This chapter describes the various dimensions of poverty so as to better understand how forestry can help to reduce it through both the creation of wealth and the protection of forest functions that support livelihoods. It provides a context for practitioners working with communities to deal with avoidable deprivations and social inequality through forest-based interventions.

RECOGNIZING AND ADDRESSING POVERTY

To be poor is to be deprived of the means for a decent life. Because poverty expresses itself in many ways, several approaches are used to assist those who are affected. Strategies focus, in varying degrees, on material and social deprivations such as those related to health, safety and living conditions, as it is easier to observe and measure these aspects than it is to observe and measure people’s ability to achieve meaningful and dignified lives vis-à-vis other people. All forms of poverty are, in fact, relative and subjective because it is in relation to social contexts that they are judged unacceptable.

People who are involved or could be involved in forestry must consider the ways in which people’s livelihoods might be affected, for better or worse, by any changes in the management and use of forests and trees outside forests.

Deprivations of poverty include:

- **income**: the lack of means to purchase basic goods and services;
- **consumption**: inadequate access to basic goods such as food and water;
- **capability**: insufficient knowledge, health or skills to fulfil normal livelihood functions;
- **living conditions**: poor housing, unhealthy or dangerous environment, and bad social relations.

The following are characteristics of poverty:

- **Multidimensional.** Deprivations are not only related to basic material resources such as food, shelter and medical treatment, but also to social resources such as access to education, information and respect.
- **Complex and dynamic.** The conditions of poverty are interconnected, shared among people experiencing similar hardships and difficult to overcome. For example, weak social institutions, poor education and gaps in information flows restrict livelihood opportunities, perpetuating inadequate access to income and food, which continues the cycle of collective poverty and transmits it to the next generation.
• **Avoidable.** The idea of poverty implies that measures can be taken to prevent it. It also suggests that, in general, poor people need help from non-poor people to escape from poverty.

• **Collective responsibility.** Society at all levels has a collective responsibility to reduce extreme poverty and to forge new kinds of social relationships between poor and non-poor people.

• **Contextually defined.** People are not poor in an absolute sense, but in relation to a particular socio-economic context. Diverse contexts create different shared expectations of the goods needed for a decent life. The meaning and relevance of key poverty indicators also vary according to the availability and costs of public goods such as shared food and grazing, transport facilities, water and information.

To assess the dimensions and magnitude of poverty, information is needed not only about the number of people who live below a given poverty line, but also how many of those people experience:

• severe and long periods of poverty (are destitute, with no assets or income);
• chronic poverty (are permanently destitute or suffer long periods of poverty);
• transient poverty (suffer seasonal or temporary deprivations because of illness or loss of employment);
• recent poverty arising from sudden shocks such as disasters, violent conflict or unexpected economic changes.

**LIVELIHOOD ASSETS: FIVE CATEGORIES OF CAPITAL**

Development workers draw on five categories of assets or capital to explore the various dimensions of well-being and the means for achieving it. They are:

• **Natural capital.** Access to land and to resources such as trees or animals allows people to invest in productive processes. Poor people living in or near forests often lack formal rights to access, manage and use the resources. In many instances, they rely on forests for subsistence because they not only lack secure tenure, but also lack the technology and market information that would enable them to add value to products through processing, thereby increasing their chances to move out of poverty.

• **Social capital.** Relations among people are shaped by histories of interactions which regulate further interaction. Reaching agreements on collective forest management and enforcing the terms require strong social capital. If the State or outside businesses are involved, local people also need good links with external and more powerful interest groups. For many people living in and around forests, the critical deficit related to social capital is the uncertainty surrounding rights over resources.

• **Human capital.** Forestry affects human capital to the extent that rural people’s health is often linked to forest products used for nutrition and medicine. Moreover, sustainable forest management as well as enterprise development require skills and knowledge, which are in short supply when access to education and information is weak or non-existent.
Poverty, livelihoods and poverty reduction

- **Financial capital.** People need money to make long-term investments in forests, tree crops and equipment, but access to financing is often problematic for those who live in rural and remote areas. Where there are clear rights over forests and trees, these resources can serve as collateral for enterprise development.

