

POVERTY & NATURAL RESOURCES MANAGEMENT

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Storyline

- Most poverty rural & dependence high on NR
- What sustainable pathways out of poverty?
 - Economic growth?
 - Public/donor policy & spending re-alignment?
 - Payment for ecological services?

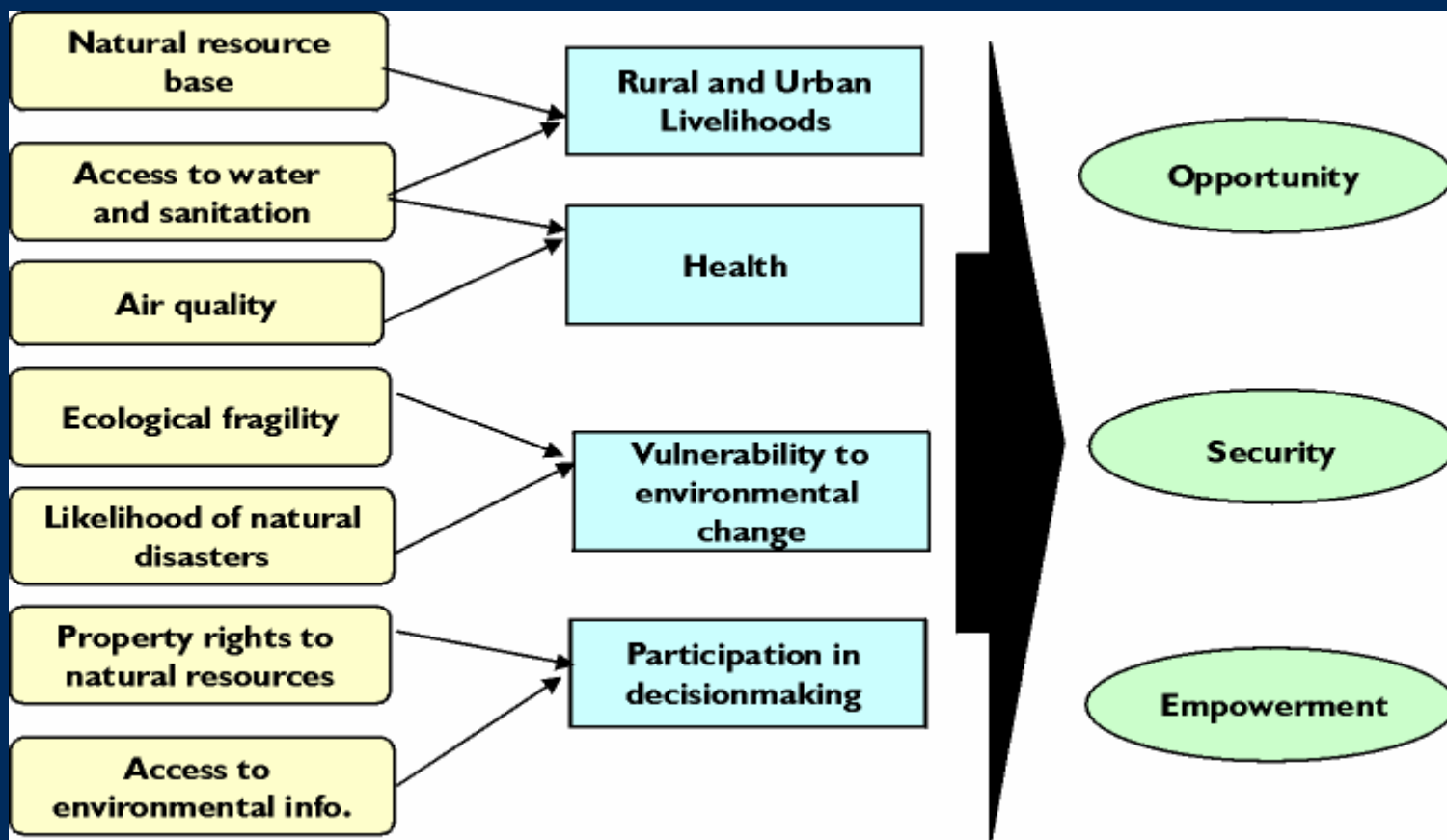


Poverty-Environment Nexus

Conditions

Major links

Dimensions of poverty



NR Dependence Among Poor

- Vedeld et al (2004)
 - Objectives:
 - Investigate extent of rural poor dependence on environmental income
 - Recommend good practice methodology
- 54 studies reviewed



“Environmental Income”?

