



Strengthening anticipatory risk response and financing mechanisms for social protection

A practical approach to
tackling loss and damage

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- Supporting public planning processes in delivering climate-resilient development outcomes for the poorest
- Supporting climate change negotiators from poor and vulnerable countries for equitable, balanced and multilateral solutions to climate change
- Building capacity to act on the implications of changing ecology and economics for equitable and climate-resilient development in the drylands.

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Climate change loss and damage is leading to increasingly devastating impacts on poor and vulnerable people. This paper explains how best to equip social protection programmes to help communities better absorb the effects of climate risks, adapt to climate impacts and transform their capacities to address growing climate stresses. It provides recommendations on (i) what strategies can help create effective social protection programming that delivers anticipatory climate resilience outcomes; (ii) what options can be tapped to finance anticipatory risk-responsive social protection programmes and (iii) how can countries strengthen their delivery approaches for targeted anticipatory responses.

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Summary

Many countries are experiencing new types and forms of climate impact of higher intensity, which they are not equipped to handle. These impacts are increasingly falling into the category of 'loss and damage' as the capacity of affected communities and countries is compromised to such an extent that they are no longer able to absorb the climate risks or adapt to climate impacts.

Social protection programmes are already part of core development strategies used by governments across the globe to alleviate poverty, achieve social cohesion and sustain economic growth. If social protection programmes are designed and delivered appropriately, they can play a critical role in building resilience to climate impacts. This paper explains how best to equip social protection programmes to help communities better absorb the effects of climate risks, adapt to climate impacts and transform their capacities to address growing climate stresses.

How to scale up the contribution of social protection to climate resilience

Three key considerations can enable social protection programmes to respond to climate impacts and growing risks of loss and damage (L&D) more comprehensively:

Put resources behind delivery mechanisms that work in vulnerable countries

Within the context of growing financial constraints in low-income countries, it is important to understand which of the different social protection delivery mechanisms (such as cash transfers, social pensions, public works and school feeding programmes) will be most efficient in enhancing climate resilience outcomes. Countries can optimize existing finance by putting their resources behind:

Instruments that show better performance in higher-risk contexts. IIED analysis shows that, even though unconditional cash transfer is the most common delivery instrument used by 78% of countries, there are several other programmes that have better benefit–cost

ratios in high-risk countries than low-risk countries — school feeding (0.76), public works (0.68) and food and in-kind transfers (0.62), compared to the benefit–cost ratio of unconditional cash transfer (0.32). These programmes are accordingly more appropriate in those contexts.

A mix of instruments. One delivery mechanism may not be suited to different contexts. An optimum mix of different delivery mechanisms may be needed to meet the desired objective. For example, our analysis shows that India may have to spend 4.8% of its gross domestic product (GDP) to cover 100% of the extreme poor under the cash transfer programme to reduce vulnerability, whereas it would spend only 3.99% of GDP if unconditional cash transfers are combined with public works, and food and in-kind programmes.

Integrate anticipatory response mechanisms into social protection programmes

Building resilience under social protection programmes before a crisis hits is more cost effective than responding later with humanitarian response. A study on the Economics of Early Response and Resilience showed that every US\$1.0 spent on disaster resilience resulted in reduced humanitarian spending, avoided losses and development gains of US\$2.8 in Ethiopia and US\$2.9 in Kenya. Countries need climate shock-responsive social protection systems to provide anticipatory support to communities before a crisis hits. IIED research shows that if social protection support is available, it reduces the odds of distress migration by 66% in rapid-onset contexts and by 59% in slow-onset contexts. It is important to note that those who undertake distress migration become vulnerable to trafficking and suffer human rights violations.

Develop robust information systems and use technology to improve anticipatory risk responsiveness

The anticipatory risk responsiveness of social protection instruments depends on robust climate information systems, as well as the capacity of social protection programmes to identify and pre-register beneficiaries

before a disaster occurs. Social protection systems need to be informed by periodically updated projections of climate impacts in different geographies and across temporal scales to implement well-planned, timely and targeted responses. This requires use of technology to address 'last mile' connectivity, data collection, risk modelling, testing of forecasts and triggers, feedback loops and disbursement channels.

How to finance anticipatory risk-responsive social protection programmes

Creating anticipatory social protection response systems can make economies more resilient, safeguard sustainable development, and protect the lives and livelihoods of poor and vulnerable people. Four ways to finance this are described below:

Insurance-linked anticipatory response

Insurance payoff to support anticipatory risk response under social protection programmes before a predicted crisis or hazard takes place to prevent or reduce the need for humanitarian response.

Insurance can be used to provide pre-agreed finance in a timely and predictable manner when an agreed trigger point is reached based on reliable early warning information. Linking insurance with anticipatory action under existing social protection will create space for transparent experimentation with different types of delivery mechanisms — such as public works and cash transfers, or a combination of them — and help diverse financing solutions to emerge in a range of contexts. The Global Shield initiative announced at the United Nations Framework Convention on Climate Change 27th Conference of the Parties (COP27) opens opportunities for piloting and scaling up such a mechanism.

Debt support based on thresholds

Pre-arranged debt support (such as concessional debt, debt cancellation, debt relief) for financing social protection, which can be disbursed quickly and reliably and triggered based on pre-decided thresholds before a crisis hits.

Countries have differing fiscal capacity to respond to crises. When a crisis hits, many low-income countries must resort to debt to maintain or strengthen existing social protection. But debt access is not an easy route because climate risks increase the cost of capital and debt for vulnerable countries. Assured debt relief disbursed quickly and reliably will allow countries to plan their budgets and responses more efficiently to target the most vulnerable geographies/households. The Bridgetown agenda launched by Prime Minister Mia

Mottley of Barbados offers a potential funding source for supporting anticipatory debt support. The agenda calls for a greater redistribution of special drawing rights of the International Monetary Fund from wealthy nations to those that need it most.

Global taxation regime

International taxation regime to bolster domestic resource base for financing anticipatory action, based on predefined principles and weightage for allocation, once agreed thresholds are reached.

Social protection spending of least developed countries is constrained by low revenue bases and low tax-to-GDP ratios. International taxation mechanisms such as air travel levies, climate damages tax or resources mobilised by diverting energy subsidies could be used to strengthen the resource base for anticipatory response under social protection programmes. An international funding mechanism will be needed for this, enabling funds collected through such a taxation regime to be allocated to developing countries. This allocation would be based on predefined weightages (such as on the Multidimensional Risk Index) and on the principles of compensatory climate justice, and devolved to vulnerable countries in response to onset of certain events or predefined triggers.

