

# RECOMMENDATIONS: ADVANCING ENTERPRISE AND RESILIENCE

## **THIS VOLUME OF THE WORLD RESOURCES REPORT PRESENTS**

in strategic detail an approach to addressing rural poverty initially examined in our last report, *The Wealth of the Poor*. The “poverty-environment-governance” construct introduced in that volume informs an approach that sets the stage for a community’s first steps on a path to a better economic future. We argued there that poverty and the environment are inextricably linked and that the world’s rural poor could enhance their livelihoods by capturing greater value from ecosystems. Income from sustainably managed ecosystems can act as a stepping stone in the economic empowerment of the poor. But that can only happen when poor households are able to reap the benefits of their good ecosystem stewardship. Better governance, beginning with improved and predictable resource tenure, is the catalyst.

*World Resources 2008* explores the model further. It argues that properly designed nature-based enterprises can not only improve the livelihoods of the rural poor, they can also create resilience—economic, social, and environmental—that can cushion the impacts of climate change, keep communities rooted, and help provide needed social stability.

*World Resources 2008* examines what is necessary to allow such nature-based enterprises to scale up so as to have greater impact on rural poverty. It identifies three critical elements: community ownership and self-interest, the role of support organizations in providing skills and capacity, and the importance of networks—formal and informal—as support and learning structures.





When these elements of ownership, capacity, and connection are present, communities enhance their ability to manage ecosystems collectively and extract a sustained stream of benefits, unlocking the wealth potential of nature. In so doing they build competencies that extend beyond nature-based enterprises, allowing them to expand their livelihood options beyond reliance on natural resource income alone.

This approach to rural economic growth and resilience takes on added importance as we look ahead. The World Bank predicts that profound poverty will remain largely rural almost until the end of the century (Ravallion et al. 2007:39). The nature of that poverty, and how the world responds, will be shaped by the larger trends at work right now.

Climate change will, by all accounts, have the greatest impact on the rural poor. Other forces also come into play. An anticipated 50 percent increase in world population by the end of this century will add to the stress on natural resources. Increased consumption by a growing global middle class will continue the erosion of ecosystems, starkly documented by the Millennium Ecosystem Assessment in 2005 (MA 2005).

The emergence of new economic and political power centers with often divergent and competing interests and values will likely make international agreement to solve problems more difficult.

Yet it is precisely the interplay between the persistence of rural poverty and the inexorable trends shaping the twenty-first century that makes addressing this problem so urgent and important.

This chapter outlines specific actions that governments at all levels can take to encourage the creation of nature-based enterprises that build rural resilience as they reduce poverty. It also looks at the important roles that can be played in this process by donors, NGOs, and other institutions working on development issues, particularly with respect to encouraging the development of intermediary support organizations.

In pursuing these actions, a primary goal is to fashion an extensive web of support that can help rural enterprises gain the capacities they require to thrive. One of the most persistent barriers they face is a lack of support services that can enable inexperienced communities to grow their business skills and their institutional capabilities at the same time. Associations and intermediary support organizations (ISOs) are elements of the web of support that rural enterprises require, but governments, donors, international NGOs, and other international organizations must also participate in delivering the capacity that nature-based businesses need over the long term. Such support services are key to turning budding rural enterprises into engines for rural employment and wealth creation—the kind of economic growth that will directly benefit poor families.

## Cultivating Ownership and Increasing Demand

### 1. Complete the Job of Decentralization.

Conferring resource rights on rural communities and individuals means devolving authority over these resources to the local level. An important part of this process is decentralization of natural resource governance to local governments. While devolution of resource rights directly from central government to local user groups can take place without empowering local government, this is not a recipe for long-term success. Local government needs to be part of the mix.

In concept, decentralization was accepted long ago by most governments as an appropriate step to encourage rural development and increase equity. Reforms over the last quarter-century have accomplished the first steps in the decentralization process, delivering new mandates and some new authorities to local governments. But in too many cases decentralization reforms have not been carried through to their logical or necessary conclusion. Political decentralization has not always been matched by fiscal and administrative decentralization that empowers local governments to raise and allocate funds or to regulate local resource management. Central governments still play an outsize role in determining how local ecosystem resources are managed and who will reap the benefits. As a result, local governments continue to suffer from insufficient capacity and authority to catalyze and support nature-based enterprises.

Central governments can help complete the decentralization process by defining more clearly local governments' roles as decision-makers and arbiters of local resource use. This may mean ceding greater budgetary authority and regulatory control—such as permitting authority for resource use—to local authorities, while establishing clear criteria for transparency in spending and permitting to make sure local governments remain accountable to communities.

### 2. Pursue Tenure Reform That is Flexible and Inclusive.

Many nations have begun to tackle the considerable task of increasing the tenure security of rural residents. On the basis of this experience, several lessons have emerged that should inform government actions.

