A METHODOLOGICAL GUIDE ON

CHANNELLING CLIMATE FINANCE INTO CASH TRANSFER PROGRAMMES TO REACH, PROTECT AND BUILD THE RESILIENCE OF THOSE LEFT BEHIND

ADAPTIVE CASH TRANSFER
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This methodological guide was prepared by the UNDP World Centre for Sustainable Development (RIO+ Centre) as a collaborative effort between African Risk Capacity based in Johannesburg and the UNDP Regional Service Centre (RSC) in Addis Ababa. The Adaptive Cash Transfer (ACT) concept was introduced by Amath Pathe Sene, who co-authored this guide with Rosaly Byrd (RIO+ Centre). Amath Pathe Sene, Daisy Kukarakate (UNDP RSC) and Papa Diarra Zoumana (African Risk Capacity) co-coordinated the work on the guide, which was prepared under the guidance of Aliou Dia, (UNDP RSC Climate Change and DRR Team Leader).

Experts from within UNDP as well as from other organizations participated in a consultative technical meeting held in Rio de Janeiro, which was fundamental for shaping the guide. In addition to being an important opportunity to build partnerships and foster dialogue, the experiences and discussions shared during the two-day event served as key input to inform the content of the guide, particularly on how to channel climate finance into cash transfers.

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EXECUTIVE SUMMARY

In 2015, world leaders adopted a bold new transformative agenda for sustainable development — the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). This Agenda along with three new accords — the Paris Climate Change Agreement, the Addis Ababa Action Agenda, and the Sendai Framework for Disaster Risk Reduction, provide a roadmap to guide policies and drive actions on a range of sustainability issues with the goal of building peaceful, inclusive and prosperous societies that are resilient to climate change.

To make sustainable development a reality and accelerate progress towards achieving the SDGs, new integrative and innovative approaches to tackling today’s complex development challenges are needed. Strengthening and institutionalizing linkages among the economic, social and environmental dimensions of sustainable development will be fundamental. Climate and development finance can be associated with the new adaptive approaches emerging to build multidimensional national policies and programme that are more effective in reaching those being left behind. To turn these policies into concrete measures, new integrated tools are required.

Adaptive Cash Transfers (ACT) is one such tool. The new and innovative ACT concept offers policymakers the possibility of strengthening the links among the three dimensions of sustainable development, while fostering climate resilience for the most vulnerable. This guide discusses the concept of Adaptive Cash Transfer, as well as provides guidance on how to design, implement and build support for ACT programmes in a variety of country situations.
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<td>AAAA</td>
<td>Addis Ababa Action Agenda</td>
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<td>ACT</td>
<td>adaptive cash transfer</td>
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<tr>
<td>ASP</td>
<td>adaptive social protection</td>
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<tr>
<td>AWP</td>
<td>annual work plan</td>
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<tr>
<td>CCFF</td>
<td>climate change financing framework</td>
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<td>CCT</td>
<td>conditional cash transfer</td>
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<tr>
<td>CFW</td>
<td>Cash-for-Work</td>
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<tr>
<td>COP</td>
<td>Conference of the Parties</td>
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<td>CPEIR</td>
<td>Climate Public Expenditure and Institutional Review</td>
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<tr>
<td>CSR</td>
<td>corporate social responsibility</td>
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<tr>
<td>CT</td>
<td>cash transfer</td>
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<tr>
<td>DFA</td>
<td>Development Finance Assessment</td>
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<tr>
<td>DRM</td>
<td>disaster risk management</td>
</tr>
<tr>
<td>DRR</td>
<td>disaster risk reduction</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>FDI</td>
<td>foreign direct investment</td>
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<tr>
<td>GCF</td>
<td>Green Climate Fund</td>
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<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
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<tr>
<td>GDP</td>
<td>gross domestic product</td>
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<tr>
<td>M&amp;E</td>
<td>monitoring and evaluation</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MTEF</td>
<td>medium-term expenditure framework</td>
</tr>
<tr>
<td>MRV</td>
<td>measure, report and verify</td>
</tr>
<tr>
<td>NAPA</td>
<td>national adaptation programmes of action</td>
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<tr>
<td>NDC</td>
<td>nationally determined contributions</td>
</tr>
<tr>
<td>NDP</td>
<td>national development plan</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<td>ODA</td>
<td>official development assistance</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>PEER</td>
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<td>PETS</td>
<td>Public Expenditure Tracking Survey</td>
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<td>PPP</td>
<td>purchasing power parity</td>
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<tr>
<td>PRS</td>
<td>poverty reduction strategy</td>
</tr>
<tr>
<td>REDD</td>
<td>reducing emissions from deforestation and forest degradation</td>
</tr>
<tr>
<td>TOR</td>
<td>terms of reference</td>
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<tr>
<td>SDG</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SNRM</td>
<td>sustainable natural resource management</td>
</tr>
<tr>
<td>SP4SD</td>
<td>Social Protection for Sustainable Development</td>
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<tr>
<td>UCT</td>
<td>unconditional cash transfer</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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This Methodological Guide aims to support policymakers' and development practitioners' efforts to establish Adaptive Cash Transfer (ACT) programmes. ACT goes beyond the traditional social and economic features of social protection instruments and cash transfer programmes by integrating environmental criteria in order to build the resilience of vulnerable people to climate-related risks. By providing mechanisms to channel climate finance in a more cost-effective way, ACT helps these funds reach those most in need.

This guide's main objective is to provide readers with background information on the current context in relation to the adoption of ACT programmes, their purpose and the process and tools for designing and implementing them. Three different approaches to developing ACT programmes are presented here:

(i) expand existing cash transfer programmes to integrate environmental and climate criteria;
(ii) adjust existing green grants, such as payments for ecosystem services (PES) programmes, so that they include additional climate finance and social criteria; and
(iii) build new cash transfer programmes from the ground up that incorporate social, economic and environmental criteria.

The guide describes the steps for channelling climate finance into cash transfer programmes. The importance of collaboration among sectors on joint policy planning and programming, effective coordination mechanisms and integrated tools are emphasized throughout the publication.

The guide is organized as follows:

Chapter 1 sets the stage and rationale for ACT, outlines development issues and opportunities and confirms the need for new and modified approaches to tackling global challenges;

Chapter 2 defines what an ACT is, makes the case for adopting ACT programmes and elaborates on how they can contribute to integrated development policy and planning;

Chapter 3 presents the analytical framework that is to be completed prior to initiating the ACT design process;

Chapter 4 discusses all phases and tools for the design and implementation of an ACT programme, as well as possible challenges policymakers may face;

Chapter 5 provides a set of recommendations for designing and implementing an effective advocacy strategy to bring policymakers and stakeholders on board.

After following the steps outlined in this guide, policymakers and researchers will be equipped to prepare a final report on ACT with the structure, content and proposed length outlined in the table below.

Table 1: ACT Report Format

<table>
<thead>
<tr>
<th>Section</th>
<th>Standard content</th>
<th>Maximum length (proposed)</th>
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<tbody>
<tr>
<td>Analytical Framework</td>
<td>Context analysis</td>
<td>1-2 pages</td>
</tr>
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<td></td>
<td>Policy analysis</td>
<td>1-2 pages</td>
</tr>
<tr>
<td></td>
<td>Analysis on institutions and legislation</td>
<td>1-3 pages</td>
</tr>
<tr>
<td></td>
<td>Analysis on CT programmes</td>
<td>1-2 pages</td>
</tr>
<tr>
<td></td>
<td>Mapping of development and climate finance</td>
<td>1-2 pages</td>
</tr>
<tr>
<td>Framework for Action</td>
<td>Design process for the ACT programme</td>
<td>1-8 pages</td>
</tr>
<tr>
<td>Framework for Advocacy</td>
<td>Advocacy strategy for climate adaptation and ACT</td>
<td>1-5 pages</td>
</tr>
<tr>
<td>Conclusion and Recommendations</td>
<td>Policy recommendations and next steps for implementation</td>
<td>1-3 pages</td>
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Chapter 1:

THE RATIONALE FOR ADAPTIVE CASH TRANSFERS

Photo credit: Silke von Brockhausen/UNDP. Description: The main square of Nui Island still under water over a month after cyclone pam created huge waves.
GLOBAL DEVELOPMENT ISSUES

In recent decades, the world has experienced unprecedented biodiversity loss and degradation of ecosystems, economic crises, commodity market volatility and more frequent and intense natural disasters brought on by climate change - all of which have only served to intensify poverty and inequality. While global GDP and purchasing power parity (PPP) indicators have increased over time, within countries, inequalities have become further entrenched and poverty persists. Around the world, 790 million people still suffer from hunger and 836 million live in extreme poverty, surviving on less than US$1.25 a day (UNDP, 2016b). The global population is estimated to reach 9.7 billion by 2050 (UNDESA, 2015) and climate change could push as many as 122 million more people into poverty (FAO, 2016). Currently, approximately one in five people in low-income countries receive some type of social assistance or social protection benefits, as compared to two in three in upper-middle income countries (UN Statistics Division, 2016).

Today, more than 70 percent of the poor in developing countries are strongly dependent on ecosystems for their livelihood and well-being (Green Economy Coalition, 2012). In a changing climate, food security and income are increasingly at risk of being affected by climate variability (UNDP Social Protection Primer, 2016). Natural disasters affect more than 200 million people a year and the burden of their impacts falls disproportionately on the poor (ODI HPN, 2015). In the last 20 years, disasters have affected 4.4 billion people and caused the loss of 1.3 million lives and over US$2 trillion in economic losses (UNDP and IFRC, 2014). Women, particularly those in rural areas who do not own land or assets, are especially vulnerable to the effects of climate change. Although they find ways to mitigate and adapt in many contexts, they still lack the resources needed to do so. Financing for climate adaptation in general still lags behind funds for climate mitigation, which totalled US$25 billion in 2014, or just 17 percent of total public funds for climate finance (Buchner and others, 2015).

NEW GLOBAL FRAMEWORKS

In 2015, countries around the world adopted several innovative global frameworks that create new paths to sustainable development and to addressing these challenges. These frameworks include:

The 2030 Agenda and the Sustainable Development Goals: A transformative plan of action, the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) and 169 targets are to guide policies over the next fifteen years. The Agenda and the SDGs will promote actions on a range of issues related to all three dimensions of development: social, economic and environmental.

The Sendai Framework for Disaster Risk Reduction 2015-2030: The Sendai Framework aims to build and strengthen the resilience of nations and communities to disasters. With seven targets and four priorities for action, the framework’s objective is to reduce the risks of and losses from disasters and improve capacities to “Build Back Better.”

The Addis Ababa Action Agenda (AAAA): As financing is a major factor in the success of the 2030 Agenda, under the AAAA, countries agreed to generate financing for the implementation of the 17 SDGs. The AAAA contains more than 100 concrete measures to address sources of funding and covers cooperation on a range of issues including technology, science, innovation, trade and capacity-building. The AAAA calls on developed countries to meet their commitment to mobilize US$100 billion per year for climate finance to developing countries by 2020.

The Paris Climate Agreement: Adopted by all 196 parties to the United Nations Framework Convention on Climate Change (UNFCCC) at COP21 in Paris, the Paris Agreement is a universal agreement on reducing greenhouse gas (GHG) emissions and building climate resilience. All countries agreed to work to fulfil their Nationally Determined Contributions (NDCs) in order to limit the increase in the global temperature to well below two degrees Celsius. It was also agreed that from 2020 to 2025, developed countries will continue mobilizing US$100 billion per year to support low-carbon growth and climate resilience in developing countries.
THE OPPORTUNITIES OF THE GLOBAL FRAMEWORKS

While the prime objective of mitigation and adaptation measures is undoubtedly to ward off the serious threats that climate change and other global challenges represent for the world, they can also be seen as an opportunity to introduce more sustainable economic activities and livelihood practices. The SDGs and the Paris Climate Agreement offer developing countries an opportunity to take different paths than those of developed countries and to even provide valuable lessons to developed countries on sustainability. Yet, a rewiring of operations is necessary to achieve this and to ensure that initiatives that are intended to support these global frameworks are complementary and coordinated in order to maximize effectiveness and minimize cost.

The 2030 Agenda established three related principles for the implementation of the SDGs: integration, inclusion and universality. These principles aim to ensure that programmes and policies intersect across all the SDGs and sectors, and that ministries and institutions act in full coordination. They also seek to ensure that policies are designed to leave no one behind, as sustainable development must be achieved for all, especially the poorest and most vulnerable. The principles also underline the fact that all countries - developed and developing - are committed to working to achieve all the goals.

To implement these new global frameworks based on the 2030 Agenda’s principles requires building new and modified approaches to existing challenges. This is particularly evident in the nexus between environmental concerns and poverty. Although the interdependence among ecological resilience, climate change and human well-being is recognized, this connection is still overlooked and institutional mechanisms to link these issues are still weak. This leads to initiatives being carried out separately by different ministries or agencies with little, if any, coordination among them. For instance, historically, social protection policies (which include measures to support vulnerable populations from shock and help them avoid negative coping strategies and from slipping back or further into poverty) and their instruments have not taken environmental or climate related aspects into consideration. Uncoordinated operations between key sectors have proven inefficient in ensuring that environment and climate criteria are mainstreamed into policy planning and budgeting processes (UNDP-UNEP PEI, 2015).

Although more countries are devising cash transfer programmes to aid vulnerable populations, often various programmes end up targeting the same population, while using different management and delivery mechanisms. This can lead to leakage, the duplication of efforts and a lack of coordination, and fuel competition for resources, all of which undermine multidimensional progress.