Innovative financing instruments — carbon markets and resilience bonds

Finance for strengthening climate resilience outcomes of social protection programmes from market-based instruments such as resilience bonds or voluntary carbon markets.

Compliance with environmental, social and governance (ESG) factors is becoming important for the private sector due to climate risks to operations and supply chains. The private sector could strengthen climate resilience in developing countries by investing through market-based instruments such as resilience bonds or voluntary carbon markets. Resilience bonds can be structured along the principles of green bonds or climate bonds, where investors would value projects that deliver climate resilience and social equity.

How to deliver anticipatory risk-responsive social protection

Even with increased pre-arranged finance for social protection programmes, vulnerable countries could face several shortcomings around the level and quality of practical action to anticipate, manage and reduce risk. Four ways to support vulnerable countries to address this challenge are outlined below:

Deepen understanding of risks and develop comprehensive climate risk management pathways to deal with multidimensional, consecutive and compounding risks

Policymakers need a comprehensive risk management framework that helps them anticipate and adapt their planning process as the situation evolves. This should identify the thresholds of changing conditions up to which a measure or set of actions can work. Once those thresholds or tipping points are reached, pre-decided alternative pathways or action plans will be set in motion. Depending on the range of climate crises a country is exposed to, research would also be needed to understand what types of hazards lend themselves to anticipatory response and at what degree of severity anticipatory support through social protection becomes insufficient.

Develop models for integrating anticipatory risk analytics into existing planning and budgeting systems to embed stronger preparedness to crisis

Countries will need to model their budgeting system to manage climate risks in their planning cycle by assessing the risks and potential cost for dealing with it, pre-plan financing in the existing budgeting system and strengthen delivery mechanisms. Such an approach will be useful for vulnerable countries to help them direct funds through the appropriate systems for effective, timely and transparent spending — whether from the national budget, international partners or financial markets.

Address inequity, exclusion and marginalisation in the delivery approach

Climate risk management approaches within social protection programmes are quite often marred by targeting, exclusion, gender inequality, marginalisation and lack of transparency. These issues could be tackled by mainstreaming gender considerations and the risks faced by other marginalised groups in anticipatory risk response mechanisms, creating a rights-based framework and strengthening decentralised implementation architecture.

Provide tools, skills and guidance to support integration of climate information and risk management approaches into planning and decision making at local level

There is a need to invest in governance, management and communication of climate information. This will involve bringing together generators and users of climate information; co-developing early warning and decision-support systems that integrate both 'top-down' and 'bottom-up' approaches; and ensuring proper communication and capacity building to support climate risk-informed planning and delivery of anticipatory response.

Next steps

Evidence clearly shows that reactive 'fixes' through humanitarian support are not adequate to support communities in the face of climate crises. Anticipatory risk-responsive social protection programmes supported through enabling policy and financing mechanisms can help build long-term resilience.

Based on the recommendations in this paper, joined-up, inclusive and coordinated engagement among relevant stakeholders, organisations and networks is needed. This will help in understanding the knowledge that is already available, address the gaps and build on them to generate practical solutions.

1

Social protection and climate resilience

1.1 Social protection programmes have been the core development strategy of governments to reduce poverty, inequality and vulnerability

The concept of social protection has evolved as societies have changed. Initially, safety nets provided through social protection programmes sought to reduce poverty. In the early 20th century, development of wage labour and a decline in Indigenous social protection mechanisms were notable social changes. In response, governments started to focus on providing income security in the form of savings and insurance schemes. Over time, social protection started to cover a broader range of risks, such as unemployment, ageing, workplace accidents, health problems and homelessness (Bonilla Garcia and Gruat, 2003). Today, social protection is at the next phase of its evolution. In addition to the previous risks, people are facing several new challenges such as greater poverty and changing social structures, alongside climate change and declining natural resources. Consequently, governments are re-examining their social protection systems and policies.

Social protection programmes are now part of core development strategies used by governments across the globe to alleviate poverty, achieve social cohesion and sustain economic growth. In 2017, more than US\$500 billion was spent in lower- and middle-income countries to support large-scale social protection by

governments and international donors (Norton et al., 2020). Social protection programmes help poor and vulnerable populations diversify their livelihood options, as well as giving them an opportunity to practise less resource-intensive livelihood options. Nearly 45% of the world's population is covered by at least one social protection benefit, while benefits of social assistance programmes reach close to 25% of the vulnerable population (ILO, 2017).

Evidence shows that targeted social protection interventions have directly reduced poverty and inequality. In one of the most notable examples globally, Brazil has experienced a remarkable reduction in inequality; this was driven largely by a reduction in extreme poverty. Studies have found that *Bolsa Familia*, the largest conditional cash transfer programme in the world, was responsible for 21% of this decline in national inequality, while having no negative impact on economic growth. As another example, the old age pension in South Africa was shown to reduce the poverty gap ratio between the richest and the poorest citizens by 13%.

Evaluations of social protection programmes also show they directly increase access to basic services and reduce vulnerability (Government of Kenya, 2012). Evidence from numerous countries shows that safety net programmes leveraged sizeable gains in access to health and education services (DFID, 2011). This is measured by increases in school enrolment (particularly for girls) and use of health services (particularly preventive health, and health monitoring for children and pregnant women).

1.2 Climate change loss and damage is an urgent concern and social protection programmes can be an effective strategy to deliver climate resilience

The rising challenge of climate change threatens to reverse development gains, reinforce structural barriers to development and push people back into poverty. Under a 'business as usual' scenario, climate change is projected to drive 100 million more people into extreme poverty by 2030 (World Bank, 2016).

Many countries are experiencing new types and forms of climate impact, of higher intensity, which they are not equipped to handle. In 2017, the Caribbean faced three category 5 hurricanes — an unprecedented event. In some countries, damage exceeded annual GDP (Stamp Out Poverty et al., 2021). In 2020, climate-related hazards affected close to 20 million people in India and caused economic losses amounting to 0.9% of GDP (CRED, n.d.). The 2022 floods in Pakistan wiped out communities and landscapes, displaced more than 30 million people and caused US\$40 billion of economic losses. These impacts are increasingly falling into the category of loss and damage (L&D) (Bharadwaj and Shakya, 2021). L&D occurs when the capacity of affected communities and countries is compromised to such an extent that they are no longer able to absorb the effects of climate risks or adapt to climate impacts.

