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The Political Economy of Climate Change and Development

Climate change financing initiatives are an increasingly prominent part of international development activities, through mechanisms both inside and outside the UN Framework Convention on Climate Change (UNFCCC). Engaging with political factors is crucial to ensure that these international initiatives achieve both their climate change and development objectives. This briefing makes the case for improving how global climate change initiatives integrate national and local contexts. To do so requires greater use of political economy analysis to examine how initiatives are driven by political ideologies, how they are negotiated between groups with different interests and incentives, and the governance arrangements for their implementation.

A range of international climate change financing initiatives are emerging in response to the challenges of preventing and adapting to climate change. The governance and implementation of these initiatives varies greatly, and is informed by different ideological views on how best to tackle climate change in a development context. It is important to consider these differences, and the underlying politics, when assessing the implications for poverty and climate change outcomes. Such an assessment is particularly relevant in the context of designing the UNFCCC Green Climate Fund.

This briefing draws on case studies from recent research (Tanner and Allouche, 2011) to ask how political economy analysis can improve the design and delivery of international climate change initiatives, particularly by incorporating national and local contexts.

Emphasising the Politics of National-level Implementation

Although international climate change initiatives usually establish governance arrangements at both international and

What is Political Economy Analysis?

Political economy analysis is a tool to understand what drives political behaviour, how this shapes policies and programmes, who benefits and loses, and the implications for development. Specifically, it aims to understand:

- The interests and incentives facing different groups in society, how they exercise power, and how they influence outcomes;
- The role that formal institutions (e.g. elections) and informal social, political and cultural norms play in shaping human interaction and political and economic competition;
- The impact of values and ideas, including political ideologies, religion and culture, on political behaviour and public policy.

Adapted from DFID (2009)

national levels, most emphasis to date has been on international arrangements. This reflects the view that climate change is a global problem requiring global solutions. As a result, there is a risk that climate change and development initiatives are perceived to be failing to meet their objectives when, in fact, difficulties in governance and implementation may be because of a failure to integrate national and local political realities.

Evidence from case studies in the recent *IDS Bulletin*, 'Political Economy of Climate Change', suggests that initiatives are

frequently failing to integrate national and local contexts in planning and implementation, in part due to the urgency to take action on the ground. For example, civil society groups have been poorly linked into the design and delivery of the World Bank's Pilot Programs of Climate Resilience (PPCR) in Mozambique and Nepal. Similarly, urgency and funding gaps meant that the drafting of the Bangladesh Climate Change Strategy and Action Plan was restricted to a small number of government officials and national experts.

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Negotiating Different Interests and Ideologies

The goals and methods of international initiatives represent different ideologies for tackling climate change, reflecting the cultures, beliefs and interests of different stakeholder groups. Unless these are understood and negotiated in the design and implementation of climate change initiatives, they may prevent synergies between climate change and development outcomes.

Within programmes around Reducing Emissions from Deforestation and Forest Degradation (REDD+), different groups favour different instruments and objectives, depending on their ideologies. These include those favouring the use of market forces, more effective governance regimes, the ecological value of forests, and preservation of social and cultural values. International REDD+ actors need to negotiate this diversity, recognising that there may be differences within as well as between nations, as shown by analysis of REDD+ in Brazil in the *IDS Bulletin*. One example of such negotiation is the recent inclusion in UN negotiations on REDD+ of safeguards that respect the knowledge and rights of indigenous peoples, which came about as a result of collective lobbying by groups stressing social and cultural values as objectives of REDD+.

Dominant ideologies shaping an international programme may be contested when it is implemented nationally. For example, the PPCR programme's objective of integrating adaptation within existing development planning and finance reflects the ideology of the multilateral development banks on tackling climate change in a development context. Yet evidence from Nepal suggests that this particular framing may not reflect the way in which adaptation and resilience are understood by national stakeholder groups.

Engaging Multiple Groups in Design, Planning and Implementation

The need to take action on climate change is becoming increasingly urgent, with international agreements putting pressure on donors and implementing bodies for funds to be distributed rapidly. Yet effective consultation and negotiation with multiple groups requires time and resources. There is therefore a real risk that objectives of climate change and development initiatives only reflect a narrow set of interests. Evidence from Mozambique's implementation of the PPCR programme suggests that powerful groups may also control who participates in the project selection process in order to support their own interests or exclude opposition.

Support is therefore needed for cross-sectoral multi-stakeholder platforms at national and local levels. The existing channels for accountability and

inclusion may be more issue- or sector-driven, while climate change initiatives cut across multiple sectors and issues. Political economy analysis can assist initiative designers to develop a clear picture of who is likely to be affected, and their interests and ideologies. They can then facilitate processes to engage representatives from those stakeholder groups within both the design and implementation process.

Policy Implications

This briefing calls for those involved in the design and implementation of climate change initiatives to use political economy analysis to do the following:

- 1. Integrate international initiatives with national contexts**
The challenge of climate change has mainly been framed and tackled as a global issue. Policymakers need to pay sufficient attention to stakeholders' interests and ideas, as well as governance arrangements at national or local levels.
- 2. Understand complexity and policy processes**
Initiatives are often driven by scientific, technological and managerial solutions that treat the policy process as linear and apolitical. Policymakers need to ensure that they also reflect the complexity and cross-scale nature of climate change and development interactions.
- 3. Negotiate with multiple actors and interests**
Political economy analysis highlights the new landscape of groups and interests involved in climate change and the power relations between them. Policymakers need to provide guidelines and resources for national stakeholder dialogue to negotiate the governance arrangements for international initiatives.
- 4. Understand changing incentives**
The growth of climate change initiatives and finance alters incentive structures for different stakeholders, and may lead to attempts to secure funding or other benefits for particular groups at the expense of others.

Further Reading

Tanner, T.M. and **Allouche, J.** (2011) 'Towards a New Political Economy of Climate Change and Development', *IDS Bulletin* 43.3: 1-14, www.tinyurl.com/towards-pecc2011

DFID (2009) *Political Economy Analysis: How To Note*, DFID Practice Paper, London: Department for International Development, www.gsdrc.org/docs/open/PO58.pdf

Cammack, D. (2007) *Understanding the Political Economy of Climate Change is Vital to Tackling it*, Overseas Development Institute Opinion 92, www.odi.org.uk/resources/download/535.pdf

Credits

This *In Focus Policy Briefing* was written by **Thomas Tanner**, Research Fellow in the Climate Change team at the Institute of Development Studies. It was edited by **Sarah Nelson**. The briefing is based on articles in *IDS Bulletin* 43.3, 'Political Economy of Climate Change' edited by IDS Research Fellows Thomas Tanner and Jeremy Allouche, www.tinyurl.com/pecc2011.

The opinions expressed are those of the author and do not necessarily reflect the views of IDS.

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