HEINRICH BÖLL STIFTUNG
The Green Political Foundation

Gender and Climate Finance: Double Mainstreaming for Sustainable Development

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May 2009

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List of Key Abbreviations

AAU	Assigned Amount Units
ADB	Asian Development Bank
AfDB	African Development Bank
AF	Adaptation Fund (under UNFCCC)
CBD	Convention on Biological Diversity
CDCF	Community Development Carbon Fund (World Bank)
CDM	Clean Development Mechanism
CER	Certified Emissions Reductions
CIFs	Climate Investment Funds (World Bank)
COP	Conference of Parties
CTF	Clean Technology Fund (World Bank)
EBRD	European Bank for Reconstruction and Development
ERPA	Emissions Reduction Purchase Agreement
ETF-IW	Environmental Transformation Fund, Intl. Window (UK)
EU ETS	EU Emissions trading scheme
FCPF	Forest Carbon Partnership Facility (World Bank)
FAO	Food and Agriculture Organization
FIP	Forest Investment Program (under SCF, World Bank)
GCCA	Global Climate Challenge Alliance (European Commission)
GDP	Gross Domestic Product
GDRs	Greenhouse Development Rights framework
GEF	Global Environment Facility
IaDB	Inter-American Development Bank
ICI	International Climate Initiative (Germany)
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation (World Bank Group)
IFCI	International Forest Carbon Initiative (Australia)
IPCC	Intergovernmental Panel on Climate Change
KPAF	Kyoto Protocol Adaptation Fund
LDCF	Least Developed Country Fund (under UNFCCC)
LDCs	Least Developed Countries
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Plan of Action
MDBs	Multilateral Development Banks
MDG-F	MDG Achievement Fund, Environment and Climate Change Thematic Window (Spain)
MDGs	Millennium Development Goals
ODA	Official/overseas development assistance
OECD	Organization for Economic Cooperation and Development
PPCR	Pilot Program on Climate Resilience (under the SCF, World Bank)
ppm	Parts per million
PRSPs	Poverty Reduction Strategy Papers
REDD	Reduced Emissions from Deforestation and Forest Degradation
SCCF	Special Climate Change Fund (under UNFCCC)
SCF	Special Climate Fund (World Bank)
SFCCD	Strategic Framework on Climate Change and Development (World Bank)
SPA	Strategic Priority on Adaptation (under GEF)
SREP	Scaling-Up Renewable Energy Program for Low-Income Countries (under SCF, World Bank)
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization

Executive Summary

Climate change is real, it is happening already, and its impacts on people are not gender-neutral. It is affecting men and women all over the world differently, especially in the world's poorest countries and amongst the most vulnerable people and communities. As women and men have different adaptive and mitigative capabilities, the financing instruments and mechanisms committed to climate change activities in mitigation and adaption need to take these gender-differentiated impacts into account in funds design and operationalization as well as concrete project financing.

So far, environmental financing mechanisms have provided only limited benefits for the Least Development Countries (LDCs) and the poorest and most disadvantaged within those countries. Women as a group are generally least considered by modern environmental financing mechanisms. The reasons are manifold and can be found among those impeding women's development all over the world. They range from a lack of access to capital and markets, to women's unrecognized and uncompensated care contributions, to lacking legal protection and ownership rights to cultural and societal biases against women's engagement in learning, political participation and decision-making processes.

The last few years have seen a proliferation of several dozen new instruments for climate financing with a multitude of actors. These new mechanisms range from bilateral and national funds to multilateral ones under the auspices of the UN and the World Bank and the Multilateral Development Banks (MDBs), carbon funds as well as the prospect and promise of regional and national cap-and-trade schemes where auctioning of pollution permits could yield billions of dollars in proceeds to be used for mitigation and adaptation efforts. Yet, so far none of these new financing initiatives has been engendered. The challenge and the potential is to ensure that gender differentiated impacts and capabilities are an important consideration in ongoing climate finance discussions and in fund operationalization.

According to the UNFCCC's Bali Action Plan, financing for climate change has to fulfill a set of non-negotiable criteria to convince the developing world to do its share in reducing (largely future) greenhouse gas emissions: it has to be adequate, sustainable, predictable, and new and additional (not replacing existing flows of Overseas Development Assistance, ODA). Several financing proposals have discussed the need to base such financing on the "polluter pays" principle. In climate talks, negotiators have honed in on the "3 Es" – efficient, effective and equitable – as important attributes for any future global climate financing agreement. The demand for equity – climate justice in other words – in particular points to the "common but differentiated responsibilities and respective capabilities…" that poor and rich countries share in combating global climate change according to the UNFCCC preamble.

These efforts will have to address linkages between development, poverty eradication and climate action head on. So far completely missing, if sorely needed, from the normative set of climate finance fundamentals and any international discussion thereof is the gender dimension. The time to act is now: many of these new climate funds are currently rolling out their first pilot projects. Gender guidelines and criteria need to be an integral part of operating procedures and project outlines, not an afterthought or an artificial add-on.

The experiences of mainstreaming gender in development efforts can be instructive, and tools developed in this context can likewise be adapted and utilized for making climate financing instruments more gender equitable. These include, but are not limited to gender sensitive indicators; gender analysis of project and program designs; gender-inclusive consultation, implementation, monitoring and evaluation; possible gender finance quotas or set-asides via gender responsive budgeting processes applied to project funding; as well as mandatory gender audits of funds spent . However, the single most important tool in advancing fair and gender-equitable climate finance mechanisms– and apparently still the most illusive – is a political commitment on every level to take gender seriously in combating climate change.

There can be no fair and equitable global climate agreement without a comprehensive global climate financing understanding. And this understanding can only be fair, equitable and comprehensive when it incorporates gender awareness and strives toward gender equitable climate financing solutions.

No doubt: the proliferation of funds and actors in global climate finance will continue for the foreseeable future. As there is still a lot of reluctance to consider and ignorance about the relevance of gender in making climate financing mechanisms effective contributors to long-term sustainable development, any gender-focused advocacy strategy addressing the issue of financing for adaptation and mitigation will have to be multipronged and look for a variety of access points and opportunities, among them:

- First and foremost, raise the gender-awareness and commitment to gender equity with all institutions and donors (multilateral, bilateral, national and private) in the new climate finance architecture.
- Shift the focus of the global discussion on climate change away from a primarily technocratic exercise to one employing the language of global justice and human rights, including the right to development and gender equity.
- Develop a set of gender-sensitive criteria for all new climate finance mechanisms supporting adaptation, mitigation, capacity-building and technology transfer. This includes the funds administered under the UNFCCC and the GEF as well as the CIFs and bilateral funds.
- Strive to incorporate gender-specific language and gender considerations in the outcome document of the COP 15 in Copenhagen so that gender does feature explicitly in a post-Kyoto agreement under the UNFCCC, specifically with reference to financing, capacity building and technology transfer.
- Require the UNFCCC Secretariat to develop a Gender Plan of Action, following the example of other UN agencies. The recent development of a CBD Gender Plan of Action could be helpful for the UNFCCC. Such a Gender Plan of Action should cover all areas of work and programs by the Secretariat, especially its assistance to the Parties and its work on financing mechanisms.
- Demand the development of gender guidelines or a Gender Plan of Action for the Global Environment Facility with the goal of mainstreaming gender in all its six work areas, including on climate change, so that UNFCCC climate funding administered by the GEF is distributed with gender-equity as one of the funding criteria.
- Demand that the World Bank and the MDBs allocate their funding under the CIFs and related MDB funds as grants, not repayable loans. Women are often harmed the first and most severely when public sector programs are cut in times of a developing country's balance-of-payments crisis.
- Ensure the generation and collection of sex-disaggregated data in all sectors relevant to climate change by governments, international organizations and financial institutions. International institutions (f.ex. the World Bank as a "knowledge bank" or the UNFCCC and the GEF) have an obligation to assist developing country governments and civil society stakeholders in gaining access to such information. With respect to gender, the old adage is true: what is not counted, does not count.
- Demand mandatory periodic gender-audits of just-established and future new climate funding mechanisms, particularly those operating with public funding. These include funds under the UNFCCC and the GEF, but also the CIFs as well as bilateral funds. The results of these audits should be publicly accessible.
- Develop transparent gender budgets for projects and programs financed via recent and future publicly financed climate funding mechanisms.
- Improve the participation of women (political and business leaders, gender experts, from disadvantaged groups such as local communities, and indigenous peoples) in stakeholder and consultation processes for climate finance instruments and ensure their inclusion in decision-making bodies for these instruments, such as Trust Fund Committees.

I. Introduction

Climate change is real, it is happening already, and its impacts on people are not gender-neutral. It is affecting men and women all over the world differently, especially in the world's poorest countries and amongst the most vulnerable people and communities.[1] As women and men have different adaptive and mitigative capabilities, the financing instruments and mechanisms committed to climate change activities in mitigation and adaption need to take these gender-differentiated impacts into account in funds design and operationalization as well as concrete project financing.

The demand for a significantly scaled-up global effort in climate financing comes at a time of multiple crises, with development progress toward the achievement of the Millennium Development Goals (MDGs) by 2015 stalling and an expected 65 million people – many of them women and other vulnerable groups – slipping back into poverty globally alone this year due to the first global recession since World War II according to the World Bank.[2] National budgets in developed and emerging market economies have been severely stressed with large scale financial sector bailouts; the United States alone, incidentally also historically the biggest emitter of greenhouse gases, had committed to roughly US$ 5 trillion in bailout efforts[3]. In spite of this – or rather because of this, since the economic, development and climate crises can only be solved together – large-scale mitigation and adaptation efforts globally cannot take a back seat, nor can ambitions for adequate climate financing be scaled down. Massive expenditures, while costly, are unavoidable. Their realization is as much a matter of global justice – the countries most affected by climate change are also the ones that contributed the least to it – as of political will. That it can be mustered to deal with systemic threats to the global system had been demonstrated in the case of the global financial sector rescue efforts. While substantial, gender-equitable funding for global climate adaptation and mitigation efforts would still cost only a fraction of what the world community was willing to muster in a few weeks in response to the financial markets' meltdown of Fall 2008.

So far, environmental financing mechanisms (one could take the Clean Development Mechanism, CDM, as an example) have provided only limited benefits for the Least Development Countries (LDCs) and the poorest and most disadvantaged within those countries. Women as a group are generally least considered by modern environmental financing mechanisms. The reasons are manifold and can be found among those impeding women's development all over the world. They range from a lack of access to capital and markets, to women's unrecognized and uncompensated care contributions, to lacking legal protection and ownership rights to cultural and societal biases against women's engagement in learning, political participation and decision-making processes.