Despite these shortcomings or weaknesses, social protection can be designed to effectively foster climate resilience, adaptation and mitigation. The FAO’s 2016 State of Food and Agriculture report acknowledges that social protection programmes will play “an important role” in helping smallholder farms better manage risk and reduce vulnerability to climate shocks. In the context of the implementation of the SDGs, which requires more integrated planning across all areas and sectors, it is vital to rethink and redesign social protection policies and their enabling instruments. New approaches that integrate climate change into social protection are beginning to evolve as a response to this need: Adaptive Social Protection (ASP) and Social Protection for Sustainable Development (SP4SD) are such examples. Innovative ways to fund climate adaptation and mitigation are also in demand. Not only is there a growing need for improved tracking, monitoring and evaluation of climate spending and finance, but these resources must also be better targeted for delivery to individuals and households most in need.
Adaptive Social Protection (ASP) is defined as a set of flexible programmes that can protect poor households from climate shocks and other natural disasters before they occur and be scaled up in order to respond to extreme events when they occur (World Bank, 2016).

In Brazil, the Bolsa Família (Family Allowance) and Bolsa Verde (Green Grant) programmes are cash transfer programmes that target the most vulnerable people based on different criteria and conditionalities. Bolsa Família supports poor families throughout the country by combining cash transfers with access to public social services (health and education), while Bolsa Verde supports Bolsa Família beneficiaries in more targeted geographic areas and access to the transfer is conditioned on engagement in environmental conservation and sustainable activities (e.g. maintaining forest cover, artisanal fishing, etc). Although they use the same single registry to identify beneficiaries, two different ministries run these cash transfer programmes: The Ministry of the Environment manages Bolsa Verde and the Ministry of Social Development, Bolsa Família. A lack of effective cross-sectoral coordination and vertical integration between the line ministries involved can significantly undermine both the effectiveness and the impact of the two programmes. Although these programmes have been successful in reducing poverty, they would also be a good example for Brazil and other countries to revisit and streamline when designing cash transfer programmes for sustainable development in the context of the SDGs.
Chapter 2:

WHAT IS AN ADAPTIVE CASH TRANSFER?

Photo credit: Oumou Sow/UNDP Mauritanie.
WHAT IS AN ACT?

The Adaptive Cash Transfer (ACT) concept was introduced for the first time by the UNDP RIO+ Centre in 2016, following the launch of its first flagship report on Social Protection for Sustainable Development (SP4SD) and the UNDP Social Protection Primer (both published in 2016). These publications emphasize the key role next generation social protection systems will play in achieving short- and long-term sustainable development goals. Given the importance of natural resources and the environment in the lives of the poor in most developing countries, a new type of payment for environmental conservation or natural resource management is being implemented to address social and economic shocks, prevent climate risks and ensure the sustainable management of natural resources and the environment. Some examples include Payments for Ecosystem Services (PES) and Reducing Emissions from Deforestation and Forest Degradation (REDD) schemes, Cash Plus programmes and cash subsidies for green conversion, among others.

Although approaches such as as ASP and SP4SD that incorporate climate change and the environment into social protection already exist, specific instruments for the integrated implementation of these concepts are lacking. Most social protection instruments such as cash transfer systems still do not use environmental measures, natural resource management or climate adaptive capacities as criteria or conditions. Yet, by adopting such criteria or conditions, CTs can be reoriented to strengthen social protection and to integrate and address the challenges of climate change mitigation and adaptation, as well as sustainable natural resource use in general.

In this context, ACT emerges as an innovative tool with two main characteristics that address the limitations of traditional cash transfers: i) the inclusion of environmental and climate criteria together with socio-economic ones, and ii) the use of climate finance as a source of funding.

In this guide, ACT is defined as follows:

Adaptive Cash Transfer (ACT) is a cash transfer system that integrates environmental criteria, conditions and indicators alongside the usual social and economic indicators, with an objective of achieving climate adaptation. ACT policies take a preventative approach to social protection and climate risks by adopting measures that help poor households build resilience to climate shocks before they occur (such as predictable transfers, asset-building and other measures that help them cope) and by establishing social safety nets that can be quickly scaled up to mitigate and respond to extreme weather events (droughts, floods, storms, etc.) when they hit. The integration of environmental and climate criteria enables governments to channel climate finance into existing CTs or to-be designed ACTs, thereby helping to ensure that the funds benefit those who need them the most.

Thus, ACT has the potential to improve the living conditions of the most vulnerable by increasing ecosystem functions, diversifying income sources, providing supplementary cash income and promoting new, more sustainable livelihood skills. Since natural resource management, climate change adaptation and resilience are all inextricably connected, ACT can bolster local resilience and prevent households from falling back into poverty. Protecting and ensuring proper use of environmental resources such as land, water and biodiversity is essential for bolstering resilience among vulnerable communities that depend on environmental resources for their survival, especially in the context of a changing climate.

Another characteristic of ACT is the opportunity it presents to channel climate finance into social protection programmes, thereby serving as a new source of funding. There are major advantages to integrating climate finance and cash transfers. Social policies and CTs (conditional, unconditional or both) are considered extremely costly, but in view of the recent commitments to mobilize resources for climate finance, developing countries could use these funds to both strengthen social protection tools and incorporate environmental sustainability into social policies. This new source of financing and the combination of social protection and climate adaptation, mitigation and resilience programmes can also improve cost-effectiveness, as planning must be integrated across sectors and ministries and therefore demands greater coordination. Furthermore, it can help trigger better, more comprehensive programmes that could eventually be funded entirely from the national budget.

Blending climate finance into CTs and using combined socio-economic and environmental indicators can also address some of the institutional and structural challenges associated with climate finance, namely monitoring, reviewing and evaluating. Due to the change in eligibility requirements, beneficiary registries will collect data on a broader range of socio-economic indicators and from a higher number of sources within governments. This will generate the information (which is currently lacking) that is required to monitor, report, and verify (MRV) climate finance and to determine the effectiveness and impacts of climate finance (M&E plans and impact assessments).
Chapter 3:

ANALYTICAL FRAMEWORK FOR ADAPTIVE CASH TRANSFERS

Photo credit: Dominic Chavez/World Bank.
Moving from traditional socially-oriented cash transfers (CT) to Adaptive Cash Transfers (ACT) requires a thorough analysis of a country's current situation, looking at various elements and factors. A comprehensive analytical framework, outlined in this section of the Guide, will aid in the analysis phase of developing an ACT programme (Phase 3, see page 40). While analysts can draw on existing studies when designing an ACT programme, the need for further research to inform this process may arise along the way. As such, the Analytical Framework is intended to contribute and feed into Phase 3 (Analysis and design) of the creation of an ACT policy.

The analytical framework is composed of analyses on the following five elements, providing the necessary information for the formulation of ACT policies.

Figure 1: The ACT Analytical Framework

| 1. Context       | • Review of national development challenges and the opportunities posed by the 2030 Agenda  
                   | • Country strengths and weaknesses in the context of the SDGs |
|------------------|--------------------------------------------------------------------------------------------------|
| 2. Policy        | • Review of existing climate vulnerability, resilience, gender and poverty assessments  
                   | • Vertical and horizontal policy coherence  
                   | • M&E framework |
| 3. Institutions and legislation | • Institutional arrangements (planning and budgeting)  
                                   | • Coordination mechanisms for “adaptive social policies” and instruments  
                                   | • Accountability of institutions  
                                   | • Existing legislation |
| 4. CT programmes | • Review of all CT programmes  
                   | • Coherence among national and sectoral policies and CTs programmes  
                   | • Strengths and weaknesses  
                   | • Opportunities for ACT |
| 5. Development and climate finance | • Mapping of development and climate finance  
                                             | • Public expenditure on social protection and the environment  
                                             | • Relevance of climate finance  
                                             | • Fiscal instruments for climate change |
The analysis of these five components will provide the insights and inputs needed to initiate the process of designing and implementing an ACT programme. A more complete explanation of each component follows below.

3.1 Context analysis

The goal of the context analysis is to provide a brief overview of general development situation in the country. It will review national development challenges and opportunities in the context of the 2030 Agenda, country strengths and weaknesses in the context of the SDGs and the need for ACT.

Key questions:
► What is the focus of the country’s NDP?
► What are the environmental, climate, social protection and other social and economic development policies and policy frameworks (which include strategies and action plans) in place at the local, sectoral or national level?
► What policies and strategies are used to build resilience at the national, regional, local and household level?
► What is the current situation in relation to policy coherence (vertical and horizontal)? Are there mechanisms or measures in place to ensure coherence among sectoral policies (social protection, DRR or SRNM)?
► Is there any evidence of policymaking already underway that could lead to the adoption of an ACT programme?
► What is the current political situation and how could it help or hinder the implementation of the SDGs?
► What is the country’s level of readiness in relation to the 2030 Agenda, the Paris Climate Agreement, the Sendai Framework and the Addis Ababa Action Agenda raise at the country level?
► What are the main challenges and opportunities that the 2030 Agenda, the Paris Agreement, the Sendai Framework and the Addis Ababa Action Agenda raise at the country level?
► What would be the purpose and specific objectives of an ACT programme in the country in question?

Potential sources for data and information: National SDGs readiness reports, development policies, policy evaluation reports, Regional Human Development Reports

3.2 Policy analysis

The policy analysis should review national and local development policies; sectoral policies (social protection, SNRM, DRR, climate change); existing climate vulnerability, resilience, gender and poverty assessments; national development plans (NDPs); analyses by subnational government entities; assessments of vertical and horizontal policy coherence and M&E frameworks. Elements to look out for include the impacts of relevant policies; how policy objectives are translated into programmes and instruments, and if processes to integrate social protection, climate change, SNRM and disaster risk reduction (DRR) are currently underway.

Key questions:
► What does the country’s institutional framework for the implementation of SDGs look like and what capacity does it have to implement them?
► What institutional arrangements, functions and accountability mechanisms are in place to foster vertical
and horizontal coherence and to plan, implement and monitor integrated approaches that deliver adaptive social protection and address climate change, DRR and SRNM?

- What are the main characteristics of the country’s planning processes (plans, programmes and budget)?
- Do policies and institutions support integrated planning and programmes? If so, how?
- What intra- and inter-institutional coordination mechanisms are currently in place to ensure the adoption of integrated approaches, increase awareness and facilitate information-sharing between sectors?
- What are the key drivers of and barriers to change?
- What power relations exist between national, sectoral and local planning and budgeting? Who are the champions and who decides?
- How has the legislative and regulatory framework of policies in this area been organized?

**Potential sources for data and information:** National SDG readiness reports, development policies, policy evaluation reports, Regional Human Development Reports

### 3.4 Analysis of CT programmes

This section aims to produce an overview of all existing CT programmes and their consistency with national and sectoral policies. In general, cash transfer programmes aim to achieve poverty alleviation and reduce vulnerability (through both development-oriented and humanitarian relief programmes) in the short term; in medium term, to strengthen the livelihoods of the poor; and in the long term, to address chronic social exclusion, put an end to the intergenerational transmission of poverty and reduce inequality. As previously noted, while cash transfer programmes in many parts of the world have been successful in making progress towards these objectives, most do not take into consideration environmental or climate-related aspects, which are essential for ensuring long-term sustainability.

While conducting the review, analysts should identify the strengths and weaknesses, current challenges and impacts on poverty reduction and resilience of CT programmes, as well as the opportunities for designing an ACT programme.

**Key questions:**
- Which sectors are implementing or planning to implement CT programmes?
- What are the main conditional transfer (CCT) or unconditional transfer (UCT) programmes being implemented in rural/urban areas? What eligibility criteria and conditionalities do they use? What are their strengths, weaknesses and challenges?
- What changes are existing CTs (conditional and unconditional) expected to bring? Has progress been made in achieving the programmes' stated objectives?
- How do local markets react to CTs and what are the programmes’ impact on prices?
- What infrastructure and delivery options are there for CTs?
- Are current social relations and power dynamics within the household and community taken into account when designing CT programmes? If so, how?
- What type of monitoring and evaluation systems are in place? Enforcement systems?
- Is the country experiencing high levels of corruption?
- What coordination mechanisms exist?
- Is the adoption of an ACT programme politically and economically feasible?
- What skills and capacities are in place?
- Are there opportunities to transform current CTs into ACTs?

**Potential sources for data and information:** Sectoral plans (agriculture, DRR, social protection, rural development, etc.), local development plans, NDPs and NDP formulation guides, civil society reports, CT programme reports

To assist with this analysis, table 2 provides examples of existing social and/or environmental protection programmes and initiatives that involve the transfer of cash or in-kind benefits to the vulnerable with the ultimate goal of improving their living conditions and sustainability.