- **Consider alternatives to formal titles.** Land and resource registration is important, but traditional centralized titling programs have proved costly and contentious. Governments should explore broader approaches that use local institutions to execute simpler

and lower-cost forms of registration that provide an intermediate level of formalization in a timely manner.

- **Recognize customary tenure.** National tenure laws need to explicitly recognize—and provide a means to register—local customary land rights, including communal tenure.
- **Provide for long-term land leasing and tenancy.** Governments should not neglect the importance of lease and tenant arrangements to the poor and should encourage long-term leases that can provide adequate tenure security.
- **Clarify co-management responsibilities and rights.** National laws need to explicitly recognize the specific domain of co-management, where the state shares resource tenure with local communities or resource user groups. Co-management arrangements need to specify clearly how resource rights and responsibilities are divided and for what duration in order to provide adequate security for local investment in good management. In addition, the rights devolved must be substantial, with a better balance between local and state authorities than is contained in most current arrangements.
- **Provide a functional dispute resolution mechanism.** Such a mechanism must link the existing customary and statutory mechanisms in a common framework so that conflicting land claims can be settled

### 3. Support Pilot Projects and Help Communicate Successes.

Governments, NGOs, and donors can all play a positive role in building demand for ecosystem-based enterprises.

- **Fund pilot projects and facilitate exchange visits.** These are among the most effective and cost-efficient means of demonstrating firsthand to community members the benefits of community resource management.
- **Help communities communicate their successes.** This can be done by providing assistance with message development, websites, and the publication of articles, photographs, and other communication tools and with dissemination of these products through state and donor networks.

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# BOX 5.1 CLIMATE CHANGE AND THE POOR: RESILIENCE AND ADAPTATION

OF THE 2.6 BILLION PEOPLE WHO LIVE ON LESS than \$2 per day, almost 2 billion live in rural areas, in countries whose economies and people are most dependent on natural resources (World Bank 2007a:63; Ravallion et al. 2007:39). Efforts to meet the Millennium Development Goal of cutting poverty in half in such areas are being stymied by the already-evident impacts of climate change, which has been called “today’s crisis, not tomorrow’s risk” for developing countries (Alexander 2008).

While climate change impacts will be uneven around the globe, the human impact will be greatest where the poor live—countries at the lower latitudes. Whether the effects relate to food production, human health, desertification, or flooding, location does matter as far as climate change is concerned (World Bank 2007b).

Some examples of the expected effects of climate change:

- Water will be the defining element of climate change impacts: too much water in the form of more severe storms and resultant flooding, as experienced in 2007 in Bangladesh, or too little, as with desertification—“potentially the most threatening ecosystem change impacting the livelihoods of the poor” (MA 2005:4). According to the Millennium Ecosystem Assessment, desertification is projected to get worse in Africa and Central Asia, and climate change is a key cause (MA 2005:1). More than 300 million Africans, out of a population of some 930 million, live in drought or drought-prone areas (IPCC 2007:437).
- The Himalayan glaciers are receding at an unprecedented pace. More than 500 million people in southern Asia depend on this previously predictable glacial melt for water, primarily for agriculture. Now that source is at risk (IPCC 2007:493).
- Agriculture depends on water. In southern Asia, where population growth is expected to add at least 1 billion people by 2050, various climate scenarios project decreases in rice and cereal production of up to 10 percent (UNFPA 2007:91; IPCC 2007:480–481).
- A 1-meter rise in sea level—the minimum forecast for this century—has the potential to displace nearly 6 million people across South Asia, with Bangladesh’s coastal population most threatened. In East Asia, the outlook is even bleaker: a 1-meter rise would displace more than 37 million people, mostly in Vietnam’s Mekong and Red River Delta basins (Dasgupta et al. 2007: 2, 28–35).

A recent report on adaptation policy options argued that vulnerability to climate change was a function of two factors: the degree to which an area is exposed—itsself a function of climate conditions and the extent and character of the vulnerable

area—and the area’s capability to respond or adapt (Burton et al. 2006:3)

The countries that are home to the majority of the world’s poor (see Box 1.3: *The Rural Poverty Imperative*) are also, by and large, countries with the least developed economies and with a lack of financial and technical resources to support efforts to mitigate climate change effects. They are the least resilient, the most vulnerable.

The poor have limited choices: they can stay where they are and manage the future that faces them with whatever means and mechanism they might have. Or they can move. Though migration may be a necessary recourse for people confronted with conflict or persecution, it must be viewed as the option of last resort.

The World Bank’s recent assessment of poverty states that for at least the next 80 years the majority of the poor living on less than \$2 per day will live in rural areas (Ravallion et al. 2007:26). That reality defines how the development community must manage the twin and inextricable challenges of abject poverty and climate change.

