

A Framework for Enhancing Gender and Poverty Integration in Climate Finance

UNDP NDC Support Programme and Strengthening Governance of
Climate Change Finance Programme

About UNDP

UNDP's work on climate change spans more than 140 countries and involves US\$3.7 billion in investments in climate change adaptation and mitigation measures since 2008. With the goal to foster ambitious progress towards resilient, zero-carbon development, UNDP has also supported implementation of the Paris Agreement on Climate Change by working with countries on achieving their climate commitments or Nationally Determined Contributions (NDCs).

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The NDC Support Programme provides technical support for countries to pursue an integrated, whole-of-society approach that strengthens national systems, facilitates climate action and increases access to finance for transformative sustainable development. The programme helps countries address financial barriers by deploying a structured approach for scaling up sectoral investments and putting in place a transparent, enabling investment environment. Beyond direct country support, UNDP facilitates exchanges and learning opportunities on NDC implementation at the global and regional level by capitalizing on our close collaboration with the UNFCCC and other strategic partners. The programme, which contributes to the NDC Partnership, is generously supported by the German Federal Minister of the Environment, Nature Conservation and Nuclear Safety (BMU), the German Federal Ministry of Economic Cooperation and Development (BMZ), the European Union and the Government of Spain.

Strengthening Governance of Climate Change Finance Programme

The Governance of Climate Change Finance Team of the UNDP Bangkok Regional Hub comprises experts specialising in SDG Finance, Governance, Development Finance and Political Economy, Climate Change, Public Financial Management and Development Effectiveness.

The programme catalyses sustainable climate related financing. It promotes self-sufficiency of development finance within country public financial management systems- both of which are keystones in achieving the goals of the 2030 Agenda.

About this joint initiative

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The framework points to good practices in Bangladesh, Cambodia, Fiji, Indonesia and Thailand, which provide learnings on their experiences for climate finance and gender equality practitioners. Identifying these practices would not have been possible without the support of the UNDP Country Offices and the valuable contributions of the national stakeholders in these countries.

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Disclaimer

The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations and its constituents, the UN Member States, the Governments of Bangladesh, Cambodia, Fiji, Indonesia and Thailand, the workshop participants or the experts involved.

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Executive summary

The Framework for Enhancing Gender and Poverty Integration in Climate Finance has been prepared at a time when countries and national leaders are planning and implementing approaches to tackling the social and economic consequences of the COVID-19 crisis. Countries are becoming increasingly aware of the devastating social impact and inequalities that have been exacerbated by the health and economic crises resulting from the COVID-19 pandemic. A central topic for economic recovery agenda has been the mobilization of resources and creating fiscal and monetary policies that scale up social protection, support employment, reduce poverty, and adequately address the needs of the most vulnerable groups.

Leading scientists and practitioners recognize that following low-carbon and climate-resilient pathways go hand in hand to foster human rights, poverty reduction and more equitable societies. However, there is still very little understanding of and evidence on applying integrated policy and governance frameworks that fully recognize the synergies between gender and poverty with climate finance and the Sustainable Development Goals (SDGs).

Climate change disproportionately affects women and girls. In particular, rural women are affected due to discriminatory social norms and face greater challenges, including lack of access to information, lack of preparedness in the case of disasters, and respiratory health issues due to an absence of clean fuel. As governments focus on the concept of “building forward better”, the need for greening the economy has been underlined as part of recovery measures. In this respect, the COVID-19 crisis has brought an opportunity to rethink pre-existing methods and respond innovatively through an integrated approach to address impacts and interlinkages across climate change, gender inequality and sustainable recovery.

Equal, inclusive and green considerations should be at the centre of economic recovery measures and future economic development.

To respond to these challenges, this paper offers a framework to support policy innovation and further discourse for enhancing the nexus between gender, poverty and climate change within the policymaking process and climate finance allocation and accountability mechanisms associated with public, innovative and multilateral sources of climate finance.

The framework was developed in consultations with countries in Asia and the Pacific—Bangladesh, Cambodia, Fiji, Indonesia and Thailand—and provides an overview of the various entry points for enhancing gender and poverty dimensions within three climate finance systems and sources: national public climate finance, innovative climate finance and multilateral climate finance. The recommendations provided in the framework are based on reflections on the key learnings retrieved through interviews with national stakeholders from the selected countries.

The country selection was based on the relevant work on the ground supported through the Strengthening Governance of Climate Change Finance Programme and UNDP NDC Support Programme. The Background Note (Annex 2), which is complementary to this framework, takes a case study approach to look at the domestic climate expenditures systems and multilateral and innovative climate finance sources deployed at the national level.

The framework proposes the approach to integrate gender equality and poverty reduction in climate finance. The framework provides four pillars of strategic work to be applied across public, innovative and multilateral funding sources of climate finance. The pillars are (i) governance, (ii) resource planning, allocation, (iii) accountability and (iv) capacity building.

The governance pillar focuses on policymaking and operational norms, emphasizing the need for national development policies and strategic plans to consider gender and poverty into climate finance. This pillar also highlights the importance of a participatory approach, involving a broad range of stakeholders, including vulnerable communities for evidence-based and inclusive

policies. The resource planning and allocation pillar focuses on how resources are planned and allocated, and entry points for the integration of the gender and poverty dimensions in planning and allocation of climate finance. The third strategic pillar, accountability, focuses on sensitizing accountability mechanisms to recognize and emphasize on the climate change, poverty and gender nexus, and implement impact assessment practices and monitoring and evaluation that takes into consideration this nexus. Capacity-building is included as a cross-cutting pillar to recognize the need for capacity needs assessment among stakeholders and the development of skills and knowledge within all three pillars to mainstream poverty and gender into climate finance.

For each climate funding source, entry points are identified through the strategic pillars of work.

In the context of public climate finance, countries have attempted to integrate gender equality and poverty issues in climate change-sensitive planning and budgeting, but the integration of such issues have been mostly done at the output level of planned activities and budgeting, the progress made on this needs to be further strengthened. Focusing on the strategic pillars and cross-cutting approach, the framework outlines concrete steps to strengthen the integration of the gender and poverty dimensions in public climate finance. Entry points include integrating gender and poverty into specific national policy frameworks, processes and tools, such as Climate Change Fiscal Frameworks (CCFF) and Climate Public Expenditure and Institutional Reviews (CPEIRs). Key entry points highlighted are improving operational norms to foster integration and coordination across ministries by establishing coordination mechanisms and thematic focal points; leveraging resource planning and allocation; and national mechanisms such as medium-term budget frameworks, development plans and thematic tagging for stronger integration.

Efforts to integrate climate risks, poverty and gender considerations into innovative climate finance have been initiated in some countries.

There are a variety of bonds, including green bonds, resilience bonds and blue bonds, in the innovative climate finance market, which aim at mitigating climate change and improving the resilience of communities, livelihoods and businesses. The framework includes opportunities for targeting financial sector regulators, private sector institutions and public sector organizations involved in innovative climate finance, to sensitize institutional and corporate policies like environment, social and governance (ESG) and corporate social responsibility (CSR) frameworks. The framework also highlights how innovative climate finance can integrate poverty and gender issues in eligibility criteria, due diligence frameworks, monitoring frameworks and reporting principles.

Multilateral climate finance has made steady progress in integrating climate change, gender and poverty. For this financing source, the framework focuses on outlining entry points for integrating gender and poverty dimensions, specifically targeting national stakeholders. The framework proposes to leverage these entry points for stronger integration of climate change, gender and poverty to ensure easier national access to multilateral climate finance and includes ensuring the development of gender-sensitive investment policies, programmes and plans, requiring the integration of gender and poverty dimensions in resource allocation decision-making tools and participatory, gender-responsive and poverty-responsive monitoring and evaluation.

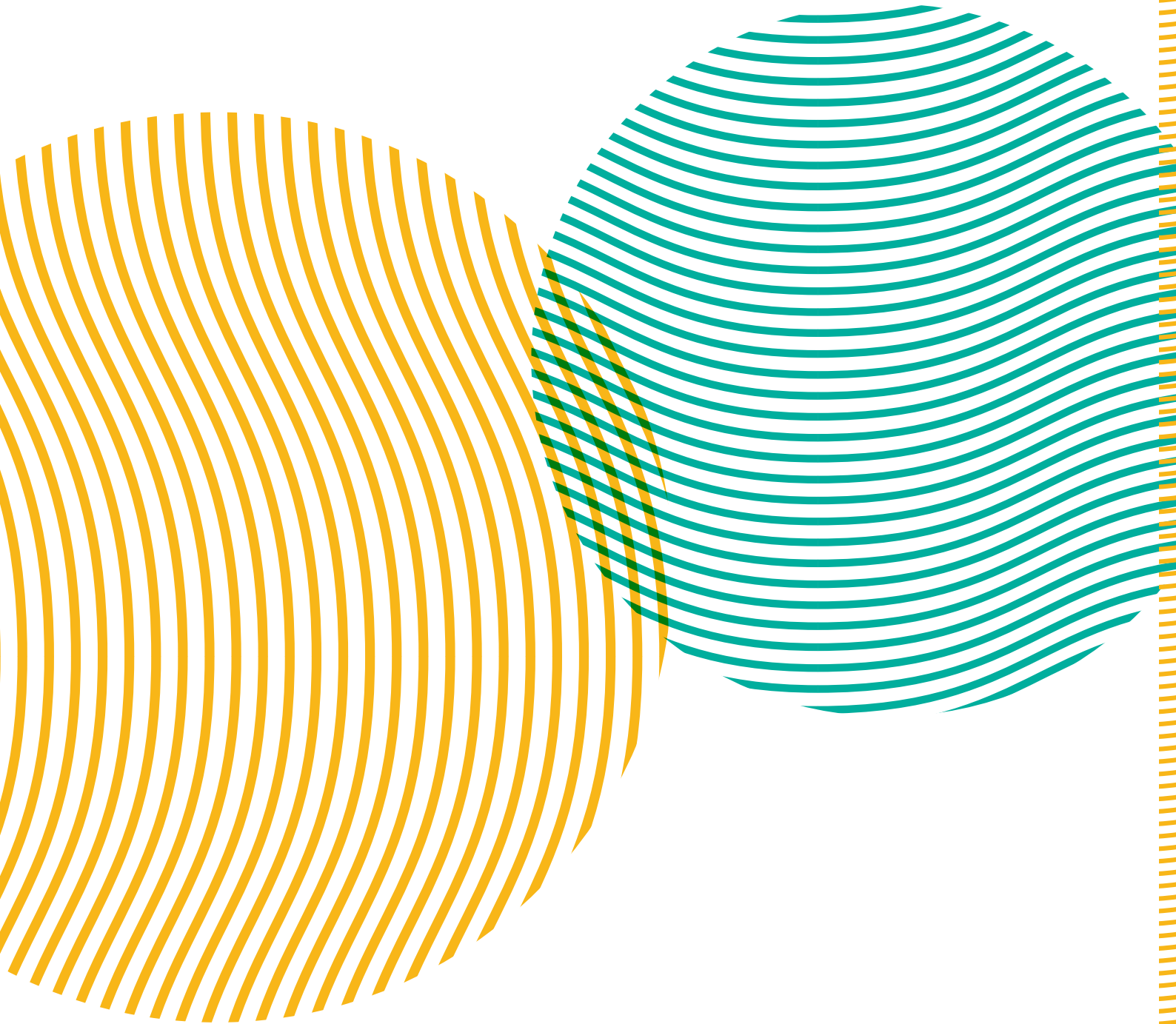
The final section of the framework offers recommendations for enhancing coherence and complementarity across public, innovative and multilateral climate finance. This section identifies types of entry points for ensuring synergies across climate finance systems for climate change benefit, gender equality and poverty reduction. These opportunities are outlined across the strategic pillars of work, the cross-cutting approach and a specific pillar focusing on coordination.

The framework is intended to support national governments and the climate finance community,

considering the cross-cutting nature of climate, poverty and gender issues and their importance within the 2030 Agenda. The framework may also provide valuable insights for those who are involved in the implementation of the SDGs and inspire them to review approaches to broader development finance with consideration of climate risks, poverty and gender dimensions. Furthermore, the insights provided in this framework could be useful for those involved in creating economic and social recovery measures in response to global health crises. Tackling the current economic and social challenges that the COVID-19 pandemic has triggered means bringing attention to the most affected communities, people and businesses. The design of fiscal and monetary policies must include necessary social protection measures and strive to support more inclusive, equal and resilient societies.

The framework is developed with an aspirational spirit. It recognizes that a wide range of approaches could be developed within national contexts considering specific national circumstances, including governance styles, budgeting practices and the maturity of innovative climate finance markets. Hence, the recommendations provided do not present firm guidelines but are intended to be adapted and adjusted according to the country's needs.





Introduction



Climate change is a cross-cutting issue within the framework of the SDGs and thus cannot be approached in isolation to achieve the broader development agenda (Phillips et al., 2015; Sachs et al., 2019). The United Nations Human Rights Council addresses human rights and climate change; it acknowledges that climate change will aggravate existing inequalities and that those already vulnerable will be disproportionately affected by climate change impacts. Protecting the rights of the poorest people and communities and supporting vulnerable businesses is part of the solution to build climate-resilient economies. Poverty alleviation, gender equality and climate change resilience are three pillars that determine the extent of development policy effectiveness (Mukherjee et al., 2014). Therefore, human rights-centred approaches to climate finance need to be developed to fully utilize climate finance potential and produce co-benefits on gender equality and poverty reduction.

Developing a holistic framework that integrates interlinkages between climate change, poverty eradication and gender equality goals is essential for improving the mobilization of climate and SDG finance and ensuring the effective utilization of existing funds.

There are pragmatic considerations that drive the integration of gender and poverty dimensions in climate finance:

Facilitating the implementation of policy commitments, such as the 2030 Agenda and the Paris Agreement.

Enhancing the gender, poverty and climate change nexus creates opportunities for developing integrated policy responses for meeting climate change targets and the Sustainable Development Goals. Gender equality is at the heart of the Paris Agreement, which notes that countries need to be taking climate change actions in a country-driven, gender-responsive, participatory and fully transparent approach considering human rights, gender equality and women's empowerment. Inequalities impose development costs on

societies. Therefore, improving gender equality and creating economic opportunities for women through climate finance create win-win solutions for meeting the objectives of the 2030 Agenda and the Paris Agreement.

Paris Agreement, Preamble, page 2:

“Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity.”

Paris Agreement, Article 7, page 5:

“Parties acknowledge that adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and should be based on and guided by the best available science and, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, to integrate adaptation into relevant socio-economic and environmental policies and actions, where appropriate.”

Paris Agreement, Article 11, page 2:

“Capacity-building should be guided by lessons learned, including those from capacity-building activities under the Convention, and should be an effective, iterative process that is participatory, cross-cutting and gender-responsive.”

Leveraging financing opportunities for achieving the SDGs

The climate finance and broader development communities have been raising concerns about significant funding gaps to achieve the SDGs. Furthermore, implementation of the SDGs will require a significant increase in investments from both the public and private sectors (United Nations, 2019). Meeting these investment needs will require raising and mobilizing significant additional resources from multiple sources and taking a more strategic, holistic approach to mobilizing financing, which includes being mindful of how the existing funding is used and prioritized. Integrating gender and poverty dimensions within climate finance will allow countries to identify opportunities and raise additional funding for addressing gender equality and poverty issues.

World Bank estimates: US\$1.5 trillion to US\$2.7 trillion per year to meet infrastructure-related SDGs (Rozenberg and Fay, 2019).

IMF estimates: US\$1.3 trillion per year between 2019 and 2030 to meet infrastructure-related SDGs globally (Gaspar and et al., 2019).

UN estimates: US\$5 trillion to US\$7 trillion per year between 2015 and 2030 is needed globally for infrastructure, food security, climate change mitigation and adaptation, health and education, and US\$3.3 trillion to US\$4.5 trillion per year in developing countries. (UNCTAD, 2014).

Enhancing the effectiveness of climate finance

Increasing the responsiveness of climate change investments to gender and poverty is critical for addressing gender-differentiated needs and impacts and strengthening the implementation of climate change commitments. Thus, ensuring that climate finance is spent more equitably

with full recognition of climate change effects and costs on different population groups and applying gender-sensitive responses is key for increasing the effectiveness of climate finance and sustainability of climate change actions.

National stakeholders need to mobilize and blend climate finance across public and private sectors and apply a variety of climate finance instruments for increasing confidence in the availability, consistency and predictability of climate finance and facilitating the achievement of ambitious climate change targets (Flynn, 2011; Silvia Irawan, Alex Heikens, 2012; OECD/ Bloomberg Philanthropies, 2015; Webber and Alfen, 2018; Miller and Swann, 2019; UNFCCC, 2019). Creating synergies across climate finance channels is crucial for mobilizing climate finance at scale at the national level and meeting climate change ambitions. Also, increasing coherence across different climate finance systems at the national level creates an opportunity for mobilizing climate finance in a cost-effective and complementary manner with systemic integration of poverty and gender equality issues.

A targeted strategy is required for improving synergies across different climate finance systems to support the development of integrated climate finance planning and monitoring, reporting and verification (MRV) that fully acknowledge and institutionalize synergies between climate change, gender equality and poverty. The discussion on such a strategy is presented in the section on enhancing synergies within national climate finance architectures. Furthermore, additional literature and tools that have been developed by various organizations and conceptualize the social and gender dimension of climate change policymaking, resource allocation and accountability are presented in Annex 1.

Framework for enhancing gender equality and poverty integration in climate finance architecture

UN Climate Change, the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), describes climate finance as follows:

Climate finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change. Climate finance is needed for mitigation because large-scale investments are required to reduce emissions significantly. Climate finance is equally essential for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.

National climate finance architecture are complex structures that are characterized by diverse climate finance channels and sources, including public, private, innovative and multilateral (Table 1).

A few countries in Africa, Asia and the Pacific, Europe and Latin America have integrated climate change into their **public financial management system**. There have also been attempts to integrate gender equality and poverty issues in climate change sensitive planning and budgeting. Still, the integration of such issues has been mostly done at the output level of planned activities and lacks a holistic approach. Bangladesh, Indonesia and Nepal have taken useful initiatives to mainstream gender into planning and budgeting systems. The section on public climate finance discusses in detail specific approaches for improving the integration of gender, poverty and climate change within national public climate finance systems.

So far, **innovative climate finance** appears to have limited track record incorporating gender and poverty dimensions. Innovative climate finance includes climate finance sources and instruments that enable investments in climate change adaptation and mitigation projects that could not be funded otherwise using traditional financial mechanisms. For instance, such instruments can include green and sustainability bonds, green Sukuk and carbon markets. Efforts to integrate climate risks, poverty and gender considerations have been initiated within

Table 1. Definitions used for multilateral, public and innovative climate finance

Type of system	Description
Public	Domestic public climate finance constitutes resources that the government invests in climate change from its exchequer using the public financial management system. The domestic climate finance system comprises climate finance planning, expenditures and revenues of national and subnational governments targeting climate change adaptation and mitigation measures and associated planning and monitoring, reporting and verification efforts.
Innovative	Innovative climate finance is climate finance sources that enable investments in climate change adaptation and mitigation projects that could not be funded using traditional financial mechanisms. Examples are green and sustainability bonds and loans, green Sukuk and carbon markets.
Multilateral	Multilateral climate finance is climate finance sources associated with multilateral channels such as the Green Climate Fund, Global Environment Facility, Adaptation Fund, Climate Investment Funds (CIF) and multilateral development banks.

innovative climate finance. For example, there are various bonds in the innovative climate finance market, e.g., green bonds, resilience bonds and blue bonds, which aim to mitigate climate change and improve the resilience of communities, livelihoods and businesses. However, the necessary rules, regulations, standards and best practices remain nascent and weakly defined.

OECD analysis suggests that bond financing will continue to grow significantly in capital expenditure terms, and by 2035, green bonds have the potential to leverage up to US\$620 billion to US\$720 billion in annual issuance (OECD, 2016).

