



## GENDER AND CLIMATE CHANGE

# Gender and climate finance

As the Earth's average surface temperatures rises, so do the associated costs. Because marginalized communities and groups (e.g., women, immigrants, the elderly, the disabled) are more exposed to climatic risk, the costs of climate change are more difficult for them. Women in particular are structurally vulnerable, and climate change can worsen existing gender-based inequities that keep them impoverished and marginalized. Climate finance ('financial flows mobilized by industrialized country governments and private entities that support climate change mitigation and adaptation in developing countries'<sup>1</sup>) can catalyse the much-needed transition to zero-carbon and climate-resilient development while also fostering equitable social policy, including gender equality and women's empowerment. While the recent integration of gender considerations into key multilateral climate finance mechanisms, including the recently operationalized Green Climate Fund, are steps in the right direction, gender considerations have yet to be effectively mainstreamed in ongoing climate change programmes and activities, and national planning. To enhance the efficacy of supported actions and ensure their long-term viability, hence maximizing the impact of climate finance, existing funding mechanisms across scales need to tackle deeply rooted structural inequities.

## *Gender-responsive climate finance is more effective*

Gender equality is a fundamental human right – it is also ‘smart economics’. An increasing body of evidence shows that gender equality and women’s empowerment would yield greater returns to economic growth,<sup>2</sup> and, more broadly, to sustainable development.<sup>3</sup> Thus, it follows that “incorporating gender awareness and gender criteria into climate financing mechanisms and strategies would likewise constitute ‘smart climate finance.’”<sup>4</sup> Nevertheless, women do not have easy or adequate access to funds to cover weather-related losses or to avail themselves of adaptation technologies.<sup>5</sup> The reasons for this 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>6</sup> To illustrate, 9 in 10 countries in the world currently have at least one law impeding women’s economic opportunities,<sup>7</sup> including access to credit, and only in two countries in the world does the share of women in parliament match their share in the population.<sup>8</sup>



## *Climate change comes with a big price tag*

It is hard to predict the economic impact of climate change across scales and sectors. However, research continues to be conducted exploring the costs associated with the changing climate, resulting in a range of estimates. The variance in estimates notwithstanding, the consensus is that unmitigated climate change will be very expensive. A recent study shows that unmitigated climate change can lead to a decline of the global economy by 23 percent by 2100.<sup>9</sup> Another study suggests that inaction on climate change will cost an additional \$44 trillion by 2060.<sup>10</sup>

Estimates on the cost of adaptation and mitigation efforts vary widely, with the cost of the climate change response by 2030 ranging from \$249 billion to \$1,371 billion annually.<sup>11</sup> On the adaptation side, the World Bank estimates that costs would be in the range of \$75 billion to \$100 billion per year between 2010 and 2050, assuming the Earth's average surface temperature will be about 2°C warmer by 2050.<sup>12</sup>

The international community is now mobilizing resources to finance the mitigation and adaptation actions needed to adequately respond. At COP 15, as part of the Copenhagen Accord, developed countries pledged \$30 billion in 'fast start' finance from 2010–2012, with a pledge to increase the financing to \$100 billion annually by 2020. Because many climate finance mechanisms are based on voluntary contributions, this constitutes a huge resource challenge, especially given the recent upheavals in the world economy. Nevertheless, there has been a notable increase in the flow of climate funds in recent years – global climate finance increased by 18 percent in 2014, making the year a standout as some \$391 billion was invested in low-carbon and climate-resilient growth.<sup>13</sup>

Climate finance helps mobilize development funds to assist developing countries in reducing greenhouse gas emissions (GHGs) and adapting to the impacts that cannot be avoided. The current climate finance architecture is complex and involves numerous private and public players. There are over 50 international public funds, 45 carbon markets and 6,000 private equity funds providing climate change finance.<sup>14</sup>

Despite the finance architecture already in place, the present level of climate finance remains inadequate. With the adoption of the Paris Agreement, the implementation of the climate actions proposed by more than 160 countries may necessitate new sources of finance. For example, while 2014 witnessed the largest flow in climate finance (both public and private), the International Energy Agency (IEA) estimates that \$13.5 trillion will be needed, over the course of the next 15 years (2015–2030), for investment in energy efficiency and low-carbon technologies to implement the Intended Nationally Determined Contributions (INDCs) made as part of the Paris Agreement adopted in 2015, and an additional \$3 trillion will be needed to limit the global temperature increase to 2°C.<sup>15</sup> What's more, even with the existing climate funds in place, many developing countries and groups still lack the capacity to adequately access them.

