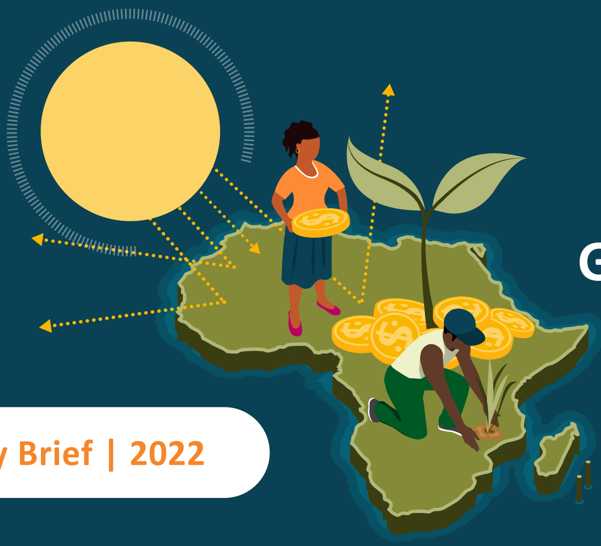

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Gender and climate-change budgeting and finance: Lessons from the IBFCCA Programme

Policy Brief | 2022

Acronyms and abbreviations

CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CIF	Climate Investment Funds
CPEIRs	climate public expenditures and institutional reviews
CRB	climate-responsive budgeting
GCF	Green Climate Fund
GCCIA	gender and climate-change impact assessment
GEF	Global Environment Facility
GRB	gender-responsive budgeting
IBFCCA	Inclusive Budgeting and Financing for Climate Change in Africa
IIED	International Institute for Environment and Development
LDCs	least developed countries
NDCs	nationally determined contributions
OECD	Organisation for Economic Co-operation and Development
PFM	public finance management
SDGs	sustainable development goals
UNFCCC	United Nations Framework Convention on Climate Change

1. Why gender and social inclusion matter for climate change adaptation budgeting and financing

The climate change crisis threatens countries, economies, and the security of societies. Its economic and social impacts affect men, women, and marginalised groups differently. Climate change reinforces and exacerbates existing gender inequalities and those most impacted by the climate crisis are usually the most disadvantaged.

The compounded, multi-dimensional risks and shocks resulting from climate change, COVID-19, and continued global inequality heavily characterised the year 2020 (Floro, 2021). As climate change progresses, dependency on climate-sensitive livelihoods affects women's economic opportunities. In addition, the COVID-19 pandemic has created new types of pressures on countries across the world. Climate-resilient, inclusive and gender-responsive adaptation is a key stepping stone to enable countries to build back better, equitably and fairly, ensuring no one is left behind.

In article 7.5 of the Paris Agreement, governments acknowledge that adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems. Article 9 of the Paris Agreement refers to the need for increased availability of climate finance. However, there is limited reference to the need for climate finance to be distributed in a gender-equitable way. Gender inequality remains a big challenge to the achievement of the sustainable development goals (SDGs). Evidence shows that gender inequality can severely hinder economic growth and can lead to people being trapped in poverty across generations (Bandiera and Natraj, 2013).

The Inclusive Budgeting and Financing for Climate Change in Africa (IBFCCA) programme[1] takes an inclusive, gender-responsive approach to climate change budgeting and financing. Since it began in October 2020, the programme has engaged over 20 African governments on strengthening gender-responsive climate budgeting. This policy brief summarises some of the key learnings from the programme. Section 2 provides an overview of the international frameworks and mechanisms that have been supporting gender-responsive climate budgeting and financing and how this has been translated at the national level. Section 3 details the key entry points for gender-responsive climate budgeting, as well as country experiences with related reforms.

2. Inclusion of gender equality in global climate funds: gaps and opportunities for national-level PFM processes

In important ways, global processes for integrating gender equality into climate financing can inform what should happen at country level, just as national-level examples can equally inform global good practice. Ministries of finance in Africa receive climate funds from global sources related to the UN Framework Convention on Climate Change (UNFCCC), particularly the Global Environment Facility (GEF), the Green Climate Fund (GCF), and Climate Investment Funds (CIF), among others. These usually require the integration of gender equality in funding proposals as a criterion for approval as shown in Box 1.

