

Joint Statement of the USP 2030 Working Group Social Protection and Climate Change

Directing International Climate Finance to Social Protection

Social protection can make an effective contribution to achieving climate goals, including climate change adaptation, mitigation, loss, and damage. Directing climate finance to social protection is a strategic investment in achieving climate-resilient and low-carbon development that leaves no one behind.

Social protection has the potential to reach those who are vulnerable to climate change

Social protection is a set of policies and programmes, provided by governments, to protect people from income shortfalls, vulnerability, or poverty in the face of adverse situations such as job loss, illness or the impact of crises, transitions, and social exclusion throughout the life-cycle. Social protection includes instruments such as cash and in-kind transfers, safety nets, social insurance, and public employment and training programmes. Social protection has a particularly important role to play in the context of climate change as it focuses on poorer, vulnerable, and at-risk populations, who are disproportionately affected.

Social protection contributes to key pillars of climate action and enables a just transition

Integrating social protection into climate change adaptation, mitigation and loss and damage strategies, and adapting social protection systems to be able to deliver their core functions in the face of climate-related shocks and stresses, is fundamental to achieving climate justice and a just transition.

Social Protection and Climate Change Adaptation

Social protection increases the resilience of households to prepare for, cope with, and recover from climate-related shocks by reducing poverty and vulnerability, investing in human development, and increasing assets and savings. Alongside other sectoral policies, it also supports households, especially smallholder producers, to sustainably increase productivity, improve efficiency and adopt more resilient livelihood practices.

Examples of social protection programmes that promote adaptation:

- Nicaragua's *Atención a Crisis Programme* combined cash transfers with grants for productive investment which had a lasting impact in terms of increased livelihood diversification away from activities vulnerable to climatic shocks such as drought.¹
- The *Mahatma Gandhi National Rural Employment Guarantee Scheme* in India provides temporary wage employment to about 100 million rural workers each year. About 65% of the work is in natural resource management, including water management and land development structures.²

Social Protection and Climate Change Mitigation

Social protection can contribute directly to climate change mitigation by incentivising activities related to greenhouse gas emission reduction, carbon sequestration, and regeneration of ecosystem restoration through public employment programmes or cash transfers that encourage environmentally sustainable practices.³ Social protection also has an important role to play in protecting people from the potential negative impacts of climate change mitigation policies, such as carbon taxes, the removal of fossil fuel subsidies or other structural reforms necessary for the transition to greener economies. This is important for a just transition but also to ensure public support for mitigation policies.⁴

Examples of social protection programmes that directly contribute to mitigation:

- By increasing tree cover through public employment, Ethiopia's *Productive Safety Net Programme* has achieved 1.5% of the annual greenhouse gas emission reductions pledged in the country's Nationally Determined Contributions.⁵
- Brazil's *Bolsa Verde* (Green Grant) provides payments to poor households, conditional on the sustainable use of forest resources. Deforestation in *Bolsa Verde* areas was found to be between 44% and 53% lower than the counterfactual, resulting in carbon reduction benefits of three times the cost of the programme.⁶

Examples of social protection programmes that support mitigation policies:

- When China imposed a logging ban, more than one million affected workers were given access to unemployment benefits, early retirement options and job placement services to ensure their reintegration into the labour market.⁷
- To cushion vulnerable households from the impact of rising energy prices due to the removal of fossil fuel subsidies, Iran has introduced a quasi-universal cash transfer scheme.⁸

Social Protection and Loss and Damage

Social protection can also play a key role in averting, minimising, and addressing the losses and damages caused by climate change by providing support before, during and after a shock. The integration of social protection, humanitarian response and disaster risk management has the potential to deliver more cost-effective, timely and people-centred responses to climate shocks at scale.⁹ Social protection systems with already universal or high coverage, robust delivery systems, that provide comprehensive and adequate support, have a greater capacity to support people against climate-related loss and damage. The social protection response to the economic impact of COVID-19 has highlighted the critical role that social protection can play in responding to large-scale shocks.

