

Poverty and the environment/climate change

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Introduction

The sustainability of the environment, once mistakenly thought to compete with economic development, is now understood to be complementary and necessary to “end poverty in all its forms everywhere.”¹ Poverty-environment mainstreaming is a powerful practice to help eradicating poverty, reducing inequality and combatting environmental degradation. Economic development and poverty reduction strongly depend on improving management of the environment and natural resources, the “natural capital” of the poor. New tools of economic analysis and transparency that reveal the true value of natural capital and sustainable ENR management mobilize support for poverty-environment mainstreaming within government. To ensure that poverty eradication goes hand in hand with sustainable management of natural resources, international, regional and national institutions can apply poverty- environment mainstreaming within their own organizations and practices.

What are the main linkages between poverty eradication and environment/climate change?

i) Eradicating poverty remains a daunting challenge for Least Developed Countries, especially in the face of Climate Change

Most poor people today live in middle-income countries, but in 10 years poverty will become more concentrated in the more fragile Least Developed Countries facing conflict and climate stress. Natural capital is determinant to these issues as it includes the major contributions to society and the economy of forests, wetlands, agricultural land, etc.: it makes up 36 per cent of the wealth of low-income countries. Often, the full economic value of an ecosystem is not recognized in economic theory and decision-making. By fully accounting for these assets, countries can provide more accurate information to their policymakers—which in turn can result in better economic decisions about development priorities and investments.

The Global Land Outlook² highlights some relevant key trends regarding environment, poverty and social instability:

- **Land degradation contributes to climate change and increases the vulnerability of millions of people, especially the poor, women, and children.** Current management practices in the land-use sector are responsible for about 25 per cent of the world’s greenhouse gases, while land degradation is both a cause and a result of poverty. Over 1.3 billion people, mostly in the developing countries, are trapped on degrading agricultural land, exposed to climate stress, and therefore excluded from wider infrastructure and economic development.

¹ Goal 1, Open Working Group Proposal for Sustainable Development Goals, Sustainable Development Knowledge Platform, <https://sustainabledevelopment.un.org/focussdgs.html>, accessed 26 February 2015.

² Information and download here: <https://www2.unccd.int/publications/global-land-outlook>

- **Land degradation also triggers competition for scarce resources, which can lead to migration and insecurity while exacerbating access and income inequalities.** Soil erosion, desertification, and water scarcity all contribute to societal stress and breakdown. In this regard, land degradation can be considered a “threat amplifier,” especially when it slowly reduces people’s ability to use the land for food production and water storage or undermines other vital ecosystem services. This in turn increases human insecurity and, in certain circumstances, may trigger or increase the risk of conflict.
- **Higher temperatures, changing rainfall patterns, and increased water scarcity due to climate change will alter the suitability of vast regions for food production and human habitation.** The mass extinction of flora and fauna, including the loss of crop wild relatives and keystone species that hold ecosystems together, further jeopardizes resilience and adaptive capacity, particularly for the rural poor who depend most on the land for their basic needs and livelihoods.

ii) Inequality harms growth, poverty reduction and ecosystem sustainability

70% of the world’s poor depend on natural resources for all or part of their livelihoods. Ecosystem services and other non-market goods make up between 50 and 90% of the total source of livelihoods among poor rural and forest-dwelling households worldwide—the so-called “GDP of the poor”.

Poor and vulnerable groups are disproportionately dependent on ecosystem services for their livelihoods, and therefore can be most affected by ENR degradation and ecological shocks. A determination of a “GDP of the poor” that draws on the contribution of ecosystem services to livelihoods shows that such services constitute a substantially larger component of GDP compared to classic national GDP calculations. Integration of ecosystem services into economic theory represents an increasingly important area of work directed at ensuring environmental sustainability.

Moreover, poverty falls disproportionately on women. Of the 1.2 billion people across the world who are hungry, seven out of 10 of them are women and girls. A significant majority of the world’s estimated 1 billion rural women depend on natural resources and agriculture for their livelihoods, making them more vulnerable to negative impacts of environmental degradation and climate change.

More evidence supporting the link between inequality, poverty and the environment emerges from the Global Land Outlook:

- **Land degradation decreases resilience to environmental stresses:** increased vulnerability, especially of the poor, women and children, can intensify competition for scarce natural resources and result in migration, instability, and conflict.
- **Over 1.3 billion people are trapped on degrading agricultural land:** farmers on marginal land, especially in the drylands, have limited options for alternative livelihoods and are often excluded from wider infrastructure and economic development.

iii) Poverty-environment, climate and gender mainstreaming helps eradicate poverty, reduce inequality and combat environmental degradation

The sustainability of the environment, once mistakenly thought to compete with economic development, is now understood to be complementary and necessary to end poverty in all its forms everywhere. Economic development and poverty reduction strongly depend on improving management of the environment and natural resources, the 'natural capital of the poor'.

