



Women's Environment & Development Organization

Submission by the **Women's Environment and Development Organization (WEDO)**¹

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In response to the *Call for evidence: information and data for the preparation of the 2020 Report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement*

With this first report, the Standing Committee on Finance (SCF) seeks to comprehensively consider various national assessment and reporting instruments to methodically compile a set of needs. Without a contextualized and qualitative approach to the bigger questions of why and what type of climate finance a country needs to successfully implement their NDC and other relevant strategic plans, such as NAPs and NAPAs, and transition to a sustainable development pathway in alignment with a 1.5°C trajectory, and how resources are made accessible and delivered in a predictable and adequate manner, however, an approach risks being technically compliant with the letter of the ask yet deficient in actually capturing the much broader dynamics and facets of needs that should inform future UNFCCC climate finance commitments, actions, and modalities. A resulting report that focuses too narrowly on the quantitative at the expense of the qualitative consideration of the type and purpose of funds, including who benefits from them primarily—as the effectiveness, efficiency and equity of the same amount of funds assuredly varies with the financial structures and instruments employed—would be a missed opportunity to map and guide climate finance in alignment with the ambition to limit warming to 1.5°C with limited or no overshoot.

Direct Attention to Quality and Type of the Needs

While the scope of the report covers gender considerations, it is crucial that these are integrated through an understanding that the quality and type of funding to be provided is connected with its gender-responsiveness and whether funding supports those countries, communities and people most in need. Grants are vital for rights-based and gender-equal climate finance, and small grants funds are a critical pathway for delivering grant-based funding through directly serving the grassroots and community-based organizations promoting and implementing rights-based, gender-just, locally-adapted, comprehensive solutions to the climate crisis.^{2,3} Yet women's funds and

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² https://www.bothends.org/uploaded_files/document/Small_Grants_Big_Impacts_English_version.pdf

³ https://www.bothends.org/uploaded_files/document/Putting_People_First.pdf

feminist organizations are critically underfunded,⁴ and women's environmental activism receives only 3% of philanthropic dollars slated for environmental causes.⁵ Failing to support the local actors doing the work to advance gender equality is a shortcoming even within larger allocations of funding to the stated cause: only approximately 1% of the DAC members' aid focused on gender equality and women's empowerment went to women's organizations in 2015-2016.⁶ Put in the context of ODA supporting climate-relevant actions, the overall share of ODA during 2015-2016, which developed countries labeled as both gender-sensitive and climate-relevant was only 8.6% (with 3.4% of overall ODA targeting both gender equality and adaptation; 2.9% targeting both gender equality and mitigation; and 2.3% targeting gender equality and cross-cutting climate actions).⁷ The picture is not much better for the 2017-2018 flows: Oxfam's recently published 2020 Climate Finance Shadow report has calculated for 2017-2018 flows – see relevant table below - that only an estimated 1.5% of climate-related ODA identified gender equality as a primary objective, and 34% identified gender equality as an important but not principal objective. A remaining 64% of projects either determined that gender equality was not a significant objective (33%) or were not screened (32% not marked).⁸ Large-scale efforts to leverage the power of small grants, such as would be possible through the Green Climate Fund's Enhanced Direct Access pilot (perennially stalled at two of its ten potential pilot projects), have not gained traction.

Likewise, the decision to meet financial needs through concessional loans, non-concessional loans, equity, or other instruments, the terms of maturity of any of these instruments, and whether they are delivered in local or foreign currency, has undeniable implications for the ability of countries to meet future needs. Considering the ways in which these assessed financial needs may be met is critical to anticipating future needs, as unfavorable loans, even with concessionality, especially when delivered in foreign exchange currencies, can constrain financial resources for years into the future. Or a consideration of the return on investment may drive a project to a set of activities that has a better outlook on the balance sheet of the investors, even though the balance-sheet of the country and its capacity to adapt and mitigate may be better served in the long-term by another set of activities, such as ones that seek to transform systems, achieve co-benefits, and align with sustainable development pathways. The efficiency and efficacy of funding to combat climate change is not equal across all delivery pathways, let alone discussions of equity, which should not be left out of a needs assessment exercise in the context of the UNFCCC and its core principles.

