Gender in Climate Finance Frameworks and NDCs

28 October, 2022
Gender and Climate Finance in the context of the NDCs

97 updated NDCs from Climate Promise countries included gender equality considerations compared to 49 in the first generation of NDCs.

21 countries referred to gender in climate finance strategies compared to 1 in 2015.

21 countries highlighted the importance of women’s access to finance. No NDCs recognized this in the first generation of the plans.

17 countries agreed to apply gender-responsive budgeting in climate action. No NDCs made reference to this in the first round.
Focus areas in Gender and Climate Finance

**WOMEN`S ECONOMIC EMPOWERMENT**

- Support the emergence of local businesses and promote economic opportunities for women in Renewable Energy (Antigua and Barbuda, Cabo Verde, Honduras)
- Support **agricultural financing and credit program** for women to promote circular agricultural systems (the Gambia, Pakistan)
- Support access to **finance in the private sector including in start ups** to build climate change resilience for women (Sri Lanka, Kenya)
- Support **technology related inventions** to foster women`s economic empowerment in Technology (Moldova, Namibia)
Enabling environment for addressing gender and climate finance

| Gender analysis                                              | • Done prior to the implementation phase of projects  
|                                                             | • Men and women’s perspectives need to be integrated into the projects’ frameworks through sex-disaggregated data |
| Inclusive governance structures                             | • Need for national development policies and strategic plans to consider gender into climate finance.  
|                                                             | • Strengthening institutional structures, e.g. gender, climate and poverty focal points  
|                                                             | • Enhancing coordination and participation |
| Capacity-building                                            | • Tailored capacity needs assessment: ministries of finance; sectoral ministries, gender machineries, CSOs, bureaus of statistics  
|                                                             | • Building skills to support gender mainstreaming  
|                                                             | • Knowledge of climate finance fundamentals |
| Resource Planning                                            | • Advancing climate finance allocation tools with a gender lens |
Gender-Responsive and Socially Inclusive Climate Change Planning and Budgeting
COUNTRIES IN THE CFN

- **Implementation Period:** 1st of January 2022 until 31 December 2028
- **Pledged resources from FCDO:** GBP 20 million

CLIMATE FINANCE NETWORK

Increasing ambition to tackle the climate crisis through climate finance solutions, focused on six areas of transformation
1. Climate Change and Domestic Budget Reforms
   - Climate integration in fiscal policy and frameworks
   - Systemic and process reforms with MoF
   - Sector budgeting and risk integration
   - Climate Change Cost Benefit Analysis

2. Direct Access to International Climate Change Finance
   - Aligning international finance to bring transformative change
   - Improve accessibility of International Finance for projects
   - Institutional architectures supported for ease of access

3. Innovative Climate Change Financing
   - Leveraging blended and private finance
   - Incentivizing mitigation actions through taxation, carbon pricing mechanisms
   - Greening the financial systems

4. Gender and Social Inclusion in Climate Change Finance
   - Action research for increased evidence
   - Enabling environment for gender and socially inclusive climate investments
   - Support in design and implementation of GSI inclusive private and public investments

5. Transparency and Accountability of Climate Change Finance
   - Climate expenditure data for strengthened accountability
   - Climate performance audits
   - Analytical capacity of government, private sector, CSOs on climate investments
   - Parliamentary and civil society engagement for accountability

6. Modelling Climate Impacts on Economic Growth, sectors & equity
   - Macro economic impact of climate change on economic growth, sectors & distribution
   - Sector studies on climate vulnerability for informed response on climate change
   - Influencing development plans and policies based on increased evidence

CLIMATE FINANCE NETWORK - workstreams
RATIONALE FOR THE FRAMEWORK

- Fragmented knowledge on the integration of gender and poverty issues within climate finance systems
  - Lack of data coverage and definitions
  - Insufficiently conceptualised climate finance systems and processes to support the integration of poverty and gender issues
  - Most of the knowledge exists at the project level

- Absence of systemic approaches for allocating and M&E of climate finance in a pro-gender and poor manner
  - Limited integration of gender and poverty issues within allocation and accountability processes within various climate finance systems

- Lack of synergies across climate finance systems
  - Inconsistent definitions
  - Inconsistent gender and poverty mainstreaming practices
  - Inefficient allocation and inconsistent tracking of climate finance

Link: Framework for Enhancing Gender and Poverty Integration in Climate Finance | United Nations Development Programme (undp.org)
METHODOLOGY