The last few years have seen a proliferation of several dozen new instruments for climate financing with a multitude of actors. These new mechanisms range from bilateral and national funds to multilateral ones under the auspices of the UN and the World Bank and the Multilateral Development Banks (MDBs), carbon funds as well as the prospect and promise of regional and national cap-and-trade schemes where auctioning of pollution permits could yield billions of dollars in proceeds to be used for mitigation and adaptation efforts. Yet, so far none of these new financing initiatives has been engendered. The challenge and the potential is to ensure that gender differentiated impacts and capabilities are an important consideration in ongoing climate

[1] See for example WEDO (2007)."Changing the Climate: Why Women's Perspective Matter," or IUCN (2007). "Gender and Climate Change: Women as Agents of Change;" http://www.iucn.org/what/issues/gender/resources.cfm?322/Gender-and-climate-change

[2] World Bank (2009). "Financial Crisis. What the World Bank is doing," http://www.worldbank.org/html/extdr/financialcrisis/

[3] For some estimates on alone the US commitments and costs for preventing a financial sector meltdown, see: http://www.infowars.net/articles/october2008/151008Bailout_figures.htm and http://www.forbes.com/2008/11/12/paulson-bernanke-fed-biz-wall-cx_lm_1112bailout.html

finance discussions and in fund operationalization. There can be no fair and equitable global climate agreement without a comprehensive global climate financing understanding. And this understanding can only be fair, equitable and comprehensive when it incorporates gender awareness and strives toward gender equitable climate financing solutions.

II. Overview of Cost Estimates for Global Mitigation and Adaptation Measures

Many cost estimates have been published over the past few years that try to quantify the sums necessary to pay for mitigation and adaptation measures globally. While estimating methods and analysis differ and there remains a high degree of uncertainty given unpredictability over future factors including "policy costs", there seems to be a convergence toward a close global cost range.[4] The table below summarizes some of these costing efforts. The estimates range from up to US$ 86 billion annually for adaptation by 2015 according to the 2007 UNDP Human Development Report[5] to some US$ 380 billion it will cost to return in 2030 to return emissions to 2007 levels according to a UNFCCC Secretariat estimate.[6] As a percentage of gross world product, Sir Nicolas Stern and the IPCC (2007) have estimated a commitment from anywhere between 1 to 3 percent in order to stabilize global greenhouse gas emissions in the range from 445 – 550 ppm CO2eq.[7] In a recent bottom-up study focusing on mitigation potential, McKinsey and Company finds that the annual incremental economic costs would be between US$ 273 to US$ 478 billion and that it would cost less than one percent of projected Gross World Product in 2030 for a 35 percent reduction in global emissions. [8]

Table 1: Cost Estimates for Global Mitigation and Adaptation Measures

Source	Annual Cost (billions)	Notes
Adaptation		
World Bank (2006)	*$10-40*	Costs to mainstream adaptation in development aid
Oxfam International (2007)	*> $50*	Costs in developing countries
UNFCCC Secretariat (2007a;2007b)	*$49-171*	Adaptation costs in 2030 (summarized in Table 65, p. 198)
UNDP (2007)	*$86*	Adaptation costs in 2015
Mitigation		
UNFCCC Secretariat (2007a;2007b)	*$380*	Costs in 2030 to return emissions to 2007 levels. (summarized in Table 64, p. 196).
IPCC AR4 (2007) (SPM Table 7.)	*<3%*	Costs as percentage of Gross World Product in 2030 for stabilizing in 445 - 535 ppm CO2eq range.
Stern (2007)	*1% (±3%)*	Costs as percentage of Gross World Product through the 2050 for stabilization in the 500-550 ppm CO2eq

Source: Sivan Kartha, Stockholm Environment Institute, Presentation, March 2008

These enormous sums just last year would have been politically inconceivable. But this was before the global financial crisis in only a few short months generated a commitment of US$ 2.5 trillion worldwide in stimulus packages by the major global economic actors. Advocating for a "Global Green New Deal", UNEP has asked

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[4] Pendeleton, Andrew and Retallack, Simon (2009), *Fairness in Global Climate Change Finance*, Institute for Public Policy Research (IPPR), March 2009 (Study supported by the Heinrich Böll Foundation); available at http://www.boell.de/downloads/ecology/fairness_global_finance.pdf

[5] UNDP (2007). *Human Development Report 2007/2008:Fighting climate change. Human solidarity in a divided world.* UNDP, New York. http://hdr.undp.org/en/reports/global/hdr2007-2008/.

[6] UNFCCC (2007). *Investment and Financial Flows to Address Climate Change*, UNFCCC, Bonn.

[7] Stern, Nicholas (2007). *The Economics of Climate Change*, Cambridge: Cambridge University Press; available in full at http://www.hm-treasury.gov.uk/sternreview_index.htm (last checked by author in March 2009); IPCC (2007). *IPCC Fourth Assessment Report. Working Group III Report "Mitigation of Climate Change"*; available http://www.ipcc.ch/ipccreports/ar4-wg3.htm (last checked by author in March 2009).

[8] McKinsey and Company (2009). *Pathways to a Low-Carbon Economy: Version 2 of the Global Greenhouse Gas Abatement Cost Curve*, London: McKinsey and Company; accessible via http://www.mckinsey.com/clientservice/ccsi/pathways_low_carbon_economy.asp

national governments to commit 1/3 of these stimulus packages to greening the global economy, thus combining the need for massive public action to stabilize the current economic system with the imperative to invest heavily now in putting developed and developing economies on a low-carbon growth trajectory.[9] While the overall goal is ambitious, many countries, including most importantly the United States and China, do have significant "green" portions in their respective stimulus packages. However, the commitments to deal with the climate, financial and development crises simultaneously should not exclude gender-equality. Any Global Green New Deal must be green *and* gender-equitable, as a gender forum during the UNEP governing council meeting in February 2008 in Nairobi discussed.[10] A "business-as-usual" global economic growth and economic recovery scenario will not only worsen climate change, but also increase and cement women's vulnerabilities and inequities in many regions of the world.

III. Important Climate Finance Fundamentals

Discussions during the UNFCCC COP 13 in Bali but even more so during COP 14 in Poznan in December 2008 have made it abundantly clear that any chance for a post 2012, post-Kyoto global climate agreement, the framework of which will have to be negotiated by the end of 2009, will depend on reaching an understanding between Annex I and Annex II countries on how to finance massive mitigation and adaptation efforts globally. These efforts will have to address linkages between development, poverty eradication and climate action head on. According to the UNFCCC's Bali Action Plan, financing for climate change has to fulfill a set of non-negotiable criteria to convince the developing world to do its share in reducing (largely future) greenhouse gas emissions: it has to be adequate, sustainable, predictable, and new and additional (not replacing existing flows of Overseas Development Assistance, ODA).[11] Several financing proposals have discussed the need to base such financing on the "polluter pays" principle.[12] In climate talks, discussing various climate financing proposals and schemes, negotiators have honed in on the "3 Es" – efficient, effective and equitable – as important attributes for any future global climate financing agreement. The demand for equity – climate justice in other words – in particular points to the "common but differentiated responsibilities and respective capabilities…" that poor and rich countries share in combating global climate change according to the UNFCCC preamble.[13]

Unfortunately, today's existing climate financing instruments for the most part ignore these normative climate finance fundamentals. Instead of being based on mandatory (some would argue "compensatory") and thus predictable transfer payments, current climate funds contributions are mostly voluntary, inadequate for the needs and often clearly not additional. In many cases – for example with respect to the newly created Climate Investment Funds (CIFs) administered by the World Bank and the MDBs – financing is provided mostly in the form of loans, not grants, which, although highly concessional, are expected to be eventually repaid.[14] That leads to the absurdity that for example Sub-Sahara Africa, which has contributed negligibly to global CO2

[9] UNEP. 2009. Press Release: "Realizing a Green New Deal", February 16, 2009; available at: http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=562&ArticleID=6079&l=en (assessed by the author in March 2009).
[10] See information on the meeting, as well as draft recommendations from the Network of Women Environment Ministers and Leaders for the Environment (NWEMLE) at http://www.unep.org/GC/GC25/nwmlesummary.asp.
[11] UNFCCC. 2007. Conference of the Parties – Thirteenth Session. Decision 1/CP.13 "Bali Action Plan"; available at: http://unfccc.int/resource/docs/2007/cop13/eng/06a01.pdf#page=3
[12] See for example the Swiss Funding Proposal for the Bali Action Plan, available at http://unfccc.int/files/kyoto_protocol/application/pdf/switzerland_funding.pdf.
[13] UNFCCC. 1992; FCCC/INFORMAL/84 GE.05-62220 (E) 200705 http://unfccc.int/essential_background/convention/background/items/2853.php; English version available at: http://unfccc.int/resource/docs/convkp/conveng.pdf
[14] In notes about the Meeting of the Clean Technology Fund (CTF) Trust Fund Committee on May 11, 2009 and the Joint CTF – Strategic Climate Fund (SCF) Meeting on May 12, 2009 shared online, a civil society observer to both meetings confirmed that the World Bank stated its conclusion that contributions to the CIFs can be reported as ODA (thus, are not additional). It was also discussed that for the SCF the grant component should be no more than 10 percent of total resources.

emissions, is given loans to pay for the adverse effect of climate pollution on its poor population that these people did neither cause nor benefit from – with some of the most severe effects falling on the most vulnerable, among them women and children. Many of these LDCs are still highly indebted to start with; some of the current climate financing schemes for poor countries thus add insult to injury.[15]

Likewise, the political question has to be asked – and should not be taboo when discussing climate financing needs for the poorest countries to deal with mostly adaptation demands – if it would not be more "equitable, efficient and effective" for industrialized countries to also consider debt forgiveness and debt relief as climate finance contributions in addition to designated climate funds. Sovereign and multilateral debt forgiveness for LDCs, as has been done through the Highly Indebted Poor Countries initiatives (HIPC) with respect to poverty-eradication efforts, could be conditioned on combined climate and development action. The Commonwealth Secretariat in a recent paper surveying the existing debts of 58 of the world's poorest countries has estimated that multilateral debt eligible for debt swaps to combat climate change could generate USD 90 billion, with an additional up to USD 40 billion in eligible bilateral debt relief.[16]

So far completely missing, if sorely needed, from the normative set of climate finance fundamentals and any international discussion thereof is the gender dimension. One problem is the existing lack of gender-disaggregated data probing the gender-differentiated impacts of and contributions to climate change. While often conveniently used as an excuse for inaction with respect to gender, this classical "chicken-and-egg"-dilemma can only be overcome with a clear political work order to relevant organizations (f.ex. the World Bank, UNFCCC , the Global Environment Facility and others) to start collecting the data they would need to include gender considerations into climate financing guidelines on a policy and the project level. The time to act is now: many of these new climate financing initiatives are currently rolling out their first pilot projects. Gender guidelines and criteria need to be an integral part of operating procedures and project outlines, not an afterthought or an artificial add-on after years of project work has already been financed by the new climate funds.

