Climate & Environment Assessment: Rapid Social Response Multi-Donor Trust Fund

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Evidence on Demand was requested by DFID to carry out a climate and environmental appraisal as part of the Business Case for the Rapid Social Response Programme Multi-Donor Trust Fund (RSR-MDTF). The RSR programme, established in 2009 by the World Bank in response to the food, fuel and financial crisis, operates as a challenge fund designed to enable rapid deployment of expertise in response to Government proposals to: i) strengthen social protection systems; ii) build knowledge and skills to deliver social protection; and iii) protect basic services in times of crises. The consultant developed and completed the draft climate and environmental assessment by identifying high-level climate and environmental impacts/opportunities and confirming the final risk categorisation. Medium opportunities for climate change and the environment were identified if the role of social protection in building effective climate change adaptation is fostered.

Note to readers: Climate and Environment Assessments are used to ensure that climate and environment risks and opportunities are considered as part of the process in developing new DFID Business Cases. The CEA presented here is in draft form, as submitted by Evidence on Demand to DFID for quality assurance and approval by a DFID Climate & Environment adviser.
Climate & Environment Sensitivity Analysis

What is the likely impact (positive and negative) on climate change and environment for each feasible option?

On the basis of both a high-level climate and environment sensitivity analysis and a risk assessment, the three delivery options have been assigned a final risk categorisation of C (“the intervention is unlikely to have significant negative impacts on the climate or environment”). This categorisation is based on the assumption that funds are used to support “soft investments,” notably developing/strengthening the critical building blocks of social protection through technical assistance and knowledge management.

Note this rating, does not apply to projects, most notably some large-scale labour intensive public works/infrastructure projects, which are associated with potentially significant impacts. These are more likely to result from funds catalysed by RSR rather than the RSR itself and to date no public works projects have been financed directly by the RSR.

Options 1 and 2 have the potential for medium opportunities for climate change and the environment if the role of social protection in building effective climate change adaptation is fostered. This opportunity is more likely to be capitalised by option 2 (greater DFID influence) and option 1 (given its greater coverage of low income/high risk countries when compared to the DFID bilateral programme).

Options:

<table>
<thead>
<tr>
<th>Option</th>
<th>Climate change and environment risks/negative impacts</th>
<th>Climate change and environment opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>C*</td>
<td>B</td>
</tr>
<tr>
<td>2</td>
<td>C*</td>
<td>B</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>C</td>
</tr>
</tbody>
</table>

* Note this rating does not apply to large scale public works/infrastructure projects supported by funds catalysed by the intervention.

Definition of Categories:

<table>
<thead>
<tr>
<th>A</th>
<th>High potential risk / opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Medium / manageable potential risk / opportunity</td>
</tr>
<tr>
<td>C</td>
<td>No / Low potential impact / opportunity</td>
</tr>
<tr>
<td>D</td>
<td>Core contribution to a Multilateral Organisation</td>
</tr>
</tbody>
</table>

These assessment scores are based on a high-level review of potential negative and positive climate and environment impacts and opportunities of the RSR programme. These are summarised below in terms of:

i) The impact of the intervention on climate change/the environment; and
ii) The impact of climate change or environmental degradation on the intervention.

i) Impact of the intervention on climate change and the environment

Negative impacts:

- Resource use from administration, management and monitoring of the MDTF. The ongoing operation of the trust fund itself will result in resource use by the RSR Programme Management Team from office based activities (e.g. energy, water, paper) and from field work for monitoring/organising global learning events etc. (e.g. greenhouse gas emissions from travel). These impacts can be mitigated by introducing measures to promote carbon and environmental savings and managed in line with the World Bank’s Corporate Responsibility programme including its climate commitment.”
• **Limited direct negative impacts associated with most RSR strengthening projects.** The majority of RSR projects (both Bank-executed and recipient-executed) focus on technical assistance and knowledge management. Specifically, RSR grants will help strengthen social protection systems (e.g. through diagnostic studies and data collection) and support south-south learning, notably delivering global learning events on social protection (outputs 1 and 2). Associated impacts will be limited to resource use and greenhouse gas emissions. These projects are therefore categorised as C under the World Bank’s environmental guidelines - likely to have minimal or no adverse environmental impacts. These require no further Environmental Assessment action beyond screening (World Bank Operational Policy 4.01 Environmental Assessment).

• **Limited direct negative impacts from recipient-executed Social Protection and Labour projects**. Most SPL interventions including conditional and unconditional cash transfer projects, social insurance (including unemployment insurance and pensions) or active-labour market programs will on the whole be World Bank Category C. Again, these limited risks can be managed if the World Bank safeguards are correctly implemented for Option 1 although these impacts could perhaps be more closely controlled by DFID for Option 2.