---

<table>
<thead>
<tr>
<th>Type of programme or initiative</th>
<th>Description</th>
<th>Who pays</th>
<th>Who receives</th>
<th>Expected outcome</th>
<th>Example</th>
</tr>
</thead>
</table>
| Unconditional cash transfers (UCT) | Cash is transferred to eligible beneficiaries on a regular basis (often monthly) without imposing conditions on how the money should be used or obligations to engage in certain activities (e.g. school attendance, use of health clinics, etc.). | Government, development partners, NGOs, INGOs, Individuals or households | ▶ Better health and education  
▶ Higher income  
▶ Improved skills and jobs created | Livelihood Empowerment Against Poverty (LEAP), Ghana; Unconditional Cash Transfers, Kenya |
| Conditional cash transfers (CCT) | Cash transfers given on the condition that eligible beneficiaries participate in certain activities (often related to education, health, natal care, establishing/re-establishing a livelihood). | Government, development partners | Individuals or households | ▶ Better health and education  
▶ More births registered  
▶ Higher income  
▶ Improved skills and jobs created | Bolsa Família, Brazil |
| Social assistance transfers | Regular, unconditional and predictable cash transfers provided to vulnerable or extremely poor households that face long-term challenges to rising out of poverty (e.g. no adults with the capacity to work) or specific individuals (e.g. the elderly, pregnant women, etc.). | Government, development partners | Individuals or households | ▶ Better health and education  
▶ More births registered  
▶ Improved incomes | Productive Safety Net Programme, Ethiopia; Social pensions, Mauritius |
| Commodity or cash vouchers | Commodity vouchers stipulate the items (and amount/weight) or services for which recipients can exchange their vouchers. In the case of cash vouchers, a specific amount is set and the services and/or items for which the voucher can be exchanged may be predefined. Alternatively, recipients are given the freedom to choose what to purchase with their voucher. Combined vouchers (cash and commodity) also exist. Vouchers may be exchanged in pre-selected shops, with specified traders/service providers or at specifically organized fairs. | Government, development partners, NGOs, INGOs, Individuals or households | ▶ Improvements in beneficiaries’ ability to fulfil their basic needs  
▶ Increase in consumption  
▶ Stronger local markets | Cash Vouchers, Niger |
| Cash-for-work (CFW) | Beneficiaries receive cash in exchange for their work on community or public works, which will improve community services or infrastructure. In general, the cash benefits are meant to cover basic needs, but are slightly below market levels to avoid competing with the labour market. | Government, development partners, NGOs, INGOs | Individuals | ▶ Improved wages for beneficiaries  
▶ Improvements in infrastructure  
▶ Increase in consumption | Expanded Public Works Programme (EPWP), South Africa |
<p>| Payment for biodiversity conservation and management practices | In the case of conservation easements, the landowner is paid to maintain a certain piece of land only for conservation purposes (there are usually restrictions in relation to perpetuity and transferability upon sale). Conservation land leases are similar; here, as it is a lease, payments are made for a specific period of time. | National or local governments | National or local governments or Individuals | ▶ Biodiversity is conserved | Payment for biodiversity conservation, Chile; Birds’ Nest Protection Programme, Cambodia |</p>
<table>
<thead>
<tr>
<th>Type of programme or initiative</th>
<th>Description</th>
<th>Who pays</th>
<th>Who receives</th>
<th>Expected outcome</th>
<th>Example</th>
</tr>
</thead>
</table>
| Cash Transfer Plus            | Beneficiaries of these programmes (conditional or unconditional) receive both cash benefits and assets (animals, seeds, materials, etc.) to help them better adapt to climate change by boosting their resilience and productivity. | Government or NGOs, INGOs | Individuals | ▶ Improved productive capacities  
▶ Improved nutritional status  
▶ Greater resilience | Social Cash Transfer Programme (SCTP), Malawi; Cash Plus Burkina Faso |
| Remittances                   | Private cash transfers sent by workers living abroad to their families and communities in their country of origin. In absence of social protection systems, remittances are often used by households to survive and access basic services such as health, education and housing. They become also a vital source of income for people whose livelihoods are threatened by natural disasters or other calamities. | Private individuals | Individuals | ▶ Better health and education  
▶ Improvements in food security and housing | |
| Microfinance                  | An array of financial services (including loans, savings and insurance) provided to poor entrepreneurs and small business owners who have no collateral and would not otherwise qualify for a standard bank loan. | Government, NGOs/INGOs, cooperatives, private banks | Individuals | ▶ Sustainable livelihoods  
▶ Improvements in housing  
▶ Sustainable management of natural resources | Vision 2020 Umurenge Programme (VUP), Rwanda |
| Climate risk insurance        | Programmes that offer individuals insurance against the risks of extreme weather events. What may be an incalculable drama for individuals or for individual governments can become a calculable risk for the community of the insured. These insurance systems obtain their capital from climate insurance organizations and companies. The programmes may be run by governments or private companies. | Government or private insurance companies | Individuals | ▶ Greater resilience to and ability to cope with risk associated with extreme weather events | African Risk Capacity, 32 African countries; Weather Index-Based Insurance (WIBI) Mindanao, Philippines |
| Payment for Ecosystems Services (PES) | Also known as payments for environmental services (or benefits), PES are incentives offered by the government or private sector to farmers or landowners in exchange for managing their land to provide some sort of ecological service. | National or local governments | Individuals (farmers or landowners) | ▶ Sustainable livelihoods, sustainable management of natural resources | Programa por Pago de Servicios Ambientales (PSA, or Programme for PES), Costa Rica; PES, Tanzania |
| Subsidies for the conversion of farmland to forests | Transfers of assets (grain, assistance to migrate, energy and irrigation infrastructure or training for farmers) to individuals who agree to convert their cropland to forests. | Government | Individuals (farmers) | ▶ Sustainable management of natural resources  
▶ Restored ecosystems | Conversion of Cropland to Forest Programme (CCFP), China |
| Purchase of High-Value Habitat | Land is purchased by government agencies, private individuals or NGOs explicitly for the purpose of conserving biodiversity. | Government, private individuals or NGOs | Individuals or group of individuals | ▶ Biodiversity is conserved | Purchase of High-Value Habitat, Costa Rica and Colombia |
3.5 Analysis of development and climate finance

This part of the analytical framework is to review and map out the flows of domestic and international development and climate finance and provide an overview of the redistribution of GDP growth to pro-poor productive sectors. It also aims to identify the volume of resources allocated to social protection as well as the flows of climate finance directed towards the poor to generate environmental benefits, particularly through adaptation strategies.

Key questions:

- How is funding for development used in the country? How has the volume of development finance varied over time and what are the sources?
- Are development and aid flows being allocated to national priorities and goals? To social protection, climate change adaptation, disaster risk management (DRM) and sustainable management of natural resources?
- What is the volume (both for adaptation and mitigation) and the main sources of the climate finance flows to the country? What are they used for? What are the targets/indicators used to monitor destinations and impact?
- What are the key instruments used to track development and climate finance?
- How is the country using climate finance to tackle vulnerabilities and boost resilience?
- What resources at the institutional and individual levels come from climate insurance mechanisms?
- Is the country combining development and climate finance to reach, protect and build resilience of those being left behind? What are the specific policies for this?

Potential sources for data and information: Climate Public Expenditure and Institutional Reviews (CPEIR), finance bills, programme based budgets, Public Financial Management (PFM) reports, Public Expenditure Financial Assessment (PEFA), Development Finance Assessments (DFA)

In addition to answering the key questions listed above, two exercises can be done to map out the development and climate finance landscapes: i) a development finance assessment (see table 3), and ii) a climate finance assessment. The Climate Policy Initiative (CPI) has developed a useful methodology to assess climate finance flows at subnational and national levels.

Climate Finance Assessments

Climate finance assessments are carried out to estimate climate finance flows and identify opportunities and constraints for incorporating climate change concerns into the national and subnational budget allocation and expenditure process. The process should be conducted at the global, regional and national level.

At the global and regional level, an overview of global and regional funds – especially those for adaptation – are relevant for this exercise. The figure 2 summarizes the allocation of climate finance resources at the global level in order to assist with an in-depth mapping of climate finance flows. More information on global climate finance flows and resources can be found in Annex 2 of this guide.

Climate finance refers to local, national or transnational financing, which may be drawn from public and private sources. Climate finance is critical for addressing climate change, as large-scale investments are required to significantly reduce emissions, notably in sectors that emit large quantities of greenhouse gases. Climate finance is equally important for adaptation, for which significant financial resources will be similarly required to enable countries to adapt to the adverse effects and reduce the impacts of climate change (UNFCCC, 2016).

Development finance can be defined as sources of funding that do not come from a country’s own private sector. It can be broken down into four components, which contribute to the objective of obtaining much needed resources for public spending as well as external financing for growth: i) developing countries’ government revenues; ii) concessional development assistance, external grants and concessional loans or contributions from philanthropic organizations, which can be used to cover public expenditures or catalyze growth-enhancing private financing; iii) non-concessional loans from international financial institutions or private sources that are taken out (or guaranteed) by the governments of developing countries and typically used for infrastructure or other revenue-generating projects; and iv) private external financing in the form of foreign direct investment (FDI) and other portfolio flows, most of which is targeted to growth objectives rather than social objectives (IRF, 2015).
Table 3: Content of a Development Finance Assessment report

<table>
<thead>
<tr>
<th>Finance</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External</strong></td>
<td>ODA Grants and Loans; public borrowing from K-markets; South-South and triangular cooperation; climate-related finance; INGO donations (in-budget); vertical funds (GFATM and GAVI); other official flows (OOFs)</td>
<td>Foreign Direct Investment (FDI); overseas remittances; INGO donations (off-budget); private borrowing from K-markets</td>
</tr>
<tr>
<td><strong>Domestic</strong></td>
<td>Tax revenues; non-tax revenues; Public Private Partnerships (PPP); public domestic borrowing; mineral related taxation; sovereign wealth funds</td>
<td>Private borrowing; inclusive business finance; domestic philanthropy and NGOs; CSR linked to development</td>
</tr>
</tbody>
</table>

Source: UNDP DFA guidelines, 2016.

Figure 2: Allocation of adaptation funds at the global level, 2014 (in billions). Source: CPI, 2014.

- Water and water waste management
- Agriculture and forestry - Land use and SNRM
- Disaster Risk Management
- Infrastructure, energy and other built environments
- Other
- Policy - national budget support, capacity-building
- Coastal protection
- Industries, manufacturing and trade
Note that global climate finance flows reached US$410 billion in 2016, of which US$382 billion went to mitigation and only US$22 billion to adaptation. The majority of climate finance comes from private sources (66 percent), against 34 percent from public sources (both domestic and international) (CPI, 2017). This means that more effort is needed to mobilize a greater amount of domestic resources, especially for adaptation, in order to reach those left behind.

As for the national level, an in-depth mapping of climate finance flows can be carried out with the support of specialized initiatives. If the country has recently conducted a climate public expenditure and institutional review (CPEIR) and a public environment expenditure review (PEER), their findings provide an overview of the country’s climate finance situation, which will help the ACT team identify flexible and available adaptation funds that can be redirected into CT schemes to boost climate resilience.

It is important to note (and distinguish) that climate finance flows can come from both public and private sources, which includes through mechanisms such as climate insurance.

This mapping exercise should also determine the percentage of the national budget allocated for climate expenditures in each sector.

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### Table 4: Percentage of climate expenditure allocated to top five common priority areas (as a % of total climate expenditure), by country

<table>
<thead>
<tr>
<th>Countries</th>
<th>Public works and transport</th>
<th>Agriculture</th>
<th>Water or irrigation</th>
<th>Environment</th>
<th>Energy</th>
<th>Local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>5%</td>
<td>23%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>27%</td>
<td>-</td>
<td>8%</td>
<td>-</td>
<td>-</td>
<td>19%</td>
</tr>
<tr>
<td>Kiribati</td>
<td>15%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nepal</td>
<td>28%</td>
<td>10%</td>
<td>18%</td>
<td>-</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>Samoa</td>
<td>20%</td>
<td>-</td>
<td>-</td>
<td>17%</td>
<td>15%</td>
<td>-</td>
</tr>
<tr>
<td>Tanzania</td>
<td>-</td>
<td>14%</td>
<td>30%</td>
<td>30%</td>
<td>-</td>
<td>12%</td>
</tr>
<tr>
<td>Thailand</td>
<td>2%</td>
<td>55%</td>
<td>-</td>
<td>33%</td>
<td>28%</td>
<td>-</td>
</tr>
<tr>
<td>Uganda</td>
<td>36%</td>
<td>7%</td>
<td>14%</td>
<td>37%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: CPEIRs (Bangladesh, Cambodia, Kiribati, Nepal, Tanzania, Thailand, Uganda); Bangladesh Climate Fiscal Framework; CPEIR in the Asia Pacific Region – What have we learned?

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**African Risk Capacity (ARC)** is a specialized agency of the African Union that provides participating 32 AU Member States funds in the case of drought and other natural disasters for the implementation of predefined contingency plans.

**ARC’s mandate is to:**
- Quickly disburse funds during a drought or other weather events to ensure a more timely response;
- Reduce risk management costs by pooling risk across regionally diverse weather systems;
- Help countries develop effective response plans for early action;
- Reduce the impact of drought and other extreme weather events and increase the effectiveness of external aid.
Possible technical limitations to completing the framework

One of the main limitations for using the analytical framework could be the lack of available evidence and information. The availability, quality and capacity to produce the data needed vary according to the country’s context and level of development. Such differences may still be a key challenge for many countries.

The analytical process will help identify and map out these gaps and weaknesses, which could lead to the commissioning of new studies. It is recommended that overly extensive analyses be avoided, as the purpose of this analysis is mainly to lay the groundwork for the preparation of an ACT programme.

Analyses should be based on previous experiences while taking into account the definition, purpose and specific objectives of ACT. It is recommended that analysts avoid highly technical studies or making complex predictions based on unconfirmed resources when mapping out climate and development finance. Instead, they should assess the accuracy and availability of data and the budget reports provided in relation to national or sectoral strategies. They should also assess coherence to the SDGs, as well as the potential value-added and/or convenience of conducting MTEFs, finance bills, CPEIRs or similar specialized studies. The team should attempt to identify: i) the main analytical gaps that would add significant value to the development of ACT programmes; and ii) opportunities to collect and produce such analyses through partnerships with government ministries and institutions that possess the data needed before the process of designing ACT policies or programmes are launched.