## Box 1 *Gender issues around climate finance*

- Only 0.01 percent of all worldwide funding supports projects that address both climate change and women's rights.
- In 2011 and 2012, only \$469 million – just 2 percent of all bilateral aid – was directed towards initiatives that had women's economic empowerment as a principal objective.
- In 2015, just 14 out of 193 (7 percent) of Finance Ministers globally were women.
- In 2015, female representation in the governing bodies of the major climate funds was, on average, just 22 percent.
- Following the adoption of a Gender Policy for the Global Environment Facility (GEF) in 2011, gender-responsive projects in Latin America increased by 75 percent relative to the level of such projects implemented before the adoption of the gender mandate.
- Targeted investments in gender equality and women's empowerment would also yield returns in environmental conservation, achievement of the Sustainable Development Goals (SDGs), poverty alleviation and social policy. For example, the number of malnourished children is 60 percent higher in countries where women do not have the right to own land and 85 percent higher in countries where women lack any access to credit.
- Globally, women occupy 21 percent of seats in national parliaments. In Latin America and the Caribbean they do better, with around 25 percent of seats. In the parliaments of Arab States, they hold less than 14 percent of seats.
- A 2012 assessment of Climate Development Mechanism (CDM) projects concluded that only five of the 3,864 projects (0.13 percent) included gender considerations within project documentation.

Sources: GGF & INWF (2015); Aguilar, L. et al. (2015); UNDP (2014); UNFCCC (2012)<sup>16</sup>



© UNDP





## *Climate finance could catalyse women's empowerment*

Poverty, inequality and climate change are intrinsically linked. Gender disparities in ownership and access to resources (such as land, credit and technology), coupled with sociocultural barriers, impoverish women, lower their adaptive capacity and increase their exposure to climatic risk. Because women's livelihoods tend to be climate-sensitive, climate change imperils their lives more than it does men's.<sup>17</sup> Conversely, women's unique knowledge of community dynamics and skills in the use and management of natural resources add value to the climate effort by enhancing the efficiency and sustainability of climate change response efforts.

Equitable climate finance can enhance the climate response effort while simultaneously promoting achievement of the 17 SDGs launched to guide development action for the next 15 years,<sup>18</sup> including SDG 1 (poverty reduction) and SDG 5 (gender equality). One way climate finance can leverage gender equality is by prioritizing adaptation and mitigation projects that yield maximum co-benefits to the poor, including women. For example, access to sustainable energy technologies would reduce the drudgery associated with women's energy production and use while also contributing to a reduction in their dependency on solid fuels, the use of which contributes 25 percent to global black carbon emissions.<sup>19</sup> Beyond helping remedy gender imbalances, targeting and involving women and men equitably in the implementation of existing climate finance mechanisms would help ensure the sustainability and efficiency of such mechanisms.<sup>20</sup> To this end, these mechanisms must have lucid policies and reporting systems in place to ensure that gender considerations are duly taken into account during project implementation.

## Box 2 *The Bagepalli CDM biogas project*

*Financed by selling Certified Emission Reductions (CERs) under the Clean Development Mechanism (CDM), the Bagepalli Biogas Programme (UNFCCC Project #0121), registered in December 2005, can be cited as a good climate finance practice that benefits the planet, women and poor communities. The objective of the project was to displace the use of non-renewable biomass with clean, sustainable and efficient biogas units that convert cow and goat dung to cooking gas. The project benefited 5,500 poor households in the Kolar region of India by providing biogas digesters that provided clean cooking gas.*

*Through the use of the biogas plants an estimated 19,800 CERs were saved and traded on the carbon market with industry buyers in the industrialized world. Women and their families benefited from the project not only in savings (by avoiding the cost of kerosene) and the creation of employment opportunities, but also in sharing from the proceeds of the income generated by CERs, which, after using the money to defray the cost of installation of the biogas plants, were distributed to women in the participating households. The project also reduced the time and drudgery associated with energy collection, improved families' health by reducing indoor pollution, and contributed to the conservation of forest resources and the reduction of GHG emissions.*