- Definitions: $EI = \text{Rent (value added)}$ captured through consumption, barter or sale of natural capital within the first link in a market chain
- Study focused on forest EI



Study Results

- Wild food & fuelwood most important
- About 1/5 of income FEI
- Cash about half of FEI



Study Results (2)

- Within communities, relative dependence on FEI higher for the most poor
- Across communities, FEI grows in proportion to total income
- Poorer hh more diversified



Caveats

- Not random sample
- Studies “typical” of large populations
- Methodological problems:
 - Unclear use of “EI”
 - Omissions of sources
 - Dubious valuation
 - Sustainability unclear



FEI – A Poverty Trap?

- Functions often as gap-filling, safety net
- Poverty trap only if external restrictions
- Pathway out of poverty – rarely
- Regional differences



Are We Missing FEI in Poverty Assessments?

- Survey coverage varies
 - Fuelwood: little detail
 - Wild foods: often missing
 - Fodder: often missing but captured as livestock output
 - Cash FEI: in consumption measure if missed as income
 - We will try to assess the omissions!



Drivers of Change?

- Economic growth? (GDP/poverty)
- Align public/donor policy & spending (PRSPs)
- Markets for NR values (PES)
- *Align asset rights (not incl. here)*
- *Build capacity (ditto)*

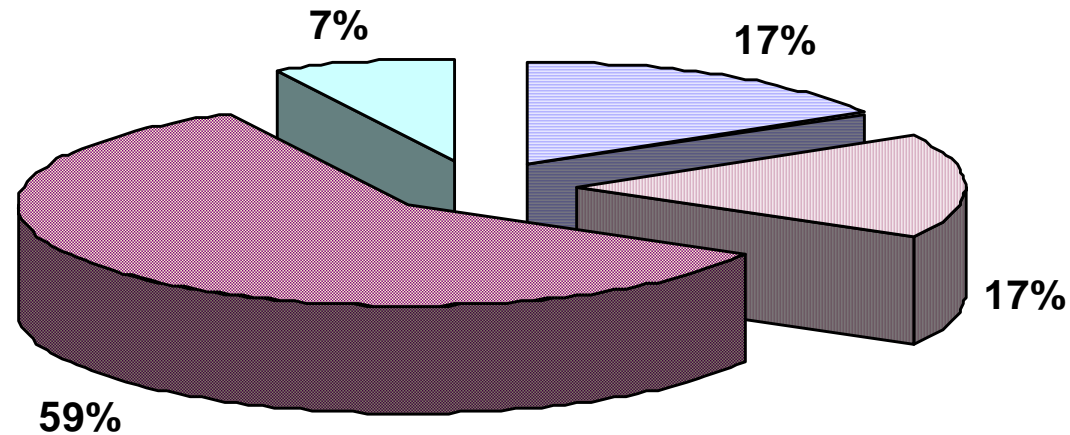


Growth & Poverty

- Source: Cord et al (2003)
- 54 countries
- Data availability varies; 1950s to current
- Average per capita growth vs. growth of income p.c. among 20% poorest



Pro-Poor Growth?



- Anti-poor recession
- Anti-poor growth
- Pro-poor growth
- Pro-poor recession



Poverty Reduction Strategy Papers & NRM

- PRSPs are
 - Country-owned
 - Requested by WB/IMF for concessional lending
 - Outcome focused
 - Tools for donor coordination



NRM in PRSPs

- Environmental review shows great variance
- More attention to poverty - environmental health links than NRM links
- Interventions focus on growth promotion, public sector reform, social spending
- Good NR mainstreaming: Mozambique



PRSP Implementation

- Almost 60 PRSPs
- 21 Progress Reports
- Rated both with nominal scores
- Correlation coefficient 0.15
- Weak link in mainstreaming environment



Payment for Environmental Services (PES)

- Biodiversity
- Carbon sequestration
- Watershed protection
- Landscape beauty



Poverty Impacts?

- Poor often low opportunity cost for participation
- Labor impacts ambiguous
- Title could be problem
- Credit for investments
- Transaction costs high
- Tradeoff environmental efficiency vs. poverty targeting



Summary Points

- EI among poor often significant and underestimated
- Pathways out of poverty:
 - Economic growth necessary, not sufficient
 - PRSPs: important, but indirect instruments
 - PES: limited but promising, some tradeoffs environment vs. poverty reduction



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