COMMUNITY FORESTRY CONTRIBUTES TO POVERTY REDUCTION

Poverty in Bhutan has reduced significantly over the past two decades to an estimated total poverty rate of 8% of the population in 2017. Poverty in the country remains a largely rural phenomenon with a total poverty rate of 12% of the rural population.

Community forestry in Bhutan has developed dynamically since around 2008. Community forestry provides rural communities secure and easy access to forest products for subsistence use and income generation from marketing surplus products. Community forest management groups are encouraged to make sure that community forest management benefits in particular poor and disadvantaged group members so that community forestry effectively contributes to further reduce poverty in rural areas of Bhutan.

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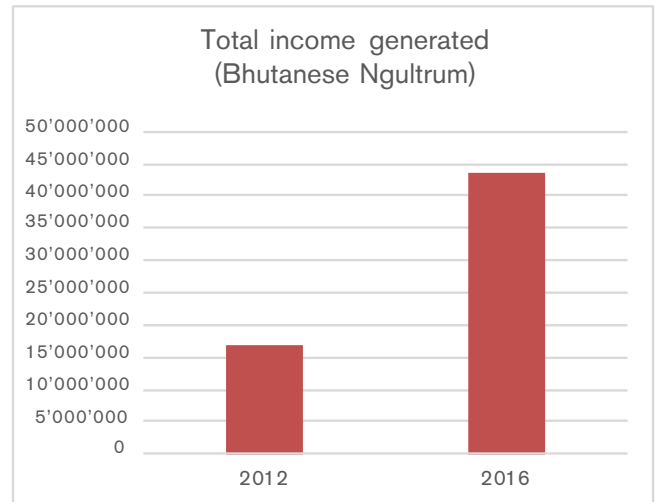## COMMUNITY FOREST MANAGEMENT GROUPS IN BHUTAN INCREASINGLY GENERATE INCOME

Since its emergence in the mid-1990s, community forestry has become one of the main approaches to manage forests in Bhutan and to ensure the conservation of the country's forests and their biodiversity. Community forestry (CF) refers to the participatory management of forest resources by local people forming community forest management groups (CFMGs). The forestry authority hands over delineated areas of state-owned forests to the groups for their use and management following an approved forest management plan. The Department of Forests and Park Services support the groups in their planning, management and monitoring activities.

As of June 2017, 695 groups involving 28,890 rural households in all 20 districts of Bhutan were involved in community forestry. These CFMGs have the right to use forest produce to satisfy their own needs and to market products that they can harvest sustainably beyond their own requirements. Over the past few years, the number of CFMGs that generate income from marketing forest products such as timber, fuelwood, bamboo and other non-timber forest products and services has grown continuously as the graph below shows.

Income generated by CFMGs in Bhutan in 2012 and 2016. Exchange rates: 2012: 1 Euro = 70 Bhutanese Ngultrum (Nu), 2016: 1 Euro = 75 Nu. Number of CFMGs: 2012: 485, 2016: 677.

Graph 1: total income generated

With increasing income, CFMGs also have more funds at their disposal. The groups are empowered to use their accumulated funds according to their priorities and are sensitised to make judicious use of these means. The main objective of these funds is to benefit the community and its poorer and disadvantaged members and at the same time improve the community forest.

Members of a CFMG discussing timber sale with forestry officers

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POVERTY IN BHUTAN

From 2007 to 2017, the overall poverty rate in Bhutan has dropped from 23% to 8% of the population. Rural poverty reduced from 31% back in 2007 to 12% in 2017. During the same period, urban poverty reduced from 2% to 1% of the urban population. Hence, the great majority of remaining poor people in Bhutan live in rural settings. The complementary multidimensional poverty rate equally illustrates that poverty is still largely rural. In 2017, it stood at 6% of the population overall, and at 8% in rural and 1% in urban areas.

FROM INCOME GENERATION TO

POVERTY REDUCTION

To be able to generate income from marketing forest products and services, the CFMGs need sufficient resources within their forests to satisfy the subsistence needs of their members and to market excess forest produce. Other prerequisites for effective income generation include the availability of marketable resources and services and capacities for harvesting, processing and marketing products and services.

Generating income by CFMGs does however not automatically translate to poverty reduction. To effectively reduce poverty, the CFMGs must address distributional issues to ensure equity in sharing of costs and benefits within their groups. Thus, the application of good governance principles within the group is key to achieve poverty reduction. The principle of equity referring to a fair distribution of benefits versus an equal distribution is fundamental to effectively reduce poverty in a community.

Effective poverty reduction requires social capital and cohesion within a group and a deliberate focus and willingness of the CFMG members to improve the livelihoods of the poor and disadvantaged members of their communities. The groups should reach an explicit agreement on how to reduce poverty and express this vision and the planned activities in their CF management plan. They are recommended to have pro-poor provisions in their CF by-laws, i.e. the rules governing the groups, most importantly to reduce the inequitable burden of high transaction costs that often fall on poor members of CFMGs and to enhance equitable benefit sharing. These principles and approaches also apply to local loan schemes. It is recommended to make loans from CF fund available to poorer group members at no or reduced interest rates rather than prioritising less needy community members or even outsiders.

EXAMPLES OF PRO-POOR PROVISIONS IN CF BY-LAWS

On timber from the CF:

"CFMG committee members will consider those who are in unavoidable situation, poor or women headed households. The priority for allotment of timber will be given based on genuineness of need and poor ones first."

"Priority for timber from the CF for house construction or repair will be given to poor members or household without dwelling house."

CF fund management and utilisation:

"The CF fund shall be deposited in the bank up to an amount of Nu. 100,000 only. With any amount beyond this, the poorest CFMG members will be supported with interest free loans for house construction, sending children to school etc."

"The community has decided that the fund will be used for the afforestation within the community forest area and to look after the poor people."

"Help the poorest of poor CFMG member in terms of financial matters".

A COMMUNITY RENOVATES THE HOUSE OF ONE OF ITS MEMBERS

Members of the Druk Pegong CFMG in Paro District got together to renovate the house of one of its destitute member households. The house was in a very bad state and urgently needed renovation. The CFMG members renovated it using timber from their CF, provided labour and cash from the CF fund to buy corrugated iron sheets for the new roof.

The house before renovation

Replacing the beams of the roof with timber from the CF
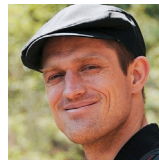

The happy house owner

NEW TOILETS FOR ALL HOUSEHOLDS

Phajong CFMG in Mongar District decided to purchase new flush toilet pots and accessories for all its 19 member households from its CF fund at total costs of 24,700 Bhutanese Ngultrum (equivalent to 320 Euro). The poorer member households would not have been able to install new toilets and improve their sanitation without this support.

EFFECTIVE POVERTY REDUCTION REQUIRES EXPLICIT PRO-POOR ACTIONS

Community forestry in Bhutan can effectively contribute to the reduction of poverty in rural areas provided that benefits from the use and marketing of forest products and services are explicitly targeted to benefit poor and disadvantaged member households of community forest management groups. This requires a willingness and proactive measures by the community members to identify poor and disadvantaged member households and to take targeted measures for their benefit.

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