



RÉPUBLIQUE
FRANÇAISE

*Liberté
Égalité
Fraternité*



AFD AND

Social protection & Climate



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32

social protection projects
between 2020 and 2024

financed by
€1,461 M
of loans (€1,288 M),
and grants (€173 M)

52.5%

of these projects generate
climate co-benefits

72% include gender targets

Climate change causes significant socio-economic effects: increased poverty and inequality; lower living standards; threats to food security, nutrition, and health. Highly vulnerable people are affected most. A holistic approach is therefore needed to protect people from these interrelated impacts. This is why AFD finances social protection systems and programs to help vulnerable people and economies better adapt to climate change consequences and to shrink carbon emissions.

#WorldInCommon

AFD's contribution to social protection in the era of climate change

Social vulnerabilities to climate change



Up to 132 million
people may fall into poverty
because of climate change by 2030
(World Bank, 2020).¹



1.4 point
average increase in inequality²
induced by climate change by 2100
(Emmerling et al., 2024).³



Women and children are
14 times
more likely than men to die from
natural hazards (UNDP, 2022).⁴

AFD's approach, activities and tools

Nearly half of the world's population does not benefit from any form of social protection (ILO, 2024). Yet, the Covid-19 crisis has highlighted the vital role social protection can play in tackling poverty and inequality in times of crises. Beyond bringing social and economic safety to ensure adequate living standards in the face of climate shocks, social protection is also a powerful instrument to make the climate agenda socially acceptable. Extending social protection, with a gender-sensitive approach, should therefore be a key pillar of climate policies. In that context, AFD contributes to:

- **Strengthen social protection programs** (such as cash transfers, old-age social pension, labor-intensive public works or productive programs) that build the poor's resilience and can be rapidly

scaled-up to help all those affected by a climate crisis (such as floods, typhoons or during the dry season).

- **Reinforce the “just” dimension of the ecological transition** (such as by providing assistance to those who lose their jobs in polluting industries, or providing financial support to the poor affected by rising carbon taxes).

AFD uses a variety of financing instruments (budget support operations or projects using loans and grants) to invest in social protection. It favors co-financing with multilateral funds and works closely with public development banks. By integrating public and private finance, notably through partnerships with philanthropic foundations, it develops innovative financing solutions.

Contribution to SDGs

SDG 1: No poverty
SDG 2: Zero hunger
SDG 3: Good health and well-being
SDG 5: Gender equality
SDG 8: Decent work and economic growth
SDG 10: Reduced inequalities
SDG 13: Climate action
SDG 14: Life below water
SDG 15: Life on land
SDG 17: Partnership for the goals



¹ Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030.

² Measured by the Gini index

³ A multi-model assessment of inequality and climate change | Nature Climate Change.

⁴ Women are hit hardest in disasters, so why are responses too often gender-blind? | United Nations Development Programme.

Social protection: a tool embedded within the climate agenda

Social protection plays an essential role in dealing with the social challenges posed by climate change. Under the five-pillar approach below, social protection policies and programs can foster resilient and low-carbon development.

1 Reducing poverty and inequality

Social protection can reduce poverty and inequality, thus lessening people's vulnerability at large.

Expanding social protection program coverage helps people better manage the impacts of climate change overall, by providing access to basic consumption, enhancing human capital (e.g. access to health and education), and promoting socio-economic inclusion. Social protection *per se* is therefore a vector of climate-resilient development.



2

Enhancing socio-ecological resilience and risk reduction

Building not only **social** but also **ecological** resilience is crucial. **Social protection programs** contribute to this by providing cash transfers to vulnerable populations for better **natural-resource and ecosystem management**, improved agricultural practices and livelihoods, and nature-friendly economic activities. Public employment programmes, which require vulnerable people to contribute their labour for asset-building in exchange for cash, can be focused on activities that contribute to environmental management and risk reduction (e.g. building small dams, ponds and trenches; irrigation channels, water and grain storage etc.).

Mauritania

Mauritanians suffer from multiple socio-economic and safety-related crises, to which climate change is a major contributor. About a third of the population live under the poverty line, and between 450,000 and 1 million people are affected by food insecurity every year, especially during the agricultural lean season.

AFD is a long-standing player in the country, working jointly with local partners to protect people via social safety nets as a buffer against shocks. AFD provides strong support for implementing FNRCAN (the National Fund for Food and Nutrition Crisis Response), which anticipates people's needs prior to crises and provides cash transfers to vulnerable people located in the areas most heavily affected by climate change during the lean season. The Fund benefits about 80,000 people, 90% of whom are women. FNRCAN takes into account female-specific vulnerabilities such as poverty and violence, to improve women's access to social protection programs.

AFD is the Fund's top contributor, having provided initial funding of €12 M in 2022, topped up by an additional €8 M grant in 2024 to boost protection of the Mauritanian people. The project also covers a technical and operational assistance program, via €1.3 M to support FNRCAN efficiency.

3

Making social-assistance and social-insurance mechanisms flexible in the face of climate-shocks

Social protection also serves as a **flexible tool for adaptation to climate change**, known as Adaptive Social Protection (ASP). It helps identify people at risk – before they are hit by a crisis - and establish social programs that target and protect them. In the long-run, ASP enables households to increase their resilience through enhanced capacity to cope with and adapt to climate risks.

ASP main building blocks are to:

- **Ensure** the pre-existence of social protection programs that can be rapidly scaled up;
- **Identify, select and register** poor and climate-vulnerable populations;
- **Coordinate** national institutions that work on social protection and disaster-risk management, and their partners;
- **Establish** financial mechanisms to ensure short-term availability of resources and long-term sustainability of the ASP system.

