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What is the link between poverty and climate change?

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What is the link between poverty and climate change?

Bonn, 5 June 2014. Today is World Environment Day, an appropriate time to note that the world faces two major challenges at the beginning of the 21st century: fighting poverty and curbing environmental destruction. Time and again, people fail to see that these two issues are intrinsically linked. It is estimated that there will still be one billion people living in absolute poverty in 2015, forced to get by on USD 1.25 or less per day (calculated on the basis of purchasing power parity). At the same time, human development continues at the expense of the environment, reducing biodiversity, damaging ecosystems and fuelling climate change. While these environmental issues affect people all over the world, the poor tend to be hit harder by the local consequences of environmental damage. They are disproportionately more dependent on natural resources and often live in areas directly affected by environmental destruction, such as urban slums.

Two separate problems?

The two challenges must be tackled together, yet in reality most policies focus exclusively either on reducing poverty or protecting the environment. Income poverty can be reduced through inclusive economic growth (benefiting the poor from the outset) or economic growth that benefits the poor retrospectively through redistribution. Either way, economic growth is required, growth that has yet to be achieved without further depleting natural resources. Where the economy grows, the environment suffers. At the same time, environmental protection measures can have extremely positive secondary effects for the poor. For example, improvements in waste disposal driven by development policy can help put an end to drinking water contamination, thereby removing potential sources of disease. However, environmental protection can have a negative impact on poor people if they are required to help bear the costs of an environmental protection initiative yet are excluded from sharing in its benefits. Consequently, the question of who bears the costs and how the benefits are shared is crucial.

Is resource-efficient economic activity the answer?

The green economic concepts of the World Bank, the United Nations Environment Programme (UNEP) and the Organisation for Economic Co-operation and Development (OECD) deal with the question of whether economic growth and sustain-

ability are mutually compatible. However, they are all essentially pursuing a model of resource-efficient economic activity that can only be achieved through state intervention. That being said, the concepts differ from each other in terms of the relative importance they attach to economic, social and environmental concerns and the prominence they give to present and future human welfare. At the heart of each concept is the question of which actors should finance the implementation of green growth concepts and, in particular, how the costs should be shared within and between countries.

While resource-efficient economic activity is a step in the right direction, it does not solve the underlying problem of how to decouple economic growth and environmental degradation in absolute terms. In the case of absolute decoupling, environmental pollution stagnates or even decreases (a fall in greenhouse gas emissions, for example) despite economic growth. So far, it has only been possible in most cases to achieve a relative decoupling in environmental impact per unit of economic output, with environmental degradation continuing to increase, albeit at a slower rate than economic growth. Ultimately, the ideal scenario would be one of resource-neutral economic activity, where as many resources are recycled as are used and the recycled products are of the same quality as the original ones.

Does resource-efficient economic activity disadvantage the poor?

Does this mean that the poor should remain poor so as not to further pollute the environment? By no means! It makes sense to adopt a less resource-intensive and more sustainable development pathway in developing countries than the one that has been pursued in today's industrialised nations. With a view to reducing poverty and protecting the environment, the goal should be to seek economic growth in developing countries on the basis of relative decoupling. Industrialised nations need to use their wider range of financial and technical means to support developing countries in this endeavour. For their part, industrialised countries and the fast-growing emerging economies must be far more ambitious in their goals, working towards an absolute decoupling of economic growth from resource use in the medium term and resource neutrality in the long term. This is the only way to effectively tackle the two challenges of fighting poverty and curbing environmental destruction.