Climate funds and social protection:

What is the progress to date?

Photo: Two children in Ewaso Ng'iro river basin in central Kenya. Denis Onyodi, Kenya Red Cross Society, 2017.

Climate Centre

Norwegian Red Cross

January 2024

Authors:

Sayanti Sengupta and Sajanika Sivanu

The authors would like to thank Red Cross Red Crescent Climate Centre colleagues Dr Meghan Bailey, Manon Ebel and Florence Pichon for their time in shaping this brief and for reviewing its contents.

Designed by Eszter Saródy
Copy-edited and proofread by Sarah Tempest

Suggested citation: Sengupta, S. & Sivanu, S. 2023. *Climate funds and social protection: What is the progress to date?* Red Cross Red Crescent Climate Centre.

Climate Centre

Table of contents

Introduction

The 21st century has witnessed a profound transformation in our understanding of the climate crisis and its far-reaching impacts. As the world grapples with the consequences of global warming, it has become increasingly clear that addressing climate change is not merely an environmental challenge but a complex socio-economic issue that requires innovative solutions. According to a report by the Intergovernmental Panel on Climate Change (2023), there have been changes in the atmosphere, cryosphere, biosphere and ocean leading to loss and damage to people and nature.[1] Historically, vulnerable communities who have contributed the least to climate change are facing the brunt of its negative impacts (*ibid*). One of the critical aspects of this challenge is the need for social protection measures that can safeguard vulnerable populations from the adverse effects of climate change.

Climate finance for social protection has emerged as an area of crucial consideration, to bridge the gap between climate action and social well-being. Climate funds, which are primarily designed to support mitigation and adaptation efforts, could be reimagined to simultaneously strengthen social safety nets, enhance resilience and promote sustainable development. Initiating this paradigm shift reflects the growing recognition that climate change disproportionately affects marginalized and economically disadvantaged communities, exacerbating existing inequalities.

This paper delves into the evolving landscape of climate finance for social protection. It gives an overview of current social protection spending, financing and coverage gaps across the world, and explores how climate finance can strengthen social protection systems, build resilience and improve socio-economic outcomes. The brief then zooms into adaptation funds (climate funds focused on enhancing the adaptive capacities of communities) to understand what kinds of social protection-related projects are being funded. An analysis following this was conducted to identify to what extent adaptation funds have been used for social protection or social protection type projects.[2]

The social protection projects identified do not link directly to strengthening or leveraging the national social protection system. However, social protection objectives are applied, specifically to reduce poverty and vulnerability, through cash and in-kind transfers and labour market policies. Major emerging themes include enhancing access to credit and technical assistance for local and smallholder farmers. Additionally, active labour market policies were engaged in the projects identified through objectives to foster entrepreneurship and the creation of green jobs and businesses.

---

1 High confidence attributed to widespread loss and damage to nature and people (IPCC, 2023).

2 Social protection, in many cases, refers to large-scale programmes implemented by national governments. However, for the purposes of this paper, we have used social protection to mean all projects that resemble social protection instruments (e.g., cash transfers, public works, payments for ecosystem services etc.) irrespective of the actor delivering it or the scale of the programme.

Overview of social protection

Social protection is designed to prevent or alleviate poverty and vulnerability for people at different stages of their life, enabling them to access healthcare, take sick leave, retire in old age, and have decent pay and working conditions. The International Labour Organization (ILO) defines social protection as a "set of policies and programmes designed to reduce and prevent poverty and vulnerability throughout the life cycle" (ILO, 2017). Social protection programmes can be either contributory, financed by contributions from employees and/or employers and specific to pre-agreed contingencies (e.g., old age, unemployment, employment injury, parental leave, sickness, etc.); or they can be non-contributory, which require no direct contribution from beneficiaries or employers to receive the benefits. This can be in the form of universal healthcare, cash transfers or guaranteed work (ILO, n.d.). Labour market policies, which facilitate decent working conditions and minimum wages, form another crucial pillar of social protection.

Quick facts on social protection

1. As of 2020, only 46.9 per cent of the global population was effectively covered by at least one social protection benefit (excluding health and sickness benefits).
2. On average, 83.8 per cent of the total population in low-income countries lack social protection coverage, as opposed to 28.4 per cent in high-income countries.
3. In 2021, country members of the European Union (EU) spent, on average, 20.5 per cent of gross domestic product (GDP) on social protection, with countries such as France spending 24.8 per cent of its GDP to 8.7 per cent in Ireland.
4. The financing gap in social protection has increased by approximately 30 per cent since the beginning of the COVID-19 pandemic in 2020.
5. At present, there are 31 countries that are unable to afford a basic social protection system that provides child, maternity, disability and old age benefits. Collectively, they face a funding gap of 27 billion US dollars per year needed to fund the basic social protection floor.

Source:
1) and 4) ILO, 2021; 2) ASPIRE, based on country's most recent value between 2010–2019; 3) Eurostat, 2023; 5) Manuel, 2022.