Additionally, there are other prominent forms of innovative climate finance, including blending, risk-sharing instruments, private sector green lending, insurance and carbon markets (OECD/UNEP/WB, 2018; Archambault et al., 2011). However, it is worth noting that social dimensions, including gender equality and poverty issues, are not explicitly integrated within climate finance innovative frameworks. The section on innovative climate finance proposes a set of recommendations for addressing these issues and enhancing the climate change, gender and poverty considerations within innovative climate finance.

Multilateral climate finance institutions and funds have played a catalytic role in supporting the integration of the gender, poverty and climate change nexus within national climate finance systems. Multilateral development banks (MDBs) and multilateral climate finance funds have been promoting and pioneering innovative approaches, including specific gender mainstreaming tools and investment standards for integrating gender and poverty dimensions within climate finance.

These institutions have been working directly with national governments and the private sector and have played a critical role in building the capacities of national stakeholders to support the origination, development and implementation of gender-responsive climate investments. Multilateral climate finance institutions and funds have been supporting the integration of gender equality and poverty dimensions within climate finance, not only through the development of gender-responsive project pipelines, but also through promoting the establishment of system-level decision-making tools for the allocation and accountability of climate finance that includes gender and poverty issues. Also, the multilateral funds' and MDB's gender policies strongly influence integrating gender and poverty perspectives in climate finance investments at the national level (Schalatek, 2018, 2019; Granat, Reyes and Burns, 2020).

The Adaptation Fund (AF) has adopted a Gender Policy and multi-year Action Plan in 2016. An additional guidance document was released for ensuring compliance with the AF Gender Policy throughout the project cycle. The AF's Medium-Term Strategy 2018–2020 notes advancing gender equality and the empowerment of women and girls as one of the targeted areas for investments (Adaptation Fund, 2018).

The Climate Investment Funds (CIF) adopted a Gender Policy in 2018 and call for the need for gender mainstreaming across CIF operational modalities, governance structures, investments, programme design and implementation (CIF/CTF and SCF Trust Fund Committees, 2018). Co-benefits associated with gender equality are a decision-making criteria to support resource allocation under the Forest Investment Program and the Scaling Up Renewable Energy Program.

The Green Climate Fund (GCF)'s governing instrument requires the Fund to take a gender-sensitive approach to maximize the impact of its funding. The GCF Gender Policy was updated in 2019 (GCF, 2019) and made gender assessments mandatory for the development of projects and consideration by the Board. The GCF Readiness Guidelines notes that gender issues need to be considered while identifying capacity needs in countries (GCF, 2020).

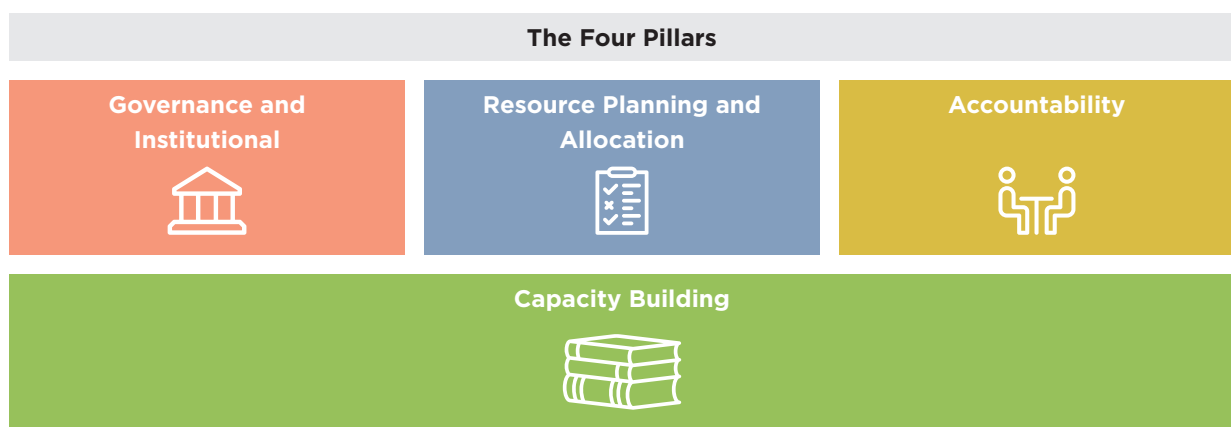
The Global Environmental Facility (GEF) updated its Gender Policy in 2017. The policy requests gender issues to be integrated into the full project cycle, starting from identification to evaluation (GEF, 2017). In 2018, GEF published guidance for project implementers to support gender-responsive project design, implementation and monitoring and evaluation.

However, gender policies on their own are not enough for the achievement of tangible outcomes related to gender equality and women's empowerment (Hall, Granat and Daniel, 2019; Frenova, 2020). Key for supporting the integration of gender equality and poverty issues within climate change actions are planning, resource allocation and accountability processes established at the national level for accessing multilateral climate finance. Despite apparent

progress, the systemic integration of gender and poverty issues within multilateral climate finance is still an emerging practice with significant room for improvement. The section on multilateral climate finance discusses actions for improving planning, allocation and accountability practices within multilateral climate finance systems at the national level.

The framework has identified four pillars for enhancing the integration of gender and poverty issues within climate finance planning and implementation (Figure 1). It is worth noting that the integration of gender and poverty issues is relatively well understood and documented at the level of climate finance projects. However, there is a need to look beyond the practices at the project level and develop an overarching approach that would allow integrating gender, poverty and climate change more systemically into a coherent and strong nexus. From this perspective, it is important to analyse specific entry points within national climate finance regimes that support broader climate finance investment processes, including specific governance approaches, allocation and accountability practices deployed to mobilize and implement climate finance across various sources and instruments. Furthermore, participatory methods are key for enhancing policy planning and the allocation and accountability of climate finance. The set of recommendations provided for the three climate finance systems and sources suggest specific actions to support more inclusive decision-making.

Figure 1. Framework for enhancing gender equality and poverty integration in climate finance



Governance and institutional pillar

Well-designed policies are essential for planning and implementing climate finance in a coherent manner and supporting the mobilization of finance into low-carbon and climate-resilient sectors with the consideration of gender and poverty issues. Such policies may range from the national policy frameworks concerning broader development issues and national climate change mitigation and adaptation priorities to more narrowly oriented policies that guide planning and implementation of climate finance within various climate finance systems and sources (Table 2).

In Indonesia, the Presidential Decree No. 9/2000 on Gender Mainstreaming stipulates that the strategy of gender mainstreaming needs to be applied in all stages of development. As such, gender equality is acknowledged as an essential issue in climate change-related actions, and broader development strategies and plans. Such gender-focused policies have triggered the development of gender bonds whose proceeds target women-led businesses and small and medium-sized enterprises (SMEs), including in climate change-related sectors.

Table 2. Examples of policy frameworks and allocation and accountability mechanisms relating to the three climate finance systems and sources

Type of climate finance system and source	Policy frameworks	Allocation mechanisms	Accountability mechanisms
Public climate finance	Climate fiscal frameworks	Climate, gender and poverty tagging, climate, gender and poverty sections in project pro formas, Gender, climate and poverty related KPIs in medium-term budget frameworks;	Climate, gender and poverty analytics, citizen budgets, Parliamentary oversight, performance audit
Innovative climate finance, e.g. green bonds or carbon markets	Bond frameworks; institutional policies and mandates; gender and environmental and social safeguards (ESS) policies; fiduciary duties; investment strategies	Eligibility criteria	Impact reporting; M&E frameworks
Multilateral climate finance	Country investment programmes	Project screening criteria; project prioritization tools; no-objection procedures	M&E frameworks

It is essential to progress towards achieving triple-win investments (that have benefits to poverty, gender equality and climate change) within public, innovative and multilateral climate finance channels to support pro-poor, gender-responsive and climate change-aware policy design and advance institutional policies and operational norms.

Enhancing coordination and participation by reaching out to various stakeholders is not only important in terms of climate justice and the distributive aspects of climate finance, but engaging different types of organizations also improves evidence-based policy planning and increases access to different types of data and knowledge. Engaging those who are usually left behind and collaborating with civil society and other actors needs to be part of transparent and inclusive decision-making processes within various climate finance systems.

Resource planning and allocation pillar

Effective planning and implementation of climate finance require adequate accountability practices and evidence-based allocation. Sensitizing various allocation mechanisms (Table 2) is necessary to support planning and assigning climate finance considering gender and poverty dimensions. Additionally, supporting participatory allocation practices and evidence-based allocation is critical for improving the quality of allocation and integrating gender and poverty co-benefits within planned climate investments.

Accountability pillar

In the absence of accountability mechanisms that support the integration of gender and poverty dimensions, climate finance allocations will not result in significant outcomes related to gender equality and poverty reductions. A lack of accountability mechanisms will also lead to inefficient policy responses which do not address implementation challenges. Among the key areas for enhancing accountability of climate finance

and supporting the systemic integration of poverty and gender dimensions are: sensitizing various accountability mechanisms (Table 2), institutionalizing impact assessment practices that are inclusive of the gender and poverty dimensions of climate change, and engaging stakeholders and communities to support reporting.

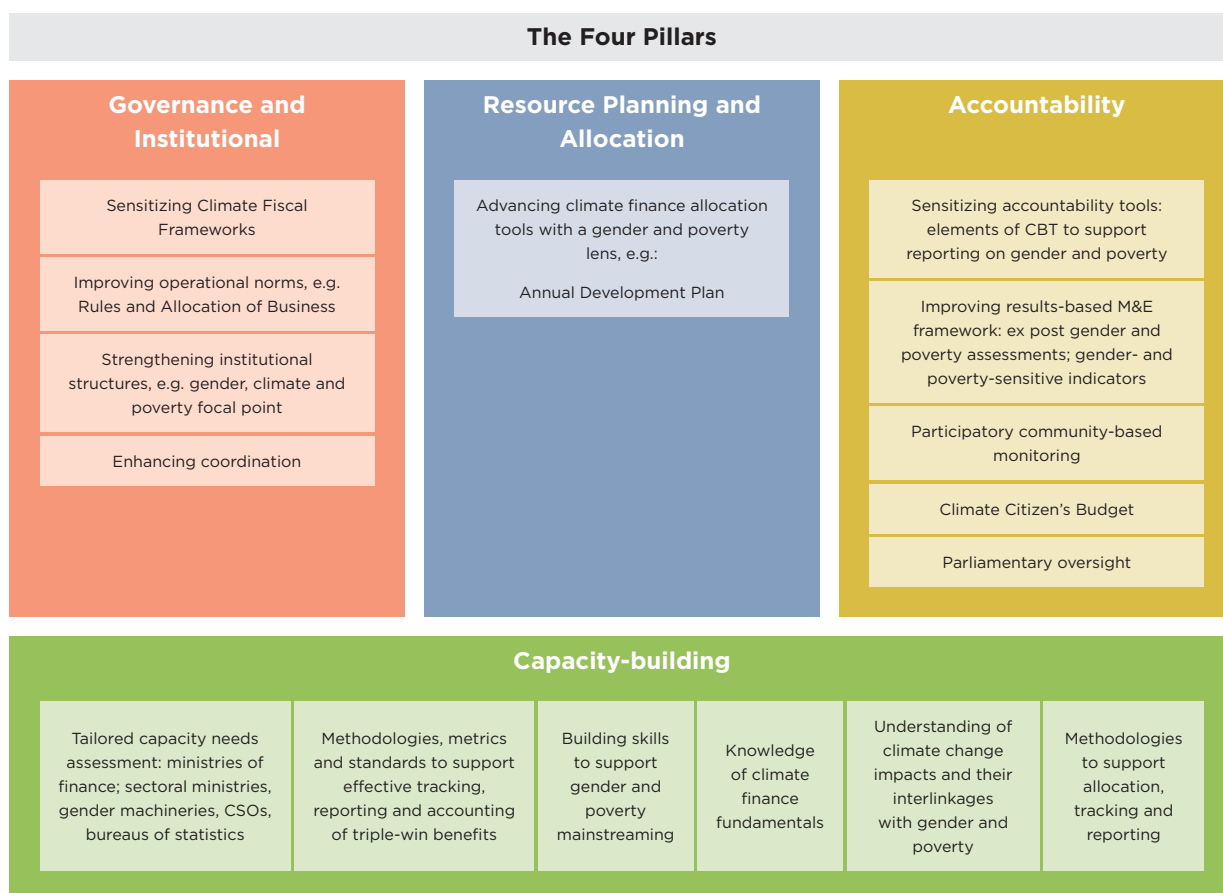
Capacity-building

Capacity-building is a cross-cutting approach required to support the development of skills and knowledge within policymaking processes, allocation and accountability processes to understand and include gender and poverty dimensions. Capacity-building measures are to be underpinned by capacity needs assessment that captures the gaps in knowledge and skills among different stakeholders. Such capacity gaps may range from specific technical skills and knowledge related to climate risks analysis to developing guidelines for vulnerability analysis and gender mainstreaming.

Integrating gender and poverty dimensions in public climate finance

Figure 2 presents the framework with strategic elements for enhancing public sector climate finance that integrates gender equality and poverty issues. Figure 3 at the end of the section offers a checklist for better integrating gender and poverty issues in public climate finance systems.

Figure 2. Strategic pillars for enhancing gender equality and addressing poverty within public climate finance



■ Governance and institutional pillar

- a. **Sensitizing fiscal policy frameworks:** Governments interested in having gender-inclusive climate investments can consider the inclusion of climate change and gender in their Development Plans and Macro Economic Fiscal Framework. This ensures policy direction and coherence in espousing the objective of gender-informed climate budgetary allocations. Philippines Development Plan 2017-22¹ underlines the need to strengthen climate resilience and the need to embed climate change across different sectors. The inclusion of climate change in the medium-term plan has led to a transparent system of financial disclosures

in Philippines also leading to informed planning and budgeting. Some countries either complement the development plans or independently develop **Climate Change Fiscal Frameworks (CCFFs)**². These are the key drivers supporting the integration of the poverty and gender dimensions within climate change public expenditures and driving the allocation of climate finance in a gender-responsive and pro-poor manner. CCFFs are also important for defining the responsibilities of various actors involved in climate finance and approaches to climate finance allocations and accountability practices. CCFFs need to become more robust and include the gender, poverty and climate change nexus as a key component.

1 https://www.neda.gov.ph/wp-content/uploads/2018/01/Abridged-PDP-2017-2022_Updated-as-of-01052018.pdf

2 In some countries it is termed Climate Change Financing Framework

Bangladesh's Climate Change Fiscal Framework was developed following Climate Public Expenditure and Institutional Review (CPEIR) recommendations, which notes that climate change effects cannot be detached from poverty, development, and gender issues. The CCFF in Bangladesh was updated in 2020, it also includes the need to have gender in climate-related public budgets. To support this notion, the framework suggests specific accountability and allocation mechanisms and governance structures to mainstream climate change, gender and poverty issues in national budgets. (Ministry of Finance of the Government of Bangladesh, 2020).

Climate Public Expenditure and Institutional Reviews have proved to be an effective exercise for assessing government investments in climate change and assessing the institutional architecture for climate finance management. CPEIR for a country could be a starting point for climate change mainstreaming. It can be modified to include analysis on determining the extent of gender and poverty issues, enhancing accountability and allocation practices of climate finance, and enabling better integration of climate issues in routine development plans and budgets.

In Indonesia, poverty- and gender-sensitive CPEIRs have been conducted at the subnational level for two provinces: Bangka Belitung Island (Babel) and East Nusa Tenggara (NTT) (Ministry of Finance of Republic Indonesia/UNDP, 2011). These CPEIRs explicitly focus on climate mitigation and adaptation actions, including gender-responsive and poverty-sensitive aspects of these actions.

It is worth noting that both expenditure and revenue aspects of climate fiscal frameworks need to be considered and sensitized. While integration of gender in climate finance expenditures has been analysed to some extent, but the impact of climate related revenue measures on gender equality and poverty has not been considered. However, there is evidence that the impact of taxation in general is not gender neutral and that women, who frequently have lower incomes, are disproportionately affected (Chalifour, 2010; European Institute for Gender Equality (EIGE), 2012).

- b. **Strengthening institutional structures:** The establishment of thematic focal points or climate change desks is useful for integrating gender, poverty and climate dimensions within sectoral climate finance planning and resource allocation. While climate change, gender equality and poverty are recognized as cross-cutting issues, they are frequently coordinated by designated ministries, i.e. Ministries of Environment or ministries who are charge of women affairs and social issues. Institutionalizing gender, poverty and climate change issues as issues of a cross-cutting nature within sectoral ministries can be achieved by **establishing technical focal points**.

Cambodia has established a system of gender focal points at the ministerial and provincial levels. Within each ministry, each directorate has an assigned gender focal point. There are also gender focal points established within the provincial-level local governments. The Ministry of Environment of Cambodia, who is in charge of climate change issues, has developed a Gender Technical Working group to support the development of strategies and action plans in a gender-responsive manner.

- c. **Improving operational norms:** Establishing institutional ownership and roles is important for better assessment and management of the integration of gender and poverty issues within climate change public expenditures. This includes the division of responsibilities between Ministries of Finance, planning and sectoral ministries, and reviewing and sensitizing operations of those ministries whose mandates have not included or been blind to gender, poverty, and climate change. Based on the findings of the Background Note (see Annex 2), climate change expenditures are frequently considered by only a limited number of ministries, which leads to insufficient resource allocation. Thus, integrating the need for mainstreaming climate change, gender equality and poverty issues in the operational mandates of various governmental bodies and institutions should improve resource allocation practices and lead to more effective resource mobilization. Ministerial activities are usually guided by the **Rules of Business and Allocation of Business**, which are frequently gender-blind. To address this issue, it is essential to create gender mainstreaming and climate proofing operational norms to ensure behavioural changes and consistent integration of the gender, poverty and climate change nexus within sectoral policymaking.
- d. **Improving participatory decision-making** through the establishment of coordination mechanisms helps in a structured approach to support more inclusive policy planning, allocation and accountability of climate finance. The participatory decision-making needs to consider vertical and horizontal engagement. From a horizontal perspective, the engagement needs to be inclusive to ensure the integration of various positions and views of stakeholders with gender and poverty knowledge. Improving horizontal coordination should involve: (1) reviewing and enhancing the existing institutional and coordination mechanisms, (2) identifying entry points for integrating gender and poverty expertise, (3) mapping relevant national stakeholders who are knowledgeable of gender, poverty and climate issues, and (4) exploring their potential roles for enhancing decision-making on public climate finance. Depending on national circumstances, the possibilities for engagement could range from participation in advisory committees and working groups to roles as observers. Furthermore, possibilities should be explored to enhance the roles of gender machineries, gender-related groups, grass-roots organizations and civil society organizations (CSOs) to support the formulation and monitoring of climate change public expenditures. In terms of vertical coordination, there is a need to enhance coherence and alignment between national, subnational and sectoral development plans and budgets. Also, climate change mitigation and adaptation efforts across governance levels need to be consistently planned to achieve pro-poor and gender-equality results.

In Bangladesh, the Ministry of Environment, Forest and Climate Change is the United Nations Framework Convention on Climate Change (UNFCCC), Adaptation Fund and GEF Focal Point. The Ministry adopted a Gender Policy in 2016, in line with their National Women Development Policy. The policy recognizes gender equality as a cross-cutting issue and integrates gender equity principles and objectives into the entire organizational processes and structures of the Ministry and in the implementation, monitoring and evaluation of projects and programme activities.

