but focuses on a more limited set of goals in four main sectors: agriculture and rural development; education; health; and road infrastructure. These, in turn, are developed into four operational priorities in the areas of: rural development and market linkages; human resource development; sustainable environmental management; and private sector development and regional integration. The first and third of these priorities are of most relevance to the forestry sector in Lao PDR.

29. The rural development and market linkages component of the PRPA stresses the need to strengthen links between rural and urban communities by upgrading the infrastructure and workforce skills in rural areas and strengthening transport linkages. It also mentions the need to increase agricultural productivity.

30. The section on sustainable environmental management focuses on strengthening environmental protection in all plans, programmes and policies and increasing community involvement in projects through consultation and participation and increasing environmental awareness.

31. Although forestry and forest products are not specifically mentioned in either of these two sections, some interventions in the sector could contribute to these aims.

32. In terms of geographical focus, the PRPA states that ADB project lending will primarily focus on the northern region provinces (including *Xaisomboun* and *Xieng Khouang*), which have the highest incidence of poverty, and on *Savannakhet* province, where the GMS East-West Corridor connecting Lao PDR with Thailand and Vietnam will provide low-cost access to larger markets. In addition, it notes that community-based rural development projects will

be implemented in a few provinces with possible assistance from civil-society and mass organisations.

33. Surprisingly, forestry is not mentioned at all in the PRPA, except at the end of the document, where the following short-term goal is listed:

- natural resource management - reduce the rate of deforestation and adverse impacts of infrastructure development.

34. The “*Partnership Agreement Indicators*” presented at the end of the document mention better enforcement of EIA/SIA provisions, reducing shifting cultivation and enhancing community participation although, again, the forestry sector is not mentioned specifically in any of these areas.

#### **D. ADB country strategy and programme update**

35. The CSPU (ABD, 2003) presents a review and assessment of ADB activities in Lao PDR, measured against the priorities identified in the PRPA. The main part of the document says very little about forestry, except to note that a number of other development partners are working in this area, specifically: World Bank - sustainable forest and rural development; and JICA - forest conservation and reforestation. In addition, it notes that UNDP and IUCN are working on multilateral environmental agreements and that the government and ADB are exploring how the carbon credit arrangements under the Kyoto Protocol could be developed as an instrument for forest protection and management.

36. The section on rural development and market linkages mentions a number of on-going activities to strengthen linkages and increase agricultural productivity, including the following ADB activities: the Smallholder Development Project; and the Small Towns Development Sector Project. Under sustainable environmental management, the CSPU mentions progress on the implementation of EIA, progress towards the establishment of an environmental fund and the development of ecotourism through the GMS Mekong Tourism Infrastructure Development Project. Again, none of these interventions specifically mention forestry, although they are relevant to the aims and objectives set-out for the sector in government plans and policies.

37. The CSPU presents concept papers for two on-going projects that are of most relevance to the sector:

- ***Tree Plantation for Livelihood Improvement Project***, which includes a number of measures to support income generation in rural communities, increase private sector participation in forest plantation development, support land rehabilitation through tree planting and strengthen extension activities in support of tree planting.
- ***Marketing of Organic Produce for Ethnic Minority Groups (TA)***, which aims to identify alternative markets for indigenous and organic produce (including NTFPs) of ethnic minorities, improve post-harvesting processing and establish a national certification system for such products.

38. In addition, a number of other lending and TA projects are presented that do not specifically mention forestry in any detail, but could be relevant to the sector.

## E. Forestry policy in Lao PDR

39. The most recent comprehensive statement of forestry policy in Lao PDR is the draft “*Forestry strategy to the year 2020*” (Government of Lao PDR, 2003b). The first two-thirds of the document present an overview of the sector and a review of current issues that should be addressed. The remainder of the document presents policy objectives for the sector and a description of priority policies, programmes and actions. The relationship between forestry and poverty alleviation is described in Section 3.9 of the document and a number of measures related to forestry and poverty alleviation are proposed in Sections 4 and 5.

40. The forestry strategy describes the main benefits of forests to the poor as follows: provision of products for subsistence and sale (especially NTFPs); wages from commercial forestry activities; land for cropping and shifting cultivation; and other inputs for cropping and rearing livestock. The main threats to these benefits are stated as: forest loss and degradation leading to NTFP scarcity; loss of access to forests (mostly due to government policies); natural disasters leading to overexploitation of NTFPs; and indiscriminate logging.

