

The institutional arrangements and case study for community forestry and poverty alleviation

Liu Can¹, Ma Tianle², and Xu Qin^{3*}

China National Forestry Economics and Development Research Center, China^{1,2,3}

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liucan@public.bta.net.cn¹

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*Please see the full list of authors under **Notes to readers** at the end of this article

Executive Summary

Community forestry development has a long history worldwide, but community forestry development model is regarded as one of the most important forest resource management models until recent years. The characteristics of community forestry are common property right arrangement, participation of local people, satisfying their own economic, environmental and social demands by forest resource management. Community forestry development plays a key role in poverty alleviation in the areas of abundant forest resources.

Poverty still threatens the development of human being, even today of highly developed technology and economy. Large poor people still exist in the world. China is a developing country, which is under the high growth period at present. After 20-year reform of economy, great achievement has been reached, but there are millions of the poor exist in the mountain areas and forest areas. The poor lack productive investment, employment opportunities, and basic education opportunities, professional training and health care, and resources for social, economic and political supports for improving their own low social positions. How to increase incomes of the poor with economic development is a critical issue to be solved, and more researches should be done.

Institutional economics indicates that the evolution of institution will lead adjust production possibility curve, the scale of production and benefit distribution models, incentives and etc., which will affect incomes of farmers. From the points of institutional economics, the authors analyze property right arrangement, operation institutions of community forestry and relative policies of poverty alleviation and community forestry development in community areas of China, and the relationship between community forestry development and

poverty alleviation is also discussed. Jinzhai County, Anhui Province was selected as case study area.

The institutional arrangement and case study of community forestry and poverty alleviation has been analyzed as followings with above analysis framework and background. Ten chapters are presented in the book.

Basic issues of community forestry development and poverty alleviation are presented in chapter one and chapter two. The basic issues include definition of poverty, the causes of poverty, basic situation of farmers' income in China, the problems of the poverty in China rural areas, measurements for poverty alleviation, the environmental and economic contributions of community forestry development to poverty alleviation.

Institutional analyses are presented in chapter three, chapter four and chapter five. Chapter three mainly analyzes common property right arrangement for community forestry development in China. Common property right arrangement has been adopted in China and other countries for a long time, advantages of the economy of scale, risk-sharing and others effectively push community forestry development. Because of the changing situation and defects of common property right arrangement, property right attenuation and partitioning exist, which constrain community forestry development. Within the existing political and law framework, property right arrangement for community forestry development should be improved. Chapter four discusses community forestry operation institutions and their effects are also further discussed. Household responsibility system and other operation institutions have been adopted in the collective forestry areas of China, governmental interventions have played an vital role in these operation institutional arrangement. Each of these operation institutional arrangements for community forestry is suitable for different situations of different areas. In accordance with analysis results, autonomous evolution of institutional arrangement should be dominated in institutional arrangements in the south collective forestry areas of China.

Chapter five mainly discusses community forestry policy, as one of important institutional arrangement. Timber market and taxation and fee policy are discussed. The research results indicate that timber monopoly purchasing policy administrative monopoly and rent seeking, and farmers' benefits are seriously damaged, meanwhile, heavy taxation and fee burden will lead to reduce farmers' incomes. These two policies conflict with state policies for poverty alleviation and should be adjusted to push community forestry development and raise farmers' incomes.

Jinzhai County, Anhui Province, one of the state poverty counties was selected as case study area, which is abundant in forest resources and a suitable area for case study for community forestry development and poverty alleviation. In

case study section, the institutional arrangements for community forestry development and their economic efficiencies in Jinzhai County are discussed. The research results indicate the followings.

- Defects of design and implementation of community forestry development in Jinzhai County are the key factors to constrain community forestry development and poverty alleviation.
- Institutional arrangements for community forestry development in Jinzhai County have their own characteristics in comparison with institutional arrangements for community forestry development in China.
- Three catastrophes of forest resources in Jinzhai County had close relations with defects of institutional arrangements for community forestry development and macroeconomic, therefore, better institutional arrangements and environments is important for community forestry development.