For technical areas where data such as meteorological and climate information may not be readily available, collaborating and establishing partnerships with meteorologists, climate scientists and disaster risk managers will be crucial.
Chapter 4:

ADAPTIVE CASH TRANSFER PROCESS FUNDAMENTALS: A FRAMEWORK FOR ACTION

Photo credit: Rabo Yahaya/UNDP.
Description: A villager takes extra precautions to keep her supply of water clean in Niger.
This framework for action aims to provide basic guidance and principles for designing an ACT programme or policy. It is comprised of five phases: launching, planning, analysing and designing, implementing, and completion. The key features of each phase are outlined in detail below. They may or may not follow this sequence, as this will depend on how far the process is taken, as well as national circumstances which vary. It builds upon lessons learned from CT designing exercises and processes around the world.

Figure 3: The Adaptive Cash Transfer (ACT) Preparation Cycle

Phase 1: Launch of discussions and concept approval
- Proposal (concept note) to launch discussions
- Official decision to adopt an ACT programme

Phase 2: Planning
- Establish ACT team
- Plan ACT process (management arrangement, work plan, communications and advocacy plan)
- Risk management
- Quality assurance

Phase 3: Analysis and design
- Background analysis using the ACT analytical framework
- Design process

Phase 4: Implementation
- Report dissemination
- Roadmap for implementation (programme structure, service providers, training and information sessions, etc.)
- Monitoring and evaluation system

Phase 5: Completion
- Assessment of implementation
- Adjustments to programme features

Duration: approximately 7 months

Gender mainstreaming
Governance & management arrangements; Stakeholder engagement & citizen participation

The model (figure 3) provides an overview of the process of designing an ACT, from beginning to end. Regardless of a country’s starting point, an ACT programme can be designed and ready to be piloted within seven months by following these steps and phases.

Each phase will produce a specific outcome that will take the country one step further in the process of creating an ACT programme or policy. While these phases provide a solid basis for the design and implementation of ACTs, the success of the process hinges on the engagement of all stakeholders – that is, champions from various sectors, including civil society, the private sector and academia - in driving the change process forward. Good governance is also vital to success.

As illustrated in the next pages, each phase is divided into three parts to ensure clear comprehension of the model: i) purpose, ii) principles, and iii) process.
4.1 Phase 1: Launch of discussion and concept approval

**Expected duration:** Up to 1 month

**Purpose:** The objective of the initial phase is to promote the idea of ACT in a given country, bring key actors on board and obtain official approval to move the process forward. The idea could be put forth by any of a number of stakeholders, such as individuals, institutions and development partners, among others. The 2030 Agenda and its SDGs could also help build momentum for the project. For countries engaged in Adaptive Social Protection/Social Protection for Sustainable Development, ACT represents a concrete instrument for implementing such policies. Although this initial phase will be short compared to the others, its duration will vary from one country to another.

**Principles:** The initial phase must be:

- **Evidence driven.** The concept note should contain both quantitative and qualitative evidence;
- **Goal driven.** The objectives should reflect a country’s opportunities, capacity and interest in developing and implementing an ACT.

**Process:** The decision to launch an ACT programme should be formalized with an official request to undertake such a process. This can take the form of a short and concise concept note (maximum of two pages) and should contain the following: title; background information; relationship to national, sectoral and local development policies and the SDGs; objectives; expected outcomes; implementing entities; potential partners and a budget estimate.

Once the concept note is finalized, it should be reviewed and submitted for approval to relevant decision makers (for example, those within the ministries of planning, environment, agriculture and rural development, and social development; the parliament or congress; committees in charge of social or environmental issues; and social-environmental and economic councils). Note that during this phase, it is important to identify the relevant institutions and examine institutional arrangements in order to determine the best approach for the following phases.

**Stakeholder engagement**

Initial consultations with champions from relevant sectors, civil society and other partners on integrated approaches and ACT design should also be held. The cooperation of relevant ministries and institutions is vital for data collection and analysis. Existing working groups on CTs must also be consulted.

**Important considerations**

The team should identify any legal or institutional barriers that could prevent climate finance from being channelled into CT programmes or the adoption of an ACT. The planning phase should start only when relevant authorities officially approve the proposal to start the process of designing and implementing an ACT. Therefore, this phase could be considered a pre-ACT phase.

**Key recommendations**

- **Identify and engage champions** from relevant institutions, specific working groups, civil society and CT beneficiaries to win support for the development of an ACT programme;
- **Improve and promote awareness** on the linkages between social protection, climate change, natural disasters and SNRM to trigger interest and political commitment to shifting from silo-based approaches towards adaptive social policies and integrated instruments;
- **Align integrated policy approaches** that bring together social protection, climate change, DRR, SNRM and the environment;
- **Strengthen institutional coordination mechanisms** and dialogue.

### Summary of Phase 1: Launch of discussions and concept approval

#### Key activities

- Trigger discussion and advocate for the establishment of an ACT programme/policy
- Elaborate the concept note
- Submit the concept note for approval
4.2 Phase 2: Planning

**Expected duration:** 2 to 2.5 months

**Purpose:** The goal of the planning phase is to define all the key planning steps for the following phases of the ACT creation process and put into place the team that will follow these steps and processes through.

**Principles:** To ensure proper planning for ACT, it is important to focus on quality and effectiveness and be results-oriented.

**Process:** The planning phase focuses on setting up the team and defining management arrangements, the work plan, the communications and advocacy plan, the risk management plan and the quality assurance procedure. It will build on the concept note.

Terms of Reference (TORs) for the ACT Team must be drafted. Team members should have a good understanding of integrated approaches and be from relevant ministries (listed in phase 1 above). Representatives of the presidential or prime minister’s office and leading development partners should also be on the team.

The ACT Team should be composed of:
- **A team leader:** A national director appointed to the position and who will be accountable for all aspects of the project. It is essential that this person be a high-ranking official from a government body that has significant political power (e.g. the Minister of Planning or Finance) or importance at the administrative level (e.g. the Permanent Secretary);
- **A project manager:** Hired or appointed, the manager will oversee the day-to-day management of the ACT preparation process;
- **Technical team:** National and international experts with relevant experience on cash transfers, climate finance, planning, sustainable management of natural resources and disaster risk reduction;
- **Communications team:** Communications experts whose mandate is to disseminate information on ACT to increase ownership and ensure coordination.

The ACT team will be in charge of developing the work plan.

The **work plan** outlines all the activities to be carried out to meet the desired outcomes. It also identifies any problems that will need to be resolved, specific tasks that need to be accomplished within a specific time frame (6 to 12 months, or more) to resolve them, as well as the financial and human resources that will be required for the plan’s execution.

The **management arrangement** defines the roles and responsibilities of all stakeholders. It outlines the processes for coordination and problem-resolving, gives direction and should be designed to allow for possible trade-offs and timely decision-making.

The **risk management plan** will help identify, assess, respond to, monitor and report risks that arise during the design process. Potential risks may be technical (related to data quality and accessibility, or expertise), organizational (problems with coordination mechanisms, power dynamics, culture), political and strategic (lack of stability, ownership or commitment) or financial (issues of resource availability).

**Stakeholder engagement**

The process should be led by a small contingent of leaders to ensure cooperation and alleviate fears or potential resistance, especially from line ministries that may be concerned with losing control over their resources and power. Additionally, the team should engage civil society and beneficiaries from the beginning of the planning stage to ensure their full collaboration, understanding and support for the process. Leaders should share the plan with senior stakeholders in the government to help build support for future changes that may be necessary to fill capacity gaps.

|-----------------|--------------------------|------|------|------|----|------|------|----------------|

Table 5: Sample work plan
Key recommendations
- Provide support on legal frameworks such as decrees, laws, agreements, etc;
- Promote vertical and horizontal coordination mechanisms and coherence within a comprehensive institutional framework;
- Promote an inclusive and participatory approach to convene all relevant stakeholders and institutions from different sectors (social protection, climate change, disaster risk reduction, SNRM), as well as national, provincial and municipal councils to participate in the design of more comprehensive and informed policies and instruments. The participation of civil society and beneficiaries is essential.

Summary of Phase 2: Planning

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 2</td>
<td>Key activities</td>
</tr>
<tr>
<td>ACT team in place and the rules for its functioning defined; Project plans defined, approved and ready to be implemented.</td>
<td>- Identify members of the ACT team - Recruit or appoint experts from government ministries to the team - Define the different plans: work, management arrangement; risk management; communications and advocacy</td>
</tr>
</tbody>
</table>

4.3 Phase 3: Analysis and design

This phase is divided into two parts: (1) Analysis with inputs from the analytical framework and (2) designing of the actual ACT programme.

Phase 3.1. Analytical framework

Expected duration: 1.5 to 2 months

Purpose: To develop a thorough analysis of the country’s situation, which will serve as the basis for designing a clear and realistic path to developing an ACT programme. The analysis and inputs from the analytical framework (outlined in Chapter 3) allows the team to acquire a comprehensive understanding of the national context, as well as the national capacities, challenges and opportunities for developing and piloting an ACT programme.

Principles: The analytical framework should be:
- Realistic, to produce an honest assessment and an accurate picture of the country’s situation, capabilities, strengths and weaknesses;
- Comprehensive, to provide a complete overview of the institutions, tools and processes on social protection, climate change, natural disasters and sustainable management of natural resources, to engage all external stakeholders and interested parties and to ensure that development and financial flows are directed towards reducing vulnerability and boosting resilience;
- Pragmatic, to stay within the scope of the country’s development priorities and capabilities;
- Leadership-sensitive because strong support from senior leadership, particularly from the Planning Ministry and the President or Prime Minister’s Office, is vital.

Process: Conducting this analysis is perhaps the most essential step in developing an effective ACT programme. These steps may require further technical support and knowledge to adequately answer questions and provide the foundation for the programme’s functioning. It will also require gathering information and data from various sources, as identified in Chapter 3.

Stakeholder engagement

Given the importance of having up-to-date quantitative and qualitative data and information, it is essential to develop clear lines of communication with all stakeholders and promote transparency, trust and confidence internally. This should help navigate the national data ecosystem and gain access to relevant information from all sources. Practical steps for accomplishing this include reviewing official data while focusing on national and official statistics produced by academia, development partners, civil society and the government, as well as holding surveys, focus groups and consultations with relevant partners.
Important considerations

The information collected and reviewed in the analytical framework process will help governments visualize opportunities and constraints for integrating development and climate finance concerns within the national and subnational budget allocation and expenditure process. The climate finance mapping exercise should provide a global picture of climate finance available at the global, regional and national level. It can give a good understanding of where climate finance comes from and how it flows from the global level to the country, and to which activities and projects on the ground. Through climate finance mapping, the country can better identify and orient these resources towards the most vulnerable people and report their progress toward meeting their NDCs and the SDGs by 2030. This information is key for the next step in the process: the design phase.

Phase 3.2. Design process

Expected duration: 3 to 6 months

Purpose: Based on the analysis developed using the analytical framework above, the purpose here is to identify the key entry points and opportunities for integrating climate and environmental conditions and channelling climate finance into socially-oriented programmes and to define what the ACT will look like and which strategy to use to implement it.

Principles: The design process must:
- Promote gender equality and women’s empowerment and ensure that tools are gender sensitive;
- Be transparent and accountable to combat corruption and the polarization of the approach;
- Use an integrated approach to building climate resilience by shifting the focus from crisis and emergency responses to risk prevention, mitigation, and building long-term sustainability. This requires:
  - Pragmatism: The capacities of institutions and actors to design the ACT should be assessed and external expertise should be mobilized, if necessary.
  - Leadership: Designing an ACT requires support from senior institutions, particularly if the planning ministry or the head of state’s office are more powerful than the environmental and social protection ministries.
  - Collaboration: Bringing all relevant institutions and actors together to work on an integrated approach helps to improve coordination, organization and cost-effectiveness.

The design process should focus on the country’s long-term engagement in building resilience through climate change adaptation, disaster risk reduction and livelihoods recovery. Unlike CTs offered during emergency situations, ACT is based on a preventive approach that combines protective, promotional and transformative dimensions to better cope with climate shocks and address poverty, while sustainably managing the natural resources on which the poor and vulnerable depend.
**Process:** When beginning the design process, it is important to:

- **Assess policies, planning and the budgeting cycle** to determine political responsibility and find the best entry points for integrating climate change adaptation and social assistance CTs into policy, planning (national, sectoral and local) and public financial management and budgeting processes;

- **Examine social spending** to identify all sources of funding and the different entry points to start engineering the process of channelling climate finance into CTs;

- **Identify opportunities** to channel climate finance into CTs.

### i. Assessment of policy, planning and the budgeting cycle

The results of the analysis of national, regional and global policy and planning mechanisms included in the ACT analytical framework should now be assessed to clearly flag climate risks, adaptation needs, and relevance to national policies — namely, social assistance for those living in areas prone to natural disasters. It should identify key entry points for applying the climate and human rights lenses to the formulation of national policies, strategies and budget. This mainstreaming process should lead to the integration of climate change into national policies and to an increase of budget allocations for pro-poor programmes to build their resilience to climate change and promote sustainable resource management.