41. The following five major government programmes are identified as having had the most impact on poverty alleviation:

- Protected/Biodiversity Conservation Area Programme (active since 1988);
- Shifting Cultivation Reduction Programme (active since 1989);
- Land and Forest Allocation Programme (active since 1993);
- Community Forestry and NTFP Programmes (active since 1993); and
- Focal Site Strategy and Village Relocation and Consolidation Programme (active since 1994 and elaborated in 1998).

42. The document presents a brief review of the first four of these programmes, describing their objectives, current state of implementation and issues that need to be addressed. In particular, the document notes the following:

- **Protected/Biodiversity Conservation Area Programme:** the programme may reduce villagers’ access to forest resources in NBCAs. Participatory management is required to provide alternative sources of income such as ecotourism, improved utilisation of areas outside the NBCAs and sales of handicrafts.
- **Shifting Cultivation Reduction Programme:** the programme has been successful in reducing the number of shifting cultivators by about half since 1990, from 210 thousand families (and 249 thousand ha) in 1990 to 99 thousand families (and 110 thousand ha) in 2001. To replace shifting cultivation, alternative production systems must be established with technical assistance and, in some cases, financial assistance from government. No statistics exist on the livelihoods of farmers that have abandoned shifting cultivation, although some notable successes are promoted as examples for others to follow (e.g. pineapple production in *Luang Prabang* and cultivation of cardamom and other NTFPs in *Oudomxay*).
- **Land and Forest Allocation Programme:** this programme allocates land to individuals for agricultural uses (e.g. rice paddy, commercial crops, tree planting and pasture) and allocates forest to villages. Over the seven years from 1995-96 to 2001-02, 6,188 villages have participated in the programme (379,290 households) and been allocated 8,129,374 ha of forest and land. Allocations of forest amount to

6,712,911 ha (83% of the total), or about 1,000 ha per village. However, it is noted that the majority of forest areas that have been allocated to villages have been placed in one of the protected categories (conservation, protection or regeneration forest), resulting in little benefit to villagers (due to restrictions on use in such areas). It is also noted that the existence of the “*regeneration*” category encourages villagers to stop forest from regenerating so that they can continue to use the land. The results of two small evaluations of this programme have suggested that it has reduced the area of cropland available to families, reduced incomes and may encourage villagers to clear forest in surrounding areas.

- **Community Forestry and NTFP Programmes:** a number of community forestry and NTFP programmes have been initiated in Lao PDR, mostly with the purpose of establishing rules and regulations on NTFP management and collection in order to encourage sustainability.

43. Four major issues are presented as of most concern for the potential for these programmes to alleviate poverty:

- lack of clarity regarding the definition and legal status of village land and forests;
- lack of understanding about the threat of shifting cultivation to forests and the environment;<sup>2</sup>
- inadequate technical and financial resources to establish sedentary agriculture (combined with the poor quality of land in some areas); and
- lack of flexibility in these programmes to meet the specific needs and conditions of different villages.

44. The forestry strategy states that poverty alleviation is the main aim of forestry policy and that this must be achieved by maintaining a healthy and extensive forest cover, providing a sustainable flow of forest products and preserving biodiversity. Specific objectives to achieve this aim include (amongst others): controlling deforestation and forest degradation; encouraging tree planting; making efficient use of forest revenues to contribute to other poverty alleviation programmes; and ensuring sustainable use of NTFPs. It then presents around 120 specific actions. Many of these are actions to improve the overall performance of the forestry sector, in terms of its sustainability and the provision of general economic, social and environmental benefits to the nation. Out of this long list of actions, the actions that are probably most relevant to poverty alleviation are as follows:

- Clarification of definition and status of village forest in the Forest Law.
- Provision of adequate training to participating villages in sustainable land use and forest resource management in addition to Production Forest management.
- Active participation of villages through explanation of management schemes and tours to existing management sites.
- Increased involvement of villagers in the sustainable management and use of village forestland as well as agricultural land through better land use planning and forest allocation.

<sup>2</sup>

Indeed, the forestry strategy states that it is rotational cultivation (with short fallow periods) that is unsustainable rather than shifting cultivation, which contradicts what is said in the PPA.

- Surveys and studies to add to the knowledge necessary for sound policy and programmes for NTFP development.
- Strengthened villagers' capacity to develop sustainable forest resource management, especially NTFPs.
- Development of ecotourism through investment programmes and projects.
- Consideration of the development of codes of practice or guidelines for tourism operators to provide a basis for development of responsible ecotourism that benefits rural communities and environment while generating revenue for the nation.
- Initiation of schemes for rehabilitation of degraded watershed areas with villagers' participation.
- Review of the land and forest allocation programme in terms of impacts on villagers' livelihoods according to agricultural production, NTFP collection and other available resources, for the development of flexible implementation mechanisms according to village socio-economic conditions.
- Establishment of a demand-driven, household-based extension and information dissemination system supported by DAFO as well as model farmers and others.
- Assistance to villagers in forming groups or associations for collective management of NTFPs including domestication, sales and processing.
- Establishment of micro-finance systems to support villagers investing in cropping, NTFP domestication and processing, livestock production and so-on.

