



Australian Government
Department of Foreign Affairs and Trade

EXECUTIVE SUMMARY

RETHINKING SOCIAL PROTECTION AND CLIMATE CHANGE

The medium-term implications of climate change for social protection policy and programming in the Asia-Pacific region

Climate Change and Social Protection (CCASP) Research and Advisory Project

Cecilia Costella and Anna McCord

NOVEMBER 2023

Introduction

Accelerating climate change will generate significant social, economic and political disruption globally and in the Asia-Pacific region by the middle of this century. It will profoundly reshape the socio-economic risks people face and their ability to meet basic needs, significantly extending poverty and vulnerability. Social protection, the set of public measures provided by a society to transfer resources with the aim of protecting its members against economic and social distress, has the potential to play an important role in helping to manage these challenges and enabling the structural changes required to achieve a green transition. However, to contribute effectively, existing social protection systems will need significant transformation in terms of scale and design.

This report aims to support a shift in vision around social protection and climate change in the Asia-Pacific region by improving understanding of the socio-economic challenges likely to arise from climate change in the medium to long term, and how social protection can be used to manage them. The report provides a framework which goes beyond the more usual analysis – focused on climate extremes, shocks and disasters – to conceptualise the wider set of risks arising from climate change, and the potential role of social protection to address them. It then explores the projected medium-term socioeconomic impacts of climate change in the region and their implications for social protection. Next it provides a brief overview of climate-resilient social protection globally and maps current policy and practice on linking social protection and climate change in the region. Finally, the report critically assesses how social protection needs to be reconceptualised to meet the challenges arising from climate change, and provides policy, practice, financing, and learning recommendations to take forward the climate and social protection agenda. The report is aimed at social protection and climate policymakers and practitioners in the Asia-Pacific region, but its findings and recommendations are of global relevance.

The climate challenge

Negative climate impacts are already taking place across the Asia-Pacific region, which is particularly exposed and vulnerable to climate change due to its high dependence on agriculture and the clustering of significant populations and infrastructure in coastal cities. The region has already experienced average temperature increases, sea level rise, and a shift towards more pronounced and variable precipitation and these impacts are expected to intensify significantly, even under optimistic warming scenarios (IPCC, 2022). While there is uncertainty regarding the detailed timeframe and location of climate impact, predictions consistently indicate that climate change will have impacts on a range of ecological and human systems, including water and food systems, health and wellbeing systems and urban and infrastructure systems.

These systems impacts are projected to adversely affect key determinants of socio-economic welfare in the medium term, including food and water security; health and nutrition; infrastructural stress; urban pressure; local economic and labour market performance; poverty and inequality; peace and mobility, and overall economic growth (IPCC, 2022). Significant livelihood disruption, migration and impoverishment are likely, and the introduction of mitigation policies may further exacerbate poverty due to loss of employment, income and price rises. Chronic poverty is projected to increase, as are the numbers of people affected by increasingly frequent and severe shocks. Compounding impacts, tipping points and domino effects will result in step changes as well as incremental increases in the scale of climate-induced poverty, significantly reducing the ability of many populations to meet their basic needs by the mid-century.

At the same time as needs are likely to increase, response capacity will be constrained as states face climate-induced GDP-loss and challenges in ensuring food and water security, the provision of basic services and income security. This has the potential to adversely affect the state-citizen contract and political and social stability. Resources available for informal social protection are also likely to be compromised as climate-induced impacts tend to affect whole communities and large parts of societies, putting pressure on community-based mutual support. Competition for access to scarce basic resources such as food and water are likely to result in increased tension and conflict within and between countries.

This report does not aim to provide a comprehensive analysis of impacts, as current models struggle to map the complexity of socio-economic systems and their interaction with climate systems (IPCC, 2022). Nor does it provide detailed analysis of poverty and inequality impacts, including those related to gender equality outcomes, disaggregated across population groups, as such data is not yet available. Rather, the report provides an indicative guide to the immense scale and reach of the impacts that climate change is likely to engender in the coming decades and the multiple dimensions across which impacts will be experienced.

Urgent need for policy responses and the role of social protection

There is a short window of opportunity to engage strategically in planning responses to manage these impacts, including social protection responses. Without ambitious action, climate change will significantly increase the depth and scale of poverty in the region – and worldwide – rendering new groups vulnerable and negatively impacting societies across almost all aspects of human development, including health, food and water security, economic security and stability.