The experiences of mainstreaming gender in development efforts can be instructive, and tools developed in this context can likewise be adapted and utilized for making climate financing instruments more gender equitable. These include, but are not limited to gender sensitive indicators, gender analysis of project and program designs, gender-inclusive consultation, implementation, monitoring and evaluation, possible gender finance quotas or set-asides via gender responsive budgeting processes applied to project funding as well as mandatory gender audits of funds spent . However, the single most important tool in advancing fair and gender-equitable climate finance mechanisms– and apparently still the most illusive – is a political commitment on every level to take gender seriously in combating climate change.[17]

IV. Proliferation of New Climate and Environment Funds

After many years of inaction, within the last few years, a large number of bilateral and multilateral environment and climate financing initiatives have been developed.[18] The activities of the global donor

[15] See for example Jubilee Debt Campaign UK in a new report "A New Debt Crisis?" warning of a new global debt crisis following the global financial and economic crisis; Report available at http://www.jubileedebtcampaign.org.uk/newdebtcrisis.

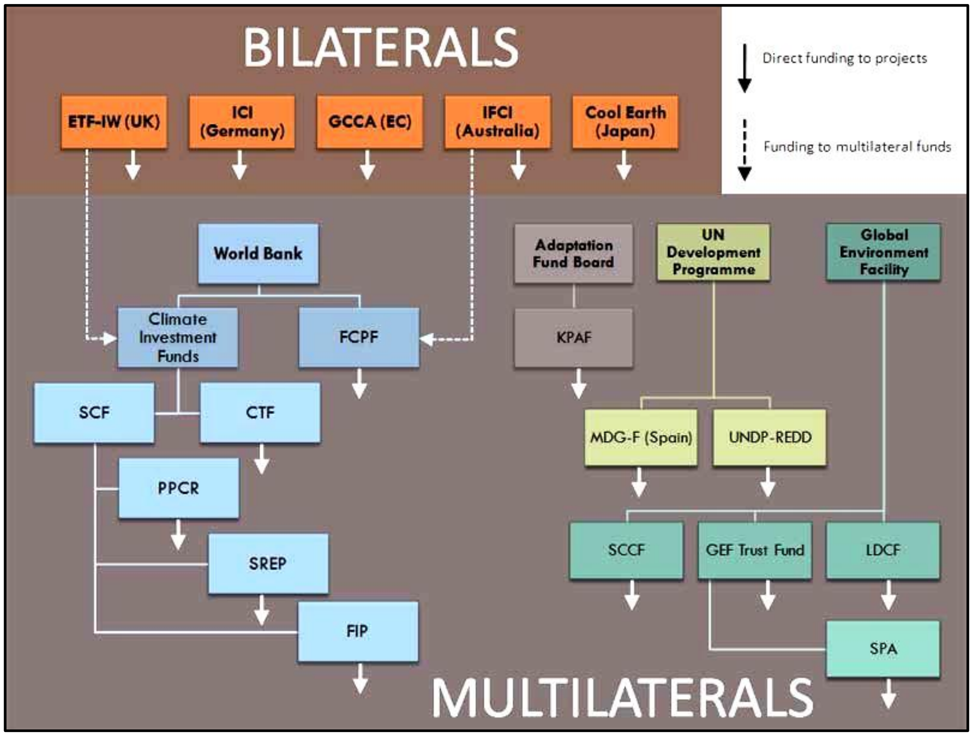
[16] Commonwealth Secretariat (2009), *Debt Relief to Combat Climate Change*, Paper prepared by Development Finance International for the Commonwealth Secretariat, London, April 2009; available at http://www.commonwealthsmallstates.org/files/190141/FileName/DEBTRELIEFTOCOMBATCLIMATECHANGE.pdf

[17] See for example for an elaboration of this point: Gender cc. 2007. Gender and Climate Change Network – Women for Climate Justice Position Paper for UNFCCC COP 13: "Gender: Missing Links in Financing Climate Change Adaptation and Mitigation", December 2007; available http://www.gendercc.net/fileadmin/inhalte/Dokumente/UNFCCC_conferences/gender_cc_financing_positionpaper_bali_final.pdf

[18] For an overview of new climate financing initiatives, visit www.climatefundsupdate.org, a joint project by Overseas Development Institute and the Heinrich Böll Foundation.

community reached a fever pitch in late 2007, resulting not only in the creation of some important new large-scale multilateral funds, but also in a significant power shift in the global environmental financial architecture from the Global Environment Facility (GEF), the financing arm of the UNFCCC, to the World Bank and the MDBs. In effect, this shift created an emerging global environmental finance system centered around the GEF and the World Bank (working in concert with regional Multilateral Development Banks, MDBs) as its two main pillars for the foreseeable future (see graph below). [19]

Figure 1: Emerging Climate Finance Architecture – Major Bilateral and Multilateral Funds



ETF-IW – Environmental Transformation Fund, Intl. Window
ICI – International Climate Initiative
GCCA – Global Climate Challenge Alliance
IFCI – Intl. Forest Carbon Initiative
FCPF – Forest Carbon Partnership Facility
SCF – Special Climate Fund
CTF – Clean Technology Fund
PPCR – Pilot Program on Climate Resilience
SREP – Scaling-Up Renewable Energy Program for Low-Income Countries
FIP – Forest Investment Program
KPAF – Kyoto Protocol Adaptation Fund
MDG-F – MDG Achievement Fund, Environment and Climate Change Thematic Window
SCCF – Special Climate Change Fund
LDCF – Least Developed Country Fund
SPA – Strategic Priority on Adaptation

Source: www.climatefundsupdate.org

This shift is caused by a multitude of factors: the desire by industrialized countries – propelled by their citizens' demand for political action – to quickly scale up climate financing; perceived weaknesses of the existing climate financing structures under the UNFCCC (mainly the GEF); and the wish for more "donor country ownership." As a result, the newest multilateral funds, a portfolio of climate investment funds (CIFs) under trusteeship of the World Bank, received not only the G7 endorsement at the Hokkaido Summit in July 2008, but also multi-billion dollar pledges totaling more than US$ 6 billion for the World Bank CIFs. This contrasts with a total of roughly US$ 1 billion for all GEF/UNFCCC climate financing instruments combined.[20]

Several issues must be noted with respect to the emerging global environment/climate finance architecture. Chief among them is the suspicion by many developing countries that the UN process on climate financing which gives recipient countries an equal say with donor countries would be undermined by the creation of the CIFs and a preponderance of new bilateral donor initiatives.[21] It also has to be stated that these new funds are not part of an overarching program or framework nor are they subject to shared guiding principles, thus increasing the odds for duplication of efforts. They are also plagued by competition for scarce public funding, lack of cooperation and coordination and possibly missed synergies. Proponents have argued that the

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[19] WWFUS, Heinrich Böll Foundation (2008). *New Finance for Climate Change and the Environment*. Report produced by Gareth Porter and researchers from ODI, commissioned by World Wildlife Fund US and the Heinrich Böll Foundation North America, July 2008; available at http://www.boell.org/docs/FINAL_Boell-WWFUS_ClimateFinance_Report.pdf.

[20] World Bank (2008). "News & Broadcast: Donor Nations Pledge Over $ 6.1 Billion to Climate Investment Funds," http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21916602~pagePK:34370~piPK:34424~theSitePK:4607,00.html

[21] Tan, Celine (2008). "World Bank's Climate Funds Will Undermine Global Climate Action." Third World Network, April 10, 2008

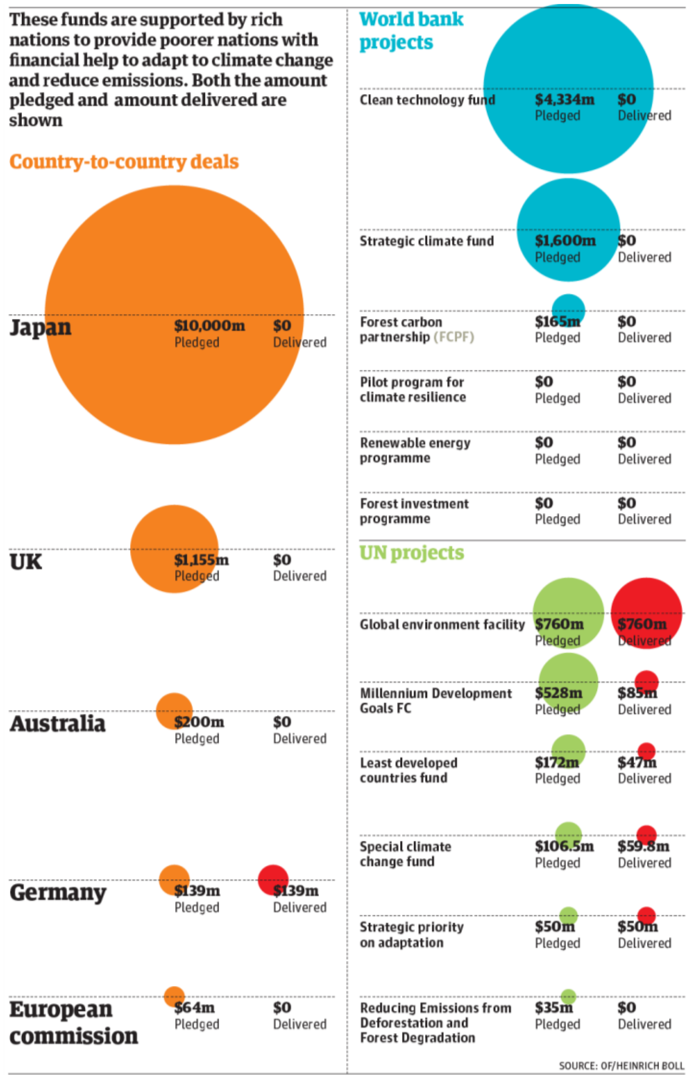
multitude of actors in a "marketplace of ideas" could be beneficial in developing the most effective and efficient (albeit probably not the most equitable) climate financing schemes.