The global landscape of social protection coverage reveals a significant gap in ensuring that essential protection is available to all individuals. A total of 25 low-income and six middle-income countries fail to provide basic social protection floors across four areas: 1) access to essential healthcare, including maternity care; 2) basic income security for children for nutrition, education and care; 3) basic income security for people who are sick, unemployed, disabled or on maternity leave; and 4) basic income security for older people (Manuel, 2022). These disparities underscore the urgent need for more equitable and robust investments in social protection systems to bridge the coverage gap and provide meaningful support to those in need.

Sources of social protection funding

Funding gaps in social protection have become increasingly pronounced, exacerbated by a range of factors, including economic downturns and the challenges posed by global crises like climate change and COVID-19. Since the onset of COVID-19, there has been an increase of approximately 30 per cent in the financing gap for social protection. These shortfalls in financial resources hinder the ability of governments to provide essential benefits to vulnerable communities, leaving them exposed to economic hardship, health risks and other forms of vulnerability.

Social protection financing comes from various sources, depending on the country's economic structure, government policies and social protection programmes in place. One of the primary sources of funding for social protection is the Government budget comprising revenue from income tax, value-added tax, corporate tax and other taxes. The other major source is the social security contributions from employers and employees that are typically used to fund programmes like retirement pensions, unemployment benefits and disability insurance.

While there is a lack of consensus on whether benefits provided by non-state actors can be considered social protection, in many cases countries receive international aid and grants from bilateral or multilateral organizations to support specific social protection initiatives. For example, Ethiopia's Productive Safety Net Program – a social safety net programme reaching up to nine million people annually – is funded primarily by United States Agency for International Development (USAID), World Bank, UK Foreign, Commonwealth and Development Office, World Food Programme, UNICEF, Irish Aid and the Government of the Netherlands (USAID, 2023). Other sources of non-state financing for social protection can be from commercial actors such as banks, private insurance companies, credit associations or even traditional networks.

These diverse sources of funding are not sufficient to face the social protection financing gap. The world must grapple with increasing financing needs for social protection, which is estimated to rise from 769 billion US dollars in 2020 to over 1,200 billion US dollars in 2030 (Durán Valverde *et al.*, 2020). This rise in funding requirements reflects assumptions that investments in infrastructure and human resources will occur during this time, combined with public per capita spending (*ibid*). Addressing this involves renewing commitments to social protection programmes, both at the national and global levels, and fostering cooperation to close existing gaps.

Climate change is intensifying vulnerability as people are increasingly exposed to climate- and weather-related disasters and health needs rise as a result. Channelling climate finance towards the creation and strengthening of social protection systems can help to cover the financing gap and meet increasing needs. This will also help the social protection system to be more resilient and adaptive to the evolving needs of societies, to ensure that no one is left without essential and adequate protection when facing climate risks.

Why is social protection a good idea for climate finance?

The United Nations Framework Convention on Climate Change (UNFCCC) defines climate finance as local, national or transnational financing – drawn from public, private and alternative sources of financing – that seeks to support mitigation and adaptation actions that will address climate change (UNFCCC, n.d.). EU member states, as the largest provider of public climate finance, provided climate finance support worth 23.04 billion euro in 2021 (European Council, n.d.). This is still not sufficient to cover climate adaptation needs (Pettinotti *et al*., 2023). Countries such as France, Sweden, Denmark, The Netherlands and Germany rank amongst the top contributors of adaptation finance per capita; however, other EU member states lag far behind their 'fair share'[3] of climate finance (*ibid*).

Social protection systems are a crucial piece of the puzzle for addressing climate vulnerabilities and building the capacity of communities faced with disproportionate impacts of climate change. In many contexts, social protection systems may be the only systems that are able to operate at the scale required for managing impacts.

Social assistance programmes, such as cash transfer programmes, can assist with climate adaptation efforts as they can reduce the climate impacts on poverty and health; whereas programmes focused on training and re-skilling members of the labour market for the 'green economy' can assist with countries' climate mitigation activities. Aleksandrova (2021) suggests that **climate funds can support governments in mainstreaming climate risks into social protection policies, as these policies can help to improve the capacity of the most marginalized and economically disadvantaged communities to respond to climate-related shocks, adapt to a changing environment, and cope with irreversible losses due to climate change**.

For example, using climate finance to extend the reach of social protection to rural communities facing more pronounced vulnerability to climate impacts, due to their reliance on land-based livelihoods, is essential. Taking such action concurrently advances climate adaptation and mitigation objectives (Sitko *et al*., 2023). The role of social protection in adapting to climate change and disaster risk reduction justifies the need for increasing social protection spending (Manuel, 2022). Yeates *et al*. (2023) have highlighted the need for a Global Fund for Social Protection and have urged stakeholders to make climate finance available for social protection systems.

In places where national social protection programmes exist, interventions can be leveraged to deliver disaster assistance to beneficiaries through pre-existing delivery channels, either in parallel with or in lieu of humanitarian assistance. Countries without an adequate social protection system will not be able to leverage systems for shock response in a similar manner. For example, in response to Tropical Cyclone Winston in 2016, the Government of Fiji delivered additional cash transfers through its three core social protection schemes: the Poverty Benefit Scheme, Social Pension Scheme, and Care and Protection Allowance (GFDRR & WB, 2020). The transfers, equal to three months of regular transfers, were provided to all existing beneficiaries even if they weren't directly impacted by the tropical cyclone (*ibid*). Additionally, vouchers were provided to low-income households to assist with reconstructing their homes that had been damaged or destroyed (*ibid*). The impact evaluation of this series of interventions showed that beneficiaries were more likely to report that they had recovered from the shock

3 'Fair share' is calculated by identifying the country's historical responsibility for cumulative greenhouse gas emissions, its gross national income, and the size of its population (Pettinotti *et al*., 2023).

associated with Tropical Cyclone Winston; with 8–10 per cent indicating a higher recovery rate from damaged housing (*ibid*).