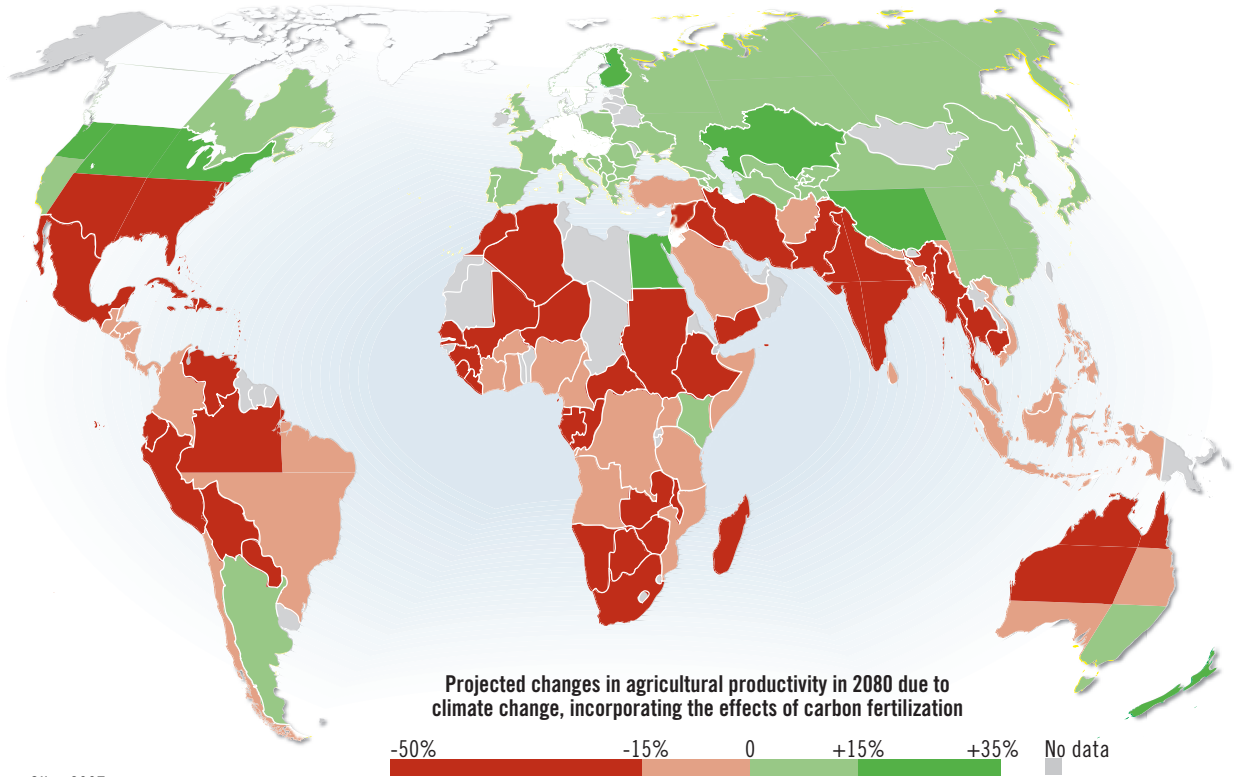
For the almost 2 billion people already living marginal existences in rural areas, large-scale interventions are not practical or likely. They must be better able to confront the new environmental conditions brought on by climate change so as to maintain and perhaps improve their own circumstances.

Adaptation to the natural variability in climate has been part of rural life for centuries. Anti-poverty strategies that build on the natural resource base and engage the self-interest of the poor have shown the potential to provide a number of important benefits. As the case studies in this book detail, communities that have developed nature-based enterprises have not only improved their livelihoods, they have, over time, become more capable, more adaptable, and more resilient as a result.

That resilience has many dimensions. There is economic resilience, as communities realize income from sustainable management of natural resources, including smallholder agriculture. There is social resilience born of community engagement in the development and operation of such enterprises. And there is environmental or ecosystem resilience from the improved stewardship of natural resources when they come under community control.

