

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division : SEAE/SERD

TA No., Country and Name:		Amount Approved: USD 800,000	
<b>RETA 6115: Poverty Reduction in Upland Communities in the Mekong Region through Improved Community and Industrial Forestry</b>		Revised Amount: n/a	
Executing Agency: Asian Development Bank (ADB)	Source of Funding: Poverty Reduction Cooperation Fund	Amount Undisbursed: \$ 152,073	Amount Utilized: \$647,927
TA Approval Date: 4 August 2003	TA Signing Date: n/a	Fielding of First Consultant: 17 Feb 2004	TA Completion Date Original: 31 October 2004 Actual Completion Date: 31 May 2008
			Account Closing Date Original: 31 October 2004 Actual: 31 July 2008
<p><b>Description:</b> In the Mekong Region (including Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam) about 80 million of the total population of 200 million people are classified as poor and the majority live in relatively remote rural areas where much of the residual forest is also located. Some of the poorest of these communities are from the ethnic minorities. For these communities, forests function as safety nets during periods of stress and often supply a significant portion of household income. Forest loss and degradation increases the risk of livelihoods being reduced or lost through natural disasters.</p> <p>Failure to address and properly manage upland development and environmental protection challenges is likely to make the region's poverty reduction targets unattainable. Existing vulnerable upland forest-dependent communities are likely to be pushed deeper into persistent poverty. Therefore, if the full benefits of poverty reduction strategies and investments are to be achieved, there is a need to enhance the poverty reduction functions of forests in the uplands of the Mekong Region. This requires efforts to tackle poverty, putting a heavy emphasis on instituting sound forest resource management policies and practices, while maximizing the creation of employment in rural areas that are specifically suited to the skills and knowledge of upland communities. Therefore, there was a need to undertake a regional study to assess the poverty reduction potential of community and industrial forestry investments in the region.</p> <p>TA activities included the following: (i) identifying forestry development strategies to increase food and livelihood security of smallholder farm families living in and near remote and inaccessible forests; (ii) assessing the potential of community forestry to reduce poverty in upland communities of Cambodia, Lao PDR, and Viet Nam; (iii) assessing the potential of industrial forestry to reduce poverty in Cambodia, Lao PDR and Viet Nam; (iv) reviewing and assessing the effects of forest product trade on rural livelihoods, and the degree of integration of the forest sector into comprehensive poverty reduction and growth strategy papers; (v) identifying enabling policy frameworks and good practice to maximize the poverty reduction impact of community and industrial forestry in Cambodia, Lao PDR and Viet Nam; and (vi) involving key policy makers in determining community and industrial forestry policy reform agenda and action plans.</p>			
<p><b>Expected Impact, Outcome and Outputs:</b> The expected impact was to enhance pro-poor community and industrial forestry in the region. The expected outcome was to improve the forestry policy and practice knowledge-base for pro-poor community and industrial forestry in the region. Key expected outputs included the following: (i) report on pro-poor forestry development strategies for smallholder farm families living in and near forests for improving their food and livelihood security;<sup>1</sup> (ii) report assessing the potential of community forestry for reducing poverty in uplands of Cambodia, Lao PDR, and Viet Nam; (iii) a comparative assessment on the poverty reduction potential of industrial forestry in these countries; (iv) a report on the effects of forest products trade on rural livelihoods, and the degree of integration of</p>			

<sup>1</sup> Upland households with ownership of or access to less than 3 hectares of forest area.

the forest sector into Poverty Reduction and Growth Strategy Papers (PRGSPs); (v) identification of enabling policy frameworks and good practices for maximizing poverty reduction impact of community and industrial forestry in these countries; and (vi) the involvement of forestry policy makers in formulating the reform agenda and action plans.

**Delivery of Inputs and Conduct of Activities:** International and national consultants (individual) were recruited in January 2004. In addition, the Food and Agriculture Organization (FAO) implemented the industrial forestry component of the TA. TA inception started with an initial team meeting at the FAO Regional Office for Asia and the Pacific in Bangkok on 3-5 March 2004 with the participation of collaborating institutions such as FAO, Center for International Forestry Research (CIFOR), representatives from United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United Nations Environment Programme (UNEP), World Wildlife Fund (WWF) and International Union for Conservation of Nature (IUCN). The initial meeting defined the scope of the project and arrived at a consensus on the operational terminologies of the main components. Stakeholders from the participating countries where case studies were expected to be implemented participated in an inception and consultation workshop on 1-2 September 2004. Consistent with the workshop recommendations, the TA completion date was extended to September 2005, and a detailed implementation schedule was agreed upon.

Subsequently, TA implementation was extended to December 2006. This resulted from the need to allow sufficient time for the field work and case studies done between October 2004 and May 2006. This took considerably longer than originally envisaged due to difficulties in selecting suitable sites for the case studies and securing the necessary national and local agreement for the inclusion of the sites in the study. The case study reports from national teams were finalized in June 2006. These were discussed at the final Workshop held in Bangkok on 27-28 November 2006. A Final Synthesis Report, containing the consolidated recommendations from the position papers and discussions of the Workshop was prepared and distributed in December 2006.

