

Climate Change Challenges for the Social Protection Sector: Note of Reflections and Options for Action from the Blue Skies Discussion Series

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Introduction

It is now clear that climate change will cause major disruptions to both ecological and also human systems around the globe and generate a period of major livelihoods disruption and macro-economic dislocation,ⁱ driving changes in the scale, nature and spatial distribution of poverty. Social protection has the potential to play an important role in responding to this challenge, but there is a need to revisit thinking around approaches to the design, delivery and financing of social protection responses, if the sector is to accommodate the profound challenges to come. However, the need for this fundamental strategic revision of social protection orthodoxies is not yet fully recognised, and climate issues are not yet integrated into the global social protection discourse.ⁱⁱ This note is intended to contribute to addressing this gap in the discourse by stimulating critical thinking on how the sector might be reconceptualised to address the emerging challenge.

This note summarises the findings from a series of ‘*Blue Skies*’ discussions on the issue of climate change and social protection, convened in June 2024.ⁱⁱⁱ Over 50 social protection, humanitarian and climate experts came together to explore key questions about climate change challenges facing the social protection sector, focusing on five areas: programme design; operational systems; financing; policy alignment; and rights, mandates and institutions, the critical issues identified in a 2023 paper by Costella and McCord.^{iv} The note summarises the discussion around each of these areas, setting out the questions explored, the issues raised by participants, and the options put forward for addressing these issues, in relation to future programming, research and advocacy.^v The note is intended to serve as a thought piece, to spark critical engagement on the issues that institutions and actors working on social protection need to address in order to develop a timely and effective response to the climate challenge.

Programme Design

How is climate change challenging the adequacy of current social protection programme design?

- **Increased demand for assistance:** Climate change will expand the need for social protection support as more people experience livelihood disruptions and displacement, exacerbating existing poverty and creating new vulnerabilities, pushing previously non-poor populations into poverty and leaving at risk those who are not covered by any form of social protection (including women, informal workers, and migrants).
- **New populations affected:** Populations that were not previously the priority for social protection provision will also be in need of support, including urban populations and the working age poor, and the increasing frequency of covariate shocks and chronic stressors will mean that whole communities are in need of support
- **Mismatch between programmes and emerging needs:** Current programmes still largely target poverty vulnerability, and will struggle to respond effectively to widespread, unpredictable climate shocks affecting areas previously considered low risk, and impacting multiple groups simultaneously.
- **Reduced effectiveness of targeting strategies:** Current social assistance targeting methods—such as proxy means testing and categorical targeting—may become less effective due to dynamic and rapidly changing vulnerabilities, and less relevant as covariate climate shocks render whole populations vulnerable. Climate change will represent a challenge to existing targeting methods which already suffer from inclusion-exclusion errors, especially in areas with significant internal displacement.

- **Systemic risks to insurance:** Private and social-insurance instruments may become less viable as climate hazards become more frequent
- **Reduction in community based social protection:** Covariate climate shocks and stressors are likely to impact negatively on informal social protection provision, which currently plays a key role where formal coverage remains low.

How might eligibility and targeting approaches be revised to accommodate these challenges?

To enhance effectiveness, and the ability of social protection interventions to respond to chronic stressors and shocks affecting communities on a covariate basis, targeting methods will need to be adapted:

- **Geographical targeting:** Programmes should be designed to have the capacity to support entire communities affected by climate shocks and stresses rather than being targeted on the basis of household poverty assessments.
- **On-demand and dynamic targeting:** Registries should accommodate on demand registration that allows dynamic rolling applications, and the potential for eligibility adjustment based on climate vulnerability indicators.
- **Eligibility of non-nationals:** Programme eligibility should not be restricted to citizens, so that climate refugees and those needing to migrate in search of work can be included in social protection provision.

How might instrument selection and programme design need to change?

To address the challenges with rising needs in a changing climate, social protection programmes will require significant redesign, including:

- **Expansion of universal schemes:** Expanding coverage of social protection, including universal basic income models and universal child, elderly and disability benefits, may become necessary to accommodate additional vulnerabilities of these groups.
- **Integration of climate and environmental objectives:** Social protection programs like public works that have traditionally included projects to construct community infrastructure, should incorporate design elements that can contribute to mitigation or adaptation objectives, for example afforestation and soil conservation projects.
- **Flexible and scalable systems:** Programmes could consider integrating scalability mechanisms, by incorporating pre-agreed triggers or warning risks of at-risk, climate vulnerable households in order to have the capacity to rapidly scale-up in anticipation to/response of climate shocks.