Yet, it is important to note that current social protection systems are not designed to be responsive to climate impacts. Those who are vulnerable to climate change impacts may not overlay neatly with current recipients of social protection systems (the elderly, the ill, people on parental leave, the unemployed etc.). Nor are most social protection systems able to disburse finance in anticipation of or immediately after a climate-related disaster event. For social protection systems to be effective vehicles for climate finance and help to alleviate climate-related vulnerabilities, more investment is needed into social protection systems themselves. Responses to climate crises are impacted by the level and quality of social protection systems in place.

Additionally, incorporating climate action objectives into social protection policies and considering social protection as a climate-risk management tool provides an opportunity to enhance collaboration between the social protection and climate change sectors, and is likely to increase access to climate finance (Sengupta and Dahlet, 2023).

Current climate funds and how much is going to social protection

To better understand the existing allocation of climate funds to social protection, an analysis of six multilateral climate adaptation funds was conducted. The aim was to identify the types of social protection projects being funded and the preferred instruments among actors, as well as to get an overview of the amount of funding currently being committed to them. This topic is particularly relevant in the context of the Loss and Damage Fund of the United Nations Framework Convention on Climate Change (UNFCCC) that will be operationalized following an announcement at COP28. Social protection was under discussion at COP28, which took place at the close of 2023, in the context of funding arrangements.

The climate funds reviewed were the UNFCCC's Green Climate Fund (GCF), Adaptation Fund (AF), Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) as well as the Pilot Program for Climate Resilience (PPCR).

Methodology

The selection of funds for this research builds upon the climate funds review by Aleksandrova (2021), which assessed how the following five climate funds can be utilized to invest in social protection: the Global Environment Facility (GEF) Trust Fund, LDCF, SCCF, AF and GCF.[4] These funds were then reviewed using the Climate Funds Update (CFU) – an independent initiative which aims to compile information on multilateral climate finance schemes (CFU, n.d.). Apart from these six funds, an additional fund was added – PPCR. This programme was selected as it is a multilateral adaptation-focused fund aiming to build climate resilience (CFU, n.d.) and social protection is expected to play a critical role in building climate resilience by contributing both to adaptation and mitigation objectives in the short- to medium-term (Costella and McCord, 2023). Since the climate funds' financed projects are expected to contribute to adaptation and mitigation objectives, and have short- to mid-term timeframes, it is interesting to explore whether social protection is being considered as a feasible instrument by stakeholders.

Using the CFU's Data Dashboard, the approved project titles, descriptions and designated key words were thoroughly searched to identify the mention of the following terms:

"Cash"
OR "cash subsid*"
OR "subsid*"
OR "voucher*"
OR "unemployment"
OR "employment"
OR "fee"
OR "social protection"
OR "social assistance"
OR "safety net"
OR "social transfer*"
OR "social insurance"
OR "micro insurance"
OR "social security"
OR "adaptive social protection"
OR "shock responsive social protection"
OR "SRSP"
OR "cash transfer*"
OR "public work*"
OR "labour policy"
OR "contributory scheme"
OR "non-contributory scheme"
OR "vertical expansion"
OR "horizontal expansion"
OR "design tweak*"
OR "alignment"
OR "piggyback*"
OR "pension*"
OR "social benefit*"
OR "school feeding*"
OR "social care"
OR "employment scheme*"
OR "just transition"
OR "school" OR "train*"
OR "greening"
OR "income generation"
OR "job"
OR "low income"
OR "poverty"

4 The Joint Sustainable Development Goals (SDG) Fund and the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+) were also considered for this review. However, these funds were not reviewed by the Climate Fund Update database, nor did the funds' websites have a comprehensive database listing all of the projects supported. As such, they were excluded from this systemic review.

Projects titles or descriptions containing these terms were then individually reviewed to confirm relevance to social protection. To narrow down the scope of the research, the search was limited to capture projects approved in 2022. While the initial idea was to capture projects in 2023, up-to-date information on the latest projects from 2023 was not found in the database. Through this process, 16 projects were identified to have social protection-related objectives and mechanisms, but only 17 were using adaptation or joint-adaptation and mitigation funds. Details of all projects are available in Annex 1.

Review of climate funds for social protection

While reviewing the climate funds and the level of funding provided to social protection-related projects through them, the research additionally identified the types of projects funded as well as the countries receiving this funding.

Of the six funds reviewed, the GEF Trust Fund was the largest fund in size, followed by GEF's LDCF and the GCF, with all three funds individually exceeding over 10 billion US dollars in approved funding. This was followed by the PPCR and AF that have also approved sizeable amounts for climate initiatives. Comparatively, the SCCF approved the lowest amount.

Table 1 showing adaptation funds under focus

(Source: Authors' own based on Climate Funds Update, data from December 2022 and GCF (2023)).