The case studies in this book describe programs that were not begun in response to the threat of climate change, yet they had the effect of providing communities with the skills and the tools to help them adapt to that threat. For example, the work of the Watershed Organisation Trust in India has already generated a

## PROJECTED CHANGES IN AGRICULTURE IN 2080 DUE TO CLIMATE CHANGE



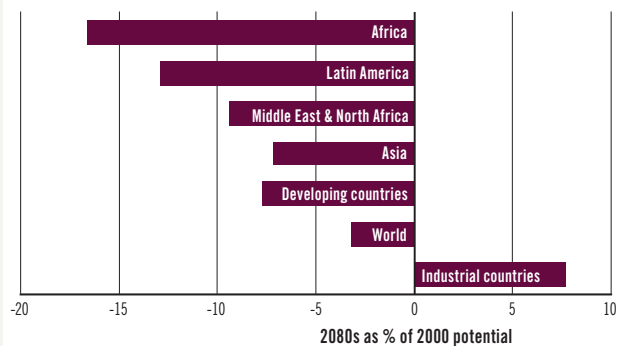
Source: Cline 2007

range of important benefits—social and economic—for almost 500 watershed communities. Water tables have risen, more land can be irrigated, more livestock can be raised, and there is more paid work for those who do not own land. Other benefits include increased crop variety, including new cash crops; increased income; and increased social cohesion as heads of families leave less frequently to find work elsewhere during what used to be long dry periods. (See Box 2.4: *Watershed Organisation Trust, India.*)

At the same time that the livelihoods of village residents have improved, restoration efforts have made the environment on which they depend—the watershed—more resilient to the expected impacts of climate change.

The same holds true for the farmers in Niger. It has taken more than two decades to restore their agricultural lands to increased fertility and productivity. Now almost half the cultivated land in the country has been “re-greened,” densely covered with crops, shrubs, and trees, all of which have contributed to significant increases in food production and improved economic circumstances. Soil and water conservation techniques have resulted in elevated water tables, richer soil, and the reclaiming of over

## CHANGE IN AGRICULTURAL OUTPUT POTENTIAL, 2000-2080



Source: Cline 2007

250,000 ha of barren land to productive agricultural use. (See Chapter 3: *Turning Back the Desert: How Farmers Have Transformed Niger's Landscapes and Livelihoods.*)

Niger is one of a number of countries in sub-Saharan Africa whose agricultural productivity has been predicted to be


## BOX 5.1 CLIMATE CHANGE AND THE POOR



adversely affected by climate change. While it is impossible to predict what will ultimately happen in Niger, we know that up to half of the country's farmers have adopted land management techniques that make them far more resilient in the future.

The model of enterprise promotion outlined in this book holds promise for addressing the persistence of rural poverty. It appears to deliver other important benefits as well. In the most recent Climate Change Assessment from the Intergovernmental Panel on Climate Change (IPCC), Working Group II identified the critical determinant of “adaptive capacity”: the ability make the changes necessary in land use, economic activity, and social organization necessary to respond to climate change. It is worth noting that many of them are the same elements necessary for establishing community nature-based enterprises. The IPCC offered this list of determinants of adaptive capacity from the literature (IPCC WG II 2007:816):

- Access to economic and natural resources
- Entitlements (property rights)
- Social networks
- Institutions and governance
- Human resources
- Technology

There are no guarantees, but experience shows that the poor, rural communities that have nurtured robust nature-based enterprises have, in the process, become more resilient to challenge and more capable of dealing successfully with change in the future. 

## 4. Facilitate Community Participation.

Participatory processes have well-known benefits but require resources and support in order to bring maximum benefits and inclusion. In providing this support, an important goal is to change the power dynamics of participation so that the interests of the poor are adequately represented—an evolution that is both challenging and bound to be gradual.

- **Provide technical support for community resource appraisals.** This can include mapping and work on geographic information systems, as well as government- or donor-led training in monitoring protocols for long-term resource tracking.
- **Encourage representation of marginalized groups on management committees.** Government mandates for formal inclusion of groups such as women or the landless on resource management or executive committees can begin the process of acceptance and true representation of these individuals.
- **Encourage the formation of self-help groups.** Informal associations can be powerful mechanisms for empowerment through capacity development and political organization, helping marginalized groups articulate their concerns within the larger group of resource users.
- **Provide impartial facilitation services for community planning processes.** NGOs are often well placed to help communities engage in productive dialogue, visioning, and planning exercises that must be based on a foundation of trust.
- **Educate agency officials to respect community participation processes.** Government officials themselves often require training in how to elicit community participation, how to incorporate input they receive from communities in government plans, and how to determine what support services the state can offer. Incentives are also required to help officials put into action what they have learned and to catalyze a change in agency culture.
- **Support community enforcement efforts.** Resource management involves rule enforcement. This is best done by the community itself whenever possible. But where the area to be managed is large or contains high-value but widely dispersed resources like wildlife or fish, enforcement may strain the capacity of the community. The state can provide a service by training local community members in enforcement techniques and providing logistical support when needed.

## Developing the Capacity of Local Organizations

### 1. Foster the Development of Intermediary Support Organizations.

Developing the capacity of local organizations involves connecting them with financial and organizational resources, exposing them to new technical and business skills, and helping them improve their inclusiveness and accountability to local people. ISOs are often the most critical actors in this capacity-building process and therefore are key to helping local organizations scale up their ecosystem-focused enterprises.