While global funds have developed instruments and requirements to strengthen governance and operational modalities for the inclusion of gender equality and stakeholder participation, there are still gaps in terms of practice:

- The GEF evaluation found out that among the 157 completed projects, only 38 percent (59 projects) mentioned gender, but did not actually incorporate gender into their activities (GEF, 2017).
- The CIF assessment of funded programmes found that only a limited number of in-country women-and-gender-related groups engaged in adaptation programmes, and that strong national leadership and frameworks to monitor accountability for making progress toward gender equality was lacking. Stakeholders across the board lacked knowledge on the methods for engagement and on gender mainstreaming approaches, and there was inadequate financial allocation and specific budgeting for engagement, including for non-state actors.

A recent International Institute for Environment and Development (IIED) report investigated the feasibility of tracking climate finance to the local level in least developed countries (LDCs) and explored questions that need to be asked in order to understand what progress is being made and to address problems (Soanes et al., 2021). Box 2 shows the gender and inclusion statistics that are not aligned with global and national efforts on gender mainstreaming into climate adaptation programmes.

Box 1: Gender and social inclusion requirements in global climate funding

- Since the adoption of the GEF Gender Action Plan, the fund's accreditation procedure and related documentation requirements have been upgraded to include proof of the applicant entity's gender-related institutional capacity and related procedures.
- The updated GCF gender policy, adopted in 2019, outlines responsibilities for accredited entities and project-level requirements. The accompanying gender action plan reinforces the accredited entity's responsibility to budget for gender support at the project level.
- The GEF's policy on gender equality, effective as of 2018, applies to all GEF partner agencies, while the gender implementation strategy guides the implementation of the policy with a focus on four priority areas, including increasing partner agencies' capacity and tracking gender equality results.
- The CIF adopted its gender policy in 2018, and it governs gender equality efforts across all CIF activities. The CIF Gender Action Plan – Phase 3 (FY21-24), jointly implemented by the CIF and multilateral development banks, orients greater focus toward technical support to country systems.

Source: GEF, 2017, Adaptation Fund, 2019, CIF, 2018

1 The primary aim of the programme is to strengthen the links between gender policy, climate-change policy and the budget process.

Box 2: Tracking gender-related climate finance to the local level in LDCs

- Less than 3% of verified LDC primary adaptation finance intends to primarily support gender equality, despite the disproportionate climate risks women and girls face.
- Women beneficiaries are mentioned in 57% (US$3.37 billion) of the US$5.9 billion verified LDC adaptation finance. For verified primary adaptation finance that seeks to deliver mostly local benefits, this falls to 49% (US$2.9 billion).
- Reviewing and updating the OECD Rio marker gender equality codes, revealed that less than 3% (US$158 million) of the US$5.9 billion is coded as having the primary objective of addressing gender equality.
- Given that women and young girls are disproportionately impacted by climate change, 3% is incredibly low for interventions that address gender equality as their primary objective. This is coupled with poor targeting of disabled people and indigenous peoples.

Source: Soanes et al., 2021

Strengthening public finance management (PFM) systems and integrating gender and climate change at country level would not only address issues of equity and inclusion, but also support the development of bankable proposals for African countries to access global climate funds. Domestic financing will not be sufficient to meet the climate adaptation and mitigation needs of developing countries.[2]

Accessing international finance for climate change is therefore of vital importance to African countries, which are faced with limited fiscal space and mounting unsustainable debt levels as they recover from the global recession induced by the Covid-19 pandemic (World Bank, 2022). However, finance needs to be channelled through the national budget, as opposed to a project approach. Inclusive budgeting at national level can ensure that international and domestic finance address climate change adaptation/ mitigation and gender inequality, and strengthen coherence between gender and climate. The next section outlines the approaches and tools used to integrate gender and climate change into national budgeting and finance.

3. The integration of gender and climate change into national PFM systems

Making national budgeting more gender and climate responsive will support the more efficient, effective, and equitable use of climate finance. Although experiences across the continent vary, gender and climate-change reforms have largely been implemented separately. Recently, there has been momentum towards a more integrated approach, towards the 'double-mainstreaming'[3] of gender and climate change, supported by international frameworks and financing. Drawing on their experience with GRB and CRB, governments have found innovative ways to integrate gender and climate change into their national planning and budgeting processes. This takes into consideration the fact that gender responsiveness can improve the effectiveness of climate finance, and climate responsiveness can improve the effectiveness of gender finance. This section provides an overview of the framework and country-level experience with gender-responsive climate budgeting in Africa.

