



# Reducing poverty through low carbon development

## Recommendations for development cooperation in Least Developed Countries

Development cooperation between the North and the Least Developed Countries should not just focus on adaptation to climate change. There are real and sustained benefits to be had for Least Developed Countries from engaging in approaches and practices that mitigate future emissions and at the same time support poverty alleviation and economic development. However, not all low-carbon development is pro-poor, and some options offer far better benefits for the poor than others.

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### OVERALL POLICY RECOMMENDATIONS

- **Development cooperation in the Least Developed Countries should place greater emphasis on supporting pro-poor low-carbon development practices.** These practices can help provide real poverty alleviation and national economic development through efficiency savings, reduced economic dependency, new economic opportunities and benefits from climate change adaptation. Practical options exist and are presented in this Policy Brief.
- **Development cooperation within pro-poor low-carbon development must avoid undermining those poverty concerns that are not related to climate change.** It is crucial to avoid existing funds for poverty alleviation being diverted, directly or indirectly, away from other aspects of poverty alleviation in the name of pro-poor climate change mitigation. Poverty is caused by a multitude of factors, and while these are often connected, development assistance to climate change mitigation must be additional to existing funds.
- **Development cooperation must prioritize support that will have an impact regardless of international climate financing.** Global climate financing mechanisms have the potential to provide important benefits to Least Developed Countries and the poor, but past experience suggests that such mechanisms can be volatile and may depend on factors beyond the control of Least Developed Countries themselves. It is therefore recommended that development assistance to pro-poor low-carbon development is focused on options that will provide positive benefits for the poor even if the global carbon financing mechanisms fail or end up not benefitting Least Developed Countries.
- **Development cooperation should support synergies between adaptation and mitigation.** The tendency towards a certain polarization between mitigation and adaptation efforts has meant that little attention has been given to the options for addressing both at the same time. However, a number of the low-carbon options discussed in this policy brief will also support adaptation efforts, and vice versa. Greater attention is therefore needed on linking adaptation and mitigation efforts for the benefit of the poor.



Until recently, the debate on climate change in the Least Developed Countries has primarily focussed on how they can adapt to climate change. Less attention has been given to the possible benefits these countries might obtain from engaging in the mitigation of emissions as well. However, there are a number of good reasons why Least Developed Countries should engage in such low-carbon approaches, not for the benefit of the rich North, but in the interests of poverty alleviation and long-term economic growth. This Policy Brief explains why, and provides recommendations for development cooperation in agriculture, forestry and energy.

In the years to come, developing economies in the South will face a dual challenge of addressing climate change while at the same time continuing their efforts to alleviate poverty and foster economic development. The enormity of this task, and the fact that Least Developed Countries currently contribute only 6% of global emissions, has understandably often led to the conclusion that these countries should leave climate change mitigation to the wealthier countries, and instead focus on following the conventional economic development path. However, mitigation efforts are far from always an economic burden and may entail considerable economic and technological benefits for Least Developed Countries, including:

- *Efficiency savings*, e.g. improved energy efficiency, with associated reduced costs; more efficient land and forest management practices; reduced pollution, improved health etc.
- *Reduced economic dependency*: e.g. reducing future dependencies on fossil fuel imports, replacing imports of expensive energy technologies and knowledge with low-cost appropriate technologies.
- *New economic opportunities*, e.g. the development of new business opportunities and industries, benefits from carbon markets, employment creation, improved local incomes from productive agriculture and forest use.
- *Adaptation benefits*, e.g. mitigation efforts that also support adaptation to climate change, such as sustainable forest management that mitigates emissions but also sustains forest resources that can be employed as important assets in the adaptation strategies of the poor.

For the poor, the benefits of a low-carbon development process may strengthen livelihood assets in a number of ways, including: (i) improved or sustained income opportunities, e.g. alternative income generation and direct labour/employment (financial assets); (ii) improved or sustained ecosystem services, from e.g. soils, grasslands, water and forest resources (natural assets); and (iii) improved human resources through cleaner natural and working environments and thus improved health (human assets).