Supporting the formation of ISOs and helping them meet the many challenges they face should thus be a top priority for governments and donors. The main challenges they face include obtaining a sustainable funding supply, balancing their different roles and relationships, culturing leadership, communicating and disseminating successes and lessons learned, maintaining a learning culture that is flexible and adaptable, and maintaining downward accountability to local citizens. In recognition of the special importance this report places on ISOs, actions that donors and governments can take to promote the growth and maturation of ISOs are broken out below, as well as some steps that ISOs themselves can take to aid in their own development.

#### Donors can:

- **Provide sustained funding.** This funding should allow ISOs the flexibility to deploy funds as opportunities arise, realizing that the best ISOs are innovative and opportunistic.
- **Support leadership training.** Providing funding and opportunities for off-site training can encourage leadership development. Secondments are one very effective means to accomplish this. This can also include seconding staff from a funder to the ISO.
- **Require accountability for outputs.** This should include regular reporting not just to donors but to citizens to encourage downward accountability to and feedback from local organizations.
- **Recognize achievement with awards.** Awards such as the Equator Initiative prizes can raise the profile and credibility of successful ISOs in national and international circles.



## Governments can:

- **Avoid demanding control at the project level.** Governments should recognize that ISOs perform functions that governments themselves cannot readily accomplish. They should therefore endeavor, to the extent practicable, to not interfere with the work of ISOs but to sponsor and share responsibility with them through partnership arrangements that clearly define areas of authority.
- **Be responsive to the lessons that ISOs can teach.** Allow space in the bureaucracy for ISOs to play their role and maintain open channels of communication with them.
- **Facilitate communication of ISO successes and lessons.** This can be done by providing training in message development and media work, as well as by providing government communication networks through which ISO successes can be disseminated.
- **Culture leadership and capacity-building through secondments to line agencies.** As with donors, government agencies are often great sources of technical knowledge, policy analysis, and contacts that can greatly aid ISOs in their work.
- **Create a policy environment that favors the action of civil society organizations like ISOs.** This includes easing restrictions on NGO formation, registration, and funding.
- **Encourage third-party evaluations to improve accountability.** Independent evaluations of publicly funded ISO work can not only provide extremely valuable feedback to ISOs, it can also make it clear to both ISOs and their clients that accountability matters.

## ISOs themselves can:

- **Diversify funding sources.** ISOs must negotiate a fine line between dependence and autonomy. They should try not to “put all their eggs in one basket.” On the other hand, they should not be desperate in their search for diversified funding; they should be able to turn down money that they realize will compromise their flexibility or reputation.
- **Reserve some unallocated funds.** Keeping some resources unallocated allows ISOs to respond rapidly to developing opportunities.
- **Charge for services.** This may improve the quality of the service and may also raise the perceived value of the service to the community clients. Charges must be commensurate with what users can pay.



- **Establish and avidly pursue a secondment policy.** ISOs must be proactive in seeking learning opportunities. Governments and donors are often eager to share their areas of expertise. And secondments provide an unprecedented level of access and opportunity to change agency culture.
- **Mandate term limits for leaders.** Establish a policy of a limited term for top leadership so that the organization is forced to reckon with leadership development. This is central to remaining a “learning organization” and evolving beyond the vision and capabilities of the founder.
- **Keep a hand in local project work.** This allows the organization to keep in touch with current challenges on the ground and to keep its work as an intermediary in perspective.
- **Create opportunities for clients to evaluate the organization’s performance.** Creating accountability mechanisms will help ISOs maintain their status of trusted intermediary, will provide real-time input so that they can maintain the level of the services they provide, and will make it easier to justify themselves to donors. However, it is important to acknowledge that, by their very nature, ISOs will never be accountable in the way that elected officials or government agencies are.
- **Partner with a high-profile organization.** Association with a respected international foundation or organization can be an effective means to improve an ISO’s standing and promote its efforts to a wider or more influential circle.





## Promoting Enterprise Networks and Associations

### 1. Create a Policy Environment Conducive to Networking.

Governments can help unleash the power of learning networks and commercial associations by rectifying their legal and regulatory structures.

- **Establish a right to free association in the national constitution.** This establishes the fundamental legitimacy of all forms of voluntary associations and hinders the government's ability to discourage them.
- **Simplify registration procedures.** Registration helps formalize rural associations such as cooperatives and business consortia and provides a contact point for government assistance. Onerous registration requirements, on the other hand, can discourage their formation.
- **Rectify national cooperative laws.** National laws governing cooperatives should be brought in line with the standards put forward by the International Co-operative Alliance and promoted by the International Labour Organization. Doing so will help governments steer clear of attempting to interfere with the activities and governance of cooperatives and other associations.