New tools of economic analysis and transparency that reveal the true value of natural capital and sustainable management of natural resources mobilize support for poverty-environment mainstreaming within governments. As an example, The Economics of Ecosystems and Biodiversity (TEEB)³ initiative aims to integrate ecosystem services and biodiversity into policymaking. At the country level, it highlights ways to work with nature to meet specific policy priorities. It thus provides an example of a focused approach to integrating pro-poor environmental sustainability in development policy, planning, budgeting and monitoring processes.

iv) The integrated approach to poverty eradication and environmental sustainability pioneered by the joint UNDP-UNEP Poverty-Environment Initiative can support Governments to design both the process and content of Sustainable Development Goal implementation

By taking pro-poor, gender-responsive environment and climate issues into the heart of economic decision-making, in particular, national and subnational planning and budgeting processes, poverty can continue to be reduced while safeguarding the environment and tackling climate change and inequality.

This methodology can be combined with a human rights-based approach. A human rights-based approach to poverty reduction underlines the multidimensional nature of poverty and leads to: a) improved understanding of who the poor are, where they live, what their specific situation is; b) better formulation of vision, objectives and target setting; c) heightened transparency and accountability in programming; d) more effective and sustainable programming; e) better monitoring and evaluation of progress; f) greater credibility and sustainability.

It offers an explicit normative framework—that of international human rights standards—and environmental governance and can make the case for poverty-environment mainstreaming in several ways:

- By urging the adoption of poverty- environment strategies underpinned by human rights and environmental standards
- By addressing the discrimination/exclusion that generates and sustains poverty and unsustainable use of natural resources and inhibits access of the poor to ecosystem services and productive resources such as water, land and energy
- By including the right to information, public participation and justice into development programmes and adding legitimacy to the demand of meaningful participation of the poor in decision-making
- By strengthening accountability measures and social and environmental safeguards
- By strengthening advocacy for poverty- environment mainstreaming and the right to a clean environment in public debates and the media

³ Guidance on TEEB and its application at the country level can be obtained from <http://www.teeb4me.com> and <http://www.teebweb.org>

Lessons learned

Key operational lessons and tools that have emerged from UNDP-UNEP Poverty-Environment Initiative experience (2007 until now) relevant for the Third Decade and SDG implementation:

1. Making the case using consultative research and integrated evidence

- When precise poverty-environment and climate linkages and their causes are understood, policy and practice can become more integrated, innovative and coherent.
- Supporting policymakers to understand and trust science and to use resulting evidence in decision-making can accelerate sustainable development.
- However good the data and evidence are, they will have little impact or influence over decision makers unless they are packaged carefully and communicated effectively.
- Policymakers and civil society actors are more prepared to use evidence that comes from studies that were either requested by them or in which they were engaged.
- An inclusive and consultative research process creates stakeholder ownership and ensures that findings are contextualized within local realities and policies.

2. Sustainable natural resources management, effective ecosystems and gender equality are required for achieving the Sustainable Development Goals

- The evidence of the interlinkages among social, economic and environmental dimensions of sustainable development points to the macro- and micro-economic, social and poverty-reduction benefits of investing in equitable and sustainable use of the environment and natural resources.
- In Least Developed Countries, an inclusive and sustainable agriculture sector is key to achieving poverty reduction and economic growth. Reducing hunger and achieving food security are a matter not only of increasing agricultural productivity, but also of ensuring sustainable and productive natural resource management, effective ecosystem functioning and gender equality.
- Climate-smart approaches to agriculture can help to close the poverty and gender gaps and promote societal resilience to shocks. This requires foresight, policy change and investment. Such interventions need to be targeted; for agriculture, this especially means targeting women farmers.
- The interconnectedness between the Sustainable Development Goals and the importance of finding integrated solutions and to balance tensions and trade-offs to achieve optimal progress for a socially inclusive, environmentally sustainable agriculture requires expanding decision-makers' understanding how the poverty-environment nexus affects environment and natural resources. For example, if agricultural expansion takes place at the expense of forests, agricultural productivity will in the long term be undermined due to reduced soil fertility and climatic variations. Similarly, quick economic gains from timber production and logging risk undermining local livelihoods derived from forest products and forest ecosystems.