Social protection, has the potential to play a significant role in supporting Climate Resilient Development (CRD), as recognised by the IPCC (IPCC, 2022), protecting the right to an adequate standard of living set out in Article 22 of the Universal Declaration of Human Rights (UN General Assembly, 1948). However, it can only play this extended role in addressing the large-scale socioeconomic impacts of climate change in the medium to long term if implemented strategically and at scale. This report considers how social protection might play this role, using a framework which identifies five potential functions in relation to climate change (adapted from Costella et al., 2023):

1. **Reducing underlying vulnerability to climate change**, by directly reducing income poverty; contributing to human development and productive outcomes, such as education, health and productive livelihoods; and supporting increased equity, gender equality, inclusion, and social justice;
2. **Responding to climate shocks and disasters**, by transferring income to cushion the effects of shocks in anticipation or in response;
3. **Offsetting the negative welfare impacts of climate transition policies**, by supporting those whose income security is affected by policies aimed at reducing greenhouse gas (GHG) emissions, protecting the environment, or otherwise managing climate change;
4. **Facilitating and enabling climate change adaptation options**, by incentivising behaviours and practices that enable adaptation; and
5. **Contributing to reduced greenhouse gas emissions and carbon sequestration**, by promoting engagement in mitigation activities or measures that reduce emissions.

The state of climate-resilient social protection globally and in the region

At the global level, various policy and program initiatives linking social protection and climate have been developed during the last decade, including conceptual and operational approaches that address some aspects of climate risk management, such as Adaptive, Climate-Responsive, or Shock-Responsive Social Protection, among others. However, the operationalisation of social protection approaches for climate change – especially of approaches that consider the full scope of impacts of climate change in the medium term – remains limited and there is limited evidence of the effectiveness of scattered examples. In particular, the focus of social protection practice in relation to climate change remains on responses to shocks and climate extremes, and the potential impacts of climate change – on food production, migration and economic growth, etc. – which are likely to materialise over the coming decades are not yet being strategically considered in analyses of poverty and associated social policy needs or social protection responses. The social protection sector has yet to recognise its potentially central role in realising the net-zero visions of the ‘Just’ and ‘Green Transition’ approaches and achieving the structural and economic transformation needed to adapt to and mitigate climate change.

In the Asia-Pacific region, there have been attempts to link social protection and climate change over recent decades, and a wide variety of social protection innovations, programming options and experiences across can be found across all five functions. However, these programs seem to be islands of innovation – mostly disconnected from each other and from most mainstream social protection programming, and not directly aligned with national or regional climate strategies. Their coverage is low, interventions are predominantly small in scale, and there has been little evaluation of their effectiveness or the feasibility of large-scale replication in relation to projected future needs. Interventions are not currently informed by a strategic analysis of medium-term climate needs in terms of their vision or scope. They are based on an implicit assumption that future needs will be essentially similar to current needs, based on incremental rather than profound step changes. Overall social protection in the region remains insufficiently developed to meet current and future climate challenges.

Reconceptualising social protection to meet the climate challenge

The current conceptualisation of social protection – globally and in the region – needs to be reconsidered in response to the vast economic and social transformations that climate change will bring about in the coming decades. The sector's strategic vision and programming needs to be climate informed and accommodate the profound implications of climate change in terms of scale, type, duration, and spatial distribution of social protection needs. Large-scale increases in the size of populations unable to meet their basic needs without external support will have implications for the scale of social protection coverage and the type of instruments adopted. Different, more complex and dynamic risks will have implications for the duration of provision required and extending coverage to new groups such as vulnerable urban populations, internal and transboundary migrants and those affected by the green transition. Adapting the geographic and spatial distribution of provision to accommodate climate-induced needs will necessitate rethinking the way in which social protection can be effective in contexts of mobility and displacement.

This reconceptualisation will need to be informed by an understanding of the implications of climate change for poverty, and a reconsideration of some of the orthodoxies that inform current program design but may no longer be relevant in a rapidly changing context. This implies radical rethinking across six domains: institutions and mandates; policy alignment; coverage and targeting; instrument and program design; operational systems; and financing. Engaging with this process of reconceptualisation is critical to enable the sector to develop a meaningful response to the emerging climate-induced needs identified in this report, and will require a major shift of global ambition, vision and urgency.

This report is intended as a resource to assist colleagues in the social protection community to participate in this process and engage with the realities of the climate challenge ahead.