

CHRONIC POVERTY, REMOTENESS, AND THE IMPORTANCE OF FORESTS CESS-ODI briefing PAPER No. 1 March 2005

Summary

Many of the poorest of the rural poor live in remote forested locations, far from markets. The remote poor are often the chronic poor – those who are poor all through their lives, and whose children inherit poverty and powerlessness. Their livelihoods are 'complex, diverse, risk-prone and food-insecure'. Forests provide them with subsistence items such as food, medicine, fuel and building materials; cash from forest products; a safety net when times are hard; and vital environmental services.

To increase the welfare of people living near forests, remote areas need to become a policy priority for government. Solutions include better knowledge about poverty and remoteness issues; assuring land-access for those in forest areas; pro-poor local government policy and budgeting processes, and the use of the MDGs and the PRSP to push for these.

Why do poor people in and near forests matter?

Though there are poor people all over Indonesia, there is often a special link between poor people and forests. This is because both poor people and forests are to be found in remote locations, far from markets and sometimes on the most marginal land. The livelihoods of poor people in such areas may be very dependent on access to forests for food security, other household needs and for income generation.

Despite the significant revenues generated for national and regional budgets from forest exploitation, forest areas remain home to pockets of often **chronic poverty**, i.e. people who are on average poor or very poor throughout their lifetimes, and whose children inherit deep poverty from them. With over 70% of Indonesia classified as and/or covered by forest, this remains a significant policy problem.

Box 1 Who are the poor in and near forests?

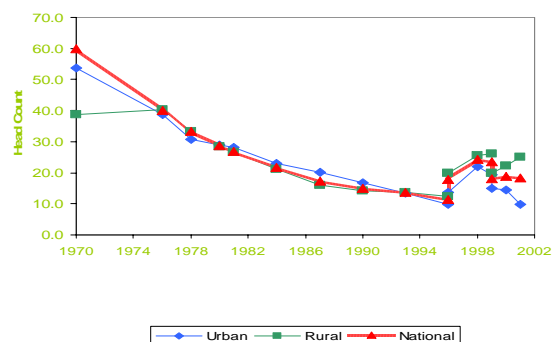
Some people may have always lived in remote areas, and may not see themselves as poor. However they often experience *impoverishment* as the result of natural resource exploitation policies.

Others find themselves living in remote areas because they have been pushed out of more attractive areas by wealthier in-comers. They do experience poverty.

Chronic poverty as an emerging policy priority

In the 1970s, 60% were below the poverty line - so almost any intervention made might benefit at least some of the poor. Such was the success of the interventions that by 1993 only about 20% were still below the poverty line.

Box 2: Indonesian poverty head count 1970 - 2002



However, Box 2 shows that the efficacy of poverty reduction has diminished over time (the curve gets shallower. After the jump in poverty at the time of the monetary crisis the urban poor have recovered more quickly than the rural poor and the overall downward trend has ceased. Much of this remaining poverty is likely to be chronic.

Chronic poverty presents a complex policy challenge. Many well-meaning interventions actually increase risk for the chronic poor. Some interventions help the less poor but further marginalise the poorest of the poor,

who lack the capability to take best advantage of external help. So tackling pockets of chronic poverty calls for stronger area and household targeting, as well as a sound understanding of who the poor are, where they are located, and the causes and consequences of their poverty; in other words, more **local** focus.

This type of understanding is, however, very weak for remote areas, where most chronic rural poverty can be found. CESS analyses of Susenas data shows that household sampling is very much weaker in remoter areas – a result perhaps of difficulty of access or conflict. While PODES and BKKBN are more representative of remote areas, and more used in policy making, there are significant gaps in the data on crucial aspects of poor peoples' livelihoods, including natural resource dependency.¹

Chronic poverty in and near forests

The chronic poor in and near forest areas face a number of constraints: geographical isolation, weak rights, social and political exclusion, and weak social assets.

(i) Geographic isolation

The poor in and near forests live on higher, steeper or less fertile land, often far from markets and basic services. They have to work harder, and travel further, for less reward than better placed groups and individuals. They are less likely to hear of development benefits on offer, and less likely to be targeted by development initiatives. This leaves them more prone to risk, less able to recover from natural disasters and other shocks, and less able to take advantage of new livelihood opportunities.

