

Poverty, Agriculture *and the* **Environment Nexus**

Learning Through Success Stories

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Poverty, Agriculture and the Environment Nexus: Learning Through Success Stories

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Executive Summary

This policy paper synthesizes existing literature on the relationship between poverty, agriculture and the environment. The purpose of the paper is twofold: First, it is intended to explore and identify opportunities for more effective integration between poverty eradication objectives, Plan for Modernization of Agriculture and environmental policy objectives. Secondly, it is intended to stimulate debate to further inform the implementation of the revised Poverty Eradication Action Plan. The paper makes a number of observations, proposals and directions for further research.

A detailed examination of the existing literature shows that a number of reasons why environment and natural resources should be integrated into agriculture and poverty eradication programmes.

First, we have observed that the agricultural interventions should invest in the sustainable management of the environment and natural resources for at least the following reasons:

- Sustainable management of environment and natural resources enables rural households to increase incomes which enable them to access basic social services such as health and education;
- Increasing and enhancing the productivity of the natural resource base is vital to sustainable economic growth in rural areas because it can mitigate the costs of land degradation, enable households to avoid the high costs of agricultural technologies such as fertilizers and expensive irrigation schemes;
- Natural resources provide the most viable opportunities for diversifying rural enterprises and income generating opportunities, especially since the poor normally live on the environment.

On the other hand, there are at least two important reasons why additional PEAP resources should be invested in environmental and natural resources management.²

- First, because natural resources are the critical assets for the poor, as sources of incomes (livelihoods) but also as their socio-economic safety net, investments to increase the quantity and enhance the quality of the environmental will achieve the twin objectives of poverty eradication and environmental conservation;
- It is evident that the loss of ownership and exclusion in the management of key natural resources for livelihoods has severed the links between communities and good natural resources management practices leading to, environmental degradation, disempowerment, and vulnerability to poverty.

Consequently, we argue that targeted investments using the agriculture budget can contribute to achieving win-wins for agriculture, poverty reduction and environmental management. Such investments may include:

- Investments to scale up the impacts of good environmental practices such as Agro-forestry, composite manure management may not only enhance environmental quality but will also lead to increased productivity and incomes for the poor.
- Public and private investments that focus on the development of enterprises based on natural resources. These enterprises provide a rare opportunity for the poor to achieve enterprise diversification and expand their enterprise options while contributing to the enhancement of environmental quality and the stock of natural resources capital. Consequently PEAP resources should specifically target the development of these enterprises.

² Some of these conclusions were presented and tested at a meeting of FRAME that took place in June 2003 in Washington DC.

Finally, we have argued that environmental management for poverty eradication is closely intertwined with politics and governance. The political and governance framework is the context within which the poor interact with the rest of the society. Yet, the current governance framework is designed in such a way that the wealthy and the politically advantaged exercise undue influence on the ownership, access and appropriation of benefits from natural resources. It is therefore our conclusion that investments to achieve the triplet objectives of poverty reduction, agricultural development and quantitative and qualitative improvements in environmental parameters must include investments that promote participation and effective representation of the poor in public decision making processes.

1. Introduction

There is a growing dearth of literature on the relationship between poverty, agriculture and sound ecological stewardship. In many economies that are largely dependent on natural resources, this debate is critically important because of the complex inter-relationship between livelihoods of poor people and the productivity and integrity of the natural resources base. This policy brief builds on the ongoing discourse on the relationship between poverty, agriculture and the environment within the context of the Plan for Modernization of Agriculture. It analyzes the relationship between the objectives of the PMA, the PEAP and selected policies on the environment and natural resources.

Building on existing research work, the paper identifies a series of win-win options that have been proposed to achieving those objectives in an integrated manner. The win-win policy options for achieving synergy are intended to assist in identifying and undertaking best practice case studies to further inform policy development and decision making in the context of the Poverty Eradication Action Plan.

This policy brief is divided into six sections. The key message throughout the six sections is that the existing literature does not provide the best practice cases that enable policy makers understand the kinds of interventions required to support these Siamese triplets. It is argued that more empirical work in the form of case studies to take stock of success stories in ENR related enterprises and natural resources management is needed.

2. The Concept of poverty and Assets of the Poor

Over the last decade, there have been attempts to enhance a more detailed understanding of the concept of poverty. In a global context, this debate has increased with the processes to prepare Poverty Reduction Strategy Papers upon which the World Bank has tended to rely for its country assistance.³ In Uganda, the conceptual debates on poverty picked from the adoption of the Poverty Eradication Action Plan⁴ and have now been carried through to other government initiatives including the Plan for Modernization of Agriculture (PMA), the National Agricultural Advisory Service (NAADS) and several other initiatives.