### III. VIETNAM

45. Key documents that have been reviewed include the following: *Voices of the poor* (World Bank, 1999); *Comprehensive poverty reduction and growth strategy* (Government of Vietnam, 2002); *Country strategy and programme update 2004-2006* (ADB, 2003b); *Poverty reduction partnership agreement* (ADB, 2002a); and the *Forestry development strategy 2001-2010* (MARD, 2001).

#### F. Participatory poverty assessments

46. Four PPAs were carried out in different locations in Vietnam during the period 1998 - 1999 and the results of these are synthesised in the World Bank publication: "*Voices of the poor*". The four sites selected were: *Lao Cai* Province; *Ha Tinh* Province; *Tra Vinh* Province; and Ho Chi Minh City. In contrast to the PPA for Lao PDR, the PPA for Vietnam is mostly descriptive and describes the status of the poorest people in these locations and the challenges that they face. In particular, it focuses on the social, cultural and economic circumstances that tend to be associated with those living in poverty. It does not attempt to address possible solutions to the problem of poverty. In addition, of the four locations, only the first - *Lao Cai* Province - is a remote upland location (in Northern Vietnam on the border with China), so the document says very little about the linkages between forestry and poverty in the country. However, the document does make the following brief reference to forestry as a coping strategy:

*“In Lao Cai, men may go hunting in the forests to raise incomes. Children might gather wild food, such as mushrooms and bamboo shoots. In Ha Tinh, households gather firewood for sale from the forest to the detriment of the environment. This raises very low income and is seen as an indicator of a poor household. In Tra Vinh, poor households gather local palm leaves to weave panels”.*

*Source: World Bank (1999) p. 45.*

47. Two other interesting points are made that may be of relevance to the development of forestry for poverty alleviation in Vietnam. The first is that there is a very strong need to find off-farm income for many of the rural poor, who can not earn sufficient money from their own farming operations and rely on such sources of income as a coping strategy when they face shocks. The second point made in the report is that some types of assets provide a very important buffer against shocks that can be sold in time of hardship without too many long-term consequences. At the moment, in many rural communities, livestock is the most common asset that provides this function. However, trees could possibly perform this function in the future.

48. In 2001, another PPA was carried out in the following four provinces: *Quang Binh; Quang Tri; Thua Thien-Hue; and Kon Tum* (ADB, 2001c). This PPA was similar to the previous one, although the study also asked participants for their views about possible solutions to their poverty problems. Again, forestry is mentioned very little in the report, although some participants did mention improving forestry knowledge and extension as a possible solution to some of their problems (but with a low-priority). In addition, the report restated the two concerns mentioned above about the need for off-farm income generation opportunities and the importance of asset accumulation to cope with external shocks.

### **G. Comprehensive poverty reduction and growth strategy (CPRGS)**

49. The CPRGS for Vietnam (Government of Vietnam, 2002) was produced during the period 2001 - 2002 and comprises six main parts:

- Part I: Socio-economic setting, current poverty situation, achievements and challenges.
- Part II: Objectives and tasks of socio-economic development and poverty reduction for the period up to 2005 and 2010.
- Part III: Create environment for rapid and sustainable growth and for poverty reduction.
- Part IV: Major policies and measures for the development of sectors and industries to ensure sustainable growth and poverty reduction.
- Part V: Mobilisation of resources for growth and poverty reduction.
- Part VI: Organisational arrangements for and monitoring and evaluation of the poverty reduction and growth strategy.

50. Perhaps as a reflection of the greater World Bank involvement in the production of this document, the CPRGS focuses more on broader macroeconomic objectives (e.g. trade liberalisation, market reform, restructuring of State Owned Enterprises (SOEs) and privatisation) and less on sector specific activities. The forest sector is mentioned in only a few places, in parts II, IV and V of the document, with most of the discussion of the sector in

Part IV of the CPRGS. In addition, there are a number of references to the forestry sector in the “*Policy Matrix*” at the end of the document (Annex 2).