Fund	Fund focus	Approved funding in 2022 (USD mn)	No. of projects funded	Approved funding for social protection-related projects in 2022 (USD mn)	No. of social protection-related adaptation projects funded
Green Climate Fund	Multi-focus[5]	1420.71	19	116.95	2
Global Environment Facility (GEF) Trust Fund	Multi-focus	120.20	58	3.59	3
Adaption Fund	Adaptation	125.72	25	33.17	3
Least Developed Countries Fund	Adaptation	75.87	16	19.32	4
Special Climate Change Fund	Adaptation	0.92	1	0.92	1
Pilot Program for Climate Resilience	Adaptation	18.92	27	1.56	4

5 Multi-focus climate funds refer to funds that finance projects related to both adaptation and mitigation, such as the GEF and GCF. For example, these projects may have components of both climate mitigation, such as reducing greenhouse gas emission, as well as climate adaptation through activities such as training programmes and in-kind transfers for livelihood diversification.

1. **The GCF is a multi-focus climate financing fund that is mandated to assist developing countries in meeting the commitments outlined in their Nationally Determined Contributions** (GCF, 2020). There was one multi-focus social protection-related project funded by the GCF in 2022. The project, implemented by the International Fund for Agricultural Development (IFAD), is focused on eleven countries in sub-Saharan Africa and provides technical assistance and credit financing to enterprises such as cooperatives, small enterprises and local farmers. The project countries are Burkina Faso, Chad, Djibouti, Eritrea, Ethiopia, Ghana, Ivory Coast, Mali, Mauritania, Niger, Nigeria, Senegal and Sudan. This project aligns with the GCF target areas to enhance farmers' livelihoods and resilience while activating private-sector resources and finance (GCF, 2023).

2. Similar to the GCF, **the GEF Trust Fund is also a multi-focus fund. However, it aims to support developing countries to align with international climate and environmental conventions** (CFU, n.d.). In 2022, the GEF Trust Fund's seventh replenishment has funded social protection projects for mitigation efforts in Mongolia, Morocco and Namibia relating to the sub-sector of business or industry development. The three projects include activities pertaining to the creation of green jobs as well as clean technology and entrepreneurship. The implementing agency for all three projects is the United Nations Industrial Development Organization. These GEF Trust Fund projects and activities work to catalyse innovative low-emission technology and foster ecosystems to ensure both labour demand and supply are adequate while shifting to a green economy (GEF, 2022). Although the GEF hosts the GEF Trust Fund, it also administers the AF, LDCF and the SCCF (UNFCCC, n.d.)
   Both the GCF and GEF Trust Fund operate within the UNFCCC framework; and, as such, the UNFCCC provides annual guidance on its priorities and eligibility criteria (GCF, 2020). In comparison to the other funds assessed, the GCF and GEF Trust Fund were among the largest dedicated climate funds available, with the former constituting the largest devoted fund to climate (GEF, 2023d).

3. **The AF was established to help developing countries that are party to the Kyoto Protocol in financing their adaptation projects (UNFCCC, 2023). The social protection-related projects in the AF are diverse, attempting to implement diverse types of adaptation options by reinforcing infrastructure with the latest materials, capacity building and the application of nature-based solutions.** The AF's social protection-related projects are located in Haiti and Kyrgyz Republic, with a multi-country initiative across Belize, Guatemala and Honduras. The initiatives funded were in the sub-sectors of education, agriculture and disaster risk reduction.

   In Haiti, the project works to enhance the adaptive capacity of the education sector by retrofitting schools, implementing a Training of Trainers programme to upskill the local workforce in the construction industry, and provide training courses for students and teachers on how to apply disaster risk management techniques within the school (UNESCO, 2020). In the Kyrgyz Republic, the aim is to reduce poverty among rural farmers by increasing climate resilience and incomes in a gender-sensitive manner by targeting 4,500 women and youth. This project applies the use of cash and in-kind transfers to guide behavioural change to move farming households towards more sustainable management of pastures and forests (IFAD, 2021). The multi-country project implements nature-based restoration in targeted communities by providing tools and training.

4. **The LDCF was created to assist least developed countries (LDCs) in preparing and implementing National Adaptation Programmes of Action (NAPAs) targeting their priority adaptation needs** (GEF, 2023). Social protection initiatives funded by the LDCF pertained to the sectors of agriculture, environmental protection and disaster prevention and preparedness. In Comoros and the sub-Saharan multi-country initiative for Benin, Senegal, Uganda and Zambia, this included the diversification and strengthening of the livelihoods of smallholder farmers as well as increasing their access to climate finance and reducing their overall financial risks.

   Moreover, a regional project included the establishment of the Africa Climate Risk Insurance Facility to advance the use of climate risk insurance to strengthen adaptive capacity. These projects are consistent with the key adaptation themes of the fund including agriculture, water resource management, nature-based solutions, and early warning and climate information (GEF, 2023b). Additionally, these projects demonstrate the Fund's aspiration to strengthen private-sector innovation in adaptation activities (*ibid*).