What can we learn from current experience?

Several existing programmes offer insights into how social protection programmes can be adapted to address climate challenges:

- **Cash plus programs:** Combining social protection programmes providing cash transfers with relevant trainings that enable livelihood diversifications or support to access credit, have shown promise in building climate resilience.
- **Anticipatory action approaches:** Programmes in Bangladesh and the Philippines that have pre-positioned financing to be delivered through existing social protection mechanisms based on climate forecasts, show evidence in reducing response time and minimizing impacts.

- **Public works for climate adaptation:** Rwanda's expanded public works programme that has integrated social protection and environmental considerations has contributed to ecological restoration, helping to address both employment and environmental goals simultaneously.
- **Parametric insurance:** Many countries are exploring weather-indexed insurance to provide automatic payouts to farmers in response to climate-related crop failures, though scalability remains a challenge and there are questions over future financial viability as climate risks increase.

Operational Systems

To what extent will existing operational systems be able to accommodate the changing needs arising from climate change?

- **Weaknesses in operational systems:** Weak operational systems constrain current social protection performance in many countries, and will limit the potential for scale up in response to climate challenges.
- **Limited capacity:** The limited capacity of existing operational systems in many contexts is limiting the potential for social protection to respond to climate needs, and they are not well placed to respond to the challenges of changing and growing demand.
- **Lack of flexibility:** Currently many operational systems lack the flexibility to scale up to accommodate large-scale and dynamic climate-related shocks and stressors, as they were not designed to have this capacity.
Lack of timeliness: Existing systems struggle with timely identification of beneficiaries and disbursement of assistance after unanticipated shocks.
- **Need for digital systems:** Quick and automated online registrations and applications, online banking and mobile payment networks, communication and monitoring systems will be necessary to achieve large-scale provision of assistance.

What can we learn from existing innovations in operational systems design?

Certain innovations provide valuable insights into improving the adequacy of operational systems in climate-related scenarios. Notably, dynamic registries, digital identity systems, and interoperable databases have demonstrated significant potential. Examples include:

- **Digital ID:** The roll out of digital ID systems in West Africa has allowed individuals, irrespective of nationality, to access a range of social services- this initiative has the potential to facilitate cross border social protection access and the accommodation of non-citizens.
- **Digital registration and remote verification:** During COVID-19, some countries rapidly expanded cash transfer programmes by using digital registration and remote verification mechanisms, which has the potential to support efficient programme expansion in response to climate shocks and stresses.
- **Interagency Coordination:** Countries with established coordination mechanisms between the social protection, humanitarian response, and DRM sectors have greater agility in responding to crises.

What needs to change for operational systems to accommodate climate challenges?

To enhance their resilience to climate change, and ensure the viability of social protection based responses (such as SRSP and ASP), the operational systems that underpin social protection programs should undergo the following transformations:

- **Strengthen core systems capacity:** Ensuring that registration, verification, payment, communications, grievance and case management systems are in place and functioning efficiently will be crucial for supporting programme expansion in the future
- **Strengthening individual identification systems:** Implementing national universal digital identity systems, which include non-citizens, and function across borders, would have the potential to streamline future programming
- **Generating a universal registry:** Harmonizing project and sectoral databases into a single registry or interoperable registries, to reduce duplication, enhance efficiency and enable rapid extension of provision, is a priority; along with upgrading technical and HR capacities to manage such systems.
- **Promoting interoperability:** Promoting interoperability between social protection operational systems including management information systems and those of other sectors including for example the humanitarian sector, and private sector delivery actors (e.g. financial service providers and telecommunication operators). Cross border systems interoperability also necessary to enhance performance.
- **Systems based operational pre-planning:** Establishing protocols and operational plans specifying systems function (e.g. flow/disbursement of emergency funds from the national treasury to social protection programs to individual bank accounts) for climate shock and stressor response.
- **Embedding forecast-based social protection:** Utilizing predictive analytics and climate forecasting to anticipate needs and pre-emptively activate social protection provision.