## 1. Socio-economic and poverty reduction policy objectives

51. As a socio-economic and poverty reduction policy objective, forestry is mentioned only briefly as contributing to sustainability of the environment. In this part of the CPRGS, the main objective for the forestry sector is given as follows:

*“Raise the quality of forest protection work, forestation, reclamation of barren land and hills; and increase the forest coverage from the current level of 33% of total country area to 38% by 2005 and to 43% by 2010”.*

*Source: Government of Vietnam (2002) p. 41.*

## 2. Sectoral development policies

52. The development of a vigorous forestry sector is stated as a sectoral development objective in Part IV of the CPRGS. The objectives for the sector are described as follows:

- **Afforestation:** continue the implementation of the five million hectare forestry program. Ensure that key annual targets are achieved including: afforestation of approximately 300 thousand hectares with protected and special-use forests making up approximately 150 thousand hectares; forest protection for total area of about 2 million hectares, of which forest regeneration combined with new planting makes up approximately 500 thousand hectares; and caring for planted forest with total area of approximately 500 hectares. Provide adequate incentives to people who plant forests, such as interest free or low interest loans for afforestation.
- **Land allocation:** speed up the process of allocation of land and forest, especially in important, environmentally sensitive areas. Allocate land and forest together with implementing fixed cultivation and settlement, and stabilizing the living of people in mountainous areas. Encourage fixed cultivation and settlement and voluntary resettlement.
- **Community forestry:** ensure that people living in mountainous areas, especially poor households can directly manage and protect their forests and be provided with appropriate incentives systems that link their benefits and responsibilities with the forest. Promote the role of communities in protection and natural regeneration of forest.
- **Forestry development:** increase the profitability of forestry to create jobs and raise incomes for people in mountainous areas. Adequately invest in infrastructures in forest areas (roads for materials transportation, storages etc.), develop forest processing industry to increase value received from forestry and create forestry-related income generating opportunities. Continue to review, revise and amend policies on investment in forest development including adjusting norms and unit price in forest protection and caring.

53. In addition, development of forest products exports is mentioned as part of the government’s policy to improve the marketing and export of agricultural products and developing NTFPs (bamboo, rattan and handicrafts) is mentioned as contributing to the government’s policy to encourage agricultural diversification and non-farm businesses. In the

introduction to the CPRGS, the forest processing sector is also highlighted as a sector where Vietnam has a comparative advantage.

54. Forestry is also mentioned in Part IV of the CPRGS under protection of the environment. Here, the focus is on enhancing the quality of natural and planted forests, improving forest protection in watersheds and protected areas and halting deforestation. The percentage forest cover is given as one of three key environmental indicators that should be monitored and evaluated. It is also mentioned as contributing to narrowing the gap between different regions, where development of forestry and traditional handicrafts can be promoted in ethnic minority and mountainous areas.

55. Afforestation and forest protection is given as a high priority for investment during the period 2001- 2005. The total investment required to implement the five million hectare forestry project and create raw material zones and enhanced processing capacity is given as VND 10-13 thousand billion over the period.

### **3. CPRGS policy matrix**

56. The following policy measures for the forestry sector are given in the CPRGS policy matrix:

- Develop the classification of forestry and reform forest data collection.
- Implement the transfer of land and forests to farmers in association with fixed-cultivation and fixed-residence and stabilise the livelihood of mountainous farmers.
- Research, revise and amend policies on standard price norms in caring for protected forests, afforestation and protective forest protection.
- Evaluate the current forest classification system and improve the system for monitoring forest cover.
- Integrate the National Program on five million hectare afforestation with the Forestry Assistance and Co-operation Program.

57. Surprisingly, some of these measures are not mentioned in the main body of the CPRGS. However, as noted by Chavez-Malaluan and Guttal (2002), this may reflect a divergence of opinions between the government and World Bank authors of the CPRGS.

### **H. Poverty reduction partnership agreement**

58. The PRPA for Vietnam states that ADB's comparative advantage in supporting the goal of poverty reduction will be to provide assistance in the following four areas:

- sustainable growth, through development of a diversified rural economy and a vibrant private sector;
- human capital development and inclusive social development, by ensuring that gender and ethnic minority issues are integrated and mainstreamed at the policy level and in relevant programs and projects;
- improved governance, through institutional reform (including public administration, legal and judicial reform), decentralisation and grassroots participation; and

- regional development, focusing on the relatively impoverished Central Region.

59. Forestry is not mentioned in the strategic framework for ADB support, although the section on sustainable growth (rural diversification) mentions the promotion of agro-industrial development, which could be interpreted as including forestry sector development. Indeed, under short-term actions (2001 - 2003), the PRPA proposes that developing a policy framework for the forestry sector and continuing the phased implementation of the five million hectare forestry programme are high priority actions necessary to achieve the objective of sustainable growth.