Climate events are normally responded to by the humanitarian system, which helps communities deal with the devastating impacts. However, evidence shows that building resilience — that is, helping communities prepare, cope and recover from climate impacts — is far more cost effective in responding to climate crises than humanitarian responses. Social protection programmes can play a critical role in building climate resilience. They can help lift the most vulnerable out of the downward spiral of debt, asset depletion, food insecurity and malnutrition to a point where they can maintain and improve their livelihoods and living standards even in the face of climatic shocks and stresses.

Social protection programmes have been shown to protect assets and smooth out consumption and incomes during climate shocks. For example, Kenya's Hunger Safety Net beneficiaries maintained their standard of living during the 2008–2011 droughts. Meanwhile, those not covered decreased their spending by 10% (Bharadwaj et al., 2021). Despite experiencing widespread drought and other weather-related shocks, households enrolled in Ethiopia's Productive Safety Net Programme (PSNP) maintained or increased their standard of living between 2004 and 2010. In all, 62% of participants avoided selling assets and 36% avoided using savings to buy food (Bharadwaj et al., 2021). Social protection programmes can also help people accumulate assets, raising incomes and leading to graduation from social protection. In Bangladesh, the Challenging the Frontiers of Poverty Reduction programme increased per capita income by 42% and doubled household assets (OCHA, 2019).

Conversely, in the absence of social protection, climate shocks push many households further into poverty. This may force households into destructive coping strategies such as skipping meals, taking children out of school, forgoing medical care and selling off productive assets such as livestock. These can, in turn, have long-term negative impacts on the opportunities of the next generation. Evidence shows that children born during a drought are more likely to be chronically malnourished later in childhood than those who are not (Fuentes and Seck, 2007). Chronically undernourished children are disadvantaged throughout life. Moreover, their own children are more likely to be trapped in a cycle of poverty and undernutrition (Gubbels, 2011). But children who have been well-nourished from birth are sick less often, achieve more at school and go on to earn more during adulthood.

2

How to scale up the contribution of social protection to climate resilience

While most countries have comprehensive social protection policies and climate change policies, these are not commonly integrated. Only a few social protection programmes include climate resilience activities as their objective. Examples include the public works programmes of India's Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Ethiopia's PSNP. Social protection programmes can help households cope with short-term climate-related stresses. But, in their present form, they are insufficient to build long-term resilience capacity among vulnerable communities. To respond to climate impacts and growing risks of L&D more comprehensively, social protection programmes will need to integrate climate risk management into design and implementation. In this way, they can help poor and climate-vulnerable households:

- Absorb climate risks by maintaining their consumption levels even in the face of climate impacts
- Adapt to future climate impacts by improving on their situation so they can bounce back better when shocks occur, and
- Transform their ability to move beyond vulnerability thresholds so they can take advantage of new opportunities.

Three key considerations for social protection programmes can help deliver absorptive, adaptive and transformative resilience outcomes in an efficient and cost-effective manner. These are: support for delivery mechanisms that work in vulnerable countries; integration of anticipatory response mechanisms into social protection programmes to strengthen resilience; and robust information systems and technology to improve anticipatory risk responsiveness. These considerations are elaborated below.

2.1 Put resources behind delivery mechanisms that work in vulnerable countries

Social protection delivery instruments generally fall into the following three categories (World Bank, 2011):

- Social assistance/social safety net programmes with non-contributory interventions that help households and individuals manage enduring poverty, vulnerability and destitution. They are meant to cover vulnerable segments of the community.

- Social insurance programmes with contributory interventions that help households and individuals cope with unexpected shifts in income attributed to old age, diseases, disability and natural calamities. The users pay insurance premiums to be eligible for coverage.
- Labour market programmes that can either be contributory or non-contributory. These programmes help safeguard households and individuals against income loss due to unemployment or enable individuals to gain skills and link to labour markets.

Figure 1 presents these different categories in more detail.

Although the overarching goal of all social protection instruments is to address the vulnerability of poor households and individuals, they vary in their form, coverage and efficiency in different climate contexts. Within the context of growing financial constraints in low-income countries, it is important to understand which of the different social protection delivery mechanisms will be most effective in building resilience. This will allow resources to be optimised behind those that are more efficient, enhancing outcomes and preparing people for the climate crisis.

IIED analysed the effectiveness of different social protection instruments in delivering preventive, protective, promotional and transformative functions of climate resilience (Bharadwaj, 2022). Our study involved a quantitative assessment of 122 countries and a qualitative assessment of 7 countries grouped into 5 categories: Poland (very low risk); Argentina (low risk); Ecuador (medium risk); India and Ethiopia (high

risk); and Chad and South Sudan (very high risk). Our comparative analysis showed the following distinct patterns:

- When we considered all social protection instruments, the higher-risk countries (Chad, South Sudan, Ethiopia and India) had the highest benefit–cost ratio (BCR) values. For every dollar spent on social protection programmes, higher-risk countries reduced more poverty and vulnerability than lower-risk countries.
- Public works programmes present a distinct pattern from other instruments. They show better performance than other instruments in higher-risk countries (Chad, South Sudan, Ethiopia and India) in terms of coverage, benefit incidence, benefit adequacy, BCR and average per capita transfer.
- There are high BCRs for school feeding (0.76), public works (0.68) and food and in-kind transfer (0.62) programmes implemented in the higher-risk countries.

Analysis shows that cash transfers and social pensions are the preferred choice of most countries — 77.87% countries invest in cash transfer and 62.30% invest in social pensions programmes. However, when designing social assistance programmes, countries need to diversify their investments into instruments that are better suited to their context, rather than adopting a ‘one size fits all’ approach, which can be a deterrent in achieving universal social protection coverage. Low-income countries generally cannot afford large-scale cash transfers and social pensions when universal coverage is targeted: these instruments are expensive and require higher average per capita transfer to

Figure 1. Categories of social protection programmes. Source: World Bank (2018)

Social assistance/social safety nets (non-contributory)	Social insurance (contributory)	Labour market programmes (contributory and non-contributory)
<ul style="list-style-type: none"> ▪ Unconditional cash transfers ▪ Conditional cash transfers ▪ Social pensions ▪ Food and in-kind transfers ▪ School feeding programmes ▪ Public works (for example, MGNREGS, PSNP) ▪ Fee waivers and targeted subsidies ▪ Social services 	<ul style="list-style-type: none"> ▪ Contributory old-age, survivor and disability pensions ▪ Sick leave ▪ Maternity/paternity benefits ▪ Health insurance coverage ▪ Other contributory insurance programmes 	<ul style="list-style-type: none"> ▪ Active labour market programmes (training, employment intermediation, wage subsidies, and so on) ▪ Passive labour market programmes (unemployment insurance, early retirement incentives, and so on)

produce intended results. Under such constraints, governments and donors should consider allocating their resources to the following:

Instruments that show better performance in higher-risk contexts. For example, public works programmes and food and in-kind transfers perform better in higher-risk countries (such as Chad, South Sudan, Ethiopia and India) in terms of coverage, benefit incidence, benefit adequacy, BCR and average per capita transfer. These programmes are accordingly more appropriate in those contexts and could be given higher consideration over other social protection instruments.