Importantly, taking a low-carbon development path in the Least Developed Countries does not imply that their current emission levels should be reduced in absolute

terms. While there may be a justification for actual emissions reductions in a few areas where these countries do in fact contribute to global emissions (e.g. forestry), it is neither realistic nor morally defensible to expect that the currently very limited total emission rates within Least Developed Countries should be reduced from their current levels in absolute terms. What is desirable, however, is for economic development in these countries to be achieved through a means that is low on emissions while at the same time furthering poverty alleviation and economic growth.

## RECOMMENDATIONS FOR AGRICULTURE

Seventy percent of the world's poor live in rural areas, and the agricultural sector plays a pivotal role in the livelihoods of the poor in these areas. Many poor farmers are already 'low carbon' in their production methods, but they do not receive any compensation for their contribution to climate change mitigation, and often their productivity is insufficient to provide a pathway out of poverty. Development cooperation can help address pro-poor productivity increases that are also low carbon. In general, approaches to pro-poor low-carbon agriculture must combine an emphasis on practical options with a macro-focus and an integrated approach. In most cases, isolated climate-oriented programs and 'add-on' policies will not be enough. There is furthermore a need to address the macro-economic market conditions for agriculture, and to ensure that policies in other sectors (e.g. industry and environment) are supportive of low-carbon agriculture. Practical options include:

### Support better soil management schemes

The introduction of better soil management has a dual effect. The water-holding capacity of the soil is improved, and carbon storage capacity is enhanced. This contributes to climate change mitigation while at the same time improving production and enhancing the efficiency and conservation of water use. Such soil management practices already exist, but will often require the training of extension staff who are not accustomed to such approaches.

### Improve frameworks for biological pest control

Recent research suggests that several pesticides in themselves constitute much stronger greenhouse gases than previously assumed. Moreover, their production and transportation is associated with significant greenhouse gas emissions. Better frameworks for encouraging biological alternatives to chemical pesticides is therefore needed, with the dual aim of enhancing productivity whilst reducing emissions and associated health risks.

### Simplify and promote organic certification

Today, achieving organic certification is costly, and organic producers are often not fully compensated for the extra costs incurred and their contribution to climate



change mitigation. Organic certification must be made more accessible to producers, both financially and administratively. This would stimulate demand and provide incentives for low-carbon agriculture.

#### **RECOMMENDATIONS FOR FORESTRY**

Global emissions from deforestation and land-use change are estimated to account for some 18% of total greenhouse gas emissions. Least Developed Countries are responsible for an estimated 20% of this, making land-use change and forestry the only truly significant source of emissions from these countries in global terms. Current debates over forestry and climate change mitigation center on the development of a global scheme for Reduced Emissions from Deforestation and Degradation (REDD). Under such an agreement, countries would be financially compensated for reducing emissions from deforestation and degradation. Such a mechanism will potentially direct significant sums towards Least Developed Countries with forest resources, but only if they are equipped to tackle the drivers of deforestation and to address the required capacity needs and upfront investment costs.

For the 240 million poor who live in the forest areas of developing countries, the REDD agreement has the potential to provide a share in new economic benefits and help sustain forest resources, but it also incorporates significant risks. With the wrong approaches, this global forest deal could pose a serious threat to their rights and welfare, especially if otherwise sustainable local forest use is disallowed as a result of hardline conservation approaches, or if external actors appropriate forest resources in pursuit of carbon trading benefits

under the REDD scheme. Development cooperation should:

#### **Ensure that the underlying drivers are addressed within the REDD mechanism**

There is a real risk that the proposed REDD mechanism will fail to address the wider underlying drivers of deforestation, such as problematic national forest policies, corruption in the forest sector and international demand for timber and agricultural products. If this happens, local communities and users may be unduly criminalized, while the wider underlying drivers of deforestation and degradation are not addressed. This could lead to a lose-lose situation in terms of both poverty alleviation and climate change mitigation.

