Briefing

Climate change; Policy and planning

Keywords:
Climate resilience, social protection, climate finance

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Issue date
April 2022

Policy pointers

To maximise the value of investments, government departments and international actors supporting social protection programmes should ensure the right mix of instruments for the local context.

To establish comprehensive, cost-effective and efficient social protection systems, they should also remove duplication, improve coordination and target the most vulnerable.

To improve pre-emptive risk responsiveness in existing social assistance instruments, they should invest in robust information systems and innovative technology, which is often more cost effective than reacting to a crisis.

To strengthen climate resilience instruments within social protection programmes, poorer countries should leverage climate finance to supplement domestic resources, while international climate finance mechanisms should consider supporting climate resilience outcomes in such programmes.

Social protection to enhance climate resilience: what works where?

Lower- and middle-income countries spend more than US$500 billion a year on social protection,[1] a core development approach for reducing poverty and creating growth and social cohesion. As countries recover from and learn to live with COVID-19, and progress their efforts to meet global and national development goals, there is an opportunity to ensure social protection programmes contain a workable climate resilience element, providing an effective strategy for building resilience to climate shocks. Based on a full economic assessment of social assistance instruments and funding options across 122 countries, this briefing presents evidence of what works to help policymakers create effective, resilient social protection programming and international donors and development partners to better understand how they can help countries support their most vulnerable citizens.

From cash transfers to pensions, insurance and school feeding programmes, social assistance instruments vary in form, coverage and efficiency in different climate contexts. To help households deal with different kinds of shock, national and subnational policymakers must optimise their resources behind the most efficient instruments that best prepare people for the climate crisis.

Evidence from existing programmes shows that, with some adjustments, social protection can help communities better absorb the effects of climate risks, adapt to climate impacts, and transform their capacities and strategies to address growing climate stresses. Here, we summarise our findings[2] on the efficiency, effectiveness and value for money of different social assistance instruments; explore key trends; and make recommendations to help policymakers, international funders and development partners achieve climate resilience and development outcomes for the world's most vulnerable people.

A note about our methodology

To understand the factors contributing to the success of social protection programmes in different climate risk and vulnerability contexts, our qualitative analysis used several indicators (see Box 1) to consider:

- The effectiveness of different instruments in delivering preventive, protective, promotional and transformative functions of climate resilience, and
- The extent to which they integrate climate resilience.

Our study involved a quantitative assessment of 122 countries to analyse the efficacy of social assistance instruments, and a qualitative

Countries need to design climate shock-responsive social protection systems

assessment of seven countries to estimate risk and the impact of risk. Using the INFORM Risk Index 2020[3] — an open-source risk assessment tool for humanitarian crises and disasters that can support decisions about prevention, preparedness and response — we grouped the seven countries into five categories: Poland (very low risk); Argentina (low risk); Ecuador (medium risk); India and Ethiopia (high risk); Chad and South Sudan (very high risk).

Our main findings

1. Cash transfers dominate, but work best in countries with low climate risk. Unconditional cash transfers are the most common social assistance instrument, used by 78% of countries. This was followed by social pensions (62%), food and in-kind (61%), and fee waiver (50%) programmes. In the higher-risk countries, public works, food and in-kind, and school feeding programmes dominate, whereas cash transfers and social pensions are more common in lower-risk countries.

2. Lower-risk countries are better at reaching the poorest people. Social protection programmes in the lower-risk countries reach their vulnerable populations better than those in the higher-risk ones. Coverage in very low-risk countries is 78%, while in the very high-risk countries, less than 10% of eligible people are covered. This could be because countries with lower risks have superior institutional capacities and can therefore achieve higher target accuracies. High-risk countries achieve their best coverage through public works and fee waiver programmes.

3. High-risk countries are better at excluding the non-poor from programme benefits. Benefit incidence is highest in high-risk countries (36%) and lowest in very low-risk countries (32%). Public works programmes have the highest benefit incidence in very high-risk countries (75%), indicating that this type of programme performs better in vulnerable countries. The higher inclusion of the non-poor in lower-risk country programmes could be due to universal social protection coverage policies, although public works programmes often exclude non-poor people by design, as economically well-off people are less likely to participate in labour-intensive programmes.

4. Average per capita transfer to target population is higher in low-risk countries. Richer, lower-risk countries perform better than poorer, high-risk ones on benefit adequacy and average per capita transfer. Considering all the programme instruments in all risk categories, the average per capita transfer is US$0.89; for the lower-risk countries, it is US$2.55 (see Table 1). Public works programmes perform better in high-risk countries, despite only US$0.19 per capita transfer. The higher-risk countries are also less likely to afford social pensions and cash transfers.

