T20 Policy Brief

Task Force 6
Accelerating SDGs: Exploring New Pathways to the 2030 Agenda

FINANCING WOMEN-LED CLIMATE ACTION INITIATIVES AND PROGRAMMES IN DEVELOPING COUNTRIES

INDIA 2023

2023 INDIA भारत

July 2023

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Abstract

Climate change impacts such as extreme weather events, water scarcity, and food insecurity disproportionately affect women in developing countries due to their gender roles, social norms, and limited access to financial resources. Despite this, they are often excluded from decision-making processes, which further exacerbates their vulnerability to climate change impacts. This policy brief supports the idea that channelling climate funds towards women-led initiatives can promote gender equality and climate justice. It identifies ineffective allocation of climate finance as the main challenge and recommends that the G20 countries take steps towards bridging the knowledge, skill, and representation gaps in women's access to it in developing countries. The policy recommendations align with the Addis Ababa Action Agenda and the 2030 Agenda, which emphasise the importance of international partnerships in mobilising financial resources towards sustainable development.

The Challenge

1

Climate change affects everyone, but extreme weather events, draughts, famines, and climate-related disasters disproportionately exacerbate the plight of women. Women, as key stakeholders in climate change mitigation and adaptation, face structural disadvantages due to prevailing socio-cultural conditions in many developing countries that hold them primarily responsible for securing basic resources for their families.[1]

Climate finance refers to the financial resources provided by governments, private companies, and other organisations to support climate mitigation and adaptation efforts, as well as to address the negative impacts of climate change.[2] The Addis Ababa Action Agenda (AAAA), which provides a roadmap for the 2030 Agenda,[3] sets priorities for gender equity in climate change adaptation and mitigation efforts. It highlights that gender mainstreaming in finance plays a significant role in enabling gender-responsive and smart climate action.[4]

Despite this, women's participation in both decision-making and operational processes is limited, and although financial resources are available through multilateral financial institutions, their effective use in gender-responsive climate action faces several challenges. This policy brief explores these challenges and recommends ways in which G20 countries can forge partnerships to utilise these existing financial pathways to support women-led climate change adaptation and mitigation efforts in developing countries effectively.

It has been widely acknowledged in relevant policy discourse that climate financing is not homogenous.[5] Developing countries acquire climate finance from various sources and allocate them in different sectors and projects, depending on their developmental priorities. A majority of climate finance flows through international channels in the form of loans that developing countries have to repay, while balancing their developmental needs with global Sustainable Development Goals (SDGs) to meet 2030 Agenda.[6] Other channels of climate finance include grants, equities, and carbon offsetting mechanisms.[7] Several reports find that national governments direct a majority of the available climate finance towards profit-generating and productive sectors like green energy transition and electric vehicle manufacturing. According to a UN Development Programme report,[8] only 0.01 percent of the available climate finance goes towards other sectors of the economy, which are more relevant to women, like water conservation, resource management, agriculture, and disaster management.[9] Another structural disadvantage of such a financial system is that adaptation projects are mostly unproductive, which has a considerably lesser fund allocation.[10] This phenomenon intersects with the disproportionate impact of climate change on women, as developing countries often cut social welfare budget to repay loans, which exacerbates women's issues. For example, in South Africa, where about 47 percent of the population engaged in informal work relies on grants for their livelihood, a majority is given in the form of child support grants to a primary caregiver, who are predominantly women.[11] In developing countries, social grants are primarily spent on securitizing food and basic resources.

In addition to this, women face contextual, procedural, and distributive challenges to accessing climate finance. Contextual challenges include the different roles of men and women in many societies that put the onus of childcare and the securitisation of domestic resources (such as fuel, food, and water for the family) primarily on women.[12] This engages women in full-time domestic work, limiting their impactful participation in climate action initiatives. It also reduces the negotiating capacity of women in climate-related decision making at policy and project level.

As a result, women face procedural challenges in accessing climate finance. Decision-making circles and offices at various levels of bureaucracy do not consider women's issues while demanding, allocating, and utilising climate funds due to a lack of democratic and equitable representation of women and marginalised groups in them. In many cases, pathways and mechanisms of allocating funds is not gender mainstreamed,[13] which means that the existing workforce is not sensitive to the special requirements of women and marginalised groups for impactful climate financing.

The distributive challenges before women lie in meeting their short-term and strategic financial needs. In the short-term, women require effective financing to meet domestic needs like water security, food security, access to fuel and forest resources,[14] and other livelihood challenges. In addition, some strategic areas where climate finance is required to make climate action more gender equitable are education, capacity building, social security, and research and development,[15] which are likely to structurally empower women with time to actively participate in climate change adaptation and mitigation.