2 The annual cost of adaptation in developing countries is estimated to range between a minimum of US$280 billionto US$500 billion by 2050. Costs are expected to be higher if 2°C global warming is exceeded (UNEP 2016. The Adaptation Finance Gap Report 2016. Nairobi.

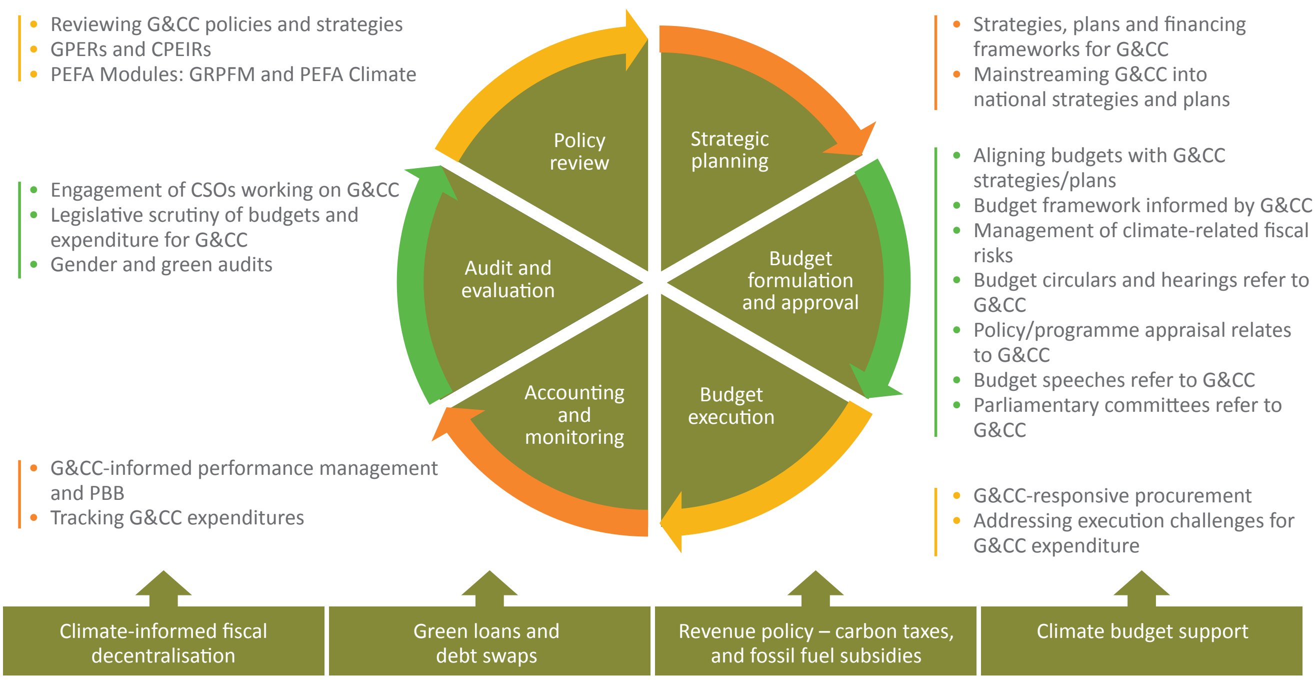
3 Gender-responsive budgeting (GRB) and climate-responsive budgeting (CRB) refer to the separate mainstreaming of gender and climate change into the budget. Gender-responsive climate budgeting involves reforms to methods and practices across the whole budget cycle to ensure that both gender and climate change are taken into account, also referred to as 'double-mainstreaming'. In many cases, it involves integrating gender concerns into existing CRB practices. It can also include the joint and coordinated integration of both gender and climate change into the budget (CABRI, IBP, IIED & UNDP 2021b. Opportunities for Coordinating the Integration of Gender and Climate Change into Budgeting and Finance. Pretoria.

3.1 Moving towards a more coherent cross-sectoral approach: double mainstreaming

Entry points for gender-responsive climate budgeting are identified in Figure 1. These go beyond the scope of the budget cycle, to include other important PFM interfaces, such as gender and climate-informed fiscal decentralisation, revenue policy, green loans and debt swaps (CABRI et al., 2021b).