5. **The SCCF was also introduced to assist developing countries in adapting to and building resilience to climate change** (GEF, 2023). The SCCF supports technology transfers for adaptation and mitigation projects. Only one social protection-related project was funded in 2022. This multi-country project encompassing Guatemala and Honduras aimed to implement an Adaptation Equivalency Index (AEI) to increase ecological resiliency, ensure a sustainable living income for smallholder producers, and improve private-sector investment in adaptation activities (GEF, 2023c). This project will directly support 2,425 smallholder producers via technology transfers and training sessions and workshops to beneficiaries (GEF, 2022). This is in line with its focus on improving technological capacity and enhancing private-sector collaboration (GEF, 2023c).

6. **The PPCR, established in 2008, is a fund under the Climate Investment Funds (CIF) framework to incorporate climate risk and resilience into development policies to enhance national capacity for climate resilience** (GEF, 2023; CIF, 2016). In 2022, the PPCR funded social protection-related projects in environmental policy and the agricultural sector. Though the implementing agencies were regional development banks, approximately 75 per cent of the recipient organizations of these programmes and social protection mechanisms belonged to the private-sector, suggesting that there are opportunities to mobilize and involve the private-sector in this context. One project in Ecuador was aimed directly at promoting green jobs, whereas the remaining projects in India, Indonesia and Papua New Guinea had the objectives of capacity building and supporting COVID-19 recovery for smallholder farmers, with two of the three projects providing direct in-kind transfers of equipment. The PCCR works to highlight how developing countries can integrate climate adaptation and resilience into core policies (GEF, 2023). In 2022, projects with COVID-19 objectives prevailed due to its widespread impacts on vulnerable farmers.

   In addition to the climate funds highlighted here, the Joint Sustainable Development Goals (SDG) Fund – though it falls outside the methodology discussed earlier – merits recognition as it is mandated to fund projects that aim to achieve the SDGs. Since SDG1.3 focuses on implementing national social protection systems in countries by 2030, the research found several social protection-focused projects funded by the Joint SDG Fund.

The Joint SDG Fund

The Joint SDG Fund – an instrument of the United Nations – was established in 2019 to replace the Sustainable Development Goals Fund (SDG-F) and promote greater coherence among UN agencies for funding projects and initiatives to help countries in meeting the Sustainable Development Goals (SDGs). The SDG-F was successor to the Millennium Development Goals Fund (MDG-F), which was created in 2007 to help countries realize the Millennium Development Goals. The transition from the MDG-F to the SDG-F reflected evolving international development goals, whereas the shift to the Joint SDG Fund created a more unified funding mechanism.

Given the focus of SDG 1.3 on *implementing nationally appropriate social protection systems for all by 2030*, the Joint SDG Fund directly finances projects and interventions pertaining to this objective. In 2019, a call for concept notes for integrated policy solutions on social protection was published and received 114 project proposals. Of these submissions, 35 proposals were accepted and implemented in 2020, resulting in 102 million US dollars (93.55 million euro) mobilized across 39 countries. The following highlights two selected social protection projects:

- **Albania's Improving Municipal Social Protection Service Delivery** launched in 2020 works to transform social protection policy into programmes to ensure individuals living in poverty or facing vulnerability have access to coordinated and quality social care services. This includes ensuring the national Government has established the necessary foundations for the social protection system, including policy and administrative instruments, then pilots the system at the municipal level to progressively expand coverage. The Joint SDG Fund allocated 2 million US dollars (1.83 million euro) for this project and worked with national partners such as the Ministry of Health and Social Protection and multiple municipalities.
- **The project Enhancing Social Protection for Female Tea Garden Workers and their Families in Sylhet Division, Bangladesh** worked with multiple UN agencies to advocate for enhanced social protection policy and legislation, better coordination, strengthening service delivery and skills training for female tea workers and their families. This set of activities was expected to increase social protection coverage and access of the beneficiaries to public services such as health, education and decent work. The Joint SDG Fund allocated 2 million US dollars (1.83 million euro) for this project and works with local agencies such as the Ministry of Labour and Employment, the Prime Minister's Office, Ministry of Health and Family Welfare, Ministry of Women and Children Affairs and the Ministry of Social Welfare.

The Joint SDG Fund aims to finance initiatives around social services, child services, employment, healthcare, education and pension systems. Given these objectives, this fund is a prime example of applying climate finance for social protection.

Source: Joint SDG Fund (2023a) and Joint SDG Fund (2023b).

Key insights

Based on this analysis, a few key insights emerge that are relevant to current policy discourses around climate finance and social protection.

1. Social protection is not yet well-recognized as a viable adaptation or mitigation option among climate fund applicants.

2. The projects identified are linked to social protection objectives and mechanisms. However, they are not working directly with national social protection systems or social protection actors. The exception is the Joint SDG Fund that has specific objectives related to policy integration and social protection.

3. Social protection projects related to supporting agriculture, climate-smart farming practices and smallholder producers seem to be an emerging area of priority. This is followed by the transition of businesses and industry to green jobs, entrepreneurship, and COVID-19 recovery support, which all emerged from the research.

4. There is a trend of funding projects that help enhance access to credit and technical assistance for local and smallholder producers. This is evident in the GCF, LDCF, SCCF and PPCR. Social protection instruments that support micro-finance or small-scale/community-level credit associations may be an entry point for social protection in accessing climate funding.