Several other layers add complications to women's effective, efficient, and equitable access to climate finance. The impact of climate change is different for women in urban and rural areas. Further, different regions of the developing world need to prioritise different developmental and securitisation needs. For example, in Sub-Saharan Africa, the sectors of agriculture and food security need financial flows,[16] while in Pakistan, disaster management, and relief and rehabilitation measures for women and children are a priority.[17] Therefore, climate finance needs to meet contextual demands based on region and sector, for which any universal policy or gender assessment measure has limited applicability or might be ineffective altogether.

Moreover, several studies have highlighted that there is limited availability of grassroots-level and gender segregated data, which is a basic requirement for any impactful policy research.[18] Stakeholders at various levels of engagement have developed measures for making climate finance accessible to women, and toolkits for assessing their impact on gender equity. However, due to a shortage of substantial and updated data, there is limited information to utilise these mechanisms and analyse the effectiveness of existing policy measures. For instance, the Saiss Plain in Morocco faces chronic water scarcity due to climate change-induced unpredictable rainfall patterns over the last few years and the rapid depletion of groundwater for agricultural use. The Green Climate Fund (GCF) began the 'Saiss Water Conservation Project' in 2016 as a co-financed project with the Moroccan government, leveraging the public-private partnership (PPP) channel for climate funds.[19] The gender assessment report for this project was last updated in 2017.[20] With data collected at regular intervals, the main challenges can be identified, and more effective policies can be suggested to meet project goals.

The G20's Role

2

Climate finance flows take diverse pathways—such as bilateral agreements, multilateral channels made by international organisations like the United Nations and World Bank, in conjunction with regional developmental banks (RDBs),[21] public-private partnerships like carbon offsetting through carbon credits,[22] and the effective utilisation of existing government budgets through nationally appropriate mitigation actions.[23]

The SDGs provide a comprehensive universal framework comprising of targets for 2030 and indicators for assessing holistic progress towards sustainability. Target 5.5 of the SDGs (to provide equal opportunities to women and ensure full and effective participation and all levels of decision-making in political, economic, and public life), and targets 5.a, 5.b, and 5.c, grant indicators of gender equality in education, policy, implementation, and action.[24]

The GCF is the most widely studied and relatively effective multilateral channel for climate finance. The GCF's Gender Assessment and Gender Action Plan[25] for climate action initiatives in various parts of the world help gauge their gender responsiveness based on a set of indicators. This includes promoting women's participation and leadership in decision-making processes related to climate finance, and ensuring that GCF-funded projects address the differentiated needs and priorities of women in the region.

The Adaptation Fund, started in 2013 as a financial mechanism under the UN Framework Convention on Climate Change, adopted a gender policy that provides a framework for gender integrated project designs, aimed at the implementation, monitoring, and evaluation of gender-equitable climate finance. The Gender Analysis Tool and the Gender Monitoring and Evaluation Framework identify and address gender gaps and assess the Fund's impact on projects undertaken by developing countries under the Kyoto Protocol and/or the Paris Agreement.[26] Further, the Fund finds that many regional adaptation efforts have a transboundary nature, requiring cooperation among various stakeholders in different countries, which further complicates channels of financial flow.[27]

In addition to these, the Asian Development Bank's Technical Assistance (ADB-TA) grant from the Nordic Development Fund promotes inclusive climate action by incorporating gender equity in climate finance. The ADB-TA[a] provides financial resources and technical support for women-led initiatives, by raising awareness and building support for gender-responsive climate finance among policymakers, civil society organisations (CSOs), and other stakeholders.

In the recent years, private enterprises in developing countries have started recognising women's potential as an integral part of the workforce. According to reports, companies with more than 30 percent of women in leadership roles undertake more climate-sensitive governance and have a better environmental disclosure than companies with disproportionate female leadership ratio have.[28] This is true for sectors with higher carbon footprint like oil and gas, mining, and electric utilities manufacture.[29] Scholars recommend the creation and use of gender bonds, social bonds, and sustainability bonds, as subsidiaries of green bonds,[30] to improve women's access to productive climate financing, which can also help private companies perform better in terms of ESG initiatives.[b]

Based on these considerations, the brief identifies the following policy gaps:

1. There is a lack of shared understanding about what constitutes gender-responsive climate finance. Gender equality in climate finance is understood in terms of access to livelihood, financial resources, and decision-making capacity.[31] However, there is a potential research gap in defining gender equity in climate action and climate finance.

