

The Loss and Damage Fund and Funding Arrangements and Social Protection Systems

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One of the key objectives of the Loss and Damage Fund and wider funding arrangements to respond to loss and damage will be to help strengthen the resilience of people living in countries particularly affected by climate change. Social protection measures are an important component of this mandate, and the Transitional Committee (TC) should therefore in its recommendations to COP28 highlight their importance as part of an effective and sustainable response. They can be – as recently summarized by Costella et al. – „a significant response to climate change for its potential to: (i) reduce vulnerability at large; (ii) respond to climate shocks and disasters; (iii) limit the negative impacts of climate change responses; and, (iv) facilitate positive mitigation and adaptation measures.”¹ Therefore it is not surprising that the Sharm el-Sheikh Implementation Plan also emphasizes the crucial role of social protection: „(J)ust and equitable transition encompasses pathways that include energy, socioeconomic, workforce and other dimensions, all of which must be based on nationally defined development priorities and include social protection so as to mitigate potential impacts associated with the transition ...”.²

It is important, however, that the resources deployed under the Fund and by other actors in the wider funding arrangements are not used solely for short-term protective measures to respond to an acute crisis. Such disaster or shock responses are, of course, indispensable – without them, climate catastrophes would have devastating social consequences for the most vulnerable population groups. **Equally important, though, is sustained and iterative international support for the establishment of systems that are designed for the long term and enable the population to enjoy a minimum level of social protection, even independently of acute crises.**³ In this context, relevant funding channelled through development finance institutions (including the Multilateral Development Banks) play a crucial role. There are three reasons that are particularly significant in this regard:

* The author is member of the Global Coalition for Social Protection Floors. The views stated in this submission are the author’s personal opinions.

¹ Costella et al (2023), p. 13; see also Aleksandrova (2021), p. 1: “Various social protection instruments are deemed to have the potential to increase the coping, adaptive and transformative capacities of vulnerable groups to face the impacts of climate change, facilitate a just transition to a green economy and help achieve environmental protection objectives, build intergenerational resilience and address non-economic climate impacts.” The importance of integrating measures in the fields of social protection (SP), disaster risk reduction (DRR), and climate change adaptation (CCA) has been known for quite some time; see Béné et al (2013); cf. also Hallegatte et al (2016); Hallegatte et al (2017); see also recently Rigolini (2021); Malerba (2021), p. 690; Bharadwaj & Mitchell (2022), p. 9; Lambeau & Urban (2022); ILO (2023).

² Sharm el-Sheikh Implementation Plan, Decision -/CP.27, para. 29.

³ According to Aleksandrova (n. 1), p. 3, there are until now “only a few examples of financed climate change adaptation and mitigation actions that also envisage the establishment of long-term social protection programmes or institutional capacities ...”.

- **Social protection measures responding to climate shocks are only effective if well-functioning systems are already in place.** The COVID crisis has shown that governments are much better able to provide social protection to people affected by an external shock if they can use instruments and programs already in place in the country. Where sufficient resources have been invested in universal social protection systems in the past, existing schemes, including registration and implementation mechanisms, could be rapidly expanded and extended to include population groups that were not previously covered.⁴ A study by the Overseas Development Institute (ODI) further makes clear that international support in acute crisis situations likewise relies on such systems: „... The presence of an existing social protection system with the institutional and operational capacity to absorb and channel additional financial resources is perhaps the most significant enabler of an effective ODA financing response. The existence of effective systems for targeting and information management, together with a unified registry, enhance the capacity of countries to rapidly extend provision and absorb ODA.”⁵

- **Emergencies caused by climate change are increasingly becoming the norm in many countries of the Global South.** For many people, extreme weather events such as droughts, hurricanes or floods are no longer exceptional phenomena that would justify limiting international support to short-term emergency measures. For millions of people, climate change not only represents a permanent existential threat, but is also already associated with constant restrictions on their livelihoods. Therefore, the governments responsible for the protection of these people cannot limit themselves to mere emergency measures but must establish permanent and sustainably designed social protection systems to mitigate the social consequences of climate change.

