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Gender and climate finance

Background

The economic, social and environmental costs of climate change are prohibitively high. Due to limited resources and capacities, developing countries (many in the Asia-Pacific region) are most vulnerable to the impacts of climate change, and accordingly the costs that these countries will face are the highest. Further, climate change affects women and men differently. While women's participation in the global labour force has increased to 40 percent, gender gaps in earnings and productivity persist across all forms of economic activity—in agriculture, wage employment and entrepreneurship.[1] Gender differences in time use, access to assets and credit and in treatment by markets and formal institutions (including legal and regulatory frameworks) all play a role in constraining women's opportunities.[2] The greater reliance that women place on natural resources for their livelihoods and household responsibilities causes women and girls to be disproportionally affected by changes, shocks and shifts in their local environment.

Properly designed and executed climate finance vehicles can be leveraged to help address socio-political imbalances that weaken communities' resilience to climate change impacts and can help redress gender imbalances.

Adequate and sustainable climate finance is imperative to addressing the climate challenge. In addition, properly designed and executed climate finance vehicles can be leveraged to help address socio-political imbalances that weaken communities' resilience to climate change impacts and can help redress gender imbalances. These imbalances are greater for marginalized groups, such as poor women and men, who often face higher barriers to accessing and benefiting from such financial resources. Therefore, it is crucial that climate finance mechanisms explicitly target such groups during project planning, implementation, monitoring and evaluation.

Existing climate finance mechanisms have varying degrees of gender sensitivity, and much work remains to be done in engendering the larger global climate finance regime.

Climate change impacts have a huge price tag

According to the World Bank, the annual costs of adaptation for all sectors from 2010 to 2050 will be $22.25 billion for East Asia and the Pacific and $14.05 billion for South Asia.[3] Similarly, modelling work done by the Asian Development Bank covering four countries in Southeast Asia (Indonesia, Philippines, Thailand and Viet Nam) shows that the costs of the changing climate to these countries each year could equal a loss of 6.7 percent of their combined gross domestic product by 2100, more than twice the world's average.[4]

On the global scale, although cost estimates for adaptation and mitigation efforts vary widely, by 2030, the budget needed to respond to climate change will range from $249 to $1,371 billion annually.[5] These hefty figures demonstrate the need for sustainable and significant resources to address the climate challenge.

Limited financial resources, inadequate awareness and capacity constraints have hindered many countries' efforts to access relevant climate funds, private-sector finance and carbon markets. With over 50 international public funds, 45 carbon markets and 6,000 private equity funds providing climate change finance, the current climate finance architecture is remarkably complex and wrought with huge challenges.[6] Significant questions include: How to raise funds at a scale that is commensurate with the challenge? Where to find new funding sources? How to efficiently and effectively transfer resources to where they are most needed? How to ensure equity and transparency in fund disbursement and utilization?

Many poor countries' lack of awareness of opportunities and processes and their limited capacities continue to constrain them from accessing existing funds and mechanisms. For example, although 84 percent of all registered Clean Development Mechanism (established under the Kyoto Protocol of the United Nations Convention on Climate Change) projects are implemented in Asia and the Pacific, only a few countries are actually efficiently using it.[7] Further, while China and India are the largest recipients of climate finance globally, the most vulnerable countries in the region, particularly Pacific Island states, receive very little funding.[8]

What is the gender-climate finance nexus?

Levels of vulnerability and exposure to climatic risk vary across regions, countries and demographics. Political and socio-economic imbalances often render women disproportionately vulnerable to climate change impacts. For example, women are less likely to get credit to buy drought-resistant crops; in land allotments, they are more likely to be allocated marginal lands that are at heightened risk of climate impacts (e.g. flooding or downpours). Further, because women's livelihoods and traditional roles and responsibilities tend to be more reliant on natural resources, climate change will greatly affect their lives.[10]

Climate finance approaches should, therefore, be sensitive to the gendered aspects of climate change impacts. Although existing finance mechanisms have varying degrees of gender sensitivity, much work remains to be done to engender the larger global climate finance regime.[11]

Properly designed and executed climate financing mechanisms—those that leverage empowerment and gender equality—have the potential to enhance the climate response effort while simultaneously improving women's lives. For example, funding projects that also reduce the walking distance to access energy sources, water and sanitation or promote reforestation and sustainable forest management will promote sustainable environmental practices and decrease the negative effects on women and girls of environmental change and deterioration. Similarly, funding that supports settlements for women-headed households that have lost their homes to disaster events will support adaptation and recovery efforts and will minimize stresses on the environment caused by refugee populations.

Gender-sensitive climate finance regimes are likely to be more effective

Despite steady progress being made to improve the gender sensitivity of the current climate finance regime (especially within multilateral funds), many existing funds and mechanisms have yet to methodically incorporate gender considerations. Research shows that