The concept of poverty is therefore now fairly well understood and it is not our intention to revisit this debate. However, a number of key issues stand out that need to be highlighted for the purposes of this policy paper.

Box 1: Nature of Poor Peoples' Assets:

Other than natural capital assets, poor peoples assets can be divided into **social capital assets** (groups, networks, relationships of trust and reciprocity, and customary law); **physical capital assets** (largely basic infrastructure); **human capital assets** (skills, knowledge, beliefs, attitudes, labor ability and good health); and **financial capital assets** (largely comprised of monetary resources)

- Existing literature generally agrees on the complex nature of the concept of poverty.⁵ Poor people's perceptions of poverty go beyond the narrow dimensions of income to include the concepts of identity and integration, security and vulnerability, empowerment as well as culture.
- Second, the current discourse on poverty generally agrees on the link between poverty eradication and access to and control over productive assets. In order to improve the livelihoods of poor people, there is need to invest in human resource development, building the physical infrastructure and enabling the poor to gain access to natural resources.⁶

³ Reddy, R.C., 2001. *Poverty Reduction Strategies and Environment: A Review of 25 Interim and Full PRSPs*. World Bank, Africa Region/Environment and Social Development Unit. March, 2001.

⁴ Uganda's PEAP is the equivalent of the Poverty Reduction Strategy Papers in the language of the World Bank.

⁵ Republic of Uganda, 2000. *Learning from the Poor: A summary of Key Findings and policy messages*. Uganda Participatory Poverty Assessment Report. Ministry of Finance, Planning and Economic Development, Kampala. June 2000.

⁶ Ibid.

Consequently, win-win options for promoting synergy between poverty eradication, agriculture transformation and environmental policy objectives ought to focus on two important environmental parameters: first, it should focus on promoting environmental factors that enhance the productivity of key enterprises of poor people. In Uganda, key enterprises are either crop or livestock and secondary enterprises based on these two activities. Key environmental factors that have been mentioned as affecting poor people include loss of soil fertility, control of soil erosion, lack of water, etc.

Secondly, options for poverty eradication should be targeted at promoting new enterprises that do not only give opportunities to the poor but also have the net effect of contributing to sustainability and integrity of existing ecosystems. Enterprises such as tree planting, fish farming, charcoal burning or carbon trading, etc may not only provide new enterprise opportunities for the poor, they also contribute to building ecological stability and increasing the environmental goods and services that are essential for poor peoples' livelihoods.

Natural capital assets need to be distinguished from other assets of poor people. Win-win policy options for environment, poverty and agriculture should enable poor people meet their basic needs, create more flexible livelihood options while enhancing the productivity of the natural resources assets and agriculture production. Win-win policy options for achieving PEAP, PMA and environmental policy objectives should therefore simultaneously lead to reduced poverty and social equity while enhancing sound ecological stewardship.

- While there is emerging consensus on the negative implications on macro-economic policy on poverty –environment relevant interventions, policy makers have not been given the necessary tools to overcome this “policy trap”. Generally, investments to improve the productivity of the assets of the poor may be impacted upon by the prevailing macro-economic policy environment.

In the last over 15 years, Uganda has continued to implement macro-economic policies compliant with the World Bank Structural Adjustment Programmes (SAPs). Policy prescriptions under the SAPS have had three major characteristics.

- First, they are often disproportionately targeted towards stimulating economic growth in its conventional sense and therefore not concerned with the impacts of any reforms on the poor and the environment.

- Secondly, these reforms have not in any way attempted to address equity considerations with respect to who gains from the resulting economic growth.

- Thirdly, they tend to inhibit any targeted investments to increase productivity of resources that are essential for poor peoples' livelihoods.

Box 2: 10 Basic Goals of the SAPs

- ❖ Deregulating the economy;
- ❖ Broadening the tax base and cutting marginal tax rates;
- ❖ Achieving fiscal discipline and accurate accounting procedures;
- ❖ Promoting and ensuring private property rights;
- ❖ Privatizing state-owned enterprises;
- ❖ Shifting public expenditure towards fields with high economic potential;
- ❖ Using the market to determine interest rates;
- ❖ Encouraging FDIs without discrimination;
- ❖ Setting a unified and competitive exchange rate; and
- ❖ Replacing trade barriers with tariffs and well lowering the tariffs themselves.