**Evaluation of Outputs and Achievement of Outcome:** Main TA outputs include the following: (i) community forestry and poverty reduction potential and performance report; (ii) industrial forestry and poverty reduction potential and performance report; (iii) study on regional wood products trade and implications for forest sector based poverty reduction; (iv) examination of gender and ethnic minority dimensions of community as well as industrial forestry; (v) assessment of forest-based tourism and employment in Lao PDR; (vi) assessment of technical and marketing constraints for small plantation holders in Lao, PDR; and (vii) assessment of employment potential and performance of selected state forest enterprises in Viet Nam. In addition an assessment of "illegal logging" in the region from a poverty reduction perspective as well as current state of "forest revenue systems" in the countries of the region was prepared.

With these outputs, the TA has undoubtedly raised awareness and enhanced the policy and practice knowledge base for improving pro-poor forestry strategies and investments. It also demonstrated that while current forest and poverty reduction policies and strategies make reference to the importance of forests for rural livelihoods, national development strategies and plans do not identify forestry sector interventions to address the problem. This is partly due to insufficient capacity for knowledge-based policy making and strategic planning especially in the forestry agencies.

Analytical assessments of key policy and practice compiled under the outputs listed above have resulted in an improved forestry policy and strategy planning knowledge base. The TA has identified and documented case studies that demonstrate pro-poor forest sector development options and opportunities. However, upon TA completion, there is limited evidence that the TA recommendations have been utilized at sector policy and strategy level in a meaningful and systematic manner. The institutionalization of these processes is indeed complex.

**Overall Assessment and Rating:** The RETA can be rated as "partly successful" on the basis of its high relevance and efficiency in delivering the outputs. The TA has achieved the following: (a) improved the understanding of the complexity of the issues relating to poverty among rural communities in upland areas in the region; (b) enhanced the region's pro-poor forestry policy and practice knowledge base with

respect to community and industrial forestry; and (c) identified specific policy, operational and marketing constraints in the smallholder plantation sub-sector and forest enterprises that reduce forestry's poverty reduction performance in the Mekong uplands. In terms of effectiveness, the TA has limited success in the following aspects: (i) clearly identifying the key conditions and pathways of improved poverty impact of community forestry operations in the uplands; and (ii) effectively engaging and influencing forest sector development processes and policy makers. These also raise questions about the sustainability of the TA results.

**Major Lessons:** The major lessons derived from TA implementation were as follow: (i) to avoid delays in TA implementation, the national counterpart agencies in each participating country needs to be identified and agreed upon during the TA design process; (ii) the involvement of key decision makers tasked with forest policy and strategic mandate needs to be secured during the inception stage and maintained throughout the TA implementation process; (iii) selection of implementation partners should not be only based on technical competence but also geographic experience and local networking capability; and (iv) a detailed and targeted communication and outreach action plan should be part of the TA design and implementation.

**Recommendations and Follow-Up Actions:** The following are recommended follow-up actions: (i) national and/or area based poverty reduction strategies should include specific forestry measures that will contribute to the development of remote upland areas; (ii) national forestry strategies should prioritize allocation of forest land-use rights, plantation development, forest management and protection, and development of forest-based ecotourism; (iii) state investment in the sector needs to provide direct support to poor households in remote areas to develop forestry using agro-forestry techniques, and produce and process non-wood forest products (NWFPs); (iv) the poorest communities should be targeted directly and measures must be introduced to enable them to capture a larger proportion of the benefits from managing and harvesting natural forest; and (vi) pro-poor plantation sector development should possess the following features: (a) provide clear tenure/tenurial rights over forest land and allocate forest land-use rights to the beneficiary; (b) provide clear regulations on the rights and responsibilities of the beneficiary; (c) set future production targets/volumes focusing on quality rather than quantity; (d) specify the roles of stakeholders groups such as smallholders and commercial companies; (e) give smallholders strong and sustained extension and marketing support including linkage with regional markets through the GMS economic corridors.

**Follow-up actions:** The following follow-up actions are recommended: (i) key outputs of the study shall be shared with ADB country resident missions, agriculture and natural resources (ANR) sector divisions and GMS country planning and forest sector line agencies; (ii) TA outputs will be made available to relevant ADB staff involved in country programming missions and non-ADB staff and partners involved in national poverty reduction program development and implementation; (iii) relevant SEAE ANR and forestry sector staff should utilize the TA outputs in their natural resource and rural development operations and policy dialogue with governments and development partners; and (iv) ADB should work with development partners to institutionalize the pro-poor forestry policy frameworks and actions identified by the TA.

Prepared by: Javed Hussain Mir

Designation: Principal Natural Resources Management  
Specialist, SEAE