Social protection policies, the climate agenda and sustainable natural resource management all require a long-term expenditure framework. Annual budgets offer limited options for adjusting resource allocations in order to give priority to ACT. Medium-term expenditure frameworks (MTEFs) could be one solution, as they allow alterations to resource allocations to be made. When aligned with new social protection, environmental protection and sustainable management of natural resource priorities, they can ensure predictable funding for integrated programmes such as ACT. The government budgetary system would be used as the main mechanism for capturing climate finance (national and international) and blending it with existing resources in order to fund ACT programmes and policies. Therefore, it is important that the planning and budgeting processes for channelling climate finance into ACTs be interlinked, mutually reinforcing and continuous at the national level.

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The **climate lens** is an analytical tool for examining a policy, plan or programme. Applying it at the national or sectoral level involves examining: how vulnerable a policy, strategy, regulation or plan could be to climate-related risks; the extent to which climate change risks have been taken into consideration in the course of programme formulation; how a policy, strategy, regulation or plan could lead to greater vulnerability, maladaptation (or, conversely, important opportunities) created by climate change being missed. For existing policies, strategies, regulations or plans being revised, analysts must assess what amendments might be warranted in order to address climate risks and opportunities (sometimes referred to as “climate-proofing”). A first glance at a policy, plan or programme through the climate lens should enable a policymaker to determine if it is at risk due to climate change. For those at risk, further work is required to identify the level of risk, assess the impacts and the necessary adaptation responses in more detail, and to elaborate possible recommendations and actions to be taken later on (OECD, 2009).

Introduced by the United Nations, the **human rights lens** recognizes the rights of vulnerable populations, including: children, women, the elderly, persons living with disabilities, LGBT persons, persons deprived of liberty, migrants and their families, refugees and political asylum seekers, individuals living with HIV or AIDS, and victims of genocide and torture (UN, 1994). The application of a human rights lens at the national or sectoral level involves examining if a policy, strategy, regulation or plan leaves anyone behind. It also determines if any rights are being denied, such as the right to adequate nourishment, good health and to take part in decision-making processes and in the social and cultural life of the community, among others (UN, 2015).
Figure 5: Example of climate and human rights lenses applied to the planning and budgeting processes.

- Policy development
  - National Development Plan
  - Economic recovery strategy
  - Poverty reduction strategy
  - Sectoral strategies and policies
  - Medium Term Plan of Vision 2030

- MTEF/Budget process
  - Macroeconomic forecasts
  - Fiscal and budget frameworks
  - Development of sectoral proposals (costing baseline, new spending, identification of saving, trade-offs)
  - Allocation to sectoral ministries, departments and agencies (MDA)
  - Budget documentation
  - Budget approvals by national and assemblies

- Evaluation and audit
  - Audit and oversight by national assembly and counties
  - Assessment of progress towards achieving objectives
  - Evaluation and adjustment of policies

- Budget implementation and control
  - Revenue collection
  - Rules for cash management
  - Cash allocation and releasing of funds
  - Management of service contracts and HR

- Accounting and monitoring
  - Expenses tracking
  - Recording and using management information on outcomes
  - Internal audit
For a sample table that can be used to map climate finance flows for CTs, see Annex 2 of this guide.

**ii. Examine social spending**

When assessing social spending in a given country, Public Expenditure Tracking Surveys (PETS) are the most frequently used tool for tracking resources.

Applying PETS and other analytical tools will enable the ACT team to compile information on social spending on each social protection instrument and break down the percentage of GDP allocated to social assistance and CT programmes. Table 6 below provides a sample table that could be used for this task.

---

### Table 6: Sample table for analysing social spending

<table>
<thead>
<tr>
<th>Social protection instruments</th>
<th>Description</th>
<th>% of the budget directed to CTs/behavioural change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social assistance</strong></td>
<td>Public programmes designed to transfer resources (cash or in-kind) to vulnerable individuals or households with little or no means of obtaining adequate support, including the homeless, the elderly and people living with disabilities. Often non-contributory.</td>
<td>%</td>
</tr>
<tr>
<td><strong>Social insurance</strong></td>
<td>Public programmes to help the poor address vulnerabilities linked to common risks, such as illness, unemployment, work-related injury, disability or old age, as well as maternity leave benefits. Most are contributory.</td>
<td>%</td>
</tr>
<tr>
<td><strong>Labour market interventions</strong></td>
<td>Support to help people secure employment through job-finding services, skills development and training and/or special work programmes.</td>
<td>%</td>
</tr>
</tbody>
</table>

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Policymakers, CSOs and citizens in developing countries often possess limited information on actual public spending at the service facility level or by programme. The Public Expenditure Tracking Survey (PETS) is a tool designed to fill this gap. PETS consists of random surveys that track the flow of resources through the administrative system in order to determine how much of the originally allocated resources reach each level (World Bank, 2015). When applied to the social sector, **PETS can help policymakers and civil society understand funding flows better and make informed policy decisions based on these findings. This is sometimes referred to as “following the money” (UNICEF, 2013).**
Stakeholder engagement
Given the importance of understanding the whole policy planning and budgeting cycle, it is important to build synergies and collaboration with all relevant government offices and stakeholders.

Important considerations
A typical arrangement for the coordination of adaptation strategies is for the Ministry of Environment to assume the overall responsibility for climate change, while the Ministry of the Interior is left in charge of dealing with natural disasters and emergencies and the Ministry of Social Development focuses on social protection. In many developing countries and in Africa in particular, experience has demonstrated that such arrangements lead to weak inter-sectoral coordination. Through their joint Poverty-Environment Initiative (PEI), UNDP and UNEP have expanded their focus to include other ministries that play key roles in development, such as the ministries of planning, finance, agriculture and forestry, which are also engaged in the development of adaptation strategies. In the Sahel and the Horn of Africa, which are particularly prone to natural hazards, many adaptation responses have been undermined because they have been put under the purview of ministries with little power and that have proven ineffective in influencing key ministries such as public works, finance or social protection.

Key recommendations
- Align in improving access to quality data, while working with statistics agencies, line ministries and development partners to conduct a comprehensive and descriptive qualitative and quantitative analysis;
- Promote the adoption of risk-informed policies, programmes and tools to mitigate and adapt to the impacts of climate change;
- Promote the mainstreaming of climate change adaptation and social protection into national policies, sectoral and local plans, budgeting processes and investment frameworks. This should enable the country to make adaptive cash transfers a key priority and to allocate sufficient resources to their implementation.
- Strengthen national capacities to map climate finance and social spending at national, local and international levels. This will help expand the envelope of climate finance to include international public instruments such as REDD+, GCF, GEF, Adaptation Fund and climate insurance, to better leverage domestic resources in the context of fiscal transfers and diversify private financing options, especially those related to the environment, climate and forest management.

iii. Channelling climate finance into CTs
The ways countries address development challenges such as protecting the most vulnerable against climate change and natural disasters vary from one country to the next. This often depends on their level of development and the existence of comprehensive policies and related instruments and mechanisms to address disasters and reduce risks. Given these variances and differences in context, this guide outlines three possible scenarios in which the design of an ACT programme can take place:

1. Countries that already have socially-oriented CTs, but wish to incorporate climate and environmental considerations into them;
2. Countries that already have environmental CTs, such as PES or other types of green grants, that wish to add social aspects to the system;
3. Countries that have not yet adopted any type of CT and wish to design an ACT from the ground-up.

Table 7: Cost and coverage of successful CTs in middle-income countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Cost % of GDP</th>
<th>Coverage Individuals (millions)</th>
<th>Coverage % of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil’s Bolsa Familia (CCT)</td>
<td>0.36</td>
<td>46</td>
<td>24</td>
</tr>
<tr>
<td>Indonesia (UCT)</td>
<td>0.66</td>
<td>84</td>
<td>34</td>
</tr>
<tr>
<td>Mexico’s Oportunidades (CCT)</td>
<td>0.4</td>
<td>25</td>
<td>23</td>
</tr>
</tbody>
</table>

1. National budgeting process: The budget envelope for CTs is determined through negotiations among various players - social sectors, ministries of planning/economy and finance, among others - and must be approved by the parliament or congress (or provincial and municipal councils). In developing countries, the percentage of GDP allocated to social protection is still very limited. In many cases, the resources come from the national public budget and in specific cases from private sources (e.g. emergency situations or when companies want to contribute to local development to meet their corporate social responsibilities). Although many countries are moving to finance their own social protection and CTs programmes, the reality is that most times, these programmes are financed by development partners.

By proposing ways to integrate climate finance into the public finance management system and budgeting process, the ACT team will take the first step in raising additional resources from climate finance to support socially-oriented programmes.

While analysing the budget, the amount of climate finance dedicated to sustainable management of natural resources or conservation (PES and other types) programmes and projects should be identified. Since other types of cash transfers exist and may not necessarily be linked with environmental management, the ACT team should look for ways to blend all of these resources.

2. CT programming process: With regard to the CT programming process, the following should be taken into consideration:

- Since there are CTs already in place, it is important to build on existing efforts and mechanisms. This exercise provides an opportunity to review traditional socially-oriented CTs and strengthen those instruments.
- New features must be then added to the existing CTs, namely environmental criteria, conditions and indicators to achieve the goals of fostering more sustainable practices and resilience to climate change and natural disasters. Resources from vertical funds (Global Environment Facility (GEF), Adaptation Fund, Green Climate Fund (GCF), and UN REDD+, etc.) as well as domestic funds for adaptation could be mobilized to support this process.
- Resources will be subject to monitoring to evaluate not only social and economic impacts, but also behavioural changes towards more sustainable management of the environment and natural resources.

Depending on the context, the ACT team could advocate to mobilize more domestic funds to address pressing environmental challenges while helping beneficiaries cope better with climate risks. Green incentives that could be incorporated into traditional CTs are listed in the table 9.

Table 8: Scenario 1 - List of possible criteria to be incorporated

<table>
<thead>
<tr>
<th>Traditional cash transfer programmes</th>
<th>Environmentally-oriented programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria: Social</strong></td>
<td><strong>Criteria: Economic</strong></td>
</tr>
<tr>
<td>• Participation in vaccination and/or nutritional programmes</td>
<td>• Receive technical advice</td>
</tr>
<tr>
<td>• School attendance</td>
<td>• Use of improved seeds for agriculture</td>
</tr>
<tr>
<td>• Birth registration</td>
<td>• Sustainable water management practices</td>
</tr>
<tr>
<td>• Pre- and post-natal medical check-ups</td>
<td>• Use of fertilizer or other organic inputs</td>
</tr>
<tr>
<td></td>
<td>• Use of tools</td>
</tr>
<tr>
<td></td>
<td>• Access to microcredit</td>
</tr>
<tr>
<td><strong>Criteria: Environmental</strong></td>
<td><strong>Activities to protect biodiversity</strong></td>
</tr>
<tr>
<td>• Activities to prevent and cope with risks associated with extreme weather events</td>
<td><strong>Disaster risk recovery</strong></td>
</tr>
<tr>
<td>• Adoption of sustainable (agriculture, tourism, fisheries, etc.) practices and livelihoods</td>
<td><strong>Sustainable management of natural resources and activities to restore ecosystems (land, forests, etc.)</strong></td>
</tr>
<tr>
<td>• Adoption of measures to prevent and cope with risks associated with extreme weather events</td>
<td></td>
</tr>
</tbody>
</table>
Table 9: Possible green incentives to blend with traditional CTs

<table>
<thead>
<tr>
<th>Type of green incentive</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment for Ecosystems Services</td>
<td>Sustainable livelihoods and management of natural resources</td>
</tr>
<tr>
<td>Climate risk insurance</td>
<td>To prevent and cope with risk associated with extreme weather events</td>
</tr>
<tr>
<td>Cash subsidies for green conversion</td>
<td>Sustainable management of natural resources and restoration of ecosystems</td>
</tr>
<tr>
<td>Purchase of High-Value Habitat</td>
<td>Biodiversity conservation</td>
</tr>
<tr>
<td>Payment for Access to Species or Habitat</td>
<td>Biodiversity conservation, sustainable tourism</td>
</tr>
<tr>
<td>Payment for biodiversity management practices</td>
<td>Biodiversity conservation, sustainable management of natural resources</td>
</tr>
<tr>
<td>Payment for offsetting the environmental footprint of companies</td>
<td>Biodiversity conservation, sustainable management of natural resources</td>
</tr>
</tbody>
</table>

In the short, medium and long term, ACT will contribute to:

- Lowering public expenditure through the use of insurance products to better manage uncertainty and future loss, as well as by building “green” or resilient infrastructure to reduce the costs of adaptation;
- Improving cost-effectiveness thanks to greater coordination among programmes and the delivery of multiple benefits, while also help to reduce public spending.

Importantly, it is important to mainstream the gender dimension throughout the entire design process while taking into account the results of the analytical framework, which include i) a mapping of CTs; ii) identifying the institutions in charge of delivering the CTs; and iii) targeting mechanisms for registration, methods of payments and monitoring.

