



# LINKING

## poverty reduction and environmental management — policy challenges and opportunities

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# KEY POLICY MESSAGES

*Addressing environmental issues that matter to the poor is critical to sustained poverty reduction and achieving the Millennium Development Goals....But this requires a more “pro-poor” and integrated approach—linking action at local, national, and global levels.*

This brochure is based on *Linking Poverty Reduction and Environmental Management* which was prepared as a contribution to the 2002 World Summit on Sustainable Development. It focuses on ways to reduce poverty and sustain growth by improving environmental management, broadly defined. It seeks to draw out the links between poverty and the environment and to demonstrate that sound and equitable management of the environment is integral to achieving the Millennium Development Goals, in particular to eradicating extreme poverty and hunger, reducing child mortality, combating major diseases, and ensuring environmental sustainability.

Four priority areas for sustained policy and institutional change are highlighted:

- **Improving governance** to create a more enabling policy and institutional environment for addressing the poverty-environment concerns of the poor, with particular attention to the needs of women and children.
- **Enhancing the assets of the poor** to expand sustainable livelihood opportunities and to reduce the poor's vulnerability to environmental hazards and natural resource-related conflict.
- **Improving the quality of growth** to promote sound environmental management and protect the environmental assets and livelihood opportunities of the poor.
- **Reforming international and industrial-country policies** to address the poverty and environment concerns of developing countries and the poor.

## **Policy opportunities exist to reduce poverty and improve the environment**

The environment matters greatly to people living in poverty. The poor often depend directly on a wide range of natural resources and ecosystem services for their livelihoods; they are often the most affected by unclean water, indoor air pollution, and exposure to toxic chemicals; and they are particularly vulnerable to environmental hazards (such as floods, prolonged drought, and attacks by crop pests) and environment-related conflict. Addressing these poverty-environment linkages must be at the core of national efforts to eradicate poverty.

Many opportunities exist to reduce poverty by improving the environment—but there are significant and often deeply entrenched policy and institutional barriers to their widespread adoption. The decade of experience since the 1992 Earth Summit in Rio reveals some important lessons that help point the way forward. Three broad lessons are highlighted here:

- **First and foremost, poor people must be seen as part of the solution rather than part of the problem.** Efforts to improve environmental management in ways that contribute to sustainable growth and poverty reduction should reflect the priorities of the poor. Supportive policies and institutions are needed, including access to information and decisionmaking, that expand the poor's opportunities to invest in environmental improvements that can enhance their livelihoods. At the same time, it is essential to address the activities of the non-poor, since they are the source of most environmental damage.
- **The environmental quality of growth matters to the poor.** It cannot be assumed that environmental improvement can be deferred until growth has alleviated income poverty and rising incomes make more resources available for environmental protection. This ignores the importance of environmental goods and services to people's livelihoods and well-being, and how the diversity of these goods and services contribute to the poor's opportunities for moving out of poverty. Further, there are many examples of how bad environmental management is bad for growth, and of how the poor suffer most from environmental degradation. Ignoring the environmental soundness of growth—even if this leads to short-run economic gains—can undermine growth itself and its effectiveness in reducing poverty.
- **Environmental management cannot be treated separately from other development concerns.** Rather, it must be integrated into poverty reduction and sustainable development efforts in order to achieve significant and lasting results. Improving environmental management in ways that benefit the poor requires policy and institutional changes that cut across sectors and that lie mostly outside the control of environmental institutions—changes in governance, domestic economic and social policies, and international and industrial-country policies.

## **Improving governance**

- **Integrate poverty-environment issues into national development frameworks** by addressing the environmental concerns of the poor in nationally owned poverty reduction strategies and related

macroeconomic and sectoral policy reforms, so that they can become national sustainable development strategies.

- **Strengthen decentralization for environmental management** by integrating poverty-environment issues into sub-national policy and planning processes and sectoral investment programs.
- **Empower civil society, in particular poor and marginalized groups**, to influence environmental management policy and planning processes at all levels by expanding public access to environmental information, decisionmaking, and justice.
- **Address gender dimensions of poverty-environment issues** by ensuring that they are fully integrated into the formulation, implementation, and monitoring of poverty reduction strategies and related policy reforms.
- **Strengthen anti-corruption efforts to protect the environment and the poor** by improving legislative and regulatory frameworks and oversight mechanisms, by increasing the penalties for violators, and by ensuring effective mechanisms for feedback from communities to enforcement agencies.
- **Reduce environment-related conflict** by improving conflict resolution mechanisms in the management of natural resources and biodiversity and by addressing the underlying political and economic issues that affect resource access and use, including the role of corruption.
- **Improve poverty-environment monitoring and assessment** by strengthening government and civil society capacity to monitor environmental change and how it affects the poor, by integrating poverty-environment indicators into national poverty monitoring systems, and by building capacity to apply monitoring and assessment results to poverty-environment policy formulation and implementation.