A mix of instruments. Instruments that require less average per capita transfer and produce higher BCR could be implemented along with cash transfer programmes. For example, public works, food and in-kind transfers, and school feeding have substantially higher BCR and less average per capita transfer values than cash transfer programmes. Higher-risk countries could consider employing these instruments along with cash transfers. Our analysis (Bharadwaj et al., 2021) shows that India may have to spend 4.8% of its GDP to cover 100% of the extreme poor under the cash transfer programme to reduce vulnerability. Our results from another regression model under the same research examined the impact of combining unconditional cash transfer with public works and food and in-kind programmes. It found that India will require funding of 3.99% of GDP to implement this mixed model, requiring less resources to achieve similar outcomes.

2.2 Integrate anticipatory response mechanisms into social protection programmes to deliver better resilience

Building resilience under social protection programmes before a crisis hits is more cost effective than responding later with a humanitarian response. Anticipatory risk-responsive social protection programmes are thus needed (see Box 1). A study on the Economics of Early Response and Resilience showed that every US\$1.0 spent on disaster resilience resulted in reduced humanitarian spending, avoided losses and development gains of US\$2.8 in Ethiopia and US\$2.9 in Kenya (CHASE, 2012). Similarly, a World Bank and Global Facility for Disaster Reduction and Recovery study shows that every US\$1.0 invested in resilient infrastructure generates US\$4.0 in benefits (World Bank, 2019).

IIED research (Bharadwaj et al., 2022) shows that if social protection support is available, it reduces the odds of distress migration in communities exposed to climate impacts. Our analysis showed that occurrence of loss and damage, caused by extreme climate events, increased the odds of distress migration. But if livelihood security through social protection is available then it reduces the odds of distress migration in rapid-onset (by 66%) and slow-onset (by 59%) contexts. It is important to note that those who undertake distress migration become vulnerable to trafficking and suffer human rights violations (forced labour, bonded labour, debt bondage, wage withholding and exploitative working conditions). Of those who undertake distress migration, the percentage of trafficked migrant households in slow-onset event areas was found to be 42% and those in rapid-onset event areas was 16%. Countries therefore need climate shock-responsive social protection systems to provide anticipatory support to communities before a crisis hits.

BOX 1. KEY TERMINOLOGIES EXPLAINED

Social protection – policies and programmes that help prevent, manage and overcome situations that adversely affect people's wellbeing.* They reduce poverty and vulnerability, diminish people's exposure to risks and enhance their capacity to manage risks.

Climate resilience — the ability to prepare, cope and recover from hazardous events, trends or disturbances related to climate change.

Anticipatory action — acting before a predicted crisis or risk, based on early warning or climate impact forecasts, to prevent or reduce the impacts before they fully unfold.

Anticipatory risk-responsive social protection programmes — integrating anticipatory actions into social protection programmes to deliver climate-resilience outcomes. This could include enhancing countries and communities' ability to anticipate, prepare for, respond to, cope with and recover from crisis or events related to climate change. Such action will require comprehensive risk assessment, reliable early warning systems/climate change forecasts, pre-agreed plans for action and pre-agreed finance released predictably and rapidly when an agreed threshold of tolerance or trigger point is reached.

*As defined by United Nations Research Institute for Social Development (UNRISD).

2.3 Develop robust information systems and use technology to improve anticipatory risk responsiveness

The anticipatory risk responsiveness of social protection instruments depends on robust climate information systems, as well as the capacity of social protection programmes to identify and pre-register beneficiaries, and implement anticipatory actions, before the disaster occurs. Social protection systems need to be informed through periodically updated projections of climate impacts on different geographies and across temporal scales to implement well-planned, timely and targeted responses. This requires experimentation and innovation in data collection, risk modelling, structuring of financial mechanisms and market-based instruments, and testing of forecasts and triggers, feedback loops and disbursement channels.

Technology can substantially improve cost effectiveness in programme delivery, especially in addressing 'last mile' connectivity. Technological innovations, through use of artificial intelligence and digital technologies, can help decision makers manage new risks. To that end, they can develop applications to forecast disasters and the associated crises such as famine, drought and political conflict.

Similarly, innovative technologies such as digital payment systems hold significant potential to improve timely outreach, targeting and anticipatory risk finance solutions. The 'JAM trinity' in India (Jhan Dhan-universal bank accounts, Aadhaar-biometric identity for all and Mobile phones) provides the technological base for transferring cash directly to the accounts of individuals and families. It is a classic example, among developing countries, of applying technology to advance the social assistance system towards higher efficiency and effectiveness. Similarly, Cambodia's mobile payment system using its IDPoor database was effective in reaching out to the most vulnerable in a timely fashion during the COVID-19 crisis (World Bank, 2021).

3

How to finance anticipatory risk-responsive social protection programmes

3.1 Benefits of social protection are well recognised, but financing remains a challenge

Social protection programmes face significant financing constraints, with low investment, limited coverage and inadequate protection. Higher allocations to social protection are required to achieve long-term reductions in poverty and build resilience against climate risks. But most middle- and low-income countries struggle to mobilise domestic resources. They also face a large number of competing government priorities that are likely to limit the fiscal resources available for social protection. An Oxfam briefing paper reported that 28 rich countries provide social protection at an average of US\$695 per person. By contrast, 42 low- or middle-income countries can only provide US\$4–28 per person (Barba et al., 2020).

Prior to COVID-19, up to 4 billion people lacked social protection (ILO, 2017). As per World Bank estimates, an additional 1.3 billion people were covered during the pandemic, leaving about 2.7 billion still uncovered. The Oxfam study reported that emergency responses in

81% of countries covered less than half their population through social protection (Barba et al., 2020). In 29% of countries, fewer than one in ten people have been protected. The study observed that most benefits analysed are short-lived and inadequate to pay for even basic needs. In Colombia, for example, a recently introduced scheme is reaching 3 million households of informal workers with a monthly transfer equivalent to only 2.5 days at the national minimum wage.

