The realities of climate finance for social protection

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DISCLAIMER

The report was prepared and written by Pegasys Consulting. The different examples, activities, studies, and recommendations in this report are non-exhaustive and reflect a mix of opinions and perceptions of the interviewees/respondents to the questionnaire. The report also includes the perceptions and opinions of the report team. Therefore, the analysis and recommendations proposed in this report should be seen as suggestions and input for further discussion.

ACRONYMS

AF	Adaptation Fund
ASP	Adaptive Social protection
BUR	Biennial Update Report
COP	Conference of Parties
CT	Cash Transfers
EMDES	Emerging Markets and Developing Economies
FAO	United Nations Food and Agriculture Organization
FCDO	UK Foreign and Commonwealth Development Office
GCF	Green Climate Fund
GEF	Global Environment Facility
ILO	International Labour Organization
JTWP	Just Transition Work Programme
KII	Key Informant Interview
LDCF	Least Developed Countries Fund
LDCS	Least developed countries
LIC	Low-Income Country
LTS	Long Term Strategies
MDB	Multilateral Development Bank
MIC	Middle-Income Country
NAP	National Adaptation Plans
NAPAs	National Adaptation Plans of Action
NDC	Nationally Determined Contributions
PWP	Public Works Programmes
SCCF	the Special Climate Change Fund
SP	Social Protection
SRSP	Shock Responsive Social Protection
UNFCCC	United Nations Framework Convention on Climate Change

EXECUTIVE SUMMARY

Interest and investigation into the role of social protection in improving climate change adaptation and mitigation – and their associated impact on poverty – has grown in recent years. This interest comes in the wake of increasing climate crises, particularly related to natural disasters, and has largely focused on the potential of social protection to build household resilience to, and recovery from, shocks through adaptive social protection (ASP) and/or shock-responsive social protection (SRSP)[1]. However, core social protection programmes can also play a significant role in climate change adaptation and mitigation, as well as in helping to minimise and address the loss and damage associated with climate change by helping households prepare for, cope with, and adapt to climate-related shocks (USP2030, 2023).

Climate finance refers to all financial flows addressing the causes and impacts of climate change. This report builds on assessments of the relationship between climate finance and social protection and considers the barriers and opportunities for increased mobilisation.

This report outlines the status of international public climate finance going to social protection, focusing on three categories of climate finance providers, bilateral, multilateral development banks, and the climate funds. It proposes options for more efficient and targeted use of climate finance for social protection. The report reviewed existing literature that looks at climate finance and social protection and assessed the climate finance strategies and portfolios of the major international public climate finance providers.

Overview of findings

There is a growing body of evidence showing that climate strategies that include social protection offer more effective adaptation and mitigation, both in terms of managing climate risks and enhancing adaptive capacities. Yet many developing countries that are vulnerable to climate change do not yet incorporate climate risks into their social protection systems.

There is broad consensus among the social protection community that integrating social protection into climate change adaptation, mitigation, insurance and loss and damage strategies is fundamental to achieving climate justice and transitions to greener economies. However, most of the focus is on adaptation and resilience, with the links to mitigation and loss and damage less robust. Equally, within the climate finance space, there is the appetite for social protection instruments to be implemented as part of a suite of resilience-building interventions. However social protection is not interpreted consistently by climate finance actors, and understanding of its long-term benefits for economic growth and climate action are mixed. The volume of climate finance going to social protection initiatives is considered insufficient by those in the social protection community, but the total amount is unknown. Increasing the flow of climate finance relies in part on enabling climate finance providers to strengthen the links between social protection instruments and interventions and climate change objectives, particularly for improving the climate resilience and adaptability of poor and vulnerable communities. In addition, integrating climate action objectives into social protection policies, and incorporating social protection within climate risk management strategies, is also fundamental for improving access.

The authors reviewed how international public climate finance providers have approached social protection within their climate finance expenditure. For the climate funds it assessed the Green Climate Fund, Global Environmental Facility and the Adaptation Fund. For the multilateral development banks, it assessed the African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, Islamic Development Bank, and World Bank Group. Finally. For bilateral providers of finance, it assessed four of the largest contributors to climate finance; the United Kingdom, France, Germany and Japan. The lessons from this research are distilled into six key findings and recommendations on how to address the issues outlined in these findings discussed thereafter.

[1] ASP refers to social protection programmes that focus on building household resilience to improve preparation for and adaptation to shocks. At the same time, SRSP intends to minimise the impacts of covariate shocks through scaling social protection programmes in the event of a crisis.

Key findings and recommendations

Finding 1: Social Protection is not prevalent in nationally determined climate plans and strategies, with scant examples of national-level climate action plans including social protection risks and measures. This makes the case for climate finance expenditure (either policy or project-based) challenging to substantiate from a climate change angle.

Recommendations:

» Social protection practitioners should assess the extent of social protection's presence in a country's Long-Term Strategies (LTSs) and climate-specific national strategies.

» Recipient country governments should promote social protection in climate strategies and frameworks to demonstrate its importance for climate objectives. Countries should advocate for the explicit reference of social protection in the strategies and investment frameworks of the climate funds.

Finding 2: Social protection is approached and understood inconsistently across the sources of international public climate finance reviewed, pointing to a limited awareness in the climate finance community of the role of social protection in achieving multiple climate change objectives, compounded by the inconsistency with how providers of finance define social protection.

» Social protection practitioners should ensure the climate rationale is robust when designing a programme to seek climate finance, especially from the multilateral climate funds,

» Social protection practitioners should also develop a common definition of social protection in a climate change context that can be put to climate finance providers. Co-developing this definition with the climate finance community would strengthen its ability to mobilise finance for social protection.

Finding 3: Quantified social protection goals are not widely included within national-level climate change objectives and planning, this should include specific targets and measures that can set up resource requirements. This undermines accountability and leads to a lack of clarity on what the return on the investment would be.

» When developing a climate-focused programme social protection practitioners should make use of preparatory and readiness funding to undertake feasibility assessments to determine whether quantifiable social protection targets can be developed.

» To make their finance more accessible, climate finance providers should explore whether social protection is best quantified as an outcome within investment frameworks rather than as a sector or intervention type. Engagement from social protection practitioners in this process is essential.

Finding 4: In many cases, national-level social protection systems are not linked to climate change policies and plans. This makes the case for climate finance to fund social protection more challenging because the interconnectivity between climate risks and social protection is less clear, and the value of social protection systems creating increased resilience is less evident.

» When considering how to create integrated responses to climate change and social protection, recipient country governments should consider investments in relatively low-risk adaptation measures to build coherence between climate change and social protection.

» Social protection practitioners should utilise readiness funding and preparatory support to build the evidence base for and implementation of social protection systems that factor in climate change risk.

Finding 5: There is no comprehensive assessment of the volume of climate finance going to social protection, and a full picture of the social protection objectives of climate finance providers is unclear. This is, in part, linked to the lack of a common understanding of social protection within the climate finance community.

» Climate finance providers and social protection practitioners should work together to review the results and investment frameworks to agree on indicators that can be used to track financial flows to social protection.

» Social protection practitioners should initiate this process by assessing and agreeing on the priorities for social protection in the short- and long-term. Short-term targets need to be balanced by longer-term objectives that will result in sustainable financing.

Finding 6: The typical ownership model of social protection systems can limit sustained access to climate finance, with gaining accreditation to the multilateral climate funds particularly burdensome for national/government entities.

» When considering whether to gain accreditation to the Green Climate Fund, recipient country governments should consider the benefits of having direct access to resources this potentially offers versus working with an existing non-government entity that already has accreditation.

Conclusions

Although there is a growing body of literature linking action social protection to climate change, social protection is not yet regarded as a key priority for providers of climate finance, and the lack of social protection presence in climate strategies makes the case for financing it challenging. By embedding social protection as a priority intervention in the climate policies and plans of vulnerable countries, funders will consider social protection as a priority sector for investment. The need to increase understanding of these benefits and create a clear link between social protection and climate goals is essential for building the case for using climate financing for social protection.

This report finds that the onus to increase the flow of finance sits largely with the social protection community (practitioners and country governments). This is reflective of the highly competitive and political nature of climate finance, where changes in investment decisions are challenging and time-consuming and need to be driven by developing country priorities.

1. INTRODUCTION

1.1 Objectives

This report outlines the relationship between climate finance and social protection. It maps the primary sources of public climate finance, their strategies and portfolios. It then assesses the extent to which social protection is featured, and if so how it is included. It then identifies solutions for more efficient and targeted use of climate finance for social protection, and the steps that should be taken by actors looking to access more climate finance for their social protection activities. Because the report is investigating international public climate finance, which is finance provided by developed countries to developing countries, it does not consider the use of climate finance within a developed country context.

1.2 Background

Interest and investigation into the role of social protection as an effective tool in climate change adaptation, mitigation, and loss and damage and as a means of reducing the long-term impacts of climate change on poverty has increased. This interest has largely focused on the potential of social protection to build household resilience to, and recovery from, shocks through adaptive social protection (ASP) and/or shock-responsive social protection (SRSP)[2]. Yet regular social protection can also play a core role in climate change adaptation and mitigation, as well as help minimise and address the loss and damage associated with climate change, by helping people prepare for, cope with, and adapt to climate-related shocks better (USP2030, 2023). However, examples and evidence of social protection interventions in climate mitigation are limited, and there were insufficient examples to factor into this report. As such, this report is principally focusing on climate adaptation and the role of social protection in responding to climate-related shocks.

Climate finance refers to all financial flows addressing the causes and impact of climate change. Climate finance typically tops the agenda of the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP) summits, with the most recent (COP28, in December 2023) establishing the Loss and Damage Fund which demonstrates progress for the alignment of social protection with climate finance mechanisms[3]. Outside of climate finance, social protection was a prominent component in the adoption of the first Just Transition Work Programme (JTWP). The JTWP followed the reference to social protection in the COP27 Implementation Plan regarding the delivery of just transitions to achieve the goals of the Paris Agreement, which must include social protection alongside alignment with nationally determined priorities. The adoption of the JTWP signals an approach to the implementation of the Paris Agreement that puts social protection in a more prominent position than before. It is important, therefore, to take stock of the current provision of climate finance for social protection. The report will prioritise public sources of climate finance, often categorised as UNFCCC finance, as the resources provided under the requirements of the Paris Agreement. This includes multilateral development banks, bilateral development agencies and the multilateral climate funds.

1.3 Methodology

The key research question for this report is: What are the key barriers to accessing finance for social protection and supporting demand-side readiness to countries accessing climate finance for social protection? For this report and assignment, the following definitions are used.

> **Climate Finance** - Climate finance refers to local, national, or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change. This report focuses on public sources of

[2] ASP refers to social protection programmes that focus on building household resilience to improve preparation for and adaptation to shocks. At the same time, SRSP intends to minimise the impacts of covariate shocks through scaling social protection programmes in the event of a crisis.

[3] Mentioned explicitly as part of the second objective of the COP28 Declaration on sustainable agriculture, resilient food systems, and climate action. The Sharm el-Sheikh Implementation Plan from COP27 also emphasises the crucial role of social protection in creating just and equitable low-carbon transitions for developing countries, based on nationally defined development priorities.

climate finance (UNFCCC).

Social Protection - "*A set of policies and programmes aimed at preventing and protecting all people against poverty, vulnerability and social exclusion, throughout their life cycle placing a particular emphasis on vulnerable groups*" (Social Protection Interagency Cooperation Board). Countries define social protection according to their context, but this typically includes social assistance, social insurance and labour market protection programmes.

