

Key Challenges and Core Principles to Accessing Gender-Responsive Climate Finance

Master Class on Access to Finance Applying a Gender Lens

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Why is Gender-Responsive Climate Finance Needed?

- **Climate change is not gender-neutral.** Responses through financing climate actions must take gender-differentiated **needs and abilities** into account.
- Women are the **majority of the more than one billion poorest** worldwide
- Women often **disproportionally affected by climate change due to persisting gender-specific norms and gender-based discriminations and barriers**, including:
 - **Reproductive and unpaid care work** , often directly impacted by climate change.
 - **Wage and income gaps**: Women work two-thirds of the world's working hours, receive only 10 percent of the world's income.
 - **Access to finance**: globally, women receive only 10% of credits given by financial institutions (via microfinance, commercial banks, public finance)
 - **Access to information**: Of 876 million illiterate people worldwide, two-thirds are women
 - **Lack of property and inheritance rights**: In Africa, on average, only 15 percent of landholders are women
 - **Energy poverty**: 2 billion women worldwide live in energy poverty, 750 million without having electricity

Why is Gender-Responsive Climate Financing Needed?

REASON 1: **no normative vacuum** for climate finance decisions -- acknowledge and honor **women's rights as basic human rights** (almost all Parties to UNFCCC are also Parties to CEDAW; Agenda 2030/SDGs; Paris Agreement Preamble)

REASON 2: using scarce public resources in the most **equitable, efficient and effective** way → cannot afford to ignore 50% of contributors or potential beneficiaries of any project –issue of sustainability of investments – learn from development finance

- IPCC 5th Assessment underscores that CC hazards increase or heighten existing gender inequalities
- UNFCCC decisions (Cancun, Doha) acknowledge gender equality and effective participation of women as relevant for all climate actions
- Men and women contribute to climate change responses in different ways and have different capabilities to mitigate and adapt – woman as **key actors and “agents of change”, not just victims**

Key Challenges of Access to Climate Finance

Exhibit A: Private Finance

- Access to finance remains biggest challenges for women entrepreneurs in developing countries (risk perception, cultural biases, lack of collateral etc.)
- Over-representation in the MSME sector (32-39 % of micro, 30-36% of small, 17-21% of medium), with many in the informal sector and focused on service-provision, not manufacturing supply chains

Exhibit B: Structure and Governance of Public Climate Funds

- Women underrepresented in fund decision-making bodies (around 25% avg.)
- Gender expertise lacking in Boards/Governing Councils, technical bodies, secretariats, implementing entities, executing entities
- Lack of adequate direct access options in most climate funds
- “Country ownership” understood as government (finance, environment, planning), often lack of comprehensive in-country coordination & stakeholder engagement

Gender-Challenge of Public Climate Finance Provision

- Seen improvement/change of discourse over the years
- UNFCCC financial entities (AF, GEF, GCF) with gender policies & action plans
- “The tail wagging the dog?” – UNFCCC financial/technical mechanisms recognize and act on gender-mainstreaming necessity – negotiations lacking behind (narrow gender-mention in PA; role of continuation & expansion & resourcing of Lima Work Programme)
- Gender dimension of financing for adaptation & capacity-building recognized, but often too narrow (beneficiaries-vulnerability-victims narrative, not actor/agent); gender dimension of mitigation finance often not recognized
- Agency of women in mitigation and adaptation predominantly on family & community-focused service provision and engagement → need for smaller funding tranches – role of grant-financing – higher transaction costs – role of women’s groups as executing entities (EEs) for implementation on the ground
- **More direct access small grants approaches needed** (GEF/AF/GCF experiences need up-scaling/wide replication → Enhanced Direct Access (EDA): national programs?)

Inherent Gender-Bias of Most Mitigation Finance

- public climate finance remains 75% mitigation finance – better balance needed
- Differing energy needs of men and women due to cultural/societal roles and stereotypes → women's energy needs more focused on household use/service provision to family and communities vs. economy-wide, manufacturing/processing (often export-oriented) energy needs usually given preference in climate finance provision
- Mitigation performance measurement (portfolio and project) biased toward least costly emissions-reductions – economies of scale thinking (scalability often defined largely in terms of size of project, not in terms of widespread replicability)
- BUT: not all emissions-reductions are created equal – gender equality harm possible without focus on more **multiple benefit approaches** in mitigation finance
- Inherent bias toward large-scale mitigation measures enhanced by role of international banks (public/private) as implementing entities/intermediaries (internal incentive structures, need to push money out, return-on-investment-focus)

