



# Gender and climate finance

## Background

*Incorporating gender awareness and gender criteria into climate financing mechanisms and strategies would [...] constitute 'smart climate finance'.*

Source: Schalatek 2009: 13.

The overall economic, social and environmental costs of climate change are substantial; this is particularly the case in natural-resource-dependent regions such as Africa. Women are often disproportionately vulnerable to the effects of climate change, a fact that, in turn, can exacerbate gender-based disparities. Adequate and sustainable financial resources are crucial in helping communities address the monumental challenges posed by climate change. Such resources can also foster equitable development policy, including gender equality.

Existing climate finance mechanisms have varying degrees of gender sensitivity and much remains to be done to engender the larger global climate finance regime. Furthermore, limited climate finance resources, inadequate awareness and capacity constraints have made it harder for many countries to gain access to relevant climate funds, private sector finance and carbon markets. These obstacles are greater for marginalized groups, such as poor women and men, who often face higher barriers to accessing and benefiting from such financial resources.

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- *Women's abilities to engage in climate finance or to start or scale up initiatives to respond to climate change are constrained by gender disparities at the national level.*
- *Of 4,389 registered CDM projects, only 91 went to Africa (as of July 2012). Thus far, most CDM projects executed have tended to overlook small-scale projects that would benefit women.*
- *While 48 percent of business owners in Kenya are women, they hold only 7 percent of credit and 1 percent of land.*
- *Nigerian women own 25 to 30 percent of registered businesses, but receive only 10 to 15 percent of bank credit.*
- *In Uganda, women account for 39 percent of businesses with registered premises, but receive only 9 percent of commercial bank credit.*
- *Investing in women would enhance returns on climate finance as well as the environment, achievement of the MDGs, poverty alleviation and social policy.*

Sources: UNFCCC 2012, UNDP HDR 2011, UNDP 2011, Schalteck 2009, IFC 2005.<sup>4</sup>

Therefore, it is crucial that climate finance mechanisms explicitly target such groups during project planning, implementation, monitoring and evaluation. In this process, it is pivotal to ensure that such financial systems are transparent and have accountability mechanisms that involve civil society, the public and vulnerable groups, including the poor and women, in the relevant decision-making processes.

## The costs of climate impacts are huge

The price tag for climate change responses is high. Although cost estimates for adaptation and mitigation efforts vary widely, by 2030, the cost of the response to climate change will still range from \$249 billion to \$1,371 billion annually.<sup>1</sup> In Africa alone, the costs of the impact of climate change could be equivalent to 1.5 to 3 percent of GDP per year by 2030,<sup>2</sup> and costs of adaptation efforts could be as high as \$17 billion per year.<sup>3</sup> Because many climate finance mechanisms are based on voluntary contributions, this is no doubt a huge resource challenge — especially given current global economic woes.

## *Climate finance could catalyse social development*

The current climate finance architecture is complex and involves numerous private and public players. There are currently over 50 international public funds, 45 carbon markets and 6,000 private equity funds providing climate change finance.<sup>5</sup> Nevertheless, given various barriers and limitations, including low institutional and technological capacity constraints, much of Africa has continuing problems accessing these climate finance structures. For example, as of July 2012, the entire African continent had managed to attract only a meager 2.07 percent of Clean Development Mechanism (CDM) projects.

Nevertheless, if properly managed, climate finance could enhance the climate response effort while simultaneously promoting poverty reduction, achievement of the MDGs and social development, including women's empowerment and gender equality. In this process, it is critical that women as well as men are seen as strong agents of change having unique knowledge and skills that can be harnessed to develop effective climate change responses. Targeting and involving women and men equitably in climate finance mechanisms would extend the impact and benefit — and thus the success, sustainability and efficiency — of those mechanisms.

## *Climate finance needs to reflect gender considerations*

Gender disparities in ownership and access to resources (such as land, credit and technology), coupled with socio-cultural barriers, lower adaptive capacity and increase women's exposure to climatic risk. Further, because women's livelihoods tend to be highly climate-sensitive, climate change imperils their lives more than men's.<sup>6</sup>

Gender equality is not only a fundamental human right and a core development objective, but also 'smart economics'.<sup>7</sup> Specifically, numerous studies show that women's empowerment leads to gains in productivity, environmental sustainability and in confronting the ill effects of climate change;<sup>8</sup> hence, it follows that "incorporating gender awareness and gender criteria into climate financing mechanisms and strategies would likewise constitute 'smart climate finance'." Yet women do not have easy and adequate access to funds to cover weather-related losses or to avail themselves of adaptation technologies.<sup>10</sup> The reasons range from cultural and social barriers in education, political participation and decision-making processes to legal restrictions on access to capital, markets and land ownership.<sup>11</sup>