Nevertheless, one of the biggest short-comings and a crucial impediment for a hoped-for future fair and adequate global climate financing scheme is the largely voluntary nature of finance contributions. Earlier this year, the British *Guardian* newspaper took a closer look at the gap between international climate funding pledges and actual committed financing and found it to be glaring (see graphic).[22] Over the last several months, some donor governments have finally moved forward in approving the funds they pledged for the CIFs. Of the initial donor country pledges for the World Bank's Clean Technology Fund (CTF), as of May 2009 the following pledges have been approved:

- Australia (US$ 80 million);
- France (US$300 million);
- Germany (US$739 million);
- Japan, (US$ 1 billion, pending parliament approval);
- Spain (US$118 million delivered);
- UK (a total of US$ 1.488 billion committed to CIFs overall); and
- US (US$ 2 billion; approval sought for partial funding in FY 2010).[23]

The financial crisis will make it undoubtedly more difficult, both politically and fiscally, for many industrialized countries to make good on their initial funding promises.[24] This could also affect the ongoing replenishment negotiations for the fifth GEF replenishment, for which the GEF optimistically hopes to secure US$ 8 – 10 billion.[25]

Figure 2: The Missing Climate Funds



Source: The Guardian, February 21, 2009

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[22] The Guardian, February 21, 2009: "Rich Nations Failing to Meet Climate Aid Pledges", available at http://www.guardian.co.uk/environment/2009/feb/20/climate-funds-developing-nations; graphic available at http://image.guardian.co.uk/sys-files/Guardian/documents/2009/02/20/Climate_funds_2102.pdf

[23] As quoted in: Nakhooda, Smita (2009), "Catalyzing Low Carbon Development? The Clean Technology Fund," Working Paper, May 2009, World Resources Institute.

[24] The Bush Administration had promised US$2 billion over three years for the World Bank's CTF. However, the U.S. Congress in its recent FY 2009 budget deliberations decided to cut an appropriation of US$ 400 Million for the CTF. For the FY 2010 budget submitted for Congress' deliberations and approvals in early May 2009, the Obama Administration has requested a total of US$ 600 million to be appropriated to the CIFs, namely US$ 500 million for the CTF and US$100 million for the Strategic Climate Fund (SCF). The Obama Administration requested also a total of US$ 232 million for adaptation to be administered through USAID and the US State Department. Included in this sum are US$ 50 million for the UNFCCC's LCDF and SCCF, which, if approved by Congress, would be the first contribution ever of the United States to UNFCCC climate funds.

[25] The GEF Trust Fund replenishment is a process held every four years whereby donor nations commit financial resources to support the operation of GEF. The latest replenishment (fourth) covered the period from July 2006 to June 2010, and amounted to $3.1 billion contributed by 32 donor countries. Since the current fourth GEF replenishment period will end in June 2010, the discussions on the fifth replenishment of the GEF Trust Fund will run throughout 2009, with a view to reaching final agreement by March 2010.

V. Gender Implications of New Climate Fund Focal Areas

The new climate financing funds are centered mainly on three focal areas, namely:

- **Clean technologies /mitigation**: climate funding committed in clean technologies/mitigation funding mechanisms is supposed to affect transformational change of the energy sector in primarily emerging market economies.
- **Adaptation/climate resilience:** these financing instruments focus primarily on the poorest, most affected countries for immediate measures to lessen their vulnerability to climate change
- **REDD/forest programs:** funding schemes focusing on reduction of emissions from deforestation and forest degradation, often concentrated in a few countries and regions of the world (Brazil – Amazonia; Congo Basin; Papua-New Guinea)

Until now, none of the existing climate funding initiatives in these areas has made any effort to incorporate a gender perspective, let alone gender mainstream all its programs and projects, despite a growing awareness (if yet too few scientific research projects) of gender-differentiated adaptive and mitigative capabilities and impacts, for example with regard to women's role in agriculture, their consumption patterns, or differences of both genders in responding and dealing with natural disasters.[26] While it should not focus primarily on the role of women as vulnerable victims, such a gender-mainstreaming effort would instead acknowledge the capacity of women as a group to act as change-agents by designing and funding programs and initiatives utilizing men and women's differentiated strengths and capabilities.[27] For development outcomes, the World Bank and other international development organizations as well as bilateral development agencies have amply demonstrated that mainstreaming gender into development projects improves development effectiveness. Widely supported by the international donor community, the World Bank Group has in the last few years repeatedly gone on the record concluding that poverty reduction and development can only be achieved together with women's equality. The World Bank has even devised an important part of its development strategy around "Gender Equity as Smart Economics".[28] Likewise, the UN in its Millennium Campaign to reach ambitious Millennium Development Goals (MDGs) has focused on gender equality as a top goal. It is therefore not far-fetched to stipulate that incorporating gender awareness and gender criteria into climate financing mechanisms and strategies would likewise constitute "smart climate finance".

1. Some Gender Considerations of Mitigation Finance

Men and women through their actions and activities, which are largely defined by their gender roles, contribute differently to global warming. Few if any studies have focused so far on the global impacts resulting from the reality that CO_2 emissions are generally lower for women, based for example on their respective gendered roles in society, their economic activities and priorities or transportation needs and usage.[29] As with the general deplorable lack of gender differentiated data sets for all things climate, the need for further mapping in this specific area is evident. It could, f.ex. shed light on the question whether a more gender-equitable world would be one with lower emissions.

While the link between adaptation and gender is increasingly acknowledged (unfortunately focusing mainly on the role of women as victims of climate change), a similar willingness to consider gender with respect to mitigation efforts still proves to be an intellectual challenge for many – not just in the mainly technically

[26] F.ex. http://www.adb.org/Documents/Speeches/2008/ms2008075.asp, http://www.fao.org/sd/dim_pe1/docs/pe1_051001d1b.pdf
[27] IUCN(2007). "Gender and Climate Change: Women as Agents of Change".
[28] For information on the World Bank's work on gender and development, see www.worldbank.org/gender. For specific work on its Gender Action Plan, see http://go.worldbank.org/9P7W3KS0P0.
[29] See for one of the few mentions of this, Lambrou, Yianna and Piana, Grazia (2005). *Gender: the missing component in the response to climate change,* FAO, 2005; available at http://www.fao.org/sd/dim_pe1/docs/pe1_051001d1b.pdf.

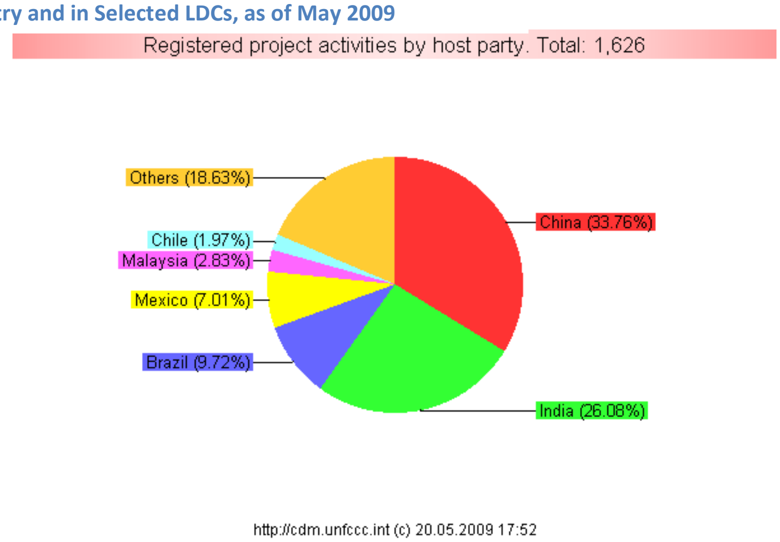
focused scientific community or among policy-makers, but likewise among global civil society climate change activists. This is mainly due to an inherent bias of mitigation action and policy for large-scale high-tech solutions, a “big-is-better” project mentality that neglects or often completely negates some of the smaller scale and less high-tech focused mitigation efforts in which women engage globally on an ongoing basis – without getting the credit or the financing due their efforts. A specific focus of mitigation financing schemes that could benefit women primarily, but also community-based action more generally, should therefore be on capacity-building measures that raise both economic and technological literacy, but also on initiatives with a focus on *appropriate* technology transfer and support. Small-scale, low-tech mitigation efforts should be financed for their aggregate and replicable potential not just as a mere “political fig-leaf” or afterthought. These efforts should be prominently included in any Nationally Appropriate Mitigation Action (NAMAs) plans that developing countries will voluntarily develop under the Bali Action Plan pending financial support and technology transfer by industrialized countries. Currently, climate mitigation projects that benefit primarily women and poor communities, if they happen at all, find themselves unfortunately still far too often viewed solely through a “micro-finance” or “pilot approach”-prism. This has less to do with technical or practical obstacles to thinking small-scale projects big through replications and aggregations, but everything with existing financial incentive structures. Large-scale projects using high-tech solutions allow for larger credits and higher profit margins for a myriad of groups that want to get a piece of the climate finance pie.

A. Case in Point: A Closer Look at the Clean Development Mechanism

Under the Kyoto Protocol, the Clean Development Mechanism (CDM) provides for a mechanism to allow industrialized countries to meet their emission reduction target in a cost-effective way by financing greenhouse gas emissions reductions in developing countries. Thus, instead of tackling emissions reductions domestically, developed countries are “offsetting” them with actions in the South. [30] Initially, poorer development countries hoped that the CDM would provide them with an opportunity to receive climate funding while improving their own countries’ climate performance. But the reality has showed that the countries that need low-carbon investments the most because of a lack of own public funding capabilities and general FDI disinterest, namely LDCs, are mostly left out of more than 1600 CDM projects registered as of mid-May 2009.

Figure 3: Registered CDM Projects by Host Country and in Selected LDCs, as of May 2009

LCDs (Sample)	# of Projects
Bangladesh	2
Bhutan	1
Bolivia	2
Cambodia	4
Kenya	1
Lao	1
Nepal	2
Nigeria	2
Uganda	1
Tanzania	1



[30] Many civil society critics see the biggest weakness of the CDM in its current focus on “offsetting” rather than adding significant new emissions reductions and urge significant reforms to the flexible mechanisms of the Kyoto Protocol, especially the CDM. See for example the Intervention by CAN International prepared for the AWG-KP Contact Group in April 2009; available at http://unfccc.int/resource/docs/2009/smsn/ngo/119.pdf.