As the report outline rightfully notes, consultative processes are a consideration, and many of the documents being mined for information for this report have unclear or inadequate consultative processes that fail to ensure that the voices and needs of women, Indigenous Peoples, LGBTIQI persons, and other marginalized groups, not to mention those of grassroots and community-based

⁴ <https://www.awid.org/news-and-analysis/20-years-shamefully-scarce-funding-feminists-and-womens-rights-movements>

⁵ https://www.greengrants.org/wp-content/uploads/2018/03/GGF_Gender-Mapping-Report_HighRes-Singles.pdf

⁶ <https://www.awid.org/news-and-analysis/only-1-gender-equality-funding-going-womens-organisations-why>

⁷ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Climate-related-development-finance-in-2018.pdf>

⁸ <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/621066/bp-climate-finance-shadow-report-2020-201020-en.pdf>; p.23f.

organizations, are meaningfully integrated. For example, in a 2016 analysis of the INDCs,⁹ many countries had not outlined any participatory processes for the development of their NDCs, and civil society has shared that some GCF country programmes were developed without adequate stakeholder engagement. Without appropriate consultative processes, these documents reflect only part of the information on a country's needs, and are likely to obscure the needs of local and community-based organizations who are no less dedicated to effective climate action as national governments and no less critical in its implementation on the ground where it counts.

Account for National Debt Obligations

The methodologies used in determining the needs of developing countries must include an accounting for each country's national debt. While levels of indebtedness and relevant credit worthiness are treated under challenges, opportunities, and gaps within the draft report outline, it is important to realize the significance of noting this information for every country, on par and in alignment with the collection of other needs data. Only when considering the level of indebtedness and long-term debt service obligations can a true assessment of a country's needs (and the limits on the fiscal space within which it is forced to operate), be made, as the timeline and capacity for investing in climate action are heavily constrained by existing debt obligations, many of which were in support of actions and infrastructure not in alignment with climate ambition and many of which were through public-private partnerships (PPPs) that left the public sector with the long-term financial risk.

This relates to the type of funding that best fits the needs of developing countries. Non-concessional loans are not an avenue for meeting needs, nor are many concessional loans in a country with high levels of indebtedness, including debts incurred in dealing with climate-change caused extreme weather events, as is for example the situation with many Small Island Developing States (SIDS), irrespective of national income levels: the more appropriate instrument, and the one in line with the CBDR principle of the UNFCCC, would be grants.

As the COVID-19 pandemic has exacerbated the inability of many countries to meet their existing debt obligations and the basic social service needs of their citizens, a calculation considering current debt obligations is one way to account for the changing needs during this pandemic that are not captured in many reports that predate this year.

Accounting for debt obligations likewise would unlock potentially innovative responses to the mapping of needs, as the fundamental outcome of an endeavor such as this is to understand the needs so that they can be met in future. Gold, which has appreciated during the pandemic, can be sold by holding institutions to provide debt relief *at no loss to those institutions*,¹⁰ thus freeing funds to be redirected toward efforts to improve national adaptation, mitigation, and prosperity, and measures such as this are less likely to be considered or encouraged without the full and explicit acknowledgement that debt is preventing appropriate and adequate funding of imperative climate action.

⁹ https://wedo.org/wp-content/uploads/2016/11/WEDO_GenderINDCAnalysis-1.pdf

¹⁰ <https://www.theguardian.com/business/2020/oct/11/campaigners-urge-imf-to-sell-gold-to-provide-debt-relief>

Ensure Adequate Treatment of Loss and Damage

Understanding the scope and depth of the needs to address loss and damage should be given as much time and space in this report as adaptation and mitigation. This issue is also one with undeniable gender dimensions, from the higher economic devastation women and LGBTQI people face after a disaster, impairing their ability to re-establish stable and sustainable incomes and economic security, to their higher risks for sexual exploitation and assault to human trafficking. post-disaster settings. The Women and Gender Constituency's issue brief on loss and damage¹¹ called for a loss and damage gap report, and the SCF determination of needs report has the potential to contribute to that discourse, but only if qualitative as well as quantitative sources are considered.

Factor in the Timescale of Needs

In a world where climate change is exacerbating the frequency, duration, and devastation wrought by many weather-related events, and the IPCC and other science-based bodies and groups have outlined the minimal and critical window of opportunity to alter our trajectory and avoid the most deleterious and irreversible impacts of climate change, the timeline of needs must be considered. The original \$100 billion goal set a decade prior to its planned achievement was a politically determined figure, not based on a thorough analysis of needs, and has therefore proven from the beginning to be unequal to the scope of the challenge as greenhouse gas emissions have continued to increase and with it the damage and disasters caused by those emissions from the resulting accelerated climate change. Documentation of needs that fails to consider the depth of the transformation necessary within this next decade, or assume that the needs of years previous--even recent--years are an adequate proxy for upcoming years' needs will not ultimately serve the goal of the report. Standard discount rates cannot apply, and the cost of inaction--the dearth of climate finance funding now--will increase the scope of the funding needed in the future. Larger investments now can avoid astronomical investments that may be required in the future. All needs should be considered within this context, with quantitative assessments qualified by more comprehensive and encompassing information.

¹¹ <https://womensgenderclimate.org/wp-content/uploads/2019/12/PAPER-SERIES-Loss-and-Damage-1.pdf>