Household analysis of the case study area is a very important part of the research. 201 households in 30 villages (five villages per town) of six towns were interviewed during field trips. Chapter seven discusses revenues and expenditures of farmers in case study areas. Basing on information and data of these 201 households, land use and revenue models are discussed, then revenues and components of farmers' incomes are analyzed. Jinzhai is a county of agriculture and forestry. The main components of farmers' incomes are generated from agriculture, forestry and husbandry productions, among which incomes generated from forestry production has increased rapidly, the weight of farmers' incomes has increased from 20.44% in 1978 to 38.68% in 1997, or 18.24 percentages. In 1997, farmers' incomes largely depended on forest resources. In the meantime, the amounts of social capitals, human resources, natural resources and man-made capitals cause differences in farmers' incomes, income difference among farmers had extended. Farmers' incomes depended largely on the structure of their incomes. Who has more human resources, social capitals, man-made capitals and natural resources, who will have more opportunities to get the use rights of forest and other natural resources? Within the common property right arrangement framework, use right opportunities of resources for the poor should be strengthened. The consume structure and preference of farmers in Jinzhai County are presented, the research results indicate that the consume structure and preference of farmers have completely changed since 1978.

Production factor inputs of farmers and operation models are discussed in chapter eight. The research conclusions have been reached as the followings.

- With the development of community forestry, investments of farmers are changed from agriculture and husbandry productions to forestry production. Investment in agriculture, husbandry has decreased 21.96

- percentages and 4.41 percentages respectively, while investment in forestry sector has increased 7.89 percentages.
- In regard to forest selections, farmers prefer to manage economic forests, because economic return of economic forests is better than that of timber forests, fuel-wood forests and protection forests, as to low economic return of forests, farmers prefer to harvest or protect forests for wages.
 - Most of farmers show great interests to extend the scale of forestlands, and household responsibility system is preferred to adopted, increasing number of farmers prefer to adopting forest joint stock partnership management model, because the management model may be better to the issue of higher marginal production of forestland and low marginal production of labor, capital and other production factors, which is confirmed with the willingness of farmers' extending forestlands.

In accordance with the research results, forestry should be selected as leading industry in Jinzhai County, community forestry development will alleviate poverty.

Behavior and philology of farmers are discussed in Chapter nine. The chapter also analyzes production purposes, awareness of property right arrangements, and altitudes of extension and consumes.

Policy designing is put forwards in Chapter ten in accordance with theoretical analyses and the case study. The basic routine for policy designing is the followings. China is transmitted from the traditional planning economy to market-oriented economy, market-based instruments will play important roles in resource allocations, governmental roles in this aspect has decreased, policy designing should consider market-based instruments and governmental interventions. The long term rotation of forest operations decides that forestry policy should be stable, policies of other sectors and policies of forestry sector should be in harmony, especially for forestry policies and poverty alleviation policies. The case study results indicate that community forestry development and poverty alleviation coexisted closely, forestry should be regarded as leading industry in case study because of comparative advantages of marginal labor, capital and land marginal production. Pareto principle should be adhered to policy designing for community development and poverty alleviation. Opening forestland market, market for environmental services, pushing forestry industry development, establishing community forestry funds, adjusting forestry taxation and fee system, breaking monopoly in timber purchasing and other policies are recommended in the chapter.

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Notes to readers

Please find the full list of authors below:

LIU Can, Associate Professor at China National Forestry Economics and Development Research Center

Ma Tianle, China National Forestry Economics and Development Research Center

Xu Qin, China National Forestry Economics and Development Research Center

Zhu Qizhen, China National Forestry Economics and Development Research Center.

This is an executive summary of a paper The Institutional Arrangements and Case Study for Community Forestry and Poverty Alleviation.

The authors may be reached at:

China National Forestry Economics and Development Research Center
No. 18 East Street
Beijing- 100714 China
Tel: +86-10-84239034(O)
Fax: +86-10-64324412