- **Social protection measures financed by the Loss and Damage Fund and actors in the wider funding arrangements should comply with the relevant international standards.** Social security is a human right that has been recognized by almost all states in the world, in particular through the ratification of the International Covenant on Economic, Social and Cultural Rights (Art. 9)⁶; it is also guaranteed in numerous other global and regional international treaties. The implementation of this human right requires, among other things, that all people in the country have non-discriminatory access to the necessary social benefits and that these benefits are firmly anchored in the legal system of the respective country.⁷ This is also confirmed by the ILO's Social Protection Floors Recommendation of 2012⁸, which was adopted by consensus and to which the 2030 Agenda for Sustainable Development⁹ refers in SDG 1.3. Short-term emergency measures alone in response to an environmental catastrophe caused by climate change would therefore only inadequately meet the requirements of the right to social security. It is crucial that long-

⁴ ILO (2020), p. 9.

⁵ McCord et al. (2021), p. 48.

⁶ 993 UN Treaty Series (UNTS) 3.

⁷ Committee on Economic, Social and Cultural Rights (CESCR), General Comment No. 19 (2008) on the Right to Social Security (Art. 9 ICESCR), UN Doc. E/C.12/GC/19, para. 29, 48,

https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=E%2FC.12%2FGC%2F19&Lang=en.

⁸ https://www.ilo.org/secsoc/areas-of-work/legal-advice/WCMS_205341/lang--en/index.htm.

⁹ UN Doc. A/RES/70/1, <https://sdgs.un.org/2030agenda>.

term and solidly financed social protection systems are in place that provide people with a reliable (and legally enforceable) basis for securing the minimum subsistence level.¹⁰

There are serious financing gaps in social protection worldwide.¹¹ Even though each state is primarily responsible for establishing and financing the essential social systems, it is very difficult – not to say impossible – for most developing countries, also given their restricted fiscal space in the context of unsustainable and growing indebtedness, to raise the necessary funds entirely from their own resources and in this way to improve their resilience to climate change-related poverty risks. What is needed, at least for a transitional period, is substantial international support – but so far this has been largely inadequate. In relation to other sectors of development cooperation, such as health, education or water, sanitation and hygiene (WASH) services, the funds made available for social protection systems are significantly too low.¹² The Global Accelerator on Jobs and Social Protection for Just Transitions proposed by the UN Secretary-General in 2021, which aims to extend social protection coverage to the 4 billion people currently excluded¹³, envisages that, in addition to the necessary national efforts, international support should also be provided for the development and financing of social protection systems. So far, however, there have been only few concrete commitments from the donor community. Moreover, most of the funds are used for technical cooperation, while the co-financing of social benefits, which is urgently needed for some countries, is currently the exception rather than the rule.¹⁴

The Loss and Damage Fund and other actors in the broader funding arrangements for addressing loss and damage could therefore contribute to bridging this protection gap for developing countries that are particularly vulnerable to the adverse effects of climate change by offering them assistance in achieving SDG 1.3 and thus significantly strengthening their crisis resilience. However, this would require overcoming the silo thinking in this important part of international cooperation. Until now, policy and practice in the field of climate risk management has considered social protection primarily as an instrument rather than as a sector or system that needs to be climate proofed.¹⁵ There is an urgent need to coordinate global climate change policy more closely with international efforts to expand social protection (for example, within the framework of USP 2030¹⁶ and the Global Accelerator¹⁷) and to focus on common objectives. The establishment of long-term, solidly funded universal social protection systems in developing countries that are particularly vulnerable to the adverse effects of climate change, based on national priorities, would be one such common objective. The Loss and Damage Fund and the broader funding arrangements for addressing loss and damage should therefore contribute to the financing of social protection systems in these countries (mainly through sector budget support) and should align its related activities with those of other international institutions active in

¹⁰ See also Ulrichs et al (2019), S383.

¹¹ Durán-Valverde et al (2020); Bierbaum & Schmitt (2022), p. 13.

¹² In detail Manuel (2022), p. 11.

¹³ https://www.ilo.org/global/topics/sdg-2030/WCMS_846674/lang--en/index.htm.

¹⁴ In this context it is important to point out the call by the UN Special Rapporteur on extreme poverty and human rights and civil society organizations to ensure at least transitional co-financing of social protection floors in low-income countries through a Global Fund for Social Protection, see de Schutter (2021) and Global Coalition for Social Protection Floors (2020/2022).

¹⁵ Aleksandrova (n. 1), p. 4.

¹⁶ <https://usp2030.org/>.

¹⁷ See n. 13.

this field. We encourage the Transitional Committee to include a related recommendation in its report to the COP28/CMA5.

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