

ON KNOWLEDGE: 2

Reducing poverty and combating climate change: competing goals?

Climate change is a driver of poverty

Weather shocks arising from climate change keep poor households trapped in poverty and may push vulnerable groups into poverty for the first time. Across South Asia, millions of poor people face extreme events and their associated threats. Disadvantaged and marginalised groups tend to be disproportionately affected. For instance, in Bangladesh it is poor people living in low-lying areas susceptible to cyclones and flooding who are the worst-affected by climate change. In Pakistan, the poorest sharecroppers and landless people usually live in low-lying parts of villages that are exposed to flooding, while wealthier households tend to be located on higher ground¹. Extreme weather events and increasing climate variability also make it harder for governments to reduce poverty. Poverty is itself an important factor in climate vulnerability, in part because it limits people's capacity to adapt. In short, climate change and poverty are dynamically interlinked in a 'vicious circle'.



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Climate change drives poverty in several ways, including:

Effects on assets

Perhaps the most obvious link between climate events and poverty is the destruction of poor people's assets during events such as cyclones and floods. For instance, after floods in Mumbai in 2005, average household losses were more than four times the mean monthly income². Poor households are less able to recover from shocks than the better-off, and if they experience repeated extreme climate events they can easily become trapped in a downward spiral. Such climate events also erode ecosystem-based livelihoods. Human capital is damaged by the health consequences of disasters, including stunting in children due to poor nutrition as poor households struggle to cope. Also, poor people sometimes try to cope with disasters by withdrawing their children from school, thus damaging human capital in the long term. Smallholder farmers traditionally respond to climate threats by avoiding risk, for instance choosing to grow crop varieties which are low-yielding, but reliable in drought conditions. Such risk-averse behaviour, which means forgoing potential gains in consumption and income, is another important mechanism through which climate change will create and worsen poverty.

This briefing looks at how poverty, climate vulnerability and related policies interact with one another. The impact of climate change, for instance in the shape of extreme weather events, pushes vulnerable households into poverty and deepens existing poverty. Poverty is itself a driver of climate vulnerability, so there is the potential for a 'vicious circle'. Conversely, poverty reduction initiatives can foster climate resilience. Climate mitigation and adaptation policies can also be designed to benefit poor people, rather than harm their interests. While development can actually exacerbate climate vulnerability, synergies can be achieved if climate resilience and development goals are integrated.

About the series

The ACT on knowledge series focuses on key emerging issues related to climate change and how they affect South Asia. Each leaflet synthesises existing knowledge on a topic and aims to stimulate discussion. Suggestions for further reading are provided at the end. Please see the full list of topics at www.actiononclimate.today

¹ Larsen et al. (2014).

² Patankar and Patwardhan (2014), cited in Hallegatte et al. (2014).

Effects on prices

Climate extremes and variability arising from climate change will cause price changes, affecting poor households disproportionately. For instance, in the next 30 years or so, the agricultural impact of even quite small temperature increases will change the prices of land, labour and food in India. As a result, poverty across the country will be roughly 3–4% higher than it would have been in a scenario without global warming³. In Bangladesh, it is estimated that climate variability will reduce long-term rice production by an average of 7.4% each year up to 2050⁴. However, in the long term poor food producers might benefit from higher food prices, so the price effects of climate change on poor households are not straightforward.

Climate extremes will also affect poor people's productivity, for instance during heatwaves against which they have little or no protection. It will also deprive them of income-earning opportunities, for instance by undermining rural people's ecosystem-based livelihoods and forcing them to migrate to cities with high unemployment.

Climate policies can harm poor people: is this unavoidable?

Poorly designed climate mitigation and adaptation policies can have a negative impact on poor people. For instance, creating carbon taxes and eliminating fossil fuel subsidies increase the cost of energy, and flood zoning can limit the availability of cheap land for poor households. Poverty issues need to be taken into account during the design of climate mitigation and adaptation policies. At the very least, they need to avoid harming poor people's interests. Even better, they can be accompanied by social policies that channel benefits towards poor people. For instance, scrapping energy subsidies can generate resources to provide in-kind benefits or cash transfers.⁵

“Poverty issues need to be taken into account during the design of climate mitigation and adaptation policies.”

Relatively simple and low-cost options, such as building cyclone shelters and setting up early warning systems, are effective adaptation strategies which benefit the low-income groups who tend to be most exposed to extreme weather events.

Climate resilience or poverty reduction: do governments need to choose?

Climate adaptation and mitigation policies on the one hand, and poverty reduction policies on the other, are sometimes viewed as competing priorities.

In fact, climate and poverty goals can, and should, be addressed together. The challenge is to foster inclusive, sustainable and climate-resilient development before we see the worst effects of climate change. This means investing in pro-poor development policies and programmes, such as improving market access for poor people, providing support to diversified livelihoods, expanding irrigation, and enhancing infrastructure. These types of intervention are not obviously related to climate change, but they have the potential to foster climate resilience. In contrast, certain forms of development, such as developing industry in hazardous zones and expanding economic sectors that rely on the weather for productivity, actually increase a nation's economic vulnerability.

Nepal, India and Bangladesh have all started to integrate climate resilience into their national and sectoral development objectives, for instance in Nepal's agriculture development plan and in India's five-year national development strategy. The Government of Bangladesh has addressed climate change through the National Sustainable Development Strategy (NSDS) and the Bangladesh Climate Change Strategy and Action Plan (BCCSAP), and climate change policies are being integrated with other policies, such as those on social protection and health.

The concept of an adaptation continuum⁶ helps to clarify the relationship between development and climate resilience initiatives.