The tools used to advance gender-responsive climate budgeting build on the tools used for single mainstreaming of either gender or climate change. Table 1 provides a review of the available tools and the innovations required for gender-responsive climate budgeting. Since there are no established guidelines for many of the integrated 'double-mainstreaming' tools, countries are exploring uncharted waters, with concomitant technical challenges.

Figure 1: Gender-responsive climate budgeting across the full budget cycle



Source: CABRI et al., 2021b

Note: G&CC refers to gender and climate-change-related initiatives undertaken either separately or jointly; GPERs are gender public expenditures and reviews; CPEIRs are climate public expenditures and institutional reviews; PEFA refers to public expenditure and financial accountability framework; GRPFM refers to gender-responsive public financial management framework; PBB refers to performance-based budgeting; CSOs are civil society organisations.

"Making national budgeting more gender and climate responsive will support the more efficient, effective, and equitable use of climate finance"

Table 1: Key double mainstreaming tools used for gender-responsive climate budgeting

Available tools	Conventional methods	Gender-responsive climate budgeting innovation
Strategies	Separate strategies for gender and climate change, sometimes with financing frameworks.	Gender is integral to and integrated into climate change strategies, with integrated financing frameworks.
Coordinating institutions	Separate coordinating mechanisms (e.g. councils or committees) and/or institutional arrangements (e.g. a gender focal point or a climate focal point with experience and technical expertise on integrating gender and/or climate in their specific scope of work).	Cross-representation between gender and climate coordination bodies and technical collaboration on focal points for consistency.
Impact assessment	Gender impact assessment and climate-change impact assessment done separately to improve the design and appraisal of new policies and programmes proposed for funding.	Gender and climate-change impact assessment (GCCIA) integrates in one tool an assessment of the dynamic intersectional linkages between gender and climate and the implications for outcomes and impact.
Public expenditure and institutional reviews (PEIRs)	Climate PEIRs (CPEIRs) classify climate expenditure and trends, and review institutional responsibilities (separate gender PEIRs not currently undertaken).	Gender and climate expenditure classified using coherent methods; reporting identifies trends in each and the expenditure that addresses both.
Budget strategy papers and circulars	Line ministries required to demonstrate separate gender and climate impact of budget submissions.	Budget strategy papers and circulars provide guidance to assist line ministries to demonstrate the contribution of their budget submissions to both gender equality and climate resilience and the expected effectiveness of gender and climate expenditure.
Budget tagging and scoring	Gender budget tagging (GBT) and climate budget tagging (CBT) done separately, using OECD Development Assistance Committee marker principles.	Undertaking both GBT and CBT simultaneously ensures consistent approaches, builds awareness and highlights the expenditure that is in greatest need for GCCIA.
Innovative funding	New climate-funding mechanisms include green bonds, debt swaps, ethical investment and other incentives for financial sector engagement. Little equivalent experience with gender financing beyond increasing investment and awareness for investing in women, and women-led solutions, entrepreneurs, and businesses.	Possibilities for including gender concerns in innovative climate funding (e.g. appealing to corporate social responsibility) and also evidence for more effective and safer investment through women-led, more diverse programming.
Citizen budgets	Citizen budgets present budgets in accessible formats to improve consultative input, public awareness and debate. Can span the whole budget or focus on specific issues, such as gender and climate change.	A gender and climate citizen budget would illustrate how the budget is addressing both gender and climate change across different sectors and highlight the linkages between the two. Not yet done.
Accountability and transparency	Citizens' budget can facilitate the engagement of accountability actors (e.g. parliaments, audit bodies, civil society and media) who may then facilitate public debate and scrutiny.	Engaging accountability actors in both gender and climate change would raise awareness of the linkages and improve scrutiny of whether planned spending is being delivered and results achieved.

Note: The list should be viewed as possible options a country could pursue to strengthen gender-responsive climate budgeting based on their PFM systems and country-specific contexts.

3.2 Country-level experience with gender-responsive climate budgeting in Africa

As this is still a relatively new and emerging area, gender-responsive budgeting reforms to date have focused on strategic planning and budget formulation.