**Semi-structured interviews**
- Ministries of Environment
- Ministries of Finance
- Gender related entities
- Central Banks
- Bond issuers
- CSOs

**Sources of Finance**
- Public
- Innovative
- Multilateral

**Background Note**
- Success stories
- Lessons learnt
- Challenges

**Desk Research**
- Country climate policies
- Multilateral investment and lending policies and frameworks
- Private sector regulatory regimes and practices
THE FRAMEWORK TO SUPPORT THE INTEGRATION OF GENDER AND POVERTY ISSUES IN CLIMATE FINANCE
PILLAR STRATEGY

Governance and Institutional Pillar
- Mainstreaming into development and sector policies
- Enabling environment - legal and regulatory regime
- Strengthening coordination and defining roles

Resource Planning and Allocation Pillar
- Gender and socially inclusive system and process reforms
- Research and evidence based planning
- Participatory approach in allocation

Accountability Pillar
- Sensitizing accountability mechanisms
- Data collection and impact reporting
- Monitoring and Evaluation
Relevant frameworks and tools

Rationale: as climate change vulnerability tends to exacerbate existing inequality and social exclusion, decisions on allocating climate funds must reflect a need to reach communities that are already poor and unequal.

Quantifying social dimensions and impacts of climate risk in economic terms provides a basis for setting priorities and targets in each sector, further guiding the budget process.

To address the possible distributional effects in climate-responsive planning and budgeting, tools such as Climate Public Expenditure and Institutional Reviews (CPEIRs), vulnerability, loss and damage assessments, and fiscal incidence analysis can be deployed.

- Climate Change Financing Frameworks (CCFF) and climate budget tagging (CBT) can support budget and proposal prioritization of climate and long-term development goals in parallel, such as reducing social inequality.

- Climate Change Cost-benefit analysis (CCBA) for climate investments can also disentangle social distributional effects.
Regional examples from Asia

Indonesia
- a Gender Budget Statement (GBS) for sector Ministries
- Climate-budget tagging (CBT) with gender and climate co-benefit tagging
- Poverty- and gender-sensitive CPEIRs conducted at the subnational level

Bangladesh
- Climate Change Fiscal Framework & Social audit
- Adaptive social protection
- Recurrent, Capital, Gender and Poverty database

Thailand
- Climate Change Cost-Benefit Analysis (CCBA) with GSI
- Gender in CC investment guidelines

Cambodia
- Ministry of Environment Gender Technical Working Group & gender focal points
- Innovative financing from payments of environmental services and carbon credits for improved livelihoods
Capacity needs assessments oriented towards gender and poverty knowledge, data, skills, institutional and operational deficits

- Investing in skills and knowledge to support the development of pro poor and gender responsive resource allocation and accountability tools
- Targeting various institutions and actors especially grassroots organizations and CSOs
- Advancing industry standards
- Developing knowledge management and learning systems (peer-to-peer exchanges)
INDONESIA Country experience: Gender-Responsive Climate Budgeting & Synchronizing budgeting planning through co-benefit tagging (climate change and gender)
Indonesia’s National Climate Budget Tagging

The Climate Budget Tagging Initiative began in 2014

- Identifying outputs and activities of Ministries/Institutions related to climate change mitigation and adaptation efforts

- Mapping the need for climate change budgets to explore potential financing other than the state budget.

- Support budget transparency with performance-based budgeting efforts

Guidance for Climate Budget Tagging developed by MOF, Bappenas in collaboration with UNDP
Indonesia: Gender Responsive Climate Budgeting

**National Frameworks for Gender Responsive Climate Budgeting:**

- Presidential Instruction No. 9 Year 2000 regarding the **Mainstreaming of Gender in National Development**
- Minister of Home Affairs Regulation No. 67 Year 2011 concerning General Guidelines for the Implementation of **Gender Mainstreaming at the Sub-National Level**
- Government Regulation for No. 17 Year 2017 regarding **synchronization of Planning, Budgeting, and Development Process on the National Level**
- National Mid-term Development Plan 2020-2024 (**Gender and Climate Change as one of the mainstreaming strategy**)

**Gender Responsive Climate Budget Tagging**

- Mechanism to identify outputs regarding mitigation and adaptation climate change efforts
- Is implemented in the form of **Gender Responsive Climate Budget Tagging**

- The process of tagging state budget on output details relating to climate change mitigation and adaptation as well as support gender mainstreaming
- Ministries and Institutions can tag more than 1 thematic in the KRISNA system to show accountability and effectiveness of budget use, such as double tagging or co-benefit tagging between climate change and gender.