- **Physical (built) capital.** Buildings, roads and tools provide the security, mobility and capability that allow people to produce, transform, exchange and consume goods. Although people living in remote forested areas have easy access to woodfuel and medicinal plants as well as timber for construction purposes, they often do not have access to markets because roads and transport facilities are lacking.

### Livelihood flows

Even more vital than assets are the dynamic flows – processes that enable livelihoods to function. Poor people can survive without capital. For example, they can use cow dung and agricultural waste for cooking without owning cattle or fields, and they can eat fruit without owning trees. However, they cannot live without flows of energy, nutrients, water, information, motivation, income and social transactions. Box 1 illustrates ways in which deficient flows determine the nature of rural poverty.

### Remoteness and poverty

Many of the world’s poor live in rural areas, where poverty rates are significantly higher than those in urban areas. The kinds of poverty that people living in and around forests suffer from are diverse. However, patterns can be detected by examining assets, flows and other factors such as remoteness from towns and cities where most wealth and political influence reside. Remoteness can have advantages in that it is easier for people in rural areas to retain autonomy, avoid major civil conflicts and protect natural resources. At the same time, however, it restricts their access to markets and services and it limits their ability to influence government.

### POVERTY INDICATORS AND CATEGORIES OF POOR PEOPLE

If assistance is to target those who have particular needs and different degrees of capability, a variety of indicators are required to draw such distinctions and to better understand the forms and causes of poverty and vulnerability.

### Income, expenditure and consumption

The most common approach for measuring poverty is to monitor trends over time, or compare regions or countries. Typically, a poverty line based on income, expenditures or consumption is used to group people according to how far below or above the line they fall. However, income and expenditure measures are of limited use in remote rural areas because many important aspects of livelihoods are not expressed in monetary terms and because such information is largely unrecorded and unknown. Although measures of consumption avoid the first
### BOX 1

**Elements of livelihood flows**

<table>
<thead>
<tr>
<th><strong>Energy</strong></th>
<th>Rural people find it harder to access reliable supplies of electricity and fossil fuels. Fuelwood and animal traction may fill this gap for subsistence purposes, but the lack of energy constrains opportunities for new businesses that could lift people out of poverty.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food</strong></td>
<td>Availability of food may not be a key problem, but food security can be an issue in lean seasons and bad years, or when external markets for cash crops adversely affect local food production.</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>Scarcity of water means that critical trade-offs must be made between using it for drinking and washing, for livestock or for irrigation. Because many poor people do not have access to safe drinking-water, they are more exposed to water-borne diseases.</td>
</tr>
<tr>
<td><strong>Information</strong></td>
<td>Inadequate flow of information is a major cause of rural poverty, especially when people can no longer rely on traditional knowledge to understand ecology and plant growth, disease and markets.</td>
</tr>
<tr>
<td><strong>Motivation</strong></td>
<td>Uncertain rights, expropriation of common resources, conflict and change often leave rural people indifferent about the fate of the natural resources on which they rely. This mind-set reduces their disposition to cooperate and their chances of escaping from poverty.</td>
</tr>
<tr>
<td><strong>Social transaction</strong></td>
<td>When rural institutions are strong, people are often able and willing to share labour, redistribute resources and pool risk. However, rapid changes in the use and management of forests, especially by States or external businesses, adversely affect traditional management and cooperative arrangements.</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>Rural people usually have much lower incomes than urban dwellers. This may not matter for meeting subsistence needs, but matters when money is needed to purchase goods and services from the outside. While poverty can be alleviated without additional income, low income makes people unable to move out of poverty. It also leaves them vulnerable in times of crisis and when expropriation and commercialization for external markets deprive them of public goods such as forest products, food crops and water.</td>
</tr>
</tbody>
</table>
problem – since consumption remains important even when income is not – it is often difficult to observe. People may know what they and their neighbours consume, but may not give an accurate version to those outside the community, especially if they suspect that the information will be used to decrease assistance or restrict access to free goods.