■ Resource planning and allocation pillar

- a. **Gender sensitive climate-aligned planning and budgeting** can support better prioritization of climate finance interventions to channel funding to projects and programmes that have clear benefits in terms of climate change, poverty and

gender equality. This requires embedding climate change, gender and social inclusion in the planning and budgeting systems and processes. Mainstreaming climate change and gender into planning guidelines and templates enable the inclusion of climate change and gender considerations in the development projects. Specific tools support this, for example, the Climate Change Cost-Benefit Analysis (CCBA)³. Gender-inclusive climate-informed budgeting can be implemented through integrating climate and gender in budgetary systems and processes⁴. The governments can consider revising budget call circular, budget documents like budget policy statement and budget briefs; making it obligatory for the sector ministries to include gender and climate change in their respective budget submission. This lays down a strong basis for budgetary allocations and medium-term budgets⁵ that are gender and climate inclusive. There are challenges in recognising gender-inclusive climate investments. Yet, some countries have made progress in recognizing gender and poverty issues as cross-cutting topics within policy and budgetary frameworks.

In Indonesia, the existing regulation supports gender mainstreaming within climate budgets, and the Government of Indonesia recognizes gender mainstreaming and climate change as cross-sectoral issues within MTBFs. Attention to integrating gender equality within climate budgets has been on the rise, i.e. in 2017, only the Ministry of Energy and Mineral Resources had a gender-responsive climate change budget output; in 2018, budgetary outputs of three ministries had incorporated gender equality and climate change dimensions (Syaifudin et al., 2020).

Climate change is frequently perceived as a sectoral issue as opposed to a cross-cutting one. To strengthen allocation practices, more efforts are required to increase the visibility of climate change as a cross-cutting development issue. Such efforts should be an integral part of the consistent integration of gender, poverty and climate change nexus within public expenditures. For instance, Medium-Term Budget Frameworks requires ministries and relevant public institutions to define climate sensitive Key Performance Indicators and performance benchmarks. This might also require justification of proposed expenditures in terms of their impact on climate change mitigation and adaptation, reducing poverty and promoting women's advancement.

In Bangladesh, gender issues have been embedded in the Medium-Term Budget Framework (MTBF) used to prepare the national budget. A Recurrent, Capital, Gender and Poverty (RCGP) model or database has been developed. All expenditure items, including those related to climate change, are disaggregated to indicate what percentage of allocated funds goes to benefit women. However, line ministries do not always identify climate change activities (O'Donnell et al., 2012). The Climate Budget Report 2020–2021 covers 25 Ministries/Divisions, while the Gender Budget covers 43 ministries and public sector agencies.⁶

Other specific possibilities exist within **Climate Budget Tagging** (CBT), which is a useful tool to identify and track public spending on climate change as a cross-cutting issue⁷. Tagging climate change issues as a cross-cutting theme and instructing

3 Approaches to CCBA vary but have the same objective:

https://www.th.undp.org/content/thailand/en/home/library/environment_energy/climate_change_benefit_analysis_ccba_guidelines.html
<https://climate-adapt.eea.europa.eu/metadata/tools/gjz-cost2013benefit-analysis-template-1>

4 Gender Responsive Budgeting has been practiced by several countries in Asia Pacific and other regions.

5 Medium term budgeting refers to different approaches that countries have adopted for example Medium Term Budgetary Framework (MTBF), Medium Term Expenditure Framework (MTEF) and Performance Based Budgeting (PBB)

6 https://mof.gov.bd/site/view/budget_mof/%E0%A7%A8%E0%A7%A6%E0%A7%A8%E0%A7%A6-%E0%A7%A8%E0%A7%A7

7 While there are several examples of climate budget tagging for example Bangladesh, Ghana, Nepal, Pakistan and Philippines, the gender and climate tagging is relatively nascent. Bangladesh and Indonesia are making attempts to implement this.

ministries to consider climate change in their projects and programmes (along with mandatory gender and poverty tagging) will allow countries to facilitate resource allocations with the consideration of triple benefits. Countries also need to include climate change and gender into the formal expenditure reporting, which means the economic survey, Comptroller General reports. Nepal includes climate change in the Comptroller General report. Indonesia has a dedicated report on climate finance.

- b. **Supporting evidence-based allocation:** ex-ante impact assessments are frequently used to identify the potential impact of expenditures and to guide resource allocation. For instance, gender analysis of planned climate change investments is frequently superficial and the extent of the anticipated impact of climate finance on poverty and gender equality is not always the key decision-making criteria to support resource allocation. Fine-tuning relevant guidelines and budget circulars to address the above-mentioned issues is necessary for enhancing existing practices and improving climate finance allocations. Among other areas for improvements are guiding on identifying and prioritizing activities, allocating budgets and setting key performance indicators (KPIs) considering gender equality, poverty and climate change dimensions.

■ Accountability pillar

- a. **Advancing institutional accountability requirements:** Most of the reporting practices so far have been concerned with tracking the disbursement of climate finance and the implementation of activities. Enhancing the existing reporting requirements on climate change, gender and poverty co-benefits within functional responsibilities of relevant institutions can improve accountability of climate finance and reporting on gender and poverty co-benefits of public climate finance expenditures and revenues.

- b. **Sensitizing accountability tools:** Climate Budget Tagging (CBT) has been helpful with identifying funding gaps and triggering reforms in the climate finance sector (UNDP, 2019). As well as being used as a planning tool, Climate, Gender and Poverty Budget Tagging can be applied for monitoring and tracking expenditure. However, such tagging tools lack a holistic outlook on the gender, poverty and climate change nexus. As the latest studies show, there is a need to enhance a combined approach to gender and climate tagging (UNDP/Ministry of Finance of Indonesia, 2020).

In 2014, Indonesia's Ministry of Finance made CBT mandatory for seven sectors: agriculture, energy, transport, industry, public works, forestry and environment. In 2018, the Budget Tagging Process was expanded to cover climate change mitigation and adaptation, involving 17 sectors and line ministries.

- c. **Improving results-based monitoring frameworks:**
- Enhancing the reporting details and impact assessment criteria is required to capture the whole spectrum of climate finance co-benefits on gender equality, poverty, and women's empowerment. The evaluation criteria need to account for the results of climate finance associated with improving women's adaptive capacities to climate change, economic opportunities, health benefits, educational opportunities, and a voice in social and political institutions. **Including gender- and poverty-sensitive indicators** in the review of climate public expenditures could provide a basis for consistent tracking, monitoring and evaluation of gender and poverty co-benefits of public climate development budgets and revenues.

- **Ex-post gender and poverty assessments** are critical for measuring the actual impact and co-benefits of climate finance budgets on gender equality and poverty. Ex post evaluations are undertaken to see whether gender-related performance objectives have been met or understand why they have not been met. Ex post assessments are also fundamental for improving evidence-based policy design, reviewing policies' effectiveness, and creating learnings to improve climate finance budget allocations.
- d. Participation is key for enhancing accountability and various actors can play important roles in improving reporting on climate finance budgets. These actors could include CSOs, Parliament and Audit Institutions. **Using community-based monitoring** and involving various stakeholders, providing them with space to contribute and build their capacities is necessary for improving the review process of climate budgets and holding governments accountable when implementing climate finance budgets.

In Indonesia, line ministries are encouraged to assess the outputs of activities using the Gender Analysis Pathway, developed by the National Planning Agency (Bappenas) in partnership with CSOs to analyse and improve the impact of budgeting on gender equality and poverty reduction (UNDP, 2019). The tool assesses gendered impacts of investments on access, participation, control and developmental benefits of men, women and the most vulnerable groups.

■ Capacity-building

- a. Building skills and knowledge is necessary to support the holistic integration of gender equality and poverty issues, including in fiscal policy planning, allocation and accountability tools. Capacity-building interventions need to start with **capacity needs assessments**, so the planned activities are tailored to specific national and institutional circumstances and stakeholders. In line with the recommendations presented above, at a minimum the capacities of the following groups of stakeholders need to be assessed: gender machineries, sectoral ministries, National Bureaus of Statistics and Ministries of Finance.
- b. Ministries of Finance typically take the political leadership in public sector climate finance. However, this role needs to be complemented by technical expertise related to knowledge on gender, poverty and sectors linked to climate change, such as agriculture. For enhancing the credibility of climate budgets and climate fiscal frameworks, the skills and knowledge of policymakers, including sectoral ministries and Ministries of Finance, need to be strengthened to increase:
- Understanding of **climate change impacts** and their interlinkages with gender equality and poverty
 - Knowledge of **climate finance fundamentals**, including opportunities related to different sources of climate finance, and climate finance project design with consideration of gender and poverty co-benefits
 - **Gender and poverty mainstreaming methodologies**
 - **Methodologies to support allocation, tracking and reporting** on public climate finance with consideration of gender equality and poverty co-benefits
- c. National Bureaus of Statistics could play an important role in collecting and managing relevant data on the intersection of climate finance, gender equality and poverty. Such data are key for improving the existing decision-making on planning public climate finance. The capacities of the National Bureaus of Statistics need to be strengthened for developing and **enhancing methodologies, metrics and standards to**

support gender and poverty data collection

and management to support effective tracking and accounting of triple-win public expenditures and revenues.

- d. Efforts to support the establishment of data systems will require multi-stakeholder engagement. Different stakeholders, including CSOs and grass-roots organizations, need to be engaged in collecting, tracking and managing data on the social implications of climate change, including poverty and gender equality. However, to ensure meaningful participation, the skills and knowledge of these organizations on **climate finance fundamentals** need to be built.

The Cambodian Ministry of Environment conducts the Knowledge, Attitudes and Practices (KAP) survey. The survey targets men and women from farming and fishing communities, teachers, business people, homemakers, village chiefs, and government officials to collect data on climate change impacts, including gender equality and poverty (Ministry of Environment Climate Change Department, 2011; Ministry of Environment, 2016).

Bangladesh's Climate Public Expenditure and Institutional Review (CPEIR) included some data from the private sector, NGOs and households in addition to central and local government (O'Donnell et al., 2012).

Cambodian gender machinery, i.e. the Ministry of Women's Affairs (MoWA), has been actively working on the intersection of gender and climate change and has developed the sectoral Gender and Climate Change Action Plan 2014-2018, which aimed at supporting and piloting gender-responsive climate change projects and strengthening institutional capacity and knowledge on the intersection of climate change and gender.

In Indonesia, the Ministry of Women Empowerment and Child Protection participates in trilateral meetings, which are an essential part of the national budgeting exercise and take place between the Ministry of Finance, National Development Planning Agency and sectoral ministries to ensure that gender issues are taken into account. The Ministry of Women Empowerment and Child Protection has partnered with the Fiscal Policy Agency to develop a set of recommendations for enhancing the integration of gender equality issues within climate budgeting practices (Syaifudin et al., 2020).

- e. Capacities of gender machineries, such as Ministries of Women's and Children's Affairs, need to be enhanced to take greater responsibility for setting standards and norms for integrating gender issues in climate change budgets and fiscal frameworks. Better knowledge of climate change issues and climate finance planning processes should allow gender machineries to provide technical backstopping for other relevant agencies and local government bodies to integrate gender dimensions in programmes and projects that have climate benefits.

Figure 3. Checklist to support gender- and poverty-responsive planning and implementation of public climate finance

Policy assessment	<p>What are the gaps in the fiscal frameworks?</p> <p>How is the climate change, gender equality and poverty nexus considered and operationalized for climate finance planning?</p> <p>Is policy planning participatory?</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> CPEIR conducts and identifies gaps and opportunities for improving fiscal frameworks <input checked="" type="checkbox"/> Climate Fiscal Frameworks are gender- and poverty- responsive <input checked="" type="checkbox"/> Coordination mechanisms are in place <input checked="" type="checkbox"/> The system of focal points specializing in climate change, gender and poverty is in place <input checked="" type="checkbox"/> Advisory committees or working groups specializing in gender and poverty issues are established and inclusive of CSOs, grass-roots organizations and gender groups
Institutional gap analysis	<p>What are the gaps in institutional norms and operations?</p> <p>Do existing operational norms require institutions to consider gender equality, climate change and poverty alleviation issues?</p> <p>Is participation institutionalized to support policy planning, allocation and reporting on climate finance?</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> CPEIR conducted and points to specific institutional deficits that are related to integrating climate change, poverty and gender issues within the public expenditure <input checked="" type="checkbox"/> Allocation of business: <ul style="list-style-type: none"> • Requires gender and poverty mainstreaming to support allocation and policy planning • Supports coordination and participation • Considers gender and poverty impact for the report on climate finance
Analysis of allocation tools	<p>Are climate finance allocation tools gender- and poverty-sensitive?</p> <p>Is climate finance allocation evidence-based?</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Climate Budget Tagging is inclusive of gender equality and poverty issues <input checked="" type="checkbox"/> Gender and poverty elements are present in project pro formas, Annual Development Plans (ADPs) and MTBF <input checked="" type="checkbox"/> Gender and poverty ex-ante impact assessments are applied to support allocation
Analysis of accountability tools	<p>Is reporting participatory and sensitive to the gender and poverty impact of climate investments?</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Monitoring, review and verification (MRV) and monitoring and evaluation (M&E) systems <input checked="" type="checkbox"/> Gender and poverty ex-post impact assessments are introduced and applied <input checked="" type="checkbox"/> Community-based reporting is institutionalized and practised within MRV and M&E <input checked="" type="checkbox"/> Reporting part of CBT is sensitive to gender and poverty issues
Capacity needs assessment	<p>Who are the key stakeholders involved in public sector climate finance planning?</p> <p>Do they have the necessary capacities to integrate gender and poverty issues within policy and budgetary cycles?</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Stakeholders are mapped and their capacities are assessed to support allocation, implementation and reporting on public climate finance: <ul style="list-style-type: none"> • Ministries of Finance • Sectoral ministries • Gender related institutions • Subnational and local governments • CSOs, grass-roots organizations and local communities <input checked="" type="checkbox"/> Policy planning capacities are in place to support the design of policies which recognizes the climate change, gender equality and poverty nexus <input checked="" type="checkbox"/> Knowledge and guidelines for gender and poverty mainstreaming to support allocation are in place <input checked="" type="checkbox"/> Gender- and poverty-sensitive impact reporting methodologies and capacities are established among key stakeholders <input checked="" type="checkbox"/> Knowledge of climate finance, climate change impacts and interlinkages with gender and poverty issues is sufficient to ensure meaningful participation in budgeting, allocation and reporting of public climate finance

Integrating gender and poverty dimensions in innovative climate finance

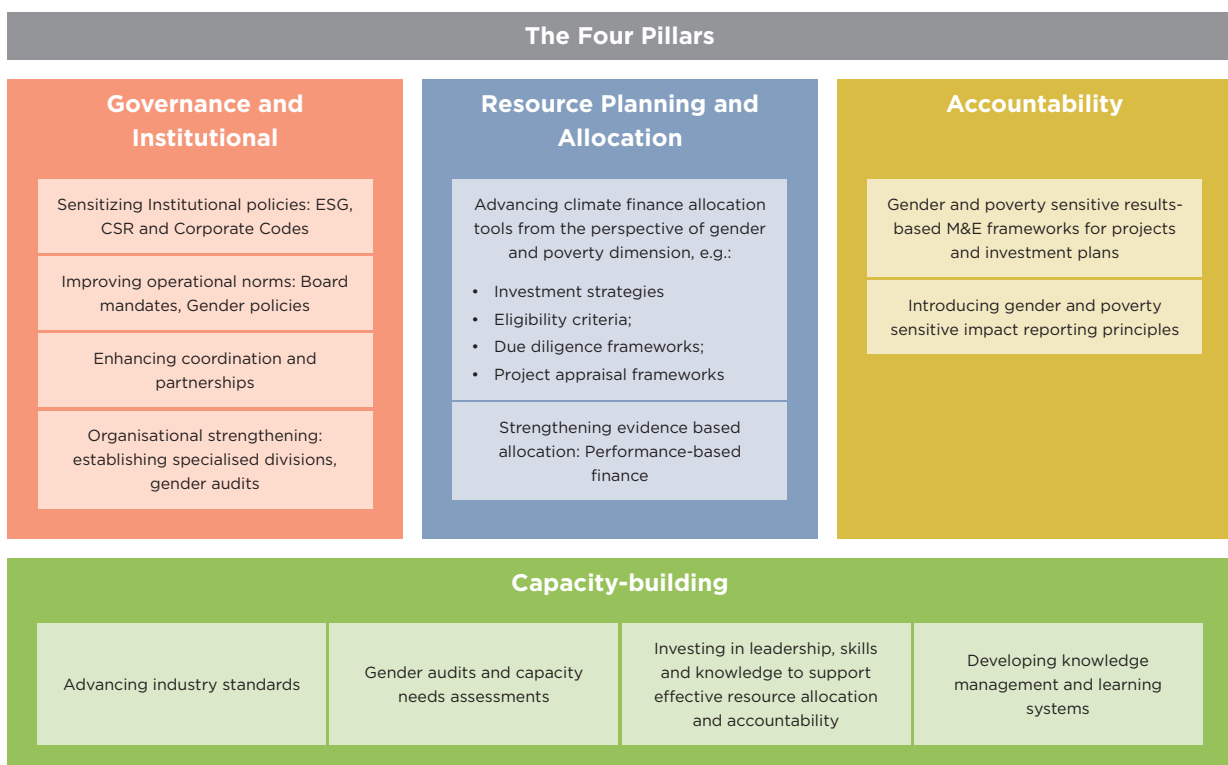
Figure 4 presents strategic elements for enhancing the gender and poverty dimensions in innovative climate finance and guides further discussion on governance, accountability and allocation strategies for innovative climate finance sources. Figure 5 at the end of the section offers a checklist for improving innovative climate finance systems to better integrate gender and poverty issues.

■ Governance and institutional pillar

- a. **Sensitizing institutional and corporate policies: Environment, Social and Governance (ESG)** frameworks are key

drivers for developing innovative climate finance. **Corporate Social Responsibility (CSR)** frameworks also play an important role in raising the profile of gender equality issues within business models. As key financial regulators, Central banks, can play a significant role in setting ESG and CSR standards that could further guide the strengthening of the gender, poverty and climate change nexus among the wider financial community, and facilitate the integration of such considerations within innovative climate finance mechanisms. Private sector institutions need to consider developing **corporate and stewardship codes**, which should be used to guide the development of sustainable practices to manage institutional and business impact on climate, gender equality and poverty issues and enhance the value of investments for beneficiaries. Such codes can enhance the transparency of investment processes and support more gender-responsive decision-making.

Figure 4. Strategic pillars for enhancing gender equality and addressing poverty within innovative finance



- b. **Improving operational norms** is required to bring consistent attention to gender and poverty issues within financial sector regulators, private sector institutions, and public sector organizations involved in innovative climate finance.
- **Gender policies** developed at the institutional level are an emerging trend. These could also be recommended to increase attention to gender mainstreaming within the operations of companies and organizations involved in innovative climate finance. Such policies may help define approaches for integrating a gender perspective within the preparation, design, monitoring and evaluation of innovative climate finance investments.
 - **Integrating gender and poverty issues in board mandates** and the mandates of advisory committees is critical to ensure institutional operations are driven by increasing social and economic returns on investments.
- c. **Organizational strengthening** and establishing units dedicated to gender and poverty mainstreaming is beneficial for enhancing the technical expertise of institutions and ensuring consistent consideration of gender and poverty issues across operations.

PT SMI is one of the key green bond issuers in Indonesia. PT SMI established a Sustainable Financing Division to oversee green projects and an Environmental, Social, and Advisory Evaluation Division to implement an Environment and Social Management Framework. PT SMI has a Gender Policy and an Environmental and Social Management Framework, which suggests that gender-disaggregated information needs to be collected for the social impact assessment of investments with particular attention to vulnerable people and women, and that consultations need to be gender-inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups.

The Thailand Bank of Ayudhya specializes in retail in the SME sector and issued the first Gender Bond in Thailand in 2019. The Bank is committed to ESG principles and has established a Corporate Social Responsibility (CSR) Committee and an Environmental, Social and Governance Division.