The challenge, therefore, is for us to develop appropriate policy options based on existing and emerging practices and successful cases. The questions we ought to ask ourselves include: are there cases that help us to ensure more targeting of policy and development interventions to address the limitations of the poor to have access to productive assets?, Are there success stories that can guide policy makers in making interventions that maximize gains for the poor?, and finally, if we recognize that natural resources such as

forests, wetlands, fisheries, etc are key assets for poor people, why hasn't the PEAP and the PMA provided a more flexible framework for channeling investments in these areas.

Finally, assets are vehicles for making a meaningful living with the capabilities to challenge and change the world. Through appropriate access and empowerment, poor people can use these capabilities to change their livelihoods and their environment. Since agriculture provides over 80% of Uganda's labour force and has been considered as the tool for eradicating poverty in Uganda through the implementation of the PEAP, an equally important consideration should be made on environmental management, which is also the natural and basal asset for agriculture.

Agricultural transformation policies without considerations for increasing the productivity of environmental assets provide loopholes that allow for long-term environmental degradation. Sustaining an efficiently managed environmental resource base is critical for creating a lasting and viable agricultural industry for Uganda with commercial benefits and most importantly taking into account the poor people that depend most on the land for their survival.

3. Mutually Re-enforcing Objectives: Why is the Debate Relevant?

We have already noted that in theory, the relationship between the PEAP, the PMA and environment management is well understood. This is clearly demonstrated by the fact that promoting environment and natural resources is clearly articulated as being a key factor in achieving the PEAP and PMA objectives. In practice, we don't see a more practical demonstration of this relationship especially in the way resources are allocated or the manner in which decisions over natural resources are made. Consequently, at the policy and decision-making level, we see a more dysfunctional relationship with environment and natural resources being "lost" in the "mainstreaming" process.

It is for the above reason that a dialogue on the relationship between the three areas of governmental activity need to be maintained. The objective is to identify cases that demonstrate not only the re-enforcing nature of the objectives of the PEAP, PMA and environmental policy. It is also to identify those cases that can guide policy makers on the nature of development and investment interventions that simultaneously lead to increased farmer incomes, promotes good governance while leading to agricultural transformation and enhancement of the productivity of the natural resource assets.

Table: PEAP. PMA and Environmental Policy Objectives

Objectives of the PEAP	Objectives of the PMA	Environment Policy Objectives
Fast and sustainable economic growth and structural transformation	Increase incomes and improve the quality of life	To promote improved land stewardship by rural and urban land users by better defining and strengthening land and resource tenure rights
Good governance and security	Improve household food security through the market rather than emphasizing self sufficiency	To provide a coordinated, national approach to sustainable land use and planning
Increased ability of the poor to raise their incomes	Provide gainful employment through the secondary benefits of PMA implementation such as agro-processing industries and services	To prepare national and local land use plans to help guide land use decisions in an environmentally sound, economically and socially acceptable way.
Increased quality of the life of the poor	Promote sustainable use and management of natural resources	To conserve and manage sustainably the country's terrestrial and aquatic biological diversity in support of national socio-economic development.
		To promote the conservation of wetlands to sustain their ecological and socio-economic functions for the present and future well-being of the people.

Source: PMA, 2000; PEAP, 2001; National Environment Policy, 1994.

Indeed, a careful analysis of the objectives of three focal areas demonstrates the interlocking relationship between the three policy regimes.

First, because of the nature of Uganda's economy, the natural resources assets provide the engine for achieving fast and sustainable economic growth and structural transformation. Environmental assets such as tourism and fisheries have remained some of the fastest growing sectors in the economy. This is not to mention that the entire agriculture sector is dependent on ecological conditions often modified by environmental factors. While this factor is acknowledged by the articulation of the relevance of environment and natural resources in achieving the PEAP objectives, the debates at the policy level do not seem to demonstrate this realization.

It therefore follows that policy makers need to be more guided on the nature of public and private investments that improve environmental conditions, enhance agricultural productivity while leading to increasing gains in household economies as well as the national economy.

Secondly, a broader understanding of good governance and security requires a shift from the traditional approaches that emphasize voter education. Good governance in the context of poverty eradication, agriculture transformation and good environmental management must encompass at least 4 inter-related characteristics: transparency, accountability, representation and empowerment. Based on existing literature on poverty as well as UPPAP studies, poor people associate their conditions to their powerlessness in influencing decisions that affect their livelihoods.⁷

⁷ See also Tumushabe, G.W., Bainomugisha, and Participation. ACODE Policy Series No. 5, 2002.