This study assumed several methodological approaches to gather data and evidence to support the assignment objectives:

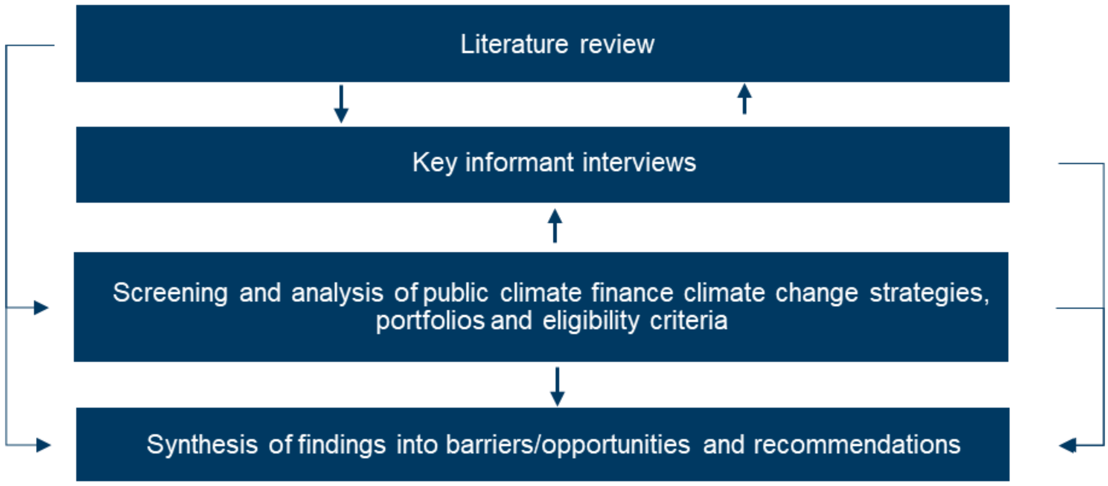

Figure 1: Methodological process flow diagram

1.3.1 Literature review

The literature review comprised 3 phases:

1. **Literature identification**: The identification of key literature (academic, grey and web sources). This included web searches as well as leveraging existing knowledge and information of the climate finance and social protection space which existed within the team. The team compiled a database of 20 pieces of key literature. This was further extended to 56 pieces of literature after additional key sources were identified.
2. **Keyword search**: A keyword search was applied to the literature to understand its relevance and identify key sections and pieces of data and evidence.
3. **Synthesis analysis**: A synthesis of the information within these sources was conducted to answer the research question.

1.3.2 Key Informant Interviews

Key informant interviews (KIIs) were conducted to gain deeper insight and understanding of social protection financing, climate finance and more specifically the barriers and opportunities that exist for accessing climate finance for social protection. Gathering insights from practitioners in both spaces added nuance and important detail to the analysis completed as part of the literature review. The interviews adopted a semi-structured approach guided by the questions provided in Annex 1.

1.3.3 Screening and analysis of public climate finance climate change strategies portfolios and eligibility criteria

An in-depth analysis of public climate finance was conducted to understand the priorities, the financial instruments used and the eligibility criteria for accessing climate finance from each. In addition, example projects of where these institutions have funded social protection projects or programs were investigated. These findings were then assessed against the findings from the literature review and KIIs to provide further insight and to draw conclusions related to the barriers and opportunities for accessing climate finance for social protection.

1.4 Report Structure

The report begins with an outline of the current state of play concerning climate finance and social protection, with sub-sections focusing on the established linkages between social protection and climate change, the current landscape of climate finance, and the current state of social protection financing from the reviewed sources of public climate finance. This section investigates where barriers and opportunities might lie within the public climate finance landscape for accessing these funds for social protection. The second section of the report is a synthesis of the findings, and proposes practical steps for different stakeholders.

2. THE CLIMATE FINANCE LANDSCAPE AND STATE OF PLAY WITH SOCIAL PROTECTION

This section outlines the relationship between social protection and climate change. It then details the different sources of climate finance (bilateral, multilateral and climate funds), and provides an overview of their objectives, criteria for access, the amount disbursed for social protection and social protection functions financed.

The main takeaways from this section are:

- There is a large amount of discourse and evidence that shows that considering the social protection needs when designing climate change interventions can increase resilience to climate risks and shocks.
- There is less evidence of successful examples of national or subnational-level social protection systems that have climate change risks integrated into their design and implementation.
- Both climate finance and social protection finance needs outweigh the supply, and efforts to track finance face methodological and political challenges to understand how much is provided and what should be counted.
- There is no commonly agreed definition of social protection across all of the climate finance providers assessed in this report. Where social protection is prevalent in strategic or programming documentation it is typically categorised within a broader adaptation or resilience framing, or more recently within a livelihoods context.

2.1 Social protection and climate change

Evidence shows that climate strategies that include social protection offer more effective adaptation and mitigation responses, both in terms of managing climate risks and enhancing adaptive capacities (Sitko, et al., 2023). Yet many developing countries that are vulnerable to climate change have underdeveloped social protection systems that are yet to be 'climate-proofed', restricting the capacity of these programs to help beneficiaries prepare for, adapt to, and recover from climate-related shocks. There is also a concrete convergence between social protection and climate risk, as generally the poorest countries have the lowest social protection coverage and are often the most vulnerable to climate change (Lambeau & Urban, 2022). This does not imply a direct correlation between poor social protection coverage and high climate vulnerability but rather supports the focus of this research being on developing countries most vulnerable to climate change impacts.

Incorporating climate change risks and opportunities into social protection policies, strategies and mechanisms will help align both policy and financing in this area. Currently, the extent of how much climate finance is being spent on social protection is not fully understood; however, both climate finance and social protection stakeholder groups consulted for this assignment agreed that there is a significant financing gap when it comes to increasing social protection coverage and mainstreaming climate risk into the sector, exacerbated by a lack of social protection considerations in the spending decisions of climate finance providers.

As mentioned in the Introduction section, the dominant focus of social protection has been on the shock-responsive and adaptation aspects of climate change, with mitigation not as well established. This is evident in the below key frameworks for social protection within a climate change context.

1. **Adaptive Social Protection (ASP):** "ASP is a response to widespread demand for the use of social protection as a tool to build the resilience of poor and vulnerable households to... covariate shocks." (Bowen, et al., 2020) ASP is focused on pro-poor resilience building, with an emphasis on building household capacity to prepare for, adapt to, and cope with shocks.
2. **Climate-responsive social protection:** Involves the integration of climate and disaster risk considerations into the planning of social protection systems. This typically means incorporating scale and flexibility into systems to ensure they can respond to climate disasters; building household and community resilience through livelihood enhancement and targeted programmes; and focusing on enhancing institutional capacity to create better risk management and ensure climate-sensitive planning (Kuriakose, et al., 2013).

3. **Shock-responsive social protection (SRSP):** "SRSP is a term used to bring focus on shocks that affect a large proportion of the population simultaneously (covariate shocks). It encompasses the adaptation of routine social protection programmes and systems to cope with changes in context and demand following large-scale shocks. This can be ex-ante by building shock-responsive systems, plans and partnerships in advance of a shock to better prepare for emergency response; or ex-post, to support households once the shock has occurred. In this way, social protection can complement and support other emergency response interventions." (European Commission, 2019).

The frameworks presented all emphasise the connection between social protection and climate change adaptation, loss and damage, and recovery. However, to date, social protection has largely been used in response to rapid onset events concerning climate change, with frameworks seldom aligned with national climate change policies and plans[4]. By broadening these frameworks to support comprehensive climate risk management, cover the full risk continuum of climatic events from climate extremes to slow onset events, and consider the transformative potential of social protection for responding to residual losses from climate change, it is possible to create a basis for the alignment of social protection programs with national climate change policies, plans, and financing frameworks (Aleksandrova & Costella, 2021). Such a framework can help overcome some of the conceptual gaps and challenges in utilising social protection for achieving long-term climate objectives.

There is a well-evidence body of research on the impact of climate change on poverty. A recent World Bank study estimates that climate change could push an additional 38 to 100 million individuals into extreme poverty by 2030, representing a 0.7% (low-impact climate change scenario) to 1.9% (high-impact climate change scenario) increase in the global population living below the poverty line. Sub-Saharan Africa is projected to be the most severely affected, with an estimated 39.7 million additional individuals falling into extreme poverty by 2030, followed by South Asia (35.7 million), East Asia and the Pacific (7.5 million), and Latin America and the Caribbean (5.8 million). In the poorest regions, rising food prices due to climate change are anticipated to be the primary driver of this poverty surge. Currently, approximately 3.3% of the population in lower- and middle-income countries is in extreme poverty. If the high-impact scenario of climate change materialises, pushing an additional 1.9% of the population into extreme poverty, it would translate to a 57% increase in the proportion of individuals requiring urgent social assistance (Jafino, et al., 2020). Despite this analysis, there is to date limited research on how climate shocks will impact social protection systems, which suggests that these systems are not being designed to be resilient to climate change.

2.1.1 Integrating climate change considerations into social protection systems

There is broad consensus among the social protection stakeholders consulted that integrating climate change shocks into social protection systems should be a priority. Connected to this, incorporating social protection goals and principles into climate change adaptation, mitigation, insurance and loss and damage strategies at the national level is fundamental to achieving climate justice and transitions to greener economies. Equally, within the climate finance space, there is the appetite for social protection tools to be applied as part of a suite of resilience-building interventions. Yet social protection, and its capacity to contribute towards global and national climate goals, is seldom fully understood by climate finance actors. To effectively demonstrate the potential for social protection to contribute to achieving climate goals, a comprehensive approach to developing these systems is required that acknowledges social protection's potential to improve not only climate adaptation and mitigation, but also deliver climate justice, facilitate transitions to greener economies, and avert and address the loss and damage caused by climate change.

While social protection programs can offer a wide range of benefits and opportunities when designing climate projects and programs, individual countries need to consider and plan how different parts of the social protection system can support climate objectives. National-level strategies and plans should prioritise interventions that are best suited to and can maximise climate

[4] These include National Adaptation Plans (NAPs), National Adaptation Programmes of Action (NAPAs), Nationally Determined Contributions (NDCs), rural and urban development plans and climate/environmental policy

impact in, their respective country contexts. For instance, Public Works Programmes[5] (PWPs) can help develop community assets that build resilience and facilitate adaptation. PWPs can also mitigate the impacts of climate change through targeted interventions, such as tree planting, carbon sequestration, and ecosystem restoration. On the other hand, Cash Transfers (CTs) and in-kind programmes can protect people from the impacts of climate change and improve their long-term resilience through investments in their human capital and development. Insurance programs can help protect vulnerable households from a range of socioeconomic and healthcare risks.

Social protection can thus act as a tool to promote pro-poor and climate-resilient growth and recovery but is often seen as a pro-poor assistance programming, without potential long-term benefits for both economic growth and the climate. The transformative potential of social protection is well documented, and the potential for such programmes to create pro-poor and climate-resilient growth has been demonstrated in multiple, differing contexts. Notable examples include the Bolsa Verde in Brazil (Yin Wong, et al., 2018). Malawi's National Social Support Programme (Government of Malawi, 2022), and the Mahatma Gandhi National Rural Employment Guarantee Scheme in India (Steinbach, et al., 2020) which all contributed towards climate objectives while boosting the income security of vulnerable and poor communities. The need to make these links clearer will be essential for boosting climate finance for social protection and improving the climate resilience and adaptability of poor and vulnerable communities.

A recent study commissioned by the UNICEF Eastern Caribbean Office also explored the linkages between social protection and climate change policies across the region's 12 countries and territories by examining key national documents on climate change and social protection (Sengupta, 2023). The Eastern Caribbean area is one of the most hazard-prone regions in the world and is extremely exposed to the consequences of climate change. Still, the use of adaptive and shock-responsive social protection in the region has been limited to date (Barca, et al., 2020). However, there now appears to have been a shift in government approach, with ten of the twelve countries in the Eastern Caribbean region incorporating key social protection language into their national climate documents and key climate words into their social protection policies in recent years (Sengupta, 2023). Overall, a higher count of climate keywords in social protection documents was reported over social protection keywords in climate documents. Most notably, the authors found that the connection between social protection and disaster risk management seems to be relatively better established.