In 2008, the Bangladesh Bank introduced requirements for sustainability and released CSR guidelines for commercial banks and financial institutions. CSR has been introduced as a strategic and long-term competitive advantage for financial institutions to run their businesses. In 2011, the Bangladesh Bank set the goal to promote gender equality through gender-related policies and employment practices to facilitate women's participation in the banking sector (Begum, 2018).

- d. Coordination is necessary for the wider adoption of good practices and knowledge exchange. Organizations involved in innovative climate finance need to explore possibilities for **enhancing partnerships and coordination with peer institutions** (who are applying gender lenses in their innovative climate finance portfolios and operations) and other relevant actors with technical expertise and knowledge of gender equality, climate change and poverty issues.

■ Resource planning and allocation pillar

- a. **Sensitizing resource allocation mechanisms** could be approached via a few entry points:
- **Advancing investment strategies** is key for improving decision-making practices and supporting the allocation of innovative climate finance that integrates gender and poverty dimensions. Sensitization of investment strategies from a gender and poverty perspective should incentivize institutions to prioritize climate finance investments with gender and poverty benefits.

- **Expanding the eligibility criteria to support financial inclusion for women, women entrepreneurs, women-led and women-owned businesses** could guide the identification of investment opportunities that specifically target women’s participation in economic activities and labour markets and improve gender equality and the resilience of women-led and women-owned businesses.
 - Making sure that **due diligence frameworks are tailored to assess impacts of innovative climate investments on women, girls, boys and men and especially vulnerable groups;** and address climate change risks with the consideration of gendered needs.
 - Developing specific tools to support the **integration of gender and poverty dimensions in project appraisal frameworks and investment criteria** is necessary for linking climate finance allocation practices with poverty and gender issues.
- b. **Strengthening evidence-based allocation:** Traditionally, the implementation of climate finance is linked to inputs, processes and outputs, while overlooking the impact potential of investments, especially in areas related to gender equality and poverty alleviation (Seguino, 2016). Results-based financing is considered a holistic model that integrates social, financial and technology aspects of investments, and has been beneficial for bringing options for direct and community-level engagement (World Bank, 2017). Introducing the principles of results-based financing or performance-based financing (PBF) is useful for linking innovative climate finance interventions, such as carbon trading schemes, with gender and poverty co-benefits.
- **Accountability pillar**
- a. Similar to resource allocation, sensitizing accountability practices require developing dedicated monitoring tools and impact reporting guidelines on assessing gender equality, women’s empowerment and the poverty impact of climate investments. The development of indicators and metrics for measuring the impact of investments on gender equality and women’s economic empowerment, and ensuring opportunities for participatory evaluations, should be key for assessing the relevance and performance of investment strategies and generating knowledge to improve resource allocation.
 - b. Improving results-based monitoring frameworks: Accountability practices need to be enhanced by **the development of a system of data collection, results measurement and monitoring** that allows tracking sex-disaggregated information and measuring qualitatively and quantitatively the impact of innovative climate finance on poverty, health, education, access to information and services, and other elements, which contribute to gender equality and women’s empowerment.
 - c. Integrating **gender- and poverty-sensitive impact reporting principles** within information disclosure policies is important for enhancing accountability practices. For instance, in green, resilience and sustainability bonds, the reporting needs to be further sensitized to include gender quality and poverty reduction considerations. Likewise, in the case of social bonds and gender bonds, climate change dimensions could be added into reporting to account for project and asset impact on climate change resilience and/or low-carbon development.

■ Capacity-building

- a. Capacity-building is necessary to achieve institutional commitments to support gender- and poverty-responsive innovative climate finance. The capacities of the key institutional actors and regulators, such as central banks and corporate, banking and public sector agencies involved in innovative climate finance, need to be assessed and enhanced. Among the key relevant capacity-building areas are investments in **strong leadership, skills and knowledge to support gender- and poverty-responsive resource allocation and accountability**.
- b. **Gender auditing** is an approach for evaluating capacity deficits and enhancing gender considerations within private sector institutions. Gender audits are a self-assessment tool conducted by a project or organization and used to evaluate the extent of gender gaps within institutional portfolios and internal processes. Gender audits are useful for facilitating organizational change and supporting the development of action plans and monitoring systems to improve gender considerations within institutions involved in innovative climate finance.
- c. **Developing knowledge management and learning systems** to share progress and best practices is essential for supporting innovation and promoting understanding of the gender, poverty and climate change nexus within innovative climate finance markets. Building skills on impact investing and reporting and providing training to business leaders and technical specialists, investors and investees are also necessary for achieving behavioural changes and a paradigm shift across innovative climate finance markets.
- d. The development of the market for innovative climate finance **requires advancing industry standards** including from the perspective of the gender, poverty and climate change nexus. As noted above, using the example of bonds, international standards play a key role

in shaping the bond market and setting the key design principles for bond frameworks. As such, improving international standards to consider climate change, poverty and gender issues will give a strong impetus for developing gender- and poverty-responsive and climate-proofed assets and projects.

Figure 5. Checklist to support gender- and poverty-responsive planning and implementation of innovative climate finance

Policy assessment	Do investment policies support the mobilization of innovative climate finance that integrates the dimensions of gender and poverty?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG frameworks are in place and integrate climate change, gender equality and poverty alleviation issues in the investment strategies of companies <input checked="" type="checkbox"/> Gender policies are in place and set the requirements and procedures for gender mainstreaming <input checked="" type="checkbox"/> Stewardship/corporate governance codes set standards for allocation and accountability practices with consideration of gender equality and poverty issues
Organizational audit	What are the institutional measures needed to support gender- and poverty-responsive deployment of innovative climate finance at the national level?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Gender audits are conducted and indicate opportunities for enhancing gender considerations within organizational policies, programmes, projects and provision of services <input checked="" type="checkbox"/> Dedicated divisions and roles specializing in climate change, gender equality and poverty issues are established <input checked="" type="checkbox"/> Boards are mandated to consider climate change, gender equality and poverty issues in strategic decisions
Analysis of allocation tools	Are innovative climate finance allocation tools gender- and poverty-sensitive?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Investment strategies take into consideration climate change, gender equality and poverty issues <input checked="" type="checkbox"/> Due diligence frameworks take into consideration climate change risks and impacts on gender equality and poverty <input checked="" type="checkbox"/> Project appraisal tools and investment eligibility criteria include climate change mitigation and adaptation potential and gender and poverty co-benefits <input checked="" type="checkbox"/> Performance-based principles are considered to support allocation and include climate change, gender equality and poverty alleviation criteria
Analysis of accountability tools	Is reporting sensitive to the gender and poverty impact of climate investments?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> M&E frameworks of innovative climate finance include gender and poverty indicators <input checked="" type="checkbox"/> Impact reporting and information disclosure standards and procedures include gender and poverty issues
Capacity needs assessment	<p>Who are the key stakeholders involved in the planning and implementation of multilateral climate finance at the national level?</p> <p>Do they have the necessary capacities to support gender- and poverty-responsive planning and implementation of climate finance?</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Stakeholders are mapped and their capacities to support planning and implementation of innovative climate finance that considers poverty and gender issues are assessed <ul style="list-style-type: none"> • Central banks • Corporate sector • Banking sector • Public sector agencies involved in innovative climate finance <input checked="" type="checkbox"/> Knowledge of impact investments and performance-based finance that integrates climate change, gender equality and poverty issues

Integrating gender and poverty dimensions in multilateral climate finance

Figure 6 highlights strategic elements for enhancing multilateral climate finance at the national level from the perspective of gender equality and poverty alleviation issues. Figure 7 at the end of the section presents a checklist for advancing planning, allocation and reporting within multilateral climate finance systems at the national level from the perspective of better integration of gender and poverty issues.

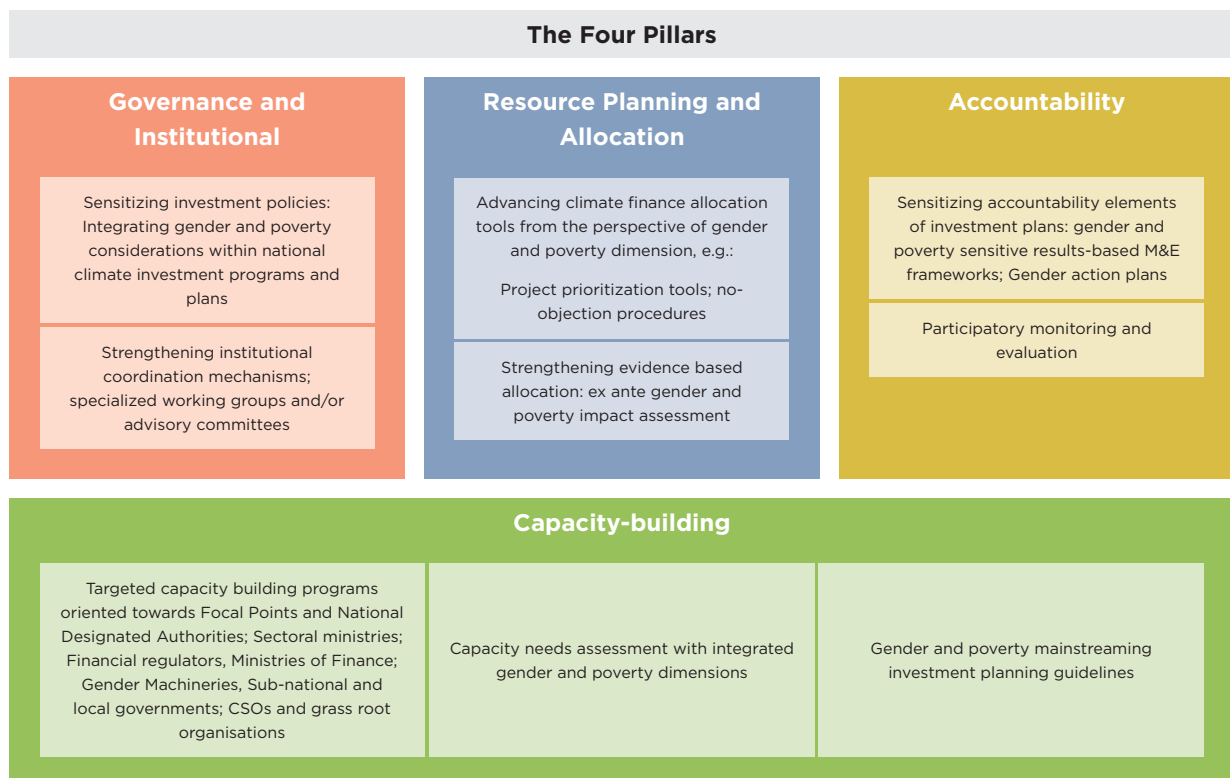
■ Governance and institutional pillar

- a. Sensitizing investment policies and integrating gender and poverty considerations within national climate

investment programmes and plans for accessing multilateral climate finance are avenues for strengthening the gender, poverty and climate change nexus. Climate finance investment programmes and plans are akin to policy development processes and are an existing practice applied by MDBs and some climate finance funds. Countries need to consider the following for improving country investment plans from the perspective of gender and poverty integration:

- Ensuring the alignment of investment plans with the key national gender quality and women’s empowerment policy frameworks
- Grounding investment plans on evidence retrieved through sectoral gender studies with emphasis on gender equality and women’s empowerment issues and poverty analysis
- Integrating gender and poverty dimensions through specific investment plan’s targets and objectives.

Figure 6. Strategic pillars for enhancing the gender equality, poverty and climate change nexus within multilateral climate finance at the national level



The Bangladesh GCF Country Programme identifies key priority areas for the engagement with the Green Climate Fund. The project pipeline notes the importance of gender equality and poverty alleviation. The Country Programme was developed in alignment with national development and climate change priorities and in consultations with minority, youth and disadvantaged groups.

Bangladesh's Forest Investment Programme (FIP) for the Climate Investment Funds states that all FIP activities should provide social and poverty reduction co-benefits including employment generation and diversification of sources of income (Ministry of Environment and Forests of Bangladesh, 2017). Similarly, the Bangladesh Pilot Programme for Climate Resilience (PPCR) (Climate Investment Funds, 2010) and Scaling Up Renewable Energy Programme/Project (SREP) (Ministry of Power Energy and Mineral Resources, 2015) acknowledge projects' contribution to socio-economic development with a description of gender-, poverty- and climate-related outcomes.

- b. Inclusive planning for accessing multilateral climate finance will be supported by the **development and enhancement of coordination mechanisms for ensuring cross-ministerial collaboration and the engagement of non-governmental actors**. National climate change coordination mechanisms traditionally play an important role in policy planning, defining priority sectors and endorsing allocations to implement sectoral climate change activities. It is critical to include relevant technical experts, advisors and organizations with knowledge of gender issues within these coordination mechanisms. This will sensitize decision-making processes. The coordination mechanisms should also involve gender machineries, relevant public

sector institutions, CSOs and where possible representatives of subnational and local governments. **The establishment of working groups and/or advisory committees** would also be a useful measure to support more targeted coordination on gender equality and poverty issues.

■ Resource planning and allocation pillar

- a. **Advancing climate finance allocation practices** will require integrating gender and poverty dimensions in resource allocation decision-making tools.
- **Project prioritization tools** are one of the approaches that underpin resource allocation. Such tools typically include the following decision-making criteria: alignment with multilateral donors' investment criteria, coherence with national policy and regulatory frameworks, the extent of climate change mitigation and adaptation impact, and cost-effectiveness.
 - **No-objection procedures** present another entry point for sensitizing climate finance allocations from the perspective of gender equality and poverty issues. No-objection procedures are part of the appraisal process implemented by countries for identifying suitable investments for the Green Climate Fund and ensuring that project proposals are consistent with national climate strategies and development priorities.

Thailand strives to ensure that climate finance pipelines are aligned with national gender policies and climate change policies, addressing gender inequalities and increasing participation by women's groups, and developed in compliance with safeguards and gender policy (Government of Thailand, Office of Natural Resources and Environmental Policy and Planning, 2017).

Bangladesh's no-objection procedures include checking if the stakeholder engagement process for the development of the proposal was inclusive and representative.

- b. **Strengthening evidence-based allocation** and expanding the decision-making criteria to ex-ante impact of planned climate investments on gender equality and poverty is recommended for promoting triple-win investments through multilateral climate finance sources.

To support resource allocation for the Green Climate Fund, Bangladesh developed a project prioritization tool, which among other criteria, includes gender and inclusiveness potential of proposed investments (Government of Bangladesh, Ministry of Finance, 2018).

■ Accountability pillar

- a. Sensitizing accountability elements of investment plans:
- National climate investment plans and programmes and projects funded through multilateral sources need to have appropriate **gender- and poverty-responsive results-based monitoring and evaluation plans**. Both qualitative and quantitative gender-responsive indicators need to be considered. The choice of indicators will be different for various countries and, for example, may include results and ambitions related to access to basic services and infrastructure, health-related benefits, access to education, improvements in income, and participation in the economy. Tracking impact on beneficiaries should disaggregate their age, ethnicity, education, employment and income level.

- The **development of gender action plans** with specific attention to the implementation of gender and poverty components of climate finance investment plans should be considered to enhance the implementation of gender- and poverty-related targets and improve accountability.

- b. **Participatory monitoring and evaluation:** It is recommended to support gender-responsive indicators through consultations with various stakeholders at national, subnational and local levels. Participatory monitoring and evaluation, including community-based monitoring, should be practised for enhancing the accountability of multilateral climate finance. Receiving direct feedback from beneficiaries is key for measuring the socio-economic impact of climate finance on women and men and understanding the co-benefits of multilateral climate finance on gender equality and poverty. Grievance mechanisms can be used to report on activities and investments that negatively affect gender equality or poverty.

■ Capacity-building

- a. Countries need a range of capacities to plan, coordinate, access funding, implement, monitor, and report in relation to gender and poverty dimensions. Multilateral climate finance provides ample opportunities to enhance countries' readiness and improve their capacities for planning and implementing climate finance. The capacity gaps range from country to country and depend on national circumstances. Countries need to be able to assess capacity gaps to ensure effective planning, implementation and tracking of multilateral climate finance with consideration of gender and poverty issues.

The development of capacity needs assessments oriented towards addressing systemic issues, including the development of an enabling environment, gender-responsive

strategies, and climate finance systems and processes that integrate gender and poverty dimensions in a holistic manner, is required for ensuring that climate finance is fully aligned with national priorities and contributes to gender equality and poverty reduction.

- b. Following the capacity needs assessments, devising **targeted capacity-building programmes** oriented towards the key actors is important for ensuring effective planning, implementation and monitoring of climate finance at the national level. Such actors can include but are not limited to Focal Points and National Designated Authorities, sectoral ministries, gender machineries, Ministries of Finance, financial regulators, subnational and local governments, CSOs, grassroots organizations and local communities.

The Bangladesh Bank applied for readiness support from the Green Climate Fund to scale up a regulatory landscape of green banking for Shariah-based banks and financial institutions in 2018. The grant has allowed the Bangladesh Bank to build the banking sector's capacity and improve the Green Banking Guidelines and Green Sukuk Guidelines for Shariah-based banks and financial institutions. The improvements will include enhancing socially responsible finance principles and the development of financial inclusion strategies targeting women and indigenous people.

the most vulnerable and marginalized needs are likely to be overlooked. Thus, **investment planning guidelines and methodologies need to be advanced to ensure the systemic integration of the gender, poverty and climate change nexus** within country climate finance portfolios and priorities.

- d. Investment plans traditionally present priority sectors, project pipelines and required capacity-building actions. However, the existing gender mainstreaming tools developed for the project level, and national investment planning for accessing climate finance from multilateral sources, lack the strategic integration of gender and poverty dimensions. In the absence of explicit references to gender equality and poverty in objectives, targets and priority interventions,

Figure 7. Checklist to support gender- and poverty-responsive planning and implementation of multilateral climate finance at the national level

Policy assessment	Do investment policies support the mobilization of multilateral climate finance that integrates the dimensions of gender and poverty?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Investment plans for deploying multilateral climate finance are gender- and poverty-responsive
Institutional gap analysis	What institutional measures support gender- and poverty-responsive deployment of multilateral climate finance at the national level?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Gender audit and/or institutional capacity assessments are conducted <input checked="" type="checkbox"/> Focal points, national designated authorities and relevant sectoral ministries are mandated to consider gender and poverty issues within their operations <input checked="" type="checkbox"/> Coordination mechanisms are in place and involve different types of actors, including gender machineries, CSOs, grass-roots organizations and representatives of local communities
Analysis of allocation tools	Are climate finance allocation tools gender and poverty sensitive? Is climate finance allocation evidence-based?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Project prioritization and appraisal tools are in place and recognize the gender and poverty co-benefits of climate finance <input checked="" type="checkbox"/> Gender and poverty ex-ante impact assessments are taken into account to support decision-making on the allocation of climate finance
Analysis of accountability tools	Is reporting participatory and sensitive to the gender and poverty impact of climate investments?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> M&E frameworks for national investment plans, programmes and projects include a gender and poverty dimension <input checked="" type="checkbox"/> Gender action plans are introduced to support detailed reporting on gender and poverty results of climate finance investments <input checked="" type="checkbox"/> Direct beneficiaries of investments, including local communities, CSOs and grass-roots organizations are involved in reporting
Capacity needs assessment	Who are the key stakeholders involved in the planning and implementation of multilateral climate finance at the national level? Do they have the necessary capacities to support gender- and poverty- responsive planning and implementation of climate finance?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Stakeholders are mapped and their capacities to support planning and implementation of multilateral climate finance that recognizes poverty and gender issues are assessed <ul style="list-style-type: none"> • Focal points and National Designated Authorities • Sectoral ministries • Gender machineries • Ministries of Finance • Subnational and local governments • CSOs, grass-roots organizations, local communities <input checked="" type="checkbox"/> Members of coordination mechanisms have sufficient climate finance, poverty and gender knowledge <input checked="" type="checkbox"/> Knowledge and guidelines developed to support gender and poverty mainstreaming within the investment planning cycle <input checked="" type="checkbox"/> Knowledge of climate finance, climate change impacts and interlinkages with gender and poverty issues is sufficient to ensure meaningful participation in the planning and implementation of multilateral climate finance at the national level

Recommendations for enhancing synergies within national climate finance architecture

Coherent and integrated climate finance frameworks that deliver so-called triple wins in terms of climate change benefits, gender equality, and poverty reduction are essential for improving climate and SDG finance mobilization and ensuring the effective utilization of existing funds. Aside from the system-specific recommendations presented in the sections above, there is a need to enhance coherence and complementarity across public, innovative and multilateral climate finance from the integration of gender and poverty issues. Several studies acknowledge the lack of harmonization across different climate finance systems at the national level, which leads to inefficient allocation and inconsistent tracking of climate

finance (WRI, 2014; Bird, Watson and Schalatek, 2017; Escalante et al., 2018; UNFCCC, 2018, 2019; Worlen, Altevogt and Keppler, 2020). The literature advises that targeted efforts are required for bringing attention to gender and poverty dimensions in a coordinated manner across climate finance systems and sources.