Adapted from Bairiganjan (2008)<sup>21</sup>

## **Progress on gender in key multilateral climate finance mechanisms**

There has been progress on gender in global climate financing mechanisms in recent years owing largely to persistent advocacy, as well as to a growing recognition of the evidence of the benefits, in terms of increased efficacy and effectiveness, of projects that integrate gender.<sup>22</sup>

There are now varying levels of gender considerations and integration in the current climate funds, especially in the prominent multilateral climate finance mechanisms. For example, the Green Climate Fund (GCF), which was set up in 2010 to help support the transition to low-emission and climate-resilient development, has incorporated gender into its governing instrument and has a Gender Policy and Action Plan. Similarly, the Clean Investment Funds (CIF), a set of financing instruments to support the transition towards climate-smart development in developing countries, has a Gender Action Plan that was approved in 2014. While the multilateral funds are only a small subset of a plethora of private and public funding streams,<sup>23</sup> they channel significant funding and, perhaps more importantly, their gender considerations set an example for other funds and the funding actions of national actors. Beyond existing financial mechanisms, many international intergovernmental, non-governmental and governmental organizations also integrate gender considerations into their budgetary processes – for example, UNDP's gender strategy requires that all projects and programmes allow budgeting for gender mainstreaming.



### Box 3 *Gender progress in the international climate process*

*Most of the existing climate funds were hardly gender responsive. For example, in 2012, 0.13 percent (5 in 3,864 projects) of CDM projects assessed at the time included gender considerations within project records. Now, more than 50 UNFCCC decisions support gender integration in the climate effort. The Cancun Agreements (COP 16) specifically acknowledge the importance of gender equality and women's participation for all aspects of the response to climate change. Similarly, the Paris Agreement contains references to gender balance, gender-responsive action and gender equality, and 40 percent of the mitigation pledges under the Paris Agreement (INDCs) explicitly mention gender or women (see UNFCCC, 2012; and USAID, 2016<sup>24</sup>). Moreover, the 2030 Agenda for Sustainable Development has set gender equality and women's empowerment as a stand-alone goal (SDG 5). This progress is validation of the fact that gender equality is not only a basic human right but also a key prerequisite for sustainable development.*





## *Addressing the ‘implementation gap’ – towards more meaningful gender mainstreaming in climate funds*

Despite steady progress towards greater gender sensitivity in the current climate finance regime (especially within multilateral climate funds), many existing mitigation and adaptation financing schemes have yet to deliver on women’s empowerment by systematically and effectively linking gender and climate finance. Mitigation activities and associated financing have tended to focus more on large-scale energy efficiency and/or renewable energy projects.<sup>25</sup> Consequently, many finance programmes and strategies tend to focus on energy and power sources but neglect projects such as water filtration plants, mass transportation and agroforestry projects that benefit the poor, primarily composed of women. These projects tend to achieve similar mitigation benefits while also helping to advance social progress.



As at the global level, there are many efforts at the national level to engender climate financing. Many countries now have policies that advocate gender mainstreaming within their national climate efforts, albeit in different ways and with varying degrees of success. In this regard, a key challenge is to ensure that ambitious goals set in policy documents actually translate into tangible results for communities at the local level. Countries must continue to promote inclusion and social justice as key ingredients of their national development in general and their climate efforts in particular. There are useful tools and resources for ensuring gender-responsive implementation of climate change projects and activities at the national level, such as the UNDP Gender Responsive National Communications Toolkit,<sup>26</sup> which aims to strengthen the capacity of national governments and assist them in integrating gender equality into the development of National Communications; the Guide to Gender Mainstreaming in UNDP Supported GEF Financed Projects;<sup>27</sup> the Capacity Building Package on Gender Mainstreaming in Mitigation and Technology Development and Transfer Interventions;<sup>28</sup> and the IUCN Climate Change Gender Action Plans (ccGAPs), which aim to ensure that national climate change efforts mainstream gender into policies and programming so that both men and women have equal access to and opportunities and potential benefits from climate change response.<sup>29</sup>