However, where social protection is included in climate plans, specific targets, measures and/or resources are often lacking. This lack of incentives undermines accountability, both financially and institutionally, and hinders much-needed progress (Sengupta, 2023; Tenzig, 2020). Integrating climate action objectives into social protection policies, and incorporating social protection within climate risk management strategies, offers an entry point for synergising efforts within and among social protection and climate change sectors. In practical terms, this means including social protection in national climate action plans; legal acknowledgement and prioritisation of climate risks within country legislation; and adapting the design, or at least focus, of social protection programmes and policies to specifically address climate risks. In the latter case, this programmatic modification will still need to be reflected in policy and any other national plans or legislation that the social protection programme is situated within (Sengupta & Dahle, 2023).

2.1.2 Understanding the Social Protection financing baseline

Large and persistent gaps in social protection financing exist in many low- and middle-income countries where national resources are insufficient to meet social protection needs. This is not to say that social protection financing gaps do not exist in developed countries. However, given the focus of this study on the opportunities for access to climate finance for social protection, lower and middle income countries become a prioritised focus due to them generally being more vulnerable to the impacts of

[5] "Public works programmes are a subset of social protection programmes, generally defined as public labour-intensive infrastructure development initiatives which provide cash or food-based payments. Such programmes have a number of potential technical and political attributes. They provide income transfers to the poor through employment and are often designed to smooth income particularly during 'slack' or 'hungry' periods of the year and they often build infrastructure, such as rural roads, irrigation, water harvest facilities, tree plantation, school and health clinic facilities." (Holmes & Jones, 2011)

climate change. Just 17.4% of people in sub-Saharan Africa are covered by at least one social protection benefit, for instance, with much of this protection inadequate and falling far below the benefit levels needed to lift beneficiaries out of poverty and protect them from risks (ILO, 2022).

Domestic resource mobilisation underpins the financing of almost all social protection systems worldwide, with it widely acknowledged that domestic resources are fundamental to financing sustainable national social protection systems. However, as many low- and middle-income countries face fiscal constraints and uncertainty – exacerbated by natural disasters and climate change – there is a clear need for domestic resources to be complemented by external financing. A 2021 International Labour Organization (ILO) costing exercise (Durán-Valverde, et al., 2020) estimated the financing gap for achieving universal social protection in all 134 developing countries to be around US$1 trillion in 2019 (excluding healthcare), whilst the effects of climate change place additional pressures on countries with already weak social protection systems, meaning this gap is likely to widen even further (German Development Institute, 2021).

Increased international financial support for social protection is thus essential and this external financial support can be delivered through a range of financing mechanisms. Potential mechanisms include grant and concessional finance delivered through budget support and project-based financing; technical assistance for social protection policy and programme reforms as well as for domestic resource mobilisation for social protection; disaster risk financing and insurance mechanisms, such as catastrophe bonds, contingency loans and draw-down options including policy-based lending; long-term, development finance guarantees to incentivise investments in social protection and guarantee provision in times of crisis; and dedicated “basket” funds that pool financial resources from various donors in support a specific program or initiative, among others (ILO, 2022; Longhurst, et al., 2021; UNICEF, 2023; World Bank, 2021). Several options can and should be utilised to finance national social protection systems. An adequate mix of financing mechanisms can help ensure that the financing needs and risks associated with different social protection programmes can be met.

2.2 The climate finance landscape

Climate finance is typically categorised by source, mechanism for delivery, and end-use. The mechanism for delivery includes the route financing takes (bilateral, multilateral, dedicated climate funds, blended with private finance), and the financial instrument used (e.g., grants, loans, equity). The end use is often categorised first by whether it is focusing on addressing mitigation or adaptation (or a combination of both), and the sector the finance is used in.

The flow of climate finance is extensively tracked by a variety of organisations (for example Climate Policy Initiative, OECD, and the providers themselves), **all providing detailed analysis of how finance is mobilised, where it is distributed, and how it is used**. It should be noted that each organisation uses differing methodologies, as a result different pieces of information from each of these organisations are useful for understanding the climate finance landscape. This report and the findings from these sources do not suggest one methodological approach is better than another, however, information from different sources has been used where considered most appropriate for providing a clear narrative around the climate finance landscape including the spending by different funding institutions, the sectors funders and the proportion of climate finance spent on different sectors or activities (i.e., adaptation vs mitigation). All agree, however, that developing countries’ climate finance needs far outweigh supply. Because of the inherent complexity of the donor-to-recipient dynamic, the immediacy of the climate crisis, and the finance gap, the climate finance space is highly political and is frequently one of the most contentious issues in climate and development diplomacy and one of the main areas of negotiation at the annual COP summit of the UNFCCC. The processes for accessing finance are also regarded by many as being inaccessible and inequitable, and the system too heavily weighted to financing mitigation-focused activities. The countries most vulnerable to climate risks also generally have the lowest level of access. It should be noted that data on the quantum of climate finance being disbursed by different funders is generally lacking and difficult to disaggregate without commonly agreed definitions and discussions with providers and recipients of climate finance.

Climate finance is disproportionately allocated across sectors and geographies. Between the 2019/2020 and 2021/2022 periods, climate finance flows almost doubled to reach nearly USD 1.3 trillion.

However, adaptation finance is significantly under-resourced compared to mitigation finance, with USD 63 billion mobilised in 2021/2022, 98% of which came from public sources, against an assessed need of USD 212 billion per year by 2030 for developing countries alone. By comparison, mitigation finance from both public and private sources stood at USD 1,150 billion in 2023 (Buchner, et al., 2023). These figures are illustrated in Figure 2 below. Mitigation finance is dominated by the energy and transport sectors attracting 44% and 29% respectively. Despite the agricultural and industrial sectors being the next two highest emitting sectors, they received a disproportionately low 4% of mitigation finance. Those most vulnerable to climate change do not receive the finance they need. Least developed countries (LDCS) and emerging markets and developing economies (EMDES) received 3% and 15% of climate finance in 2021/2022 respectively, with the countries most affected by climate change between 2000 and 2019 receiving only USD23 billion - less than 2% of total climate finance for the period (Buchner, et al., 2023). Climate finance is disbursed via several financial instruments, the most dominant is loans accounting for 61% or USD 766 billion over the 2019/20 to 2021/22 period, whereas the provision of equity financing (i.e., investments in companies, organisations or funds in exchange for an ownership stake) constituted 33% (USD 422 billion) and grants where at 5% (USD 69 billion) (Buchner, et al., 2023).

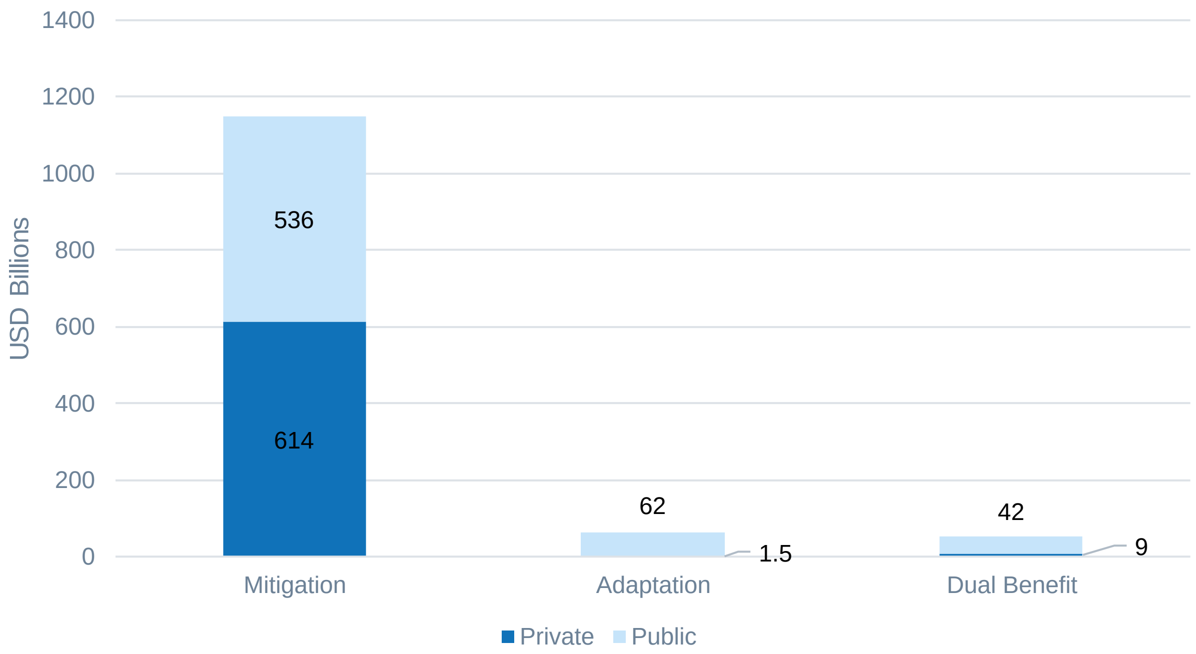

Figure 2: Uses of climate finance with public private splits 2021/22 (Source: Buchner, et al., 2023)

2.3 Climate finance spend on social protection

This subsection provides an overview of the current volume of climate finance that is spent on social protection in developing countries. The main findings are:

- No comprehensive mapping of climate finance spending on social protection has been undertaken to date, our research suggests that this is due to a lack of existing definitions of social protection that can be cross-referenced with climate finance providers' expenditures, but also because not all providers of finance provide the level of detail about their investments to pull out social protection spending. That notwithstanding, the multilateral climate funds are marginally ahead in classifying social protection.
- Where social protection has been financed it is generally classified under adaptation.
- The connections between the way social protection can contribute to climate change need to be made clear and explicit when designing programming.

There is no comprehensive mapping of the volume of climate finance spent or allocated to social protection. Sector-specific analyses have been developed for other areas, and these provide a valuable baseline from which providers and recipients of finance can build the case for changes in how climate finance is mobilised and distributed. According to many of the stakeholders consulted, the challenges in mapping all of climate finance spend on social protection are 1) because it doesn't align with a specific sector or sit solely in adaptation or mitigation it is challenging to draw a clear line around what should be counted, and 2) different climate finance providers have inconsistent positions on how social protection should be considered within their investment frameworks. For example, the Green Climate Fund (GCF) refers to social safety nets and access to financial systems in some of its projects but does not provide a common definition from which a full analysis of the portfolio can be undertaken.

A recent study by the Red Cross Climate Centre (Sengupta & Sivanu, 2024) **assessed multilateral climate funds' investments in social protection.** The findings are incorporated in more detail in the Climate Funds section below. A broad pattern emerges that examples are scant, and the funds do not have social protection embedded clearly in their frameworks and criteria for funding decisions. Furthermore, where an approved project does have a social protection angle it is often via a single instrument or intervention. This does not necessarily contribute to the development of a holistic and long-term social protection system that enables vulnerable communities to respond to the full spectrum of climate shocks and stresses. For these disbursements to be effective in bolstering or strengthening social protection systems, they need to be made in a context where a system is already established. In this case, it will hopefully address existing gaps. However, this type of investment will be less effective in contexts where these systems have not been developed or existed previously

The KII stakeholders from both social protection and climate finance remarked on the importance of understanding the volume, access modality, financial instrument, source and recipient for social protection. For social protection practitioners this would provide a baseline of finance disbursed, the most prevalent sources, greatest recipients, and most common end uses. This would strengthen the case for social protection receiving more climate finance from both the perspectives of the social protection and climate finance practitioners, and would enable a strategic approach to short-term opportunities and planning for longer-term shifts. For climate finance providers it would support understanding of where the finance needs are greatest.