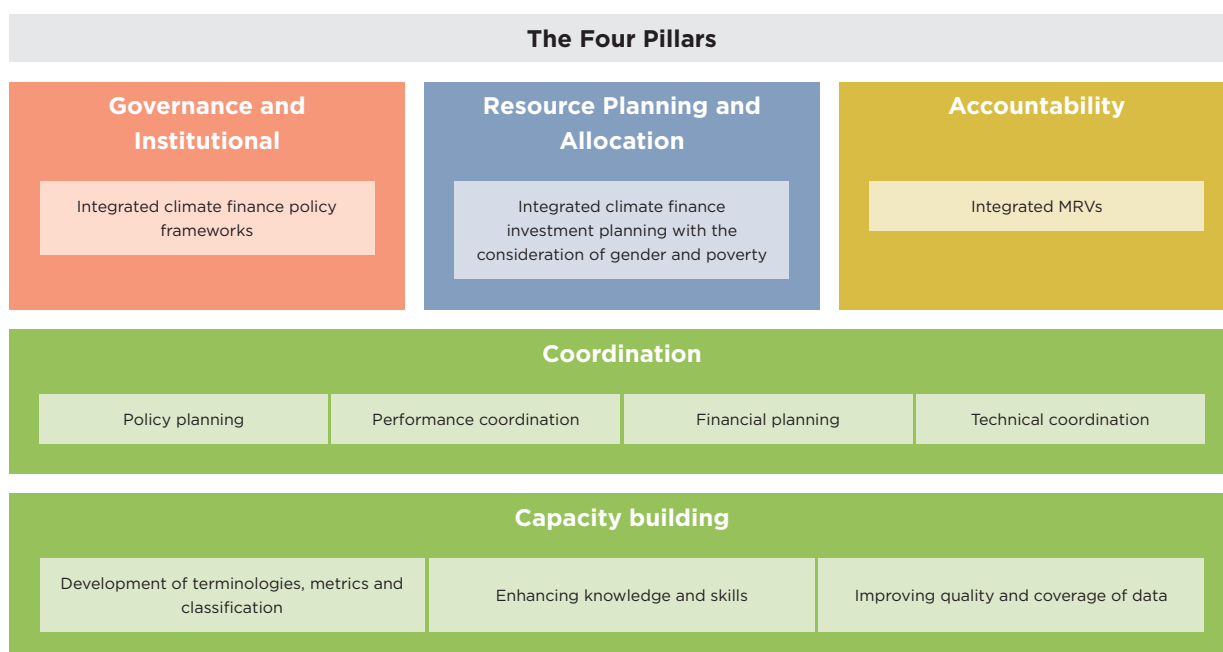
Figure 8 presents five types of entry points for ensuring synergies across climate finance systems while supporting the delivery of triple-win investments.

■ Governance and institutional pillar

Sensitizing the design of national development and sectoral policies to gender and poverty issues requires consistent efforts through the policy development cycle, including agenda-setting and policy formulation, policy implementation, and monitoring and evaluation:

- a. To support mobilization at scale, **integrated climate finance policy frameworks** need

Figure 8. Entry points for enhancing synergies across climate finance systems to support consistent integration of the gender equality, poverty and climate change nexus



to fully acknowledge and institutionalize synergies between climate, gender and poverty and incentivize the deployment of climate finance through various systems and sources.

- Climate fiscal frameworks need to recognize climate change as a cross-cutting long-term developmental issue and actively plan, mobilize and account for different sources of climate finance. Climate fiscal frameworks need to become more robust through regular review and alignment with updated climate change priorities. Climate fiscal frameworks should acknowledge the existing climate financing gaps and the preferred modalities for delivering low-carbon and climate-resilience investments using various sources of climate finance.
 - While efforts related to integrating the gender, poverty and climate change nexus within climate public expenditures are recognized, the revenue segment, which is an integral part of climate fiscal frameworks, is understudied and requires further attention to manage the supply side of climate finance to attain triple benefits. Governments should be considerate of the gender equality and poverty dimension while planning and executing revenue-generating initiatives, such as carbon taxes, which require more analysis from the perspective of impacts of carbon-pricing schemes on gender equality and poverty (Chalifour, 2010)
 - Tailored policy frameworks highlighting the benefits of actions with gender equality and poverty outcomes can leverage private sector activities into desirable pathways. Governments can create various de-risking tools that eliminate market barriers to support investment into projects with triple-win benefits (i.e. policy and market incentives to support the development of new business models that enable greater private sector participation and blended climate finance).
- Nationally Determined Contributions (NDCs) present an opportunity for identifying and acknowledging gender equality and poverty dimensions within the priority climate change mitigation and adaptation sectors. Placing gender and poverty benefits in the centre of NDC-led climate action will allow countries to channel climate finance from various sources to implement low-carbon and climate-resilient ambitions in a gender- and poverty-responsive manner. While the first iteration of NDCs has had limited recognition of gender issues, there is an increasing demand for strengthening gender considerations and ensuring the involvement of women's organizations and gender-related groups in NDC design and implementation (UNDP, 2020). The opportunities for enhancing NDCs from the perspective of gender and poverty issues should not be overlooked within the NDC updating exercise.
 - In terms of the methodological approach, an Integrated National Financing Framework⁸ could be used for integrating gender and poverty issues across climate finance systems and sources. The INFF approach is designed to support holistic mobilizing and investing finance with consideration of the SDG targets.
- b. It is important to **ground policy design and planning in the existing and available evidence**. As analysis conducted in the background note shows, gender and poverty considerations may not be explicit in the climate data. Thus, it is key to undertake a preliminary gender assessment, identify and understand poverty in a country, and evaluate climate change risks within baseline assessments for scoping issues that policies will address. An important part of this analysis is to identify where there might be

8 <https://sdgintegration.undp.org/INFF>

contradictions in climate, poverty and gender dimensions. Pro-poor and gender-responsive policymaking should not only recognize the specific vulnerabilities of women, deprived communities and people. Still, it should also consider them as rights holders that need to be empowered and protected.

- c. **Integrating gender, climate and poverty dimensions within policy implementation roadmaps**, including through costed activities, targets and indicators, is important for tracking the contribution of strategies to specific climate change adaptation and mitigation goals, and channelling resources, including climate finance, in a pro-poor and gender-responsive manner.

■ Resource planning and allocation pillar

- a. **Enhancing additionality and coherence across different climate finance sources** is key for mobilizing climate finance in a mutually complementary way and maximizing its impact. This would furthermore support cross-system learning and the wider adoption of already existing good practices. For instance, multilateral climate finance can act as a catalyst for mobilizing climate finance at the national level, including from both public and private sectors, that integrates gender and poverty issues. Capacity-building and readiness support channeled through multilateral climate finance sources is critical for improving national climate finance architecture, creating an enabling environment for effective allocation and implementation of national public and private climate finance.
- b. **Developing integrated investment plans** that measure the whole spectrum of funding opportunities against existing climate finance needs is critical for the strategic mobilization of climate finance from various sources. Such integrated approaches need to consistently consider integrating gender

equality and poverty reduction issues within national climate finance planning. To begin with, Climate Budget Tagging can be used for estimating funding gaps and planning targeted mobilization efforts including by accessing innovative and multilateral climate finance sources.

■ Accountability pillar

Considering the amount of finance required to achieve climate change mitigation and adaptation goals, more efforts are needed to increase understanding of funding gaps at the national level and the various access modalities, including public, multilateral and private channels. Existing tracking methodologies are inconsistent and mostly project focused, and they lack approaches to measuring private sector climate finance (Caruso and Ellis, 2013; WRI, 2014). Within broader efforts for improving tracking of climate finance across various systems and sources, more attention is needed for:

- a. **Consistent tracking of gender equality and poverty alleviation co-benefits.** This needs to be improved within and across climate finance systems, including the private sector, multilateral and innovative climate finance and public sector climate expenditures and revenues. Climate Fiscal Frameworks are one of the key stepping stones for enhancing accountability across various climate finance systems. Climate Fiscal Frameworks should not only assist with identifying financing gaps, but also measure results of public expenditure and revenues and expand tracking to multilateral, innovative and private sector climate finance. There are a number of international and regional indicators in use that could serve as a foundation for the development of national indicators.

Gender-related Development Index (GDI) assesses gender inequalities across three dimensions: life expectancy, education and income.

Gender Empowerment Measure (GEM) measures women's representation in the economic and political sphere.

Gender Status Index (GSI) measures women's access to social, economic and political power (Moser, 2007).

- b. **Institutionalizing reporting on gender and poverty co-benefits within integrated accountability and MRV frameworks.** There are different approaches applied for tracking climate change actions and climate finance at the national level that are guided by UNFCCC, MDBs or OECD practices. Further harmonization of climate finance tracking at the national level is required and needs to be based on common definitions of climate mitigation finance and climate adaptation finance, as well as consistent accounting for different climate finance sources and instruments and associated social and gender co-benefits.

■ Coordination

Coordination is key to speeding up the implementation and delivery of initiatives, supporting access to new funding sources, and streamlining monitoring and evaluation. Developing specific institutional and organizational approaches to facilitate coordination across climate finance systems, sectors and constituencies is fundamental for effective allocation and implementation of climate finance, e.g. coordination mechanisms, climate change and gender focal points and working groups.

There are four coordination tracks, which need to integrate climate change, gender and poverty dimensions:

- a. **Policy and planning coordination** is important for ensuring strategic synergies between various sectoral policies and plans
- b. **Coordinated financial planning** ensures resource allocation in line with various sectoral policy priorities
- c. **Performance coordination** supports effective monitoring and tracking of the quantity and quality of climate finance
- d. **Technical coordination** ensures the development and integration of the latest knowledge and information exchange on the cross-cutting issues associated with climate change.

■ Capacity-building

- a. **Developing common terminologies, metrics and classification**

There is a demand for common definitions, taxonomies, classifications, and terminologies to support the allocation, design, implementation, and tracking of climate finance, including gender and poverty dimensions. Developing metrics and standards must be founded on agreed definitions of climate finance, gender equality, women's empowerment and poverty objectives within national socio-economic contexts.

It is important to note that there is no internationally agreed definition nor methodology for measuring climate adaptation or climate mitigation finance (Bird et al., 2012; O'Donnell et al., 2012). Furthermore, methodologies for assessing climate finance benefits and impacts on gender and poverty are nascent. The private sector even more than the public sector lacks common definitions, standards and impact measurements on the environmental and social benefits of investment (United Nations, 2019). Thus, it is necessary to develop flexible approaches for poverty, climate and gender mainstreaming that could be applied for different contexts and across climate finance systems.

b. **Enhancing the quality and coverage of sex-disaggregated data**

The planning, mobilization and implementation of climate finance is data driven. The development of Climate Fiscal Frameworks strongly relies on climate risk assessments, poverty, gender, and vulnerability assessments. Specific investments supported through multilateral climate finance channels require evidence-based approaches. Developing approaches for collecting and maintaining qualitative and quantitative sex-disaggregated data is imperative for analysing climate change impacts, developing policy responses, and assessing climate investments' poverty and social implications. The data issues need to be addressed from various angles including:

- Methodological – improving existing data collection methods to expand data coverage and enhance the quality of gender-disaggregated data
- Conceptual – improve data concepts, metrics and definitions for enhancing existing climate finance accountability practices across various sources and systems of climate finance
- Strategic – devising national statistic strategies to ensure consistent integration of the gender, poverty and climate change nexus across existing data collection tracks.

c. **Improving knowledge and skills on the intersection of climate, gender and poverty**

Capacity is critical for aligning climate change policy ambitions with existing financial systems, mobilizing climate finance at scale and reducing SDG implementation costs. However, there is an evident lack of knowledge on climate change programming that is gender-responsive and pro-poor. Skills and knowledge needed range from policy development, implementation, monitoring and evaluation and climate investment planning to reporting on and allocating climate finance in pro-poor and

gender-responsive ways. There is a need to assess the capacity needs of various national stakeholders and enhance countries' readiness to plan, implement and monitor climate finance across various systems and sources in a gender-responsive and pro-poor manner.

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Annex 1: Additional resources



<p>Mainstreaming Gender in Green Climate Fund Projects</p> <p>https://www.greenclimate.fund/document/mainstreaming-gender-green-climate-fund-projects</p>	<p>This toolkit guides Green Climate Fund partners on how to include women, girls, men and boys from socially excluded and vulnerable communities in all aspects of climate finance.</p>
<p>Making Climate Finance Work for Women</p> <p>https://www.adb.org/sites/default/files/publication/42881/climate-finance-work-women.pdf</p>	<p>This policy brief identifies challenges and opportunities in the existing climate policy and finance landscape and gives recommendations for action for matching gender-sensitive mitigation action with climate finance.</p>
<p>Building Gender into Climate Finance: ADB Experience with the Climate Investment Funds</p> <p>https://www.climateinvestmentfunds.org/sites/cif_enc/files/knowledge-documents/gender-climate-finance.pdf</p>	<p>This report provides recommendations for enhancing gender mainstreaming to support more equitable climate change policies and programmes. It contains examples of good practices for designing investments through multilateral channels.</p>
<p>GEF Guidance on Gender Equality</p> <p>https://www.thegef.org/publications/gef-guidance-gender-equality</p>	<p>This guidance suggests practical steps for gender-responsive design, implementation and monitoring of Global Environment Facility programmes and projects.</p>
<p>Women’s Organizations and Climate Finance: Engaging in Processes and Accessing Resources</p> <p>https://wedo.org/wp-content/uploads/2019/06/WomensOrgsClimateFinance_EngaginginProcesses.pdf</p>	<p>This report provides an overview of approaches used for integrating gender equality within multilateral climate finance funds, as well as recommendations for enhancing the engagement of women’s organizations.</p>
<p>Gender Equality in National Climate Action: Planning for Gender-Responsive Nationally Determined Contributions</p> <p>https://www.undp.org/content/dam/undp/library/gender/Gender%20and%20Environment/Gender_Equality_in_National_Climate_Action.pdf</p>	<p>This report provides examples of good practices and recommendations for enhancing gender equality considerations within Nationally Determined Contributions.</p>
<p>Gender Equality Capacity Assessment Tool</p> <p>https://www.unwomen.org/en/digital-library/publications/2014/6/gender-equality-capacity-assessment-tool</p>	<p>This tool was developed by UN Women to assess key capacity gaps, including the understanding, knowledge and skills in a given organization on gender equality and women’s empowerment.</p>
<p>Getting it Together: Institutional arrangements for coordination and stakeholder engagement in climate finance</p> <p>https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9200.pdf</p>	<p>This report provides an overview of institutional arrangements and efforts to strengthen coordination around climate finance.</p>
<p>Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals</p> <p>https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf</p>	<p>This mapping exercise illustrates how the SDGs can be addressed by the identification of eligible investments for a green, social or sustainability bond or bond programme by the private and public sectors.</p>

<p>Climate change and the just transition: A guide for investor action</p> <p>https://www.unpri.org/download?ac=9452</p>	<p>This guide provides recommendations on how investors can pursue the goal of a “just transition” as part of their core operating practices and connect their action on climate change with inclusive development pathways.</p>
<p>Impact Investing Market Map</p> <p>https://www.unpri.org/download?ac=5426</p>	<p>This map provides guidance to key stakeholders, including asset owners, managers and social enterprises to help define impact investment and impact investing processes.</p>
<p>Gender Responsive Investment Handbook</p> <p>https://read.thecommonwealth-ilibrary.org/commonwealth/economics/gender-responsive-investment-handbook_9781848591561-en#page1</p>	<p>This handbook for policymakers and practitioners illustrates good practices and policy options for promoting financial inclusion in development programmes and projects.</p>
<p>Gender Dimensions of Investment Climate Reform: A guide for policymakers and practitioners</p> <p>https://www.oecd.org/dac/gender-development/45449146.pdf</p>	<p>This guide, from the World Bank, offers solutions as well as practical tools for designing policies that will empower women in business and unlock countries’ full economic potential.</p>
<p>The Landscape of Gender Metrics – Measuring the Impact of our Investments on Women</p> <p>http://criterioninstitute.org/resources/files/2012/08/The-Landscape-of-Gender-Metrics.pdf</p>	<p>This report presents an overview of metrics within funds, standards bodies and various initiatives aiming at measuring the impact of investments on women and girls.</p>
<p>Tracking Climate Change Funding: Learning from Gender-Responsive Budgeting</p> <p>https://www.internationalbudget.org/wp-content/uploads/Tracking-Climate-Change-Funding-Learning-from-Gender-Responsive-Budgeting.pdf</p>	<p>This report highlights experiences related to planning allocations that contribute to gender equality and lessons learned to inform initiatives in budgeting for climate change.</p>
<p>Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development – A Handbook to Strengthen Planning and Budgeting Processes</p> <p>https://www.undp.org/content/dam/undp/library/Sustainable%20Development/PEI/PEI%20handbook%20brochure-LR.PDF</p>	<p>This handbook is for policymakers and practitioners to mainstream pro-poor environment and resource management practices and climate objectives into development policies, plans and budgets at the national, subnational and sectoral levels.</p>
<p>A ‘How to’ Guide to Measuring Women’s Empowerment – Sharing experience from Oxfam’s impact evaluations</p> <p>https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620271/gt-measuring-womens-empowerment-250517-en.pdf?sequence=4</p>	<p>This measurement tool, which is based on the Women’s Empowerment Index, helps users to build a context-specific composite index to measure women’s empowerment within development projects and programmes.</p>