### 2. Provide Financial Support for New Associations.

Fledgling associations are notoriously in need of financial support to establish themselves and begin to provide member services. Providing start-up funds can mean the difference between survival and failure. Whether such funds are provided by governments or donors, they should be granted without political interference and with the intent of developing the internal governance abilities of the association. Funds should be gradually phased out to encourage financial sustainability and independence.

### 3. Extend Capacity Development and Support Services.

As with other aspects of rural enterprise, lack of capacity is a leading obstacle to the growth of functional rural associations.

- **Advertise the benefits of associations.** Conduct outreach and advertising campaigns to educate rural communities about the benefits of producer associations and to inform them of the capacity-building and support programs available to new organizations from government or NGO sources.
- **Support training in business and organizational skills.** Associations provide an ideal venue for offering training courses, both to increase the functioning of the association itself and for the benefit of association members.
- **Encourage the formation of learning networks.** The connectivity of association members can be increased by providing web services and other communication tools, as well as seed funds for regional conferences and other face-to-face encounters between associations.

## Creating a National Enabling Environment

### 1. Foster Competition Through Appropriate Regulation and Transparency.

As overseer of the national economy and regulator of natural resource uses, the central government has a responsibility to make sure small rural enterprises are not held back by uncompetitive practices or regulations and tax structures that puts them at a disadvantage

- **Enact and enforce basic competition laws.** Many nations have not yet embodied basic market principles in law or do not zealously enforce such laws they already have on the books. While law alone is insufficient to

create open markets, basic statutes against price fixing and the formation of monopolies and cartels are an important foundation for oversight and redress.

- **Reverse the bias toward large enterprises.** State subsidies and access policies are often targeted toward industrial-scale resource users rather than small-scale enterprises. One step toward eliminating this bias would be adjusting the procedures that govern the awarding of forest and fishery concessions so that community groups can compete for these concessions on an equal basis or be granted preferred access to a portion of available concessions. Greater transparency in the concession process in general would be a good place to start. In addition, greater attention to including small enterprises in established subsidy programs or creating subsidies targeted to small enterprise development would also help create a better balance between large- and small-scale producers.
- **Increase access to natural resources information.** Too often, rural enterprises lack basic information on the availability, ownership status, and current usage patterns of ecosystem resources. Government has a special responsibility to make available to its rural constituents data on natural resource stocks and flows, on resource tenure, and on market conditions for typical natural resource commodities and services—information that can form the basis of resource management and enterprise planning.

- **Use greater transparency when granting extraction licenses and harvest quotas.** Reducing the use of these regulatory instruments as sources of patronage is a priority. Transparency in how these instruments are obtained and who has obtained them is just a beginning. Creating official avenues for enterprises to pursue administrative redress when these instruments are abused is a second useful step.
- **Apply a “minimum standards” approach to environmental regulations.** Rather than binding communities with a detailed list of resource management requirements, states should consider establishing a set of minimum environmental standards that communities must achieve but should grant latitude in how they meet these standards. Such flexibility can keep small enterprises from becoming bogged down in bureaucratic details that create a significant regulatory burden but do little to increase environmental compliance.
- **Reduce the burden of resource and business taxes.** Taxes and user fees applied at the point of resource extraction are particularly hard on small enterprises. Shifting some of the tax burden to points higher in the value chain may reduce the tax burden on small enterprises without unduly lowering total tax receipts.
- **Increase the ability of small-scale enterprises to market their products directly.** States intervene in the markets of many of the forest and agricultural





products that form the basis of nature-based enterprises; often, rural producers cannot sell their products except through state-controlled auctions or outlets. In the right circumstances, this regulation can help regularize prices and access to commodity markets, but in many cases it squelches competition and restricts the entrepreneurial space that rural enterprises occupy. Creating opportunities for these enterprises to go outside the state-controlled system and market their wares directly can expand their market reach and provide an incentive for product improvement and innovation.

## 2. Provide Long-Term and Integrated Enterprise Support.

Budding rural enterprises can benefit from a variety of support services sponsored by governments, donors, and NGOs—from business development and marketing support to microfinance programs. Experience shows that these are more effective if administered as an integrated package, where financing follows intensive skills development and business planning and where consistent follow-up is provided as enterprises take their first steps.