A few of the many reasons are the cumbersome and expensive project-by-project application procedure and a lack of know how. As the graph above (from the UNFCCC website, as of May 21, 2009) shows, most projects funded under the CDM can be found in only a handful of countries, chief among them China (549), India (424) and Brazil (158). In contrast, only 25 projects were registered for all of Africa, 15 of them alone in South Africa. Only a handful of LDCs have registered CDM projects within their borders.[31] The World Bank recently estimated that the value of all CDM transactions in 2008 in developing countries reached US$6.5 billon, actually declining in comparison to the previous year, while the value of the entire global carbon market in the same period doubled to more than US$126 billion.[32]

B. The CDM and Gender Considerations

The flexible mechanisms under the Kyoto Protocol, among them the CDM, are currently under review for a post-Kyoto 2012 agreement. With the CDM under intense criticism from many, its future beyond 2012 is uncertain. Without a doubt, the CDM would have to be significantly altered and improved upon to contribute to a more (gender-)equitable global climate financing agreement. In its current form, the CDM as a mitigation finance mechanism – because of its design as a market-driven instruments for realizing the cheapest emission reductions opportunities – is clearly biased in favor of large emitter countries and large-scale mitigation projects, leaving not only women's efforts specifically, but more generally LDCs and smaller community-based mitigation contributions woefully underfunded, unaccounted and uncompensated. Such an approach only makes sense in a narrow mindset that treats climate mitigation as clearly separable from global development imperatives such as the MDGs, questions of global equity and desired national development outcomes.

Yet, the CDM (or post 2012, a CDM-type new mechanism to be created) could have the potential to combine in more of its registered projects greenhouse gas abatement with poverty alleviation, desired development outcomes and women's empowerment specifically. It could offer women access to a range of projects with a focus on new technologies primarily in household energy, agriculture, and food processing, but also pay for environmental services in natural resource management which women have traditionally been involved in using local and traditional knowledge.[33] Some promising examples exist (see separate box next page). For CDM projects to fulfill their potential, however, access for small, community-based initiatives to CDM project financing would need to be improved, CDM application procedures for smaller projects streamlined and fees reduced, and more participation and voice would need to be given to women and the poor in designing CDM projects. More development-oriented and gender- inclusive CDM projects would shift the focus to more small-scale, off-grid projects such as mini-hydro, biomass or solar energy generation or small-scale afforestation and reforestation efforts.

It could be worth exploring whether it is feasible to develop a sort of template approach for some small-scale project categories, where some of the baselines could be pre-approved. Additionally, the possibilities for aggregating or bundling projects and community-scale efforts need to be further strengthened in CDM operating guidelines and procedures. The CDM Executive Board is working on redefining guiding principles for bundling as part of the re-evaluation of the CDM's prospects in a post-Kyoto agreement. A special consideration in such a bundling approach will have to be given to the "bundling agent" or "aggregator" to make sure that they are committed to gender-aware and gender-inclusive approaches. In general, a not-for profit, public benefit oriented entity such as a development organization, financial institution or NGO might be preferable to for-profit businesses ventures in helping women profit from CDM funding opportunities.

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[31] http://cdm.unfccc.int/Statistics/Registration/NumOfRegisteredProjByHostPartiesPieChart.html, accessed on May 21, 2009.
[32] World Bank (2009). *State and Trends of the Carbon Market 2009*, Washington, DC, May 2009. See also: http://wbcarbonfinance.org/docs/State_of_the_Market_press_release_The_FINAL_2009.pdf
[33] Lambrou and Piana (2005).

BOX 1:

Win-Win-Win Scenarios for Development, Women's Empowerment and Climate Mitigation – The Examples of Grameen Shakti and UNIDO's "Lighting Up Kenya" Projects

Photo: World Bank

A positive example for a gender-inclusive development-focused CDM mitigation project in an LDC is the work of the not-for-profit Grameen Shakti (a spin-off of the Grameen Bank) in Bangladesh. Grameen Shakti successfully brings the CDM mitigation financing mechanism to the community and grass-roots level by bundling a large number of individual smaller projects.

Grameen submitted a 5-year project with 30,000 planned units of 65 watt capacity solar home systems (SHS) in off-grid rural households as a Small Scale CDM project (one of only two CDM projects for Bangladesh). The solar home systems, built in the country and installed and maintained by female engineers that Grameen Shakti trains as part of the project, are to replace kerosene and diesel generators for lighting and electricity in an LDC where only 32 percent of the population have access to the electricity grid, where 36 percent of the population live below poverty the line and where approx. 20 percent of household consumption is spent on fuel.

As part of the project, Grameen Shakti operates a "dealer credit model" in which Grameen gives individual households a "soft" microcredit to make the solar home system affordable. The cost of the small credit can be repaid in monthly rates over up to 4 years which mirror the real cost of fuel the household would have to pay otherwise. Through the CDM Certified Emissions Reduction (CER) funding, the purchase costs for the solar home systems can be kept down. The project shows a win-win-win-situation for poverty reduction and development, gender empowerment as well as climate mitigation. The project has the capacity to be significantly scaled up: Grameen Shakti is currently working with the World Bank's Community Development Carbon Fund (CDCF) on a project plan that would bring some 970,000 SHS to rural Bangladesh by 2015.

In an evaluation of various small and medium sized solar home system enterprises and their respective successes, the private sector arm of the World Bank, the International Finance Corporation (IFC), which had supported an earlier smaller-scale Grameen Shakti project in joint implementation with the GEF, points to various lessons learned from Grameen Shakti: the importance of economies of scale in order to reduce the financial cost of the monthly rental fee; an ongoing system service and maintenance; and the importance of local ownership, specifically ties to the local community through financing intermediaries such as Grameen Shakti's ties to the Grameen Bank and of government support, f.ex. through subsidies.

A similar win-win-win CDM project, the "Lighting Up Kenya" project of UNIDO, focuses on using small-scale renewable energy production to create a cluster of village power centers that double as community development centers by not only providing power but income-generating opportunities to off-grid communities in rural Kenya. Women are to benefit in such a scheme through the improvement of their home environment for lighting and cooking as well as through the creation of economic and job opportunities

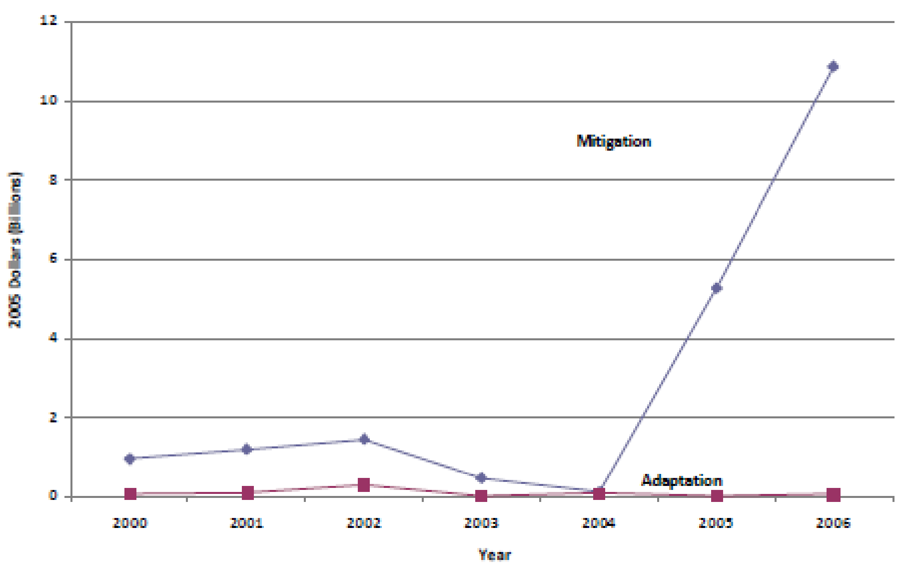
Sources: http://wbcarbonfinance.org/Router.cfm?Page=Projport&ProjID=37262 ; http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2008/01/09/000020953_20080109093650/Rendered/PDF/42103.pdf ; http://www.greengrowth.org/download/green-business-pub/Greening_of_the_Business/Private_Sector/Grameen_Shakti_Pioneering_and_Expanding.pdf ; https://www.unido.org/fileadmin/user_media/UNIDO_Worldwide/Offices/UNIDO_Offices/Kenya/CPC_FLyer_2.pdf; http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_SellingSolar/$FILE/SellingSolar.pdf

2. Some Gender Considerations of Adaptation Finance

For many observers and particularly for climate science technical experts, it is intellectually challenging at best to recognize the gender implications of mitigation efforts. In contrast, in the case of adaptation measures a link to gender seems more intuitive. This is mostly related to an understanding of adaptation as reducing the vulnerabilities created by climate change for the livelihoods of poor people. In such a definition, the clear-cut connection between vulnerability, poverty and gender inequality does not need any further explanation. Thus, it is even more surprising that most adaptation financing instruments and the projects they support still lack gender-awareness and an explicit gender-policy. In adaptation measures, even more so than in mitigation efforts, the line of separation to development projects in many cases becomes blurry. Thus, whether one would call it mainstreaming or just plainly "thinking together", climate and gender policies need to be clearly incorporated into development approaches, as do development and gender policies into climate, specifically adaptation policy measures. This double mainstreaming is necessary to achieve sustainable development.

While the need for adaptation financing globally is already great and expected to grow exponentially – particularly if global mitigation efforts are half-hearted or lagging –, few resources have been marshaled so far. An analysis by the Oxford Institute for Energy Studies from November 2008 found that from 2000 to 2006 only an estimated US$ 600 Million have been spent on adaptation finance, mostly on disaster risk reduction. This constituted not only a miniscule amount (between 0.1 to 1 percent, depending on the estimate) of the projected financing needs, but also only 1/34th of the total OEDC country expenditure on climate projects. Most of the US$ 11 billion spent between 2000 and 2006 by OEDC countries on climate change activities favored mitigation measures which were highly concentrated in few countries.[34]

Figure 4: Estimated Climate Change Funding by Type (2000-2006), in 2005 US$.