<p>Knowing What You Spend – A guidance note for Governments to track climate finance in their budgets</p> <p>https://www.undp.org/content/dam/undp/library/planet/climate-change/RBAP-DG-2019-Climate-Budget-Tagging-Guidance-Note.pdf</p>	<p>This guidance note is intended for government agencies responsible for climate finance within Ministries of Finance, Ministries of Planning, or climate change policymaking bodies (e.g. Climate Change Commissions, the Ministry of Climate Change and the Ministry of Environment and Forests) that wish to set up a Climate Budget Tagging (CBT) system or strengthen an existing one.</p>
<p>Budgeting for Women’s Rights: Monitoring Government Budgets for Compliance with CEDAW: A Summary Guide for Policy Makers, Gender Equality and Human Rights Advocates</p> <p>https://www.unwomen.org/en/digital-library/publications/2008/1/budgeting-for-women-s-rights-monitoring-government-budgets-for-compliance-with-cedaw-a-summary-guide-for-policy-makers-gender-equality-and-human-rights-advocates</p>	<p>This tool demonstrates how stakeholders can apply the principles of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) to four dimensions of the budget: revenue, expenditure, macroeconomics of the budget, and budget decision-making processes.</p>
<p>The Gender impact assessment and monitoring tool</p> <p>https://www.women2030.org/wp-content/uploads/2019/01/FINAL-GIM-Tool-Jan-19.pdf</p>	<p>This tool is for assessing gender issues within local, regional and national contexts, in order to create a sound basis for a gender-just implementation of the SDGs.</p>
<p>Gender Impact Assessment – Gender Mainstreaming Toolkit</p> <p>https://eige.europa.eu/sites/default/files/mh0416171enn.pdf</p>	<p>This tool offers a framework for implementing gender impact assessments for governmental structures to support drafting policy programmes, action plans and projects.</p>
<p>OECD Toolkit for Mainstreaming and Implementing Gender Equality – Implementing the 2015 OECD Recommendation on Gender Equality in Public Life</p> <p>https://www.oecd.org/gov/toolkit-for-mainstreaming-and-implementing-gender-equality.pdf</p>	<p>This toolkit focuses on strengthening governance and accountability for gender equality as a means to improving the gender-responsiveness of public policy, e.g. institutionalizing gender equality and gender mainstreaming; supporting gender balance in state institutions and structures; developing and sustaining gender mainstreaming capacity; and establishing inclusive accountability structures.</p>
<p>An Introduction to Gender Audit Methodology: Its design and implementation in DFID Malawi</p> <p>https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/1818.pdf</p>	<p>This working paper provides methodological support for conducting gender audits to measure organizational progress in reaching objectives of gender equality and women’s empowerment using the example of the DFID Malawi gender audit.</p>
<p>A Manual for Gender Audit Facilitators – The ILO Participatory Gender Audit Methodology, 2nd Edition</p> <p>https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/publication/wcms_187411.pdf</p>	<p>This manual provides methodological support to gender audit facilitators for conducting gender audits to measure organizational progress in reaching objectives of gender equality and women’s empowerment.</p>

<p>Mainstreaming Gender in Mitigation and Technology Development and Transfer Interventions – Capacity-Building Package</p> <p>https://www.undp.org/content/undp/en/home/librarypage/womens-empowerment/mainstreaming-gender-in-mitigation-and-technology.html</p>	<p>This capacity-building package has been designed for policymakers to guide them on how to promote gender equality across all levels of policy and programming in climate change, and to provide them with the necessary tools to do so.</p>
<p>Gender Equality and Big Data</p> <p>https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2018/gender-equality-and-big-data-en.pdf?la=en&vs=3955</p>	<p>This report provides insights on how big data can be used to facilitate and assess progress towards SDG 5 and identifies concrete data innovation projects that have considered the gender dimension.</p>
<p>Good Practices in Gender-Responsive Evaluations</p> <p>https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2020/good-practices-in-gender-responsive-evaluations-en.pdf?la=en&vs=2431</p>	<p>The report provides an overview of good practices to support gender-responsive evaluations.</p>
<p>SDG Climate Action Nexus tool (SCAN-tool)</p> <p>https://ndcpartnership.org/toolbox/sdg-climate-action-nexus-tool-scan-tool</p>	<p>This online tool supports policymakers to identify climate mitigation actions that may impact specific SDG targets. The tool provides users with a better understanding of how climate action can reinforce national sustainable development targets and improve political buy-in.</p>
<p>Costing Options for Measuring Gender Equality in Climate Action</p> <p>https://asiapacific.unwomen.org/en/digital-library/publications/2020/11/costing-options-for-measuring-gender-equality-in-climate-action</p>	<p>This report provides suggestions for the development of unified approaches that bring together gender, economy and climate change interlinkages for the purposes of analysis, advocacy and policymaking.</p>
<p>W+ Standard</p> <p>http://www.wplus.org/</p>	<p>The W+ Standard measures women’s empowerment across multiple SDGs and be used to measure how companies, governments and individuals drive social and economic empowerment for women.</p>
<p>Integrated national financing frameworks for sustainable development (Chapter II of Financing for Sustainable Development Report 2019).</p> <p>https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR2019_ChptII.pdf</p>	<p>Integrated national financing frameworks are a tool to finance national priorities and operationalize the implementation of the 2030 Agenda.</p>

Annex 2: Background note



Key summary

The study is based on the premise that bringing climate, gender and poverty dimensions into the investment practices of the public and private sector is necessary for enabling the financial system to deliver the scale and quality of investments that are needed for meeting climate change ambitions and making the investment flows consistent with the Sustainable Development Goals (SDGs).

Furthermore, national stakeholders have reported that there is evidence that COVID-19 has increased the vulnerabilities of small businesses and vulnerable groups, who were already exposed to climate change impacts. Within this context, improving the gender, poverty and climate change nexus through climate finance creates an opportunity for supporting more inclusive, equal and resilient societies while tackling current economic and social crises triggered by the pandemic.

The paper takes a case-study approach to look at select cases in five countries: Bangladesh, Cambodia, Fiji, Indonesia and Thailand. The choice of specific cases was guided by the relevant work on the ground supported by UNDP through the Strengthening Governance of Climate Change Finance Programme and reflects the knowledge generated through this programme and the UNDP Nationally Determined Contributions Support Programme.

Based on the analysis of domestic climate expenditures systems as well as multilateral and innovative climate finance sources that are deployed at the national level, the integration of gender and poverty dimensions has been extremely inconsistent and fragmented across various climate finance systems and sources.

Some efforts to integrate gender, poverty and climate change into a nexus have been initiated through the creation of sectoral, fiscal and development policies. However, the role of an enabling environment is perceived as critical. Policies alone cannot increase access to services, resources and rights unless they are supported by appropriate investments.

While some elements of good practices related to climate change public expenditures exist, the key challenge is that climate change is mostly perceived as a sectoral issue (opposite to gender equality and poverty, which are recognized as cross-cutting issues). This creates additional challenges to the adequate mobilization and allocation of climate finance. Some progress has been made with the development of specific allocation tools, such as thematic tagging; however, the existing allocation practices continue to lack a holistic outlook on gender, poverty and climate change issues.

Multilateral climate finance plays the key role in supporting the development of innovative climate finance instruments, incentivizing the application of gender lenses and bridging the gap across various sources of climate finance to support better integration of gender, poverty and climate change into a nexus within national climate finance systems. Indeed, there are relatively developed practices to support the integration of gender and poverty dimensions at the project level, but there is room for strengthening the gender, poverty and climate change nexus within allocation and accountability practices.

Innovative climate finance appeared to be the least advanced source of climate finance in the targeted countries with very limited evidence on and significant potential for integrating gender, poverty and climate change. So far, innovative instruments, such as green, gender, social and sustainability bonds and carbon trading, have been implemented on a pilot basis; and the necessary rules, regulations, standards and best practices to support the integration of gender, poverty and climate change remain nascent and weakly defined.

National stakeholders believe that further opportunities for improving the integration of gender, poverty and climate change within national climate finance systems need to include targeted efforts related to institutional strengthening, policy innovation and capacity-building.

Abbreviations

ADP	Annual Development Program
AF	Adaptation Fund
ASEAN	Association of Southeast Asian Nations
BCCTF	Bangladesh Climate Change Fund
CBT	Climate Budget Tagging
CFF	Climate Fiscal Framework
CIF	Climate Investment Funds
CPEIR	Climate Public Expenditures and Institutional Review
CSO	Civil Society Organization
ESG	Environmental, Social and Governance
FDB	Fiji Development Bank
GCF	Green Climate Fund
GEF	Global Environmental Facility
KPIs	Key Performance Indicators
LDCF	Least Developed Countries Fund
MAFF	Ministry of Agriculture, Forestry and Fisheries
MDB	Multilateral Development Bank
MRV	Measurable, Reportable and Verifiable
MTBF	Medium Term Budget Framework
NDA	National Designated Authority
NDC	Nationally Determined Contributions
NGO	Non-Governmental Organization
PPCR	Pilot Program for Climate Resilience
REDD+	Reducing emissions from deforestation and forest degradation in developing countries
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goal
SREP	Scaling Up Renewable Energy Program
UNFCCC	United Nations Framework Convention on Climate Change

Introduction

This background note was produced during the COVID-19 outbreak, which created an unprecedented public health crisis and exposed the scale of intrinsic connections between daily choices, public policies, human health, economic development and the environment. There is early evidence that although the impact of the pandemic will vary from country to country, it is likely to increase inequalities and exacerbate poverty (UNDP, 2020; United Nations, 2020).

More than ever, there is a need to mobilize resources and support the recovery of economies using integrated planning and implementation frameworks that fully acknowledge the interconnectedness of climate change and development issues, including gender equality and poverty. However, the background note reflects on good practices, which existed in the pre-pandemic context. The work conducted in this paper is fully aligned with the notion that no one should be left behind and a just transition is necessary for the creation of a low-carbon and climate-resilient economy and economic recovery.

Climate change, gender equality and poverty are connected in a mutually reinforceable way. There is significant evidence proving that poverty and gender inequality considerably reduce the adaptive capacities of communities and their abilities to withstand climate change impacts. Furthermore, climate change exacerbates challenges to food, water and energy security and amplifies underlying poverty and gender inequalities. Therefore, it is important to recognize the significance of a “triple-win” policy: fiscal and institutional approaches that deliver benefits in terms of 1. poverty alleviation, 2. gender equality, and 3. climate change mitigation and adaptation.

The development of the background note is supported by the following rationale:

1. Supporting the fulfilment of political commitments and implementation of the development goals: To move ahead on the

implementation of Nationally Determined Contributions (NDCs) and the 2030 Agenda for Sustainable Development, countries have established a set of goals that require the mobilization of trillions of dollars. NDCs are closely linked to the Sustainable Development Goals (SDGs) at the national level, which calls for an integrated approach. NDCs are frequently integrated into national development plans and are a vital component for delivering climate targets and wider objectives including economic growth, poverty reduction and improved quality of life. The findings of this paper can inform countries’ NDC implementation, including NDC investment plans, and revision processes in relation to their development plans.

2. Strengthening development effectiveness: Aside from scaling up resource mobilization, there is a need to reduce the cost of achieving the SDGs (Pauw and Klein, 2020). NDCs implementation requires the mobilization of funds across various channels and sources (CDKN/Acclimatise, 2017). Furthermore, as shown in many studies, the fulfilment of NDC targets and the achievement of the SDGs requires not only generating additional green and socially responsible investments; but also shaping existing and planned capital flows with the consideration of climate impact and sustainable development. As such, taking a strategic, holistic approach to fostering financing at the national level is necessary to support the implementation of climate targets and the SDGs.

There is an understanding that meeting the level of investments that are required for the achievement of SDGs and climate ambitions would need a full transformation of the financial systems (Natural Resources Defense Council and Coalition for Green Capital Climate Finance Advisors, 2016). Also, the public and private sectors are becoming increasingly aware that climate risks and opportunities need to be integrated into investment processes; and that climate change issues need to be taken into account while developing macroeconomic, budgetary and fiscal policies (World Bank, 2019).

Bringing climate, gender and poverty dimensions into the investment practices of the public and private sectors is necessary for enabling the financial system to deliver the scale and quality of investments that are needed and making the investment flows consistent with the SDGs and climate ambitions.

The information and analysis presented in the background note deliver a starting point and launch the discussion on streamlining the integration of gender, poverty and climate change nexus across various investment processes at the national level. As such, practices that have been identified within the climate finance area could be used to further sensitize global development trajectories from the perspective of climate change, gender equality and poverty reduction.

Objectives

The objectives of the background note are to:

- Demonstrate good practices to inform climate change decision-makers and the broader development community on mainstreaming the gender, poverty and climate change nexus across various sources and channels of public and private finance; and facilitate the implementation of climate change ambitions and the SDGs.
- Highlight success factors and barriers for the integration of gender equality and poverty issues within national climate finance investment processes.
- Provide insights on the role of an enabling environment, resource allocation and accountability mechanisms in achieving gender- and poverty-responsive climate actions at the national level.

By following these objectives, the background note serves as a supporting document for facilitating policy innovations to enhance the integration of gender and poverty issues within national climate finance investment processes.

The key beneficiaries of the information presented in the background note are:

- National decision-makers, including Ministries of Finance and those who are involved in climate change issues, gender equality and broader sustainable development issues.
- Private sector actors with interest in climate finance and Environmental, Social and Governance issues (ESG).
- The broader community of climate finance practitioners, including international organizations, implementing partners and Multilateral Development Banks (MDBs).
- Non-governmental organizations (NGOs), including women's organizations and gender-related groups.

Methodology

While the integration of gender and poverty considerations at the project level is fairly well understood, the paper makes a deliberate effort to collect and systematize existing knowledge on the integration of gender and poverty issues across various climate finance investment processes and instruments that exist within three climate finance systems and sources:

- The domestic climate finance system, which is comprised of climate finance expenditures by national and subnational governments targeting climate change adaptation and mitigation measures, and associated planning and measurable, reportable and verifiable (MRV) efforts to support climate change budgeting at the national level.
- Multilateral climate finance sources including practices associated with the mobilization of climate finance from the Green Climate Fund (GCF), Global Environment Facility (GEF), Adaptation Fund (AF) and Climate Investment Funds (CIF).
- Innovative climate finance sources, including green bonds and loans, green Sukuk and carbon markets, which enable investments in climate change adaptation and mitigation projects that could not be funded otherwise using traditional financial mechanisms.

It is worth noting that the existing knowledge on the integration of gender and poverty issues within climate finance investment processes is very fragmented. Furthermore, in the absence of a common agreement on what climate finance is, tracking, analysing and evaluating gender and poverty mainstreaming practices within climate finance architecture is extremely challenging.

In response to these challenges, the paper takes a case-study approach to look at select cases in five countries: **Cambodia, Indonesia, Fiji, Thailand** and **Bangladesh**. The selection of countries and cases has been made with the consideration of the relevant work on the ground supported by UNDP and using selection criteria, including the presence of advanced climate finance planning and implementation practices, a commitment to gender equality and utilization of various climate finance sources. The choice of specific cases presented in the background note was guided by the experts' opinion and reflects the knowledge generated through the UNDP's Strengthening Governance of Climate Change Finance Programme.

The focus on the Asia-Pacific region appeared unintentionally and was guided by the experts' opinion and reflects the knowledge generated through the UNDP's Strengthening Governance of Climate Change Finance Programme and UNDP's NDC Support Programme, which have partnered for the preparation of this study.

The data collection methods included document research (Annex 1) and semi-structured interviews with national organizations (Annex 2). Primary and secondary data that were collected through literature review and interviews have been analysed with the consideration of the three themes:

- Climate finance allocation practices, including the integration of gender and poverty issues within climate finance budgets, investment criteria and project prioritization tools.
- Climate finance accountability practices, including integration of gender and poverty issues within climate finance reporting, monitoring and evaluation.
- Climate finance planning practices, including the role of different policy and regulatory frameworks and governance approaches for supporting the integration of gender and poverty issues.

Role of an enabling environment to support climate finance planning with consideration of poverty and gender issues

This section discusses the role of various national policies in supporting climate finance planning with the consideration of the gender, poverty and climate change nexus. The role of policy and regulatory frameworks facilitating the integration of gender and poverty issues within climate change national budgets cannot be underestimated. Feedback collected from the interviews confirms that policies are considered as one of the key drivers for supporting the systematic integration of a poverty and gender dimension in climate change decision-making and the mobilization of climate finance in a gender-responsive and pro-poor manner. Also, literature findings point to the conclusion that stronger framing of the policies results in better planning, implementation and accountability of climate finance (Nakhoda et al., 2013; OECD, 2016; Winkler and Dubash, 2016; UNDP, 2017a).

The study has found a few types of policies that can present specific entry points for integrating the gender, poverty and climate change nexus :

- **Sectoral and development policies**, which are considered as one of the main drivers of climate finance allocations (Box 1).
- **National gender policies** can also play an important role in incentivizing the application of gender lenses across planning and all stages of implementation of climate finance (Box 2).

Box 1. Integrating the gender, poverty and climate change nexus within sectoral and development policies

In Bangladesh, aside from specific climate change strategies, gender, climate and poverty have been mainstreamed in planning across social and economic development sectors in the Sixth Five Year Plan (2011–2015) and the Seventh Five Year Plan (2016–2020). In addition, Bangladesh’s sectoral policies, such as the National Water Management Plan, National Plan for Disaster Management, Sector Development Plan (2011–2025) for the water supply and sanitation sector and Bangladesh Delta Plan 2100 integrate climate, gender and poverty language and their intersection.

The Government of Fiji notes the critical importance of gender equity and social inclusion to sustainable development in the Fiji National Financial Inclusion Strategic Plan (Fiji Development Bank, 2018).

Box 2. Integrating the gender, poverty and climate change nexus within national gender policies

The Fiji National Gender Policy (Ministry Social Welfare, 2014) makes references to climate change in the agriculture sector and emphasizes the utilization of gender impact assessments, gender analysis and gender-aware approaches in the use and preservation of natural resources in Fiji. The Cambodia National Strategic Plan on Gender Equality and Women’s Empowerment explicitly supports the importance of mainstreaming gender in the key government reform programmes including cross-cutting areas such as climate change.

Cambodian gender machinery, i.e. the Ministry of Women’s Affairs (MoWA), has been actively working on the intersection of gender and climate change and has developed the sectoral Gender and Climate Change Action Plan 2014–2018, which aimed at supporting and piloting gender-responsive climate change projects and strengthening institutional capacity and knowledge on the intersection of climate change and gender.

In Indonesia, the Presidential Decree No. 9/2000 on Gender Mainstreaming stipulates that gender mainstreaming as a strategy needs to be applied in all stages of development.

- **Nationally Determined Contributions** are important for indicating national priorities and driving the allocation of climate finance to specific priority sectors. Alignment with NDCs is considered as one of the investment criteria by climate finance funds. Also, in a similar way, NDCs could guide climate finance allocation through innovative climate finance sources. For instance, finance generated through green bonds in Fiji and Indonesia is allocated in NDC-aligned sectors. On the other hand, the role of NDCs in driving climate finance allocations in a gender-responsive and pro-poor manner is less obvious based on the feedback from stakeholders. This is due to the fact that the integration of gender and poverty in NDCs has been very inconsistent, e.g. in the targeted countries, only Cambodia’s and Indonesia’s NDCs include gender references.
- Cross-cutting **climate change policies** present an opportunity to recognize the gender, poverty and climate change nexus and highlight possibilities for triple-win gains (Box 3).

Box 3. Integrating the gender, poverty and climate change nexus within national climate change policies

Cambodia has recognized gender issues in its national Climate Change Strategic Plan (2014–2023) which aims to ensure that a climate change response is equitable and gender-sensitive (Royal Government of Cambodia, 2014). Furthermore, poverty issues are linked with gender equality, since women represent the majority of the Cambodian rural poor and are highly dependent on agriculture and natural resources.

The Bangladesh Climate Change Strategy and Action Plan (BCCSAP, 2009) makes specific references to pro-poor, climate-resilient and low-carbon development and suggests that women's and children's needs should be prioritized due to their increased vulnerability.

Indonesia's National Action Plan on Adaptation to Climate Change (2014) acknowledges gender equality as an essential issue in climate change-related action. The National Action Plan on Adaptation to Climate Change (RAN API) requires all line ministries to conduct a gender analysis (e.g. identification of gender roles, needs and priorities) before implementing climate change programmes and activities; to produce disaggregated data by gender; to provide equal access to climate change-related goods and services; and to equally involve men and women in the management of climate change (Center for Climate Finance and Multilateral Policy, 2017).

