

The Role of the Private Sector in Sustainable Natural Resources Management and Poverty Alleviation in Developing Countries

Summary of seminar

In light of weak common and centralised management regimes under which natural resources are depleted and economic development is often disappointing, the private sector is increasingly mentioned as a potentially significant positive player in natural resource management and poverty alleviation in developing countries. The private sector is envisioned as a more effective manager and hence driver of poverty reduction through improved natural resources management. And yet, involving the private sector holds no automatic guarantees for improved resource management and equitable economic development.

These dilemmas were discussed at a seminar held at DIIS on October 6, organized by the Danish Poverty & Environment Working Group and funded by the Danish Development Research Network (DDRN).

The seminar commenced with a presentation by **Joshua Bishop**, Chief Economist, International Union for Conservation of Nature (IUCN). Mr Bishop emphasized how the costs of environmental conservation are often carried by the poor, and how these costs need to be addressed if long-term environmental conservation and poverty alleviation is to take place. He then went on to discuss how business can address these costs, using examples from various business ventures related to biodiversity conservation. He concluded by outlining a number of key factors relevant for a successful and pro-poor role of the private sector in natural resource management in developing countries, including in particular the existence of effective and transparent governance frameworks that can help ensure sound business as well as further the interests and needs of the poor.

Following this the seminar moved to a presentation of a practical example of corporate social responsibility, as implemented by a Danish timber company in the Congo basin. **Rikke Jensen** from DLH described the company's various project activities as part of their timber operations in the region, including a social programme and participatory mapping of forest resources and land areas by indigenous forest users.

The plenary discussion following the two presentations evolved around whether it was possible to achieve the difficult balance between on the one hand providing private businesses with profit, while at the same time helping to secure long-term sustainable development. On the one hand it was argued that without private companies and other non-state actors, it was doubtful whether national economic development in poor countries was unlikely to take place in the first place. Exactly because private companies have an interest in securing a long-term profit from their investments, they often have better incentives for securing a socially and environmentally sound resource utilization than governments who may be more interested in short-term political gains,

or simply lack the capacity and reach to regulate and support sound environmental management and local development.

In response to this it was argued that private companies, and particularly international ones, can be volatile actors in their ongoing search for new opportunities and markets, which can pose a risk to the long-term sustainability of efforts. It was further argued that the impacts of projects under corporate social responsibility schemes tend to have rather small and very localized effects, while larger programmatic efforts still need to be driven by the state. This was followed by a discussion of the pros and cons of private sector companies from the North engaged in resource extraction in the South, with some participants arguing that from an environmental point of view it would be more sensible to invest in developing new products that replaced the need for eg timber from developing countries, while other participants pointed to the effects this might have on the natural resource-based export economies of many developing countries. While not arriving at any magical solutions, the seminar thus provided a good introduction to the difficult dilemmas associated with the issue.

*Mikkel Funder,
on behalf of the Danish Poverty & Environment Working Group*

Seminar introduction and programme

The Role of the Private Sector in Sustainable Natural Resources Management and Poverty Alleviation in Developing Countries

Tuesday, 6 October 2009, 13.00-16.00

**Danish Institute for International Studies
Main Auditorium
Strandgade 71, ground floor, 1401 Copenhagen K**

Background

In light of weak common and centralised management regimes, under which natural resources are depleted and economic development is often disappointing, the private sector is increasingly mentioned as a potentially significant positive player in natural resource management and poverty alleviation in developing countries. The private sector is envisioned as a more effective manager and hence driver of poverty reduction through improved natural resources management. And yet, involving the private sector holds no automatic guarantees for improved resource management and equitable economic development.

The question is thus how the private sector can be a positive player?

Joshua Bishop is Chief Economist, International Union for Conservation of Nature (IUCN). He is a natural resource and environmental economist whose work focuses on the interface of conservation and development. As Chief Economist, Bishop seeks to promote market-based approaches to nature conservation, while also presenting the case for conservation in economic terms. Over the past 20 years, he has conducted applied research and policy analysis on a range of topics in the economics of land use change, including studies of macro-economic policy and the environment, timber trade policy, forecasting supply and demand for forest products, valuation of non-marketed forest benefits, the economics of soil conservation, payment for ecosystem services and biodiversity business. Bishop previously directed the Environmental Economics Programme at the International Institute for Environment and Development (IIED) in London, worked in West Africa as a consultant economist to the EC and the World Bank, as a conservation extension agent with IUCN in Mali, and as a development volunteer with the US Peace Corps in Mali. Among many other publications, he is the co-author of the paper "Private Sector Participation in Natural Resource Management: What Relevance in Developing Countries?" (*International Review of Environmental and Resource Economics*, 2007).

Rikke Jensen is Corporate Social Responsibility (CSR) Coordinator at Dalhoff Larsen & Horneman A/S (DLH), a major timber producer and wholesaler supplying timber and timber products manufactured from sustainably produced raw materials. DLH manages 1.8 million hectare tropical forest in Africa and strives to ensure sustainable and appropriate forest management, including the protection of fauna and wildlife as well as the human rights, health and safety issues relevant for the local communities. Rikke Jensen will present the challenges and opportunities experienced by the DLH group in their direct involvement in sustainable forest management in Congo.

Thorsten Treue is Assistant Professor at the Faculty of Life Sciences, University of Copenhagen. He works with decentralised forest management and forest policy in developing countries and holds extensive knowledge on high forest management in Ghana, community forestry in Nepal and participatory forest management in Tanzania. In

addition, he has several years of experience as a long- and short-term consultant in forest policy and economics.

Programme

- 13.00-13.05 **Introduction**
Lotte Klinte, NIRAS
- 13.05-13.50 **Business, the Environment and Poverty Reduction:
Do They go Together?**
Joshua Bishop, Chief Economist, IUCN
- 13.50-14.00 **Q&A**
- 14.00-14.25 **Private Sector Involvement in Forest Management**
Rikke Jensen, CSR Coordinator, DLH
- 14.25-14.35 **Q&A**
- 14.35-14.55 **Coffee Break**
- 14.55-15.55 **Plenary Discussions**
- Discussant: *Thorsten Treue, Assistant Professor, Forest and Landscape,
University of Copenhagen*
- 15.55-16.00 **Closure of Seminar**

The [Poverty and Environment Seminars](#) are an occasional series of seminars aimed at exchanging experiences and new knowledge on poverty-environment related issues. The seminars have a particular emphasis on cross-fertilization between practice, research and other forms of knowledge. The seminars are hosted by DIIS but organized by a group of practitioners and researchers working with environment and development. The seminars are funded by the [Danish Development Research Network](#).