#### I. ADB country strategy and programme update

60. The CSPU for Vietnam measures progress against the PRPA and, as the latter says very little about forestry, the CSPU also says very little about the sector. Preparation of the project on forests for livelihoods in the Central Highlands is mentioned in the section on geographical focus. In addition, the document notes that the ADB may co-finance a project on forest management with the Netherlands. A DFID funded policy-orientated research programme on making markets work better for the poor is also mentioned. Although not directly relevant to forestry, there could be some synergy between work on the forestry sector and this programme.

61. The Development Coordination Matrix states that developing poverty dimensions in forestry and natural resource projects is an ADB strategy, but nothing is currently proposed other than the project mentioned above and two TAs (see below).

62. The CSPU presents concept papers for three projects covering the sector:

- ***Forests for Livelihood Improvement in the Central Highlands Project***, which includes a number of measures to improve forestry policies in the region and develop investment plans for the sector. The purpose of the project is to reduce poverty and increase income and employment opportunities in the region through sustainable management of natural resources.
- ***Capacity Building for Forests for Livelihood Central Highlands (TA)***, which will enhance local capacity to integrate participatory forest management in the region to reduce poverty and promote sustainable development.
- ***Forest Sector Development (TA)***, which will prepare another project in the Central Highlands (presumably to follow-on from the Forests for Livelihood Improvement Project), focusing more on increasing productivity, improving forest management and forest products marketing.

63. A draft revision to the CSPU was also reviewed (ADB, 2004), but this does not propose any significant changes to the planned forestry projects, other than a delay in implementation of one year.

#### J. Forestry policy in Vietnam

64. Forestry policy in Vietnam is summarised in the "*Forestry development strategy 2001-2010*" (MARD, 2001), which is currently being revised. The role of the forestry sector in poverty alleviation is not clearly articulated in this document. Indeed, in one of the early sections of the strategy, it is noted that an earlier programme for forestry development (Programme 327) was seen more as a poverty alleviation programme rather than a forestry

sector development programme. This suggests that targeting poverty alleviation may not be seen as a specific priority for the forestry authorities in Vietnam.

65. The broad objectives for the forestry sector are divided into four main themes: environment; economy; social; and national security and defence. The social objective comes closest to a poverty alleviation objective, where it states that the objective for the sector is to increase employment in the sector to 6-8 million people by the year 2010.

66. The strategy presents the following six priority development programmes for the period:

- the five million hectare reforestation programme;
- sustainable forest management and development programme;
- wood and forest product processing development programme;
- forest resource inventory, monitoring and assessment programme;
- forest seed development programme; and
- human resource development programme.

67. None of these programmes appear to have a poverty focus and, overall, the strategy appears to contribute to poverty alleviation mostly through the general economic development and industrialisation planned over the period.

68. Work has recently begun on revising the forestry strategy and a number of thoughts and ideas on this subject were presented at a workshop in *Ha Long*.<sup>3</sup> Of the 23 presentations at this workshop, only one focused on the topic of forestry and poverty alleviation, although one other (given by the ADB) partly covered the issue.

69. The paper on forestry and poverty alleviation (Binh, 2004) was one of three presentations of possible future scenarios for the development of the sector from different perspectives. After presenting a vision for the sector in 2020, the presentation focused on the following key issues that need to be addressed:

- **Land use planning and land allocation:** land needs to be allocated on a long-term basis to households and communities in a participatory manner, which gives equal opportunities to disadvantaged groups (ethnic minorities and women).
- **Silvicultural techniques:** simple and effective methods need to be developed for forest resource inventory, management, planning and harvesting, based on the circumstances of different ecological zones.
- **Benefit sharing arrangements:** simple, fair, effective and transparent benefit sharing arrangements need to be developed, linked to poverty levels and with incentives to maintain forests. Community forest management needs to take advantage of the possibilities of financing through global financial mechanisms such as the Clean Development Mechanism.
- **Institutional and regulatory arrangements:** arrangements need to be reviewed to support multi-purpose community forest management.

<sup>3</sup> Inception workshop on preparing a new forestry strategy (2006-2020), Ha Long, 4-7 May 2004.

- **Integration of CFM into rural development:** the promotion of community forestry needs to be linked to capacity building measures in decentralised public authorities and combined with other rural investments.

70. The remainder of the paper presents a number of implications of these proposals for the forestry strategy and recommendations for immediate actions. The latter stress the need for improving information and knowledge about poverty and forestry linkages and the development of appropriate extension activities.

