

## Building Resilience to Climate Change: The Contribution of Social Protection and Jobs Instruments

### Stylized overview – June 2020<sup>1</sup>

*This note articulates the contribution of social protection and jobs (SPJ) instruments to climate adaptation and mitigation to help SPJ task teams reflect climate change considerations in project design and their articulation in project documents. In particular, as lending to social safety net programs expands in response to the COVID-19 shock, the aim is to ensure that climate action is adequately reflected in project design and description.*

**Climate change is a great disruptor of poverty reduction and worsens prospects for poor households and communities.** Climate change brings about more frequent and more severe weather shocks like droughts, floods and other severe weather events which risk locking households and communities in poverty or disrupting their efforts to escape poverty. According to World Bank estimates, climate change risks pushing more than 100 million people back into poverty by 2030. Climate shocks impact household welfare and food security and undermine human capital formation. Awareness of climate risks can push households to adopt costly, low-risk strategies that reduce income variability at the expense of forgoing higher-risk, higher-return activities. Moreover, rising temperatures and sea levels can impact living and livelihood conditions, complicating subsistence agriculture, disrupting value chains and raising migration pressures including over competition for resources.

**Social protection and jobs policy instruments are a critical tool for both climate adaptation and mitigation at household and community level with economywide implications.** They can help build poor and vulnerable households' and communities' resilience to climate change through diversifying livelihoods, encouraging savings, preventing poor coping decisions and managing transitions to alternative income-generating activities. They can also be leveraged to prevent non-poor households falling into poverty in the case of shocks. Social protection can also help build social cohesion and informal risk sharing in communities. Moreover, social protection instruments hold climate mitigation potential by reducing poor households' reliance on deforestation as a livelihood and by helping households and communities engage in climate mitigation activities such as through climate smart public works. Lastly, employment programs can promote green job creation and help households manage job transitions triggered by climate change or by mitigation efforts like the carbon transition (or "just transition"). And when in place, social protection instruments can enable reforms of oil, carbon or utility subsidies.

#### *Social safety nets*

**Social safety nets targeted to poor households can be complemented by activities focused on climate adaptation and mitigation.** Social safety nets have seen a dramatic expansion across the developing world over the last decade, involving conditional (CCT) and unconditional cash transfers (UCT) or, where appropriate, in-kind benefits. They have emerged globally as the primary instrument to protect

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<sup>1</sup> This note presents an initial, stylized overview of the contribution of social protection and jobs (SPJ) instruments to climate adaptation and mitigation. For a more complete presentation see: Rigolini, Jamele. 2021. Social Protection and Labor: A Key Enabler for Climate Change Adaptation and Mitigation. Social Protection and Jobs Discussion Paper; No. 2108. World Bank, Washington, DC. © World Bank.  
<https://openknowledge.worldbank.org/handle/10986/36669>

household wellbeing in the case of major shocks such as triggered by climate change or the COVID-19 pandemic. Cash transfers have increasingly been reinforced with “accompanying measures” focused on various development objectives such as economic inclusion and increases in productivity, human capital formation and climate adaptation – and typically delivered through social workers, community organizations and in partnership with civil society organizations (CSO). Social safety nets have also come in the form of public works in which beneficiaries provide community services or build assets against cash or in-kind benefits. When designed appropriately, they can each contribute to climate adaptation and are, as such, part of “adaptive social protection” (ASP). There are four key types of safety net interventions, each of which supports household adaptation and mitigation to climate change:

1. **Regular cash transfers** are climate-adaptive by building household resilience to climate related shocks and worsening livelihood conditions through facilitating a diversification of livelihoods, building savings and avoiding negative coping strategies.<sup>2</sup> Regular cash transfers also hold climate change mitigation potential by leading households to refrain from climate-hazardous livelihood practices such as logging.<sup>3</sup> The availability of cash transfers are also key elements of energy subsidy reforms with climate mitigation;
2. **Cash transfers with explicitly climate adaptive accompanying measures** (“CT+”) can amplify the impacts of cash transfers on HH resilience by including (i) behavior change interventions with information on timing of rainy and lean seasons or which kinds of crops to diversify out of or into; (ii) savings interventions to generate a buffer to absorb climate shocks, enable investments in adaptation or adjustment of livelihood portfolios; (iii) skills training and coaching to support diversification of livelihoods; and (iv) early childhood development, nutrition and health interventions focused on raising household and community capability to manage the impact of climate shocks on child development, nutrition or food security (e.g. forthcoming evidence from Sahel adaptive social protection program; Ethiopia);
3. **Labor-intensive public works** promote adaptation through providing cash to beneficiaries and have potential for climate mitigation through climate-sensitive works like reforestation, irrigation, and combatting soil erosion, water security, and generation of community assets that tackle the root causes of climate change vulnerability in the community;
4. **Climate shock-responsive cash transfers** are triggered by covariate climate shocks like droughts and floods and aim at providing early cash support to an expanded number of affected households and communities with the occurrence of a climactic shock<sup>4</sup>. Shock-responsive social safety nets can also be leveraged to respond to other major shocks, e.g. the COVID-19 pandemic and can be leveraged to also protect those households that are normally non-poor.