3. Poverty-environment and climate mainstreaming tools are available to strengthen understanding and policy coherence

- The deployment of Poverty-Environment Initiative mainstreaming tools has proven their value in creating integrated evidence that helps policymaking, including economic assessments of natural resource use and ecosystems, strategic environmental and social assessments, poverty and social impact assessments, gender gap analysis, public environment and climate expenditure reviews.
- Central governments tend to be the 'gatekeepers' for enabling change, providing the vision and leadership needed to coordinate their sector institutions and other partners so that routine operations work together to achieve sustainable development.
- Besides integration across key sectors and partners (horizontal integration) integration among the national, subnational and local levels (vertical integration) within a country is also required to achieve the Sustainable Development Goals. The central planning ministries should guide sectors and other government institutions and their civil and private sector partners on how to integrate economic, environmental and social variables across sector priorities and plans.
- Engagement at local levels with local government and community groups as well as with the breadth of civil society and private sector (big and small, formal and informal) complements central government's function by generating societal demand for change and for changing economic activity and behaviour.

4. National coordination mechanisms and political leadership are components of a successful integrated approach to implementing poverty-environment and climate objectives

- Applying an integrated cross-sectoral approach to sustainable development requires high-level political leadership.
- Successful implementation of a country's national Five-Year Development Plan will be partially dependent on the effectiveness of the institutional coordination structure. A coordination structure comprised of a high-level inter-ministerial committee at national level, an inter-sector technical committee with national and subnational membership, and finally subnational coordination committees led by local authorities has been demonstrated to be effective.
- Coordination structures need to include representatives from the public and private sectors and civil society organizations, who can serve to strengthen the policy and programmatic coherence across sectors and between national and subnational levels to deliver the plan objectives and linked Sustainable Development Goals and targets. Cross-sector partnerships to integrate pro-poor and socially inclusive environmental sustainability into national and sector planning cycles can be fostered by stakeholders.

5. Additional instruments to attract investments for poverty-environment mainstreaming from planning and budgeting processes

- Integrating pro-poor and socially inclusive environmental sustainability and/or the Sustainable Development Goals into national development plans and sector strategies can be impotent without

the complementary step of securing the necessary financing for their implementation. Down below are listed tools that have proven effective to this purpose.

- Periodic public reviews of environment and climate change expenditure are potentially powerful tools – improving the evidence and levels of awareness on what public funds are used for and how effective and efficient (and sometimes how equitable) the results are. The findings of such reviews often show how low funding has been – in relation to the national importance of environmental assets or threat of climate change – and can justify increasing public funds for environmental sustainability and climate change resilience across sectors, districts and institutions.

- Budget Call Circulars to heads of all publicly financed institutions that will: indicate their financial ceiling; set government priorities, as reflected by the national development plan; and issue instructions on elaborating the annual budget submission.

- Checklists and guidelines for mainstreaming cross-cutting issues, such as poverty, environment and climate adaptation, into their sectoral planning and budget process can be annexed in the Ministries of Finance and Planning’s Budget Call Circulars. Tools that are easily used by sector specialists (e.g., budget and planning checklists, and environment and climate change budget statements) can accelerate implementation.

- Budget classification sub-codes are often useful to add to the Ministry of Economy and/or Finance’s financial management system. The codes enable the tracking of expenditure on natural resource and climate change-related programmes and projects.

- More progress is needed in refining metrics for monitoring the poverty-environment-climate nexus that reflect the three dimensions of sustainable development, in particular through disaggregated data that reveal social, environmental and economic inequities that contribute to the persistence of extreme poverty and help target action.

In summary, Innovative and practical integration tools in the mainstream machinery of government can be effective. Political will and leadership are essential to break down sector silos and to ‘wire’ institutions more closely together. The engagement and empowerment of local government, local communities and stakeholders representing the poor can catalyse bottom-up change. Financing for sustainable development is needed for implementation. Finally, there is more to do to make progress on metrics and monitoring to reflect the three dimensions of sustainable development in policymaking and investment.

Sources:

-Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development – A Handbook to Strengthen Planning and budgeting Processes; UNDP–UN Environment Poverty-Environment Initiative, 2015

-Global Land Outlook – First Edition; United Nations Convention to Combat Desertification, 2017

-Communications and Outreach Bridge Strategy; UNDP–UN Environment Poverty-Environment Action for Sustainable Development Goals, 2018