Strategic planning: Several countries now have policies that advocate gender mainstreaming within their national climate efforts, albeit in different ways and with varying degrees of success. Countries leading in related reforms include Nigeria, Eswatini and Rwanda, who have introduced joint gender and climate-change strategies and plans that are aligned with international frameworks, including the UNFCCC Gender Action Plan. Nigeria's action plan on gender and climate change is outlined in Box 3.

Box 3: Linking international and national frameworks: Nigeria's National Action Plan on Gender and Climate Change

In line with the international Gender Action Plan of the UNFCCC, which aims to promote gender-responsive climate policy and the full, equal, and meaningful participation of women, Nigeria developed a National Action Plan on Gender and Climate Change. Led by the Ministry of Environment, the action plan focuses on effective strategies for integrating gender into the implementation of national climate change initiatives, including the NDCs and Nigeria's Economic Recovery and Growth Plan. Priority sectors covered by the action plan include agriculture, forestry and land use; food security and health; energy and transport; waste management; and water and sanitation. An implementation strategy was developed to ensure that the actions identified in the blueprint action plan are integrated into day-to-day operations and decision-making processes of implementing entities.

Source: Nigeria Federal Ministry of Environment, 2020

Gender-responsive climate budgeting often focuses on integrating gender into climate change policies and plans. Eswatini's approach goes beyond this by integrating climate change into their gender policies and plans. In 2019, Eswatini began a process to review their 2010 national gender policy. The new 2020–2030 gender policy embraces the SDGs, the African Union Agenda 2063 and other gender equality advancement conventions and protocols such as CEDAW, the Beijing Declaration and Platform for Action and the UNFCCC Gender Action Plan.

The draft policy includes a section on the environment, natural resources and climate change, in which the government commits to ensuring that environmental and climate change policies, programmes, and action plans consider gender-related issues in terms of access, control, benefits and management of natural resources. It also commits to providing education, training, and capacity building on the intersections between gender and climate change.

In Rwanda, the 2021 revised national gender policy demands that gender is mainstreamed across all sectors, including the environment and climate change. The 2019 environment and climate change policy includes gender mainstreaming.

Budget formulation: In addition to integrating gender and climate change into their national planning processes, Rwanda's Ministry of Finance and Economic Planning has developed tools to ensure that gender and climate change are included in budget formulation. The planning and budget call circular provides guidelines for the inclusion of gender and climate change in the plans and programmes of ministries and agencies. Since 2013, Rwanda has issued gender budget statements. From 2022/23, this will be complemented by the environment and climate change budget statement, which will include climate change and gender related interventions. Related reforms have contributed to the increase in the national budget's allocation to the environment, climate change and gender – from 0.4% in 2009 to 4.6% in 2020 (Rwanda Ministry of Finance and Economic Planning, 2021) .

Since 2014, Uganda's Ministry of Finance, Planning and Economic Development has issued guidelines for the inclusion of programmes that promote gender equality. Through separate annexes to its budget call circular, the ministry provides instructions for how sectors are to report on their plans. Recently, Uganda has mandated the inclusion of the environment and gender in all programmes.

Another key component of budget formulation includes gender and climate-change impact appraisal (GCCIA). Although countries have had limited experience with this, it can improve the design and appraisal of new programmes, allowing the prioritisation of programmes that contribute to both gender equality and climate mitigation or adaptation, thus increasing the effectiveness of both. The IBFCCA programme therefore piloted a new GCCIA method, which builds on the methods for climate change impact assessment. Box 4 details the experience of Benin, highlighting some of the technical challenges faced when piloting a joint gender and climate-change impact appraisal method.

Box 4: Gender and climate-change impact appraisal piloting in Benin

The objective of the GCCIA was to provide a framework for debate about the nature of climate change and gender benefits arising from a programme of expenditure, and to compare the importance of these benefits with routine development benefits. It made use of a scoring method which combines elements of multi-criteria analysis and cost-benefit analysis.

The GCCIA method was applied to two programmes in Benin: one in the agriculture sector and one in the energy sector. The assessment results showed that taking gender and climate change into consideration can increase the component benefits of a programme. The assessment for the agriculture programme indicated that taking climate change into account results in changes to benefits of about 26 percent, while taking gender into account changes benefits by 30 percent. For the energy programme, the changes in benefits were estimated at about 11 percent for climate change and 27 percent for gender.