- **Provide market analysis, business planning, and mentoring services.** A realistic view of the market and a sound business plan to reach this market are often luxuries that small producers do not have the resources or knowledge to undertake. Filling this gap can greatly enhance an enterprise's chances of success. Business mentoring programs have proved highly effective at reducing the failure rate of new enterprises.
- **Regulate, but don't over-regulate, the microfinance industry.** Microfinance has become a crucial part of the enterprise generation cycle in many rural areas. Although the microfinance industry has grown rapidly, further growth is required to fuel the expansion of nature-based enterprises. Governments have a vital regulatory role, providing oversight as the commercial banking industry enters the microfinance market, encouraging competition to drive down loan costs, and creating product standards that ensure that loan and insurance products are well designed. Governments can also assume an educational role, making training available for smaller microcredit and microinsurance providers.
- **Provide professional business services for continuing support.** Once support services are established, the need for them may persist for many years. One of the most frequent shortcomings of enterprise development programs is their lack of follow-up services, often leaving new enterprises without access to legal, accounting, marketing, technical, and financial services they require to sustain themselves and expand.

## 3. Reorient the Government Bureaucracy Toward Service.

If the government line agencies that deal with natural resources are to foster community-based enterprise rather than thwart it, they must jettison old attitudes and develop new skills that emphasize service delivery and shared decision-making with local institutions.

- **Redefine the mission of line agencies.** To change their culture, line agencies must begin by redefining themselves. Rather than seeing themselves as sole managers of natural resources, with an emphasis on production alone, they must shift their focus to collaborative management, with a goal of ensuring both a good decision-making process and sustainable resource use based on these decisions. This entails helping communities participate in local resource decisions and use local resources responsibly for their livelihoods.
- **Establish incentives to change agency culture.** Translating this new mission into change within line agencies will require developing performance indicators that embody the agencies' new goals and tying promotions and pay to these performance measures, thus rewarding staff for acquiring participatory skills and delivering technical and advisory services to resource-based enterprises.
- **Develop staff capacity to work collaboratively with local resource users.** Agency staff typically lack training in participatory methods, necessitating a dedicated effort to develop and reward such skills. The goal should be to transform agencies into "learning organizations" that reward innovation and collaboration and that culture cross-cutting skills that combine technical expertise with a mastery of process and social skills.

## 4. Revitalize Rural Representation.

To compete against larger industries and urban constituencies and to gain access to larger markets, small rural enterprises need their legislative representatives to advocate for their concerns more effectively and to make sure resource policies and regulations treat them fairly. Legislative reforms are needed to realign incentives for rural representatives and increase their downward accountability to their rural constituents.

Not all of these reforms are of the same degree of difficulty. Some, such as increasing legislative transparency through enactment of Freedom of Information legislation, may be accomplished in the short term—and have been in many nations. However, we acknowledge that other more substantive reforms, such as reigning in the power of the executive branch and of political parties, are more challenging and



daunting and may require longer-term efforts and significant commitment. But without such major reorientation, rural representation will remain partial, at best, with respect to the interests of the poor and their nature-based enterprises.

- **Increase the transparency of the legislative process.** Rural constituents often face a surprising lack of information about how their representatives have voted, making it difficult to hold them accountable for their actions. Adopting Freedom of Information legislation is a necessary first step to increase information flow. Opening committee meetings that are now held in closed session and requiring that all votes taken and testimony given are officially recorded and made publicly available in local languages would be additional small but significant steps in opening the sometimes arcane world of legislative proceedings. At the very least, these steps would allow the media and NGO watchdog groups to report more accurately on legislators' actions.
- **Restrict the influence of the executive branch.** The considerable influence of the executive branch over legislators often trumps constituent concerns. Curbing this influence—at least somewhat—could be achieved by restricting the number of cabinet appointments (often used as patronage) the executive can make, requiring these appointments be confirmed by the legislature, and restricting the executive's influence over key legislative posts such as the parliamentary Speaker or committee chairpersons.
- **Limit the power of political parties over legislators.** The autonomy of legislators—and thus their willingness to take controversial positions in support of their constituents—can be increased by making sure that independent candidates are permitted to run for office and by ensuring that legislators can switch parties midterm without losing their seats.

## Culturing Resilience and Resourcefulness

There is no iron-clad recipe for building the ownership, capacity, and connection that can power successful community management of natural resources, no formula for scaling up ecosystem-based enterprises. Circumstances vary considerably by country and by community, and any set of recommendations is bound to be incomplete. Nonetheless, this chapter has identified a number of fundamental principles that can guide governments, NGOs, and donors, and it offers a discrete set of actions based on these principles—actions that can help create an enabling environment for rural enterprise.

The evidence of success using this approach is scattered and uneven. But the body of evidence continues to grow and

the scope of impact—geographically and by sector—widens. And success, even partial, is compelling.