Increasing pre-arranged finance through social protection programmes before a crisis occurs can be cost effective and change the way the humanitarian system responds to climate hazards. Creating a proactive, timely and anticipatory response system can make economies more resilient, safeguard sustainable development, and protect the lives and livelihoods of poor and vulnerable people.

We provide four ways to finance risk-informed, 'anticipatory' response through social protection: insurance; debt support; global taxation; and innovative financing instruments such as carbon markets and resilience bonds. These are explored in further detail below.

3.2 Insurance-linked anticipatory response

Insurance payoff to support anticipatory risk response under social protection programmes before a predicted crisis or hazard takes place to prevent or reduce the need for humanitarian response.

Climate risks are becoming an increasingly prevalent factor in protecting and promoting natural resource-based livelihoods such as agriculture and livestock in developing countries. Consequently, insurance is likely to play a greater role in absorbing shocks and spreading risk. In recent years, there has been a shift from insuring against poor crop yields towards insuring directly against bad weather. With this arrangement, farmers collect an immediate pay-out if the index reaches a certain measure or 'trigger', regardless of actual losses.

There is evidence of positive BCRs for insurance against losses from natural disasters (Linnerooth-Bayer and Mechler, 2009). Experience suggests that index-based crop and livestock insurance can be a cost-effective alternative to humanitarian response. Insurance mechanisms can therefore be used to provide pre-agreed finance in a timely and predictable manner when a pre-agreed trigger point is reached based on reliable early warning information. This finance can be used to deliver pre-emptive support under existing social protection programmes to help communities prepare for and cope with the climate stress. In this way, it either removes or reduces the need for humanitarian response.

These pre-agreed sets of responses or action will need to be tailored and costed based on what is needed in diverse contexts to help communities prepare, cope and recover from a climate crisis. They will also need to ensure funds can be delivered under existing social protection programmes. Such an approach can make it cost effective to manage climate-related risks, overcome vulnerability and achieve resilient livelihoods. Box 2 illustrates an example of how insurance-linked anticipatory response can work under public works-based social protection programmes in India (MGNREGS).

Insurance-linked anticipatory support through social protection is particularly important for vulnerable countries in light of recent research by the Vulnerable Twenty (V20).¹ The research found that 98% of the nearly 1.5 billion people in V20 countries do not have financial protection and have lost a total of US\$525 billion to climate impacts since 2000 (V20, 2022). The Global Shield initiative announced at COP 27 opens up opportunities for piloting and scaling up

innovative delivery approaches for insurance-linked anticipatory action to close this financial protection gap. The initiative aims to provide pre-arranged financial support for fast deployment during climate disasters such as floods and drought. Initial contributions to this fund include around €170 million from Germany and more than €40 million from other countries.

Linking global shield insurance with anticipatory action under existing social protection programmes in countries will allow diverse and innovative financing solutions to emerge in a range of contexts. At the same time, it will create space for transparent experiments with different types of social protection delivery mechanisms such as public works and cash transfers or a combination of them. Using existing social protection delivery mechanisms will also ensure outreach to the most vulnerable and affected people in an agile and cost-effective manner.

3.3 Debt support based on thresholds

Pre-arranged debt support (such as concessional debt, debt cancellation, debt relief) for financing social protection, which can be disbursed quickly and reliably and triggered based on pre-decided thresholds before a crisis hits.

Experience from the COVID-19 pandemic shows that governments around the world have differing capacity and fiscal space to respond to crises. Quite often, social protection spending is the first to take the hit, contributing to a more protracted crisis in the case of poorer countries. For example, developed countries, backstopped by their central banks, came up with huge fiscal response packages amounting to 18% of their GDP, which they were able to borrow at low interest rates (United Nations, 2022). Availability of sufficient fiscal space enabled them to not only roll out measures immediately, but also channel resources towards strengthening social protection. Developing countries, particularly the least developed, were however constrained. They were forced to cut spending on social protection, such as child protection, nutrition, and water and sanitation (Debrun et al., 2020). Many resorted to debt to maintain or strengthen existing social protection to help communities cope with the crisis. India, for example, increased the annual budget for MGNREGS during the pandemic. Still, the government had to borrow US\$1 billion from the New Development Bank (formerly known as BRICS Development Bank) to cover additional spending under MGNREGS (New Development Bank, 2020).

¹ The Vulnerable Twenty (V20) is the Group of Ministers of Finance of 58 climate-vulnerable countries. The V20 works through dialogue and action to tackle global climate change.

BOX 2. MGNREGS: AN INSURANCE-LINKED ANTICIPATORY RESPONSE UNDER A SOCIAL PROTECTION PROGRAMME

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in India is the world's largest public works-based social protection programme. It provides a right-based social safety net to rural poor by guaranteeing 100 days of wage employment to every rural household. Through wage employment, the scheme also seeks to create durable assets to augment land and water resources, improve rural connectivity and strengthen the livelihood resource base of the rural poor. These assets are meant to create infrastructure that can help rural landscapes become drought proof and flood resilient in the long run.

MGNREGS has an additional risk management instrument to provide another 50 days of employment in case of severe drought. But the post facto nature of risk management provision has resulted in limited climate resilience outcomes. Delivery of additional wage employment in anticipation of a climate shock could better equip households to absorb the impacts of projected climate hazards.

To tap into this potential, IIED designed the Climate Resilience Information System and Planning Tool for MGNREGS (CRISP-M) (Bharadwaj, Addison and Reddy, 2021). To support climate-risk-informed planning and delivery of the scheme, the tool integrates a 'drought early warning system'. This allows government functionaries to start planning for additional wage employment days without waiting for a drought declaration. The tool is in the pilot phase, but the government plans to scale it across the country. This, in turn, can open up the opportunity to test 'insurance-linked anticipatory wage employment' under the scheme. Insurance can be used to pay for additional wage employment before the crisis strikes through the following approach:

- Use CRISP-M to strengthen climate information systems for MGNREGS and their beneficiaries to receive early warning of rapid- and slow-onset climate shocks
- Establish thresholds at which to trigger anticipatory wage employment in response to early warning of climate shocks
- Develop a communication protocol to explain household rights to shock-responsive wage employment in anticipation of a climate shock, enabling households to know they do not have to migrate in times of distress
- Set up insurance pay-out mechanism to finance an additional 50 days of anticipatory wage employment based on certain pre-agreed trigger points for different climate hazards in different regions, and
- Establish operational guidelines to trigger action and deliver anticipatory response.

Evidence from IIED (2017) shows that provision of additional days of wage employment in response to climate shocks builds household income (financial capital) and reduces distress migration of household members in search of employment (human capital). This leads to improvements in the ability of households to absorb climate risks and boost resilience.