**Strengthening social protection delivery systems is a necessary pre-condition for the potential of SSNs to promote climate adaptation and mitigation.** Projects supporting the development of cash transfer

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<sup>2</sup> See Premand and Stoeffler, (2020) Do cash transfers foster resilience? Evidence from rural Niger. Also evidence from impact evaluations on Ghana’s Livelihood Empowerment Against Poverty (LEAP), Kenya’s Hunger Safety Net Program, Zambia’s Child Grant Program, and Niger safety net program

<sup>3</sup> A recent study of Indonesia’s national anti-poverty Program Keluarga Harapan (“Family Hopes Program”) finds that, although the program has no direct link to conservation, it reduced deforestation as a side benefit. See [Ferraro and Simorangkir](#) (2020), Conditional cash transfers to alleviate poverty also reduced deforestation in Indonesia, Science Advances Vol. 6, no. 24.

<sup>4</sup> Illustrative examples in countries in the Sahel, Ethiopia’s PSNP, Fiji and Philippines

programs often invest in delivery systems that can make program scalable: unique and universal identification, social registries of poor and vulnerable households and electronic/digital payment mechanisms to get cash to households. Investments in these delivery systems foundations raise the adaptation and mitigation potential of social safety nets as they underpin the ability of programs to expand coverage of households in response to shocks or to facilitate energy subsidy reform. Leveraging social safety nets in response to the COVID-19 shock will help make delivery systems more robust and build experience that can be leveraged to also respond to shocks induced by climate change.

*Table 1: Theory of change: Cash transfers and accompanying measures to promote household resilience to climate shocks (Niger example)*

| Challenge                                   | Intervention                                                                                                                                                                                             | Outcomes: climate shock resilience                                                                                                                                                                                                                | Impacts |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Poverty and vulnerability to climate shocks | Cash transfers                                                                                                                                                                                           | Increase in <b>food security</b> , changed <b>coping strategies</b> , increased <b>productive investments</b> to diversify livelihoods                                                                                                            | +       |
|                                             | Cash transfers with productive inclusion accompanying measures (coaching, savings facilitation, community sensitization, life skills, micro-entrepreneurship training, access to markets and cash grant) | Increase in <b>household consumption</b> and <b>food security</b> , <b>diversification of household economic activities</b> with increased number of income sources (esp. non-agricultural), altered households' <b>shock response strategies</b> | ++      |

Source: Drawing on Premand and Stoeffler, (2020) and results from Niger productive inclusion impact evaluation under Sahel Adaptive Social Protection Program (publication forthcoming)

### *Employment programs*

**Employment programs can facilitate mobility toward jobs activities that are less prone to climate-induced shocks and contribute to the mitigation of climate change.** Social assistance or social insurance (like unemployment insurance) instruments can help manage short-term income losses caused by negative shocks to jobs. But a range of employment programs can help workers transition to new occupations and/or relocate from climate change affected areas (e.g. low-lying areas) to areas with markets that are less prone to climate-induced shocks. These policies also can facilitate a shift away from polluting industries by reducing the labor-related barriers to, for example, coal mine or gas field closures.

**A range of employment interventions, coupled with income support, can help people transition toward more climate-change resilient jobs.** These interventions are commonly deployed to cope with short-term economic shocks, but they are relevant for labor transitions as part of climate change mitigation and adaptation. Best practice has shown that program take-up and success is higher when the programs are offered in conjunction with income support – such as unemployment insurance or cash transfers. For climate adaptation and mitigation impact, these interventions need to be designed to support (i) labor reallocations from a more carbon-intensive occupation to a less carbon-intensive occupation or (ii) enterprises/work that promote adaptation and mitigation.