#### Box 4 *Lessons on mitigation financing*<sup>30</sup>

- *Gender mainstreaming throughout any project is essential to its success since the results are most effective when gender issues are integrated from the outset.*
- *Socially disaggregated data that are intentionally gathered throughout the project cycle support more effective projects. Systematic gender-focused data collection, targets, and indicators help to properly analyse and demonstrate the benefits of paying attention to gender equality in climate change mitigation.*
- *Economic and social co-benefits for both men and women help secure national and community support for activities that contribute to climate change mitigation, and ensure their long-term viability.*
- *Integration of gender equality issues affects project efficacy and impact, e.g., by improving the results of large-scale transport and grid-based energy infrastructure projects, as well as small-scale, off-grid initiatives.*
- *Gender-sensitive government and institutional policies are key factors in the formulation of more inclusive climate mitigation measures and investments.*
- *Many governments, funders and institutions need guidance on how to incorporate gender considerations in ways that lead to more effective and inclusive projects, in which benefits are shared equitably.*

Source: WEDO (2015)<sup>31</sup>

## Key Messages

- **Climate finance funds and mechanisms must be attuned to the needs of and involve the most vulnerable groups of society, including poor women and men.** To complement broader sustainable developmental goals, including inclusive growth, gender equality and poverty eradication, private and public climate finance mechanisms 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. This will enhance the efficacy of supported actions and ensure their long-term viability.
- **Encourage a paradigm shift in climate finance thinking so that the needs and priorities of the poor and marginalized segments of society (including women), become a priority in approving investments on climate change.** To ensure that climate finance efforts make a difference in building resilience and reducing vulnerability, gender equality and women's empowerment dimensions should be mainstreamed within all climate finance governance structures, programmes and procedures as well as within all phases of the project cycle – its design, implementation, monitoring and evaluation.
- **Engage with the broader family of existing climate finance frameworks, networks, and instruments to ensure more meaningful integration of gender perspectives in their governance and processes.** The recent progress in multilateral finance mechanisms in terms of gender policy needs to be supported and expanded to cover the private sector and non-market and market finance mechanisms at national and global levels. 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. 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.
- **Make good use of national-level climate finance tools, such as national climate funds (NCF) and climate finance readiness strategies, which 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. Issues of accountability, efficiency and good governance need to be addressed so that financing for adaptation and mitigation activities is used fairly and transparently. 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. Tools such as the Gender Responsive National Communications Toolkit, UNDP-GEF Gender Mainstreaming

Guide, Capacity Building Package on Gender Mainstreaming in Mitigation and Technology Development and Transfer Interventions, and ccGAPs (IUCN) could be beneficial in helping countries set gender priorities within exiting national climate policy frameworks. Further, gender budgeting and gender audits in all funds will ensure that the money invested will serve to improve the situation of women, as well as men. Such budgeting and audit strategies can help address gender gaps in budgets as well as emphasize the reprioritizing of financial resources within activities in addition to increasing overall expenditures.