The government of Benin found the method useful, with the potential to be rolled out across all programmes. However, the pilot highlighted some technical challenges with the assessment methods, including:

- Where the OECD Rio markers are not used, there is difficulty in assigning scores. For example, officials using the GCCIA method in Benin identified the need for more flexibility in the scale used to apply scores, in order to achieve more precise results.
- The lack of guidelines for applying the GCCIA assessment methods leaves it open to interpretation, which at times may be challenging, resulting in inconsistency issues, especially where indicators and targets are not set from the start.
- Some of the methods are not participatory and are heavily dependent on expert opinion from different disciplines and therefore require strong coordination between the finance, gender, climate change and relevant sector ministry officials.

Source: CABRI, 2021

Accounting and monitoring: Gender and climate budget tagging can help to provide comprehensive data on gender and climate-change relevant public expenditure, enabling governments to prioritise related investments. Although climate-responsive budgeting reforms and gender-responsive budgeting reforms have focused on expenditure budget tracking, at present there is no joint gender and climate budget-tagging system. The Gambia is in the preliminary phase of designing a joint gender and climate budget-tagging system. In South Africa, the National Treasury is considering how its gender budget-tagging and climate budget-tagging projects might be integrated to deliver better information. Thus far the two reform processes have been implemented separately.

Audit and evaluation: Double-mainstreaming and related gender and climate finance accountability are nascent in most African countries. Gender and climate-change accountability and transparency can help to ensure that resources reach those that are most vulnerable and most affected by climate change. However, the lack of information and underdeveloped capacities, including weak PFM systems, has hindered climate accountability. Climate accountability landscape assessments done in Ghana and Uganda found that both countries made insufficient efforts to ensure that women and vulnerable groups participate in the budget process. In Ghana, although efforts were made at local metropolitan, municipal and district assemblies to engage women and vulnerable groups,[4] the low capacities of these groups hindered their full participation in the process (CABRI et al., 2021a).

The implementation phase of the IBFCCA programme will aim to work closely with accountability actors to strengthen the gender and climate accountability ecosystem. This includes engagement with governments, parliamentarians, supreme audit institutions and civil society organisations.

Country experience on the continent highlights that although climate-responsive budgeting is technically challenging for governments given the lack of clear guidelines, innovative 'double-mainstreaming' approaches have emerged. These approaches were found to be functional in different country contexts.

4. Key lessons

Gender and climate change are two cross-sectoral priorities which are essential to achieving the SDGs. Although gender-responsive climate budgeting reforms on the continent are just getting started, the following lessons[5] can be drawn and used to inform future reforms:

- Strengthening PFM systems is central to improved gender-responsive climate budgeting. Related reforms should therefore not be done in isolation from broader PFM reforms. Successful reforms have responded to country needs and have been implemented in a gradual and iterative manner.

4 Vulnerable groups included people with disabilities and people living in remote areas.

5 These lessons are drawn from the inception phase of the IBFCCA programme, through its work with governments supporting the development of research, peer learning and exchange, capacity building, in-country technical assistance and climate awareness raising.

- Most African countries have some experience with GRB or CRB, which have largely been implemented separately. Gender-responsive climate budgeting offers an opportunity to learn from and build on this experience due to the complementarity between gender and climate budgeting, which make use of similar approaches, techniques and institutional mandates that can be extended to cover both. Although coordination challenges between ministries of finance and sectoral ministries persist, this could be improved through clear and effective leadership, capacity building and improved reporting.
- The availability of gender-responsive monitoring, evaluation and learning systems that provide sex-disaggregated data is particularly important in order to track, monitor and evaluate gender and climate expenditure, as well as the effectiveness of adaptation responses for the groups most vulnerable to the impacts of climate change.
- Climate accountability and transparency can be enhanced through better engagement and building capabilities of key formal and informal accountability actors including parliament, supreme audit institutions, civil society organisations, women's groups, academia, the media and more. This can help to stimulate demand for gender-responsive climate budgeting.
- International support for the strengthening of inclusive gender and climate-responsive PFM systems can help bridge the gap between international and national level initiatives. In addition, it will assist countries to access international climate finance, which remains vital to meet the adaptation financing needs faced by developing countries.

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Acknowledgements

This brief was written by Shanaz Broermann (CABRI Secretariat) and Tracy C Kajumba (IIED), with contributions from Kit Nicholson (Climate Scrutiny).