- *Education and training services* can provide short-duration training services to beneficiaries of all ages for upskilling (top-up current skills) to become more competitive in one's own occupation or re-skilling to facilitate the transition to a new occupation in a less carbon-intensive industry. Services may be delivered through formal or informal skills-development institutions or by mechanisms to promote on-the-job training.
- *Employment services* provide individuals services to facilitate job transitions. This may include collecting and curating information about labor markets and job vacancies; and vocational and job counseling. Such services can also be geared towards populations that require migration due to climate change, e.g. from low-lying regions.
- *Micro and small business support* can help micro and small-business owners to transition into markets that are less susceptible to the effects of climate change or to support new business start-up for small entrepreneurs who have been displaced by climate shocks. Interventions may include technical assistance for firm start-ups, micro-credit or small grants, or business incubators.
- *Subsidized employment* provides short-term incentives to employers who would otherwise shed labor to manage a shock. This may include wage subsidies or tax waivers in exchange for continued employment. This type of intervention is not a long-term solution to climate-related jobs disruptions.

## **Annex 1: Climate Co-Benefits for Adaptation and Mitigation**

Climate Co-Benefits refer to the share of the WBG's lending that is classified as climate adaptation and/or mitigation finance as per the Joint MDB Methodology. While social protection and jobs measures, in general, are likely to increase the climate resilience of vulnerable populations, it is important to note that Climate Co-Benefits are assessed based on the direct financing allocated to adaptation and mitigation measures and are not based on the impact of the project in building overall climate resilience.

This section provides an overview of the climate adaptation and mitigation co-benefits methodologies and suggested language that can be used in project documents.

### ***Climate Adaptation Co-Benefits***

Climate Adaptation co-benefits are assigned based on a context and location-specific approach and capture financing amounts directly linked to measures addressing climate change vulnerability in projects.

As per the Joint MDB methodology for tracking climate finance, to qualify for climate adaptation co-benefits, a project document needs to clearly outline the following three steps: (i) set out the project's context of vulnerability to climate change, (ii) make an explicit statement of intent to address this vulnerability as part of the project, and (iii) articulate a clear and direct link between the vulnerability and the specific project activities.

Please refer to the [Reference guide on adaptation co-benefits](#) and the [Joint Multilateral Development Bank \(MDB\) Methodology for Tracking Climate Finance](#).

While the three steps should be reflected in country context section and project description, with cross referencing, it is equally advisable to include an annex or a box to summarize the project's contribution to climate action in one spot.

### ***Climate Mitigation Co-Benefits***

Climate change mitigation promotes efforts to reduce, limit, or sequester GHG emissions to reduce the risk of climate change. Climate Mitigation Co-Benefits are assigned based on the Joint MDB List of Eligible Activities that are compatible with low emissions pathways.

As per the Joint MDB Methodology for tracking climate mitigation finance, climate mitigation co-benefits are assigned to activities that are part of the List of activities eligible for classification as climate mitigation finance (Table A.C.1). If it is not listed in this list, we cannot count it towards mitigation co-benefits.

Please refer to the [Joint Multilateral Development Bank \(MDB\) Methodology for Tracking Climate Finance- Annex C – for more information on climate mitigation methodology and the eligible list of activities](#).

### **Suggested Language for Project Documents:**

Three steps below are for adaptation co-benefits. For mitigation co-benefits, the relevant information can be added throughout the component/PA/DLI level description, or together with the descriptions of project activities that contribute to climate change adaptation, as part of Step 3. See below for examples.

**Step 1: Project context of vulnerability to climate change** (country context section, strategic context sections and Climate and Disaster Risk Screening section)

***Climate change vulnerability.*** A clear articulation of context and location-specific exposures and consequent vulnerabilities to climate change that include historical and current climate change impacts directly relevant for a project (including the project locations, and beneficiaries), as well as projected changes over the lifespan of the activities or assets supported by the project and the impacts associated with these. This information should be based on the results of the climate and disaster risk screening exercise. Other relevant information sources that can be used to gather this information include the World Bank's [Climate Change Knowledge Portal](#), [Think Hazard](#), and other relevant published literature.

**Climate change and disasters disproportionately affect the most vulnerable.** The poor are particularly vulnerable to both climate-related changes in living and livelihoods conditions as well as climate-related shocks. This is because they are net purchasers of food, live in low-quality housing in more exposed areas, and have limited access to social safety nets. Among poor households, food consumption accounts for over 70 percent of total expenditures on average, and three of the most common reported coping mechanisms to climate shocks are reducing food consumption, selling assets, and pulling children out of school to save the fees and have the children work. In that context, social protection operations are especially relevant for mitigating climate shocks. [reflect key factors – reduced agricultural productivity, increased heat, increased precipitation, droughts, coastal erosion, other hazards and projections]. [Outline any specific vulnerabilities identified in this process e.g. seasonal droughts or flooding]. [Mention any data from surveys to support e.g. X percent of households in [country] reported having recently experienced a drought or flood recently]. [Mention any recent memorable hazards/incidents that required significant response beyond seasonal events e.g. the 20XX El Nino weather event, drought, rains, flooding that caused Y damage/disease outbreaks/displacement/deaths].