5. Cost effectiveness is better in higher-risk countries. When we consider all social assistance instruments, the higher-risk countries have the highest benefit-cost ratio (BCR) values (see Table 1). This is despite lower-risk country programmes having better coverage and higher transfer amounts. So, every dollar spent on social protection programmes in higher-risk countries achieves a bigger reduction in poverty and vulnerability than lower-risk countries. School feeding, public works, and food and in-kind programmes in the higher-risk countries have the greatest BCR value among all programmes (US$0.76, 0.68 and 0.62, respectively). So, adopting these programmes and fee waiver instruments allows countries to address vulnerability at relatively lower costs than social pensions or cash transfers.

6. Most programmes do not build long-term adaptive capacity. While most of the countries in our study have comprehensive social protection and climate change policies, only a handful of social protection programmes — for example, India's Mahatma Gandhi National Rural Employment Guarantee Scheme and Ethiopia's Productive Safety Net Program — include climate adaptation activities benefits by design. And although social protection programmes can help households cope with short-term climate-related stresses, they lack preparedness against disasters and do not build long-term adaptive capacity in vulnerable communities.

Key trends. Our analysis shows three distinct patterns:

Box 1. Indicators used in our study

Coverage: a programme's ability to reach the extreme poor (living on less than US$1.90 a day). A higher value reflects better coverage. Coverage helps measure target accuracy and exclusion errors, with performance determined by factors such as the definition of the target population, institutional capacity to accurately target beneficiaries, and robustness of monitoring systems.

Benefit incidence: the extent to which programmes exclude the non-poor. A higher value reflects better efficacy.

Benefit adequacy and average per capita transfer: the size of benefits transferred to the target population. A higher value reflects a larger size of benefits.

Benefit-cost ratio: the reduction in the poverty gap for each dollar spent on social protection. A higher value reflects better cost effectiveness.

Table 1. Comparing social assistance instrument performance on different efficiency parameters

Social assistance instrument	Coverage (%)	Benefit incidence (%)	Benefit adequacy (%)	Average per capita transfer (US$)	BCR
All instruments	77.47	36.12	50.31	2.55	0.23 / 0.23
Conditional cash transfers	91.22	24.91	30.15	0.72	0.18
Unconditional cash transfers	49.15	48.91	55.26	3.64	0.32
Social pension	29.68	28.76	49.46	2.03	0.16
School feeding	78.67	38.01	7.04	0.14	0.76
Public works	19.02	75.25	32.42	0.19	0.68
Food and in-kind	89.32	54.97	12.73	0.36	0.62
Fee waivers	41.96	21.54	14.16	1.01	0.05

Very low risk countries; High risk countries; Low risk countries; Very high risk countries; Medium risk countries

Figure inside the cell indicates the highest value among the risk categories

Note: the matrix only shows the highest values of efficacy parameters; the colours denote the risk category of the countries where the highest values are observed. For more detailed analysis, see Bharadwaj et al. (2021).[2]

- For most social assistance instruments, lower-risk countries have better coverage, benefit adequacy and average per capita transfer
- The BCR ratio is higher for higher-risk countries, and
- In higher-risk countries, public works programmes perform better than other instruments in terms of coverage, benefit incidence, benefit adequacy, BCR and average per capita transfer.

Our analysis also shows that social protection programmes in very high-risk countries do not effectively reduce poverty and vulnerability. This is due to higher poverty levels, greater exposure to hazards, poor administrative and financial capacities, and a lack of infrastructure.

Illustrating the performance of the various social assistance instruments on different efficiency parameters, Table 1 shows that public works programmes outperform others in very high-risk countries.

Recommendations

Countries need to design climate shock-responsive social protection systems to support their most vulnerable citizens. The recommendations we present here will help subnational and national decision makers, their development partners and donors to enhance the efficiency of social protection programmes in delivering climate resilience.

Governments and donors should maximise the value of investments by ensuring social assistance instruments are suited to the local context. A 'one size fits all' approach can be a deterrent in achieving universal social protection coverage. Instead, when designing social protection programmes, countries should diversify their investments into instruments that are better suited to their context. Low-income countries cannot usually afford large-scale cash transfers and social pensions when they target universal coverage, as these instruments are expensive and require a higher average per capita transfer to produce intended results. Under such constraints, we recommend that governments and donors consider putting their resources into a mix of instruments, implementing those that require a lower average per capita transfer and produce higher BCR — such as public works, food and in-kind, and school feeding programmes — alongside cash transfer programmes, particularly in higher-risk countries. Public works programmes, which have better coverage and higher benefit incidence and adequacy, are more appropriate in higher-risk countries.