## *Suggested actions for mainstreaming gender and empowering women in climate change financing*

- Ensure that projects' and programmes' broader social implications are factored into decision-making processes*
- Maximize synergies among mitigation, adaptation, poverty eradication, gender equality and women's empowerment*
- Streamline application processes and support women's and small-scale initiatives' participation in adaptation and mitigation activities*
- Improve infrastructure, public health, and disaster preparedness*
- Ease women's and girls' care burdens*
- Promote women's economic empowerment*
- Embed adaptation and mitigation strategies into gender equality projects*

count as adaptation and mitigation (such as tree planting). For example, CDM often focuses on energy and power sources, neglecting soil carbon sequestration and avoiding deforestation projects, which are vital to climate change mitigation in many African countries. The exclusion of these projects limits the participation of the poor and women in CDM and correspondingly their mitigation opportunities.<sup>13</sup> Accordingly, it is critical that financing strategies target climate change mitigation and adaptation activities that benefit those most in need, including women, who often lack sufficient resources and capacities to engage with and contribute to more large-scale climate change responses.

Despite steady improvement toward greater gender sensitivity in the current climate finance regime (especially within multilateral climate funds), many existing mitigation and adaptation financing schemes have yet to systematically account for gender and effectively link climate finance to social development and gender equality. More specifically, mitigation activities and associated financing, such as those implemented through the CDM under the Kyoto Protocol, have tended to focus more on large-scale energy efficient and/or renewable energy projects.<sup>12</sup>

As a result, many finance programs and strategies tend to overlook typical women's activities that could

## Recommendations for action

- **Gender-sensitive tools and procedures should be integrated into all areas of climate change finance.** To ensure that climate finance efforts make an equitable difference on the ground, gender equality and women's empowerment concepts should be mainstreamed within climate finance governance structures and procedures as well as within their programs during design, implementation, monitoring and evaluation.
- **Decrease gender biases within climate finance approval and disbursement processes.** In this regard, streamlining application and approval procedures for climate funds could help reduce the time and cost for women and community groups to gain access to resources. Gender-based criteria for fund disbursement and project selection should also be developed to encourage gender mainstreaming in all funded projects and to ensure that small-scale projects — particularly those involving women — are supported and targeted for funding.
- **Financing processes must be attuned to the needs of and involve the most vulnerable groups of society, including poor women and men.** To complement broader developmental goals, including inclusive growth, gender equality, poverty eradication and sustainable development, such steps need to ensure the effective participation of vulnerable populations, such as women and women's groups, as key stakeholders in decision-making processes at all levels.
- **Engage with existing and newly developed climate finance frameworks, networks, and instruments to ensure the integration of gender perspectives within their evolving and reforming processes.** Such opportunities include vigorous engagement with the private sector and non-market (e.g., multilateral climate funds, such as the Climate Investment Funds) and market (e.g., CDM) finance mechanisms. It is critical that ongoing investment and financial support for climate change responses break the current cycle of gender-blind decision-making processes within the larger global financial structure.
- **Use national-level finance tools, such as National Climate Funds (NCF) and climate finance readiness strategies to help countries manage, coordinate, implement and account for international and domestic climate finance.** Such tools would help countries strengthen their national capacities to use climate finance effectively as well as to integrate these resources appropriately within their national development planning and sustainable development goals. In this process, it is critical that these national-level finance tools channel funds in a gender-responsive manner that catalyses low-emission, climate-resilient development for both women and men.<sup>16</sup>
- **Ensure that climate change mitigation and adaptation financial resources are managed effectively.** Issues of accountability, efficiency and good governance need to be addressed so that finance for adaptation and mitigation activities is used fairly and transparently. Gender-responsive budgeting can help in this by ensuring greater accountability over public resources and by promoting gender equality goals. Such budgeting strategies can also help address gender gaps in budgets as well as emphasize the re-prioritizing of financial resources within activities in addition to increasing overall expenditures.<sup>17</sup>

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United Nations Development Programme  
220 East 42nd Street, New York, NY 10017, USA  
[www.undp.org/gender](http://www.undp.org/gender)

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**AUTHOR:** Zerisenay Habtezion **CONTRIBUTORS:** Tim Scott and Lucy Wanjiru

**WRITTEN PEER REVIEWERS:** Ana Rojas, Anesu Makina, Anthony Kagoro, Evelyne Nairesiae, Gisele Dodji Dovi, Hannah Strohmeier, Kaijage Erneus, Kathleen Rutherford, Norah Matovu, Pia Treichel, Restituta Bogere, Simon Billett, Susanne Ölbrisch and Marie-Laure Mpeck Nyemack.

**IN-PERSON PEER REVIEWERS:** Ana Maria Correa, Elizabeth Eggerts, Gail Karlsson, Hye Jung Han, Lucy Wanjiru, Naoko Otobe, Ngone Diop, Ryan Laddey, Sabina Mensah, Sarah Twigg, Solange Bandiaky, Stacy Alboher, Tim Scott, Tonni Brodber and Tracy Vaughan Gough.

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