Results are seen in communities with an improved quality of life that can be measured—communities with skills and experiences that can make them more resourceful and more resilient. Improved stewardship of the natural resource base not only creates environmental income, so that the community is stronger financially, it also improves the resilience of the environment itself, rendering it better able to withstand potential future impacts. Nowhere is that more apparent than in Niger and in the improved watersheds in Maharashtra state in India. And finally, the skills wielded by the community as it manages its enterprises builds a confidence—a resilience to the inevitable challenges to come. The foundation for scaling up such community enterprises, whether geographically, as seen in India and Niger, or financially, as seen in Namibia, is set when the project is nurtured at the community level.

To establish, nurture, and grow these natural resource-based enterprises takes time and patience and the right policies. That imperative often runs counter to the natural desire of donors and governments to show progress and claim success. If this approach is to go to scale, it requires a long-term commitment, one that falls on everyone's shoulders: government, funders, and the communities themselves. The conventional criteria that define support of poverty alleviation efforts must change.

Tenure rights, properly framed and put in place, are catalytic; the self-interest they create is critical. But just as important is how the benefits of that tenure—the income and other benefits that result from improved stewardship of natural resources—are allocated. Fairness and equity in the distribution scheme validate the integrity of an enterprise, and that is critical in attracting the support it requires to be sustainable and to grow.

Both donors and ISOs have important responsibilities here as community “buy-in” and active participation take place in the early stages. Donors must ensure that funding is available on an “as needed” basis, when the time is right in the community to move to the next stage. ISOs are critical because of their role both in bringing skills to the community and in determining when it can assume more responsibilities. This stage involves the building of social capital—a process that allows the community to assume responsibility for an enterprise. Skills training and capacity-building to manage an enterprise are, in turn, the processes of building the human capital that will allow the enterprise to grow as other challenges are met. Again, time is required for these skills to take hold and mature.

As the discussion in Chapter 2 details, and as the case studies in Chapter 3 illustrate, the role of government at every level is vital to this approach. At its highest level, there must be an unshakable commitment to help the very poor out of their subsistence conditions, recognizing that it is in a nation's long-term self-interest to do so. That commitment should be reinforced by clear, continuous, and public affirmations.

But that is not enough; it is just the starting point. In addition to the specifics outlined in previous chapters there must be a change in how government sees itself in the process.

We argue that, for success, communities must “own” their enterprise, in that they see its success as their own success and thus make the necessary investments of time and care, supported by informed government policy. Government thus becomes an enabler, providing the legal and other tools that allow these enterprises to take root and flourish. Government, by and large, is no longer the director or the only decision-maker. That doesn’t mean government and its officials are relegated to the sidelines. It means that they assume roles of facilitation, service provision, and guidance—roles that become critically important to the ability of enterprises to scale up.

In fact, as Crispino Lobo of the Watershed Organisation Trust has found in India, government officials who accept this new role of enabler realize greater attention, credit, and respect than they did when they were issuing orders and directives. Similarly, Guatemala’s National Council of Protected Areas has won the trust of forestry enterprises in the Maya Biosphere Reserve by operating as a facilitator rather than purely regulating their activities.

However, the transition from top-down management to enabling local management and enterprise is not easy. It requires attention to and reinforcement by superiors, and the change challenges the most basic public perceptions of government officials. But the payoff is well worth it. This change of role may be uncomfortable in the early stages of an enterprise, in light of the important place we argue that ISOs must play in the development of the social and business skills required of a successful community enterprise. Seeing these intermediary organizations as allies rather than interlopers is part of that shifting government role.

As outlined in this report, the array of challenges that rural enterprises must meet in order to succeed and scale up can appear overwhelming, even to the most committed of governments and sponsors. However, we hope we have shown the distinctions among the various challenges, both in terms of timing and complexity.

What is important is that the challenges are addressed in a manner appropriate to the enterprise and its move to scale up. Not all challenges can or must be met at once, and the sequencing of activities and funding is essential. For example, improved watershed management programs may ultimately require building new roads in order to market the higher agricultural production that results from greater water availability. But a new road to service urban markets may not be needed immediately, as local markets may be able to absorb the increased production for a time. On the other hand, increased provision of health care and upgraded educational opportunities could be necessary sooner to ensure the continued scaling up of the enterprise. Government as an enabling partner would be in a position to respond appropriately.

## Facing the Future

Governments must begin to accept that the success of their broader development initiatives depends on increasing economic, social, and ecosystem resilience. The large-scale trends that are shaping the natural world in this century must be accommodated in development strategies.

Climate change, increased demand for raw materials and foodstuffs, and growing water scarcity are trends unlikely to change in the foreseeable future. They will inevitably have their greatest impact on the rural poor, those whose futures are inextricably tied to the ecosystems in which they live. Rural development strategies must address these challenges head on.

Nurturing and scaling up nature-based enterprises using the approach suggested in this report is an effective route to building the resilience and resourcefulness that rural communities and ecosystems must have to withstand the certain challenges of the future. 🌿