Integrating gender and poverty issues in domestic climate finance systems

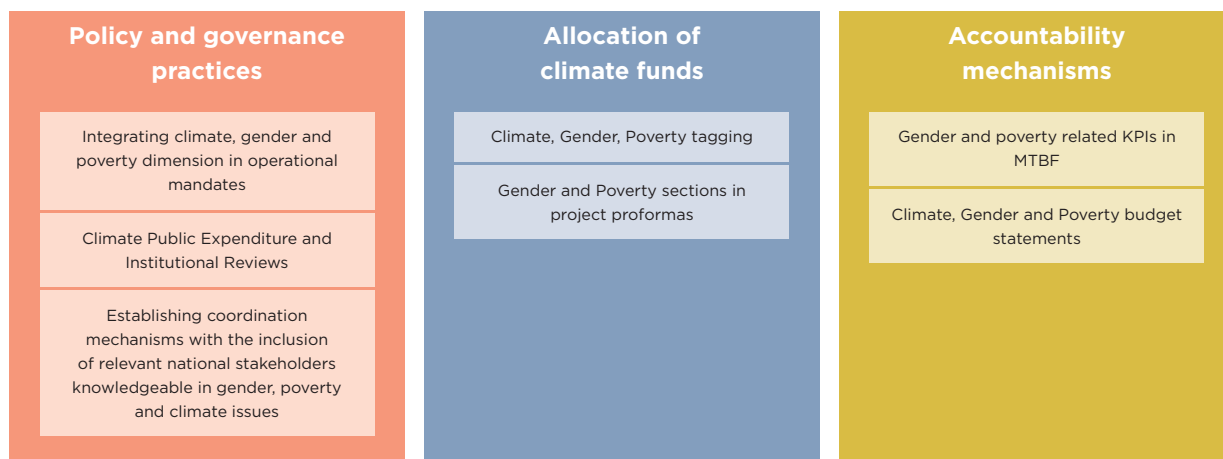
The section is specifically focused on approaches to planning, implementing and monitoring public climate finance expenditures by national and subnational governments with consideration of gender and poverty dimensions. It is worth noting that this section is targeting national expenditures budgets due to the presence of some elements of good practices related to the integration of the gender, poverty and climate change nexus. While revenue budgets are not discussed in this paper, it is recognized that occasionally climate finance expenditures can form part of revenue budgets, e.g. in Bangladesh, various capacity-development programmes supported via bilateral and multilateral donors, including agricultural subsidies, microcredit to rural development and social protection programmes with climate-change related

components (Ministry of Finance of the Government of Bangladesh, 2014).

Climate Fiscal Frameworks (CFFs) present one of the key entry points for the integration of the poverty and gender dimensions and driving the allocation of climate finance in a gender-responsive and pro-poor manner. Climate Fiscal Frameworks are usually comprised of three distinctive elements: a governance framework that defines steering modes and responsibilities of various actors involved in climate finance approaches to resource allocations and accountability processes. These elements offer specific opportunities for integrating gender and poverty dimensions (Figure 1).

The development of Climate Fiscal Frameworks is underpinned by Climate Public Expenditure and Institutional Reviews (CPEIR), which is a form of audit that enables better integration of climate issues in routine development plans and budgets and provides opportunities for enhancing accountability and the allocation practices of climate finance (Bird et al., 2012; Mukherjee et al., 2014; UNDP, 2015).

Figure 1: Overview of select good practices to support the integration of the poverty and gender dimensions in national climate finance public expenditures systems (based on case-study analysis in five targeted countries)



Boxes 4 and 5 below present examples of good practices in Bangladesh and Indonesia that support the integration of gender and poverty issues within public expenditures.

Box 4. Overview of good practices to support the integration of gender and poverty issues within public expenditures in Bangladesh

Bangladesh’s Climate Fiscal Framework (which was developed following the recommendations of CPEIR) notes that climate change effects cannot be detached from poverty, development and gender issues. To support this notion, the framework suggests specific accountability and allocation mechanisms and governance structures to mainstream climate change, gender and poverty issues in national budgets (O’Donnell et al., 2012).

For instance, the Medium-Term Budget Framework⁹ requires ministries and relevant public institutions to justify proposed expenditures in terms of their impact on climate change mitigation and adaptation, reducing poverty and promoting women’s advancement. Furthermore, the climate change impact of proposed expenditures needs to be aligned with the thematic areas and programmes identified in the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) (Ministry of Finance of the Government of Bangladesh, 2018).

Aside from the MTBF, Annual Development Programmes (ADP) are used to allocate expenditures in the short term. ADP is a summary of costed development projects based on approved Development Project Proposals. ADP specifically integrates considerations for poverty reduction, employment generation, food security, social protection, gender equality and climate resilience (Ministry of Planning Government of the People’s Republic of Bangladesh, 2014). The rules for preparing ADP include asking the Ministries to consider climate change-related activities as a priority area for public expenditures (UNDP, 2017b).

⁹ The Medium-Term Budget Framework (MTBF) is a budgetary planning tool with embedded accountability elements such as performance indicators of the line ministries.

Box 4. Overview of good practices to support the integration of gender and poverty issues within public expenditures in Bangladesh (continued)

The formats of the Development Project Proforma/Proposal (DPP) and Technical Project Proforma (TPP) could serve as a short-term climate finance allocation mechanism. In Bangladesh, Project Proformas are used to describe the impact of proposed projects on climate change adaptation and mitigation, gender, poverty and the needs of women, children, people with disabilities and other excluded groups.

Bangladesh has integrated climate change into its Planning Manual Guidelines and the budget circular to facilitate climate change analysis at the project formulation stage. Budget circulars require all ministries to report on the policies, strategies and operations on gender equality and poverty including due to climate change (UNDP, 2017b). While impact reporting is specifically focused on poverty and gender dimensions, there are no guidelines to report on climate change as a cross-cutting theme.

From the perspective of accountability, Bangladesh has a practice of developing climate budget reports which describe how climate-related allocation and expenditure are distributed. Similar reports are developed for gender and poverty budgets. The latest Climate Budget Report (Ministry of Finance of the Government of Bangladesh, 2020) tracks allocations that target improved stakeholder participation and gender equity and strengthen gender consideration in climate change management.

The budgets are prepared on an annual basis using an Integrated Budgeting and Accounting System (IBAS). As reported by Bangladesh's Ministry of Finance, gender reports cover 43 ministries. The climate budget report is covering 25 ministries now; however, only 5 ministries were preparing climate reports at the beginning of this practice (in 2017). In 2019, 55 percent of the national budget was allocated for poverty reduction, the equivalent of 11 percent of GDP; 31 percent of the budget was allocated for gender equality (equivalent to 6 percent of GDP); 7.5 percent of the total budget was allocated towards climate finance (0.8 percent of GDP). Currently, the IBAS module for climate budget does not integrate gender and poverty issues. And neither gender nor poverty budgets consider climate risks. While the Ministry of Finance of Bangladesh has noted its interest in exploring possibilities for integrating climate risks into gender and poverty budgets, it also recognized that such improvement may require substantive time, resources, data and technical expertise to support the integration of a climate module in gender and poverty budgets and vice versa.

Box 5. Overview of good practices to support the integration of gender and poverty issues within public expenditures in Indonesia

In Indonesia, poverty- and gender-sensitive Climate Public Expenditure and Institutional Reviews have been conducted at a subnational level for two provinces – Bangka Belitung Island (Babel) and East Nusa Tenggara (NTT) (Ministry of Finance of Republic Indonesia/UNDP 2011). These CPEIRs explicitly focus on climate mitigation and adaptation actions, including the gender-responsive and poverty-sensitive aspects of these actions. The analysis conducted in the CPEIRs was complemented by ethnographic research to integrate perspectives of direct beneficiaries and have a better understanding of factors that affect the effectiveness of public expenditures (UNDP, 2019).

At the national level, the Mitigation Fiscal Framework (MFF) for Indonesia was developed in 2013 and proposed specific fiscal measures to reduce greenhouse gases. Integrating gender and other cross-cutting issues within Indonesia's MFF appeared to be challenging. In response to this, Bappenas (a government institution in charge of formulating national development planning and budgeting) issued the Gender Mainstreaming Program and Planning Gender Responsive Budget document to support the integration of gender issues in national budgets.

Indonesia has a range of accountability tools to monitor gender, poverty and climate change-related expenditures. Climate change tagging was introduced lately and complemented already existing gender and poverty trackers. Climate change tagging has been helpful with identifying the funding gaps, the existing public spending and the estimated cost of national climate action, which has triggered the development of the Green Sukuk and facilitated the mobilization of private sector finance (UNDP, 2019).

In terms of accountability, line ministries are encouraged to assess the outputs of activities using the Gender Analysis Pathway, which was developed in partnership with civil society organizations (CSOs) to analyse and improve the impact of budgeting on gender equality and poverty reduction (UNDP, 2019). This information is then provided in the Gender Budget Statement (GBS). The GBS supports the accountability of gender mainstreaming efforts, and the Ministry of Finance requires all line ministries to produce a GBS for selected programmes and activities (Center for Climate Finance and Multilateral Policy of the Ministry of Finance, 2017).

The Ministry of Finance of Indonesia has developed the Low Emission Budget Tagging and Scoring System (Ministry of Finance of Indonesia/Policy Fiscal Agency, no date). It was developed to guide ministries and institutions in the process of tagging the budget for climate change mitigation as part of the national budgeting system (Andria et al., 2014). Poverty alleviation and social development are prioritized to the same extent as emissions reductions, and in some cases are more important decision-making criteria than mitigation benefits. For instance, projects and programmes with a low Mitigation Budget Score could be prioritized if they deliver economic and social benefits (Ministry of Finance, 2012). At the initial stage, the budget tagging covered climate change mitigation expenditure of the six Line Ministries. In 2018, the Budget Tagging Process was expanded to cover climate change mitigation and adaptation, involving 17 Line Ministries.

Key findings

While some elements of good practices related to climate change public expenditures exist, the key challenge is that **climate change is mostly perceived as a sectoral issue** (opposite to gender equality and poverty, which are recognized as cross-cutting issues). This creates additional challenges to adequate allocation. Effective allocation of climate finance needs to include climate change considerations in broad development perspectives to achieve resilience and socio-economic gains.

Interviewees noted that **Climate Budget Tagging is considered as one of the drivers that could guide climate finance allocation in a gender-responsive and pro-poor manner**. However, tagging happens at the output level and does not cover all components of the budget. Aside from CBT, there are other types of short-, medium- and long-term resource allocation planning (e.g. MTBFs, ADB funds and the Integrated Budgeting and Accounting System) but they lack a holistic outlook on gender, poverty and climate change nexus.

CPEIR is key to establishing the framework for strengthening the gender, poverty and climate change nexus. Recommendations developed within CPEIRS have been found helpful by national stakeholders; however, there is an agreement that the implementation of these recommendations is hampered due to limited capacities and insufficient prioritization of the gender, poverty and climate change nexus among senior-level administrators and policymakers.

From the perspective of accountability, **the existing monitoring and evaluation (M&E) systems in the studied countries are not designed to support the impact assessment of climate finance on gender equality and poverty reduction and need improving**. While countries have been incorporating a gender and poverty perspective through various climate finance planning and resource allocation mechanisms, there is anecdotal evidence that when projects are implemented, gender issues are frequently

overlooked. For instance, In Bangladesh, only select projects have been assessed and, generally, results-based monitoring does not exist. Also, the presence of gender, poverty and climate change-related KPIs among sectoral ministries is very fragmented. The existing instructions do not require ministries to present the impact of climate change on women's empowerment. Also, only select ministries have developed KPIs on the intersection of gender quality, poverty and climate change.

Political support and leadership are necessary to support the institutionalization of the gender, poverty and climate change nexus within budgetary frameworks. According to stakeholders' feedback, having knowledgeable and committed senior decision-makers could raise budgetary ambitions to support triple-win investments and improve the implementation of public expenditures with clear gender, poverty and climate change results.

Multi-stakeholder coordination is key for ensuring buy-in, assigning climate finance allocations in a gender-responsive and pro-poor manner and accountability. Climate finance planning is taking place across various constituencies (e.g. national, subnational and local governments, financial actors and institutions, including central, development and private banks, investors, private sector organizations, development partners and CSOs). There is a special need for integrating specific gender and poverty-related knowledge in decision-making processes by reaching out to gender machineries, women's organizations and gender-related groups, indigenous people, and especially vulnerable and marginalized communities

Integrating gender and poverty dimensions through multilateral climate finance

The section provides an overview of existing practices at the national level that supports the deployment of climate finance from multilateral funds in a gender-responsive and pro-poor manner.

The various types of funds’ policies strongly influence the integration of a gender and poverty perspective in climate finance investments at the national level, and this area has been studied relatively well (Schalatek, 2018, 2019; Granat, Reyes and Burns, 2020). To complement the work on integrating gender and poverty issues within multilateral climate finance sources, this section specifically focuses on national climate finance investment processes that target multilateral climate sources and consider gender and poverty issues (Figure 2).

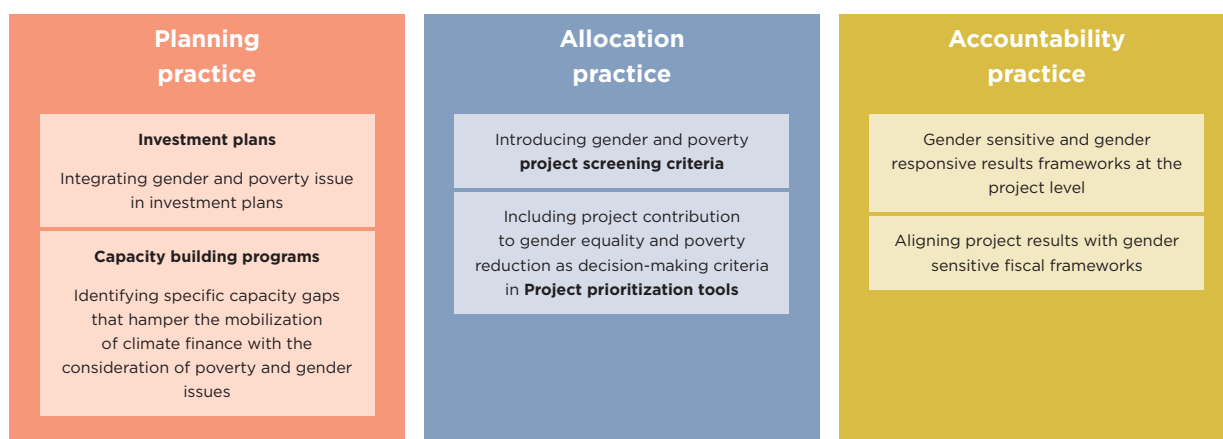
Climate finance disbursed by multilateral climate funds is intended to finance innovative

projects and de-risk and scale up private-sector investments to support low-carbon and climate-resilient development (Natural Resources Defense Council and Coalition for Green Capital Climate Finance Advisors, 2016). This orientation of multilateral climate finance creates an opportunity for enhancing the development of innovative climate finance (described in detail in the section below) and promoting gender-responsive and pro-poverty practices.

Interviewed stakeholders agreed that those institutions who are willing to access climate finance through multilateral climate finance funds are incentivized to develop gender policies and enhance the integration of gender considerations within their operations. MDBs’ and multilateral climate funds’ requirements for the consideration of the social dimension and gender equality issues within climate finance interventions have led not only to better design of projects but have also triggered institutional changes.

Those national institutions who are interested in directly accessing and deploying climate finance, for instance from AF, GCF and GEF, need to comply with Gender Policies and demonstrate that gender equality and social inclusion are fully mainstreamed across their operations.

Figure 2. Overview of select good practices for integrating gender and poverty dimensions in multilateral climate finance sources (based on case-study analysis in five targeted countries)



Box 6. Enhancing capacities of national implementing entities to support the integration of the gender, poverty and climate change nexus in their operations

The Fiji Development Bank (FDB), as an accredited entity to the GCF, has developed a Gender Policy that states that FDB's activities will seek to address the needs of all beneficiary groups, including women, men, youth, children, people living with disabilities and other vulnerable groups (Fiji Development Bank, 2018). To support gender mainstreaming, FDB has established an Advisory Group to strengthen implementation, monitoring, partner engagement and knowledge management on gender mainstreaming and social inclusion. In August 2020, the AgroPhotovoltaic (APV) Project, which is the first private sector climate change mitigation project in Fiji, was approved by the GCF with FDB as an accredited entity. The project intends to achieve gender co-benefits by employing and training women, and engaging gender-related organizations as partners for training and project implementation.

The integration of gender issues in climate finance funds is guided by Gender Policies, which require that climate finance allocated through these funds has to contribute to gender equality and women's empowerment. The gender- and poverty-responsive resource allocation in GEF (including SCCF and LDCF), AF, GCF and CIF is implemented by applying various investment criteria, project screening tools and setting the requirements in the project proposal templates. At the same time, countries are in

charge of planning and communicating national priorities to the funds and defining the scope of investments required to address national climate change ambitions. For instance, country climate finance programmes are one of the key planning policy documents that guide the further allocation of resources by GCF. CIF investment plans are of a similar nature and also include initial climate finance allocations across specific sectors (Box 7).

Box 7. Integrating the gender and poverty dimensions to support planning for multilateral climate finance in Bangladesh

The Bangladesh GCF Country Program was developed in consultations with the public, private, and development sectors and has specific references to gender and poverty alleviation. To support country programming efforts, Bangladesh developed a project prioritization tool, which among other criteria, includes gender and inclusiveness potential (Ministry of Finance of the Government of Bangladesh, 2018). Bangladesh's National Designated Authority specifically looked at the alignment of the project pipelines with national development and climate priorities and the engagement of a range of partners such as minority, youth and disadvantaged groups in the project design process and/or as beneficiaries of the project activities.

Bangladesh's Forest Investment Program for CIF states that all FIP activities must incorporate climate-resilience practices to ensure sustained carbon mitigation benefit and provide multiple forest products, income and employment generation benefits and diversification of sources of income (Ministry of Environment and Forests of Bangladesh, 2017). Similarly, the Bangladesh PPCR (Climate Investment Funds, 2010) and SREP (Ministry of Power Energy and Mineral Resources, 2015) acknowledge projects' contribution to socio-economic development with a description of gender-, poverty- and climate-related outcomes.

Another interesting practice that guides decisions on climate finance allocations is a no-objection procedure, which is specifically required by the GCF to ensure that the investments are consistent with national climate strategies and plans and correspond to countries' priorities. A no-objection procedure presents an opportunity for countries to integrate gender and poverty dimensions in the appraisal of climate finance proposals submitted to the GCF. Bangladesh's no-objection procedure screens projects' coherence and alignment with national priorities for development, climate change mitigation and adaptation; and checks if the stakeholder engagement process for the development of the proposal was inclusive and representative. In Thailand, the National Designated Authority (NDA) reviews whether proposals respect country ownership, social safeguards and gender policy among other criteria (Office of Natural Resources and Environmental Policy and Planning, 2017). The Thailand NDA strives to ensure that funding proposals are aligned with national gender policies and climate change policies, addressing gender inequalities and increasing participation by gender-related groups.

Key findings

Multilateral climate finance is critical for addressing capacity and policy deficits to support the integration of gender and poverty issues and mobilize climate finance in a gender- and poverty-responsive manner across different national sources of climate finance. For instance, the Bangladesh Bank recognizes the limitations within green banking policies, including the lack of knowledge on Shariah-based Green Banking principles and a limited understanding of impact investment and inclusion strategies that would consider gender issues and target women and indigenous people. Bangladesh has secured funding from the GCF to address the above-mentioned capacity gaps. While the project is

not completed yet, it presents an example of a good practice that increases the awareness of the Bangladesh banking sector on the gender dimension of their investment cycles and offers practical tools for integrating gender and social issues by national banks and the sustainable finance community.

Policy alignment requested by multilateral funders within the concept of country ownership creates a strong incentive for mainstreaming the gender, poverty and climate change nexus within policy and regulatory frameworks to support the mobilization of climate finance into pro-poor and gender-responsive actions. The stakeholders notes that the concept of country ownership,¹⁰ which is one of the key foundations of multilateral climate finance, creates an additional opportunity for aligning multilateral climate finance with gender-responsive and pro-poor climate change strategies and ambitions. As such, developing policy frameworks that are cognisant of the gender, poverty and climate change nexus could allow countries to mobilize climate finance in a gender-responsive and pro-poor manner.