5. The demand for labour market interventions to foster the creation of green jobs and entrepreneurship was evident across the GCF and GEF Trust Fund. Social protection initiatives that can combine skills training and income diversification options can be useful in meeting this focus of climate funds.

6. The main regions receiving funding for social protection projects in 2022 were sub-Saharan Africa and Latin America which, together, accounted for more than one-third of all projects.

7. Of the 146 projects funded by the six funds in 2022, only 13 projects were related to social protection. This implies that only 8.9 per cent of all projects funded in 2022 were social protection-related projects. Another way of looking at the proportion of social protection projects is that these made up just 9.25 per cent of total funding from the six funds in 2022.

Conclusion

In conclusion, climate finance supporting social protection is not only a moral imperative but also a strategic approach for building resilience, reducing poverty and ensuring that the most vulnerable communities are not left behind in the face of climate change. Climate funds can help governments to integrate and mainstream climate risks into social protection policies and programmes. By doing so, the resilience of marginalized and economically disadvantaged populations may be enhanced to support their better response and adaptive capacity to weather and climate shocks.

The six climate funds explored show a tendency to finance projects that use social protection tools and mechanisms. This is evidenced by the funding of income support for smallholder farmers and producers, climate risk insurance initiatives to lessen the financial burden of climate change, and labour market schemes to foster the growth of the green economy. In addition to funding projects related to social protection, the Joint SDG Fund – a financing mechanism outside the scope of the methodology – demonstrated a strong inclination to fund interventions that strengthen national social protection floors.

It can be accurately inferred that other climate funds have financed social protection-related projects too. However, how much and to what extent are questions that cannot currently be answered via a desktop review.

References

Aleksandrova, M. (2021). *The untapped potential of global climate funds for investing in social protection, Briefing Paper, No. 7/2021*, Deutsches Institut für Entwicklungspolitik (DIE). https://doi.org/10.23661/bp7.2021

ASPIRE. (n.d.). *Coverage of social protection and labor in total population (%)*. The World Bank. https://www.worldbank.org/en/data/datatopics/aspire/region/income-group-comparison

CFU. (n.d.) *The funds*. Climate Funds Update. https://climatefundsupdate.org/the-funds/

CIF. (2016). *Pilot Program for Climate Resilience.* Climate Investment Funds. https://www.cif.org/sites/default/files/knowledge-documents/ppcr_fact_sheet_november_2016.pdf

Costella, C. & McCord, A. (2023). *Rethinking social protection and climate change: The medium-term implications of climate change for social protection policy and programming in the Asia-Pacific region*. Department of Foreign Affairs and Trade, Australia. https://www.dfat.gov.au/sites/default/files/rethinking-social-protection-climate-change.pdf

Durán Valverde, F., Pacheco-Jiménez, J.F., Muzaffar, T., & Elizondo-Barboza, H. (2020). *Financing gaps in social protection: Global estimates and strategies for developing countries in light of the COVID-19 crisis and beyond (No. 14)*. ILO Working Paper. https://www.econstor.eu/bitstream/10419/263080/1/ilo-wp14.pdf

European Council. (n.d.). *Financing the climate transition*. https://www.consilium.europa.eu/en/policies/climate-finance/

Eurostat. (2023). *Government expenditure on social protection, 2021*. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Government_expenditure_on_social_protection#Expenditure_on_.27social_protection.27

GCF. (2023). *Progress report: GCF's first replenishment period 2020–2023, GCF-1*. Green Climate Fund. https://www.greenclimate.fund/sites/default/files/document/20230501-gcf-1-progress-report.pdf

GCF. (2020). *Updated strategic plan for the Green Climate Fund: 2020–2023*. Green Climate Fund. https://www.greenclimate.fund/sites/default/files/document/updated-strategic-plan-green-climate-fund-2020-2023.pdf

GEF. (2023). *Climate change adaptation: Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF)*. Global Environment Facility. https://reliefweb.int/report/world/climate-change-adaptation-least-developed-countries-fund-ldcf-and-special-climate-change-fund-sccf

GEF. (2023b). *Funding adaptation actions in Least Developed Countries with support from the Least Developed Countries Fund: Looking ahead (2022–2026)*. Global Environment Facility. https://www.thegef.org/sites/default/files/documents/2023-11/GEF_Funding_Adaptation_Action_LDCF_2023_11.pdf

GEF. (2023c). *Special Climate Change Fund (SCCF): Serving the adaptation needs of Small Islands Developing States and enhancing technology transfer, private sector engagement and innovation for all* (2022–2026). Global Environment Facility. https://www.thegef.org/sites/default/files/documents/2023-11/GEF_SCCF_Adaptation_2023_11.pdf

GEF. (2023d). *Enhancing access and increasing impact: The role of the multilateral climate funds*. Global Environment Facility. https://www.thegef.org/newsroom/news/enhancing-access-and-increasing-impact-role-multilateral-climate-funds#:~:text=Over%20the%20past%20three%20decades,5%2C000%20national%20and%20regional%20projects.&text=The%20Green%20Climate%20Fund%20(GCF,world's%20largest%20dedicated%20climate%20fund.

