

Gender and Climate: Scaling Gender and Climate Investments



SKD Learning Notes bring lessons learned through the interaction of data, operations and evidence, and benefit from the advice of the Knowledge Unit.

Background

This paper acts as a starting point for a discussion around how IFAD might scale up and support gendered responses to climate change adaptation and mitigation via its unique investing position.

The 26th Conference of the Parties (COP26) represented the first revision of Nationally Determined Contributions since signatories to the Paris Agreement set the common goal of limiting average global warming by 2100 to well below 2^o C. However, current action will lead to a median temperature rise of 2.7^o C; climate risk continues to increase, and devastating impacts of climate change cannot be ruled out.

Climate risk assessments are important tools for enabling decision makers to allocate finite resources to the climate challenges faced[1].

The Intergovernmental Panel on Climate Change (IPCC, 2014) defines climate risk as the “potential for adverse consequences on lives, livelihoods, health, ecosystems and species, economic, social and cultural assets, services and infrastructure’ [2].

Climate risk is a function of climate hazard, exposure and vulnerability [3]. To limit the worst risks and impacts of climate change, appropriate resources must be apportioned most urgently in adaptation strategies to the most vulnerable and exposed.

1 Sharpe, S. 2019. Telling the boiling frog what he needs to know: why climate change risks should be plotted as probability over time. *Geoscience Communication* 2(1): 95-100. doi: 10.5194/gc-2-95-2019

2. IPCC. 2014. Annex II: Glossary Climate Change 2014: Synthesis Report. ed K J Mach et al. Geneva: Intergovernmental Panel on Climate Change.

3. IPCC. 2012. Managing the risks of extreme events and disasters to advance climate change adaptation. A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change. ed C B Field et al. Geneva

Climate change, gender and vulnerability

The latest assessment report from the IPCC states that there is robust evidence that gender inequality contributes to climate vulnerability, and that there are differentiated impacts of climate change on women.

Women and girls are not inherently more vulnerable than men and boys to the impacts of climate change; rather, they are structurally disadvantaged and subject to social, economic and political inequalities [4].

Additionally, the rural poor in developing countries are likely to experience the most drastic impacts of climate change yet have the least capacity to adapt, given limited resources[5].

Approximately 1.7 billion women and girls live in rural areas – where the majority of the world’s poor people live, with women comprising 43 per cent of the agricultural labour force in developing countries and more than 50 per cent in sub-Saharan Africa [6].

It is essential that adaptation plans are sensitive to relevant intersecting inequalities such as gender and rurality. Where adaptation, poverty and development agendas are siloed, actions may reinforce social inequities and lead to maladaptation, by failing to tackle underlying reasons for the need to adapt [7], [8].

Adaptation Finance

The United Nations Environment Programme estimates that developing countries will require adaptation finance approaching US\$300 billion by 2030, yet contributions in 2018 were only US\$16.5 billion [9].

With Covid-19 and geopolitical instability already stretching funding, it is essential that adaptation finance is well spent, reaches the most vulnerable and has transformative impacts.

For adaptation finance to achieve equitable outcomes, context-specific understanding of root causes and interactions of inequalities must be incorporated into investments.

By integrating a climate lens with a gender lens, investors can formulate a more comprehensive view of the systemic risks posed to their investments. Failure to do so leaves investors exposed and missing an opportunity for greater returns and impact [10].

Funding Mechanisms

Financial mechanisms, markets and innovative funds have the potential to shift climate action and bring about transformation that enables the Least Developed Countries to address the needs of their people, reduce risk, preserve natural resources, boost economic growth and advance climate goals.

- Nature-based solutions can alleviate socio-economic issues, are site-specific, generate benefits in an equitable way and support ecosystems to evolve over time. Some investors are providing this type of investment to women-led companies that generate carbon credits.

4. Birkmann, J., Liwenga, E., Pandey, R., Boyd, E., Djalante, R., Gemenne, F., Leal Filho, W., Pinho, P.F., Stringer, L. and Wrathall, D. 2022. Poverty, Livelihoods and Sustainable Development.