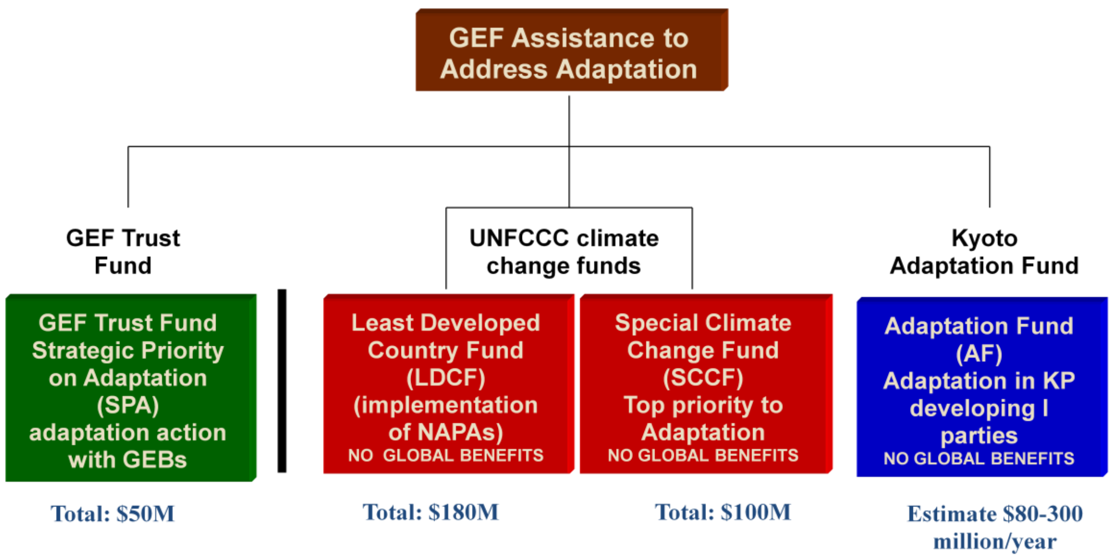
Source: Oxford Institute for Energy Studies

Existing climate funding mechanisms devoted to adaptation finance under the UNFCCC are grossly underfunded and still operate under a project-by-project, not a comprehensive programmatic approach. These included dedicated funding for the GEF, as well as the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), in addition to the newly established Adaptation Fund (AF), which is to be financed by a 2 percent levy on CDM projects. The AF is so far the only UNFCCC adaptation finance mechanism with a

[34] Robert, J. Timmons; Starr, Kara; Jones, Thomas; and Abdel-Fattah, Dinah (2008). *The Reality of Official Climate Aid*. Oxford Energy and Environment Comment, November 2008, Oxford Institute for Energy Studies; available at http://www.oxfordenergy.org/pdfs/comment_1108-1.pdf

predictable, automated contribution scheme. In contrast, the LDCF and the SCCF rely on voluntary contributions by donor countries. Not only are pledges for both founds lagging seriously behind actual funds transfers, they are also a far cry from what mandatory payments as determined by the "polluter pays" principle would amount to. It is for example noteworthy that the United States has to date not contributed any funds for the adaptation efforts under the UNFCCC. In its request to the US Congress for FY 2010, the Obama Administration, signaling a shift in US dealings with the UNFCCC, has for the first time ever requested some US$ 50 million for the LDCF and the adaptation mandate of the SCCF.

Figure 5: Adaptation Funding and Funding Sources Available to the GEF



Source: GEF, www.gefcountrysupport.org/docs/940.ppt

Where the SCCF focuses on technology transfer and capacity building, the LCDF is specifically tasked to provide developing countries with funding assistance for the development of National Adaptation Plans of Action (NAPAs), some 40 of which have been received by the UNFCCC Secretariat so far.[35] Less than a third of them currently even mention gender equality as an important underlying principle, although some NAPAs, particularly those of Bangladesh (http://unfccc.int/resource/docs/napa/ban01.pdf) and Uganda (http://unfccc.int/resource/docs/napa/uga01.pdf), could be viewed as good examples by identifying gender equity as necessity for achieving national adaptation and development goals. The ultimate proof for the successful engendering of NAPAs , however, lies in formulating gender-differentiated financing plans for achieving those goals and in repeated gender-audits of expenditures made under these plans. Nor can the NAPAs be viewed in isolation: much more attention needs to be paid to their relationship and coherence with existing national development plans, such as the Poverty Reduction Strategy Papers (PRSPs), which many multilateral and bilateral donor agencies demand. PRSPs and other development plans likewise are often lacking the inclusion of gender-considerations.

Besides the UNFCCC adaptation funding measures, the Strategic Climate Fund (SCF) at the World Bank with its Pilot Program on Climate Resilience (PPCR)—with US$ 1.7 billion in pledged, if not yet delivered funding – is currently the most important multilateral source for adaptation finance.[36] In early 2009, eight pilot countries for the PPCR, namely Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Niger, Tajikistan and Zambia, were selected. According to the World Bank's Strategic Framework on Climate Change and Development (SFCCD) which provides the programmatic framework for the World Bank's work on climate change, including its

[35] http://unfccc.int/cooperation_support/least_developed_countries_portal/submitted_napas/items/4585.php

[36] Of the US$1.7 billion pledged by eight donor countries, by early May 2009 only US$234 million by two donor countries (UK and Canada) have been received. As quoted in: World Bank (2009), *Trustee Report . Financial Status of the Strategic Climate Fund*, CTF-SCF/TFC.2/8, May1, 2009; available at: http://siteresources.worldbank.org/INTCC/Resources/ReportoftheTrusteeontheSCF.pdf

portfolio of climate investment funds, climate considerations are supposed to be mainstreamed into the Bank's development approach and countries' core development planning and budgeting. These are to include social and gender considerations. And indeed the SFCCD does make at least cursory mention of gender aspects. However, the PPCR has so far failed to include any gender criteria or recommendations in its operating guidelines. The early projects under the PPCR are critical, as the PPCR aims to demonstrate best practices for further scaling up of adaptation financing through the World Bank and the regional development banks. It is therefore not just imperative but a litmus test for the World Bank's intention of basing their work on climate change in development concerns that gender considerations are included from the early stages of pilot country program conceptualization and project implementation, as well as in project evaluation and review.

3. Some Gender Considerations of REDD Financing

REDD, or reduced emissions from deforestation and forest degradation is based on the simple concept of making payment to forest owners in the South to discourage them from cutting these forests down and thus preventing the release of the carbon emissions stored by forests. It is estimated that as much as a quarter of all greenhouse gas emissions stems from deforestation. The Bali Action Plan calls for the development of "policy approaches and positive incentives" leading to a possible agreement on REDD at COP-15 in Copenhagen in December 2009. How REDD is to be funded is as much an area of controversy as the utility and fairness of the concept itself and its role in slowing down climate change. The proposed mechanisms for financing REDD are carbon trading or designated funds or a hybrid of the two. Carbon trading is seen critically by many observers concerned with equity and social justice out of fear for the traditional rights of indigenous peoples and local communities, which for example the UNFCCC does not recognize. It is also criticized because carbon trading only offsets emissions without leading to a net reduction on both ends of the market transaction while in REDD the danger of carbon "leakage" is high.[37] Various voluntary standards, such as the Climate, Community and Biodiversity Alliance Standards (CCBA), seek to address these concerns to varying degrees, however not completely.

Several multilateral agencies as well as governments are involved in REDD activities, as are increasingly private sector actors. The World Bank in Bali in 2007 launched the Forest Carbon Partnership Facility (FCPF), its main mechanism for REDD. The fund, with a volume of US$155 million, became operational in June 2008 with 13 financial and 25 country participants. It also finances a few REDD-type projects through its BioCarbon Fund (operating since 2004, now in tranche 2, with a total expenditure of US$ 90 million)[38]. Additionally, as part of its portfolio of Climate Investment Funds (CIFs), the World Bank under its Strategic Climate Fund (SCF) created a Forest Investment Program (FIP) with US$57 million pledged.[39] Several UN agencies (UNDP, UNEP, FAO) have set up UN-REDD which runs pilot programs in 10 countries and has promised US$18 million to five of these countries. Various governments are also active in REDD, foremost Norway, which has committed US$ 600 million per year in support, as well as Germany, Austria, and Brazil, which created the Amazon Fund.

Forests contribute to the livelihoods of many of the more than one billion people living in abject poverty, more than 70 percent of them women. Forests themselves are home to some 300 million people worldwide. From a gender-equitable point of view, forest and the management of forest resources are of utmost importance for sustainable development, as men and women (ab)use, protect and access those resources differently based on their socioeconomic differences and gendered roles and rights. Women rarely are afforded legal ownership

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[37] For a general introduction to some of the concepts and problems surrounding REDD, please see http://www.redd-monitor.org/redd-an-introduction/.

[38] World Bank (2009). *Carbon Finance for Sustainable Development 2008,* Washington, DC, April 2009; available at http://siteresources.worldbank.org/INTCARBONFINANCE/Resources/2008_Annual_Report_CF08_Final_printed_Low_Res_04-29-09.pdf

[39] For more detailed summary information on the FIP, please see: http://www.climatefundsupdate.org/listing/forest-investment-program.

rights over forest resources; traditional tenure and women's role in guarding and maintaining communal forests are often not recognized, f.ex. in Africa. These facts on the ground have to be taken into account in a comprehensive gender assessment of possible impacts, policies and compensation structures *before* various REDD financing schemes are negotiated and agreed upon, in Copenhagen or elsewhere.