Steps have been taken to quantify social protection's climate finance needs. A study conducted by FAO (Crumpler, et al., 2024) assessed the prevalence of social protection in Nationally Determined Contributions (NDCs). It found that across the 162 NDCs reviewed, only 51 mention social protection at least once. Of these, social protection is included as an instrument to facilitate adaptation efforts in 39 plans, and as a contribution to mitigation actions in 12 plans, with newly submitted NDCs and National Adaptation Plans (NAPs) tending to contain more mentions of social protection, indicating a potential shift in understanding on its potential in climate. NDCs are a critical tool for climate finance because they are, for many developing countries, the primary place finance needs are articulated, or at the very least provide the material for this articulation in other key strategy documents such as NAPs, Biennial Update Reports (BURs), and climate fund country programmes.

The sections that follow outline the current relationship between the key international sources of public climate finance and social protection. Following a desk-based review of the literature, institutional documents, donor portfolios, and relevant programming databases it is clear that none of the major climate finance providers disaggregate their expenditure for social protection, making it not possible to provide a complete picture of what they are currently spending in the area. There are useful assessments from independent actors such as the Climate Policy Initiative, which provide useful references but stop short of providing a comprehensive baseline. These have been included for context.

2.4 Status of social protection financing from different sources of public climate finance

2.4.1 Multilateral development banks

Climate finance provided by the international and regional development banks is an integral part of the overall climate finance landscape. Multilateral development banks (MDBs) provided USD 93 billion of climate finance, 15% of total public commitments, in 2021/2022. Approximately 45%

of financing from MDBs went to emerging markets and developing economies, and 40% to developed countries. Least developed countries received 14%, or USD 13 billion, approximately USD 7.8 billion (60%) of which was in the form of debt. Climate finance from multilateral DFIs is increasing, with USD 68 billion provided in 2019/2020 (Buchner, et al., 2023).

Objectives

MDBs have committed to aligning all of their practices and financing with the Paris Agreement, and their climate finance commitments are supportive of the main objectives of the Agreement to limit rising global temperature through reducing greenhouse gas emissions and increase the resilience of those affected by the impacts of climate change and improve their capacity to adapt. Each MDB has committed to increasing the volume of climate finance to resilience and adaptation, recognising the global trend for the majority of finance to go towards mitigation. MDBs have also individually committed increase the portion that goes to the most vulnerable to climate change. These commitments are enshrined in the individual climate change strategies for each institution, which are assessed in Annex 4.

MDBs' business models position them to lean closer towards direct lending and be reliant on repayment and interest (loans) or exit and return (equity). The portion of loan-based financing within their portfolios differs for each MDB, with debt financing also playing an important due to the focus on financing large infrastructure projects (OECD, 2022). MDBs reported that 61% of climate finance for low- and middle-income economies was committed through investment loans, followed by policy-based financing (14%) and grants (10%) (European Investment Bank, 2023). A full breakdown of the financial instruments used by MDBs is shown in Figure 33.

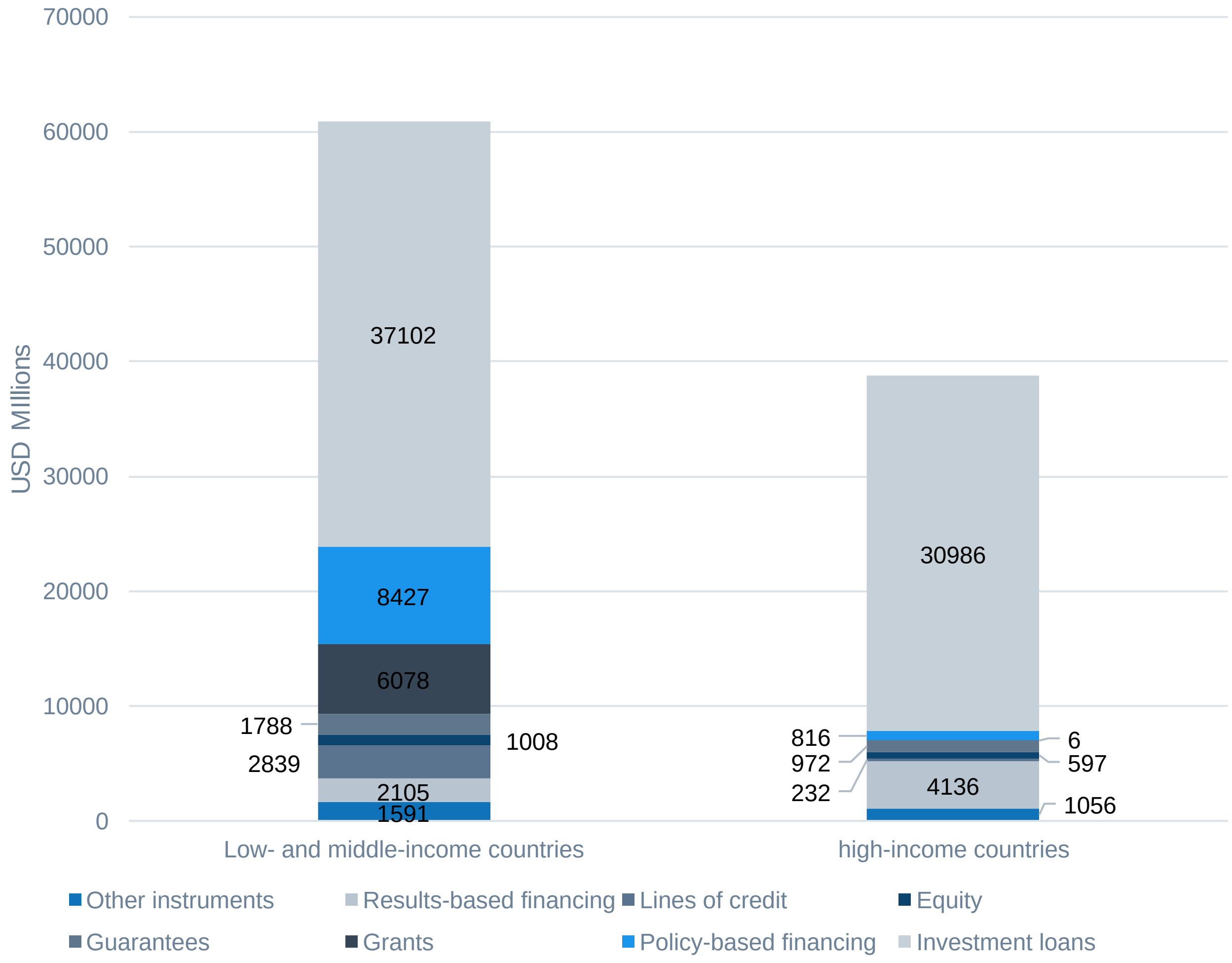

Figure 3: MDB climate finance by type of instrument in low- middle-income and high-income economies in 2022 (European Investment Bank, 2023)

Criteria for access

The MDBs agreed on a common set of principles for financing mitigation activities in 2015, and an initial set of principles for adaptation in the same year. In 2023 both of these sets were updated. These are not requirements for access, as each MDB has its eligibility requirements, strategic priorities and delivery mechanisms – but they do provide a picture of the shared priorities for MDBs in the use of their climate finance commitments.

Mitigation

For mitigation, an activity is considered eligible where, by avoiding or reducing GHG emissions or increasing GHG sequestration, it contributes substantially to the stabilisation of GHG concentrations in the atmosphere. This stabilisation is aimed at preventing detrimental anthropogenic – human or societal - interference with the climate system, following the Paris Agreement's long-term temperature goal. Three categories of activities are defined as being appropriate to meet this eligibility requirement (1) **negative- or very-low-emission activities**, which result in negative, zero or very-low GHG emissions and are fully consistent with the long-term temperature goal of the Paris Agreement, e.g., carbon sequestration in land use or some forms of renewable energy; (2) **transitional activities**, which are still part of GHG-emissive systems, but are important for and contribute to the transition towards a climate-neutral economy, e.g., energy efficiency improvement in manufacturing that directly or indirectly uses fossil fuels; and (3) **enabling activities**, which are instrumental in enabling other activities to make a substantial contribution to climate change mitigation, e.g., manufacture of very-low-mission technologies (European Investment Bank, 2023).

2.4.2 Adaptation

A range of activities have been agreed by MDBs for tracking adaptation finance (International Development Finance Club, 2023):

1. **Activities that are adapted**: Activities that integrate measures to manage physical climate risks and ensure that the project's intended objectives are realised despite these risks. These activities include adjustments or improvements required to ensure that the project performs well against experienced and anticipated impacts of climate change.
2. **Activities that have shared objectives of adaptation and development**: Activities that directly reduce physical climate risk and build the adaptive capacity of the system within which the activity takes place. These activities are typically identified based on a robust understanding of physical climate risks faced by the system within which the project takes place. These activities are themselves adjusted to cope with experienced and anticipated impacts of climate change.
3. **Activities that enable adaptation**: Activities that contribute to reducing the underlying causes of vulnerability to climate change at the systemic level and/or removing knowledge, capacity, technological and other barriers to adaptation. This type of activity supports adaptation beyond its immediate scope by creating enabling conditions for policy and regulatory environment developments, physical or natural asset enhancements, capacity strengthening, technology developments or knowledge enhancements. These activities are themselves adjusted to cope with the experienced and anticipated impacts of climate change.

Social protection functions financed

Between 2021 and 2022, MDBs reviewed the joint MDB methodology for tracking adaptation finance. It aimed to better characterise adaptation activities and provide guidance on the application of the joint methodology in a broader range of financing instruments. The outcome was an update to the methodology that reflected the evolving understanding of adaptation and climate resilience and advances made in the fields of adaptation finance. As a result, adaptation is no longer viewed purely as an add-on to development investments, but rather as an imperative for putting development on the path to resilience. This means that for MDBs adaptation support has expanded from traditional infrastructure sectors to a wider range of sectors, such as education, health, social protection, financial services, and research and innovation for adaptation solutions. Whilst this is a useful development, MDBs have yet to start tracking any climate finance spending on social protection.

The Climate Policy Initiative (2022) found that of the **31% of multilateral climate finance disbursed to African countries in the 2019/2020 period, 21% (or approximately 6% of total multilateral climate finance disbursed to Africa) was allocated to a cross-sectoral adaptation category labelled as “covid-19 response and social protectio**n” (Meattle, et al., 2022). The majority of this was funded via grants. Whilst this is the latest analysis from the Climate Policy Initiative, it would be valuable to see if the categorisation changes when outside of the COVID-19 pandemic period. As is set out in Annex 4, social protection is increasingly present in MDB climate strategies, most notably as a component of building resilience, disaster risk preparedness and just transitions. That said, representation is mixed across the MDBs, reflecting the inconsistency with which social protection is viewed within their climate finance spending divisions and strategies. This doesn’t reflect the entirety of MDBs priorities, the World Bank for example has a significant global role in the social protection, but rather how social protection is factored into institutional decision-making concerning climate finance. The World Bank and the International Labour Organization jointly initiated the Global Partnership for Universal Social Protection (USP2030) to transform the SDG Agenda’s vision of universal social protection into reality, with the Bank alone providing $26 billion in financing for its social protection and jobs programs as of March 2023 (USP2030, 2023). Despite this broader focus on social protection, climate finance is rarely used to finance social protection programs in the Bank or elsewhere.