5. Nelson, D.R., Lemos, M.C., Eakin, H. and Lo, Y.J. 2016. The limits of poverty reduction in support of climate change adaptation. *Environmental Research Letters* 11: 094011. doi: 10.1088/1748-9326/11/9/094011

6. IFAD. 2019. Mainstreaming Gender-transformative Approaches at IFAD – Action Plan 2019-2025. Rome: IFAD.

7. Jerneck, A. 2018. Taking gender seriously in climate change adaptation and sustainability science research: views from feminist debates and sub-Saharan small-scale agriculture. *Sustain Sci* 13: 403-416. <https://doi.org/10.1007/s11625-017-0464-y>

8. Inderberg, T.H., Eriksen, S., O'Brien, K. and Sygna, L. (eds). 2014. *Climate change adaptation and development: transforming paradigms and practices*. London: Routledge.

9. UNEP. 2021. *Adaptation Gap Report 2021*.

10. Biegel, S. and Lambin, S. 2021. *Gender & Climate Investment: A strategy for unlocking a sustainable future*. Kailua Kona, Hawaii: GenderSmart. <https://www.wocan.org/resources/gender-climate-investment-strategy-unlocking-sustainable-future#>

- Actions are currently under way to mainstream gender into voluntary carbon markets, due to growing demand for high-quality credits that include a women's empowerment component.
- The W+ Standard [11] is a certification framework that provides metrics and procedures to quantify, verify and monetize women's empowerment results within climate change mitigation projects. Like carbon units, W+ units can be sold. At least 20 per cent of the revenue from W+ unit sales is granted to women's groups engaged in the project to be utilized to address community and climate adaptation needs.

Although not specifically integrating climate and gender, some financial mechanisms have potential to do so.

- Private investors and Development Finance Institutions are seeking ways to measure and quantify environmental, social and governance impacts. The "outcomes" or "impact-linked fund" [12] signal commitment to pay for social outcomes rather than inputs or activities. Additionally "results-based payments" for disbursements tied to gender outcomes can be used to incentivize companies invested in.
- Bonds and debt instruments can enable integration of climate and gender goals. Although there are few investors other than large institutional investors, the Women's Livelihood Bond series has led the way with a US\$20 million debt security which aims to raise capital for a pool of high-impact social enterprises that will empower over half a million women across Asia to transition from subsistence to sustainable livelihoods.

Opportunities for IFAD

As the only multilateral development organization focusing on rural economies, food security and climate change, IFAD is well suited to lead a transition to scale up new initiatives that catalyse gender equality and women's empowerment in climate change adaptation.

The following policies and funding mechanisms could be used by IFAD and other International Finance Institutions to raise ambition for gender equality and climate results.

- Use catalytic grants to demonstrate what success looks like at the nexus of gender and climate by funding a set of diverse pilot projects that are developed specifically to meet the needs of various types of funders and investors.
- Use a results-based payment system to encourage private investors seeking environmental, social and corporate governance results and to ensure women are compensated for their roles in delivering climate solutions.
- Require that all IFAD-funded projects provide equal access to women, while promoting practices and inputs that reduce environmental harm and build resilience, including secure land tenure for women.
- Support the development of a pipeline of mitigation projects that can generate both carbon and gender credits, while driving new revenue streams for women's groups and adaptation.

11. <http://wplus.org>

12. Savell, L., Carter, E., Airoldi, M., FitzGerald, C., Tan, S., Outes Velarde, J. & Macdonald, R.J. (2021). Understanding outcomes funds: A guide for practitioners, governments and donors. Government Outcomes Lab, Blavatnik School of Government, University of Oxford.

- Support the development of women's groups and enterprises to implement projects that generate carbon and gender credits, by providing training for measurement and engaging with the carbon markets and for business development, assisting them to become "investable entities" for private investors



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