What are some priorities for developing operational systems that can accommodate cross-border populations?

Current systems are not prepared to accommodate future climate-induced cross-border population movement. To address these needs the following options should be prioritised:

- **Developing regional ID** to facilitate systems integration and provision across borders
- **Establishing bilateral agreements** on systems interoperability and data-sharing, to facilitate service delivery for mobile populations.
- **Developing legal frameworks for portability** based on regional/bilateral agreements that allow migrants to retain social protection benefits as they move across borders.
- **Ensuring non-discriminatory access to social protection** by aligning national policies with international human rights frameworks to provide equitable access to essential services.
- **Leveraging regional organizations for coordination** using existing regional bodies (e.g., ECOWAS, ASEAN) to foster policy alignment and interoperability between national social protection systems.
- **Exploring options for regional social protection** provision based on common operational systems.

Financing

How will the adequacy of existing financing sources for social protection be impacted by climate risks in the medium term?

Funding for social protection is insufficient to meet even current needs, and the challenge will be exacerbated by the increasing the number of people requiring support. Key challenges include:

- **Rising costs and compromised GDP:** Increased incidence of climate-induced shocks and stressors will increase national demand for social protection interventions at the same time as the available resources are compromised by the adverse effects of climate on economic performance (through for example reduced agricultural productivity, tourism and the cost of post-disaster reconstruction).
- **ODA and donor funding constraints:** Donor commitments to both social protection and humanitarian action are likely to decline due to climate induced pressure on GDP, and a changing geopolitical context, leading to reductions in overall ODA overall
- **Reduced viability of regional and international insurance options:** Rising premium costs as the frequency and severity of climate shocks increase, may compromise the affordability and ultimately viability of large scale regional and international insurance based climate financing options.
- **Tension with private sector ‘returns on investment’ priorities:** The potential for increased private sector engagement in financing social protection responses to climate change may be challenged by the private sector’s focus on ‘returns on investment’, as returns from social protection investments are likely to get harder to measure, in the context of recurrent disasters and compounding impacts.

What needs to change in terms of strategic financing allocations to ensure adequate medium-term financing?

To ensure sustainable financing for the sector, strategic reallocations and new sources of financing are needed:

- **Preparing the sector for climate financing:** There is potential to access international climate finance (eg Green Climate Fund (GCF) and Global Environment Facility (GEF)) for additional financing, but this will require national social protection programmes to be aligned with and included in climate strategies (eg [Nationally Determined Contributions \(NDCs\)](#) and [National Adaptation Plans \(NAPs\)](#)) and having the appropriate regulatory and financial mechanisms in place.
- **Adapting climate funds investment criteria:** Climate financing has so far often prioritized infrastructure and mitigation projects, with few resources being directed to social protection. Climate fund managers need to recognise the contribution of social protection to climate resilience, adaptation mitigation and just transition objectives, and revise investment criteria accordingly
- **Simplify and harmonise climate funding access:** Complex and diverse application and approval processes for accessing climate funds create challenges and opportunity costs to governments that limit access for many countries, and these need to be eased and rendered more accessible.
- **Blended finance models:** Options for combining public funds with private sector investments and philanthropic contributions to diversify funding sources should be explored in order to extend the envelope of potential funding.
- **Tax-based financing:** New taxation approaches, including carbon taxes, or new supranational taxes, such as financial transaction, wealth or flight taxes should be implemented to generate dedicated funding for climate-responsive social protection programmes. The [Global Solidarity Levies Task Force](#) proposes some innovative options for raising more finance for climate and development, which should be considered by social protection actors in the space.

- **Efficiency in taxation and expenditure:** Governments will need to re-visit domestic financing options for the sector, potentially through subsidy reforms and progressive taxation, while also reducing duplication and inefficiencies in existing social protection expenditures.
- **New international financing mechanisms:** Options for future social protection financing include the creation of a dedicated global social protection and climate resilience fund to finance social protection mechanism; pooling of resources by regional bodies (e.g., African Union, Asian Development Bank) to share risks and fund regional social protection initiatives; engaging the private sector in financing components of social protection programmes (e.g. building mobile banking infrastructure to facilitate quick payments); or debt for climate swaps allowing heavily indebted countries to redirect debt repayments towards social protection and climate resilience programs, could be some of the options to consider by countries and donors

Policy Alignment

How far are national social protection policies adequately aligned with national and international climate policy priorities?