Debt access is not an easy route for all developing countries. Climate risks have increased the cost of capital and debt across climate-vulnerable economies to unsustainable levels. For credit-rating agencies, higher climate risks create a greater risk of default. Consequently, poorer vulnerable countries exposed to climate impacts also have to bear the additional burden of higher interest rates.

A 2018 assessment (Buhr et al., 2018) for the member countries of the Climate Vulnerable Forum² shows that for every US\$10 paid in interest by developing countries, an additional dollar will be spent due to climate vulnerability. This financial burden exacerbates the present-day economic challenges of poorer

countries. The magnitude of this burden is expected to at least double over the next decade.

Without assured financing support, most of the developing countries lack contingency plans. This influenced the way countries responded to the pandemic. Even though the packages of support under social protection varied depending on fiscal space and country-specific circumstances, most of these were knee jerk reactions. Countries did not have a contingency plan to direct the resources to the most vulnerable or those most at risk. As a result, the responses were more expensive and did not always meet their intended objective.

² The Climate Vulnerable Forum is an international partnership of countries highly vulnerable to a warming planet. The forum serves as a South-South cooperation platform for participating governments to act together to deal with global climate change. <https://thecvf.org/>

If the countries were assured of debt flow at the onset of a crisis, they could develop an anticipatory response plan well in advance. Evidence also shows that when resources are available in a timely manner, they can be devolved effectively and appropriately through existing social protection systems in response to a crisis. The World Bank's Rapid Social Response Fund, for example, is designed to quickly channel additional contributions from donors focused on basic service protection in times of crisis. It provided US\$3.2 million for the Gambia–Rapid Response Nutrition Security Improvement Project. To that end, it helped the National Nutrition Agency mitigate the impact of global economic crises on the nutrition security of children under two, as well as pregnant and lactating women, in poor rural and urban areas. Another project supported by the Social Response Fund — Gender-Based Violence in Post-Earthquake Haiti (which received US\$581,000) — aims to help preserve the safety of women and girls. It addresses the extreme increases in gender-based violence in post-earthquake Haiti through proven community-based interventions.

Developing countries therefore need pre-arranged debt support (such as concessional debt, debt cancellation and debt relief) for financing social protection, based on pre-decided thresholds/trigger points before a crisis hits. Assured debt relief disbursed quickly and reliably will allow countries to plan their budgets and responses more efficiently to target the most vulnerable geographies/households. It will also permit them to broaden out or open up fiscal space to tackle upcoming crises in a holistic and cost-effective manner.

The Bridgetown agenda launched by Prime Minister Mia Mottley of Barbados offers a potential funding source for supporting anticipatory debt support or relief to countries. The agenda calls for a greater redistribution of special drawing rights (SDRs) — the International Monetary Fund (IMF) reserve asset issued as relief during the pandemic — from wealthy nations to those that need it most. The IMF injected \$650 billion in SDRs into the global economy to help countries recover from the pandemic. The Bridgetown agenda is asking for redistribution of at least US\$100 billion of these funds. It wants multilateral development banks to expand their lending capacity to developing nations by US\$1 trillion to be invested in climate resilience. Finally, it advocates for long-term instruments that can mobilise US\$3–4 trillion in finance for carbon-cutting projects and a mechanism for raising reconstruction grants to help nations rebuild after climate disasters (Farand, 2022).

3.4 Global taxation regime

An international taxation regime to bolster domestic resource base for financing anticipatory action, based on predefined principles and weightage for allocation, once agreed thresholds are reached.

Social protection spending of least developed countries is constrained by low revenue bases and low tax-to-GDP ratios. This affects domestic resource mobilisation for investment in social protection programmes.

An international taxation mechanism could be explored to finance anticipatory measures of existing social protection programmes and bolster the existing funding base. In the recent times, a growing chorus is calling for an international climate finance regime based on taxation of fossil fuel companies, large polluters, shipping companies, airlines and so on.

Such taxes could raise finance for creating resilience under social protection programmes, consistent with the 'polluter pays' principle. An air travel levy, as recently introduced in France, can be placed on domestic and international flights or on frequent flyers. Some other sources of funds could be a climate damages tax, also known as the Robin Hood tax on polluters. This tax would charge for each tonne of coal, barrel of oil or cubic litre of gas extracted. Many countries are already taking similar action at domestic level, for example in India the government collects a 400 rupees per tonne (US\$5.60 per tonne) levy on coal produced or imported. From 2010 to 2017, about 864 billion rupees (~\$13.3 billion) has been collected through the Clean Environment Cess, and a similar approach at international level is plausible (Bharadwaj et al., 2021). These resources could be used to strengthen anticipatory action under existing social protection programmes in vulnerable countries.

Resources could also be mobilised for social assistance instruments by diverting energy subsidies to support the climate resilience aspects of social protection programmes. In 2015, the world spent US\$4.7 trillion on energy subsidies, growing to US\$5.2 trillion in 2017 or 6.5% of GDP. Developed countries should phase out and redirect energy subsidies for financing climate resilience initiatives in developing countries. If redirected, a 4% annual decrease in fossil fuel subsidies by G20 countries could raise US\$245 billion to help tackle climate impacts between now and 2030 (Stamp Out Poverty et al., 2021). Developing countries are already working on a similar model at domestic level. For example, Egypt has removed its energy subsidies and reallocated a share of the budget to social assistance programmes targeting the poorest.

An international funding mechanism needs to emerge where funds collected through such a taxation regime could be allocated to developing countries based on predefined weightages (such as on the Multidimensional Risk Index) and on the principles of compensatory climate justice. These funds could be managed by an international body and devolved to vulnerable countries in response to onset of certain events or predefined triggers.

3.5 Innovative financing instruments – carbon markets and resilience bonds

Finance for strengthening climate resilience outcomes of social protection programmes from market-based instruments such as resilience bonds or voluntary carbon markets.

Compliance with environmental, social and governance (ESG) factors is becoming important for the private sector due to climate risks to operations and supply chains, public scrutiny, reputational risk and pressure from investors. ESG encourages firms to invest in environment and social sustainability, while reducing their carbon footprint. IKEA, for example, uses about 0.7% of all cotton grown around the world. Since 2015, the company has sourced all its cotton from the Better Cotton Initiative (BCI) — a multi-stakeholder organisation that sets social and environmental criteria for sustainable cotton. IKEA sources a large share of BCI cotton from Pakistan, where devastating floods have affected some 40% of the annual crop. Thus, companies like IKEA have an interest in building resilience in countries where they have a supply chain base. Overall, private sector investment accounts for 85% of global investments, and 90% of people in developing countries depend on income generated by the private sector.