2. There exists an institutional disconnect between gender and climate change, resulting in the absence of impactful collaboration among various

a The ABD-TA is available in the form of Transactional TA (TRTA) and Knowledge and Support TA (KSTA). TRTA provides project-based assistance for capacity development, implementation readiness, and policy advice. Meanwhile, KSTA includes capacity development and research support. Also see: Linda Adams et al., "Effective, Efficient, Equitable: Making Climate Finance Work for Women" (Asian Development Bank, 2014).

b Environmental, Social, and Governance (ESG) is a framework that assists stakeholders understand an organization's risk management practises pertaining to these criteria.

offices working in complementary sectors like agriculture, sustainable development, green energy, healthcare, and disaster management. This limits effective policy implementation. Further, there is scope for the G20 countries in enabling decentralised stakeholder cooperation by providing a platform to transboundary regional issues related to the impact of climate change on women.

3. There is a shortage of gender-segregated data available at the grassroots level for exploring local financial channels, and research and development of context-appropriate policies. Additionally, many developing countries do not mainstream women's participation in public offices and fieldwork, contributing to a shortage of workforce.

4. Women at various stages of climate action do not have the knowledge and capacity to utilise financial resources and negotiate climate finance for small-scale, practical initiatives that address their immediate securitisation requirements. Further, there is limited political will to direct climate finance towards strategically necessary projects like climate education and financial capacity building in many cases.

5. A very limited number of papers and policy reports have explored the possibility of implementing carbon offsetting and public-private partnership as a possible climate finance channel for gender equity. Since the G20 Summit collaborates with private and public stakeholders, it plays the role of the necessary mediator.

Recommendations to the G20

3

At a glance, the identified problem has two facets. First, there is insufficient representation of women at various levels of decision-making, and second, a lack of women's participation in decision implementation at the grassroots. To address these issues, the G20 member countries need to direct financial resources towards identifying and funding women-led climate action initiatives as a starting point. This brief recommends the following policies for financing women-led climate action initiatives in developing countries:

Investing in education, capacity, and skill building for access to climate finance

The majority of literature and policy documents highlight a lack of education, capacity, and financial skills among women and girls in particular. Therefore, this brief recommends the G20 countries to formalise gender-mainstreamed climate education, through the inclusion of women's issues in national and provincial/state curriculums, teacher training, and student assessments, in accordance with Target 3[c] of SDG-13 (climate action).[32]

This brief also recommends the direction of climate and developmental finance towards building financial skills among existing workforce for gender-mainstreamed conventional banking. Additionally, it suggests forming special offices or units in various financial institutions, such as RDBs, agricultural and rural developmental banks, cooperative finance organisations, and non-banking financial corporations, dedicated to assisting and empowering women.

With this two-pronged approach to skill building, more stakeholders are likely to have access to knowledge about gender equity in climate finance, and more women are likely to have access to financial instruments for their small-scale climate action projects.

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c Target 13.3: Improve education, awareness-raising, human, and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Collecting gender-segregated data at project-based and national levels

The brief recommends the G20 countries to direct financial resources towards upscaling the collection of relevant data pertaining to climate change and climate action in developing countries. It also recommends providing adequate infrastructure to maintain this data and to segregate it based on gender, income-groups, region, ethnicity, caste, and disabilities.

Specifically, this brief recommends collaboration with local governments, CSOs, and private entities to decentralise data collection, and increase research funds for the development and implementation effective local indicators of gender equity in climate finance.

Stakeholders at various levels of policy and action can utilise this data in supporting their research and formulating more context-appropriate policies and programmes for effective, efficient, and equitable involvement of women in climate action. It can also help them visualise global and local financing channels, thereby enabling climate action at various levels of decision-making and implementation.

Increasing women's representation in G20 Sustainable Finance Working Group

The G20 developing countries can promote more representation of women and marginalised communities in the Sustainable Finance Working Group to rebalance global climate finance flows in favour of gender mainstreaming across financial institutions in these countries.

Further, the G20 developing countries can organise workshops in collaboration with developed countries to increase skill and capacity among policymakers for gender mainstreaming in climate finance and action. Delegates and stakeholders can use this platform for knowledge sharing on climate change adaptation and mitigation processes across sectors of concern such as food and water securitisation, resource management, disaster management, and social entrepreneurship.

Attribution: Hima Mishra and Alvite Singh Ningthoujam, "Financing Women-Led Climate Action Initiatives and Programmes in Developing Countries," *T20 Policy Brief*, July 2023.

Endnotes

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