(ii) Weak rights

Though people in remote areas depend heavily on natural resources, the legal framework may not give them any rights to those resources.

Remote rural areas are often conflict-prone. When big money can be earned in remote rural areas – from timber or minerals – it is

¹ For example, PODES requests a breakdown of forest land (*hutan*) converted to other uses over the period 1990-93, in hectares. This specifically excludes from consideration state forest land, which constitutes the bulk of all forested areas (Chomitz)

even harder for local people to establish rights to natural resources.

Sudden removal of access to natural resources (e.g. when land is allocated for a protected area or cleared for estate crops) may be as major a disaster for poor remote people as a landslide or fire.

(iii) Social and political exclusion

The poor in remote forest areas may be excluded by ethnic minority status, bureaucratic and regulatory barriers, corruption, and by the local political élite. Government presence in remote areas tends to be weak, and no extension or market advice reaches those who live there. The poor in remote areas may also remain far from political fora, may be of marginal importance in securing votes and so have little voice in planning & consultation procedures.

Box 3 Poverty and deforestation: cause or symptom?

Poor people who live in forests are often blamed for deforestation, but the reverse is often the case - people begin to get poorer where forest exploitation and deforestation (usually by others) means that they can no longer access forest resources for subsistence and cash income.

Poor people who have always lived in and near forests, rarely cause deforestation. Their livelihoods are likely to be based both on subsistence activities, including shifting cultivation, and on the sale of forest products.

When we see deforestation resulting from the presence of poor people, we are often looking at other "push" factors. These might include:

- migration to the agricultural frontier due to lack of land elsewhere, often exacerbated by highly unequal land ownership;
- economic crises when urban and seasonal employment dries up, causing a return to rural areas.
- political and economic insecurity, which encourages the cashing in of forest assets before others get hold of them.
- tenurial insecurity, which means agriculture is likely to be extensive rather than intensive because there will be a reluctance to invest in land which may not continue to be held by the investor.

(iv) Weak social assets

The poor in remote areas rely heavily on their own social links (kinship, patron-client relationships, people's organisations, etc) as coping mechanisms. While new money and new ideas may be brought in by labour migrants, the community left behind is weakened by out-migration. Important communal actions (like protection of local common property resources) may become rarer due to labour shortages.

Access to forests resources - a key asset for the chronic poor

Poor peoples' livelihoods are 'complex, diverse, risk-prone and food-insecure'. The poor have to supplement their main livelihood with off-farm income sources— especially during the hungry season. This is because the small farms of the poor cannot supply all the household's food requirements – the result of poor land, land shortage or labour shortage – let alone generate additional cash needs.

In remoter areas, natural resources are the main off-farm complement to poor peoples' livelihoods, in the way wage-labouring and migration may be to those who live nearer to towns. In remoter areas, too, the role which banks may play in the lives of town-dwellers must be supplied, in effect, by forests and other natural resources and by the important social capital which those in remote areas have built up.

Forests thus provide:

- *regular or seasonal subsistence items* such as fuel, wild foods, medicines, building materials
- *regular or seasonal sources of cash* such as rattan, timber etc
- *a safety net* to support the poor when times are *unexpectedly extra hard*

Even though women are probably more reliant on subsistence goods and men on cash generation (in accordance with their domestic roles) the forest is of high value to the entire household. Both the subsistence and the cash value of these resources are important flexibly, as food security and the need for cash fluctuate. Equally, different households within the same forest-adjacent village may be more or less dependent on forests for subsistence or cash-generation over a lifetime.

In fact the third function of forest, the safety-net function, may be the most important of all

for those trying to get out of poverty. Forests give the poor some insurance, so that they can take modest risks in trying to improve their livelihoods, in the knowledge that if they fail they have a fall-back. The safety net functions of forests are especially important for the poorest, remotest, most vulnerable households in remote areas.

Finally, of course, forests also provide vital environmental services including water and soil protection, not just to the local poor but to others further away.

Forests as a means of livelihood promotion

Forests can also be a source of livelihood promotion, providing the cash needed to diversify and invest in education, agricultural accumulation or small businesses. This is likely to be more important for households nearer to roads and markets, who are more able to take advantage of income generating opportunities from the sale of forest products when they need to.