• **Potential for negative impacts from a small number of recipient-executed SPL projects.** Some smaller public works projects (see later) can have positive environmental benefits, but large scale labour intensive public works/infrastructure projects (which RSR can finance in theory – although but has not done so to-date) or nutrition based projects are classified as World Bank Category B. These could result in negative impacts on both key environmental resources (e.g. soil, water, flora and fauna and environmentally sensitive areas such as wetlands, forests, grasslands) and receptors (e.g. communities, infrastructure). Similarly, negative impacts resulting from nutrition based projects could include resource use, pollution, emissions and waste thereby triggering the Category B classification. The Bank then requires a more detailed assessment of these impacts and the development of management plans to prevent, minimise, mitigate, or compensate for adverse impacts and improve environmental performance. Since the RSR was established in 2009, only one nutrition project triggered a Category B classification – the “Rapid Response Nutrition Security Improvement Project” in Gambia, which distributes food, vitamins and medicines to combat malnutrition.

  ➢ **Management measure:** when reviewing proposals for RSR funding, the World Bank/DFID (depending on the selected option) should “red-flag” any public works or nutrition based projects for review by a senior environmental specialist.

• **Potential adverse secondary impacts indirectly resulting from RSR support.** If a system built with RSR support implements a large public works or nutrition project - using IDA resources catalysed by the RSR - the Bank’s environmental guidelines will also be fully applied to the project to manage these indirect impacts.

• **Indirect environmental impacts arising from changing patterns of consumption and behaviour.** While the linkages between poverty and environmental degradation are a driver for the RSR, there is less emphasis on the potential effects of poverty reduction; a simple result of increased resource use (e.g. fossil fuels) and environmentally damaging activities. It is therefore important that awareness raising activities on the importance of long sustainability are integral to RSR activities. This is particularly salient given the targeted fast response of the (challenge) fund mechanism potentially at the expense of cross-cutting long-term sustainability issues.
Opportunities:

• **Direct opportunity for adaptive social protection.** Social protection plays an important role in supporting effective climate change adaption and disaster risk reduction by building the social and climate resilience of the poor. There is a growing interest in SPL projects (including cash transfers and other social protection measures such as insurance) within multi-sectoral integrated strategies to strengthen resilience to climate variability. This is a relatively new area of research, but early examples from Bangladesh, Niger, Tajikistan and Ethiopia highlight the benefits of attempting to integrate social protection into long-term adaptation programs. The World Bank identifies how all four dimensions of social protection (protective, preventative, promotive and transformative measures) have benefits for climate change adaptation (CCA) and disaster risk reduction (DRR).ivistim

  - Maximising the opportunity: the inclusion or consideration of adaptive social protection and/or environmental management within the list of criteria (see Annex 5) against which RSR Trust Fund proposals are evaluated provides an opportunity for mainstreaming this opportunity within the intervention. The RSR currently funds the project “Preparing Social Protection Systems for Natural Disasters and Climate Change.” This focuses on enhancing the capacity for improving safety net programs to improve response to disasters and climate change impacts. Similar projects should be prioritised.

• **Social protection systems can indirectly help reduce unsustainable environmental practices.** In the absence of social protection, a crisis can force vulnerable households to adopt negative environmental coping strategies (e.g. overgrazing, deforestation). Findings from the Umurenge Programme in Rwanda show that small-scale social protection public works projects (e.g. anti-erosive ditches, terracing of hillsides) can have clear DRR/food security and CCA impacts: as they reduce exposure to natural hazards (for example droughts and floods); improve soil productivity; and expand the amount of cultivatable land. Improved environmental management can therefore result from RSR support.

ii) Impact of climate change or environmental degradation on the RSR intervention

• **Climate change can increase the scale of the challenge by reversing decades of investment in development.** The growing and increasingly interconnected threats of climate change and ecosystem degradation can profoundly impact the ability of the poor to respond to crises; thereby increasing the need for the RSR intervention.

• **Changing patterns of vulnerability.** New patterns or “hotspots” of vulnerability are being created by climate change. Social protection projects, including cash transfer programmes, must therefore take climate change into account.

• **Social protection projects are at risk from climate change.** Social protection initiatives are as much at risk from climate change as other development approaches. There is increasing concern that social protection, CCA and DRR interventions will not work in the long run if they continue to be applied in isolation from each other. Without adequate consideration of short and long-term climate change and variability, some RSR projects may be unlikely to succeed in reducing poverty. Public works projects, which are not adequately “climate/disaster proofed,” are particularly at risk from climate change
The UK's Multilateral Aid Review (MAR, 2011) identified that there is room for improvement by the World Bank in terms of efficiency and progress on climate change amongst other issues.

Social Protection and Labour – World Bank terminology for social protection systems

World Bank (2011) Social Protection and Climate Resilience


World Bank (2011) Social Protection and Climate Resilience
http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/244362-1232059926563/5747581-1239131985528/WBSocProtec_Final.pdf (Table 1, page 17)

FAO (2009) Resilience of Rural Communities to Climatic Accidents: A Need to Scale Up Socio-Environmental Safety Nets