**Government Key Stakeholders**

- Ministry of Finance
- Kementerian PPN/Bappenas
- Ministry of Women Empowerment and Child Protection
Milestones in Gender Responsive Climate Budgeting

2010
The starting point of a Gender Responsive Budget (GRB). As a part of the Ministry of Finance Regulations No. 119/PMK. 02/2009 regarding the need for Gender Budget Statements in ministry work plan and budgeting (RKA-KL).

2014
Issuing of the Ministry of Finance Regulation No. 136/PMK.02/2014 concerning instructions for State Ministries/Institutions to develop work plans and budgets that categorize their outputs into the thematic state budget (APBN). The thematic APBN includes Gender Responsive Budget with code 011 and Climate Change Mitigation with code 012.

2016
Anugerah Pratama Ekapraya (APE) Awards were established by the Ministry of Women Empowerment and Child Protection for line ministries and agencies that have implemented 7 gender mainstreaming prerequisites (commitments, policies, data, analytical tool, human resources, budgets, community participation).

2017
The Climate Change Adaptation (API) thematic code (007), was first introduced in the 2017 budget thematic. The 2017 budget was the first to have Climate and Gender thematic codes. Gender Responsive Budget (003), Climate Change Mitigation (004), and Climate Change Adaptation.

By 2017, the implementation of combined thematic taggi was supported by three factors: (i) supporting regulations and tools (KISNA, application of RKA-KL), (ii) the existence of institutions that can facilitate, (iii) the existence of a reward system for implementation of Gender Responsive Budgeting.
A Study on Gender Responsive Climate Change Budgeting was conducted by BKF-Ministry of Finance, Ministry of Women Empowerment and Child Protection, as well as Patiro with the support of UNDP. The study itself is an analysis regarding the co-benefit tagging situation in piloting ministries, KLHK and KESDM, between gender and climate change theamtics.

Outputs tagged as both thematics (gender and climate change) were found in three ministries, throughout the 2017-2018 fiscal year, in:

- Ministry of Energy and Mineral Resources (KESDM)
- Ministry of Transportation
- Ministry of Environment and Forestry (KLHK)

2020

Issuing of The National Mid-Term Development Plan (RJMN) IV 2020-2024 which included Gender Mainstreaming, Climate Change Mitigation and Adaptation agendas in the 6 mainstreaming strategies to be prioritized in Indonesia.

Continuing from previous study findings, UNDP with the help of the Center for International Forestry Research (CIFOR) developed a study on Leveraging Climate Finance for Gender Equality and Poverty Reduction. The study was done by assessing different climate finance mechanisms and climate project implementation at sub-national levels.

2021

In collaboration between the Ministry of Finance, Ministry of Women Empowerment and Child Protection, as well as support from the UNDP, a study regarding Gender Responsive Climate Budget Tagging was conducted. Subsequently, the development of a Gender Responsive Climate Budget Tagging Technical Guidance Document was also conducted.

Issuing of the regulation of the Ministry of National Development Planning No. 1/2021 on Procedures for Compiling and Reviewing M/I Work Plans. It regulated the procedures of drafting M/I work plans by tagging outputs into the thematic state budget (APBN), including Gender Responsive Budget (GRB)
Below are Gender Responsive Climate Budgeting activities carried out in collaboration between the Ministry of Finance, Ministry of Women Empowerment and Child Protection of the Republic of Indonesia, with support from UNDP, Indonesia.
Future priorities and opportunities for the Gender & social inclusion workstream of the CFN

- Institutionalizing a comprehensive **framework** and **process** to ensure GESI is integrated in the *entirety of the planning and budgeting cycle*
- **Contextualizing** GESI according to countries (based on research)
- Proposing **structural reforms** in Government line departments and Ministries
- Enhance **data collection & analysis** capacities
- **Focus on rigorous impact-tracking - role of performance-based budgeting**

**Further financial mechanisms:**

- Climate / social /SDG / gender **bonds**
- **Voluntary Carbon Markets**
- Direct access funding (grants) and support for women’s organizations, CSOs, bottom-up approach
- Grant funding / Technical Assistance for Women Climate Entrepreneurs
- **Blended financial mechanisms** that can provide both debt and grants
- Private sector / impact investing
- **Climate modelling** with GESI lens