**[Country] is [well/partially/poorly] equipped to respond to climate shocks** [Mention whether the country is well-equipped to deal with the consequences. Check specialized global rankings such as the [Notre Dame Global Adaptation Initiative \(ND-GAIN\)](#), which measures two dimensions of adaptation: (i) the vulnerability of six life-supporting sectors – food, water, health, ecosystem services, human habitat, and infrastructure; and (ii) countries' economic, governance, and social readiness to respond to these vulnerabilities. Give score/ranking.] [Mention any disaster risk plan, strategy, institutions that are established to deal with climate shocks, outline key elements. Explain if country has adopted an adaptive social protection strategy/policy/program.]

**Step 2: Statement of intent to address this vulnerability as part of the project** (in project description; also in strategic context, PDO and Higher-level Objectives sections)

***Intent to address vulnerability.*** An explicit brief statement (1-2 sentences) of intent to address the identified climate change risks and vulnerabilities as part of the support under the project.

The [Project name] is well aligned with the Government’s efforts to mitigate and adapt to climate risks. [Reference how the Project fits within the Government’s National Development/Disaster Risk Plan.] [Quote from the Government’s Nationally Determined Contributions (NDC) document<sup>5</sup> to identify the primary detrimental climate effects and what is proposed on mitigation and/or adaptation.] [Outline Government’s proposals to mitigate the impacts on the poorest.]

**Step 3: Clear and direct link between the vulnerability and the specific project activities (in description of activities under components)**

***Description of project adaptation (and mitigation) activities.** A clear articulation of the link between identified climate change risks and vulnerabilities and specific project activities included in the components or subcomponents to address them in the project’s description. Task teams should include in the PCN/PAD/PD (a) a description of the specific activities being financed that include adaptation measures, and (b) a best estimate of the cost of a project activity (US\$ amount and/or proportion) attributed to climate mitigation and adaptation measures. Please note that adaptation co-benefits, as defined by the methodology, is not intended to capture the value of an entire project or investment that may increase resilience as a result of specific adaptation activities that take place as part of the project. Because it tracks financing only for those activities that directly contribute to or promote adaptation, the adaptation co-benefits might not capture certain activities that contribute significantly to resilience but cannot always be tracked in quantitative terms.*

The [Project Name] is able to make a direct contribution to [mitigation and/or adaptation] of climate change. Specifically: [choose from and adapt the following]

**Cash Transfers** help build household resilience to climate related shocks and worsening livelihood conditions through facilitating a diversification of livelihoods, building savings and avoiding negative coping strategies. By giving beneficiaries predictable cash transfers, households can: afford a wider variety of food in case their subsistence crop or normal staple is affected by drought/floods; diversify crops in case the main livelihood fails; use better/more resilient seeds; or invest in an alternative activity such that they are less severely affected by drought or flooding. In the case of extreme climate-related shocks like droughts and floods, shock-responsive cash transfers can be triggered and aim at providing early cash support to an expanded number of affected households and communities.

**Cash transfers with climate adaptive livelihoods/productive inclusion measures (“CT+”)** can amplify the impacts of cash transfers on HH resilience by including (i) behavior change interventions with information on timing of rainy and lean seasons or which kinds of crops to diversify out of or into; (ii) savings interventions to generate a buffer to absorb climate shocks, enable investments in adaptation or adjustment of livelihood portfolios; (iii) skills training and coaching to support diversification of livelihoods; and (iv) early childhood development, nutrition and health interventions focused on raising household and community capability to manage the impact of climate shocks on child development, nutrition or food security.

**Labor Intensive Public Works:** A labor-intensive public works program can undertake projects that contribute to climate adaptation, such as (i) the construction of flood protection barriers, levels, or

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<sup>5</sup> <http://spappssecect.worldbank.org/sites/indc/Pages/INDCHome.aspx>

dikes; and (ii) the rehabilitation of canals and other irrigation infrastructure. In addition, some public works such as watershed management and reforestation have contributions to both climate change adaptation and mitigation. When activities focus on efforts to de-carbonize energy generation (e.g. solar or wind energy installation) or to reduce fossil fuel demand (e.g. construction of active travel infrastructure to support public transport) labor-intensive public works program can support climate mitigation.

