



People in a waterside house raised on stilts in a slum in Manila. © Robin Hammond / Panos

NO ACCIDENT

Resilience and the inequality of risk

We need a new approach to risk and poverty reduction. Major external risks, such as climate change and food price volatility, are increasing faster than attempts to reduce them. Many risks are dumped on poor people, and women face an overwhelming burden. In many places of recurrent crises, the response of governments and the international aid sector is not good enough. A new focus on building resilience offers real promise to allow the poorest women and men to thrive despite shocks, stresses, and uncertainty – but only if risk is more equally shared globally and across societies. This will require a major shift in development work, which for too long has avoided dealing with risk. More fundamentally, it will require challenging the inequality that exposes poor people to far more risk than the rich.

FOREWORD

Risk is increasing dramatically: food prices are more volatile than ever before; the number of weather-related disasters has tripled in 30 years; climate change has been shown to be a key factor in disasters, such as the Horn of Africa drought; the numbers of people exposed to flooding has doubled since 1970; and 100 million people are pushed into poverty each year because they have to pay for health care.

This is a very worrying trajectory. Part of the response has been a focus on building people's resilience to shocks and stresses. Whilst welcome, there is a real danger that this debate will not deliver much for poor people because the approach taken, to date, is too technical.

Reducing vulnerability can only be done through addressing inequality and power. Wealth is increasing, but so is inequality, and many people are being completely left behind. This report shows clearly that vulnerability – to climate change, natural hazards, and insecurity – is higher in countries with greater income inequality.

Inequality makes it so much harder for poor people to work their way out of poverty and risk. In some cases, risk is dumped on poor people: rich countries fuel climate change, but poor countries suffer the consequences; big business makes profit without care for people displaced or disrupted; governments support economic growth without also supporting social justice and sustainability; and property laws and unjust care systems mean that women cannot fulfil their full potential.

A key solution is to redistribute risk. Rich countries need to take responsibility and pay for the consequences of the risks they create elsewhere. Poor people need greater access to decision-making and to be better protected through greater access to services – like social protection and health – paid for by more progressive taxes.

Crises undermine, obstruct and derail development – the economic and social cost of disasters is rocketing and 1.5 billion people live in places so insecure that each day is a struggle – so risk is not just a humanitarian problem. Development work – of governments, the aid sector and the international community through the Millennium Development Goals – must aim to reduce risk and inequality as well as support growth. One without the other will not succeed.

People's own determination to get out of poverty should be matched by our commitment to redistribute risk and build equality, thereby supporting them to thrive and prosper, rather than just cope and survive in a world of increasing risks.

HE Ellen Johnson Sirleaf
President of Liberia

SUMMARY

Around the world, poor women and men face a relentless series of shocks and stresses. Inequality, in all its ugly guises, is what turns risk from these shocks and stresses into a rising tide of avoidable suffering, and drives millions of people deeper into crisis and poverty.

Systemic shocks, such as food price hikes and ‘natural’ disasters, and long-term stresses like climate change, environmental degradation and protracted conflicts, undermine individuals’ ability to cope. And these are on the rise. Since 1970, the number of people exposed to floods and tropical cyclones has doubled.¹ The latest climate science indicates that global warming far beyond 2°C is increasingly likely, and that even a 2°C warming will have far worse consequences than expected just a few years ago.² In the past few years, volatility in food and commodity prices has returned, and more than 1.5 billion people now live in countries that face repeated cycles of violence.³

The impact of these increasing systemic shocks exacerbate the life-cycle shocks to income felt at household level – such as widowhood, childbirth, and unexpected illness – which hit women the hardest.

The inequality of risk

None of the consequences of these shocks and stresses are equal. Poor people and poor countries suffer immeasurably more than others. In relative terms, the financial impact of disasters is far higher in developing countries. For example, South Asia suffers flood losses that are 15 times greater, as a percentage of GDP, than OECD countries.

Those who are hit hardest are always the poorest, because they do not have access to welfare or social protection schemes, insurance, or ‘something in the kitty’ to help them withstand an emergency.

Nor do they have the political voice to demand that their governments, private companies, or the international community do anything about this. The political exclusion of the poorest people means that they are least able to demand their rights.

Inequality is hardwired into crises. Almost anyone who is marginalised – because of their caste, colour, class, age, ability or gender – will likely suffer from shocks more than anyone else. The endemic discrimination that women face – in education, health care, employment, and control of property – inevitably makes them more vulnerable.

97 per cent of people on low incomes have no insurance cover,⁴ and 90 per cent of workers in least developed countries have no social security,⁵ which leaves them highly vulnerable to major risk or financial shock.

Risk is dumped on the poor

Extreme inequality of wealth and power is driving national and international policies that shelter the rich from risk, and pass it down to the poor and powerless.