Important considerations

Table 10: Average cost of CTs in middle- and low-income countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Brazil</th>
<th>Mexico</th>
<th>South Africa</th>
<th>Philippines</th>
<th>Kenya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme</td>
<td>Bolsa Familia</td>
<td>Oportunidades</td>
<td>Child care, old age</td>
<td>4Ps</td>
<td>Child Feeding</td>
</tr>
<tr>
<td>Number of households/ recipients</td>
<td>12.9 million (May 2011)</td>
<td>5.8 million (December 2010)</td>
<td>9 million (April 2010)</td>
<td>3.7 million (April 2010)</td>
<td>134 (January 2012)</td>
</tr>
<tr>
<td>Average grant per recipient (US$)</td>
<td>71.00</td>
<td>118.20</td>
<td>144.70</td>
<td>63.01</td>
<td>40.00</td>
</tr>
<tr>
<td>Weighted average fee per payment (US$)</td>
<td>0.84</td>
<td>2.52</td>
<td>3.5</td>
<td>0.75</td>
<td>0.54</td>
</tr>
</tbody>
</table>

In relation to developing an ACT programme, Bolsa Família and Bolsa Verde represent an opportunity for the Brazilian government to improve coordination among programmes and blend financial resources from various sources, including climate finance, so as to advance towards more integrated approaches.

**Bolsa Família (Family Allowance):** This conditional cash transfer (CCT) programme provides poor families with cash. Access is conditioned on use of health services and school attendance.  
**Selection criteria:** social and economic (household income levels).  
**Geographical coverage:** urban and rural areas.  
**Management:** Ministry of Social Development.  
**Instrument:** single registry.  
**Source of financing:** government.  
**Other untapped sources of financing:** climate finance and others domestic sources (private and public).

**Bolsa Verde (Green Grant):** A conditional cash transfer programme that encourages the sustainable use and maintenance of ecosystems, promotes citizenship, improves living conditions and alleviates poverty among the rural population. Access to benefits are conditioned on engagement in sustainable natural resource management activities. Beneficiaries are encouraged to participate in environmental, social, technical and professional training activities. The programme makes quarterly cash transfers of BRL 300 (approximately US$ 94.00) during a period of up two years. The benefit can be renewed for the same amount of time.  
**Selection criteria:** beneficiaries of the Bolsa Família programme living in protected areas or on land settlements, and indigenous people living in landlocked and remote areas.  
**Geographical coverage:** rural areas.  
**Management:** Ministry of Environment.  
**Instrument:** single registry.  
**Source of financing:** government.  
**Other untapped sources of financing:** climate finance and other domestic sources (private and public).
Scenario 2: Incorporating socio-economic elements into existing environmentally-oriented CTs

If the country already has green incentives such as PES or similar programmes in place, the ACT team can build on them, channeling social spending and upgrading existing environmental programmes so as to boost the resilience of specific groups in a given region. It is important to include criteria to ensure fairness and equality, as PES initiatives, by nature, are not automatically pro-poor. Moreover, communities should be involved in the designing of the criteria. The advantages and disadvantages of the various criteria are:

- **Maxi-min payments** are the preferred option, as they aim to maximize the net benefits provided to the poorest landholders. This requires varying the payment amounts based on the income of ecosystem service providers and directing them towards the poorest of the poor. They should also compensate for possible opportunity costs of other types of land use systems.

- **An egalitarian PES scheme** is only pro-poor if the whole community providing these services is equally poor.

- **The common goods approach** is preferable when the total amount gained from the provision of ecosystem services is low. Individuals, households, families or groups might benefit more from investments in common infrastructure than if each one receives an amount per household.
Table 11 - Criteria to ensure fair distribution of PES

<table>
<thead>
<tr>
<th>Fairness criterion</th>
<th>Implications for design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>Payments are designed to compensate landholders for benefits they have forgone to provide environmental services. Payments vary according to the cost of providing the services.</td>
</tr>
<tr>
<td>Common goods</td>
<td>Payments are invested in common goods of which all service providers benefit indirectly and according to their relative use of the common goods in question. Payment amounts do not vary.</td>
</tr>
<tr>
<td>Egalitarian</td>
<td>All service providers are to receive the same amount of funds, regardless of the level and cost of service provision. Payments do not vary.</td>
</tr>
<tr>
<td>Maxi-min</td>
<td>Payments are designed to maximize the net benefit the poorest landholders receive, even if it entails a loss of efficiency. Payments vary according to a service provider’s income.</td>
</tr>
<tr>
<td>Actual provision</td>
<td>Payments differ depending on the actual amount of services provided.</td>
</tr>
<tr>
<td>Expected provision</td>
<td>Payments are defined according to the expected level of services provided and the type of land use.</td>
</tr>
<tr>
<td>Status quo</td>
<td>Payments are designed to maintain relative income distribution of all service providers at the same level.</td>
</tr>
</tbody>
</table>

Figure 7: Process of channelling socially-oriented spending into existing green incentives

**BUDGETING PROCESS**

**CASH TRANSFER**

**PROGRAMMING LEVEL**

Social spending

CTs: conditional or unconditional, cash-for-work commodity/cash vouchers, Cash Transfer Plus, green activities funded by remittances, microfinance

Other green initiatives

Existing payments for environmental services + New features incorporated from social CTs

Adaptive Cash Transfer

Social Economic Environmental

IMPACT

Resources from public and private sources are combined.
Scenario 3: Designing an ACT from the ground-up that combines social, economic and environmental criteria and conditions

In countries where the government is considering creating a CT programme for the first time, it is fundamental that an approach that combines social, economic and environmental conditions, such as ACT, be used. In designing an ACT programme from the ground-up, the basic procedures of CT programming will be used. The team will have to: decide if CT is a viable and effective option for the country; identify the assessments and analysis that are critical to the design process; and develop the general concept of the CT programme. Before engaging in the CT design process for the first time, it is recommended that the ACT Team consult the various CT programming toolkits developed by different development partners and countries (see the list below).

To ensure that the new programme being designed follows the broader, integrated ACT approach, the ACT Team will need to conduct that same analyses and assessments listed in scenarios 1 and 2 above and keep an eye out for climate-related risks and challenges and opportunities, in addition to the socio-economic indicators and elements commonly used in CT programmes. For instance, opportunities for obtaining funding from climate finance must be assessed early in the process. The criteria mentioned in scenarios 1 and 2 above can be useful to guarantee that the programme fully integrates all three dimensions of sustainable development.

Important considerations

Cash transfer technology: In developing countries, mobile devices are revolutionizing transaction services. E-transfers (electronic transfers) is a disbursement mechanism – that is, a method for paying people, and not a separate type of CT. They provide access to cash through mobile money services (e.g. MPESA or Orange money), to goods or services through mobile vouchers or to payments made via smart cards (ATM, credit or debit cards). While there are certain limitations to the use of e-transfers, such as higher dependency on electricity and mobile networks, as well as the fact that they require higher levels of literacy and numeracy than conventional transfer mechanisms, they have helped to reach marginalized people in remote areas. They have also been used to reach people during disease outbreaks, such as during the Ebola epidemic in West Africa. When designing a ACT programme that uses e-transfers, special attention should be paid to vulnerable groups (e.g., the elderly, the illiterate, women, etc.) to ensure that they are able to participate and guarantee their security.

List of tools for developing CT programmes:

- UN OCHA, *Cash Transfer Programming.*
Smart cards: These are cards that contain biometric data such as a fingerprint, which can be recorded, converted into templates and stored in the chip of the card for on-site fingerprint identification. It also stores and records the type and value of assistance of each recipient.

Inclusion and exclusion: Targeting should help avoid errors of inclusion and exclusion. Errors such as including households that are not vulnerable or affected by relevant risks in programmes increase the costs of CTs. Excluding households that are actually at risk and thus, eligible for the programmes could lead to declines in well-being and health risks. Community mapping is one of the main targeting tools used. It is important to monitor the different income groups; otherwise, there is a risk that the winners and losers of interventions cannot properly be identified and widening gaps in incomes are overlooked or created.

Gender targeting: Various assessments around the world have proven that CT programmes that register women increase the likelihood that the household as a whole will benefit. In normal crisis and post-crisis situations, women continue to not only care for the family, the wounded and the elderly, but also play a key role in productive activities linked to the sustainable management of natural resources. It is very important that the roles of men and women in the household in the local context be taken into consideration when deciding who will be registered and who will receive the transfer.

Using local knowledge: Targeting is frequently complicated by logistical issues, especially in areas that are remote and difficult to access. Many organizations support only communities located in accessible and easily noticeable locations. Drawing on local knowledge can help resolve many existing problems related to targeting.

Timing: Moving from crisis management towards risk
management requires changes to the timing of the CTs, if they are to promote resilience-building and not just palliative responses. It is recommended that risk management be based on more than simple forecasts and drought cycles. Approaches that focus on boosting resilience will improve decision-making in the presence of uncertainties.

Other considerations: Significant time is needed to organize ACT programmes. If not properly designed, it could lead to problems such as high administrative costs; limitations on the participation of some of the poor or food insecure households (e.g. the elderly, people living with disease, etc.); interference of some activities with labour markets or other household activities or priorities and the possibility of a parallel economy being created through the resale of vouchers. There is also the need for regular adjustments of benefits to protect purchasing power from being whittled away by inflation. Therefore, ACT must be embedded in comprehensive development packages.

Stakeholder engagement
The design process should capture all inputs from relevant institutions and innovative thinking on CT programming. Champions and individuals with experience in integrated approaches and beneficiaries must be involved.

Key recommendations
- **Adopt new innovative financing instruments** such as ACT, which facilitate and simplify access to international financing made available to local actors under the SDGs and the Paris Climate Agreement;
- **Encourage the use of new technologies** such as mobile banking to help overcome barriers such as lack of banking infrastructure and difficulty of reaching remote communities. This requires working with new partners to use technology to increase countries’ ability to deliver ACT;
- **Encourage the adoption of a single registry** to provide a common platform for implementing agencies to crosscheck data on beneficiaries more than once and eliminate multiple entries of the same beneficiaries in the programme;
- **Work towards developing a better understanding of how to merge various sources of financial resources** so as to achieve social, environmental and economic goals and avoid any competition within the government system or misunderstanding of the methodology for channelling climate finance into CTs. A clear communications plan and stronger partnerships among financing actors and sectors are essential.

Summary of Phase 3: Analysis and design

**OUTCOMES**

<table>
<thead>
<tr>
<th>Phase 3</th>
<th>Analysis and design</th>
</tr>
</thead>
</table>
| Analytical framework completed; ACT programme or policy designed. | Key activities:  
  - Analytical framework:  
    - Context analysis  
    - Political analysis  
    - Analysis of institutions and legislation  
    - Analysis of CT programmes  
    - Analysis of development and climate finance |
| Design:  
  - Identify and select the entry points  
  - Identify new features, criteria and indicators for ACT  
  - Design the ACT programme or policy  
  - Validate the process of the guide |
4.4 Phase 4: Implementation

**Duration:** Ongoing

**Purpose:** Put the ACT programme into motion to offer benefits to the most vulnerable.

**Principles:**
- *National ownership,* to ensure that all stakeholders buy into the ACT programme and are ready and committed to implementing it;
- *Cooperation,* mainly with partners from the South, to strengthen collaboration with other governments that have or are implementing similar programmes in order to share and develop best practices;
- *Maximize national leadership, capacity and coordination,* to ensure that champions and all relevant institutions are fully involved.

**Process:** By this time, the ACT programme or policy has already been designed and is ready to be implemented. The ACT programme report should be translated into the official national language(s). A short, concise presentation of the ACT programme, policy options for communication and advocacy purposes, and a roadmap for putting the programme into motion and monitoring the implementation process and its impact, should also be prepared.

In relation to the communications plan, there are different policy options for disseminating information on and advocating for ACT. The team should identify what audience groups to target, what specific messages to promote (e.g. the creation of the ACT, its objectives, conditions and criteria; how to get access; funding, etc.), and how and by whom the messages will be delivered (which institutions and media channels). Developing effective communications and advocacy strategies are fundamental for ensuring participation and familiarity with the ACT programme. Furthermore, the ACT report and its summary must be disseminated to stakeholders, the participants and interested parties involved, including the ministries, development partners and agencies responsible for tracking climate finance, among others.

As for the roadmap, some of the questions that must be addressed include: How will this project be put into place? Will training and informational workshops be required? If so, for whom? What institutional and legislative reforms must be undertaken? Will the implementation process begin with a pilot phase and then be scaled up to the national level, once all adjustments to guarantee successful implementation have been made? Which local beneficiaries or development partners should be involved in the implementation? How

<table>
<thead>
<tr>
<th>Steps</th>
<th>Specific activities</th>
</tr>
</thead>
</table>
| Set up implementing agencies (management structures, offices or centres to provide services to potential beneficiaries) | - Establish the management structure responsible for executing and overseeing the programme;  
- Open centres or identify existing ones that will provide information to and process beneficiary applications  
- Establish mechanisms for stakeholder participation |
| Make funds available                       | - Put into place procedures and timelines for release and management of funds       |
| Hire service providers                     | - Produce TORs for service providers offering necessary technical assistance  
- Conduct public procurement process  
- Negotiate and sign contracts with service providers |
| Organize informational and training activities for beneficiaries and all parties involved in operations | - Organize sessions to promote and share information on the programme with beneficiaries  
- Provide training on technical, logistical and operational aspects to programme personnel, service providers and other actors involved in the process |
| Establish M&E system                       | - Create data collection system and tools for the programme, or adapt existing ones for it  
- Form M&E Team |
| Address risks and challenges               | - Establish process and procedures for identifying and tackling risks and challenges |
will they contribute? The roadmap should include clear guidelines and steps for the release of funds, hiring service providers and monitoring and evaluating the ACT programme/policy.

