



HOW DO FORESTS CONTRIBUTE TO POVERTY REDUCTION?

FACT

**1.3
BILLION
PEOPLE**

DIRECTLY OR
INDIRECTLY BENEFIT
FROM FORESTS IN
THE FORM OF
EMPLOYMENT,
FOREST PRODUCTS,
AND CONTRIBUTIONS
TO LIVELIHOODS AND
INCOMES.

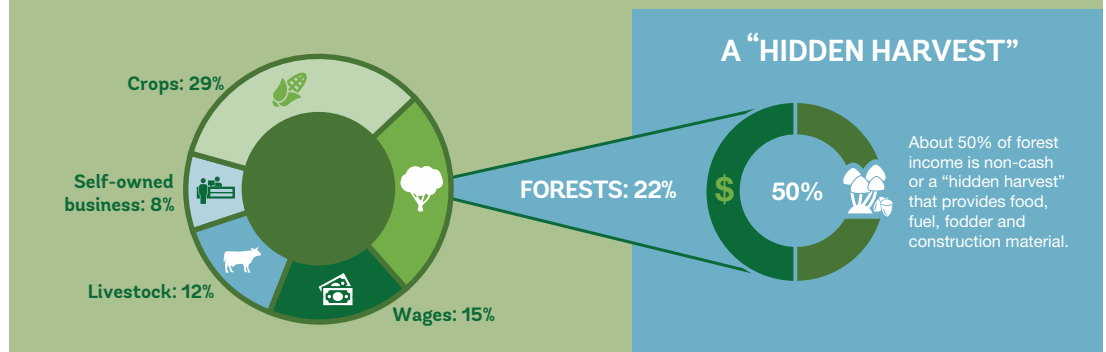
Source: (Forest Action Plan
FY16–20)

Context & Facts

- Some 1.3 billion people—about 20% of the global population—rely on forests and forest products for their livelihoods.
- Some 300–350 million people—about half of whom are indigenous—live within or close to dense forests, and depend almost entirely on forests for subsistence.
- For rural households living near forests, as much as 22% of their income comes from timber and non-timber forest resources, a contribution larger than wage labor, livestock or self-owned businesses.
- About half of the income from forests is non-cash and includes food, fuel, fodder, construction materials, and medicine.
- If sustainably managed, forests and trees are essential for the long-term economic growth, social inclusion, and environmental stability of countries. Forests are also critical for ending extreme poverty and achieving the 2030 Sustainable Development Goals (SDGs).

FORESTS ARE AN IMPORTANT SOURCE OF INCOME

In developing countries, forest income is second only to crops for rural communities with access to forests.



Source: FAO and World Bank Group

WHAT IS FOREST SMART?

"Forest-smart" is a development approach that recognizes forests' significance for sustaining growth across many sectors, including agriculture, energy, infrastructure, and water. It transforms how sectors operate by identifying opportunities for mutual benefit and creating practical solutions that can be implemented at scale. Forest-smart solutions support development outcomes and impact such as improved food security, green growth, and climate change mitigation and adaptation.

Reducing Poverty Through Forest-Smart Development

Forests support the rural economies in many countries, providing jobs for populations with few alternative employment options and producing more than 5,000 types of wood-based products, which annually generates a gross value added of over US\$600 billion, or about 1% of global GDP (in some countries that contribution is much higher; for example, 6% of GDP in Cameroon).

Beyond the economic dimension of forest management, forests play a major role in servicing other economic sectors and create jobs in the energy (hydro, charcoal, wood chips), construction and tourism sectors. The agricultural relevance of trees on farming is impressive in East Africa, where farms that rely on trees systems achieve in average 17% more income than those who don't. Increasingly, forests are essential for climate change adaptation and mitigation. In the Philippines, for example, PROFOR revealed that higher forest cover reduces volume of floodwater in watersheds by up to 47%, and mitigates risk of erosion by 68 to 99% per hectare. Furthermore, poorer households in upland communities rely more on forest resources for income and subsistence, with 7% of their annual cash income coming from sale of forest products.

Given the importance of forests for rural livelihoods and safety nets for the poor, effective and sustainable forest management

is essential to ensure that forests continue to contribute to poverty reduction. Thus, the World Bank supports technical assistance and investments to harness the potential of forests and increase the incomes of poor families.

PROFOR now analyzes best practices and pathways on how forests can help the 'chronically poor' to become the 'occasionally poor,' and the 'occasionally poor' to become the 'non-poor.' Knowledge gaps regarding the role of forests in poverty alleviation are conceptual and empirical. This lack of knowledge is partly due to the inherent difficulty in collecting information on forests' contributions to household wellbeing—data that is seldom captured in household surveys.

How PROFOR Forest-Smart Program is Helping Address These Gaps

To address knowledge gaps, PROFOR is consolidating and building knowledge on forest-poverty linkages; improving how we measure households' dependence on forests; and using innovative dissemination tools to make the resulting data more widely accessible.

The ultimate objective of this program is to increase the effectiveness of forest and poverty-related projects, including through the implementation of the World Bank Forest Action Plan.

What Approach is PROFOR Using?

This program consists of four pillars that build on earlier efforts by PROFOR and other partners:

- Consolidate what is known about forest-poverty linkages,
- Generate new knowledge on these links,
- Improve how we measure household use and dependence on forests, and
- Share these results with relevant policy makers and practitioners.

Guided by these pillars, the program aims to achieve the following:

- A knowledge review focusing on synthesizing evidence on the impacts of forestry policies and programs on poverty reduction in evidence maps. This evidence will be explored in-depth.
- A conceptual framework that includes a common set of definitions and core forest-poverty linkages.
- The streamlining of country studies that consolidate already on-going projects, and that can help to maximize comparability and learning.
- Development and field testing of the Forest-SWIFT (formerly called forest-poverty app) in Turkey, Argentina, and Mozambique (tbc), building on ongoing work on the forestry module of the Living Standard Measurement Study.

For more information about this program, visit <http://profor.info/>



Interested in learning more? Contact our communications focal point: Laura Ivers: laivers@worldbankgroup.org

The Program on Forests (PROFOR) multi-donor partnership generates innovative, cutting-edge knowledge and tools to advance sustainable management of forests for poverty reduction, economic growth, climate mitigation and adaptation, and conservation benefits. Through its programs, PROFOR is advancing forest-smart development, which recognizes forests' significance for sustaining growth across many sectors, including agriculture, energy, infrastructure, and water.



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