2.4.3 Bilateral public climate finance

> A significant share of public climate finance is spent bilaterally and through established bilateral development agencies and development banks. The approach to tracking and quantification of bilateral public climate finance is different for each country. In 2021 the OECD assessed that bilateral public climate finance totalled USD 34.5bn, accounting for 38.5% of the USD 89.6bn provided and mobilised that year. In that year the largest donors were Japan, Germany and France, collectively accounting for 71% of total bilateral climate finance.

Objectives

Because of the wide-ranging priorities for different bilateral agencies, it is most useful for this report to consider the **trends for climate finance provision from bilateral development agencies** as a means of understanding the objectives of this key source of public climate finance.

Principle objective

Of all climate-related activities in overseas development assistance in 2020-21, 42% addressed adaptation, 33% mitigation and 24% covered both objectives (OECD, 2023). Investments in activities that support adaptation including those addressing both mitigation and adaptation objectives had 79% pursuing adaptation as a significant objective, while in the remaining 21% it is the principal objective. For activities in support of mitigation (including activities supporting both adaptation and mitigation simultaneously), mitigation was the significant objective in 59% of the cases (in value terms) and the principal objective in the remaining 41% (OECD, 2023).

Geographic priority

In 2020-21 the share of climate-related commitments to African countries (26%) was considerably less than for other regions, with 40% in Latin America and the Caribbean, 39% in Asia and 37% in Oceania. Oceania had the largest share of adaptation-related commitments: 36% of all the development finance it received (28% for adaptation only, 9% for both objectives). Conversely, the region with the largest share of mitigation commitments was Latin America and the Caribbean at 29% (13% for mitigation only and 15% for both) and Europe at 27% (14% for mitigation only and 13% for both). The region with the largest share of activities with mitigation-only commitments is Asia, at almost 16% (OECD, 2023).

Sector priority

Broadly speaking mitigation support is dominant in sectors that have the greatest potential for greenhouse gas emission reduction, most notably transport, storage and energy. The provision of finance for adaptation is focused on sectors most closely linked to nature, most notably water supply and sanitation, agriculture, forestry and fishing. Climate finance that goes to both mitigation and adaptation is most prevalent in general environment protection and agriculture, forestry and fishing.

Financial instrument

Bilateral funding partners tend to make use of different financial instruments depending on the specific use or mandate. Bilateral finance is generally disbursed in paid-in contributions by countries allowing for less reliance on equity or debt financing. However, bilateral development finance institutions do rely on interest and returns to capitalise operations similar to MDBs (OECD, 2022). According to the OECD (2022), in the period 2016-2020, 59% of bilateral climate finance was provided via loans, 37% by grants and the remainder between equity and other financial instruments.

Criteria for access

As with MDBs, there are no standardised or universal requirements for accessing bilateral climate finance, and each development agency or financial institution has its criteria. The developed country signatories to the Paris Agreement have committed to providing USD 100 billion per year up to 2025, however, this is yet to be met. This finance must be additional to other development finance and can include the climate finance provided to multilateral routes of finance. As with the MDBs this means that the primary collective requirement for recipients of climate finance is that the activities support the Paris Agreement, but as shown in the previous section, this can cover a lot of different financial instruments, sectors and geographies. All finance provided under this goal must go to the countries listed as Non-Annex I in the UNFCCC, which is mostly developing countries.

Social protection functions financed

From reviewing the available literature and policy documentation it is clear that the majority of climate finance support to social protection is within the climate resilience and adaptation space, as well as in disaster risk and insurance-based financing. For this report, the climate finance strategies for the largest bilateral contributors of climate finance were assessed. The reference to social protection varies greatly, with some (such as Japan) including no reference. Others, such as the UK, can be inferred to cover social protection through broader descriptions of the focus on adaptation (the UK considers three dimensions to its work in climate resilience: adaptive capacity, anticipatory capacity and absorptive capacity). A sense of the priorities for bilateral providers of climate finance can be inferred from reviewing individual programmes. The UK includes social protection as a key component of programming in Rwanda (Social Protection Support to the Poorest in Rwanda) and Zambia (Zambia Social Protection Expansion Programme Phase II). Germany outlined its climate finance objectives in 2019, and targeted measures were to be used to boost the adaptive capacity of particularly vulnerable countries and disadvantaged and marginalised people and groups and to strengthen their climate resilience which would support their efforts on the social protection-relevant Sustainable Development Goals (SDGs) (1.3.1 and 10.4), examples that can be found are the Sahel Adaptive Social Protection Program (funded also by the UK, Denmark and World Bank).

2.4.4 Climate funds

> Multilateral climate funds (MCF) are an integral part of the climate finance architecture. There are many multilateral funds and initiatives, ranging from the sector-specific (i.e., African Renewable Energy Initiative), to the geographic-specific (i.e., Congo Basin Forest Fund). The most notable in terms of size and reach are the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Green Climate Fund (GCF). This section covers these three MCFs, which are the funding mechanism for the UNFCCC – established to provide financial resources to developing countries for activities, programmes and measures related to climate change. The funds serve the Kyoto Protocol and the Paris Agreement in addition to the UNFCCC.

Objectives

- The **GCF** funds both adaptation and mitigation and is mandated to assist developing countries in meeting the commitments outlined in their NDCs, which is the main ambition-setting platform for the Paris Agreement.
- The **GEF** funds activities focused on biodiversity, climate change, international waters, land degradation, persistent organic pollutants, mercury, sustainable forest management, food security, and sustainable cities. It supports developing countries to align with international climate and environmental conventions, including the UNFCCC and Convention on Biological Diversity.

- The **AF** was established to help developing countries that are party to the Kyoto Protocol in financing their adaptation projects.

Criteria for access

The **AF eligibility criteria** focus on vulnerable geographies for resource allocation. It requires strong alignment with national policies and plans which means that countries are more likely to be eligible if projects or programmes applying for funding align with the country's NDCs, NAPs or NAPAs. The importance of embedding social protection into these plans is raised frequently throughout the literature and where countries have not done so, is regarded as a barrier to accessing climate finance for social protection. The AF eligibility criteria make specific reference to gender equality and the empowerment of women and girls which aligns well with the definition of social protection and can likely be achieved through well-designed social protection systems. It also refers to the adaptive capacity of the adverse effects of climate change, an area which proponents of social protection have made very clear is a "low-hanging fruit" in terms of aligning social protection projects and programmes with climate adaptation.

The GEF has a strong focus on tackling drivers of environmental degradation, an area which might require stronger motivation and research to create a strong link with social protection. Here, an example of a type of project which might be able to create alignment with GEF criteria and social protection is Payment for Ecosystem Services (PES). PES are programmes which disburse cash to communities in exchange for environmental protection. However, it has been suggested that PES schemes have some limitations that include a lack of access for vulnerable communities and a lack of scientific robustness in terms of monitoring and evaluating impacts (Malerba, 2021). Similar to the AF, the project or programme must be aligned with national priorities and plans. In its 8^{th} replenishment the GEF administered Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) outlined its strategic direction for the replenishment period, and included food security, sustainable livelihoods, improved health, social protection, and community empowerment, as key benefits of the agreed approach.

The GCF eligibility criteria are the most detailed but also provide a significant opportunity to align with social protection. Although it requires specific adaptation and/or mitigation indicators, the adaptation criteria require the applicant to describe the expected change in loss of lives, value of physical assets, livelihoods, and/or environmental or social losses due to the impact of extreme climate-related disasters and climate change in the geographical area of the GCF intervention. This is very much aligned with the general narrative around coherence between social protection and adaptation. The requirement to align with broader sustainable development objectives and co-benefits also positions the GCF as a promising potential MCF for funding social protection. Also, the GCF has eight mitigation and adaptation results areas, including the Livelihood of People and Communities. This allows GCF resources to go towards social safety nets within an adaptation context (GCF, 2024).

A more detailed overview of the eligibility criteria of the MCFs is provided in Annex 2.

Social protection functions financed

Several reviews of the allocations of climate funds that make up the financing mechanism of the UNFCCC have been conducted. In a review of 11 approved GCF adaptation projects (Longhurst, et al., 2021), it was found that only one had a component related to SRSP. Although there are anecdotal assessments that more funding to social protection is being disbursed by bi- and multi-lateral agencies, there is not sufficient evidence to understand the quantum. Another study (German Development Institute, 2021) was conducted to understand the role these funds play in allocating funds to social protection. The screening did not quantify the amount of finance being allocated to social protection but rather the typology of climate action with a social protection element, as shown in Table 3. Using this typology the report team undertook a screening of the portfolios of the climate funds, identifying illustrative project examples as shown in the table. The projects found are listed in more detail, with the examples found through this screening exercise provided in Annex 3.

Table 1. Climate actions with a social protection element that received MCF finance

		Examples within climate fund portfolios		
Climate Action Area	**Typology of financed climate actions with a social protection element**	**GCF**	**AF**	**GEF**
Agriculture, livestock and rural livelihoods	Social transfers and subsidies/vouchers for rural livelihoods to implement climate actions aimed at promoting sustainable and climate-resilient practices in rural regions, diversification of income, and access to sustainable and clean energy	✓	✓	X
Disaster Risk Reduction	Seasonal employment guarantee scheme linked to flood risk management plans shock-responsive social protection	X	✓	✓
Ecosystem Management	Public works programmes for landscape restoration Conditional cash transfers for ecosystem protection	✓	X	✓
Green and resilient housing	Construction or retrofitting of energy-efficient/renewable energy and resilient social housing units Subsidies and interest-free loans for resilient housing	✓	X	X
Human Mobility: Migration and Planned Relocation	Establishment of migrant community service centres Social assistance schemes to relocate communities living in high-risk areas	X	✓	X
Infrastructure	Social transfers (mainly food and cash-for-work programmes) for the rehabilitation of green and grey infrastructure	✓	X	X
Finance, Technology and Innovation	Social transfers (e.g., conditional cash transfers, food and cash-for-work programmes) and subsidies/vouchers to implement climate actions aimed at supporting access to sustainable and clean energy, insurance, and finance	✓	✓	✓

Source: German Development Institute, 2021; https://www.greenclimate.fund/projects; https://www.thegef.org/projects-operations/database; https://www.adaptation-fund.org/projects-programmes/project-information/projects-table-view/

The Red Cross Crescent Climate Centre (Sengupta & Sivanu, 2024) **provided some insight into the portfolio of social protection-related projects in the three funds.** According to the study, the GEF Trust Fund's seventh replenishment funded social protection projects for mitigation efforts in Mongolia, Morocco and Namibia in 2022. The three projects included activities that created green jobs and developed clean technology and entrepreneurship. These projects catalysed innovative low-emission technology and resulted in an ecosystem that encourages the shift to a green economy taking local labour dynamics into account (GEF, 2022). The AF also showed a diverse portfolio of social protection-related projects. The projects ranged from implementing adaptation options through reinforcing infrastructure with the latest materials to capacity building and the application of nature-based solutions. The initiatives funded were in the sub-sectors of education, agriculture and disaster risk reduction. Projects identified in the study exist in Haiti and the Kyrgyz Republic. In Haiti, the project works to enhance the adaptive capacity of the education sector by retrofitting schools, implementing a Training of Trainers programme to upskill the local workforce in the construction industry, and providing training courses for students and teachers on how to apply disaster risk management techniques within the school (UNESCO, 2020). For more examples of social protection programmes funded by the climate funds please see Annex 3.

Although climate finance disbursed via MCFs shows promising potential as a funding source for social protection, there are significant barriers and current allocations remain very low (Longhurst, et al., 2021). The focus of climate funds remains on mitigation and adaptation measures and most providers of adaptation finance have not yet adopted a holistic definition of adaptation that includes social protection. This is despite the increasing impacts of climate change having devastating effects on vulnerable communities, in turn making them more reliant on ex-post social protection mechanisms. Ex-post mechanisms are important protective measures to respond to acute climate pressures, however, funds need to be allocated to the development of long-term support for the development of sustainable core social protection programs that provide protection independently of acute crises.