M&E and impact assessment activities must be set up to be ongoing throughout the ACT’s lifetime. This entails determining how adherence to conditions will be monitored and by whom. Specific data collection mechanisms will need to be developed either by creating new ones or modifying existing ones. Baseline questionnaires that use eligibility data and indicators can be effective tools. As behavioural change is intended to be a direct result of the ACT, progress of environmental, social and economic objectives and impacts should be appropriately monitored to ensure that vulnerable communities are being positively affected. Hiring a M&E team to lead the work on these aspects of the ACT programme or policy is also recommended.

The results and findings from the M&E systems will then be used to adjust existing programmes as well as to aid in the creation of new ones. Throughout the implementation phase, the ACT Quality Assurance team will also monitor the process to address any risks and challenges that may arise within operations or financing.

Stakeholder engagement
The implementation process should set the road map for piloting ACT in a country. Support from high-level decision makers to ensure adequate implementation will be needed (leadership, political support, financial support, etc.).

Key recommendations
- Incorporate social protection, climate change adaptation and disaster risk reduction into national plans, vision, strategies and public finance systems;
- Develop a climate change finance framework (CCFF) for integrating climate change adaptation and finance into budgeting;
- Identify, prioritize and synthesize sectoral activities in budgets under the relevant sector ministries;
- Develop a coding and classification system that allows for the tracking of climate finance in the national public management system;
- Strengthen the role of the parliament or congress (i.e. government committees on social protection, DRR, climate change) in tracking climate investments to build resilience of the most vulnerable populations.

Summary of Phase 4: Implementation

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>Phase 4</th>
<th>ACT implemented at country level by relevant stakeholders.</th>
</tr>
</thead>
</table>

Implementation

**Key activities**
- Translate the ACT report into national language(s) and produce a summary for communication and advocacy purposes
- Elaborate and implement a communications strategy and plan
- Define the roadmap for implementation (set up management and service provision structures; release funds; hire service providers; organize informational and training workshops)
- Establish M&E system
4.5 Phase 5: Completion

Expected duration: 1 month

Purpose: After completing phases 1 to 4, phase 5 will assess the implementation of the ACT and define a process to introduce adjustments based on the results of this assessment.

Principles: In the completion phase, the ACT Team should be able to identify from evidence how to improve and adjust the approach according to each country’s experience.

Process: To improve and adjust the design of the ACT programme, various questions should be raised to evaluate the implementation of the programme or policy. This evaluation should involve, among other things, a gap analysis, cost review and a satisfaction survey.

To evaluate the ACT’s implementation, its current state should be compared with an “ideal” in what is called a “gap analysis”. Understanding the differences or “gaps” between the actual and desired state can help to highlight obstacles to achieving the ideal and weaknesses in the programme. This type of analysis helps to “bridge the gap” between the programme as it currently stands and the ideal ACT programme: by examining the gaps, the ACT team can flag what areas need improvement and make action plans to resolve the issues raised.

Assessing outcomes as well as team members’ perceptions of outcomes, possibly through a satisfaction survey, is also useful to the evaluation process. In addition, a financial assessment of the activities carried out to prepare and implement the ACT programme or policy should also be conducted. By reviewing costs to determine how much was spent and what resources were used during the process, the team can better evaluate ACT costs and expenditures for future reference and obtain a better idea of the resources needed.

Moreover, identifying areas for further development, lessons learned and recommendations are key for the evaluation process. While the ACT management team can compile this type of information, contributions from all other members of the team – including the leadership, communications, management and quality assurance teams – are fundamental for obtaining a clear picture of the entire project. As soon as the preliminary results from the monitoring and evaluation systems become available, the findings should be compiled into lessons learned. Lessons learned from the implementation review can also be turned into resources for sharing knowledge on ACT with other countries.

Once information is collected from this review of the implementation process, steps should be taken to adjust the ACT programme accordingly.

Stakeholder engagement

The feedback process should include independent assessments conducted in all institutions involved in the ACT programme or policy. Oversight should be provided by champions and individuals responsible for implementation. An external evaluation that synthesizes periodic feedback from all stakeholders in an objective manner could be undertaken to support the process.

Summary of Phase 5: Completion

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 5</td>
<td>ACT reviewed and improved.</td>
</tr>
</tbody>
</table>

Key activities

- Implementation review:
  - Conduct a gap analysis
  - Carry out a satisfaction survey
  - Identify areas for further development
  - Draw on lessons learned, findings, and recommendations

Adjustment process:

- Integrate lessons learned and findings from implementation review and monitoring
**Summary of all activities and key milestones**

### OUTCOMES

**Phase 1**
- Political commitment to developing an ACT programme is officially confirmed.

**Phase 2**
- ACT team in place and the rules for its functioning defined;
- Project plans defined, approved and ready to be implemented.

**Phase 3**
- Analytical framework completed;
- ACT programme or policy designed.

**Phase 4**
- ACT implemented at country level by relevant stakeholders.

**Phase 5**
- ACT reviewed and improved.

### Launch of discussions and concept approval

**Key activities**
- Trigger discussion and advocate for the establishment of an ACT programme/policy
- Elaborate the concept note
- Submit the concept note for approval

### Planning

**Key activities**
- Identify members of the ACT team
- Recruit or appoint experts from government ministries to the team
- Define the different plans: work management arrangement; risk management; communications and advocacy

### Analysis and design

**Key activities**
- Analytical framework:
  - Context analysis
  - Political analysis
  - Analysis of institutions and legislation
  - Analysis of CT programmes
  - Analysis of development and climate finance

### Design:
- Identify and select the entry points
- Identify new features, criteria and indicators for ACT
- Design the ACT programme or policy
- Validate the process of the guide

### Implementation

**Key activities**
- Translate the ACT report into national language(s) and produce a summary for communication and advocacy purposes
- Elaborate and implement a communications strategy and plan
- Define the roadmap for implementation (set up management and service provision structures; release funds; hire service providers; organize informational and training workshops)
- Establish M&E system

### Completion

**Key activities**
- Implementation review:
  - Conduct a gap analysis
  - Carry out a satisfaction survey
  - Identify areas for further development
  - Draw on lessons learned, findings, and recommendations

**Adjustment process:**
- Integrate lessons learned and findings from implementation review and monitoring
Chapter 5:

A FRAMEWORK FOR ADVOCACY
ADVOCACY & MOMENTUM-BUILDING AT THE GLOBAL LEVEL

Climate change is now and will be one of biggest threats to people, planet and prosperity in the decades to come. Intense advocacy at the global level was pursued to ensure that climate change was included in the post-2015 agenda. The 2030 Agenda, with its 17 SDGs, 169 targets and 230 indicators, contains specific goals on the management of natural resources and climate change, specifically: (responsible consumption and production), SDG 13 (climate action), SDG 14 (life below water) and SDG 15 (life on land). These SDGs aim to guide global efforts to leave no one behind and build a world without poverty.

Furthermore, the Paris Climate Agreement and the Sendai Framework for Disaster Risk Reduction recognize the urgent and potentially irreversible threats posed by climate change and thus call for the widest possible cooperation by all countries (UNFCCC, 2015). Both frameworks also acknowledge the importance of accelerating efforts to reduce global greenhouse gas emissions and supporting climate adaptation efforts. Adopted by all 196 parties to the United Nations Framework Convention on Climate Change (UNFCCC) at COP21 in 2015, the Paris Climate Agreement calls on all countries to work to meet their Nationally Determined Contributions (NDCs) in order to limit the increase in the global temperature to well below 2 degrees Celsius.

To translate these global agendas into concrete policies and actions, specific advocacy work needs to be done at the country level to bring stakeholders on board and convince them to adopt instruments such as ACT. The idea of using social protection instruments such as cash transfers to adapt to climate change is gaining ground, particularly in relation to agriculture and rural development. According to the FAO's 2016 State of Food and Agriculture report, social protection programmes “will need to play an important role in helping smallholders better manage risk, reduce vulnerability to food price volatility and enhance the employment prospects of rural people who leave the land” (FAO, 2016). Moreover, policymakers and development practitioners recognize the complexity of tracking and monitoring climate finance and that new tracking methods are needed. ACT offers a useful tool not only for integrated sectoral policymaking and programming, but also for tracking climate finance, getting benefits to the most vulnerable and building their resilience to climate change.

THE ACT ADVOCACY APPROACH

The advocacy strategy should be developed at the country, sectoral and local levels. This requires undertaking specific actions, including:
1. Finding the right entry points and making the case for ACT
2. Developing and implementing a plan for advocacy work

1. Finding the entry points & making the case for ACT

Identifying the right stakeholders
Prior to identifying which stakeholders to engage, the ACT team should agree on how to present ACT objectives. ACT is to serve as an instrument for channelling climate finance into CTs in order to reach, build the resilience of and protect vulnerable communities against shocks from climate change.

The next step is to identify the right stakeholders to help with planning, developing and implementing the enabling instrument. This requires all stakeholders involved to have a good understanding of social policies, DRR, sustainable natural resource management and climate change policies at the national, sectoral and local level. The analytical framework presented in Chapter 3 will provide the ACT team a solid comprehension of the institutional context and enable them to identify key actors and power dynamics.

Framing messages
Advocacy messages should be rooted in the SDG principle of leaving no one behind, while bringing climate change, disaster risk
reduction, SNRM and social protection together to resonate and reach a wider audience. The messages should have the support of key stakeholders such as government ministries, civil society organizations, the private sector and beneficiaries.

The **primary message** should be formulated around the following logic: affirmation + evidence + example + goal + action desired. For example, “Climate change is a major factor influencing national economic growth. Agricultural commodities decreased by 70% because of the drought last year and had impacts on 50,000 producers and 200,000 households. If not addressed, climate change will undercut all development gains.” A **secondary message** could be tailored to a specific target audience, provide further explanation or be used when the primary message needs to be reinforced to reach a certain audience.

The language used in international policies such as the ones on the SDGs and the 2030 Agenda, the Paris Agreement and the Sendai Framework can also be used to elaborate advocacy messages for ACT. To ensure successful delivery and increase their impact, messages should be simple and backed by evidence.

### Table 13: Mapping stakeholders’ interests, influence and importance

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>National level</th>
<th>Sectoral level</th>
<th>Subnational level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder’s interest in the issue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder’s level of opposition to/support for the issue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder’s influence on the issue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Importance of stakeholder’s engagement</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*Source: Authors’ adaptation of the UNICEF Advocacy Toolkit (2010).*

### Table 14: Criteria for selecting strategic messengers on climate change, social policy, DRR and SNRM*

<table>
<thead>
<tr>
<th>Messenger</th>
<th>Government</th>
<th>Development partners</th>
<th>Civil society/beneficiaries</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Position</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of power</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to the messenger</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Message</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Several messengers should be identified.

*Source: Authors’ adaptation of the UNICEF Advocacy Toolkit (2010).*
Finding the messengers

At the country level, one must find the right messengers to convey the messages in a strategic and effective way. Various champions - especially individuals or institutions that have the power to bring change - must be recruited. If the project is supported by development partners, country representatives could use their political power and advocacy skills to reach high-level policymakers such as the head of state’s office, the Minister of Economy and Finance or influential local leaders.

If the ACT programme has the support of national governments, especially ministers or directors who champion integrated approaches, it will help messengers to mobilize other sectors and partners. They could also use their political influence to convey messages at the global, regional and national level and build a coalition to advocate for more resources for adaptation.

To produce the expected outcome, it is important to engage with messengers during the decision-making cycle, particularly in policy spheres, so they can provide entry points for working with key institutions and leaders during the following phases: (a) agenda setting; (b) policy formulation and enactment; (c) implementation and enforcement, and (d) monitoring and evaluation. To help messengers convey their messages and generate impact, it is recommended that target audiences be identified using the following approach at the national, sectoral and local levels:

Table 15: Identification of target audience

<table>
<thead>
<tr>
<th>Target audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target audience’s interest in the issue</td>
</tr>
<tr>
<td>Target audience’s level of opposition or support (strong ally, medium ally,</td>
</tr>
<tr>
<td>neutral, medium opponent, strong opponent)</td>
</tr>
<tr>
<td>Target audience’s influence on the issue (unknown, little influence, moderate</td>
</tr>
<tr>
<td>influence, significant influence, very influential)</td>
</tr>
<tr>
<td>Level of knowledge on the issue (very high, high, medium, low, none)</td>
</tr>
<tr>
<td>Desired action (to be taken by the target audience) on:</td>
</tr>
<tr>
<td>Institutional quality</td>
</tr>
<tr>
<td>National policy</td>
</tr>
<tr>
<td>Public financial management</td>
</tr>
<tr>
<td>Social policies</td>
</tr>
<tr>
<td>Environment and climate change</td>
</tr>
<tr>
<td>Disasters risk reduction policies</td>
</tr>
</tbody>
</table>

It should be noted that this requires time, energy and resources, as the team is to focus on identifying opportunities in decision-making processes, choosing the best format for the message, lobbying and negotiating and working with mass media and partners. The advocacy strategy must be built on transparency, access to information to information and alternative sources of information, such as shadow reports.
At the national level: One should make the case for reforming public financial management systems and/or formulating Medium-Term Expenditure Frameworks (MTEFs), poverty reduction strategies (PRSs), National Development Plans (NDPs), national adaptation plans (NAPAs), DRM plans, social protection plans, climate finance tracking and SNRM to budget for climate adaptation. All stakeholders and actors should also be engaged in this work; members of parliament/congress, civil society, and the private sector should be invited to provide inputs in the process.

At the international level: One must make the link between national policies and international agreements and frameworks (including countries’ NDCs). The ACT team should connect with the right advocacy networks in the country, region and around the world.