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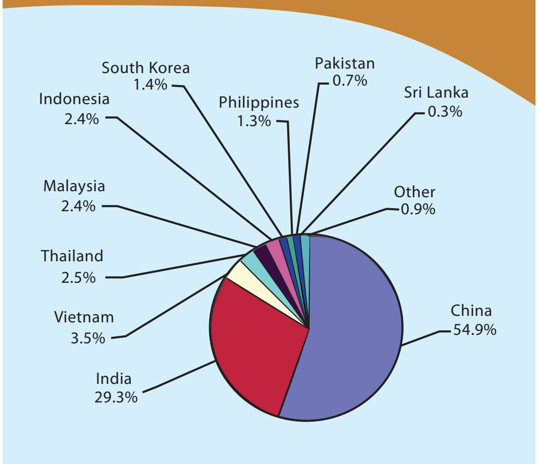
- *Gender disparities constrain women's abilities to engage in climate finance or to start or scale up initiatives aimed to respond to climate change. Examples include women's disproportionately high illiteracy rates (e.g. 65 percent of the illiterate adults in the Asia-Pacific region are women), and their low representation and participation in political decision-making (e.g. in 2010, Nepal and New Zealand were the only Asia-Pacific countries in which women occupied at least 30 percent of national parliamentary seats).*
- *Out of 141 countries, 103 have legal difference between men and women that may hinder women's economic opportunities, including access to credit.*
- *In most countries, the share of women smallholders who can access credit is 5 to 10 percentage points lower than that of men smallholders.*
- *Most Clean Development Mechanism projects tend to overlook small-scale projects that involve and benefit women.*
- *Investing in women would enhance returns on climate finance as well as the environment, progress towards achieving the Millennium Development Goals, poverty alleviation and social policy.*

Sources: *IFC 2006, World Bank 2011, FAO 2011; Schalatek 2009 UNESCAP 2011, UNFCCC 2012, UNDP HDR 2011, UNDP 2011*; World Bank 2011; 2012.[9]

gender equality and women's empowerment lead to increased productivity, socio-economic development and environmental sustainability, including increased results in climate change adaptation and mitigation efforts.[12] For example, the Clean Development Mechanism has been criticized for having too much focus on large-scale projects, with too little emphasis on the type of low-tech, small-scale and community-based activities that women typically engage in (e.g. tree planting, an important carbon sequestration and reforestation mitigation activity). Marginalizing those who lack the resources or capacities to engage in large-scale projects limits the poor's and women's participation in Clean Development Mechanism projects.[13]

Figure 1. CDM distribution in Asia



Source: United Nations Framework Convention on Climate Change, 'Clean Development Mechanism: Registered Projects by Region', available at: http://cdm.unfccc.int/Statistics/Registration/RegisteredProjByRegionPieChart.html (accessed 23 July 2012).

Conversely, incorporating gender considerations into climate funds and mechanisms will yield more effective and efficient outcomes. For example, women are principal practitioners of agroforestry systems in much of the world, devising innovations to integrate livestock, agriculture, horticultural and forest technologies and practices. Supporting their agricultural and forestry activities through climate finance (e.g. reducing emissions from deforestation and forest degradation (REDD) programmes) will improve forest management projects and preserve biodiversity.[14]

Recommendations

The recommendations presented below are some key entry points and ways forwards towards improving the gender-responsiveness of climate finance mechanisms. Taking such actions can help ensure that they will have maximum reach for both women and men on the ground as well as promote sustainable development.

- ***All types, scales and aspects of climate finance need to be gender-responsive.*** All areas of climate finance need to be gender responsive in order to ensure that climate finance is effective and equitable. Gender perspectives, principles and tools should be mainstreamed in all levels of climate finance mechanisms' governance structures, procedures, processes and operations.

- ***Ensure that climate finance complements the goals of sustainable development and efforts to achieve the Millennium Development Goals.*** Synergies between mitigation, adaptation, poverty eradication, economic development, gender equality and women's empowerment should be maximized. In this effort, climate funding needs to be channelled to support rural- and community-level groups and activities, particularly those specific to women.

- ***Better data is needed in order to support and legitimize a wider, more comprehensive range of development investments targeting gender equality and women's empowerment in the non-social sectors (including infrastructure, environment and macroeconomic policy).*** The international development community should provide funding, technical assistance and capacity building to strengthen developing countries' statistical systems to collect and analyse gender and sex-disaggregated data. Finance mechanisms should also collect and utilize this information.

- ***Engage with climate finance frameworks, networks and instruments in order to ensure that their evolving and reforming processes integrate gender perspectives.*** Women and women's groups need to be engaged as key stakeholders in climate finance-related decision-making at all levels. This includes active engagement with private sector and non-market finance mechanisms (e.g. multilateral climate funds, such as the Climate Investment Funds) and market-based mechanisms (e.g. the Clean Development Mechanism). It is critical that ongoing investment and financial support for climate change responses break the cycle of gender-blind decision-making processes within the larger global financial structure. Socially excluded groups' capacities need to be developed in order to enable them to engage effectively in climate financing decision-making processes.

- ***Utilize national-level finance tools, such as national climate funds and climate finance readiness strategies in order to help countries manage, coordinate, implement and account for international and domestic climate finance.*** There is a wide range of tools that would strengthen national capacities to use climate finance effectively as well as integrate financial resources appropriately within their national development planning and sustainable development goals. In this process, it is critical that these national-level finance tools channel funds in a gender-responsive manner that catalyses low-emission, climate-resilient development for both women and men.[15]

- ***Non-governmental and civil society organizations, including women's organizations, should be ensured of direct access to funding mechanisms.*** Climate finance mechanisms should target women's and small-scale initiatives in adaptation and mitigation activities. For example, within climate financing mechanisms a designated small grants facility or special funding programme should also be established for women, local communities and indigenous peoples. In this process, it is crucial to streamline often complex and lengthy application processes.

- ***Ensure that climate finance is adequate, efficient, accountable and transparent.*** Issues of accountability, efficiency and good governance need to be addressed so that adaptation and mitigation financing is utilized in a fair and transparent manner. Gender-responsive budgeting can help ensure greater accountability over public resources while promoting gender equality goals.[16] Such strategies can also help address budgetary gender gaps and emphasize the re-prioritizing of financial resources within activities rather than just increasing overall expenditures.[17] There is also a need for an independent evaluation and recourse mechanism that would allow vulnerable groups, including the poor and women, the accessibility and opportunity to submit grievances for review.

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