The Triple Crisis, Poverty and Development Assistance

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Introduction

• The global economy in **turmoil**: Immediate concern the financial crisis

• But there are – in reality – at least three global crises at work: **Finance, food and climate**

• These crises place **huge burdens** on poor countries and poor people – and make states more aid-dependent, not less

• Two key insights:
  – The three crises **interact** – a ”triple crisis” (but at present the three crises sit in their separate ”policy silos”)
  – Migration/movement of people an essential part of **adjustment** to the triple crisis
Migration and Displacement

- Climate change is already starting to contribute to displacement and migration (see "In Search for Shelter" with 23 illuminating case studies)
- It will get worse – much worse – especially in small island states and densely populated deltas (Ganges, Mekong and Nile River deltas) – see maps
- But migration severely curtailed (especially cross border) – often the poorest who left behind
- Cost of necessary adaptation measures runs into billions of dollars
- But remittances severely down and the present financial climate not a good time to experiment with Dambisa Moyo’s proposal to kill aid
A Perspective on Aid

• The ODA/GNI ratio fell for 12 out of 22 DAC donors before the financial crisis
• The average banking crisis causes severe cuts in GDP
• The target for raising aid is expressed as a percentage of economic size (0.7% of GNI)
• To maintain the VOLUME of aid, aid will have to rise faster as a % of total spending
• Is this likely under business as usual scenarios? No
And netting out debt relief foreign assistance to Africa has not risen in real terms since the late 1980s.
Climate Change

• Present global growth model clearly **unsustainable** – the challenges are unprecedented

• But: Aid falling – not increasing – and far from clear that climate financing will be **additional**
  
  • Adaptation costs **much bigger** than aid and other flows decreasing

  • **Carbon taxes** (or the alternative of auctioning carbon-emission licenses) need to be at the core of any serious attempt to come to grips with climate change – but progress at best **tentative**