71. On behalf of the international community, the presentation by ADB (Smidt, 2004) suggests that forestry sector development has done little in terms of reducing poverty and improving rural livelihoods and stresses the need for the forestry strategy to have more of a poverty orientation. It also stresses the need for better information about forestry-poverty linkages in order to improve planning and policy making in the sector.

#### IV. CAMBODIA

72. Key documents that have been reviewed include the following: Participatory poverty assessment in Cambodia (ADB, 2001d); National poverty reduction strategy (Government of Cambodia, 2002a); Country strategy and programme update 2004-2006 (ADB, 2003c); Poverty reduction partnership agreement (ADB, 2002b); and the National forest sector policy (Government of Cambodia, 2002b).

##### K. Participatory poverty assessment

73. In late-2000, 154 villages across all of Cambodia and 15 non-rural socioeconomic groups participated in the Cambodian PPA. The PPA used focus group discussions and semi-structured interviews to obtain information about the characteristics of poverty in Cambodia and the major concerns of the poor. The PPA was also used to prepare potential policy recommendations to address some of the concerns and issues raised in discussions.

74. Similar to Lao PDR, given the large rural population in Cambodia and the predominance of the agricultural sector in the economy, much of the PPA is devoted to issues such as access to land and food security. However, in contrast to the other two countries, a significant proportion of the PPA for Cambodia is devoted to the issue of access to natural resources and, in particular, forest and fishery resources. In addition, the issue of good governance (or lack of this) is raised in many places as a significant concern of the poor.

75. The main sources of livelihood for the rural poor in Cambodia are growing rice, market gardening and raising livestock. As in Vietnam, it is noted that very few households have alternative livelihood opportunities, such as producing handicrafts, to supplement their agricultural activities.

##### 1. Forestry-poverty linkages identified in the PPA

76. The first references to forestry in the PPA are in the descriptions of the main characteristics of poverty, where it is noted that the poorest members of society tend to have a higher dependence on natural resources to meet their subsistence needs than other community members. In addition, it is noted that access to these resources has been restricted in recent years due to the activities of commercial forest operations and government staff in both forestry and environmental agencies. This is raised again in the section of the PPA describing the major concerns of the poor (see Box 2). People in lowland

areas also complained that logging upstream had altered the climate, leading to more floods and droughts.

77. Denial of access to forests is also highlighted in the section of the PPA describing issues associated with good governance. The actions of both the Department of Forestry and Ministry of Environment are strongly criticised as having ignored the rights of local communities to hunt and gather forest products in their local forests. The PPA states that the culture of participation and community-based natural resource management fostered in the Ministry of Environment is not evident in the Northeastern Mountain region. The section of the PPA on ethnic minorities also refers to the government awarding forest concessions without any acknowledgement of traditional land rights in areas populated by ethnic minorities. In addition, it is noted that this is a major problem for the upland ethnic minorities who rely more on collecting forest products to meet their food needs than people in lowland areas.

78. Surprisingly, despite the attention given to the importance of the sector in the PPA, the needs assessment at the end of the PPA says very little about forestry. The poor were asked about what they needed to improve their poverty situation and the responses were ranked and presented in a table in the conclusions of the PPA. Improved land rights, better access to forest resources and improved governance of the sector are not mentioned at all. Agroforestry development was mentioned a few times by people in the Northeastern Mountain region but, other than this, the majority of the needs identified by the poor are for investments in infrastructure and support for improved production technologies. Of course, this doesn't mean that improvements in the sector would not be welcome, but it does suggest that the poor see such improvements as having a rather low priority compared to other measures.

## **Box 2      Importance of natural resource management**

Hunting and gathering are not the preserve of only upland minorities in Cambodia. The poor everywhere spend much time gathering edible roots, tubers, vines and plants for their daily food consumption. If they are lucky, particularly if they live close to or in forested areas, they can hunt for wild boars and antelopes. Even rodent infestation has some advantages for the very poor in providing sustenance. The problem is that the rodents are likely to appear during the early dry season when rice is being cultivated and when people usually have enough food. Yet the PPA participants make the cogent point that as their access to forests is being restricted for conservation purposes or forests are disappearing due to logging, an important source of alternative foodstuffs is being denied to them. The same of course applies to inland freshwater fishing in the numerous streams and rivers. For the poor, it cannot be stressed strongly enough how important it is to more effectively manage the remaining natural resource base in Cambodia.

*Source: ADB (2001d) p. 25.*

## **L.      National poverty reduction strategy (NPRS)**

79. The NPRS (Government of Cambodia, 2002a) was produced during the period 2000 - 2002 and covers the period 2003 - 2005. The NPRS comprises seven chapters and four annexes. After the introduction (Chapter 1), the next two chapters summarise the PPA. Chapter 4 describes the priority poverty reduction actions and is where most of the references to the forestry sector can be found. Chapters 5 - 7 describe how the NPRS will be implemented and monitored.