Power and wealth allow some people, corporations, and governments to mitigate the risks they face while directly or indirectly dumping those risks on people with far less capacity to cope. For example, food trading companies and banks have opposed measures that could help governments anticipate food shocks, with disastrous impacts on poor people struggling to afford even basic foodstuffs.⁷ The richest 11 per cent of the world's population create around half of all carbon emissions, but suffer the least from the harmful consequences of climate change. At the national level, commercial agriculture around rivers in the drylands of Ethiopia and Kenya means that pastoralists cannot reach water for their cattle, putting their livelihoods in danger.⁸

150 million people per year face financial catastrophe because of health costs.⁶

A new approach to poverty and risk reduction

Recent crises – such as the global food price hikes of 2008, Pakistan's floods in 2010 and 2011, and the recurring droughts of the past few years in the Horn of Africa and the Sahel region of West Africa – have been a wake-up call.

It is clear now that the response from both governments and the aid sector to increasing risk and structural inequalities is failing the most vulnerable. These problems cannot be solved by more 'development-as-usual.'

Both government investment and development aid, in practice, often fail to support the poorest people enough. Government support favours agribusiness over small-scale farmers, but benefits often fail to trickle down. Development aid has often been blind to the shocks and uncertainties that poor people face, and naïve in assuming that development takes place in largely stable environments. That is not the real world – where, by 2015, half of all people living on less than \$1.25 a day will be in 'fragile states' or affected by conflict,⁹ and millions more will face disasters from global economic or environmental changes outside of their control.

Real resilience

Women and men should not just be able to cope with crises, but to realise their rights so that they have hope for the future, have choices about how to live their lives, and can adapt to change. The ambition must not just be to help people *survive* one shock after another, but to help them *thrive* despite shocks, stresses, and uncertainty.

But if building resilience is now on the agenda of national governments, donors, aid agencies and civil society, this must go beyond the dry, technical fixes that have dominated the discussion so far. Building skills and capacity must go alongside tackling the inequality and injustice that make poor women and men more vulnerable in the first place. This means challenging the social, economic, and political institutions that lock in security for some,

but vulnerability for many, by redistributing power and wealth (and with them, risk) to build models of shared societal risk.

National responsibilities

States have the legal and political responsibility to reduce the risks faced by poor people, and ensure that they are borne more evenly across society. That includes setting up and funding truly effective systems that tackle underlying drivers of risk and vulnerability, and putting in place systems to prepare for and respond to disasters; providing livelihood options so that people can earn a living wage; ensuring equal access to services and to political participation in society, and sharing risk through social insurance.

All of this costs money, and governments, supported as necessary by donors, must use progressive tax systems and other means, including reducing corruption, to effectively redistribute risk in their societies.

International dimension

Building resilience requires a fundamental shift in development thinking in order to put risk and inequality at the centre. The proportion of development work taking place in risky contexts must increase. International donors and NGOs must give better support to help countries affected by disasters and conflicts, including working more meaningfully through local civil society, and give greater priority to reducing both.

And, after decades of talk, building resilience will mean breaking down the barriers between humanitarian and development approaches more fundamentally than ever before. Responses to humanitarian and economic crises need to be brought together with responses to foster long-term development. They must cut through institutional barriers, such as lack of joint working between departments, and outdated, inflexible funding arrangements, to improve performance on the ground.

Rich countries must also share the burden of reducing risk for the world's poorest. Developed countries, which are exporting the risks of climate change, must urgently cut their emissions and provide generous funding to help developing countries deal with its impact.

The way forward

For Oxfam, like many others, building resilience for the most vulnerable people, whose voices are least heard, is a work in progress. The organisation's internal structures, culture, and mindset may all have to change. It is seeking to work more effectively across its humanitarian and development programmes, and to listen to and empower vulnerable communities even more.

This report is not a definitive statement on how the concept of resilience can lead to real and lasting change but hopefully it is a contribution to that vital end.

'[The Village Savings and Loans Association] has helped me to engage in petty trading to supplement the family food budget. Thanks to this I have income to support our children's education and other family needs, and I have supported my husband to expand his farm. Now we have more happiness at home ... [and] my husband involves me in household decision making.'

Alima Saabri of Zambulugu, East Mamprusi, Ghana, 2012⁷⁰

Recommendations

National governments must provide leadership on building resilience and reducing inequality. Governments have the responsibility and ability to do this at scale. Building resilience and reducing inequalities need to become national priorities and be embedded in national development plans. But the international community must provide a broad range of support – and take a stronger role in countries affected by conflict.