The accountability practices to track the co-benefits of climate finance investments (funded through multilateral sources) on gender equality and poverty reduction are nascent. As reported by national stakeholders, multilateral climate finance has relatively advanced practices to support the integration of gender and poverty dimensions at the project level. Also, there are some elements of good practices at the system level, which are related to resource planning and allocation approaches. However, from the perspective of accountability, the impact of such investments on gender equality and poverty reduction is not well tracked.

¹⁰ Country ownership is understood as the alignment of various climate finance systems, i.e. public, multilateral and private, with key national climate change-, gender- and poverty-related policies and commitments.

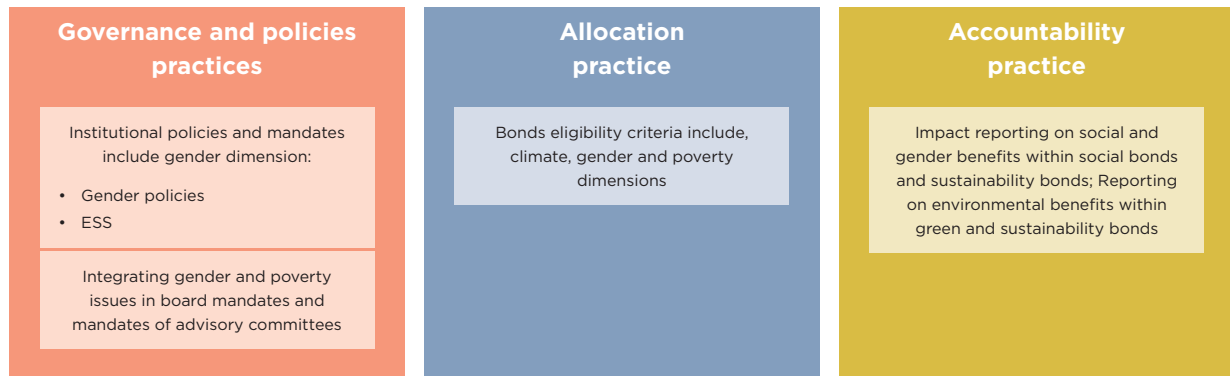
Integrating gender and poverty dimensions within domestic innovative climate finance

This section presents an analysis of existing good practices deployed through innovative climate finance mechanisms in the five studied countries. It is worth noting that innovative climate finance appeared to be the least advanced source of climate finance in the targeted countries. Furthermore, the evidence on gender and poverty mainstreaming practices is very limited, but as noted by national stakeholders, the potential for enhancing the integration of these issues is significant.

Bond market – green bonds, green sukuk, gender, social and sustainability bonds

The position of the issuers of bonds and sukuk, their institutional policies and mandates are important for guiding the design of bonds. In principle, bonds could be issued by both the public and private sector and are critical for bridging the climate investment gap (Doran and Tanner, 2019). The allocation of the proceeds of green bonds and sukuk¹¹ is based on issuers’ sustainability objectives, which define eligibility criteria (Climate Bonds Initiative, 2019). Overall, environmental, social and governance (ESG) principles adopted by bonds’ issuers define the approach to project selection, implementation and impact reporting (Roth, Thiele and Unger, 2019).

Figure 3. Elements of good practices within bonds frameworks



¹¹ The green sukuk is a form of green bond that has the potential to channel Islamic finance market toward funding of green and sustainable investment projects.

According to stakeholders' feedback, gender equality promotion and poverty alleviation are priorities within the green bonds and sukuk markets in studied countries. However, despite increasing attention, gender equality, poverty and climate change issues are frequently approached in isolation within innovative climate finance sources. While select countries have been working on the development of green bonds, the extent of the integration of gender and poverty dimensions in project appraisal and impact reporting is not always evident. Some elements of good practices are presented in Figure 3 and discussed below.

Indonesia's bond market is estimated at US\$270.5 billion with 80 percent of the market belonging to the green bonds issued by the government and the central bank (Climate Bonds Initiative, 2019). In Indonesia, the establishment of Green Sukuk was guided by the 'Green Bond and Green Sukuk Framework', which aligns with the country's pledge in the 2015 Paris Agreement to reduce its greenhouse gas emissions by at least 29 percent below a 'business-as-usual' trajectory by 2030. The Green Framework covers nine eligible green sectors: renewable energy, energy efficiency, green tourism, sustainable management of natural resources, disaster risk reduction, green buildings, sustainable agriculture and waste management. Reforms to strengthen Climate Budget Tagging is included as one of the potential service lines (UNDP, no date).

In Indonesia, while the possibility of indirect impact of Green Sukuk on poverty reduction and gender equality has been recognized among interviewees, the focus of Green Sukuk is to reduce greenhouse gas emissions and increase sectoral resilience in line with NDCs.

The ICMA Voluntarily Green Bonds Principles are accepted as universal guidelines for a green bonds framework and have been used by studied countries to support the design of green bonds in their respective countries. It is worth noting that ICMA Green Bonds Principles do not refer to gender issues and/or the possibilities for the integration of gender dimensions in project evaluation and selection processes and reporting

(International Capital Market Association, 2018a). As such, green bonds and Green Sukuk have not been designed with the explicit consideration of gender and poverty dimensions.

There are also examples of social and gender bonds in Indonesia and Thailand, which specifically target affordable basic infrastructure, access to services, affordable housing, employment generation, food security, or socio-economic advancement and empowerment (albeit without specific considerations of climate change impact). However, in principle, ICMA Guidelines recognize that some green projects may have social co-benefits; and environmental co-benefits can be associated with some social projects (International Capital Market Association, 2018b).

In Indonesia, the gender bond was issued by Bank OCBC NISP of Indonesia with the support of IFC. The bond is designed to align with the Government of Indonesia's development goals and aims at reducing gender-related inequalities in the country. The proceeds of the bond support women-led businesses and small and medium-sized enterprises (SMEs), including in climate change-related sectors.

In Thailand, the gender bond was issued in August 2019 by the Bank of Ayudhya in the amount of US\$220 million. The bond supports women-led small and medium-sized enterprises (WSMEs) in Thailand. This is the first private-sector "gender" bond issuance in the Asia-Pacific region. While social and gender bonds support poverty reduction and gender equality issues, they are not labelled as climate finance and they do not consider climate change co-benefits. The objective of the bond is to support female entrepreneurs who play a significant role in driving the economy, increase the country's employment, and promote the SDGs in Thailand (Bank of Ayudhya Public Company Limited, 2019). The proceeds of the bonds will be used for financing the following types of projects: employment generation through women-owned SME financing/and microfinance for women; socio-economic advancement and empowerment through financing to women with low incomes or disadvantaged female

groups. For the assessment and selection of projects, a special Women Bond Sub-Committee has been established, which is comprised of representatives of different Bank's divisions. The annual reporting on the allocation and impact of bonds' proceeds includes the information on the total amount and number of projects that have been financed, and gender-disaggregated information on borrowers. As reported by national stakeholders, the impact reporting practice is somewhat limited, i.e. the impact report does not include information on climate resilience or the poverty impact of the bond's allocations. However, ICMA's recommendations on impact reporting note that bond issuers are encouraged to report on positive socio-economic outcomes on the targeted populations either on a project level or portfolio level (International Capital Market Association, 2020b).

Aside from green and social types of bonds (including gender), there are sustainability bonds that could deliver both environmental and social benefits (International Capital Market Association, 2020a). The track record of sustainability bonds is extremely limited and they have been implemented on a pilot basis in Thailand. A sustainability bond in the amount of US\$100 million was issued by foreign institutional investors via Kbank's Hong Kong branch. Eligible

project categories include renewable energy, green buildings, employment generation and access to services, yet social and climate change dimensions are not addressed holistically within the sustainability bonds framework.

There are other type of bonds that operate with similar principles, e.g. blue, resilience and catastrophe bonds. The information on gender mainstreaming practices within these types of instruments is extremely limited, but opportunities for integrating the gender dimension clearly exist and may depend on the structure of the bond. For instance, activities financed by blue bonds focus on coastal ecosystems, including climate change adaptation of coastal ecosystems and communities (Roth, Thiele and Unger, 2019).

In terms of institutional policies related to the recognition of the gender, poverty and climate change nexus, the interviewed stakeholders reported that attention to these issues is on the rise and their respective institutions have established Sustainability and ESG divisions, which are mandated to oversee the integration of these issues within their operations. Institutions have frequently developed gender policies and specific information disclosure requirements related to sustainability operations (Box 8).

Box 8. Institutional policies to support the integration of gender and poverty dimensions within innovative climate finance sources

PT Sarana Multi Infrastruktur (PT SMI) is a state-owned enterprise under the Ministry of Finance of Indonesia that designed a green bond framework in compliance with the ICMA Green Bond Principles and ASEAN Green Bond Standards. In 2016, PT SMI established a Sustainable Financing Division to oversee green projects and an Environmental, Social and Advisory Evaluation Division to implement an Environment and Social Management Framework. Because PT SMI has the Gender Policy and the Environmental and Social Management Framework, it suggests that gender-disaggregated information needs to be collected for the social impact assessment of investments, with particular attention to be paid to vulnerable people and women; and that consultations need to be gender-inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups.

The Thailand Bank of Ayudhya specializes in retail in the SME sector, is committed to ESG principles and aligns its operations with the country's development vision. The bank has established a Corporate Social Responsibility (CSR) Committee and an Environmental, Social and Governance (ESG) Division. The bank has been leading the development of gender and green bonds in Thailand.

Central banks can play a significant role in setting ESG and CSR standards that could further guide the integration of the gender, poverty and climate change nexus among the wider financial community, and facilitate the integration of such considerations within innovative climate finance mechanisms. In Bangladesh, the Central Bank has introduced specific requirements for sustainability reporting and annual performance ratings. This incentivizes national banks (including those who are interested in bond markets) to make more sustainability efforts as banks with higher ratings have better credibility and increased competitiveness. Also, the Bangladesh Bank is supporting capacity-building programmes to educate banks on integrating gender equality and climate change issues within their operations; have developed guiding principles of sustainable banking; and is actively promoting sustainability stewardship at the national level.

Carbon trading

Carbon trading is another innovative instrument to engage the private sector in reducing deforestation and forest degradation emissions in developing countries (REDD+). Carbon trading has significant potential for integrating gender and poverty issues (Gurung, Kono and David, 2013). However, evidence on specific gender equality practices is overwhelmingly low in studied countries and several studies have been raising concerns on the negative impacts of carbon market schemes on communities and gender equality (Chalifour, 2010; Lee et al., 2015; Afroj et al., 2016).

The track record of developing carbon markets and especially integrating gender and poverty dimensions within them is extremely limited in select countries; and most of the evidence presented in this study has been collected from Cambodia and Thailand.

Cambodia has been making efforts to introduce carbon markets and carbon trading schemes. The Royal Government of Cambodia considers the socially and economically viable conservation

and management of forest resources a major pillar of public welfare that directly contributes to environmental protection, poverty reduction, and socio-economic development. Cambodia's National Forest Programme 2010-2029 (NFP) specifically targets the development of innovative financing from payments of environmental services and carbon credit. It is anticipated that carbon credits will generate income, create jobs and lead to improved livelihoods and poverty reduction in rural communities.

Carbon trading is perceived as one of the key funding methods to support the development and protection of the forestry sector; it constitutes approximately 20 percent of the income generated in some of the subprogrammes (CIF/Royal Government of Cambodia, 2017). While these interventions could lead to social co-benefits, such co-benefits are yet not monitored and measured.

The Thailand Voluntary Emission Trading Scheme (launched in 2015) was set up as a pilot to support the development of a national emissions trading system. The scheme is based on partnerships between private sector entities who are interested in offsetting carbon emissions and municipalities, who originate project ideas, which mostly cover renewable energy, energy efficiency and the waste management sectors. So far, around 200 projects have been supported. As reported by national stakeholders, there are no specific considerations for gender and poverty issues within the market's design and the measurement, reporting and verification system. However, in principle, gender equality and poverty issues are acknowledged, and there is anecdotal evidence that projects supported through carbon markets generate employment, which reduces poverty levels. Similarly to in Cambodia, social and gender equality impacts and co-benefits are not measured.

Based on the analysis of literature and interviews, the integration of gender and poverty issues within carbon markets is at its early stages and not yet conceptualized. Some elements of good practices which lead to increased attention

to gender equality and poverty issues include awareness-raising among market actors (for instance, conducted by the Thailand Greenhouse Gas Management Organization). The importance of women leaders among project developers and implementing partners is also noted; however, no particular efforts to support women's leadership have been implemented so far.

Key findings

There has been a lot of pressure from policymakers and civil society on business and finance to deliver positive social, environmental and economic impacts. So far, innovative instruments such as green, gender, social and sustainability bonds and carbon trading have been implemented on a pilot basis in select countries. **While efforts to integrate climate risks, poverty and gender considerations have been made, the necessary related rules, regulations, standards and best practices remain nascent and weakly defined.**

Despite increasing attention, gender equality, poverty and climate change issues are not approached holistically. Among bond issuers, **gender equality practices are frequently reduced to gender-balanced participation within project-related consultations and quotas for women's employment.**

The existing resource allocation and accountability mechanisms for climate change-oriented bond frameworks do not integrate gender equality and poverty issues within eligibility and reporting requirements for investments. Conversely, the existing bond frameworks which are oriented towards social impact do not consider climate change issues. Thus, **gender equality, poverty and climate change issues are frequently approached in isolation within innovative climate finance sources.**

Awareness and understanding among relevant institutions involved in innovative climate finance on the linkages between climate change, gender and poverty issues remain low. Also, there is still a lack of awareness among sellers

and buyers of carbon credits of the importance of integrating gender and poverty co-benefits, as well as understanding the methodologies for quantifying and measuring gender and poverty impacts. **Creating relevant capacities and awareness (especially among leaders and senior management) and developing guidelines and methodologies is critical for supporting targeted efforts for achieving triple wins in terms of gender equality, poverty reduction and low-carbon and climate-resilient development.**

Regular reviews of institutional policies and exploring the scope for enhancing gender, climate and poverty dimensions are required to support the effective policy implementation and the development of tailored financial offerings and innovative products that target climate change risks, gender gaps, social inequality and poverty issues.

Lessons learned and the way forward

Integrating the gender, poverty and climate change nexus is happening at a different pace across climate finance systems and sources. Based on an analysis of domestic climate finance systems and multilateral and innovative climate finance sources deployed at the national level, it can be seen that the integration of gender and poverty dimensions is extremely inconsistent and fragmented.

National stakeholders believe that there are further opportunities for improving national climate finance systems, which may include targeted efforts related to institutional strengthening, policy innovation and capacity-building. Also, enhancing existing allocation and accountability practices is necessary for mobilizing and implementing climate finance considering poverty alleviation and gender equality co-benefits.

The key observations collected through the interviews are summarized below and indicate opportunities for the way forward.

a. **Enhancing climate finance allocation and accountability practices**

Existing climate finance allocation and accountability practices do not adequately consider the gender equality and poverty co-benefits of climate finance. Advancing allocation practices requires the development of specific operational norms and guidelines that will institutionalize the integration of gender equality and poverty dimensions within decision-making on climate finance prioritization and allocation. For ensuring tangible impacts and sufficient gender-responsive and pro-poor climate finance mobilization, existing resource allocation and climate finance planning practices need to be underpinned by data, which clearly demonstrate cause and effect relationships between climate change impacts, gender equality and poverty. For instance, intra-household data is extremely important for understanding baselines related to gender inequality and poverty; however, this type of data is rarely available.

Data are also key for ensuring accountability and tracking climate finance impacts on gender equality and poverty alleviation. However, sectoral ministries and other climate finance actors are not always capable of retrieving and managing the necessary data associated with the implementation of climate finance. Specialized methodologies and institutions are needed at the national level to guide and manage the development of data systems on the intersection of climate change, gender equality and poverty reduction. National statistical agencies could play a stronger role in ensuring access to gender, climate and poverty data to support climate finance planning in a gender-responsive and pro-poor manner and integrating climate risks within key development efforts. Also, addressing data challenges will require joint efforts and should be addressed via partnerships with different stakeholders and actors, including NGOs who have access to local knowledge and data.

b. **Institutional strengthening**

Climate finance planning requires multi-stakeholder collaboration. Therefore, establishing appropriate coordination structures and integrating gender and poverty expertise within these structures, e.g. technical and working groups, is critical for ensuring gender-responsive and pro-poor climate fiscal planning, transparent and accountable implementation and monitoring of public, innovative and multilateral climate finance.

Sensitizing senior management and creating awareness among leaders of the importance of the climate change, gender and poverty nexus are considered success factors that facilitated the prioritization of gender issues and the development of commitments to support gender mainstreaming across policies and programmes. Furthermore, countries reported that supporting more gender-balanced leadership contributes to raising attention to gender equality issues and women's empowerment. In turn, this could lead to the prioritization of these issues and ongoing commitments to gender equality agendas.

c. **Capacity-building**

National stakeholders noted that the capacities of different actors, including those who are involved in climate finance planning, programme implementers and beneficiaries, remain low. For instance, sectoral ministries often believe their work is gender neutral and dismiss opportunities for gender mainstreaming within sectoral budgets. Also, those ministries who do include gender considerations in their budgets reported that in the absence of relevant implementation capacities and technical skills, it is not sufficient on its own for achieving tangible results and impacts to have relevant gender and poverty indicators and targets within climate finance plans.

Exploring and actively pursuing partnership opportunities with various international

and local actors is required for building knowledge and developing capacities to support gender-responsive and pro-poor climate finance policymaking and programming at the national level, including:

- Teaming up with international partners to provide access to the best international practices, e.g. the Ministry of Environment of Indonesia is partnering with UN Women to develop training on climate finance with consideration of gender equality.
- Working closely with gender machineries to integrate gender issues within sectoral climate change plans.
- Collaborating with rural development agencies and ministries of social affairs to analyze the impact of climate change on gender and poverty and support the development of recommendations for policies.

d. Policy innovation

Countries have reported evidence that COVID-19 has increased vulnerabilities of small businesses and vulnerable groups who were already exposed to climate change impacts. Positively, this has raised attention to the climate change, poverty and gender equality nexus and created an opportunity to review existing studies and develop new analysis to understand the effects of COVID-19 on gender equality and poverty within the context of a changing climate. Within this context, designing sectoral, fiscal and monetary policies, including those related to climate finance issues, must bring attention to the most affected communities, people and businesses, including by implementing necessary social protection measures, and strive to support more inclusive, equal and resilient societies. Thus, strengthening the gender, poverty and climate change nexus through climate finance has created an opportunity to tackle the current economic and social crises triggered by the pandemic.

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Annex 2: List of participating organizations

- Ministry of Environment, Forest and Climate Change, Bangladesh
- Ministry of Women and Children Affairs, Bangladesh
- Bangladesh Bank
- Ministry of Finance, Bangladesh
- Ministry of Finance, Cambodia
- National Council for Sustainable Development, Cambodia
- Ministry of Women's Affairs, Cambodia
- National Bank of Cambodia
- Ministry of Women Empowerment and Child Protection, Indonesia
- Ministry of Environment and Forestry, Indonesia
- Center of Climate Finance and Multilateral Policy, Fiscal Policy Agency, Ministry of Finance, Indonesia
- Islamic Finance, DG Budget Financing and Risk Management Ministry of Finance, Indonesia
- PT SMI, Indonesia
- Central Bank of Indonesia
- CIFOR, Indonesia
- PATTIRO, Indonesia
- Office of Natural Resources and Environmental Policy and Planning (ONEP), Ministry of Natural Resources and Environment, Thailand
- Fiscal Policy Office, Ministry of Finance, Thailand
- Bank of Thailand, Thailand
- Office of the National Economic and Social Development Council, Thailand
- Thailand Greenhouse Gas Management Organization
- The Thai Bond Market Association
- Public Debt Management Office, Ministry of Finance, Thailand
- The Securities and Exchange Commission, Thailand

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