At the moment, most proposed REDD market-based schemes focus on large-scale deforestation, activities in which women and indigenous communities in general are less involved. As it currently stands, women and community activities stand to benefit more from REDD public funds with an explicit focus on forest conservation and restoration. However, it has been estimated that carbon markets might provide up to 10 times more in funding for REDD initiatives than public donor funds. To compensate for this financing gap, scarce public funding for future REDD projects that target community-based activities should preferentially invest in women's associations. There are many examples of the benefits for the whole community in forest conservation projects targeting women (see the examples in boxes 2 and 3). If women as a group were to benefit from market-based REDD financing schemes, the question of gender and tenure will have to be addressed upfront. For example, REDD participation by national governments could be contingent upon fair land ownership laws and the reform of existing, often gender-biased land legislation, with some of the initial REDD funds being used for statutory reform efforts. Additionally, mandatory gender-inclusive sustainability standards should be required for any market-ready REED project as fiduciary duty. Such standards need to be worked out under strong participation of women and indigenous groups at every level of standard-setting and development. While currently the CCBA standards, a principal tool for verifying a REDD project's socioeconomic impacts, require projects to provide community information (including on gender) and ask for gender-inclusive consultation, they do not ask for gender-equity in ownership and access opportunities. It would behoove standards such as the CCBA to include a specific gender criterion in its community section or as a requirement for projects aspiring to a gold level status.[40]

Box 2:

Gender-Aware REDD Projects – Example 1: The Green Belt Movement in Kenya

*Probably the best known example linking women's empowerment to climate change abatement through REDD is the work of the **Green Belt Movement** in Kenya, founded by Nobel Peace Laureate Wangari Maathai. Working through Community Forest Associations (CFAs) with the strong involvement of local women's groups, the Green Belt Movement since the early 1970s has reforested degraded public land and private land with high community access in the Aberdare Range and Mount Kenya watersheds in Kenya, which had been deforested for charcoal production or for conversion to illegal agriculture and cattle grazing.*

In November 2006, the Greenbelt Movement signed an Emissions Reductions Purchase Agreement (ERPA) with the World Bank's BioCarbon Fund. Under the still ongoing project, some 1,876 ha of degraded land in the area were reforested by CFAs in 2007 and 2008. From this project, the BioCarbon Fund expects to purchase 375,000 tons of carbon dioxide equivalent emission reductions between 2007 and 2017, with a call option to purchase an additional 150,000 tons. Local CFAs were employed to plant and tend the seedlings during the first two years; they are allowed to extract traditional (for example, honey, firewood from deadfall) and medicinal goods from the forest.

Photo: World Bank

Sources: http://go.worldbank.org/N8099YMRE0; http://greenbeltmovement.org/a.php?id=196

[40] The CCBA standard scorecard lists the 17 different indicators used for project approval; available at: http://climate-standards.org/standards/scorecard.html. See also CCBA (2008). *Climate, Community & Biodiversity Project Design Standards, Second Edition*, CCBA, Arlington/VA. December 2009. Available at: http://climate-standards.org/standards/pdf/ccb_standards_second_edition_december_2008.pdf

Box 3:

Gender-Aware REDD Projects – Example 2: The Equilibrium Fund Maya Nut Program

Photo: The Equilibrium Fund

*The **Equilibrium Fund,** an NGO working with women in Guatemala, Nicaragua, El Savador, Mexico and Honduras, through its Maya Nut Program has supported the planting of some 800,000 Maya Nut trees in Central America since 2001 for food, income and ecosystem services (reforestation). It has taught over 10,000 women about the uses, processing, food value and commercialization of the Maya Nut through providing training and capacity building for 11 women's Maya Nut producer groups. By teaching women to harvest Maya Nut from natural forest for food and income, they are motivated to conserve the rainforest and plant more trees for future harvests. By producing and selling Maya Nut, women earn a fair wage, often for the first time in their lives.*

The Equilibrium Fund estimates that one acre of Maya Nut forest can sequester approximately 40 tons of carbon over 20 years. It seeks opportunities to participate in carbon trading, currently appealing primarily to individuals who seek to participate in voluntary offsetting of their household emissions. The Equilibrium Fund could benefit from dedicated REDD public funds, which would allow it to expand its successful program significantly in size and reach.

Source: http://www.theequilibriumfund.org; http://cmsdata.iucn.org/downloads/gender_factsheet_forestry.pdf.

4. Some Gender Considerations of Domestic Emissions Permit Sales or Auctions

Developed countries are increasingly selling or auctioning permits to emit either under cap-and-trade schemes or up front, thus providing an additional revenue stream to governments. Some researchers have estimated that if post-Kyoto all allowed emissions (so-called Assigned Amount Units, AAUs) could be auctioned, more than US$ 300 billion could be raised. A share of these revenues could and should be set aside for developing country mitigation and adaptation efforts. [41] The European Union Greenhouse Gas Emission Trading System (EU ETS) has been operating since January 2005. While, so far, only very limited amounts of carbon allowances in the EU system have been sold or auctioned, it is expected that under the third trading period starting in 2013 the lion's share of emission permits will be auctioned. Some national governments participating in the EU ETS, notably the UK and Austria, have already started limited domestic permit auctions. Germany, which has sold 8.8 percent of its emission permits up to now, will start auctioning them starting in 2010.[42] In 2008, some € 400 million in revenue from the German permits sale has been appropriated for climate change projects, of which €120 million were used to initially fund projects under the International Climate Initiative (ICI).[43] Likewise, the United States as part of its ongoing efforts for comprehensive climate legislation is proposing a cap-and-trade system with at least a portion of the carbon allowances to be auctioned. US development groups are working with the US Congress to make sure that a significant proportion of such auction revenue would be used to fund developing country mitigation and adaptation efforts.

[41] Pendleton and Retallack (2009).
[42] For information on the EU ETS, see http://ec.europa.eu/environment/climat/emission/index_en.htm.
[43] For information on the German ICI, please see http://www.bmu.de/files/english/pdf/application/pdf/broschuere_iki_en_bf.pdf as well as http://www.climatefundsupdate.org/listing/international-climate-initiative

Gender proponents in both donor as well as recipient countries need to work with governments in industrialized countries considering designating revenue from emission permits sale or auction for developing country mitigation and adaptation efforts in order to increase bilateral funders' gender awareness. Initiatives, such as the German ICI, should incorporate gender indicators more explicitly in evaluating project proposals for funding and could set-aside a certain percentage of funds for gender-relevant projects. Likewise, such initiatives need to perform a comprehensive gender audit of the first projects proposals accepted and financed. Many of these separate funds and initiatives have only recently started operating or are in the process of being set up, so changes to future funding guidelines are not only possible but likely. And new initiatives should include gender-equitable access to finance resources as one of the operating principles. More transparency is needed in how bilateral donors are developing their funding guidelines and how developing country interests and demands are incorporated into these funding initiatives. On the recipients' side, governments and civil society in developing countries as beneficiaries of these programs and projects need to increase their explicit demand for funding for gender-aware adaptation and mitigation projects which address the different vulnerabilities and capabilities of men and women in their respective countries and communities in dealing with climate change.

VI. The Evolving Climate Finance Architecture – Boom or Bust for Gender-Equity?

Some observers have pointed to the emerging global environmental finance architecture, particularly the emergence of the World Bank and the MDBs as important agents in providing climate financing, as a potential boost for the inclusion of gender considerations into climate financing instruments. They point to the development banks' approach of climate change as development concern and proudly proclaim gender-awareness and in most cases explicit (even if not mandatory for project financing) gender policies. They also argue that as development organizations, the World Bank and the MDBs have experience with social sector and sector programs and concerns (particularly health, education, water and rural development/agriculture) that are also relevant in dealing with the global climate challenge in a gender-equitable way.

These arguments have been firmly rejected by many critics of the World Bank and the MDBs' foray into climate change funding and programming. Some of them feel strongly that the World Bank's CIFs might be "Doubling the Damage" by undermining both climate and gender justice, as a recent analysis claims.[44] They point in particular to the unsavory role of the World Bank and the MDBs in funding large-scale investment in carbon-intensive oil, gas and mining projects thus helping to aggravate the problem of climate change on one hand while claiming to providing solutions to climate change for developing countries with the other.[45] As largely donor-driven institutions where recipient countries only have limited voice and vote, the development banks in the eyes of many – including developing country governments – lack the legitimacy for dealing with global climate change problems that the UNFCCC framework provides. Lastly, they object to an overreliance on mostly market-driven solutions provided with scarce public funds that take the form of mostly concessional loans. While private financing and carbon finance are undoubtedly part of the global climate finance solution, the role of public organizations using valuable taxpayer contributions should be in funding those projects which the market forces will not deem profitable, including climate change projects that give a special consideration to broader development and gender-equity concerns.

[44] Roeke, Anna (2009). *Doubling the Damage:World Bank Climate Investment Funds Undermine Climate and Gender Justice*, Gender Action in cooperation with the Heinrich Böll Foundation North America, Washington, February 2009; available at: http://www.genderaction.org/images/2009.02_Doubling%20Damage_AR.pdf

[45] In a recent analysis looking at the energy portfolios of the MDBs, the World Resources Institute finds that "[m]ore than 60 percent of financing in the energy sector across these institutions does not consider climate change at all. MDBs remain heavily invested in 'business as usual,' despite recognizing the need for transformative changes." Nakhooda, Smita (2008). "Correcting the World's Greatest Market Failure: Climate Change and the Multilateral Development Banks," WRI Issue Brief, World Resources Institute, Washington, DC, June 2008.

As to the UNFCCC, although the framework convention is missing an explicit reference to gender concerns (as for example the Convention on Biological Diversity, CBD, does), the UNFCCC Secretariat has now established a gender focal point. In the absence of a specific mandate by the parties which it claims it needs to become more proactive on gender concerns, the UNFCCC Secretariat sees gender considerations as part of the broader context of sustainable development, looking for gender entry points through the NAPA process and the review of the CDM to allow for more small-scale development as well as through its work on risk management and the role agriculture plays in climate change mitigation and adaptation efforts.[46] However, it could do more. The UNFCCC could follow the recent positive example of the CBD. Just last year, the Secretariat of the CBD proactively developed a "Gender Plan of Action" and submitted it on its own initiative to the May 2008 COP for approval, which the parties granted.[47] The UNFCCC Secretariat could take a similar initiative in developing its own "Gender Plan of Action" (which most other UN agencies and bodies by now possess). Additionally, some of the discussions on gender and access and benefit sharing under the CBD could be instructive also for the UNFCCC. Its secretariat could take the initiative by providing technical background information on how some of the climate services traditionally provided by women in many developing countries – f.ex. adaptation through crop selection and water conservation, avoiding deforestation and playing a significant role in afforestation efforts worldwide – could be captured better in existing financing instruments under the Kyoto protocol and should also be considered from the outset in any future climate financing instruments still to be established under the auspices of the UNFCCC.

Very important in this context is also the Global Environment Facility as the financing mechanism of the UNFCCC. While the GEF does not have a gender policy in its statutes, it did conclude its first ever gender review of its project portfolio just recently.[48] Going forward, the GEF has publicly committed to strengthening its institutional framework for gender mainstreaming, vowing to incorporate gender in its six focal area programs "as appropriate". Gender considerations are also an explicit focus of the ongoing review and replenishment progress, which the GEF hopes to conclude in the summer of 2010 with at least a doubling of its funding to then US$ 6 billion.[49] A significant commitment by donor countries in a time of global financial crisis will not only be seen as a renewed commitment of industrialized countries to help the developing world deal with environmental degradation and climate change. It will also be instructive as to what role the major donor countries plan to give the GEF in a still evolving global environment finance architecture.

