

Environment, livelihoods and pro-poor growth

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- BCI context
- Environment dependence of poor people
- Environment potential contribution to growth
- Environment contribution to pro-poor growth?
- Politics of natural resources
- Challenges for BCI?

BCI context: livelihoods

- Biodiversity conservation corridors have three functions including: “promoting and enhancing local community welfare through conservation and use of natural resources”
- The first of BCI’s five outputs is: “**poverty alleviation** through sustainable use of natural resources and development of livelihoods”
- poverty alleviation & livelihoods are central

Environment dependence of poor people

- Natural resources key to livelihoods of poor people, especially women and minorities
- Poor people often on most **marginal rainfed agricultural** land
- Landless most dependent on **forests** for food, energy, grazing, medicine, timber, shifting agriculture
- **Waterbodies** provide fishery livelihoods
- Environmental **disasters** hit poor hardest
- Environmental **health** risks (eg indoor air pollution, zoonotic diseases eg bird flu)

Environment's potential contribution to growth

- Natural resources are key **growth** sectors in GMS (eg forestry, fisheries, minerals, nature based tourism).
- Generate **employment, revenues and exports** (eg Nam Theun 2 dam \$2 billion in revenue over 25 years for Lao PDR)
- Natural resources need to be **well managed to sustain growth** – eg timber sector over-capitalised and based on subsidised timber
- Economic **trade-offs**: illegal timber reduces tax revenues

Environment's contribution to pro-poor growth?

- Pro-poor growth is increase **average incomes of poor**
- Poor people depend on the environment, but can the environment raise incomes and **lift people out of poverty?**
- Environment's role in pro-poor growth is:
 - **Revenues for investment in poverty reduction**
 - Natural resource based **small & medium enterprise**
 - Environment improvements **benefit poor**
 - **Facilitate shift from** incomes based on natural resources

Natural resources and revenues for pro-poor investment

- Natural resources generate **revenues** (forests, minerals, fisheries, hydropower, natural based tourism)
- Natural resources need to be **well managed**
- Revenues need to be **captured** (so problem of illegality)
- Revenues must be **spent** on poverty reduction
- Many problems common to others aspects of pro-poor budgeting
- But also profitable extraction of natural resources may **negatively impact** poor people who still depend on resources
- Trade-off requires careful **zoning**

Natural resource based small and medium enterprises (SMEs)

- Natural resources key asset of the poor
- So facilitate poor to move from subsistence to generate profits from natural resource based SMEs
- Examples of community timber concessions, NTFPs, tourism etc
- Many problems common to other SMEs (eg lack of credit, markets, infrastructure)
- Need for skills in SME development (which environmentalists may lack)

Environment improvements should benefit the poor

- Not all environmental improvements benefit poor
- Protected areas may impose high opportunity costs from **foregone development opportunities** (eg lack of roads), **wildlife damage**, reduced access (eg PRCs log ban)
- Need for **compensation, zoning and funds** for education and alternative lands to facilitate migration
- **Reforestation** may be with inappropriate species on land where poor lose access
- Need for **proper dialogue and careful zoning**

Facilitate shift from incomes based on natural resources

- Poor people and poor countries may some times be caught in a natural resource “poverty trap”
- Many escape poverty by migration away from resource dependent areas or shift to off farm employment
- This may be better than natural resource SMEs?
- At a national level this shift may involve conversion of natural resources to other forms of capital (eg cutting down forests for palm oil)
- But what is the critical level of natural capital?

Politics of natural resources

- Any form of pro-poor growth is political: involves **winners and losers** between different groups (eg politicians, army, bureaucracy, civil society, private sector, poor people, donors etc)
- Natural resources often destroyed for the benefit of those with **political and economic power**
- Pro-poor natural resource management requires **reform and challenging vested interests**
- Complicated by **attributes** of natural resources:
 - Remote and not visible (so corruption easier)
 - Unowned (so open access by many groups)
 - Finite and limited (so over-used by all)
 - Multiple use (same resource for poor and rich)

Livelihoods and poverty reduction: Challenges for BCI?

- Natural resources vital to poor people
- But poverty reduction through natural resource management is not easy
- Revenues from large scale natural resource extraction can harm poor and require zoning
- Natural resource SMEs require skills in SMEs (which environmentalists may lack)
- Poor people negatively impacted by protected areas require compensation and other support
- Sometimes best to facilitate shift to income not based on natural resources
- Pro-poor natural resource management requires taking on vested interests and changing political and economic incentives