## REFERENCES

1. Stadelmann, M., Michaelowa, A. and Roberts, T. J., 'Difficulties in accounting for private finance in international climate policy', *Climate Policy* 13, no. 6 (2013), pp. 718–737.
2. McKinsey Global Institute (MGI), 'The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth', September 2015; see also World Bank, *World Development Report 2011*, Washington, D.C.
3. Klugman, J. et al., *Voice and Agency: Empowering Women and Girls for Shared Prosperity*, (Washington, D.C.: World Bank Group, 2014); UN Women, *The World Survey on the Role of Women in Development 2014: Gender Equality and Sustainable Development* (New York: United Nations, 2014).
4. Liane Schalatek, 'Gender and Climate Finance: Double Mainstreaming for Sustainable Development', Heinrich Böll Foundation, Washington D.C., May 2009.
5. Ibid.
6. UNDP, *Human Development Report 2014*.
7. World Bank Group, *Women, business and the law 2016: Getting to equal* (Washington, D.C.: World Bank, 2015).
8. UNDP, *Human Development Report 2014*.
9. Burke, M., Hsiang, S. M. and Miguel, E., 'Global non-linear effect of temperature on economic production', *Nature* 527 (2015), pp. 235–239.
10. Channell, J. et al., 'Energy Darwinism II. Why a Low Carbon Future Doesn't Have to Cost the Earth', Citi GPS: Global Perspectives & Solutions, August 2015.
11. United Nations Development Programme (UNDP), *Human Development Report 2011. Sustainability and Equity: A Better Future for All* (New York: UNDP, 2011).
12. World Bank, 'The Cost to Developing Countries of Adapting to Climate Change: New Methods and Estimates', Consultation Draft, 2010.
13. Buchner, B. et al., 'Global Landscape of Climate Finance 2015', Venice, Climate Policy Initiative (CPI), November 2015.
14. Flynn, C., 'Blending Climate Finance Through National Climate Funds: A Guidebook for the Design and Establishment of National Funds to Achieve Climate Change Priorities' (New York: UNDP, 2011).
15. International Energy Agency (IEA), 'World Energy Outlook Special Report: Energy and Climate Change' (Paris: IEA, 2015).
16. Global Greengrants Fund (GGF) and International Network of Women and the Alliance of Funds (INWF), 'Climate justice and women's rights: A guide to supporting grassroots women's action', 2015; Aguilar, L., Granat, M. and Owren, C., *Roots for the future: The landscape and way forward on gender and climate change* (Washington, D.C.: International Union for Conservation of Nature and Global Gender and Climate Alliance, 2015); United Nations Development Programme (UNDP), *Human Development Report 2014. Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience* (New York: UNDP, 2014); and United Nations Framework Convention on Climate Change (UNFCCC), 'Benefits of the Clean Development Mechanism', 2012.
17. Food and Agriculture Organisation (FAO), *The State of Food and Agriculture 2010–11* (Rome: FAO, 2011).
18. United Nations, 'Transforming our World: The 2030 Agenda for Sustainable Development' (Adopted by the General Assembly on 25 September 2015, New York), document A/RES/70/1.
19. See Ramanathan, V. and Carmichael, G., 'Global and regional climate changes due to black carbon', *Nature Geoscience* 1 (2008), pp. 221–227.
20. Aguilar et al., *Roots for the future* (2015).
21. Bairiganjan, S., 'Bringing Clean Energy to Rural India: A Case Study of the Bagepalli CDM Biogas Project', Institute for Financial Management and Research, Centre for Development Finance, Working Paper Series, December 2008.
22. Aguilar et al., *Roots for the future* (2015).
23. See Flynn, 'Blending Climate Finance Through National Climate Funds' (2011).
24. UNFCCC, 'Benefits of the Clean Development Mechanism' (2012); United States Agency for International Development (USAID), 'Gender in Mitigation Actions', Environment & Gender Information (EGI) Brief I, April 2016 Edition.
25. UNDP, 'Clean Development Mechanism: Exploring the Gender Dimensions of Climate Finance Mechanisms', 2010.
26. UNDP, 'Gender Responsive National Communications Toolkit', 2015.
27. UNDP, 'Guide to Gender Mainstreaming in UNDP Supported GEF Financed Projects' (Draft dated 27 October 2016; public release forthcoming).
28. UNDP, 'Gender Mainstreaming in Mitigation and Technology Development and Transfer Interventions', 2015.
29. Pearl-Martinez, R., Aguilar, L., Rogers, F. and Siles, J., 'The Art of Implementation: Gender Strategies Transforming National and Regional Climate Change Decision-Making', IUCN Global Gender Office and Global Gender and Climate Alliance, 2012.
30. Women's Environment and Development Organization (WEDO), 'Exposing Gender Gaps in Financing Climate Change Mitigation – And Proposing Solutions', 2013, [cdkn.org/wp-content/uploads/2015/06/Gender-Gaps-in-Financing.pdf](http://cdkn.org/wp-content/uploads/2015/06/Gender-Gaps-in-Financing.pdf). The table is a list of lessons learned based on recent analysis of three projects: the Nepal Biogas Support Program (Nepal); the Bogotá, Colombia TransMilenio Rapid Bus Transit System (Colombia); and the Household Energy and Universal Rural Access project (Mali).
31. Ibid.





*Empowered lives.  
Resilient nations.*



MINISTRY FOR FOREIGN  
AFFAIRS OF FINLAND

**Disclaimer**

The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations, including the United Nations Development Programme (UNDP), or their Member States.

© 2016 United Nations Development Programme

All rights reserved

**Author**

Senay Habtezion

**Contributors**

Verania Chao, Kalyan Keo, Allison Towle,  
Yolanda Villar.

© UNDP



**United Nations Development Programme**  
304 East 45th Street, New York, NY 10017, USA  
[www.undp.org/gender](http://www.undp.org/gender)