

# **Social Dimensions of Economic Diversification in the Context of Climate Change**

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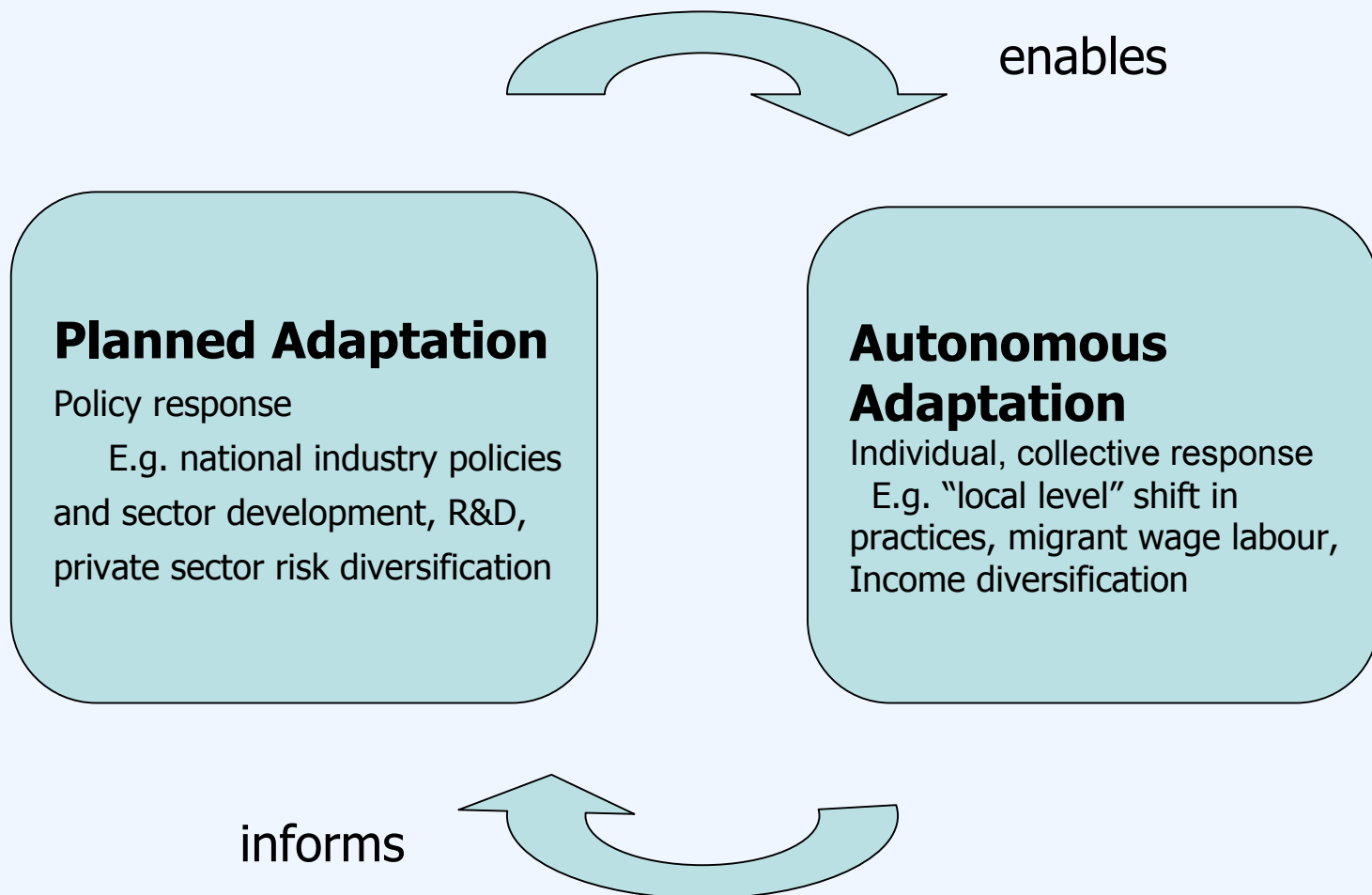
# Agenda

- **Economic Diversification and Adaptation**
  - Underlying Systems Enabling ED
- **Social Dimensions of Economic Diversification**
  - What are the social challenges of ED?
  - Why are they important?
  - How can they be addressed?
- **Special Focus: Gender Issues**

# Economic Diversification and Adaptation

- Economic diversification is one component of economic resilience
- Adaptation:
  - Is strongly linked to development and poverty alleviation
    - Long-term development strategies and addressing factors that create and exacerbate vulnerability
  - Is about “shifting” strategies to respond to emerging climate changes AND to develop systems that are resilient yet sufficiently flexible that they enable people to respond to change
- Climate change impacts compounded by other variables (e.g. economic shocks, conflict)

# Economic Diversification and Adaptation



# Underlying Systems Enabling ED

- **Market**
  - market infrastructure, economies of scale, value-addition, trade
- **Finance and Banking**
  - credit, banking, investment, remittances, insurance
- **Technological and Institutional Innovations**
  - technology transfer, R&D, extension
- **Education and Training**
  - skill development, (re-)training
- **Health Services and Social Protection**
  - healthy operational labour force, social safety nets
- **Transport and Communications**
  - mobility of people, goods, services, information
- **Energy, water, natural resource base**
  - efficiency of use

# Social Dimensions of ED

## What are the social challenges of ED?

### 1) Differential access to ED and enabling systems

Who has access? Who does not?