Remoteness is a constraint on the potential of forests as a means of livelihood promotion. Where markets and services are more distant, there are fewer opportunities to invest forest-generated cash in livelihood diversification.

The risks associated with timber are also higher; social connections and external contractors are needed in order to secure permits, up-front capital and transportation. Local elites often gain at the cost of the poorest households. While the poor may secure short-term cash benefits from wage labouring on cutting operations, they may suffer long-term harm as a result of increased societal conflict and damage to environmental services.

Box 4 Overcoming remoteness
A study by CIFOR on the Punan in northern Kalimantan shows that households living in remote forest may decide to split for certain phases of the household's life-cycle. Some household members come down-river to trade, and put children through school, while others remain in remote areas leading a predominantly subsistence lifestyle but trading in forest NTFPs such as birds' nests, aromatic woods and rattan. This allowed them to supply family members down river with some of their food needs. Household members down river supply those upriver in the remote forest with cash-bought benefits such as outboard motors for canoes, and retire back upriver when children have left school.

So poorer, remoter households are much more likely to benefit from non-timber forest products, because they are more portable than timber and those in remote areas may be better able to control the production chain. The Punan are one group that have developed a successful livelihood promotion strategy despite living remotely (Box 4).

What does this mean for poverty policy?

A focus on livelihoods in non-remote areas has made politicians and donors forget the exclusion and marginalisation found in remote rural areas in and near forests. There may be reluctance because it is expensive to deal with the problems of remote rural areas, and their inhabitants often count for less.

To increase the welfare of people living in and near forests, remote areas need to become a policy priority for government. These areas have special characteristics and policies must be carefully tailored to suit to ensure that poor households are properly targeted, and that sustainable solutions are found to increase welfare.

Filling gaps in knowledge

(i) We need to know more about two ways in which forests may help the poor.

- The buffering role of forests and forest products supports poor households ***indirectly*** while they try to move from chronic to transient poverty, perhaps over a generation. The 'growth' part of the household's portfolio may be through agriculture or wage-labouring, while the forest helps those sections of the household (especially women and children) who are responsible mainly for subsistence
- ***Direct*** forest-based pathways for the poor out of chronic poverty.

Both may work for the poor, but we do not have enough good data yet on either to say. Interviews with households about their strategies over time, in agriculture, marketing, migrant labouring and forest use, (including both own use and forest-sector employment), are a way of getting at the contribution forests are making – *indirectly or directly* - to pro-poor growth.

(ii) Developing 'income-generating opportunities' for the poor in remote forested areas is difficult, as many conservation and development projects have found. However,

there is one certain asset which is always sought and welcomed, and that is assured land access. What governance structures can give local communities better access to forest resources and be angled to benefit the poor at least as much as the less-poor?

(iii) How can we use the prioritizing of poverty reduction in the Millennium Development Goals and in Poverty Reduction Strategy processes (PRSPs) to screen macroeconomic, infrastructure development, and agricultural policies and projects that encourage inappropriate deforestation and forest degradation, and discriminate against the needs of the poor in remote forested areas?

(iv) Above all, how can we improve the knowledge base and raise awareness about forest and poverty issues in Indonesia?

Prioritising policy solutions

These knowledge gaps all point towards possible policy priorities and solutions. Above all, we would highlight two **improvements to governance which are a pre-condition to any other action:**

- (i) Increased livelihood security; especially rights to forest resources or assured land-access (so long as rights are assured and publicly recognised, formal title may not be needed);
- (ii) Sympathetic support from local government to help get the voices of the poor heard in policy and budgeting processes.

The growing use of Participatory Poverty Assessment, emerging initiatives to develop local-specific poverty indicators, as well as the development of local Poverty Reduction Strategies, will help in securing these goals, if remote areas in and near forests are regularly selected and their problems raised at the District level.

The natural resource component of these exercises is very important, as is the involvement in the field of district and regional level officials so they have first-hand experience.

Assuring land-access and ensuring that the voices of the remote poor are heard, builds the human, social and political capital through which broader livelihood opportunities can be identified. Then livelihood diversification, (the way out of chronic poverty) can follow.