GEF. (2022). *Building climate resilience in supply chains for the mobilization of adaptation funding*. Global Environment Facility. https://www.thegef.org/projects-operations/projects/10934

GFDRR & WB. (2020). *Disaster recovery guidance series: Social protection and disaster recovery*. Global Facility for Disaster Reduction and Recovery and World Bank. https://recovery.preventionweb.net/publication/disaster-recovery-guidance-series-social-protection-and-disaster-recovery

IFAD. (2021). *President's report: Proposed loan and debt sustainability framework grant to Kyrgyz Republic for the Regional Resilient Pastoral Communities Project.* International Fund for Agricultural Development. https://webapps.ifad.org/members/lapse-of-time/docs/english/EB-2021-LOT-P-13.pdf?attach=1

ILO. (2021). *World social protection report 2020–22: Social protection at the crossroads – in pursuit of a better future*. International Labour Organization. https://www.ilo.org/global/docs/WCMS_818453/lang--en/index.htm

ILO. (2017). *World social protection report 2017–19: Universal social protection to achieve the Sustainable Development Goals, Flagship Report*. International Labour Organization. https://www.ilo.org/global/publications/books/WCMS_604882/lang--en/index.htm

ILO. (n.d.). *Glossary*. International Labour Organization. https://www.social-protection.org/gimi/WSPDB.action?id=43

IPCC. (2023). *AR6 synthesis report: Climate change 2023*. Intergovernmental Panel on Climate Change. https://www.ipcc.ch/report/sixth-assessment-report-cycle/

Joint SDG Fund. (2023a). *Integrated policy for leaving no one behind*. The Joint Sustainable Development Goals (SDG) Fund, United Nations. https://jointsdgfund.org/integrated-policy-leaving-no-one-behind

Joint SDG Fund. (2023b). *Programmes*. The Join Sustainable Development Goals (SDG) Fund, United Nations. https://jointsdgfund.org/programmes

Manuel, M. (2022). *Financing social protection: Domestic and external options in low-income countries*. Friedrich Ebert Stiftung. https://library.fes.de/pdf-files/iez/19401.pdf

Pettinotti, L., Cao, Y., Kamninga, T., & Colenbrander, S. (2023). *A fair share of climate finance? The adaptation edition*. Overseas Development Institute & Flood Resilience Alliance. https://cdn.odi.org/media/documents/ODI-OM-FairShare-WP-Aug23-Proof06_urGrtOo.pdf

Sitko, N., Knowles, M., Bhalla, G. (2023). 'Should climate funds be used for Social Security?' *Welthungerhilfe.de - Für eine Welt ohne Hunger und Armut*. https://www.welthungerhilfe.org/global-food-journal/rubrics/climate-resources/should-climate-funds-be-used-for-social-security

Sengupta, S., Dahlet, G. (2023). *Policy coherence between social protection and climate action: Initial findings from global studies and projects*. Red Cross Red Crescent Climate Centre. https://www.climatecentre.org/wp-content/uploads/RCCC-SP-CC-policy-coherence-Brief-V4.pdf

UNESCO. (2020*). Implementing measures for climate change adaptation and disaster risk reduction mitigation of school facilities in Haiti, project proposal to the Adaptation Fund*. United Nations Educational, Scientific and Cultural Organization. https://fifspubprd.azureedge.net/afdocuments/project/14504/14504_UNESCO%20HAITI%20AF%20Project%20Proposal%20%202020.pdf

UNFCCC. (2023). *Report of the Adaptation Fund Board, note by the Chair of the Adaptation Fund Board – Addendum AFB/B.41-42/1*. United Nations Framework Convention on Climate Centre. https://www.adaptation-fund.org/wp-content/uploads/2023/11/AFB.B.41-42.1_Report-of-AFB-to-CMP18-CMA-5_addendum_approved.pdf

UNFCCC. (n.d.). *Introduction to climate finance*. United Nations Framework Convention on Climate Change. https://unfccc.int/topics/introduction-to-climate-finance

USAID. (2023). *U.S. and Ethiopia launch new $2.2 billion phase of the Productive Safety Net Program. United States Agency for International Development*. United States Agency for International Development. https://www.usaid.gov/ethiopia/press-release/us-and-ethiopia-launch-new-22-billion-phase-productive-safety-net-program

Yeates, N., Holden, C., Lambin, R., Snell, C.J., Idris, N., & MacKinder, S. (2023). *A global fund for social protection: Lessons from the diverse experiences of global health, agriculture and climate funds*. ILO Working Paper 97. International Labour Organization. https://www.social-protection.org/gimi/Media.action;jsessionid=K7Tp2ZYWOidmz4v7v5YljxyzrOgemrSehUyMterUBRxMD-Q8nlQd!1945465934?id=19210 Annex

Annex 1

Social projection projects identified. Table derived from Climate Funds Update (2022).