While a small number of countries have started to align social protection with climate policies, social protection policy is currently poorly aligned with climate policy, key challenges are:

- **Institutional silos:** Ministries handling social protection operate separately from environmental and climate change ministries. This sectoral separation also holds true for development partners, both at country level and internationally.
- **Limited recognition of climate implications in social protection policies:** Most national social protection policies plans do not incorporate climate change as a fundamental driver of poverty.
- **Lack of recognition of social protection in climate policy:** Few countries have yet integrated social protection in their
- **Separation between social protection and transition policies:** there is limited integration of social protection policy into just transition and carbon change mitigation policies, despite the need for social protection to compensate for associated price rises and loss of employment opportunities and increase the acceptability of CCM policy implementation.

What progress has been made in aligning social protection, DRM, and humanitarian policy?

Aligning social protection, DRM, and humanitarian policy is key for more effective and cost-efficient responses to climate challenges. Some progress has been made in successfully integrating policy in recent years, particularly in relation to shock responsive programming, but the sectors remain largely separated in their country level operations. Examples of progress include:

- **Integrating disaster risk management and social protection:** Malawi and Fiji have incorporated early warning mechanisms into their social protection systems so that shock responses can be delivered through social protection programmes. Ethiopia's Productive Safety Net Programme (PSNP) integrates shock response by channelling humanitarian transfers through its routine payment channels based on triggers of forecast droughts, and the Pacific Disaster Risk Financing Roadmap includes adaptive social protection as a 'cash-out' mechanism.
- **Global spaces for convening policy alignment:** In recent years a number of international platforms have supported policy discussions and advocacy for integrating social protection and

humanitarian engagement, including the USP2030/SPIAC-B Working Group on Social Protection and Climate Change. Similar platforms at regional and national level are needed to accelerate discussion at country levels.

Rights, Mandates and Institutions

To what extent do current social contracts acknowledge the impact of climate change on basic rights and entitlements?

Social contracts, the often implicit agreements between governments and citizens regarding rights, duties, and entitlements have historically included rights to social protection as a means to address lifecycle vulnerabilities, but do not yet accommodate new risks resulting from climate change. Key issues are:

- **Limited recognition of climate impacts on rights:** Climate change is not yet recognised as a fundamental driver of changing social protection needs, or the need for proactive rights based responses. Existing social protection provision does not typically include climate-related contingencies.
- **Potential role of an eco-social contract:** There is a growing push for an eco-social contract, which integrates climate and social protection policies. This would encourage institutions implementing social protection recognise the need for safeguarding basic rights shelter, food and economic opportunities, in the face of increasing frequency and severity of climate-related disruptions.

What are the implications of international humanitarian law not adequately recognizing climate change affected populations – including the climate displaced, climate migrants or climate refugees?

International humanitarian law currently does not formally recognise climate affected populations (e.g. climate displaced, climate refugee, climate migrant). The former Special Rapporteur on Climate Change and Human Rights has argued that climate displacement should impose legal obligations on the international community. However, this perspective has not yet gained significant traction in the global discourse. Key challenges relating to this issue include:

- **Lack of recognition of the climate displaced in international frameworks:** those displaced by climate shocks and stresses lack a formal legal status that would define their rights in terms of social protection provision. Without legal recognition, climate-displaced populations risk finding themselves in a position where neither their country of origin nor host country providing adequate social protection. In the absence of a formal legal right to provision, the climate displaced may not request or accept assistance, for fear of persecution or deportation.
- **Difficulty of attribution:** Defining and recognising the legal status of those displaced and otherwise affected by climate change remains a challenge, partly because identifying the extent to which these effects are the result of climate change is complex.
- **Host country reluctance:** Some host countries resist granting full social protection rights to climate migrants due to concerns about both the additional financial burden and also potential disruption to social cohesion, arising from resistance from local populations.

What has been the role of the international community in safeguarding social protection rights disrupted due to climate change?