While ASP usually takes the form of assistance programs (especially cash-transfer programs), social insurance schemes (e.g. health insurance and retirement benefits) can also be made flexible to respond to climate and other shocks by adjusting contributions, benefits or eligibility criteria.

South Africa

Although South Africa is Africa's leading economy, climatic and socio-economic challenges are limiting its development. Meanwhile, its government has decided to shift from carbon-intensive energy production and has engaged in a Just Energy Transition (JET). AFD's €400 M loan to the government to sustain the JET's implementation addresses the triple issue of deep-rooted poverty, unemployment and inequality. AFD is providing an additional €1.5M grant for technical cooperation. This project works to:

- Strengthen JET governance, transparency and accountability;

- Promote accessible and sustainable energy for all, and especially for vulnerable people, by controlling prices and improving electricity distribution in towns and cities;
- Diversify the inclusive economy and improve access to skills and jobs, notably by creating 10,000 new jobs in the areas most affected by the energy transition and supporting inclusive entrepreneurship in vulnerable areas.

The project aims to reduce gender inequalities by developing an agenda dedicated to strengthening vulnerable women's adaptation capacities, and financially supporting women-owned firms. It will also significantly contribute to climate-change mitigation and adaptation efforts.

4

Supporting the “Just” dimension of the low-carbon transition

The social aspects of the transition to a green economy are often disregarded. People working in carbon-intensive industries are likely to be adversely impacted in the form of jobs and income loss, and poorer working conditions. The transition may also lead to rising prices and taxation on carbon-intensive goods and services that will disproportionately affect low-income population. For a Just Transition, it is thus essential to take into account existing interlinkages between social dynamics and low-carbon policies.

By converting social risks into opportunities, the Just Transition brings a social justice perspective into green policies. **Social protection contributes to the Just Transition** by protecting people from income and livelihood loss induced by transition measures and by incentivizing the enforcement of measures to diminish carbon emissions.



5

Greening and climate proofing social protection operations

All social-protection actors, including governments, implementing agencies and financers, can participate in mitigation efforts by curbing GHG emissions from their buildings, operations, and services.



Egypt

In Egypt, since 2018, AFD has been supporting the rollout of the new Universal Health Insurance System (UHS), which is expected to be fully implemented by 2030. The goal of this ambitious reform is to enhance access to healthcare services while ensuring financial protection against catastrophic health expenditures. As part of this transformative agenda, the Egyptian authorities have committed to integrating climate considerations into the health sector and have developed a Green Health Insurance Strategy. Under this strategy, each key institution involved in the UHS reform has been assigned a specific role. For instance, the Universal Health Insurance Authority (UHIA) plans to progressively apply a climate lens when revising the benefit package. This includes expanding coverage to address climate-related health risks, promoting cost-effective interventions to reduce unnecessary care, and scaling up telemedicine to limit the need for travel. With AFD's support, the main UHS institutions are also beginning to assess the system's carbon footprint and identify strategic levers to reduce it across the UHS ecosystem.

France

In France, social security actors are fully mobilized to tackle climate challenges. In 2023, the French National Health Insurance Fund created a mission dedicated to drive the ecological transition, establishing an operational roadmap to accelerate this shift within the French health system. Its key objectives include mitigating the environmental impact of health, preserving natural resources (water, air, soils, ...) and biodiversity, and adapting the health system to environmental risks - including pandemics, natural disasters, extreme temperatures. A plan for the 2025-2027 ecological transition agenda is currently under preparation. Other social security actors are also taking action to curb their carbon emissions, notably with their digital systems' eco-conception.

Global partnerships

The AFD – World Bank Partnership

AFD and the World Bank have co-financed budget-support operations and projects protecting vulnerable people before, during, and after shocks across the world, including in India, Bangladesh, the Sahel (especially Mauritania) and Mauritius. Research has shown that these Adaptive Social Protection mechanisms have significant impacts on poverty and food insecurity, productivity and resilience.

The AFD – Asian Development Bank (ADB) Partnership

Along with ADB and other donors, AFD contributes to the social protection dimension of the Community Resilience Partnership Program, which seeks to scale up climate-adaptation investment to increase the resilience of poor communities in Asia and the Pacific.

The AFD and the Finance in Common Initiative

Finance in Common brings together 528 Public Development Banks (PDBs) committed to aligning their financing with the Sustainable Development Goals and the Paris Agreement. Building on this dynamic, the 18 PDBs within the Coalition for Social Investments drive an ambitious agenda to support social protection and health. To this end, two specialized work streams - on “Just Energy Transition” and “Financing climate-health” - actively contribute to the Coalition’s strategic thinking and actions, thereby strengthening the social and climate impact of public financing.

The AFD and The Global Accelerator

In 2021, the UN Secretary-General launched the Global Accelerator for employment, social protection and just transition. This initiative aims to create 400 million decent jobs and expand social protection coverage to 4 billion people who are currently excluded. Structured around three pillars – strategies, financing and strengthened cooperation – this global effort mobilizes development actors to drive an inclusive and sustainable transition. AFD actively contributes to these discussions and supports these crucial objectives through its investments.



Agence Française de Développement (AFD) helps advance France's policy on sustainable investment and international solidarity. Through its public sector and NGO financing operations, research and publications (Éditions AFD), sustainable development training programs (AFD Group Campus) and awareness-raising activities in France, AFD finances, supports and drives the transition to a fairer, more resilient world.

Alongside our partners, we provide sustainable solutions for—and with—communities. Our teams are working on over 2,700 projects in the field, in over 115 countries, including France's overseas departments and territories, to support projects for the climate, biodiversity, peace, gender equality and global health. Together with Proparco and Expertise France, AFD supports the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Working by your side, toward a world in common.



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