Fund	Country	Name of project	Objective	Key words	Summary	Amount of funding approved (USD millions)
GCF	Regional - sub-Saharan Africa	(FP183) Inclusive Green Financing Initiative (IGREENFIN I): Greening agricultural banks & the financial sector to foster climate resilient, low emission smallholder agriculture in the Great Green Wall (GGW) countries - Phase I	Multiple focuses	Credit, technical assistance	This cross-cutting programme will enhance access to credit and technical assistance for local farmers, farmers' organizations, cooperatives and micro- and small-sized enterprises.	107.98
	Peru	(FP193) Peruvian Amazon eco-bio-business facility (Amazon EBBF)	Mitigation – general		The objective of this project is to establish an eco-bio-business facility (EBBF) that provides technical assistance and partly reimbursable grant financing for small, community-based eco-bio-businesses (EBBs).	8.97
GEF	Mongolia	Promoting cleantech innovation and entrepreneurship for green jobs in Mongolia	Mitigation – general	Job creation, cleantech innovation	Promote the acceleration of high-impact clean technology innovation for large-scale deployment and creation of green jobs.	1.78
	Morocco	Programme for cleantech innovation and green jobs –Phase 2	Mitigation – general	Investment, innovation	Support sustainable and inclusive economic growth by strengthening regional innovation ecosystems that promote clean technology innovations and entrepreneurship in start-ups and small- and medium-sized enterprises.	0.91
	Namibia	Promoting technology innovation and entrepreneurship to mitigate climate change and combat land degradation in informal settlements and peri-urban areas	Mitigation – general	Peri-urban areas, green jobs	Promote the acceleration of high-impact clean technology innovation for large-scale deployment and creation of green jobs in informal settlements and peri-urban areas of Namibia.	0.90

Fund	Country	Name of project	Objective	Key words	Summary	Amount of funding approved (USD millions)
Adaptation Fund	Haiti	Implementing measures for climate change adaptation and disaster risk reduction Mitigation of school facilities in Haiti	Adaptation	School, information, resilience	The aim of this project is to enhance the adaptive capacity and resilience of the Haitian education sector to disaster risk of natural hazards related to climate change, through the establishment of an appropriate risk assessment tool, schools retrofitting and implementing adaptation actions in Haiti.	9.92
	Kyrgyz Republic	Regional resilient pastoral communities project – ADAPT	Adaptation	Rural poverty, farming communities	The project goal is to contribute to rural poverty alleviation in the country through increased climate resilience, income and gender-sensitive growth in rural farming communities.	10.00
	Multi-country (Belize, Guatemala, Honduras)	Use of nature-based solutions to increase resilience to extreme climate events in the Atlantic region of Central America (Belize, Guatemala, Honduras)	Adaptation	Hurricane, storms, flooding	The objective of the project is to strengthen the climate resilience of communities and ecosystems in the target area by deploying nature-based restoration efforts in a gender-conscious manner, providing access to community tools and training, supporting local/community early warning systems, and implementing a regional approach that enhances the scaling up possibilities for restored ecosystems as an adaptation measure in the Gulf of Honduras.	13.25

Fund	Country	Name of project	Objective	Key words	Summary	Amount of funding approved (USD millions)
LDCF	Comoros	Strengthening the resilience of climate-smart agricultural systems and value chains in the Union of Comoros	Adaptation	Agricultural value chains	Increase the climate resilience of key agricultural value chains through innovation, diversification and strengthened capacities to sustainably improve the livelihoods of smallholders and contribute to the national economy.	8.93
	Multi-country (Benin, Senegal, Zambia)	Indicators and framework for climate change adaptation and biodiversity conservation finance for smallholders and rural communities: leveraging private and public finance	Adaptation	Access to climate finance	Enhanced resilience and improved livelihoods of smallholders and rural communities through increased access to climate finance.	0.40
	Multi-country (Uganda and Zambia)	Scaling financial and information services for smallholder adaptation	Adaptation	Adaptive capacity	Increase smallholder farmers' adaptive capacity through scaled agricultural and financial risk reduction services	1.05
	Regional - Sub-Saharan Africa	African Climate Risk Insurance Facility (ACRIF) – de-risking adaptation to climate change in Africa	Adaptation	Insurance, climate risk management	To establish the African Climate Risk Insurance Facility (ACRIF) to promote climate risk insurance as a viable instrument of improving climate risk management, strengthening adaptation and addressing fragility on the African continent.	8.94
SCCF	Multi-country (Guatemala, Honduras)	Building climate resilience in supply chains for the mobilization of adaptation funding	Adaptation	Ecological resilience, private sector	Develop and launch the Adaptation Equivalency Index (AEI) in Guatemala and Honduras to ensure decreased loss of habitat, improved ecological resiliency, sustainable living income for smallholder producers (men and women) and an increase in adaptation investment from the private-sector using a standardized, quantifiable approach.	0.92

Fund	Country	Name of project	Objective	Key words	Summary	Amount of funding approved (USD millions)
PPCR	Ecuador	TAF: Supporting the strengthening of the Ministry of Labor for the promotion of green jobs	Adaptation			0.75
	India	TAF: Adaptation – climate resilience capacity building and drip irrigation provision to support COVID-19 recovery for smallholder cotton farmers	Adaptation			0.25
	Indonesia	TAF: Adaptation & mitigation – climate resilience capacity building and biochar kiln provision to support COVID-19 recovery for smallholder coffee and cacao farmers	Adaptation			0.27
	Papua New Guinea	TAF: Adaptation – climate resilience capacity building and post-harvest technologies to support COVID-19 recovery for smallholder coffee farmers	Adaptation			0.29

Climate
Centre