

# The Environment and Poverty Reduction

The Millennium Challenge Corporation recognizes environmental stewardship as an essential component of reducing poverty through sustainable economic growth. MCC's focus on long-term economic growth, sound policies, and country-led development encourages countries to establish policies and institutions conducive to the type of community-based support required to improve land and natural resource use. MCC's eligibility criteria, including a Natural Resource Management Index and a Land Rights and Access Index, encourage candidate countries to strengthen their environmental and land tenure policies. MCC's environmental and social assessment procedures encourage partner countries to address environmental and social issues at the earliest phases of compact development. MCC-funded programs are subject to environmental and social review in accordance with MCC Environmental Guidelines and Gender Policy to ensure that projects are environmentally sound, are designed and implemented in accordance with applicable regulatory requirements, and are not likely to cause a significant environmental, health, or safety hazard. For MCC, environmental and social assessment is not just about safeguards and mitigating risks; it also serves as a basis for identifying opportunities to enhance the natural environment and improve social outcomes through innovative investments.

Poor land use and agricultural practices, heavy reliance on biofuels, and weak environmental governance are common factors that contribute to environmental degradation and increase the vulnerability of developing countries to global environmental threats. Natural ecosystems provide basic needs and services that are necessary for healthy and productive lives, including building materials, food, water, medicines, and fuel. Healthy ecosystems also help to mitigate floods and droughts, preserve soils, control agricultural pests, regulate disease, and contribute to climate stability, among other things. Depleted or polluted resources, especially water, soils, forests, and fisheries, affect everyone, but disproportionately impact the lives of the poor because they typically do not have the means to mitigate adverse environmental impacts and adapt to changes (natural or anthropogenic) in



*Sixty percent of the world's ecosystems are being degraded or used in an unsustainable fashion. Much of that has taken place in the last 50 years to meet increased human demands for food, fresh water, timber, fibers and fuel.*



*Approximately 1 billion people do not have access to safe drinking water, and 2.5 billion lack access to basic sanitation services.*

their environment and natural resource base. Global environmental threats such as climate change, water scarcity, pandemic disease, and food security have added urgency to these issues.

For these reasons, it is important to design effective poverty reduction and economic growth strategies, which not only increase incomes and improve social well-being, but also provide incentives for adopting more sustainable and equitable land, water and resource management practices. Local, community-based ownership and support for projects are important because they promote a vested interest in using and maintaining resources

responsibly, help reduce uncontrolled or over-extraction of resources, and encourage people to pursue sustainable livelihoods.

Across 19 compacts worldwide, MCC is funding a variety of projects to help partner countries improve the management of natural resources, strengthen the capacity of their institutions, and pursue less carbon-intensive strategies for growth. A few of these projects are described below.



*Scientists estimate that 3 billion people will experience water scarcity by 2025.*



### ***El Salvador***

As part of the \$23.6 million Human Development Program in El Salvador, MCC is investing in water and sanitation projects which involve participatory planning and development of micro watershed management plans intended to establish integrated, long-term strategies for ensuring the sustainability of water resources in beneficiary communities.



### ***Tanzania***

MCC and the Government of Tanzania are taking precautions to ensure that upgrading roads does not threaten wildlife migration corridors and facilitate illegal poaching. In order to mitigate potential adverse impacts to wildlife and other natural resources, the Compact is funding the development and implementation of two Wildlife Management Areas (WMAs) which will support community-based conservation programs by providing rural communities with the responsibilities, rights, knowledge, and skills to promote wildlife and tourism as competitive and legitimate land-uses.



### ***Namibia***

In Namibia, MCC is funding a \$6.7 million natural resource management project focused on increasing

household incomes by conserving several indigenous plant species that have commercial value. Communities are provided with the technical resources and tools to improve the management and productivity of the plants. Beneficiaries will also receive technical assistance to help them establish associations to improve their earnings from the resource.



## *Lesotho*

In Lesotho, MCC is funding a \$5 million wetlands conservation and management project which will bring together government, traditional chiefs, and local community members to devise measures for restoring and protecting fragile highland wetlands at the headwaters of the Orange River Basin. These wetlands naturally store and release water and provide pasture land and other subsistence benefits to rural communities. The conservation program will rehabilitate several severely degraded wetlands and examine alternative land management practices which could be implemented to reduce adverse impacts from grazing and other activities, and enhance the social and economic value of the wetlands to local populations.