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³ Skoufias et al. (2011), cited in Hallegatte et al. (2014).

⁴ Yu et al. (2010), cited in Hallegatte et al. (2014).

⁵ World Bank (2014a), cited in Hallegatte et al. (2014).

⁶ McGray et al. (2007), cited in Arnold et al. (2014).

The adaptation continuum

At one end of the adaptation continuum shown in Figure 1 are development activities that address poverty, an underlying driver of climate vulnerability. At the other end are programmes that focus exclusively on reducing climate impacts. In between, there is a range of cross-sectoral initiatives that combine adaptation and traditional development goals in varying proportions. Figure 1 shows the position of various types of programme along the continuum.

At the local level, community-driven development can be an effective approach.

Community-driven development

Community-driven development (CDD) is a broad-based approach to both development and resilience needs which gives community groups and local governments control over planning decisions and investment resources. It is characterised by local empowerment and capacity-building, participatory governance and downward accountability. CDD programmes draw on communities' experiences of climate change and support autonomous adaptation. Women's empowerment plays an integral part. Box 1 contains examples of CDD programmes in South Asia that combine development and climate resilience objectives.

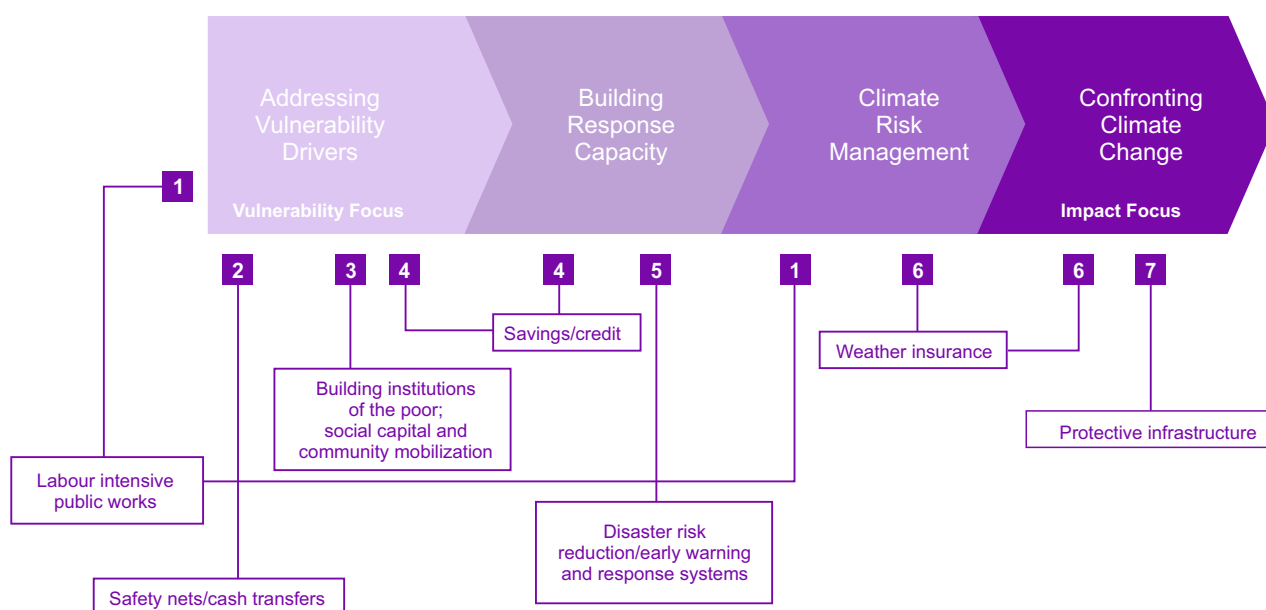


Figure 1: Activities along an 'adaptation continuum'

Source: McGray et al. (2007), adapted from Arnold et al. (2014) p.20

Box 1: Examples of community-driven development programmes that promote resilience

India: National Rural Livelihoods Mission

This project supports federations of poor women's self-help groups, helping them to access a range of goods and support services on behalf of their members. This network also facilitates access to specialised advice regarding on-farm drought adaptation measures and building watershed management structures.

Pakistan: North West Frontier Province On-Farm Water Management Project

Farmers' organisations and federations of water users' associations were established to manage irrigation

systems, either on their own or jointly with government bodies. Formal contracts gave the farmers' organisations clear legal status and responsibilities. They participated in planning, design, construction and maintenance and made financial contributions to investments and maintenance.

Bangladesh: New Life

This project combines direct financing to village institutions with building disaster-preparedness and long-term resilience. Communities conduct participatory vulnerability analyses, develop plans and make investments that enable them to anticipate, withstand and recover from shocks and disasters arising from climate variability and natural hazards.

CDD programmes use one or more of the following strategies to promote disaster and climate resilience: improving infrastructure, supporting livelihoods, and enhancing natural resource management. This well-tested approach has the potential to benefit large numbers of poor people. However, community-level initiatives are not enough in themselves. They need to be linked to policies, programmes and planning at higher levels of government. So far, bridging this gap has been a major challenge.

KEY MESSAGES

- Climate mitigation and adaptation policies should be designed to benefit poor people and in this way promote climate resilience
- Pro-poor development has the potential to reduce climate vulnerability and enhance climate resilience
- The overall challenge is to achieve inclusive, sustainable and climate-resilient development
- Countries such as Bangladesh, India and Nepal are already taking steps to integrate climate resilience into their development policies and programmes, rather than treating climate change as a stand-alone policy area.



Photo: thomas koch / Shutterstock.com

Sources and further reading

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