The private sector could strengthen climate resilience in developing countries by investing through market-based instruments such as resilience bonds or voluntary carbon markets. Resilience bonds can be structured along the principles of green bonds or climate bonds, where investors would value projects that deliver climate resilience and social equity.

Developing countries would need to create an investment portfolio based on funding requirements for existing social protection programmes that can be translated into a 'registry' of eligible and deserving projects. These proposals will be used as a basis for developing unit costs of investments in different geographies and putting a price on anticipatory action. A range of tradable products will allow for innovation in associated financial products in the long run. Such a market-based mechanism would need to pursue these three considerations, among others:

- **Define the underlying commodity.** A commodity, such as a resilience credit, should translate into meeting a company's ESG, climate or sustainability targets. Can it be fungible with other carbon products? Fungibility — which allows a good or asset to be interchanged with similar goods or assets — will provide homogeneity and clarity for companies on what is being traded. This will set the stage for more standardised contract design in later stages of market evolution.
- **Sound system of quantification, verification and reporting.** This process should be affordable for communities. It could be based on low-cost verification and co-developed peer rating of investment projects that can make it easier for small and marginal farmers, village-level institutions and community access. It can address transparency and quality issues by crowdsourcing information (geotags or geo-locates through video/photos) and peer verification (instead of expensive third party verification).
- **Allocation of a future stream of credits in advance.** Theoretically, once credits are quantified, the market could allow for allocation of credit expected from the project. Allowing for credit allocation in advance will allow project proponents to get their projects funded, improve market liquidity and provide price discovery over compliance periods.

4

How to deliver anticipatory risk-responsive social protection

Even with increased pre-arranged finance for social protection programmes, vulnerable countries face several shortcomings around the level and quality of practical action to anticipate, manage and reduce risk. Predictable, and even preventable, disasters affect more than 200 million people every year. Sometimes this happens due to lack of early warning systems. In other cases, losses occur despite unprecedented access to information about rising risks.

There is an urgent need to understand issues that impede these actions and how to respond through anticipatory action and practical measures that strengthen pre-emptive or ex ante national response. We recommend the following four ways to support vulnerable countries to address this challenge.

4.1 Deepen understanding of risks and develop comprehensive climate risk management pathways to deal with multidimensional, consecutive and compounding risks

Policy-makers understand the concept of resilience, but its application is often unclear. The benefits of preparedness are also often politically unattractive. Moreover, it may be difficult to apply resilience in policy or investment decisions when faced with multidimensional risks or in the face of consecutive and compounding risks.

Different sectors, disciplines and stakeholders apply different concepts to address resilience in case of shocks or stresses. A department of agriculture, for example, would provide drought-resilient seeds, and a water department may raise flood embankments in flood-prone areas. But in practice, climate impacts don't occur in isolation. They operate within the context of conflict, marginalisation, weak institutions, infrastructure

deficit and so on. Thus, actual resilience can only be achieved by adopting a pre-emptive and dynamic strategy that adjusts as the situation changes and addresses a range of risks.

Policymakers need a comprehensive risk management framework. It should take a holistic view of various drivers of risk by considering how risks interact with other contextual factors and possible mitigation options through an optimum mix of existing social protection programmes. These approaches should help policymakers anticipate and adapt their planning process as the situation evolves.

To create such a framework, a series of policy actions and decisions over time (pathways) will be needed in response to different risk triggers. A risk assessment and modelling exercise can be used to develop tipping points or thresholds of changing conditions up to which a measure or a set of actions can work. Once those thresholds or tipping points are reached, pre-decided alternative pathways or action plans will need to be set in motion. Based on this approach, countries will need to work out a series of pathways for different predetermined trigger points.

Depending on the range of climate crises and hazards a country is exposed to, research would also be needed to understand the following questions:

- (i) What types of hazards lend themselves to anticipatory response based on forecasts or early warning and which ones could be challenging to predict (such as landslides)?
- (ii) How does the hazard itself determine the package of help or scale of support that can be channelled through social protection? In the case of slow-onset events such as sea-level rise, anticipatory action would be longer term to permanently move, resettle and rehabilitate people in safer areas. Conversely, in the case of cyclones, anticipatory action would involve moving people temporarily to cope with the hazard. They would move back and recover from the damage caused to assets and livelihoods after the event.
- (iii) What type of crisis or at what degree of severity does anticipatory support through social protection become insufficient? Recent floods in Pakistan were unprecedented in severity and scale, leaving almost one-third of the country under water. It is normally not feasible to prepare in advance for a disaster of this scale and respond in an anticipatory manner. Even with reliable early warning, it may have been practically unfeasible to move people in advance to other areas.

This exercise will develop a practical approach to anticipatory risk management. It can help policymakers in poor countries adapt their plans to changing

situations and focus their investments in combination with insurance, debt support and other financing instruments.

4.2 Develop models for integrating anticipatory risk analytics into existing planning and budgeting systems to embed stronger preparedness to crisis

Experience from COVID-19 shows that governments around the world mobilised unprecedented resources to manage the crisis. India, for example, almost doubled its annual budget for MGNREGS from US\$7–8 billion to US\$13–14 billion but was not able to direct these resources to those most in need. Through preparedness in planning and budgeting, countries can direct the resources to the most vulnerable in a timely and effective manner. For this, countries will need to model their budgeting system to manage climate risks in their planning cycle through the following steps:

- (i) Assess the risk and potential cost for dealing with it in terms of number of families/individuals to be targeted in vulnerable geographies.
- (ii) Pre-plan financing in the existing budget devolution system to respond to the crisis whenever trigger points are activated.
- (iii) Strengthen delivery mechanisms for social protection programmes to implement the contingency plan and scale up efforts to respond to crises in an agile manner when the triggers are activated (see Box 3).
- (iv) Ensure cross-government collaboration to support delivery of social protection entitlements. A public works department, for example, could set up temporary shelter for communities expected to be affected by a cyclone. The health department could ensure healthcare and sanitation facilities are available to communities in this temporary shelter. In some cases, the national government may need to collaborate with bordering countries for pre-planned, safe and dignified movement of displaced citizens. They should extend portable social protection cover through regional cooperation and allow displaced communities to return after the crisis subsides without fear of prosecution.

Such an approach can help countries direct funds through the appropriate systems for effective and transparent spending — by routing a range of funds, whether from international partners or financial markets, through the national budget.