- Mediated by social factors (i.e. class, gender, ethnicity, age) and relationships; institutions and policies; macro political, economic context
- Poor, women often have less access to finance, markets, technologies, education systems inhibiting ability to diversify

### 2) Exposure to new vulnerabilities

# Why are social dimensions of ED important?

- Need to understand multiple factors contributing to vulnerability
- Understanding necessary to develop effective strategies, policies, and practice to reach vulnerable groups
- NOT considering them may lead to:
  - increasing inequalities, increasing poverty
  - exacerbating vulnerability and reducing resilience to climate impacts
  - limiting ED as adaptive strategy

# Differential Access to ED: constraints and enabling approaches

	Constraints	Enabling Approaches
<p><i>Technologies: e.g.</i></p> <ul style="list-style-type: none"> <li>• Agriculture (new varieties, practices)</li> <li>• Water-demand management</li> </ul>	<ul style="list-style-type: none"> <li>• limited access by poor/women to technologies</li> <li>• limited reach of extension especially in marginal environments</li> <li>• (relatively) high cost of investment</li> </ul>	<ul style="list-style-type: none"> <li>• <b>improved reach of extension</b></li> <li>• <b>low-cost accessible technology development &amp; distribution with private sector</b></li> <li>• access to finance</li> <li>• incentives for pro-poor R&amp;D</li> </ul>



# Differential Access to ED: constraints and enabling approaches

	Constraints	Enabling Approaches
<p><i>Finance and Banking</i></p> <p>-credit, savings, insurance, remittances</p>	<ul style="list-style-type: none"> <li>- minimal access to formal FIs by poor, displaced people, women especially without land title</li> <li>- reliance on informal lending systems with high interest rates may exacerbate poverty</li> <li>- lack of finance limits ability to invest in ED, receive/send remittances</li> </ul>	<ul style="list-style-type: none"> <li>- <b>targeted microfinance institutions (credit, savings) at scale: private commercial banks e.g. MAXIS</b></li> <li>- protection of property rights, alternative collateral</li> <li>-insurance, weather-indexed insurance</li> <li>-<b>accessible remittance systems (e.g. mobile banking)</b></li> </ul>

# ED: Exposure to New Vulnerabilities??

- diversification to low-skilled, low-paying wage labour or informal sector with poor working conditions , limited social protection
- high levels of migrant labourers (domestic, international) who lack rights and access to services without legal residency
- diversification to NFE leading to increased dependency on distant markets to supply basic needs?
  - eg. food security at local, national levels
- dependency of (newly diversified) sectors on global supply chains: implications for vulnerable groups
  - Reliance on materials, transport systems sensitive to climate, economic shocks
  - Repercussion of economic downturn on producers, wage labourers

# How to address them?

	Enabling Approaches
<p><i>Social Protection</i></p> <ul style="list-style-type: none"><li>- social/health insurance</li><li>- labour standards (e.g. fair wages, working conditions)</li></ul>	<ul style="list-style-type: none"><li>- <b>Legislate social protection measures, labour standards (e.g. GoI)</b></li><li>- migrant support and entitlements across boundaries</li><li>- facilitate social organization, right to organize (e.g. WIEGO, ILO)</li><li>- Private sector: CSR, ethical business practices</li><li>- Enabling labour migration policies (sending/receiving countries)</li></ul>

# Special Focus: Gender

## **Differential Access:**

- Limited access of WOMEN to productive resources (land, credit, inputs, technologies), markets, education:
  - Women own less than 2% all land globally
  - Women receive less than 5% extension services worldwide
  - Africa: women receive less than 10% credit to small farmers, and 1% to agriculture
- Perpetuated by:
  - Social-cultural norms
  - Legal frameworks and policies (e.g. inheritance laws, land reform to male HH)

## **Exposure to new vulnerabilities:**

- High male-migration for ED  $\Rightarrow$  increase in female HH without access to resources
- Personal security of migrant female workers
  - Gendered discrepancies in policies for ED (e.g. social protection for female domestic workers from Philippines vs Nepal)

# Gender: How to address challenges

- Targeted policies and programs to strengthen accessibility of vulnerable groups – particularly women – to core systems enabling ED:
  - ✓ Finance and Capital;
  - ✓ Markets;
  - ✓ Technology and Extension;
  - ✓ Education and Skills-Training;
  - ✓ Social Protection
- Ensuring women's land rights
  - Compliance with CEDAW
- Gender-sensitive allocation of resources, indicators, monitoring (e.g. gender-budgeting)
  - Including in national adaptation plans, UNFCCC instruments for supporting adaptation (e.g. SCCF, Adaptation Fund)

# Thank You