

The Environment and Poverty Reduction

Through the Millennium Challenge Corporation, the U.S. Government is helping developing countries address natural resource and environmental challenges. MCC's focus on long-term, sustainable economic growth, sound policies, and country-led development encourages countries to establish the appropriate policy and institutional frameworks. This creates the necessary community-based support required to improve land and natural resource use and stimulates economic growth in an environmentally friendly way. MCC reinforces an integrated, holistic approach to development, one that aims to help developing countries preserve and grow not only their financial and human capital, but their natural capital as well for the benefit of all their citizens, today and in the future.

MCC funded programs are subject to environmental and social review in accordance with MCC Environmental Guidelines and Gender Policy to ensure that projects are environmentally sound, designed and implemented in accordance with applicable regulatory requirements, and not likely to cause a significant environmental, health, or safety hazard. For MCC, however, environmental and social assessment is not just about safeguards and mitigating risks; it also serves as a basis for identifying opportunities to enhance the natural environment and improve social outcomes through innovative investments. These opportunities are fundamental elements of MCC's approach to development, and the agency is committed to helping partner countries design and implement programs that promote sustainable and equitable natural resource management and conservation.

MCC's engagement in partner countries encourages parties to address environmental and social issues proactively, beginning at the earliest phases of the compact development process when economic constraints and potential projects are first being considered. This enables MCC to assess the effect these issues have on poverty and the degree to which they need to be resolved to stimulate sustainable economic growth.

Environmental stewardship is an essential building block of reducing poverty and promoting sustainable economic growth



Sixty percent of the world's ecosystems are being degraded or used in an unsustainable fashion. Much of that has taken place in the last 50 years to meet increased human demands for food, fresh water, timber, fibers and fuel.



Approximately 1 billion people do not have access to safe drinking water, and 2.5 billion lack access to basic sanitation services.

Natural ecosystems provide basic needs and services that are necessary for healthy and productive lives, including building materials, food, water, medicines, and fuel. Healthy ecosystems also help to mitigate floods and droughts, preserve soils, control agricultural pests, pollinate crops, regulate disease, and contribute to climate stability among other things. Depleted or polluted resources, especially water, soils, forests, and fisheries, affect everyone, but disproportionately impact the lives of the poor because they typically do not have the means to mitigate adverse environmental impacts and adapt to changes (natural or anthropogenic) in their

environment and natural resource base. Moreover, in the absence of natural goods and services, evidence shows that poor people rely more heavily on other sources of income and spend more of what little they have to meet their daily needs. Global environmental threats such as climate change, water scarcity, pandemic disease, and food security have added urgency to these issues.

For these reasons, it is important to combine an understanding of the environmental, social, and economic dimensions of poverty in order to design effective poverty reduction and economic growth strategies, which not only increase incomes and improve social well being, but also provide incentives for adopting more sustainable and equitable land, water and resource management practices. Local, community-based ownership and support for projects is another important factor because it promotes a vested interest in using and maintaining resources responsibly, helps reduce uncontrolled or over-extraction of resources, and encourages people to pursue sustainable livelihoods.



Scientists estimate that 3 billion people will experience water scarcity by 2025.

El Salvador



As part of the \$23.6 million Human Development Program in El Salvador, MCC is investing in water and sanitation projects which involve participatory planning and development of micro watershed management plans intended to establish integrated, long-term strategies for ensuring the sustainability of water resources in beneficiary communities.

Tanzania



MCC and the Government of Tanzania are taking precautions to ensure that upgrading roads does not threaten wildlife migration corridors and facilitate illegal poaching. In order to mitigate potential adverse impacts to wildlife and other natural resources, the Compact is funding the development and implementation of two Wildlife Management Areas (WMAs) which will support community-based conservation programs by

providing rural communities with the responsibilities, rights, knowledge, and skills to promote wildlife and tourism as competitive and legitimate land-uses.

Namibia



In Namibia, MCC is funding a \$6.7 million natural resource management project focused on increasing household incomes by conserving several indigenous plant species that have commercial value.

Communities are provided with the technical resources and tools to improve the management and productivity of the plants. Beneficiaries will also receive technical assistance to help them establish associations to improve their earnings from the resource.

Lesotho



In Lesotho, MCC is funding a \$5 million wetlands conservation and management project which will bring together government, traditional chiefs, and local community members to devise measures for restoring

and protecting fragile highland wetlands at the headwaters of the Orange River Basin. These wetlands naturally store and release water and provide pasture land and other subsistence benefits to rural communities. The conservation program will rehabilitate several severely degraded wetlands and examine alternative land management practices which could be implemented to reduce adverse impacts from grazing and other activities, and enhance the social and economic value of the wetlands to local populations.