3. OPPORTUNITIES FOR SOCIAL PROTECTION TO INCREASE ACCESS TO CLIMATE FINANCE

The previous section detailed how the literature and interviewed stakeholders see the relationship between social protection and climate change. It also assessed the current status of climate finance mobilisation, looking specifically at three major provider groups. It outlined the available information on how these providers have approached social protection, and what evidence there is for climate finance going towards it. The lessons from the section are distilled in this section as six key findings. This section outlines these findings and proposes recommendations to address them.

It finds that currently, the onus sits with the social protection community (both practitioners and country governments) to address the main barriers. This is reflective of the highly competitive and political nature of climate finance which makes shifting the priorities of investment decision-making challenging unless it is done by building on the existing frameworks in place, such as utilising NDCs and long-term strategies that drive climate finance allocation.

Finding 1: Social Protection is not prevalent in national-level climate plans and strategies.

Social protection is not prevalent in NDCs or Long-Term Strategies (LTSs). There are also scant examples of national-level climate action plans including social protection risks and measures. This makes the case for climate finance expenditure (either policy or project-based) much more challenging to substantiate from a climate change angle, particularly for the multilateral climate funds that are mandated to finance these plans and put great emphasis on programmes supporting targets set by recipient countries. The limited evidence of integrated social protection and climate change responses in climate change plans suggests that many either don't consider social protection within climate risk assessment and planning or different parts of government that cover these areas are not in discussion with one another.

Recommendations:

1. **Social protection practitioners should b**uild on the analysis undertaken by FAO and UNICEF that assesses the inclusion of social protection in NDCs to assess LTSs and national strategies for their country partners. This would allow for targeted technical assistance to these partners to identify the linkages between social protection and climate change within their country context, and how solutions to both can be complementary.
2. **Recipient country governments should promote social protection in key climate strategies and frameworks to demonstrate its importance for climate objectives**. Climate finance will flow to social protection if the links and country-led responses are clearly stated in NDCs. NDCs are a highly visible part of the climate finance puzzle, and given their importance in establishing the financial needs are a strategic platform to demonstrate how the country views the interconnectivity of social protection and climate change. Ultimately, however, social protection where appropriate should be incorporated into LTS (which typically cover a longer timeframe than NDCs), NAPs, NAPAs, and national policies and regulations.

Finding 2: Social protection is approached and understood inconsistently across the sources of international public climate finance reviewed.

There is limited awareness or understanding in the climate finance community of the role of social protection in achieving multiple climate change objectives. This is compounded by inconsistency in how each climate finance provider defines social protection within its strategies and portfolio. It is important to note that, especially for the multilateral sources of climate finance, the strategies and approaches are intended to reflect developing countries' needs, so the mixed representation of social protection is also a reflection of how priorities are communicated to them by developing countries.

Recommendations:

1. When designing a programme to seek climate finance, especially from the multilateral climate funds, **identifying the climate rationale is critical**. All providers of climate finance need to be able to determine the specific climate objectives of a prospective investment, and will not finance perfectly sound development programmes if the climate rationale is not sufficiently evidenced or the climate impact is not measurable. This typically comes down to quantifying the potential for greenhouse gas reduction and/or the number of people that will have increased resilience.
2. **Social protection needs to be included in NDCs and other key climate strategies and frameworks**. In many cases, this will require a cross-government approach to ensure the specific social protection requirements for the country are considered against the expected climate risks and objectives for green growth.
3. **Recipient country governments should advocate for explicit reference to social protection in the strategies, eligibility criteria and investment frameworks** of the multilateral sources of finance through their representives of the Boards of these institutions. Demonstrating that social protection is a priority for the climate objectives of developing countries is essential if these institutions are to update their strategies and investment decision-making to make social protection more prominent.
4. **Social protection practitioners should develop a common definition of social protection in a climate change context**. Co-developing the definition with providers of climate finance would enable funding institutions to make explicit reference to social protection financing opportunities within their climate mitigation and risk management portfolios.

Finding 3: There needs to be more examples of social protection goals within national-level climate change objectives and planning.

When social protection is included in climate plans, it generally lacks specific targets, measures and/or resources. Research for this report found that social protection is largely viewed as a climate risk management instrument, rather than a means of helping address long-term adaptation needs, enhancing climate mitigation, ensuring climate justice, and averting, minimising and addressing the loss and damage caused by climate change. Climate finance is very target-focused and is heavily scrutinised for its effectiveness, with all providers (and independent analytical platforms) consistently reporting on the impact of investments. References to social protection in NDCs and other climate plans are often missing impact data, which undermines accountability and prevents the establishment of a clear mandate for implementation for responsible institutions and ultimately a lack of clarity on what the return on the investment would be.

Recommendations:

1. **Many social protection systems in developing countries are nascent or remain underdeveloped and may not be ready to respond to the complex risks and multiple challenges faced by climate change**. When developing a programme or funding proposal for climate finance a feasibility assessment should be undertaken to assess how robust the social protection systems are in that region, and what challenges they are addressing. This would then allow the overlaying of climate risk to these social protection challenges, which can help quantify the targets and resources needed. Readiness support is available from both climate finance providers to develop project concepts and undertake the foundational research to quantify its potential impact in climate change terms, and this should be utilised for programmes that are seeking to bring together previously separated climate change and social protection systems. To improve understanding of the impact of social protection interventions on a broad range of climate change outcomes, a burden of proof should be developed by social protection practitioners to create a clear link between social protection and climate goals and help build the case for using climate financing for social protection. This evidence may benefit from showcasing specific examples where social protection has contributed to achieving climate change adaptation, mitigation, and loss and damage objectives.
2. **Climate finance providers should consider how social protection can be framed as a project outcome, as well as using specific social protection tools and investments, akin to the GEF8 strategy priorities for the LDCF and SCCF**. This would be a positive initial step to not only bring

social protection closer to the priority themes or sectors for funding decisions but also encourage potential recipients to design programmes that look at multiple interventions to achieve both climate resilience and social protection targets.

Finding 4: In many cases, national-level social protection and climate change systems are not integrated sufficiently. This makes it difficult for climate finance providers to see how their investments are supporting both climate and social protection targets.

Social protection systems are frequently not set up with climate risk (both current and projected) **factored into their design**. This makes the case for climate finance more challenging because the interconnectivity between climate risks and social protection is less clear, and the value of social protection systems creating increased resilience is less evident. Systems can be retrofitted to incorporate climate information, but there are very few examples of this happening.

Recommendations:

1. **When considering how to create integrated responses to climate change and social protection, recipient country governments should consider investments in relatively low-risk adaptation measures**, such as climate-smart or green public works programmes and shock-responsive social protection mechanisms, which can be advantageous for building coherence between the risks and systems for climate change and social protection. This should be an initial step, however, and efforts must continue to build on existing systems to address climate variability today, while simultaneously creating the infrastructure for forward-looking capability within social protection programming.
2. **Social protection practitioners should utilise readiness funding and preparatory support to build the evidence base for and implementation of social protection systems that factor in climate change risk**. Such funding will likely need to go towards capacity and capability building in the short term. In addition to financial support, MDBs also have invaluable convening power to bring together climate change and social protection actors to co-develop these systems.

Finding 5: There is no comprehensive assessment of the volume of climate finance going to social protection.

Climate finance used for social protection is not tracked, and a full picture of what social protection functions climate finance providers are using is unclear. This is, in part, linked to the lack of a common understanding of social protection within the climate finance community (Finding 2). It means a lot of impactful projects are potentially being missed, which limits the ability to create guidance on what works but also restricts providers and potential recipients of climate finance to determine where the finance is most needed.

Recommendations:

1. **Social protection practitioners should offer to work with climate finance providers to review their results and investment frameworks to agree on a set of indicators that can be used to track financial flows to social protection**, including funds not currently badged as social protection. This would support the development of a common definition of social protection within a climate change context.
2. **Social protection practitioners should initiate this process by assessing and agreeing on the priorities for social protection in the short and long term**. There is value in accessing climate finance for already developed programmes, but a focus on project finance alone could result in a fragmentation of social protection systems within a specific country. Short-term targets need to be balanced by longer-term objectives that will result in more sustainable financing. The latter will depend on supporting the development of social protection systems that are aligned with climate targets, and ensuring social protection needs are articulated in climate strategies.

Finding 6: The typical ownership model of social protection systems can limit sustained access to climate finance.

Social protection systems are most often led and managed by governments. Gaining accreditation to the multilateral climate funds can be burdensome for national/government entities, and close to 82% of commitments via the funds are channelled via non-governmental accredited entities rather than national entities. This is not simply because of the taxing requirements of accreditation, as the GEF and AF only accredit MDBs, but does point to an important decision that country governments need to make on what route they want finance to take if it is financing existing social protection systems.

Recommendation:

1. A decision to **gain accreditation should consider the benefits of having direct access to the funding institution versus working with an existing non-government entity that already has accreditation.** Some routes can be taken which can make the decision easier, such as the GCF's project-specific accreditation, which allows an entity to go through a lighter-touch accreditation for a standalone project. This would not only mobilise climate finance for a programme but can provide a valuable indication of the risks and merits of gaining full accreditation. Some countries will be eligible for capacity support to gain accreditation for a national entity, which is provided by the funds themselves or through similar programmes from the MDBs and bilateral providers of finance.

4. CONCLUSION

Although there is a relatively large body of literature linking social protection to climate risk, social protection is not yet regarded as a key priority for providers of climate finance. Social protection experts continue to make the case that it can support climate change adaptation. Evidence on mitigation is less robust, and there are very few examples of international public climate finance providers prioritising it as an investment area.

All climate finance providers prioritise the activities and objectives outlined in developing country climate planning and strategies. The lack of social protection presence in these strategies makes the case for financing it more challenging. This is an important entry point for mainstreaming social protection as a climate adaptation and mitigation instrument. By embedding social protection as a priority intervention for both the policies and plans of vulnerable countries, funders will consider social protection as a priority sector for investment.

Funders need to be able to measure the impact of their investments, and more evidence of the benefits that social protection initiatives have on achieving climate change adaptation, mitigation, and loss and damage objectives is needed. To bolster this narrative showcasing examples of social protection contributing significantly to improved adaptive or transformative capacities of communities in the face of extreme climatic events should be gathered. As highlighted throughout this document and articulated by the USP 2030 Working Group, universal social protection will be key to accelerating progress towards climate goals while leaving no one behind. Directing more international climate finance towards social protection can contribute to a range of climate goals. The need to expound these benefits and create a clear link between social protection and climate goals will be essential for developing this message and building the case for using climate financing for social protection.