Formatting the message
It is important to choose the format that best suits the national or local context. For example, to take advantage of public campaigns and mobilizations to build public support for and increase awareness of the ACT programme, short catch phrases or slogans can be effective for getting the main messages across. In relation to less formal media outlets (social media, radio and television programmes), brief life stories and videos can be used to convey relevant messages through a more direct and simplified language. For more formal types of media, more complex messages can be included and disseminated via op-ed pieces, letters to the editor or briefing kits for journalists. Finally, art can be a powerful means to transmit messages (during exhibits, performances, festivals, etc.). In all cases, it is important for the advocacy team to keep a watchful eye out for potentially sensitive issues and materials.

<table>
<thead>
<tr>
<th>Phases of policy design and implementation process</th>
<th>political agenda</th>
<th>Formulation</th>
<th>Implementation</th>
<th>Monitoring and evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity/ entry point/ event to influence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date/timeline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target audiences and key messengers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who is involved in the formal decision-making process?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who is involved in the informal decision-making process?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How can we influence the process at this stage?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 16: Identifying and planning opportunities for advocacy
2. The advocacy plan

This plan should be designed to produce specific outcomes and include the activities summarized in the table below.

Table 17: Advocacy activities and outcomes

<table>
<thead>
<tr>
<th>Activities/Tactics: (For each item, indicate how the activity contributes to the desired change, and who has responsibility for taking it forward)</th>
<th>Interim outcomes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications and outreach</td>
<td>Advocacy capacity</td>
</tr>
<tr>
<td>Digital or internet-based media/ Social Media</td>
<td>Organizational/advocacy capacity</td>
</tr>
<tr>
<td>Coalition and network Building</td>
<td>New advocates (including unlikely or non-traditional</td>
</tr>
<tr>
<td>Briefings/Presentations</td>
<td>New champions (including policymakers)</td>
</tr>
<tr>
<td>Earned media and partnership</td>
<td>Local media</td>
</tr>
<tr>
<td>Grassroots organization and mobilization</td>
<td>Working on Adaptive Social Policies</td>
</tr>
<tr>
<td>Public Service Announcements</td>
<td>-</td>
</tr>
<tr>
<td>Rallies and marches</td>
<td>-</td>
</tr>
<tr>
<td>Polling</td>
<td>-</td>
</tr>
<tr>
<td>Demonstration projects or pilots</td>
<td>-</td>
</tr>
<tr>
<td>Policy and politics</td>
<td>Audience changes</td>
</tr>
<tr>
<td>Issue/Policy analysis and research</td>
<td>Awareness</td>
</tr>
<tr>
<td>Policy proposal development</td>
<td>Public will</td>
</tr>
<tr>
<td>Policymaker and candidate education</td>
<td>Media coverage</td>
</tr>
<tr>
<td>Relationship Building with decision-makers</td>
<td>Salience</td>
</tr>
<tr>
<td>Coalition and network building</td>
<td>Political will</td>
</tr>
<tr>
<td>Lobbying</td>
<td>Issue Framing</td>
</tr>
<tr>
<td>Mitigation or legal advocacy</td>
<td>Attitudes or beliefs</td>
</tr>
<tr>
<td>Constituency or support base growth</td>
<td>-</td>
</tr>
</tbody>
</table>


Monitoring and evaluation

Being able to monitor the progress of the advocacy work is essential for guaranteeing the effectiveness of the strategy and use of resources and adjusting when necessary. The advocacy plan should contain M&E mechanisms to assess impacts and progress, with specific indicators for each activity and expected outcome.
A new generation of integrated policies in the area of social protection, SNRM, climate and DRR have begun to emerge in many regions of the world. While approaches such as Adaptive Social Protection (ASP) and Social Protection for Sustainable Development (SP4SD) are a step towards guaranteeing support for the poorest and most marginalized in the face of natural disasters and climate risks, more social protection instruments that link the environment to human development are necessary. The Adaptive Cash Transfer (ACT) concept is one such instrument. ACT is a concrete tool that can help policymakers implement the SDGs in an integrated way, build resilience and reduce vulnerability to the risks of natural disasters and climate change. It also allows policymakers to address several of the challenges related to climate finance, including monitoring and tracking, and to channel these funds to those that need them the most.

This publication presents specific guidelines for preparing and establishing an ACT programme. To this end, it is important that the key policy recommendations included in the guide be considered. These recommendations can be summarized as follows:

- **Promote integrated policy approaches** that bring together social protection, climate change, DRR, SNRM and the environment. The linkages between these issues should be strengthened to trigger interest and political commitment and shift from silo-based approaches towards adaptive social policies and integrated instruments.

- **Strengthen coordination and dialogue** among government ministries and other stakeholders to help identify and adopt integrated tools for addressing poverty, climate change and DRR and foster better management of natural resources and the environment.

- **Promote vertical and horizontal coordination mechanisms and coherence**.

- **Provide support on legal frameworks**, such as decrees, environmental regulations, service contracts, climate change frameworks, etc.

- **Adopt an inclusive and participatory approach** to involve all actors and institutions from the various sectors (social protection, climate change, DRR and SNRM), parliament/congress, provincial and municipal councils, civil society and beneficiaries in the design of more comprehensive and informed policies and instruments.

- **Identify and engage champions** from relevant institutions, working groups, civil society organizations and CT beneficiaries to gain support for the development of an ACT.

- **Advocate that a powerful central body**, such as the Office of the President or Prime Minister or the Ministry or Planning/Economy and Finance, be in charge of coordinating the implementation of the ACT, reviewing legislation and holding implementing agencies accountable for their results.

- **Improve access to quality data** to produce comprehensive analyses by working with statistical authorities, line ministries and development partners.
► **Adopt risk-informed policies, programmes and tools** for the mitigation of and adaptation to the impacts of climate change.

► **Mainstream** climate change adaptation and social protection measures and goals into national, sectoral and local policies, plans, budgeting processes and investment frameworks. This should allow countries to establish adaptive social policies as a key priority and allocate sufficient resources to them.

► **Work towards** a better understanding of how to blend various sources of financial resources in order to achieve social, environmental and economic goals and avoid any competition among ministries or misunderstanding of the methodology to be used to channel climate finance into CTs. A clear communications plan and stronger partnerships among financing actors and sectors are essential.

► **Strengthen national capacities to map out the climate finance and social spending landscape** at national, local and international levels. This will help expand the envelope of climate finance to include international public instruments such as REDD+, GCF and climate insurance so as to better leverage domestic resources and diversify private financing options, including those focused on funding for the environment, climate and forests.

► **Develop a coding and classification system** to track climate finance flows in the national public management system.

► **Strengthen the role of the parliament or congress** (committee on SP, committee on DRR/climate change) in budgeting and tracking climate investments so that these are used to build the resilience of the most vulnerable.

► **Promote gender empowerment** by considering the respective roles of men and women in the household in the local context when deciding who will be registered and who will receive the benefits.

► **Encourage the use of new technologies** such as mobile banking to help overcome barriers such as lack of banking infrastructure and difficulties in reaching communities in disaster-prone areas. This requires working with new partners to use technology to increase countries’ ability to deliver ACTs.

► **Encourage the adoption of a single registry** to provide a common platform for implementing agencies to crosscheck data on beneficiaries and eliminate multiple entries of the same beneficiaries in the programme.

► **Incorporate social protection, climate change adaptation and DDR** into national plans, vision, strategies and public finance systems and develop a climate change finance framework (CCFF) for integrating climate change adaptation and finance into budgeting.

► **Identify, prioritize and synthesize** sectoral activities in budgets under the relevant sectoral ministries.
REFERENCES


Annex 1: Emerging Good Practices in Cash Transfer Programmes

4Ps, Philippines
The Pantawid Pamilyang Pilipino Programme, also known as 4Ps, is a conditional cash transfer that aims to eradicate extreme poverty by investing in health and education, particularly for children of up to 14 years of age. The programme went through considerable change when Super Typhoon Haiyan struck the Philippines on 8 November 2013. During the emergency, in efforts that involved 45 international humanitarian agencies, the programme was used to provide 277,000 households with cash benefits. This quick emergency response and the changes to the cash transfer programme was possible thanks to three key elements: i) the National Household Targeting for Poverty Reduction central system had already mapped out poor households across the country, and during the response effort, this map served as the basis for the process carried out by a local government unit to confirm the list of eligible beneficiaries along the typhoon’s path; ii) a Disaster Assistance Family Access Card (DAFAC) was created and was used to manage distribution of family food packs, bottled water, etc. at the emergency centres; and iii) those responsible for administering the emergency relief took advantage of the 4Ps’ electronic payment system (pre-paid cards, mobile money, E-vouchers) to pay cash to beneficiaries.

PES, Costa Rica
This project led by the World Bank in Costa Rica aims to secure long-term sustainability through PES mechanisms. The ecosystem services beneficiaries provide are water regulation, carbon sequestration and biodiversity protection. New sustainable financing mechanisms were created to support the provision of the ecosystem services, which include: a water tariff, a Conservation Trust Fund and carbon markets, among others.

Bolsa Verde, Brazil
The Bolsa Verde (Green Grant) programme in Brazil is an emblematic example of the use of CTs to address environmental issues. It is an extension of the Bolsa Família (Family Allowance) programme, a conditional cash transfer for households with low income provided they comply with conditions regarding school attendance and medical care for their children. The monthly benefits offered by Bolsa Família range between BRL 77 and BRL 154 (US$32 and US$ 64) and average BRL 242 (US$100). The programme was created in 2003 by unifying previous social protection programmes (Bolsa Escola, Bolsa Alimentação and Auxílio Gás). Created in 2011, Bolsa Verde targets families that are already registered for Bolsa Família and live in nature reserves with the goal of promoting sustainable land use and environmental conservation and supporting communities in the development of sustainable practices. It provides families a quarterly transfer of BRL 300 (US$124), as a complement to Bolsa Família benefits, and supports approximately 73,000 families on 11.3 million hectares of land. The environmental performance of the Bolsa Verde is audited annually by the Amazon Protection System (SIPAM).

MGNREGA-EB, India
Originally promulgated in India in 2005, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is one of the largest state-implemented job guarantee and social security schemes in the world. With an annual cost of US$6.7 billion, it guarantees 100 days of work to every household in rural India that demands it (IIED, 2016). Originally, the MGNREGA was not intended to respond to environmental issues or help build resilience. However, as it provides income and assets to millions of people, most of which depend on natural resources and a stable climate to survive, MGNREGA has features that are inherently favourable to addressing vulnerability and risks associated with climate change. Several studies (Tiwari and others, 2011; Adam, 2015) have shown that the MGNREGA helps households build resilience to face climate change by accumulating their own assets, as well as strengthening those of their community. To take this work one step further, the government adopted the MGNREGA-Environmental Benefits programme (MGNREGA-EB): an ecosystem-based adaptation initiative focused on the conservation of natural resources.
Annex 2: Global climate finance flows and resources

Source: CPI, 2015.
### Annex 3: Sample climate insurance payout table

<table>
<thead>
<tr>
<th>Country</th>
<th>Payout (approx.)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>Targeted Food Distribution</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>Subsidized sales of livestock fodder</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>CCT</td>
</tr>
<tr>
<td>Individual</td>
<td>$</td>
<td>Targeted Food Distribution</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>Subsidized sales of livestock fodder</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>CCT</td>
</tr>
</tbody>
</table>

### Annex 4: Sample table for mapping climate finance flows for CTs

<table>
<thead>
<tr>
<th>Source</th>
<th>Sector</th>
<th>Amount allocated per type of Cash Transfers</th>
<th>Change Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>Public</td>
<td>Agriculture, water and irrigation $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environment $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social Protection $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>..... $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>Agriculture, water and irrigation $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environment $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social Protection $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>..... $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>Public</td>
<td>Agriculture, water and irrigation $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environment $ for CTs Program</td>
<td></td>
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<td></td>
<td></td>
<td>Social Protection $ for CTs Program</td>
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<td></td>
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<td>..... $ for CTs Program</td>
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<td></td>
<td>Private</td>
<td>Agriculture, water and irrigation $ for CTs Program</td>
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<td>Environment $ for CTs Program</td>
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<td>Social Protection $ for CTs Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>..... $ for CTs Program</td>
<td></td>
</tr>
</tbody>
</table>
### Annex 5: Benefits of integrating CTs and PES

| **Targeting** | • Two stages:  
• (i) Geographical: map areas that have high levels of poverty and low levels of environmental services/environmental threats  
• (ii) Household: plot means testing and environmental metrics to select beneficiaries |
| **Benefit level** | • Amount/payment received for social, economic and environmental goals  
• Vary according to plot size and poverty measurement.  
• Poorest can receive higher benefits |
| **Conditionalities** | • Protection of environmental services (watershed protection, forest cover maintained, reforestation, afforestation, carbon sequestration)  
• Children’s school attendance  
• Easier to comply with if integrated |
| **Administration** | • Joint targeting; avoids duplication  
• Share operational costs  
• Share monitoring costs |

*Source: Adaptation of Tirivayi, n.d. by authors.*
LANDSCAPE OF CLIMATE FINANCE IN 2015/2016

Global climate finance flows along their life cycle in 2015 and 2016. Values are average of two years’ data, in USD billions.

Annex 6: Sample table for mapping climate finance flows for CTs

“There is a need to recognize the imperative to address risk, regenerate natural resources and conserve ecosystems to stimulate rural economies, create jobs, increase resilience, ensure that schemes can have a maximum impact on people’s lives, and prevent the reversals of hard won gains in well-being.”

UNDP 2016a.