## 1. Priority poverty reduction actions in the forestry sector

80. References to the forestry sector in the NPRS can be found in three places in Chapter 4, in the section on “*Promoting agricultural development*” and, to a lesser extent, in the sections on “*Sustainable management and use of natural resources and the environment*” and “*Ethnic minorities*”.

81. In the section on “*Promoting agricultural development*”, there are three paragraphs on: “*Improved forestry management and use*”. After describing the importance of the sector and reporting on recent achievements (in particular, the sub-decree on community forestry), the text describes the objectives for the sector as follows:

- improved enforcement of the Forestry Law, including aspects on procedures, forest demarcation, elimination of illegal logging and enlargement of natural forest conservation areas for ecotourism;
- improved forest concession management, to ensure the sustainable management of forest resources;
- promotion of forest conservation, including the suspension of logging activities;
- promotion of good governance and transparency in the forestry sector;
- maintaining dialogue with local governments and NGOs, to ensure that issues are addressed with regard to the impact of forest policies on local communities and the poor;
- empowerment of local communities to participate in the community forestry programmes (including specific policies to support community forest management and local participation as an independent monitoring mechanism in forestry issues);
- classification of forests for alternative uses, such as non-timber forest products (NTFP) and timber;
- development of sustainable management plans, including Environmental and Social Impact Assessment (ESIA);
- revision of the system of fee and permits on NTFPs in consultation with local user groups; and
- removal of barriers to marketing NTFPs (especially resin).

82. Eleven priority actions are presented for the agricultural sector as a whole, of which the most relevant for the forestry sector are the following:

- revision of existing legislation and policies to ensure benefits to small-scale farmers (e.g. the sub-decree on community forestry);
- strengthening of institutional capacity for all relevant stakeholders;
- strengthening of extension services; and
- establishment and strengthening of community forestry through increasing awareness and understanding of forests and capacity building for community forest management

and planning (in government) and assisting forest user groups in implementing and enforcing community forestry management plans.

83. The latter two sections of the NPRS refer to the need for improved forest concession management and the need to take into account the needs of ethnic minorities in forest concessions and community forest areas. In addition, the promotion of forest-based ecotourism is also mentioned in a few places in the NPRS.

84. Forestry is mentioned briefly again in the “*Action plan matrix*” (Annex 3) of the NPRS, where the establishment of community forests, the requirement for ESAs in forest concessions and the promotion of ethnic-minority-orientated development activities (based on natural resources) are listed as three out of the roughly 500 action items for implementation over the period 2003 - 2005.

#### **M. Poverty reduction partnership agreement**

85. The PRPA for Cambodia states that ADB’s focus will be to provide assistance in the following four areas:

- natural resource management, agriculture and rural development;
- human and social development;
- private sector development and regional cooperation; and
- governance and public sector reform.

86. Forestry is covered under the first of these areas, where deforestation is stated as a key environmental problem in Cambodia. In response to this, the PRPA states the following:

**“Sustainable Forestry Management.** *Cambodia’s forest resources are vital to rural communities and to the global environment. Forest resources are being rapidly depleted and sustainable management is urgently needed. If current trends continue, Cambodia will quickly lose its remaining forest cover, which will cause irreparable harm to the country’s ecosystem. The Partners agree to work together in: (i) the adoption of the new Forestry Law; (ii) the rationalization of the concession system and the delineation of permanent forest estates; (iii) enhancing the productivity of forestry; and (iv) the development of community forestry and land use planning, with long term tenure rights to local communities and indigenous peoples”.*

*Source: ADB (2002b) p. 3.*

87. Forestry also appears twice in the PRPA implementation indicators, as follows:

- Implementation of the Forestry Law by adopting priority sub-decrees such as the Community Forestry Sub-decree, by 2004.
- Initial identification of permanent forestry estates by 2004 with an increase in forestry productivity.