It has been argued before that the GEF with respect to global environment finance could act as the coordinating body for the ten different multilateral organizations that serve as the GEF's global implementing partners with respect to projects dealing with environmental governance issues more generally and climate mitigation and adaptation projects more specifically.[50] There can be no doubt that global climate finance efforts in light of the ongoing proliferation of funds and programs is in dire need of better coordination and possibly attempts for a more coherent approach. Could, or better should the GEF be the coordinating hub of the wheel of global climate financing? It remains to be seen how committed the GEF really will be – once the replenishment pledges have been made – in including gender considerations consistently in its operations and programs. If it truly were, raising the GEF's gender-literacy and cementing a gender mainstreaming mandate in its statutes could be the prerequisite for ensuring that gender equity is consistently considered as an important climate finance criterion by various global multilateral implementing agencies.

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[46] Remarks by June Budhooram, Gender Focal Point at the UNFCCC Secretariat, made at a Gender Symposium in Monrovia, Liberia, in early March 2009, speaking on a panel about gender and climate financing instruments with the author.

[47] http://www.cbd.int/doc/meetings/cop/cop-09/information/cop-09-inf-12-rev1-en.pdf

[48] Global Environment Facility (2008). *Mainstreaming Gender at the GEF*, Washington, DC, October 2008; available at: http://www.thegef.org/uploadedFiles/Publications/mainstreaming-gender-at-the-GEF.pdf

[49] Remarks made by Monique Barbut, CEO of the GEF, at a Gender Symposium in Monrovia, Liberia, in early March 2009, speaking on a panel about gender and climate financing instruments with the author.

[50] The United Nations Development Program (UNDP), the United Nations Environment Program (UNEP) and the World Bank were the three initial partners implementing GEF projects. Seven more agencies joined the GEF family over the years: The Food and Agriculture Organization (FAO), the Inter-American Development Bank (IaDB), the United Nations Industrial Development Organization (UNIDO), the Asian Development Bank (ADB), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), and the International Fund for Agricultural Development (IFAD).

VII. The Way Forward on Gender and Climate Finance – Some Recommendations

No doubt: the proliferation of funds and actors in global climate finance will continue for the foreseeable future. As there is still a lot of reluctance to consider and ignorance about the relevance of gender in making climate financing mechanisms effective contributors to long-term sustainable development, any gender-focused advocacy strategy addressing the issue of financing for adaptation and mitigation will have to be multipronged and look for a variety of access points and opportunities. These can be in the area of multilateral actions (global negotiations and between and within international organizations), in bilateral donor – recipient country relationships, or on a national level looking at the domestic strategies and structures for dealing with climate change.

Global Level:

- First and foremost, raise the gender-awareness and commitment to gender equity with all institutions and donors (multilateral, bilateral, national and private) in the new climate finance architecture.
- Shift the focus of the global discussion on climate change away from a primarily technocratic exercise to one employing the language of global justice and human rights, including the right to development and gender equity. This is more than a semantic shift; it acknowledges that a North-South deal on climate change can only be completed when it incorporates a financial agreement that considers the questions of equity and fairness on par with the need to reduce greenhouse gas emissions fast. In such a climate-just deal, gender –equity will have to feature prominently.

Multilateral Institutions and Processes:

- Develop a set of gender-sensitive criteria for all new climate finance mechanisms supporting adaptation, mitigation, capacity-building and technology transfer. This includes the funds administered under the UNFCCC and the GEF as well as the CIFs and bilateral funds.
- Strive to incorporate gender-specific language and gender considerations in the outcome document of the COP 15 in Copenhagen so that gender does feature explicitly in a post-Kyoto agreement under the UNFCCC, specifically with reference to financing, capacity building and technology transfer. Such gender language should be consistent with existing legal obligations and agreements on gender equality under the UN system, particularly the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Agenda 21, the Beijing Platform of Action, the Millennium Development Goals, Security Council Resolutions 1325 and 1820, ECOSOC Resolution 2005/31 on mainstreaming a gender perspective into all policies and programs in the United Nations system and others relevant declarations and agreements.
- Require the UNFCCC Secretariat to develop a Gender Plan of Action, following the example of other UN agencies. The recent development of a CBD Gender Plan of Action could be helpful for the UNFCCC. Such a Gender Plan of Action should cover all areas of work and programs by the Secretariat, especially its assistance to the Parties and its work on financing mechanisms.
- Demand the development of gender guidelines or a Gender Plan of Action for the Global Environment Facility with the goal of mainstreaming gender in all its six work areas, including on climate change, so that UNFCCC climate funding administered by the GEF is distributed with gender-equity as one of the funding criteria.
- Demand that the World Bank and the MDBs allocate their funding under the CIFs and related MDB funds as grants, not repayable loans. Women are often harmed the first and most severely when public sector programs are cut in times of a developing country's balance-of-payments crisis. Increasing a poor country's indebtedness via expenditures for climate adaptation and mitigation measures hurts women and other vulnerable groups– incidentally the same groups that are also most

affected by climate change impacts – doubly, particularly when those climate change loans don't consider women's differentiated climate change needs.

- Ensure the generation and collection of sex-disaggregated data in all sectors relevant to climate change by governments, international organizations and financial institutions. International institutions (f.ex. the World Bank as a "knowledge bank" or the UNFCCC and the GEF) have an obligation to assist developing country governments and civil society stakeholders in gaining access to such information. With respect to gender, the old adage is true: what is not counted, does not count.
- Demand mandatory periodic gender-audits of just-established and future new climate funding mechanisms, particularly those operating with public funding. These include funds under the UNFCCC and the GEF, but also the CIFs as well as bilateral funds. The results of these audits should be publicly accessible.
- Develop publicly disclosed gender budgets for projects and programs financed via recent and future publicly financed climate funding mechanisms.
- Improve the participation of women (political and business leaders, gender experts, from disadvantaged groups such as local communities, and indigenous peoples) in stakeholder and consultation processes for climate finance instruments and ensure their inclusion in decision-making bodies such as Trust Fund Committees for these instruments.

Bilateral Donor – Recipient Country Relationships

- As a recipient country, request that gender considerations be included in decisions about the structure and focus of new bilateral climate funding initiatives for adaptation, mitigation, biodiversity and REDD. Civil society and particularly women's groups in recipient countries have a special opportunity as well as responsibility to encourage and where possible support their governments to submit gender-inclusive climate financing requests.
- As a donor country, many of which (f.ex. the Nordic countries) have been gender champions with respect to bilateral and multilateral development assistance, encourage recipient countries to undertake climate adaptation and mitigation projects that include a gender-perspective. Also, take an active stand in bringing your support for climate change action in developing countries in line with your bilateral development assistance in making gender an important funding consideration.

National Level

- As a national government, ensure that your gender focal point/gender ministry is included in any government task force on climate change and is in regular exchange and communication with both your environment and finance ministries.
- Incorporate gender considerations in any national action plans or programs on adaptation and mitigation (NAPA and NAMA), particularly also with respect to the budget allocations for actions defined under those plans.
- Ensure that NAPA and NAMA budgets or finance-plans are gender-aware. Civil society organizations with experiences in gender-responsive budgeting should monitor national spending of climate change related funding.
- As national parliaments in both developing and developed countries, demand transparency and accountability of domestic public resources (received or given) which are devoted to funding climate change actions and the way the government uses them. Take the initiative in establishing national gender-inclusive climate funding priorities.

BOX 4:

Selected Web Resources on Gender, Climate Change and Climate Financing

- ***Bank Information Center*** *(www.bicusa.org) – US NGO committed to monitoring World Bank and MDB policies, including on climate and energy.*
- ***Climate Funds Update*** *(www.climatefundsupdate.org)* ***–*** *independent website sponsored by ODI and the Heinrich Böll Foundation, which monitors relevant multilateral and bilateral climate funds and funded projects.*
- ***Heinrich Böll Foundation*** *(www.boell.de) and* ***Heinrich Böll Foundation North America*** *(www.boell.org) – German political foundation working on gender and climate change and climate financing issues with resources in German and English.*
- ***Global Environment Facility*** *(www.thegef.org) – Official website of the GEF*
- ***Global Gender and Climate Alliance*** *(www.gender-climate.org) – new website of a growing network founded by UNEP, UNDP, IUCN and WEDO; with information and networking opportunities on gender and climate change for information sharing and networking on gender and climate change.*
- ***Gender CC – Women for Climate Justice*** *(www.gendercc.net)* ***–*** *civil society web platform for information sharing and networking on gender and climate change*
- ***Gender Action*** *(www.genderaction.org) – NGO committed to monitoring the MDBs for their gender impacts; focusing on the CIFs with contributions on gender, climate change and international finance,*
- ***International Institute for Environment and Development*** *(www.iied.org) – British think tank with articles and reports on climate, especially adaptation financing.*
- ***IUCN Gender and Environment*** *(http://generoyambiente.org)* ***–*** *website in English and Spanish with fact sheets, reports, manuals and case studies about gender and climate change.*
- ***Overseas Development Institute*** *(www.odi.org.uk)* ***–*** *a leading British think thank on development issues with a substantial set of articles on climate finance.*
- ***Oxfam America "Sisters of the Planet"*** *(www.oxfamamerica.org/sisters) – Gender and climate change campaign with video materials and fact sheets.*
- ***Oxford Institute for Energy Studies*** *(www.oxfordenergy.com) – British think tank with good analysis on global climate financing mechanisms.*
- ***South Centre*** *(www.southcentre.org) – Intergovernmental policy think tank of developing countries with information on climate financing and developing countries' positions.*
- ***Third World Network*** *(www.twnside.org.sg) – Southern think tank with policy analysis on climate finance from a developing country point of view.*
- ***United Nations Framework Convention on Climate Change*** *(www.unfccc.int)*
- ***Women's Environment and Development Organization*** *(www.wedo.org) – Toolkits, fact sheets and articles on gender and climate change*
- ***World Resources Institute*** *(www.wri.org)* ***–*** *US-based think tank with strong work on climate change financing*
- ***World Bank CIFs*** *(www.worldbank.org/cif) – official information by the World Bank on the CIFs.*
- ***World Bank Carbon Finance Unit*** *(http://wpcarbonfinance.org) – official World Bank information web site about its carbon finance unit and the projects financed by its now 12 different carbon funds.*

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