Examples of social protection programmes contributing to addressing loss and damage:

- In Fiji, following Tropical Cyclone Winston, the government leveraged its existing social protection system to provide emergency cash assistance to social protection recipients, covering over 75% of households enrolled in social assistance schemes.¹⁰
- In Somalia, the Baxnaano social protection programme was systematically scaled up to provide anticipatory cash transfers to climate-vulnerable people ahead of a forecasted drought, helping to avoid loss and damage in a fragile and conflict-affected context.¹¹

Insufficient financing of social protection undermines its potential to support pro-poor climate action

To harness the potential of social protection for pro-poor climate action and a just transition, coverage needs to increase significantly, and social protection systems need to be adapted to become more climate-sensitive. This will require a rapid scaling up of financing, particularly in countries that are most vulnerable to climate change. While significant progress has been made over the past two decades in expanding access to social protection, significant gaps remain. Coverage is particularly low in countries that are the most exposed and vulnerable to the impacts of climate change where more than 80 per cent of the population has no access to any form of social protection.¹² Inadequate financing for social protection systems explains the existing coverage gaps.

While the primary responsibility for financing social protection lies with national governments, evidence shows that it will be difficult for low-income countries in particular to close the financing gaps through domestic resources alone¹³ and that international support will be crucial. Multilateral climate funds such as the Green Climate Fund (GCF), the Global Environment Facility (GEF), and the Adaptation Fund (AF), multilateral and bilateral development banks and climate finance partnerships such as the Just Energy Transition Partnerships (JET-Ps), as well as the Global Shield Against Climate Risks and the emerging Loss and Damage Fund have the potential to channel significant financing to social protection. This also has the potential to make climate finance more people-centred. Notable examples where the GCF has co-financed

investments with social protection components include Paraguay's Poverty, Reforestation, Energy, and Climate Change programme,¹⁴ the Philippines' Adapting Philippine Agriculture to Climate Change initiative,¹⁵ and Uganda's Building resilient communities, wetlands, ecosystems and associated catchments programme.¹⁶ In Malawi, the Global Shield Financing Facility provided financial support for the scale up of the social protection system during a recent drought.¹⁷

While promising, these examples are limited in number, highlighting the huge untapped potential for integrating strong social protection components into climate change adaptation, mitigation and loss and damage initiatives supported by international climate finance.

Call to action: Accelerate Climate Action Through Greater Investment in Social Protection

Directing more international climate finance towards social protection, in line with the principles for financing universal social protection,¹⁸ is key to accelerating progress towards climate goals while leaving no one behind. To achieve this, international institutions, partnerships, and funds providing climate finance should consider the following:

- **Recognise** the contribution of social protection to climate change adaptation, mitigation and loss and damage.
- **Include** explicit reference to social protection and its relevance to achieving climate goals in their investment frameworks and programming guidelines.
- **Involve** ministries of social development, labour and other relevant social protection agencies and stakeholders in the design, planning, and implementation of climate change investments.
- **Direct financing** to social protection, including for the strengthening of the related institutional capacities, governance mechanisms, and planning and programming frameworks in order to maximise the sector's contribution to climate action and to maintain its ability to support people facing adverse life circumstance.

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About the working group:

The USP2030 Working Group on Social Protection and Climate Change is a collaborative initiative that serves as a knowledge-sharing platform and fosters interdisciplinary cooperation, highlighting the integral role of social protection in climate action. The Working Group includes a diverse group of stakeholders ranging from UN agencies, bilateral organisations, NGOs, donors to research institutions and hosts an online community. The Working Group is directly associated with both the Global Partnership for Universal Social Protection to Achieve the Sustainable Development Goals (USP2030) and the Social Protection Inter-Agency Cooperation Board (SPIAC-B). To find out more or to join the group visit: <https://www.social-protection.org/gimi/ShowProject.action?id=312>

About this joint statement:

- This statement was developed by members of the USP2030 Social Protection and Climate Change group through a consensus building process. It complements a forthcoming report developed by the USP2030 Financing Group which aims to inform social protection specialists about the linkages between social protection and climate change and how to access potential climate financing.

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