## N. ADB country strategy and programme update

88. The CSPU for Cambodia says very little about forestry, except to note that deforestation is a problem in the *Tonle Sap* area and that the ADB approved a loan in 2002 to promote sustainable management and conservation of natural resources and biodiversity in the *Tonle Sap* Basin. A proposed “Tonle Sap Sustainable Livelihoods Project” will also help to address some of the urgent rural development issues on and around the lake. The lack of any forestry projects in Cambodia is surprising, given that the paragraph devoted to the sector in the PRPA is much more than in the PRPAs for Lao PDR and Vietnam, which both have a number of forestry projects underway and under preparation. This, perhaps, reflects the current uncertainties about the future directions that the sector will take in Cambodia. In addition to the project in *Tonle Sap*, three TAs have (or could have) a forestry component. A summary of these four projects is given below:

- ***Tonle Sap Sustainable Livelihoods Project***: this project aims to sustain and improve livelihoods in the Tonle Sap basin as well as promote sustainable management and conservation of natural resources. The exact details of this project are still to be determined, but it is likely to partly cover the issues of forest management in the area.
- ***Tonle Sap Lowland Stabilisation (TA)***: the goal of this project is the same as above. The purpose of the TA is to prepare a project to manage and conserve natural resources in and around the transition area of the Tonle Sap Biosphere Reserve. The project will include some community based natural resource management.
- ***Rural Income Enhancement (TA)***: this TA will help the government to formulate a detailed investment programme for enhancing rural income and access to income generating opportunities.
- ***Tonle Sap Watershed Management (TA)***: the goal of this TA is the same as for the other projects in Tonle Sap. The project aims to strengthen the capacity for sustainable watershed management across a range of different activities, including community based participatory reforestation of degraded forests and forest rehabilitation and protection.

## O. Forestry policy in Cambodia

89. Forestry policy in Cambodia was outlined in a brief statement in 2002 (Government of Cambodia, 2002b). The broad objectives of the policy are: environmental protection; poverty reduction and socio-economic development. With respect to poverty alleviation, a specific objective of the policy is to encourage participation of local communities to ensure food security and poverty reduction within the overall framework of sustainable forest management.

90. The two tasks are listed to meet this objective are:

- To recognise legally and protect the traditional rights of local populations to use forest resources under the framework of food security and poverty reduction considerations.
- To optimise the benefits to local populations from the use and management of forest resources through the implementation of forestry and wildlife conservation concept based on the participation of local populations.

91. As in the other two countries, forestry policy in Cambodia is also currently being reviewed, although some important steps have been taken to implement the existing policy,

such as the publication of the New Forest Law (Government of Cambodia, 2003) and the Community Forestry Sub-Decree.

## V. SUMMARY AND CONCLUSIONS

92. For all three countries reviewed here, it is noticeable that forests and forestry are not mentioned very much in the PPAs. This suggests that, although forests may be important to poor people, forestry does not rank very highly in their perceptions of what could be done to make their lives better. Where forests are mentioned, it is mainly in the context of coping strategies, where forest resources are seen as providing a livelihood for the very poorest members of communities and acting as a safety-net in times of hardship. Access to forest resources is recognised as important to fulfil these functions. However, in some cases, past forestry policies are viewed by poor people as detrimental to their livelihoods (e.g. where they restrict access to forest resources). The concerns raised about access merit further investigation as part of the RETA.

93. The PRSPs in all three countries mention forestry as an important contributor to poverty reduction. However, with the exception of Lao PDR, they provide few specific examples of actions that might be taken to reduce poverty through improved forestry policies and projects. In stead, they present a more general list of forestry policy objectives that include economic development, environmental protection, improved governance, afforestation and poverty reduction. No doubt all of these measures would have an impact on poverty reduction, but there is little focus or targeting of which actions might have the greatest impact on poverty reduction. Only in Lao PDR is this considered, where the NPEP notes that, with respect to poverty alleviation, there is a lack of understanding of the impact of past policies (e.g. stopping shifting cultivation) and a lack of knowledge about design of new policies. This suggests that the RETA could help countries to focus their activities in the forestry sector towards those with a greater impact on poverty reduction.

94. The ADB documents also say very little about forestry, except in a few specific cases. They tend to focus more on broader socio-economic, governance and rural development issues, although it is noted in some places that forestry should be included into these broader efforts. Given the economic importance of the forest sector in these countries, it would seem appropriate for ADB to give some prominence to the forestry sector in this region.

95. The forestry policies in all three countries state poverty reduction as a major objective, but present few specific actions to achieve this objective. Where activities are suggested, they tend to focus on increased participation of local people in forestry activities, the protection of rights of access to forest resources and general development of the sector. Again, there is little assessment of which activities might be most important or the specific linkages between forestry policies and poverty reduction. It is not unusual for forestry policy statements to be quite broad, but their success depends on the detailed way in which they are implemented. All three countries are currently reviewing their forestry policies, so the work proposed in this RETA is most timely and could contribute to a better understanding of the sort of policy reforms and projects that might have the greatest impact on poverty reduction.

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