**CDD type activities** can: (i) incorporate climate-resilient design measures in the construction of community infrastructure; (ii) equip community infrastructure, such as schools and hospitals, to function as evacuation spaces and/or shelters for climate change-induced crises; (iii) ensure infrastructure is constructed to withstand shocks such as floods; (iv) ensure infrastructure is constructed in an energy-efficient manner, e.g. promoting natural ventilation; (v) provide access to water using climate-friendly technology, e.g. solar panels for water pumping; (vi) incorporate tree-planting in the infrastructure design; (vii) include ditch/culverts to manage rainwater run-off; (viii) use materials for road rehabilitation that have greater heat and water resistance; (ix) incorporate climate hazard mitigation and energy efficiency measures in the community infrastructures' maintenance plans.

**SPJ Systems Development:** While systems development measures – especially social registry and payments systems, will increase overall climate resilience, for adaptation co-benefits to be assigned, task teams are required to articulate the direct adaptation measures that have been incorporated in the activity. For example: (i) strengthening social registry to identify people residing in areas prone to climate risks; (ii) collecting climate -risk related data, (iii) inclusion of a climate vulnerability/ risk assessment, or (iv) designing payment systems to ensure service continuity during climate-induced disasters. Overall increase in climate resilience (as an impact of the project) cannot be captured through co-benefits as co-benefits are assessed based on the direct financing allocated to adaptation measures.

- **Social registry:** The establishment of a unified beneficiary registry or social registry comprising of direct project beneficiaries, indirect beneficiaries, non-beneficiaries, former-beneficiaries and/or refugees or other vulnerable people (either on-demand, or by a survey approach or amalgamation of different databases) provides a full picture of vulnerable people (including their names, locations and needs). This type of Registry will allow the Government to respond more quickly to climate-related crises by identifying and targeting emergency cash transfers to existing or new beneficiaries, in response to onset of climate-related disasters.
- **Payment systems:** The establishment of reliable payment service providers, including those with pre-paid cards and/or mobile money, can help beneficiaries receive the support they need even when access to normal cash points or post offices in urban centers may be restricted due to flooding. Evidence will need to be shown that payment systems are designed to ensure service continuity during climate -induced disasters.
- **Early warning systems:** Support for national social policies (such as emergency preparedness plans) will help the Government develop early warning systems for climate-related disasters and mitigate the impact of climate hazards on the population, during and beyond the life of the project. This support can also help the various stakeholders with institutional coordination to respond to climate change-induced crises.

**Monitoring and Evaluation** using geo-enabled services (such as GEMS) would allow for supervision of implementation in real time and remotely, even when parts of the country may be cut-off due to climate related disasters.

**Communication campaigns and accompanying measures** can include awareness raising in support of climate adaptability to risks and/ or climate mitigation measures.

**CERC (if applicable)** will allow the Government to mobilize funds in case of an emergency that would require immediate recovery and reconstruction needs such as a climate-related shocks. The CERC can be used to respond to emergencies across the country and across beneficiary groups, including in areas/population groups not initially covered by the project. However, a CERC component will not typically receive climate co-benefits as no financing is allocated at the time of Board Approval

## **Annex 2: Recent SSN Project Examples**

Examples of SSN projects that supporting cash transfers to strengthen household resilience to climate shocks and invest in delivery systems (social registry) to underpin shock response

- Niger Adaptive Safety Net Project 2 (P166602) - 53.3%
- Senegal Additional Financing to the Social Safety Net Project (P162354) - 43.1579%
- Somalia Shock Responsive Safety Net for Human Capital Project (P171346) - 48.7231%
- Egypt Strengthening Social Safety Net Additional Financing (P168414) - 30%

Examples of SSN projects with mix of public works and cash transfer which both support climate adaptation (household resilience) and mitigation and strengthen delivery systems (social registry) to underpin shock response

- Ethiopia Rural Productive Safety Net Project (P163438) - 70.4%
- Mozambique Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies (P170327) - 50%
- Malawi Social Support for Resilient Livelihoods Project (P169198) - 39.44%
- Tanzania Productive Social Safety Net Project II (P169165) - 38.3333%

Example of climate change mitigation in social care – energy efficiency of aged care homes

- China Anhui Aged Care (P154716) - 34.8898%