

MAKING THE WEALTH OF NATURE WORK FOR THE POOR

PROFOUND POVERTY IS A FUNDAMENTAL OBSTACLE TO THE

dreams and aspirations of people in every nation. Even after five decades of effort to support development and growth, the dimensions of poverty still stagger us. Almost half the world's population lives on less than \$2 per day; more than a billion live on \$1 or less. Poverty at this scale ripples beyond the boundaries of any particular country or region and affects the well-being of us all.

The publication of *World Resources 2005* comes at a particularly critical time. Economies in many developing countries have been growing at a rapid pace for several years. That growth has made us aware of two stark realities: in the largest of those countries it has lifted millions out of extreme poverty; but the price these nations are paying in accelerated degradation of their natural resources is alarming.

At the same time, there have been a number of key events this year, 2005, that provide a clearer focus on the future. At the G-8 Summit in Scotland, attention to the problems of global poverty, especially in Africa, was unusual for its single-mindedness and for the acknowledgment of poverty's far-reaching consequences.



In the spring of this year, the Millennium Ecosystem Assessment (MA), an international appraisal of the health of the world's ecosystems, published the first of its series of reports after five years of intensive study. The MA findings sound an alarm bell for the future, but they also contain within them a framework to address the challenges we have created for ourselves.

The MA has shown beyond any question the degradation we have caused to the ecosystems of the earth. At the same time, the MA has demonstrated unequivocally that we can better manage these assets, and, by so doing, secure their benefits for the future.

World Resources 2005 is about simple propositions:

- Economic growth is the only realistic means to lift the poor out of extreme poverty in the developing world; but the capacity of the poor to participate in economic growth must be enhanced if they are to share in its benefits.
- The building blocks of a pro-poor growth strategy begin with natural resources. These provide the base upon which the vast majority of the poor now depend for their fragile existence, but over which they exercise little control, and therefore can't exercise full stewardship.
- The role of governance—transparent and accountable governance—is critical to fostering pro-poor growth and essential to ensuring that the engine of that growth, natural resource wealth, is managed wisely.

There are some things we know for sure. We know that the great majority of the world's poor 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 use to begin a process of wealth creation that will boost them beyond subsistence and into the mainstream of national economies—but only under the right circumstances.

If the natural resource base is not managed for the long term, if it is exploited and polluted for short-term gain, it will never provide the fuel for economic development on the scale demanded to relieve poverty.

And that is what is happening today, as the Millennium Ecosystem Assessment has dramatically shown. If the ecosystems of the world represent the natural capital stock of the planet, we have drawn down that account at an alarming pace in the past decades. Over the last 50 years, we have changed ecosystems more rapidly than at any time in human history, largely to meet growing demands for food, freshwater, timber, and fiber.

The 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 borne the associated costs.

As populations and economies grow, the pressures on ecosystems will inexorably increase. Yet thanks to the MA, we finally understand, in terms even the most hard-bitten economist or banker can appreciate, the economic value of our natural capital account. And like the banker or economist, we now understand that we must manage that capital account—a trust fund, if you will—so that it not only provides for our needs today but also for the needs of future generations.

This volume documents that such stewardship of nature is also an effective means to fight poverty. When poor households improve their management of local ecosystems—whether pastures, forests, or fishing grounds—the productivity of these systems rises. When this is combined with greater control over these natural assets, through stronger ownership rights, and greater inclusion in local institutions, the poor can capture the rise in productivity as increased income. With greater income from the environment—what we refer to as *environmental income*—poor families experience better nutrition and health and begin to accumulate assets. In other words, they begin the journey out of poverty.

For some time now we have known that economic growth, growth that expands the availability of opportunities, is necessary to any permanent effort to alleviate poverty. But the quality of that growth is crucial if its economic benefits are truly to extend to the poor. Pro-poor growth based on the sustainable use of natural resource capital requires a fundamental change in governance. *World Resources 2002-2004* demonstrated that the wisest and most equitable decisions about the use of natural resources are made openly and transparently. Those most affected by such decisions must have full access to information and the ability to participate.

Change in governance must necessarily include reforms that give the poorest a real stake in their future. The issues of land tenure, of responsibility for resources held in common, of control, and of accountability must be addressed in a way that acknowledges and catalyzes the role of individual and community self-interest in managing natural resources as a long-term asset.

Included in these reforms must be a clear mandate to end corruption, which particularly oppresses the poor. The graft of government officials, the inside deals of vested interests, and the exploitation of natural resources for the immediate gain of a few creates an environment where the resource rights of the poor are violated and pro-poor growth cannot flourish.

The growth of free and uncorrupt institutions in developing countries provides the catalyst that will help us solve these two inextricably linked challenges: the eradication of extreme

poverty and the management of our natural capital to provide for future needs.

Access to the natural capital to create wealth, control and responsibility for that capital, information and basic technology to make that control useful and productive, and the ability to reach markets that bring the poor into the global economy are the tools at hand. The pay-off for countries that take up these tools is the prospect of a far better future than what they face today, and a social stability based on choice, access, and economic opportunity.

Achieving these goals will not come without a price for the developed world, but it is one developed countries should be eager to pay, given the return. Aid programs will have to become more targeted and accountable. Free trade will have to mean just that. Tariffs, import quotas, and crop subsidies will have to be modified, minimized, or eliminated so that the promise of a better life that starts on a farm in central Africa is not dashed on the docks of Europe, Japan, or the United States.

Consider the consequences of inaction or misguided action: continued poverty. The unchecked ravages of preventable diseases. Lost generations whose talent and promise are denied to us. Depletion of resources vital to our future. And the social corrosion born of inequality and political instability that national boundaries can no longer contain.

Much of what we call for in this latest Report is captured in the Millennium Development Goals, adopted by the United Nations in 2000, and committed to by the wealthiest nations of the world. *World Resources 2005* shows us how important pro-poor management of ecosystems is to attaining these goals

What *World Resources 2005* argues eloquently and unequivocally is that the path forward is clearer now than at any time. The Report presents a wealth of examples to adopt and replicate, demonstrating how nations can support a bottom-up approach to rural growth that begins naturally with the assets that the poor already possess. We know so much more than we did at Rio in 1992. We know the folly of extending aid without the tools to make use of it, of granting debt relief without improved governance, of stimulating production without access to markets. And we know the promise of ecosystems for poverty reduction. Delivering on that promise can allow the bounty of nature to become the wealth of the poor. At no time has so much been at stake, and at no time are we better able to respond.

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