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ANNEX 1: SURVEY

1. This project aims to capture the current status of social protection and shock-responsive social protection initiatives accessing and utilising climate finance. In your/your organisation's experience, how successful have social protection and shock-responsive social protection initiatives been at doing this?
    a. Very successful
    b. Somewhat successful
    c. Somewhat unsuccessful
    d. Very unsuccessful
    e. Unsure/don't know
2. Should social protection and shock-responsive social protection initiatives be looking to access more climate finance?
    a. Yes
    b. No
3. What are the challenges faced by social protection and shock-responsive social protection initiatives to access climate finance?
4. The objectives of social protection vary widely, from reducing poverty and vulnerability among at-risk groups to building livelihoods and resilience, among others. Is the disparate focus of SP a challenge for accessing CF for SP?
5. Is there a need to distinguish 'regular social protection' programmes from 'resilience building' or 'climate-focused' social protection programmes to improve access to CF?
6. What examples exist of climate finance organisations effectively financing social protection initiatives?
7. How can climate finance providers make their funds more applicable for social protection?
8. What examples exist of funding institutions successfully guiding recipients to access finance for social protection?
9. How can climate funds, including the UNFCCC funds, support stronger, climate-sensitive national social protection systems?
10. What types of financial instruments are most appropriate for social protection?
11. Are there any financial instruments that would not be appropriate for social protection?
12. What changes should funding institutions make to help countries access CF for SP?
13. From the perspective of users of climate finance for social protection initiatives, what barriers do they face in accessing climate finance?
    a. Political, i.e., ability to navigate the climate finance space
    b. Institutional (capacity limitations)
    c. Technical, i.e., ability to outline the climate rationale of initiative
    d. Other
14. What is your/your organisation's experience of what is required for social protection systems to be sufficiently 'climate-proofed'/aligned with climate objectives to facilitate access to CF? [examples may include incorporating SP into NDCs, acknowledging climate risks as a priority within social protection legislation, clear mandates for ministerial action, etc.]
15. Can you provide any examples of social protection systems being 'climate-proofed'/aligned with climate objectives?
16. Are you aware of this resulting in access to climate finance?
17. What is your/your organisation's experience/understanding of countries needing to meet minimum SP coverage standards and/or target particularly vulnerable groups to climate change to be able to access CF for SP? For example, do certain standards such as non-discriminatory access to SP need to be met?
18. What is your/your organisation's experience of CF being used to expand SP for vulnerable groups affected by climate change, or do these systems have to be readily in place?

19. At COP27 an agreement to provide funding for climate-related loss and damage for vulnerable countries was identified, yet distribution mechanisms and funding sources are not clear.
20. Does social protection have a role in restoring loss and damage?
    a. Yes
    b. no
21. If yes, what is needed from the international community to facilitate the channelling of loss and damage finance through SP systems?
22. What can be done to highlight the importance of SP as part of an effective and sustainable response to climate issues and facilitate access to the Loss and Damage Fund?

ANNEX 2: MULTILATERAL CLIMATE FUND ELIGIBILITY CRITERIA

Multilateral climate fund	Eligibility criteria
Adaptation Fund	**Geography:** Developing country Parties to the Kyoto Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.
	Priorities: (a) the level of vulnerability; (b) the level of urgency and risks arising from delay; (c) ensuring access to the fund in a balanced and equitable manner; (d) lessons learned in project and programme design and implementation to be captured; (e) securing regional co-benefits to the extent possible, where applicable; (f) maximizing multi-sectoral or cross-sectoral benefits; and (g) adaptive capacity to the adverse effects of climate change. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to: (a) Consistency with national sustainable development strategies and adaptation planning processes, including, where appropriate, NAPs, NDCs, adaptation communications, national development plans, poverty reduction strategies, national communications and NAPAs and other voluntary adaptation reports and relevant instruments, where they exist; (b) Economic, social and environmental benefits from the projects and adaptation impact; (c) Meeting national technical standards, where applicable; (d) Cost-effectiveness of projects and programmes; (e) Arrangements for management, including for financial and risk management; (f) Arrangements for monitoring and evaluation and impact assessment; (g) Avoiding duplication with other funding sources for adaptation for the same project activity; (h) Moving towards a programmatic approach, where appropriate; (i) Advancing gender equality and the empowerment of women and girls.
Global Environment Facility	**Geography:** Countries may be eligible for GEF funding in one of two ways: a) if the country has ratified the conventions the GEF serves and conforms with the eligibility criteria decided by the Conference of the Parties of each convention; or b) if the country is eligible to receive World Bank (IBRD and/or IDA) financing or if it is an eligible recipient of UNDP technical assistance.
	Priorities: To achieve the objectives of multilateral environmental agreements, it is required that the GEF support country priorities that are ultimately aimed at tackling the drivers of environmental degradation in an integrated fashion. For this reason, the focal areas (Biodiversity, Climate Change, Land Degradation, International Waters, and Chemicals and Waste) remain the central organising feature in the GEF-8 Programming Directions. The project must be driven by the country (rather than by an external partner) and be consistent with national priorities that support sustainable development.
Green Climate Fund	**Geography:** Countries that are designated as Non-Annex 1 within the UNFCCC are eligible to receive funding. All the countries in this category are developing.
	Priorities: The GCF has six investment criteria, which drive all investment decision-making: (1) Impact Potential (potential of the project or programme to contribute to the achievement of GCF's objectives and results areas); (2) Paradigm Shift Potential (the degree to which GCF can achieve sustainable development impact beyond a one-off project or programme investment through replicability and scalability); (3) Sustainable Development Potential (does the project have wider benefits and priorities? Are environmental and social safeguards and gender equality an integral part of the project?); (4) Needs of the recipient (does the project provide financing needs to the beneficiary country and population? Is there an absence of alternative sources of financing?); (5) Country Ownership (beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions); (6) Efficiency and Effectiveness (economic and, if appropriate, financial soundness of the programme/project: Does the project foster cost-effectiveness and private sector funding mobilisation?).

ANNEX 3: MULTILATERAL CLIMATE FUND ACTION AREAS FINANCED WITH A SOCIAL PROTECTION ELEMENT

Climate Action Area	Climate actions with a social protection element	Representative GCF Projects	Representative AF Projects	Representative GEF Projects
Agriculture, livestock and rural livelihoods	Social transfers (e.g., conditional cash transfers, food and cash-for-work programmes) and subsidies/vouchers and rural livelihoods to implement climate actions aimed at promoting sustainable and climate-resilient practices in rural regions, diversification of income, and access to sustainable and clean energy	***FP062: Poverty, Reforestation, Energy and Climate Change Project:*** Promoting forest planting and reforestation in Eastern Paraguay, sequestering carbon and supporting local households to diversify their agricultural production to enhance their resilience to the impacts of climate change. Environmental conditional cash transfers will be provided in exchange for community-based climate-sensitive agroforestry. ***FP199: Public-Social-Private Partnerships for Ecologically-Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin:*** Enhancing the climate change resilience of smallholder farmers and local communities by increasing access to growing premium market segments while using improved market access to incentivise their transition to climate-resilient practices. The National Agricultural Insurance Program intends to make subsidized insurance available for farmers to reduce the overall impact of climate	***Improving Adaptive Capacity of Vulnerable and Food Insecure Populations in the Low-lying Areas of Lesotho***: Component 1 of the project aims to link climate risk forecasts with the government's social safety net programme on integrated watershed management. When linked successfully, component 1 can be nationally scaled to help strengthen asset creation schemes within national productive safety nets/public work programmes. ***Regional Resilient Pastoral Communities Project – Adapt (Kyrgyzstan)***: The project aims to contribute to rural poverty alleviation in Kyrgyzstan through increased climate resilience, incomes and gender-sensitive growth in rural farming communities. Component 3 comprises Climate-resilient alternative income development	*No projects identified.*

		change-related agricultural and livelihood loss and damage. In addition, the specialised training for the farmers on certification of their produce helps to sustainably upgrade their income.		
Disaster Risk Reduction	Seasonal employment guarantee scheme linked to flood risk management plans Shock-responsive social protection (project site)	*No project identified.*	***Implementing Measures for Climate Change Adaptation and Disaster Risk Reduction Mitigation of School Facilities in Haiti:*** Outcome 1: Improve the national knowledge of the exposure and physical vulnerability of school facilities and the capacity of the decision process of intervention in Haiti. Outcome 2: Strengthening the safety of schools by promoting rehabilitation, retrofitting, reconstruction or relocation of selected schools and risk management school protocols.	***Scaling up Risk Transfer Mechanisms for Climate Vulnerable Farming Communities in Southern Philippines:*** Project comprised: 1. Pre-tested, customized Integrated Financing Package delivered to at least 500 farming households (particularly female-headed), to include credit and loans, training on savings, financial literacy and climate risk literacy. 2. Pre-tested, customized Weather Index Based Insurance delivered to at least 500 farming households (particularly female-headed) to include low and excess rainfall cover for both corn and rice cultivation. Among other results, the project resulted in a menu of social protection mechanisms/insurance packages by the Government with the private sector to include crop and health insurance.
Ecosystem Management	Public works programmes for landscape restoration Conditional cash transfers for ecosystem protection	***FP073: Strengthening Climate Resilience of Rural Communities in Northern Rwanda:*** Increasing the resilience of vulnerable communities to climate change in Northern Rwanda by targeting a range of integrated adaptation interventions through restoration and enhance ecosystems	*No projects identified.*	***Restoration of ecosystems, integrated natural resource management and promotion of SLM in Mbuluzi River Basin of Eswatini:*** The project will ensure that the sustainable management of ecosystem goods and services is fully integrated into national and local level development planning. The Ministry of

		in degraded watersheds and increase the capacity of communities to sustainably manage forest resources. All work is contracted through cash-for-work schemes.		Agriculture is implementing a **farm input subsidy programme.** This is meant to stimulate sustainable food production. The input subsidy has a requirement that farmers must produce soil fertility test results for them to get inputs **Zambia Social Cash Transfer Programme:** the Social Cash Transfer Programme was introduced in 2003 as an experiment for the desirability of cash transfer interventions, to reduce hunger and the intergenerational transmission of poverty. Notable improvements including reduced hunger and better school attendance for children were captured. The project piloted a results-based social cash transfer scheme (using LDCF funds) for the incentivization of improved natural resource management practices.
Green and resilient housing	Construction or retrofitting of "green" (energy efficient/renewable energy) and resilient social housing units Subsidies and interest-free loans for resilient housing (e.g., in flood-prone urban areas)	***FP013: Improving the resilience of vulnerable coastal communities to climate change related impacts in Viet Nam:*** More resilient housing will be created by incorporating storm and flood-resilient design features. While a grant is available for extremely poor households, the grant amount is not sufficient to cover the total cost of the house. Therefore a concessional loan is also made available with a 3% interest rate/year from the Bank for Social Policy, payable over 10 years, with a 5-year concession period.	*No projects identified.*	*No projects identified.*
Human	Establishment of migrant	No projects identified.	***Economic, social and solidarity***	*No projects identified.*

Mobility: Migration and Planned Relocation	community service centres Social assistance schemes to relocate communities living in high-risk areas		***insertion for resilience in the Governorate of Kairouan*:** The aim is to limit the rural migration to coastal and urban areas, and help young people integrate back after unsuccessful migration attempts, to settle in their rural areas of origin. The project will prioritise specific actions to support women and youth. The Families in Need (FIN) who will receive project support in terms of Income Generating Activities (IGA) will be 65% women and 50% youth. Furthermore, the project targets the integration of FIN supported as part of the project and who have developed sustainable IGAs, to facilitate their economic mobility further.	
Infrastructure	Social transfers (mainly food and cash-for-work programmes) for the rehabilitation of green and grey infrastructure	***FP037: Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River Catchment in Samoa:*** The project includes flood mitigation measures and ecosystem solutions in the Vaisigano River Catchment, upgrading of key infrastructure to withstand the effects of excessive water and upgrading of drainage in downstream areas for improved regulation and rapid discharge of peal water flows during extreme events. Provision of a cash-for-work option for flood-related catchment rehabilitation (anti-erosive measures, landscaping options) - This will provide a source of	No projects identified.	*No projects identified.*

		income for potential labourers from vulnerable groups.		
Finance, Technology and Innovation	Social transfers (e.g., conditional cash transfers, food and cash-for-work programmes) and subsidies/vouchers to implement climate actions aimed at supporting access to sustainable and clean energy, insurance, and finance	***SAP010: Multi-Hazard Impact-Based Forecasting and Early Warning System for the Philippines:*** The objectives of this project are to reduce the exposure of vulnerable communities to climate-induced hydrometeorological hazards, strengthen their absorptive and adaptive capacities to better manage or adjust to impacts brought about by climate shocks and climate change, and implement long-term climate risk reduction and adaptation measures. Under action 3.4 the results include developing early action protocols applicable to project sites including shock-responsive social protection. Forecast-based early actions including financial mechanisms required to enable such actions, including identification of climate-resilient livelihoods and shock-responsive social protection strategies, will become an integral part of disaster preparedness and early action plans.	***Empowering women and youth and enhancing national adaptation capacity for transformative innovative climate adaptation actions in Comoros:*** As part of project component 3, the project aims to develop a social protection system including cash/food vouchers targeted to women farmers and most affected people due to climate-induced disasters.	***Namibia Integrated Landscape Approach for Enhancing Livelihoods and Environmental Governance to Eradicate Poverty:*** The project comprised 3 outcomes, two of which relate to SP Outcome 2: Enhanced sustainable land and forest management, biodiversity conservation and livelihoods in the target landscape. Outcome 3. Enhanced access to finance, technical assistance and market information to pilot and scale up the integrated landscape management approach and sustainable enterprises. Three sub-outcomes included the scale-up of a public works programme for landscape restoration; a community-based national insurance scheme to protect against crop and stock losses from climate change and human-wildlife conflict and an environmental Public works programme and explore community-based national insurance scheme against crop and livestock losses.