The international community plays a critical role in safeguarding the social protection rights of climate-affected populations, but there are limits to its effectiveness, notably:

- **Humanitarian sector is active but limited and under pressure:** The humanitarian sector continues to play a significant role in responding to climate shocks, but this is largely short term. However the sector is increasingly underfunded and humanitarian interventions cannot be a substitute for systematic, planned, ongoing social protection solutions to compounding shocks and stressors.
- **Funding shortfalls:** The predominantly voluntary funding mechanisms set up during climate negotiations, including the Fund for recovery from Loss and Damage, have, to date, extremely limited levels of funding which falls far short of that required for effective programming. Their focus on short-term funding measures also risks weakening commitment among development partner and governments to the establishment of long-term social protection solutions.

How appropriate are the current set of international institutions in of supporting the provision of social protection for climate-affected populations?

The current international institutional architecture within which social protection is supported is complex and fragmented, with overlapping roles and duplication resulting in inefficiencies. There is a need to revisit and rationalise institutional responsibilities for social protection.

Options for Action

The main options for action put forward by workshop participants to reshape social protection in response to the challenges of climate change, are set out below.

Programme design

Strengthening social protection systems for climate adaptation

- Expand provision to accommodate changing vulnerabilities due to climate change, using approaches that will reduce administrative burdens and enhance inclusion, including universal basic income and anticipatory cash transfers
- Integrate climate risk assessments into social protection policy and programme design at national and regional levels.

Enhancing targeting and delivery mechanisms

- Expand use of early warning and geospatial tools to identify climate-vulnerable populations and direct resources effectively, using dynamic targeting and real-time adjustments based on climate shocks and displacement patterns.
- Develop predictive, climate-sensitive targeting models that use real-time data and enable automatic scale-up of assistance based on early warning systems.

Promoting cross-sectoral and cross-border collaboration

- Establish social protection systems with the potential for cross border implementation and develop bi and multilateral social protection agreements that accommodate climate migrants and refugees.

Aligning social protection with climate mitigation and environmental rehabilitation

- Integrate climate mitigation measures into social protection programmes, such as public works for the creation of environmental assets (e.g. through reforestation, water conservation, and soil restoration), climate-resilient infrastructure and ecosystem restoration.
- Design social protection programmes that incorporate payments for communities that engage in conservation and sustainable practices.
- Encourage employment transitions towards green jobs through active labour market policies, including reskilling programmes and targeted livelihood diversification support.

Operational Systems

Data and identification systems

- Strengthen digital identification systems and registries to improve accessibility, scalability and interoperability between social protection and humanitarian databases and also between other ministries and service providers .
- Develop cross-border digital identity mechanisms and systems to support displaced populations and facilitate social protection portability.

Legal and policy frameworks

- Develop regional agreements to support social protection portability across borders.
- Create multi-sectoral policy frameworks integrating migration, climate adaptation, and social protection strategies.

Financial and technological investments

- Increase funding allocations to social protection systems development to enable sustainable expansion and shock-response capacity.
- Leverage climate data, and early warning systems to activate anticipatory social protection responses.

Multi-sectoral coordination and integration

- Integrate social protection, humanitarian, and disaster risk management (DRM) systems to streamline service delivery and provide efficient crisis response and long-term resilience.
- Establish clear operational guidelines for linking humanitarian assistance with social protection frameworks.
- Strengthen coordination between ministries, humanitarian agencies, and DRM entities to create an integrated response framework.

Financing

Strengthening domestic financing mechanisms

- Enhance tax collection and implement progressive taxation models.
- Remove inefficient subsidies and redirect funds towards climate-adaptive social protection.
- Establish flexible funding mechanisms, including climate-contingent financing and sovereign climate funds.

Aligning climate, social protection and humanitarian financing

- Align social protection financing with climate funds by integrating adaptation and resilience funding mechanisms.
- Ensure social protection is explicitly included in climate finance frameworks.
- Strengthen linkages between climate adaptation funding and social protection initiatives.
- Secure hybrid financing structures for humanitarian and long-term social protection funding.

Enhancing regional and international cooperation

- Establish regional financing pools and cooperative mechanisms for social protection.
- Establish consolidated regional and global funding mechanisms to address national and cross-border climate vulnerabilities and ensure equitable financing for climate-vulnerable communities.
- Simplify bureaucratic processes for accessing international climate funds.