### *Enhancing the assets of the poor*

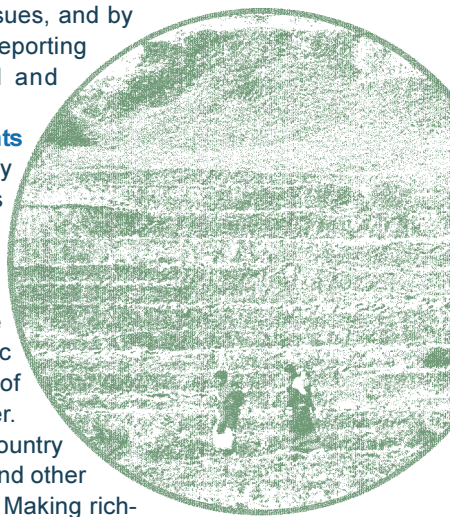
- **Strengthen resource rights of the poor** by reforming policies and formal and informal institutions that influence land and natural resource access, ownership, control, and benefit-sharing, with particular attention to resource rights for women.
- **Enhance the poor's capacity to manage the environment**—including conservation and sustainable use of land, water, and biological resources, and access to clean energy, water, and sanitation services—by strengthening local management arrangements and capacity and by supporting women's key roles in managing natural resources.
- **Expand access to environmentally sound and locally appropriate technology**—such as crop production technologies that conserve soil, water, and agrobiodiversity and that minimize the use of pesticides, or appropriate renewable energy and energy-efficient technologies that also minimize air pollution—by improving protection of and access to indigenous knowledge and technologies, by improving incentives for pro-poor technology development, and by involving the poor in technology research, demonstration, and dissemination.
- **Reduce the environmental vulnerability of the poor** by strengthening participatory disaster preparedness and risk reduction and mitigation capacity, by supporting the formal and informal coping strategies of vulnerable groups, and by expanding access to insurance and other risk management mechanisms.

### *Improving the quality of growth*

- **Integrate poverty-environment issues into economic policy reforms** by expanding the use of strategic environmental assessment and poverty social impact analysis approaches and by strengthening environmental management standards and monitoring capabilities.
- **Increase the use of environmental valuation** in adjusting national income accounts and determining appropriate price levels to better reflect the value of environmental goods and services and to improve economic decisionmaking.
- **Encourage appropriate private-sector involvement** by strengthening government and community capacities to partner with the private sector to expand environmental services for the poor, by providing incentives for local enterprise development based on the sustainable use of biodiversity (such as community-based ecotourism or sustainable harvest of natural products), and by putting in place appropriate regulations and voluntary codes to safeguard the interests of the poor and the environment.
  - **Implement pro-poor environmental fiscal reform** by pricing natural resources appropriately, particularly energy and water; by expanding the use of fiscal incentives to promote environmentally sound practices and sustainable use of biodiversity; by improving the use of rent taxes to better capture and more effectively allocate natural resource revenues; and by improving the use of pollution charges to better reflect environmental costs in market prices.

## Reforming international and industrial-country policies

- **Improve international and industrial-country trade policies** by addressing trade-environment-poverty links in the negotiation and implementation of multilateral trade agreements, by reforming trade-distorting agricultural subsidies and trade barriers to give developing countries equitable access to international markets and to encourage environment-friendly products and trade practices, and by eliminating subsidies that lead to unsustainable exploitation—such as subsidies for large-scale commercial fishing fleets that encourage overharvesting in developing-country fisheries.
- **Make foreign direct investment more pro-poor and pro-environment** by encouraging corporations' compliance with the revised Code of Conduct for Multinational Enterprises from the Organisation for Economic Co-operation and Development, by raising awareness among shareholders and investors of corporate social and environmental responsibility issues, and by expanding the United Nations Environment Programme's Global Reporting Initiative and other approaches to improving corporate social and environmental reporting.
- **Enhance the contribution of multilateral environmental agreements (MEAs) to poverty reduction** by strengthening developing-country capacity to participate in the negotiation and implementation of MEAs (for example, to ensure that the Clean Development Mechanism promotes investments that benefit the poor and the environment), by improving coordination among MEAs so that scarce developing-country capacity is used most effectively, and by increasing funding for the Global Environment Facility as a major source of finance for global public goods in the environment, such as a stable climate, maintenance of biodiversity, and protection of international waters and the ozone layer.
- **Encourage sustainable consumption and production.** Industrial-country consumers and producers through their trade, investment, pollution, and other activities affect the environmental conditions of developing countries. Making rich-country consumption and production more sustainable will require a complex mix of institutional changes—addressing market and government failures as well as broad public attitudes.
- **Enhance the effectiveness of development cooperation and debt relief** in addressing poverty-environment issues, particularly for the poorest countries, where aid and debt relief continue to have a valuable role to play in helping governments make many of the changes needed. This includes “mainstreaming” environment in donor agency policies and operations through staff training; development and application of new skills, tools, and approaches; and revisions to the way resources and budgets are allocated. Improved monitoring of progress against stated objectives and targets is needed in order to hold development agencies accountable and to ensure that a commitment by senior management to addressing poverty-environment issues is put into practice throughout organizations.



## Conclusion

There is some degree of hope and optimism for the future—there are sometimes win-win opportunities, and there are rational ways of dealing with tradeoffs. Environmental degradation is not inevitable, nor is it the unavoidable result of economic growth. On the contrary, sound and equitable environmental management is key to sustained poverty reduction and achievement of the Millennium Development Goals. There are significant policy opportunities to reduce poverty and improve the environment, but more integrated and pro-poor approaches are needed. The World Summit on Sustainable Development is an opportunity to focus on what is most important and to forge a coherent framework for action, with clear goals and achievable targets backed up by adequate resources and effective and transparent monitoring mechanisms. There can be no more important goal than to reduce and ultimately eradicate poverty on our planet.

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