Resilience-building work must address inequality, power, and rights. International and national elites use their power in markets, governments, and institutions to reduce their own exposure to risk. This is dumped on the poor, either directly or through unequal institutions. The structural causes of gender and income inequality that entrench vulnerability must be addressed. Ways to do so include:

- Sharing risk across societies, through social insurance and other actions targeting disadvantaged groups who require greater support and services simply to give them equal opportunities;
- Building pro-poor institutions at all levels which represent, or are responsive to, the needs and capacities of the most vulnerable;
- Enabling women and men to assert their rights and hold power holders to account through participation in decision-making at all levels;
- Providing free essential basic services for health and education, and social protection;
- Finding resources to fund this – through progressive tax regimes and tackling corruption.

Development work must internalise risk. Identifying, analysing, and managing risk must be a fundamental aspect of development. Shocks can push people abruptly into poverty and keep them there. Preventing the downward slide into crisis and poverty is a cost-effective approach.

- National governments need to integrate risk reduction across national development plans, departments and ministries.
- International agencies should directly tackle risk for poor people in their programmes, rather than treating shocks and stresses as external factors.
- Geographical priorities need to shift so that the proportion of development work in risky contexts increases.

Institutional reform is required. International donors, UN agencies, and NGOs must turn their rhetorical support for resilience-building into sustainable action through reducing institutional barriers across the humanitarian and development divide. Disconnected teams need to be replaced by joint planning, strategies and integrated and linked programmes, and donors need to provide long-term, flexible funding.

'In the long term, development is the most effective resilience-builder for the most vulnerable.'

European Commissioner for Humanitarian Aid, Kristalina Georgieva¹¹

International frameworks must support risk reduction through:

- All governments ensuring that risk and resilience are reflected in the post-2015 development framework, including a new goal on risk, as well as a strengthened Hyogo Framework for Action;
- Developed countries urgently cutting their emissions to keep global temperature increases to below 2°C. Developed countries also need to ensure that at least half of the \$100bn in climate finance (per year by 2020) committed in Copenhagen is spent on adaptation;
- Donors providing finance for the proposed Global Fund for Social Protection.

NOTES

All web links were last accessed in March 2013, unless otherwise stated.

¹ UN ISDR (2011) 'Global Assessment Report', p.32.

² World Bank (2012) 'Turn Down the Heat. Why a 4°C Warmer World Must be Avoided', November 2012, http://climatechange.worldbank.org/sites/default/files/Turn_Down_the_heat_Why_a_4_degree_cent_rigrade_warmer_world_must_be_avoided.pdf; Kevin Anderson and Alice Bows (2010) 'Beyond "dangerous" climate change: emission scenarios for a new world', Philosophical Transactions of the Royal Society, 29 November 2010; <http://rsta.royalsocietypublishing.org/content/369/1934/20.full.pdf+html>

³ World Bank, Issue Brief. http://siteresources.worldbank.org/EXTLICUS/Resources/OPCS_FCS_IB_FINAL.pdf

⁴ Swiss Re (2010). 'Microinsurance – Risk Protection for 4 Billion People'. Sigma No 6/2010, http://media.swissre.com/documents/sigma6_2010_en.pdf. Swiss Re estimates that four billion people who live on less than \$4 per day could benefit from micro-insurance to cover their losses in the case of major risk or financial shock. Currently penetration of micro-insurance is 2–3 per cent of the potential market.

⁵ <http://www.ilo.org/global/about-the-ilo/decent-work-agenda/social-protection/lang--en/index.htm>

⁶ WHO (2010) 'The World Health Report 2010: Financing for universal coverage'. Chapter 1. <http://www.who.int/healthsystems/topics/financing/healthreport/en/index.html>

⁷ Murphy et al. (2012) 'Cereal Secrets: The world's largest grain traders and global agriculture', Oxfam research report. <http://www.oxfam.org/en/grow/policy/cereal-secrets-worlds-largest-grain-traders-global-agriculture>

⁸ Fiona Flintan (2011) 'Summary Brief: The causes, processes and impacts of land fragmentation in the rangelands of Ethiopia, Kenya and Uganda', REGLAP. <http://www.preventionweb.net/english/professional/publications/v.php?id=24288>

⁹ OECD DAC International Network on Conflict and Fragility (2013) 'Ensuring Fragile States are Not Left Behind: 2013 factsheet on resource flows in fragile states', p.1. <http://www.oecd.org/dac/incaf/factsheet%202013%20resource%20flows%20final.pdf>

¹⁰ CARE (2013) 'JotoAfrika – Adapting to Climate Change in Africa: Community Based Adaptation – Experiences from Africa'. <http://www.careinternational.org.uk/research-centre/climate-change/249-jotoafrika-adapting-to-climate-change-in-africa-community-based-adaptation-experiences-from-africa>

¹¹ 'Addressing the Root Causes of Humanitarian Crises: How the international community can help build resilience in the Sahel'. Speech by Kristalina Georgieva, European Commissioner for International Cooperation, Humanitarian Aid and Crisis Response. http://europa.eu/rapid/press-release_SPEECH-12-922_en.htm

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