#### **Secure the rights of forest-dependent communities**

A global REDD deal on avoiding deforestation and forest degradation should secure the rights of forest-dependent communities. This includes building clear definitions of local tenure and user rights into national and REDD-related legislation on forest resources. While policies in some countries may already partially provide this, further legal safeguards may be needed to ensure that central governments are unable to override or withdraw existing community rights at the prospect of gaining national economic benefits from REDD. Drawing up transparent payment schemes that actually reach local levels and the poorest is also vital. Provision of a conflict resolution or 'ombudsman' function can also help provide forums for local forest users to express grievances.



## **Support pro-poor approaches in international negotiations on the REDD mechanism**

The international REDD negotiations contain a large variety of differing interests, including different perceptions among developing countries. Whether or not REDD is a benefit or a threat to the poor depends to a large extent on the design of the REDD mechanism, including what may otherwise seem to be technical issues of little significance, such as liability and accounting methods. If Least Developed Countries and their populations are to benefit from the REDD scheme, there is a need for attention to the development of mechanisms that avoid biases against these countries, incorporate capacity development funds and social standards, and provide options for community-based forestry by rewarding positive changes in forest area and carbon density.

## **RECOMMENDATIONS FOR ENERGY**

Access to clean and reliable energy is widely seen as a prerequisite for achieving the Millennium Development Goals. Globally, the energy sector is responsible for around two thirds of total greenhouse gas emissions, while only 6% of the emissions from Least Developed Countries are directly related to energy production. However, if current development efforts eventually succeed in Least Developed Countries, these figures will grow markedly, as the Southeast Asian economies demonstrate. Dependence on fossil fuels will become an increasing burden for the economies of most such countries. A move towards more renewable energies will therefore benefit both the environment and the long-term stability of these economies. Such a path can be built on already proven and affordable energy technologies for cooking, mechanical power, electricity generation and transport that are also low carbon. It is recommended that development cooperation should:

### **Support and optimize alternative energy development at the local level**

While national electrification plans are under preparation in many countries, the pace and nature of energy development varies between different areas and is often constrained by a lack of funds and capacity. Energy development plans should therefore to a larger extent incorporate short- and medium-term isolated energy development in dispersed rural settlements. The majority of the rural poor in Least Developed Countries live in settlements that are not connected to the national electricity grid and therefore depend on locally produced energy. Development cooperation can assist in developing and optimizing local low-carbon energy-delivery mechanisms

suited to local needs for clean and efficient cooking, lighting, education, health care and power for agriculture or other small enterprises. A significant variety of technologies exist, and while not all are necessarily pro-poor, others have been shown to make important contributions to poverty alleviation.

### **Integrate local energy development with broader support to community development**

Ensuring access to energy for the poor will not necessarily lift them out of poverty, and some people will be too impoverished to be able to afford access to energy services, even if such services are locally available. It is therefore important to package energy development with broader support to community development activities, such as agricultural extension, education, health care and services for small-scale enterprise development.

### **Ensure the social and environmental integrity of large-scale energy projects**

Not all low-carbon energy development options are beneficial to the poor, and some carry the risk of being directly or indirectly harmful to the livelihood options of poor people if developed irresponsibly. Development cooperation can support Least Developed Countries in establishing the criteria for socially and environmentally responsible energy development, with particular attention to hydro-power and biofuels. It is also important to ensure that energy development plans are adapted to current and predicted future changes in local climate. For instance, it will be important to ensure that future water supplies are in fact sufficient for both projected hydro-power development and other water needs, including those of local communities.

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*This policy paper draws on the findings of the DIIS report 'Low Carbon Development and Poverty Alleviation: Options for Development Cooperation in Energy, Agriculture and Forestry', commissioned by the Danish Ministry of Foreign Affairs. The specific issues related to the REDD mechanism have been further elaborated in the report 'Reducing Emissions from Deforestation and Development: An Overview of Risks and Opportunities for the Poor'. Both reports are available for download on the DIIS website at [www.diis.dk](http://www.diis.dk)*

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