Innovating financing approaches

- Explore innovative financing sources, including carbon taxation, blended finance, climate bonds and sovereign risk pools to ensure sustainable resource availability.

Enhancing financing and resource allocation

- Develop integrated financing mechanisms that allocate climate funds towards social protection interventions.
- Encourage multi-country financing mechanisms to support adaptive social protection in regions with shared climate risks.
- Foster public-private partnerships to mobilize climate finance for resilience-building efforts.

Promoting public-private partnerships

- Engage the private sector in financing mechanisms, such as climate insurance schemes and green employment initiatives, and explore the use of tax incentives.

- Explore the potential of public-private partnerships (PPPs) to mobilise private sector financing for climate-responsive social protection.
- Facilitate impact investment models that align social protection with climate resilience objectives.

Policy Alignment

Strengthening policy integration

- Enhance data sharing and predictive analytics between ministries to improve climate risk assessment and social protection policy responsiveness.
- Embed social protection in National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs) to ensure integration with climate policy frameworks and eligibility for climate financing.
- Strengthen multi-sectoral collaboration between social protection, environmental, humanitarian, disaster risk management and climate policies to enhance coherence.
- Develop legislative frameworks that mandate coordination between humanitarian actors and social protection agencies.

Improving data and predictive capabilities

- Strengthen data-sharing platforms to ensure climate risk assessments inform social protection responses.
- Establish data-sharing agreements to facilitate coordinated climate risk assessments and social protection interventions.
- Promote joint programming between social protection and DRM institutions to improve response efficiency.

Enhancing climate-responsive social protection

- Enhance climate-responsive targeting in humanitarian aid and social protection schemes.
- Harmonize climate response strategies across borders to ensure displaced populations have access to social protection.

Rights, Mandates and Institutions

Strengthening legal frameworks for climate-responsive social protection

- Establish legal recognition of climate affected populations under international law to ensure the rights of climate affected, climate displaced and climate migrant/refugee populations to social protection

- Revise national social protection legislation to explicitly include climate-related risks and vulnerabilities and the right of climate affected populations to social protection.
- Recognize climate displacement under international law to ensure social protection rights for affected populations.

Expanding financing mechanisms for social protection in climate contexts

- Progress efforts towards global social protection funding dedicated to supporting climate-vulnerable populations.
- Introduce climate taxation schemes, ensuring that major polluters contribute to social protection financing.
- Encourage multilateral debt relief programmes linked to social protection investments.

Enhancing institutional coordination and capacity building

- Strengthen inter-agency **collaboration among UN agencies and International Financing Institutions to ensure integrated responses.**
- Support regional organizations in developing cross-border social protection mechanisms.
- Improve data collection on climate migration to inform evidence-based social protection policymaking.

Fostering national ownership of climate-resilient social protection systems

- Strengthen core social protection provision and operational systems, a necessary prerequisite for social protection-based mechanisms to address climate related challenges
- Build national capacity for Adaptive (ASP) and Shock Responsive Social Protection Programmes (SRSP), which includes investment in core social protection provision and operational systems development.
- Ensure that social protection expansion is embedded within national development strategies.
- Engage civil society and affected communities in designing social protection policies that reflect on-the-ground realities.

Promoting rights-based and needs-based approaches

- Advocate for stronger commitments to the human right to social protection.
- Ensure that social protection policies are designed with a gender and equity lens, prioritizing the most vulnerable groups.

ⁱ IPCC, 2022. Change 2022: Impacts, Adaptation and Vulnerability. Working Group II Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change

ⁱⁱ This issue is discussed in Costella and McCord, 2023 [Rethinking social protection and climate change: Implications of climate change for social protection policy and programming in the Asia-Pacific region](#)

ⁱⁱⁱ The discussion series was financed by DFAT and coordinated by the Climate Change and Social Protection Research Initiative (CCASP) <https://ccaspresearchinitiative.org/>

^{iv} Costella and McCord, 2023, op cit.

^v This note synthesises the range of inputs put forward by participants in the discussion series, and there is no implication that the individual participants endorsed all of the issues and options reported.