Countries must overhaul their management structures to ensure they are robust enough for national and subnational policymakers to establish a comprehensive, cost-effective and efficient social protection system. Many countries have multiple small social protection programmes managed by a range of ministries with little coordination and therefore some duplication. Overhauling these management structures could involve:

- Developing nuanced approaches to social assistance instruments to ensure the most vulnerable people get immediate relief when a crisis hits
- Redesigning social protection systems so they are more responsive to shocks and provide anticipatory support before a crisis hits

- Revitalising social protection programmes to prevent communities from slipping back into poverty after a crisis, and
- Strengthening progress towards universal social protection.

Governments, donors and development partners need to make special considerations for vulnerable and marginalised groups and provide access to services through a single registry. Social protection programmes should factor in the diverse needs of single women, elderly people, children, people with disabilities and other vulnerable groups. To prioritise those exposed to high climate risks, eligibility should be underpinned by a universal database that targets individuals by socioeconomic vulnerability and exposure to climate or natural hazard. The rise in displaced communities during climate and natural disasters warrants the need for portable social protection benefits implemented through a single registry. India's 'One Nation, One Ration Card' initiative,[4] for example, gives households access to food subsidies from anywhere in the country.[5]

Donors should support governments to develop robust information systems and use technology to improve risk responsiveness. Technology can substantially improve cost effectiveness in programme delivery, especially in addressing last mile connectivity. Piloting technological innovations using artificial intelligence and digital technologies can help decision makers manage new risks and develop pre-emptive forecast-based financing and targeting applications. Similarly, digital and mobile payment systems hold significant potential to improve timely outreach and targeting during disaster or crisis, as shown by Cambodia's mobile payment system which, using the IDPoor database, was effective in reaching out to the most vulnerable during the COVID-19 crisis.[6] Establishing a system and building resilience before a crisis hits is more cost effective than providing a humanitarian response. For example, for every dollar spent on disaster resilience, Ethiopia and Kenya gained US$2.8–2.9 in reduced humanitarian spend, avoided losses and development gains.[7]

Countries should leverage climate finance to support climate resilience instruments within social protection programmes. Climate finance can offer greater quantity and quality of finance to scale up the contribution of social protection programmes towards climate resilience and help manage climate-induced financial risks. Countries could consider using climate finance from national climate change missions and national adaptation funds. International climate finance mechanisms — such as the Green Climate Fund, Global Environment Facility, Climate Investment Fund and Adaptation Fund — could also consider funding existing social assistance programmes with additional components that offer to strengthen or create climate resilience outcomes. Such resources could help meet the additional costs of creating climate-resilient infrastructure and skills.

National and subnational governments should optimise domestic resources to achieve universal social protection coverage. Low revenue bases and tax-to-GDP ratios impact domestic spending on social protection. Countries can increase coherence across social protection programmes and optimise existing funds to achieve universal coverage by, among other options, diverting energy subsidies and carbon revenue to support the climate resilience aspects of these programmes.

Development partners — including global businesses and supply chains — can create safety nets in Least Developed Countries. Where countries are already struggling to finance universal social protection, global supply chains could share responsibility for social protection coverage and access to basic facilities for workers. Many global brands source products from supply chains that are free from slavery and provide decent working conditions and can support the creation of social safety nets for people working in their supply chains by providing insurance, health cover and employment security. For example, in India, enterprises established with new environment friendly FaL-G brick technology earned about US$3.2 million in carbon credit revenues, 12% of which was used to improve brick labourers' living and working conditions by providing health and accident insurance, protective gear, toilets, showers and drinking water facilities.[8]

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Notes

[1] Figure is for 2017. Norton, A, Seddon, N, Agrawal, A, Shakya, C, Kaur, N and Porras, I (2020) Harnessing employment-based social assistance programmes to scale up nature-based climate action. *Philosophical Transactions of the Royal Society B*, 375(1794): 20190127. / [2] For the full economic assessment, see Bharadwaj, R, Chakravarti, D, Karthikeyan, N and Kaur, D (2021) Comparative analysis of the efficiency of different social protection delivery mechanisms in the context of climate resilience. IIED, London. pubs.iied.org/20466iied / [3] https://drmkc.jrc.ec.europa.eu/inform-index / [4] www.nic.in/infographs_post/one-nation-one-ration-card / [5] https://nfsa.gov.in / [6] World Bank (2021) Cambodia Economic Update, June 2021 : Road to Recovery. http://hdl.handle.net/10986/35783 / [7] CHASE (2012) Economics of early response and resilience. / [8] World Bank (1 December 2012) Fly Ash Bricks Reduce Emissions. www.worldbank.org/en/news/feature/2012/12/01/fly-ash-bricks-reduce-emissions

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ISBN 978-1-78431-957-1

This research was funded by the Foreign, Commonwealth & Development Office, Government of UK, however the views expressed do not necessarily reflect the views of the UK Government.

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