BOX 3. MAKING ANTICIPATORY ACTION WORK

To make anticipatory financing mechanisms work for social protection programmes, developing countries will need to:

- Develop localised indices of poverty and climate vulnerability to identify hotspots for social protection programmes
- Integrate climate risk management into planning and budgeting decisions through innovative tools and strengthened capabilities such as early warning systems and Geographic Information System tools for planning and delivery of social protection programmes
- Strengthen institutions to enable them to scale up existing social assistance programmes in the targeted climate hotspots and climate-vulnerable populations at times of extreme climate events or disasters
- Deliver enhanced entitlements or benefit amounts (through use of technology, mobile payments and so on) before a crisis to compensate communities for loss of livelihoods or assets anticipated
- Build capacity- and awareness-generation programmes on climate risk management within the community and involve government functionaries in delivery during emergencies, and
- Create a network of grassroots-level community-based and nongovernmental organisations to support delivery of social protection during crises.

This will enable poor countries to pre-plan and focus the funds in existing budgets and strengthen delivery mechanisms to direct the resources to areas and people in need in an effective, timely and transparent manner.

4.3 Address inequity, exclusion and marginalisation in the delivery approach

Climate risk management approaches within social protection programmes are quite often marred by targeting, exclusion, gender inequality, marginalisation and lack of transparency. These issues can be tackled by mainstreaming gender considerations and the risks faced by other marginalised groups in anticipatory risk response frameworks. This will require the following:

Focus on marginalised groups. Social protection programmes need to factor in the diverse needs of women and men, as well as more vulnerable groups such as single women, elderly people, children, and disabled people. Eligibility for social assistance programmes should be underpinned by a universal database that also includes exposure to climate or natural hazards (along with socioeconomic vulnerability). This would allow prioritisation of targeting criteria. In this way, individuals exposed to climate risks could typically get access to a range of resilience initiatives through a single registry. This could also provide an opportunity to enhance the effectiveness and complementarity between different social protection programmes.

Rights-based framework and decentralised implementation architecture. The design features of national-level social protection programmes could include a rights-based social protection system and

a decentralised implementation architecture. Rights-based social protection systems (such as rights-based access to decent work, food security, shelter and so on) provide assurance of a basic safety net before and during any crisis. Well-functioning, decentralised national social protection programmes will be able to distribute benefits more effectively in a pre-emptive manner without overwhelming the system.

Robust management structures. Many countries have a plethora of small social protection programmes managed by a range of ministries with limited coordination. An overhauling of management structures is needed to establish a comprehensive social protection system with cost-effective and efficient delivery before and during a crisis. This overhauling could involve: (i) developing nuanced approaches to delivery mechanisms to ensure anticipatory response; (ii) revitalising social protection programmes to prevent communities from slipping back into poverty after a crisis; and (iii) strengthening progress towards universal social protection.

Portability. Distress migration and displacement is one of the most common impacts of climate change. Most social protection programmes do not recognise migrants within their ambit of coverage. Nor do they address the implications for migrants or their families left behind. As a result, distress migration without any safety net or protection creates consequences for both migrants and family members left behind. There is a need to offer portability of entitlements to families/individuals — before, during and after a crisis. This can be ensured by making use of a national database or a registry.

4.4 Provide tools, skills and guidance to support integration of climate information and risk management approaches into planning and decision making at local level

Climate risk needs to be addressed in planning and preparedness. This requires short- to medium-range forecasts (fortnight-month-seasons) to plan and prepare for imminent droughts/floods. It also requires future climate projections and scenarios (decadal and longer) to create climate-relevant and durable infrastructure, assets, skills and so on that protect lives and ecosystems, and promote livelihoods. But there are issues with access and availability of this information:

- (i) It is not accessible to those who need it for planning
- (ii) It is not available at the time, frequency and resolution at which it will be useful for planning
- (iii) It is not available in the format/manner in which local communities understand and can integrate with traditional/Indigenous knowledge to support their decisions
- (iv) Policymakers lack capacity to understand, interpret, analyse and use climate information for planning, delivering and monitoring of anticipatory risk-responsive initiatives.

These issues are created due to lack of coordination around climate information flow, analysis and use in decision making. Communities affected by climate change, and the agencies that support them, need to access accurate short- and long-term forecasts to plan their responses to climate risks. But in many countries, different government institutions/agencies manage data collection, analysis and modelling of climate information. These silos create a fragmented approach that creates barriers to accessing climate information.

There is a need to invest in governance, management and communication of climate information for climate-risk informed early action and decision-making systems. This will involve bringing together generators and users of climate information, co-developing solutions, and ensuring proper communication and capacity building to support climate resilience among the poorest and most vulnerable. There will also be a need to invest in early warning and decision-support systems that integrate both 'top-down' and 'bottom-up' approaches. A top-down approach can include climate change projections and its impacts and risks. But this kind of assessment does not provide enough information on who is vulnerable to these climate risks and how the risks can be addressed. It must be complemented with bottom-up approaches, integrating information generated at community level through participatory processes.

The quantity and timeliness of information will contribute to improved forecasts and early warnings, as well as preventing loss. It will also help decision makers manage new risks and develop forecast-based financing applications for climate and associated crises.

5

The way forward

Evidence clearly shows that reactive 'fixes' through humanitarian support are not adequate to support communities in the face of climate crises. Anticipatory risk-responsive social protection programmes supported through enabling policy and financing mechanisms can help build long-term resilience.

Based on the recommendations in this paper, joined-up, inclusive and coordinated engagement among relevant stakeholders, organisations and networks is needed. This will help in understanding the knowledge that is already available, addressing the gaps and building on them to generate practical solutions focused on:

- (i) What works and in which contexts
- (ii) Where and what type of action and support is needed
- (iii) How such action and support can be delivered, and
- (iv) How it can be financed.

Such a process can help co-generate knowledge, evidence and solutions to support anticipatory risk-responsive social protection and feed into national and international policies and practices. These efforts can also contribute towards developing a clear strategy, plan and call for action in the run-up to COP28.

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Climate change loss and damage is leading to increasingly devastating impacts on poor and vulnerable people. This paper explains how best to equip social protection programmes to help communities better absorb the effects of climate risks, adapt to climate impacts and transform their capacities to address growing climate stresses. It provides recommendations on (i) what strategies can help create effective social protection programming that delivers anticipatory climate resilience outcomes; (ii) what options can be tapped to finance anticipatory risk-responsive social protection programmes and (iii) how can countries strengthen their delivery approaches for targeted anticipatory responses.

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