

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).

The NDC Support Programme

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 crosscutting 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 gendersensitive investment policies, programmes and plans, requiring the integration of gender and poverty dimensions in resource allocation decision-making tools and participatory, genderresponsive 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 crosscutting 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





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