

# Executive summary

## Addressing the crises of poverty, inequalities and the climate

In the wake of the COVID-19 pandemic, global rates of poverty and inequalities have increased. Recent shocks and crises have derailed 30 years of progress in eradicating poverty, and the world's poorest people and regions are disproportionately bearing the brunt and cost of climate catastrophes, losing livelihoods and savings. Climate change impacts will further entrench poverty and inequalities and drive an estimated additional 132 million people into poverty by 2030. Ending global poverty and reducing inequalities are interlinked. Now is the time to address these issues, before these goals become harder and more costly to reach in the face of impacts of climate-induced extreme weather, shifting agriculture patterns, rising sea levels, and potential mass migration between and within countries.

## Keeping development co-operation focused on poverty and inequalities reduction

Official development assistance (ODA) has been responsive to emerging crises and expanded global objectives. Ending poverty and reducing inequalities, though an explicit priority in development co-operation policies and ODA allocations, vies with competing demands and other priorities for strained international development budgets. Having an agreed framework for measuring global development co-operation allocations targeting poverty and inequalities could help secure greater focus and finance for these objectives. Using the less conventional but more nuanced measure of allocations per person in extreme poverty shows that global allocations of bilateral ODA in 2022 underestimated poverty levels in least developed countries, where poverty and inequalities are concentrated, and overestimated them in wealthier middle-income countries.

Integrating climate and development action is a work in progress. The relationship between sustainable development and climate action has been limited by siloed development and climate strategies and a lack of clarity around when climate action is beneficial for key development goals and, critically, when it is not. The development co-operation sector has a rich repository of good practices, experience and insights on aligning to partners' priorities and policies and maximising synergies. It can work from these to revitalise commitments and scale up impact on poverty and inequality reduction through proven and interlocking policy solutions and innovation.

## Time to recalibrate development and climate action to serve people and planet

In the changing global context, current assumptions on what it takes to address poverty and inequalities will need to adapt. Social safety nets and social protection, rural development, support for informal workers, advancing gender income equality, and designing equitable revenue generation are some of the pathways and policy solutions to systematically accelerate progress with ending poverty and reducing inequalities.

Rural development, especially by focusing on agricultural productivity and creating jobs in non-agricultural industries in rural areas, is critical. Support for informal workers can advance gender equality, and support for labour formalisation can help reduce working poverty and improve working conditions. Strengthening tax administration generates sustainable revenue for policies addressing poverty and inequalities.

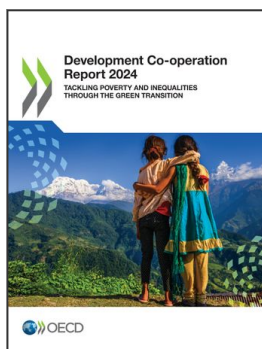
Emerging lessons from climate transitions suggest that supportive policies that work for reducing poverty and inequalities are needed as a complement to policy shifts in green sectors such as energy, the environment and economic growth. Too narrow a focus on transition-specific sectors risks exacerbating existing levels of poverty and inequalities and more holistic policy approaches, targeted at where the three the goals overlap and have synergies can make a real difference. As examples, policies to promote climate-smart agriculture systems (e.g. crop diversification) can help improve crop yields, raise incomes and mitigate the effects of climate change in vulnerable regions. Social protection mechanisms can be expanded to compensate workers in sectors disrupted by green transitions.

## Ways forward to tackle poverty and inequalities through the green transition

Effective action and responses demand new approaches to policies, processes and financing through development co-operation and climate finance. These fall into three broad themes. This report proposes a checklist of actions in each for the international development community:

1. **Raise ambition and focus on ending poverty and reducing inequalities with better targeting, good practice standards and updated toolkits.** Define a shared vision for ending poverty and reducing inequalities through the green transition by prioritising policy solutions for these intersecting challenges based on robust theories of change, data and evidence, and raising the ambition of poverty goals by targeting absolute as well as extreme poverty.
2. **Increase budgets, synergies, the accessibility and effectiveness of development and climate finance.** Accelerate reforms to remove constraints on developing countries' access to finance, leverage global action to resolve debt and tax-related drivers of inequalities, and implement responsible business conduct recommendations to improve social and sustainable standards in global supply chains.
3. **Champion inclusive, rights-based approaches and standards for just green transitions.** Support meaningful community participation, respect for rights and global climate justice in transition partnerships, programmes and projects, including embedding gender analysis in nationally determined contributions.

The compounding and interconnected challenges of rising poverty and inequalities and climate change offer an opportunity for international development actors to put people at the centre of the green transition and advance all poverty, equality and climate actions simultaneously. The international community comes together in 2024 and 2025 to accelerate progress in delivering Agenda 2030 – from the 2024 Summit of the Future to the Fourth International Conference on Financing for Development and the World Social Summit in 2025 – and agree on a new global climate finance goal – the “New Collective Quantified Goal” at COP29. It is crucial for development co-operation actors to show up armed with bold and solid new commitments, innovative ideas for collective action, and an appetite for reform so as to reinvigorate foundational commitments to end poverty and reduce inequalities and action for social and economic transformation for a fairer and greener future.



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