Consequently, programmes that promote accountability, transparency and representation of the poor in making decisions regarding the ownership, access and appropriation of natural resources capital squarely address the governance objectives of the PEAP. In order to achieve the PEAP and PMA objectives, the poor people must be enabled to access information on the policy and decision making processes over natural resources, they need to be empowered to negotiate management contracts over natural resources and should be guaranteed means of redress and remedy when their asset rights are infringed upon.

Thirdly, it is important to note that the most “glaring” link of the PEAP, PMA and environmental objectives is the focus on increased incomes for the poor. In all the UPPA studies, poor people pointed out how the natural resources assets provided almost all the products they put on the market for sell. Poor people either sell crafts, fishery products, medicinal plants, etc. or farm products. Consequently, interventions to increase their incomes ought to address the productivity of these natural assets. The problem is that policy makers have not been given options on the nature of investments or interventions to increase the productivity of the natural resources capital. Yet, the PMA and the PEAP provide practical mechanisms for undertaking such investments or interventions.

The fourth pillar of the PEAP is intended to address the quality of life of the poor. This largely relates to the physical surroundings and environmental health of the poor. Evidence from UPPAP studies show that sanitation, living conditions and physical space are often considered important facets of well-being. Again, one can note that access to productive natural resources capital can increase opportunities for the poor to improve their environmental health conditions.

4. Getting the policies right.

As already observed, the challenge for policy makers and practitioners is to identify appropriate policies that can provide the right incentives for people to invest in agriculture development, poverty reduction and sustainable natural resources management. But are there success stories where such policies have been applied or where specific investments have achieved the triad outcomes? Although answering these questions requires undertaking carefully selected case studies that provide lessons for policy making, a few generic observations can be made from the existing literature on poverty, agriculture and environment.

First, it is evident that macro-economic and sectoral policy reforms can have significant implications on both the environment and poverty. There is a need to further inform our understanding of the question as to how the costs and benefits of economic adjustment are distributed. The literature suggests that the outcomes of current adjustment policies both on the poor and the environment are mixed. The challenge for the poverty eradication strategies is to channel investments to improve the livelihoods of the poor and maintain more sustainable environments in order to simultaneously reduce poverty and maintain the ecological conditions conducive for agriculture.

Secondly, policy options for addressing poverty-environment interactions should now focus on improving the lives of the poor. We need to focus more on getting policy and programme interventions right, especially at the local government level. Therefore, one of the key interventions to maximize pro-poor policy implementation is to invest in capacity building for local government and practitioners. This will enable them identify and scale up interventions that help achieve the triplet objectives of increased agricultural productivity, increased incomes for the poor and stable ecological conditions upon which the former are dependent.

5. Demonstrating the poverty-agriculture and environment nexus through case studies

As already indicated, there is growing appreciation of the relationship between poverty eradication, agriculture transformation and the environment. This relationship is well articulated by the briefing papers arising from the UPPAP 2 studies conducted in February 2002 in selected districts in Uganda. What these and many other studies do not address is the identification of success stories that can guide policy interventions to address this complex relationship.

This last section of the briefing paper proposes key characteristics of case studies that ought to be undertaken to generate key policy messages that can guide policy making and trigger targeted investments that lead to poverty eradication, agriculture transformation and sound environmental management.

We propose that the first set of case studies should focus on documenting successful public and private investments that have enabled poor people to sustainably utilize natural resources while increasing resource productivity and benefiting from the wider market opportunities.

Secondly, we need to identify and undertake case studies that demonstrate the benefits integrating good natural resource management practices in on farm agricultural activities. As already indicated, the literature suggests that by adopting good ENR practices such as water and soil conservation, composite manure management and agro-forestry, the poor can transform their agriculture by spending less on alternative and expensive agricultural technologies which negatively impact on environmental quality.

Thirdly, case studies could focus on documenting successes that demonstrate where public or private investments have promote scaling up of natural resource based enterprises that have increased incomes and reduce poverty, especially for vulnerable groups such as youth and women.

6. Conclusion

In this policy brief, we have highlighted the re-enforcing nature of the objectives of the PEAP, the PMA and environment policy. We have argued that to achieve the objectives of the PEAP and the PMA, policy makers ought to make deliberate and targeted investments that aim at increasing the productivity of the natural capital assets of the poor. We have also observed that because there are either no or few documented success stories where synergies have been achieved, policy makers have not been provided with the necessary tools and analysis to guide their decisions. We have proposed that case studies to further demonstrate the linkages and develop tools to guide decision making should be undertaken. These case studies should take the nature and character of the environmental resource as the lowest common denominator when determining the case study selection criteria.

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