

The wealth of the poor

The dimensions of global poverty are staggering. Still. Despite initiatives introduced over the past 20 years that have reduced the number of people in the world living on less than US\$1 per day by 25%, 2.7 billion people – almost half of Earth's population – exist on less than US\$2 per day. Still.

The reality of that poverty is even more striking. Over 2 billion people live in rural areas, largely out of sight, and their condition has not improved much at all: in Africa, the quality of life and income of the poor has in fact declined. In Latin America, the poor and their leaders are forcefully challenging globalization and its unfulfilled promises. The landmark Millennium Ecosystem Assessment portrayed in stark terms the state of the ecosystems upon which the rural poor depend for their livelihoods.

Over the past 50 years, we have changed ecosystems more rapidly than at any time in human history. These changes have not been without benefit. The resulting increase in food, fiber, and other services has contributed to improved human well-being. However, the gains are unevenly distributed, and the poor have, more often than not, borne the costs of lost or degraded ecosystems. What can we do?

There are some things we know for certain. We know that the great majority of the world's poorest people are concentrated in rural areas. They depend on fields, forests, and waters – the bounty of ecosystems – for their livelihood. These ecosystems provide a natural asset base that the rural poor can draw upon to initiate a process of wealth creation to boost them beyond subsistence and into the mainstream of national economies – but only under the right circumstances. The unavoidable conclusion is that, if the natural resource base is not managed for the long term, and is instead exploited and polluted for short-term gain, it will fail to provide fuel for economic development on the scale required to relieve poverty.

Traditional programs of foreign assistance do not reach the rural poor. Big infrastructure projects and debt relief, however important, do not improve the prospects of people dependent on degraded ecosystems. Instead, that requires better decisions, which in turn depends on better information and better governance.

The poor have significant assets in the form of ecosystem wealth, if sustainably maintained. But under most systems of government, they lack the right to control the land and what is produced from it. Not surprisingly, then, they have little or no incentive to protect those resources when they are unable to capitalize on them. Change in the fate of the underprivileged requires, at the start, changes in governance.

Rural communities need access to information, a voice in decision making, and an ownership stake in the resources on which they live. Movement toward community-based governance is already underway. The 2005 World Resources Institute report, *The wealth of the poor: managing ecosystems to fight poverty*, cites numerous instances of success from all over the world.

In Chiapas, Mexico, the Scolel Té project connects communities to the international carbon trading market. To offset greenhouse gas emissions, companies purchase carbon credits from Fondo Bioclimático, a local organization. Fondo brokers the contracts and provides training to farmers who plant and maintain trees for carbon sequestration. Two-thirds of the income from the sale of carbon contracts goes to the farmers. Along with offset revenues, they sell sustainable timber and develop shade-grown coffee or mixed agroforestry plantations. The plantings help to reduce erosion and improve soil quality.

Also in Chiapas, the La Selva Cooperative launched a Fair Trade coffee initiative. Members of the cooperative gain credit, a broad network of contacts, and technical training, allowing them to produce higher quality coffee. The Union de Ejidos de la Selva collaborates with over a thousand families in 42 communities to ensure better soil-management practices and the use of certified organic techniques, which limit erosion and water pollution.

These and many other examples demonstrate that when poverty-stricken households improve their management of local ecosystems – whether pastures, farms, forests, or fishing grounds – the productivity of these systems improves. When this is combined with greater control over these natural assets through stronger rights and greater inclusion in local institutions, the poor can capture the rise in their productivity as increased income. With greater income from the environment, families improve nutrition, health, and education, participate in the market, and use their new power to accumulate assets. In other words, they begin the journey out of poverty.



Jonathan Lash,
President,
World Resources
Institute,
Washington, DC