ANNEX 4: MDB CLIMATE CHANGE STRATEGY ASSESSMENT

MDB[6]	2022 Climate finance committed (USD)	Principle climate change strategy or framework	Main objectives	Reference to Social Protection	Project examples
AfDB	3.65bn	**Climate Change and Green Growth Strategic Framework Action Plan for 2021-2025**[7]	Four main pillars: • Adaptation: boosting climate resilience and adaptation to climate change and reducing fragility. • Mitigation: promoting low-carbon development and mitigation. • Finance: leveraging climate finance and mobilising resources for climate action and green growth. • Enabling environment: creating enabling environments for climate actions and green investments. Special emphasis is placed on (i) the transition to green growth; (ii) gender, youth, and social inclusion; (iii) private sector development and participation; and (iv) a robust and resilient recovery.	Includes **Human Development** as one of its investment priorities for adaptation. It recognises that social protection programs can largely reduce vulnerability to climate change impacts and related disasters, and the importance of adaptive social protection programs that help support local and vulnerable communities **to absorb and recover from shocks and contribute to poverty reduction and sustainable livelihoods**.	**Africa Climate Risk Insurance Facility for Adaptation (ACRIFA)** provides insurance mechanisms to the agriculture sector. At the micro level, it provides income protection for producers against production losses, preserving business continuity amidst climate shocks and ensuring food and livelihood security.
ADB	7.11bn	**Climate Change Operational Framework (CCOF) 2017-2030**[8]	Centred around five fundamental principles: 1. Supporting ambitious climate objectives articulated in nationally	Recognises social development and protection as being central to the ADB's growth agenda. Under principle 3, the CCOF references **social protection**	**Mongolia: Shock-Responsive Social Protection Project** » Output 1 financed a temporary increase in the monthly benefit level for food stamp program

[6] African Development Bank (AfDB); Asian Development Bank (ADB); Asian Infrastructure Investment Bank (AIIB); European Bank for Reconstruction and Development (EBRD); European Investment Bank (EIB); Islamic Development Bank (IsDB); World Bank Group (WBG)

[7] https://www.afdb.org/en/documents/climate-change-and-green-growth-strategic-framework-operationalising-africas-voice-action-plan-2021-2025

[8] https://www.adb.org/sites/default/files/institutional-document/358881/ccof-2017-2030_0.pdf

determined contributions and other climate plans

2. Accelerating low greenhouse gas emissions development
3. Promoting climate change adaptation
4. Integrating climate change adaptation and disaster risk management
5. Linking climate actions to wider sustainable development agenda

Actions to Support Developing Member Countries:

Article I. Supporting Institutional Development and Policy Frameworks Conducive to Ambitious Climate Action in Developing Member Countries

Article II. Facilitating Access to Public and Private, Domestic, and International Climate Finance

Article III. Promoting the Use of Climate Technologies in Operations

Article IV. Developing Knowledge Solutions and Capacity Development Support

Article V. Strengthening Partnerships and Networks

projects as a meaningful way to deliver targeted support to the most vulnerable households and communities to strengthen resilience.

ADB has a Social Protection Operational Plan 2014–2020 which recognises climate change sectors that are complementary to social protection aims. But within a climate change context specifies three areas of focus: (i) strengthening the **role of social protection in disaster risk management and climate change adaptation**; (ii) enhancing the resilience of vulnerable communities in urban and rural areas using diverse range of social protection instruments such as **weather-indexed crop insurance, employment guarantee schemes, asset transfers, and cash transfers**; and (iii) strengthening the capacity of the member countries to address the social impact of climate change based on gender, age, disability, ethnicity, geographic location, livelihood, and migrant status. Additionally, the ADB recognise the importance of bundling resilience measures in responding to climate risks,

beneficiaries for 5 months. The cash-like benefits were delivered either as electronic payments to e-cards or as physical vouchers.

» Output 2 financed a share of the temporary increase in the monthly benefit level to all Child Money Program beneficiaries. The CMP provides monthly cash grants to all children aged 0–17 years. Payments are made to accounts set up in the children's names, on the condition that children are registered in the Integrated Household Database.

				specifically investments in social protection—**social assistance, social insurance, and labour market programs**—provide opportunities to deliver targeted support to communities to strengthen resilience, including support in recovering from the impact of extreme weather events.	
AIIB	2.39bn	**Climate Action Plan (CAP) 2023**	Four principles guide AIIB's CAP and the key actions: • Client Focus – Effective solutions require local engagement and context. • Impactful – Adding value to Projects – The complexity of the climate challenge requires holistic, sustainable solutions benefiting all. • Catalytic Mobilizing financing partners – MDBs have a key role in increasing climate finance by mobilizing the private sector • Innovative – The climate challenge can only be addressed with increased technological innovation	No explicit reference in its **2023 Climate Action Plan**[9]. The AIIB's Environmental and Social Framework[10] does recognise the importance of social protection within its social development and inclusion vision.	**India: Creating a Coordinated and Responsive Indian Social Protection System (CCRISP)** The objective of the program is to strengthen the capability of the Government of India and state governments in India to respond to the needs of informal workers through a resilient and coordinated social protection system. Specifically, the program supports India's efforts to modernize its social protection system to address the risks and needs emerging from the COVID-19 pandemic. Beyond COVID-19, the reforms would also address impacts on informal workers due to climate change vulnerabilities and rapid urbanization; expand the use of digital technology for payments and cash transfers to

[9] https://www.aiib.org/en/how-we-work/paris-alignment/_download/AIIB-Climate-Action-Plan.pdf
[10] https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-November-2022-final.pdf

					workers; and incentivize states to initiate climate change mitigation and adaptation measures.
EBRD	6.75bn	**EBRD Climate Adaptation Action Plan 2023-25**	The Climate adaptation action plan has a high-level objective to provide an enhanced approach to support market transformation. It includes three actions: 1. Action 1: Accelerated mainstreaming and policy integration 2. Action 2: Partnerships and capacity building for enhanced impact 3. Action 3: Proactive business development and private sector mobilisation	The **EBRD Climate Adaptation Action Plan** does not include any specific reference to social protection. Through its **High Impact Partnership on Climate Action**[11] framework, the EBRD states the need for all investments to meet the requirements of its Environmental and Social Policy. The Policy principally focuses on labour and working conditions from a social protection angle, however, there is no direct correlation between the policy and climate finance investments that can be found.	*No projects identified.*
EIB	37.07bn	**Climate Bank Roadmap 2021-2025**	The roadmap includes **four workstreams** to achieve its high-level objective to increase the level of climate and environment commitment for the EIB Group: 1. Accelerating the transition through green finance 2. Ensuring a just transition for all 3. Supporting Paris-aligned operations 4. Building strategic coherence and accountability	The EIB's **Climate Bank Roadmap 2021-2025**[12] outlines in brief its support outside of Europe to people's livelihoods impacted by climate change. This includes reference to job creation, and more broadly to socially responsive climate action and investments that create more equal and peaceful societies and economic resilience. However, there is limited detail on how	*No projects identified.*

[11] https://www.ebrd.com/what-we-do/strategies-and-policies/green-economy.pdf
[12] https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf

				investments within their climate finance portfolio will support social protection aims.	
IsDB	1.05bn	**2020–2025 Climate Action Plan (CAP)**	The **IsDB CAP** has an overarching objective of deepening sustainable development imperatives for a better and safer plant. To achieve this it has four pillars: • Mainstreaming climate action in the Bank's operations. • Promoting climate change resilience. • Supporting the transition to a green economy. • Leveraging resources.	The IsDB's **2020–2025 Climate Action Plan**[13] emphasises climate co-benefits as part of its promotion of climate change resilience. Included in these co-benefits are social safety nets, such as insurance products that can offset losses due to climate impacts. This category of IsDB's investment is in addition to its work in cities and urban planning and disaster risk reduction and states that efforts to 'build back better' will include future climate risk considerations. This suggests that social protection and climate risk will be considered in tandem when making climate finance investment decisions. The most prominent example of this is the IsDB's use of **Takaful, a Shari'ah-compliant alternative to insurance, to build climate resilience**.	*No projects identified.*
WBG	33.09bn	**Climate Change Action Plan (CCAP) 2021–2025**	The CCAP is guided by **three fundamental principles**: 1. People must benefit from the transition to a low-carbon and	The **Climate Change Action Plan 2021–2025**[14] strongly advocates for investment into social protection systems for	**Scaling up Shock Responsive Social Protection in Zambia (P179095):** Component 1: This component will finance bi-monthly cash transfers to

[13] https://www.isdb.org/sites/default/files/media/documents/2022-02/IsDB_Climate_Action_Plan_2020%20-%202025%5B12%5D.pdf
[14] https://openknowledge.worldbank.org/server/api/core/bitstreams/19f8b285-7c5b-5312-8acd-d9628bac9e8e/content

resilient future.

2. Natural capital is critical to address climate change
3. Third partners are crucial to success

The CCAP aims to advance the WBG's **Green, Resilient and Inclusive Development** approach which includes the following objectives:

- Create opportunities for the poor and vulnerable
- Tackle poverty, inequality, and climate change simultaneously
- Scale up interventions to match the urgency of the climate and COVID-19 crises
- Address global challenges through international cooperation
- Tailor to country needs and implement through country programs

increasing resilience to climate change. Through its plan, the WBG has emphasised the importance of a people-centred approach to make climate action politically feasible, and to ensure that gains and losses from the transition to a low-carbon, resilient economy are shared equitably. This includes increased support for social protection programs including **job training, retraining, and education** that help people adapt to climate change. Additionally, the WBG has committed to investing in climate-vulnerable countries with human development engagements (education; health, nutrition, population; social protection and jobs) to effectively implement resilience strategies. Increased disaster preparedness and response capacity is also recognised as an important route to social protection, and the WBG is investing in **upgrading early warning systems, strengthening local response capacity, improving social safety nets, and implementing comprehensive risk financing**.

The WBG has also committed to continue to support just and inclusive fossil fuel reforms,

poor and vulnerable households on the Social Cash Transfer (SCT). To support the government ensure stable financing for the SCT, the component, together with partner funding, will provide financing to cover SCT transfers to the caseload of almost 1 million beneficiaries for one year across Zambia's 116 districts. The component will also finance a contingency budget for the pre-positioning of funds for shock response through SCT.

		focusing on protecting the poor in these reforms by strengthening **social safety nets and facilitating communication campaigns to address political economy challenges**. Their strategic approach to just transitions recognises the importance of understanding livelihoods, and the need for safety nets and that people have the training and skills they need to avail themselves of new job opportunities in the green economy.	

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