Making Mitigation Finance More Gender-Responsive

- Focus matters: addressing **persistent energy poverty** with off-grid/small-grid distributive RE solutions is inherently gender-responsive – a large dam is not
- **Grant mitigation finance** remains crucial – not all investments guarantee profits; more focus on gender-informed technical assistance and capacity building (f.ex. for domestic finance providers as well as consumers)
- **Addressing women’s lack of access to finance for mitigation investments** – more focus on finance provision for MSMEs in developing countries
- Concessionality of public mitigation finance provided to private banking sector (in form of loans, equity investment, risk guarantees) must be passed on to women as end costumers, f.ex. in the form of easily accessible green credit lines for highly concessional, patient small-scale loans ; avoiding subsidy capture by the intermediary:
 - Risk guarantees for small-scale loans (reducing the need for/size of collateral)
 - Buying down interest rates and increasing the maturity of small-scale RE loans

Checklist for Gender-Responsive Climate Investments

What makes a adaptation or mitigation project/program and its implementation gender-responsive? How can we measure if and how gender was integrated?

FIRST STEP: Ask a set of questions (check list) – namely: Did the project...?

- Approach gender issues from a **human rights perspective** (focus on provision of basic services; right to water, food, adequate housing, CEDAW)
- Acknowledge and seek to **redress gender inequalities**
- Provide and analyze **gender data** (project design – baseline and M &E)
- **Analyze gender relations** in social, legal, historical and economic context
- Look at **equitable gender access** to project/program benefits
- Promote **equal opportunities for men and women to provide input and participate** throughout project/program cycle
- Plan project **outcomes and outputs** that respond to differential gender needs
- Provide budgetary resources/gender budget commensurate with the tasks
- Consider longer-term **gender impacts** of projects/programs and their sustainability

Key Principles for Gender-Responsive Finance Provision

AT FUND/FUNDING INSTITUTION LEVEL:

- **(Gender-balance and) gender-expertise** in all fund decision-making (Board, Ctes) and advisory bodies (panels) as well as in a fund's Secretariat to ensure that gender equality principles are considered in project review and approval and the monitoring, reporting, verification and evaluation of the fund's portfolio
 - **Gender-responsive funding guidelines , allocation and investment decision criteria** (focus on smaller scale, bottom-up, beneficiary centered projects ; possibility of funding set-asides; looking for multiple-benefits approaches)
 - “Best practice” set of **social, gender and environmental safeguards** that stipulate gender equality, women's rights and women's full participation in compliance with existing international obligations, including on human and women's rights,
 - A **regular audit & independent evaluation of the gender impacts of funding allocations** to create accountability for gender-responsive delivery at fund level
 - **Independent recourse mechanism**– allowing negatively impacted women to seek redress and compensation (ideally both at funding institution and IE level)
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AT LEVEL OF NATIONAL DESIGNATED AUTHORITY/FOCAL POINT:

- **Country coordination and outreach efforts** that include countries' existing "gender machinery" (= relevant ministries, government commissions) and women's civil society groups as key stakeholders in determining national (adaptation) funding priorities and country funding programs

AT LEVEL OF IMPLEMENTING ENTITIES/INTERMEDIARIES:

- In-house staff with gender and social development expertise (no routine "outsourcing" of gender work to consultants)
 - Commitment at highest level to gender equality and improving the gender competency of all IE staff → ability to improve gender capacities of Executing Entities (EEs)
 - Commitment to **subsidiarity** – choose most local possible EEs and actively include women and gender civil society groups as EEs
 - Mandatory) **socio-economic and gender analysis** of the proposed project or program with a **gender baseline**; a **gender budget**; some clear **gender-relevant indicators** measuring how projects contribute to gender equality objectives, as well as the systematic collection of **sex-disaggregated data** and **qualitative assessments** via focus groups/interviews, time-use surveys etc.
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AT IE LEVEL – continued:

- Special efforts to seek and financially support **the input and participation of women as stakeholders and beneficiaries** throughout the funding cycle from the planning and preparation, to implementation to monitoring and evaluation of a project (encouraging **participatory monitoring** for continuous feedback during project/program implementation and corrective action)
- Comprehensive information disclosure and information provision in gender-responsive way (language, media)
- Document learning on gender-responsive implementation of mitigation and adaptation programs and exchange knowledge (upstream with funding institutions, NDAs and downstream with EEs and beneficiary communities)

Thank you !

Hbs North America work on climate finance, including gender dimension @
<http://us.boell.org/categories/climate-policy-finance>

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