**Deprivation of assets and capability**

Indicators for assessing deprivation of assets or capability are needed to help select beneficiaries for specific interventions. For instance, an agency specializing in food security or nutrition needs to identify the food-poor and monitor the times of the year when food is scarce; housing agencies need to identify those with inadequate housing; health agencies must monitor avoidable morbidity and mortality; and water and sanitation agencies must identify those without access to these services.

Although such deficiencies are more observable than income, expenditures or consumption, some require careful analysis to avoid misrepresentation. Medical records, for example, may show higher levels of illnesses among the middle class simply because poor people lack the time and money to visit doctors. In some instances, a good indicator of poverty is the state of roofs on dwellings. However, where poor people have benefited from subsidized or free roofing, durable roofs may conceal other housing inadequacies.

**Living conditions**

More broadly, poor people can be classified and monitored according to their living conditions. Areas may be unhealthy because of poor sanitation or nearby sources of pollution. They may be unsafe due to local environmental hazards, violent conflict or weak law enforcement. Poor areas are often remote, either in terms of distance from markets, jobs and services, or are poorly served by roads and transport services. It is important to understand whether substandard living conditions are a major cause of poverty or an outcome of some other dimension of poverty.

**Poverty and personal or collective characteristics**

The links between various dimensions of poverty and factors such as age, gender, ethnicity and occupational specialization need to be carefully monitored to understand the causes and experience of poverty. This information can then be used to target assistance to people who are prone to poverty.

Poor people frequently suffer the negative consequences of forest management decisions over which they have little opportunity or ability to influence. For example, new rules on forest protection may result in severe energy problems for women who are the primary gatherers of fuelwood and who often have a weak voice in local politics; planting fields with trees instead of annual crops may cause new incidences of poverty among agricultural labourers; and new restrictions on timber use may cripple the livelihoods of artisans.
POVERTY REDUCTION

In this document, poverty reduction is defined as collective responsibility to fight all avoidable forms of deprivation. It involves collaboration to:

- make poor people less poor (also referred to as poverty alleviation);
- enable poor people to escape from poverty;
- build institutions and societies that prevent people from becoming poor or from slipping further into poverty.

Pro-poor policies and strategies aim to address all three goals. Combined with the involvement of poor people in their implementation, they are important components in the fight against poverty. However, building poverty-free communities requires broader interventions because all segments of society must play a part in preventing its occurrence. It means building pathways out of poverty and protecting vulnerable people, both poor and non-poor – especially women, children and the elderly.

Poverty reduction refers to efforts ranging from the modest easing of some symptoms to the radical transformations that enable people to escape poverty altogether. Because the transition is seldom sudden, reducing poverty first means alleviating it by gradually addressing the severity of some components. This aspect of poverty reduction should not be confused with helping people to escape from poverty altogether or building a poverty-free society.

Distinctions are sometimes made between practical and strategic approaches to poverty reduction. Practical changes tend to involve poor people at local levels to address the material aspects of poverty – mostly those related to subsistence needs – by changing the relations between humans and the non-human environment. Strategic changes address the indirect causes of poverty at local levels and higher, involve non-poor as well as poor people, and focus on social reform. Activities include building the organizational capacity of forest user groups, strengthening the rights of poor people to access, manage, use and sell forest products, and changing attitudes, beliefs and institutions.

Forests and trees outside forests play a significant role in all aspects of poverty reduction as they make people less poor, enable them to escape from poverty and prevent those on the margins from becoming poor. Better forest management and processing of specific products can increase incomes or improve the health of poor people even if those goods do not lift them out of poverty. Improvements in forestry can also be central to a more ambitious strategy for helping people to move out of poverty. For example, clarification of tenure rights can be combined with improving skills and knowledge and strengthening market access for forest products.