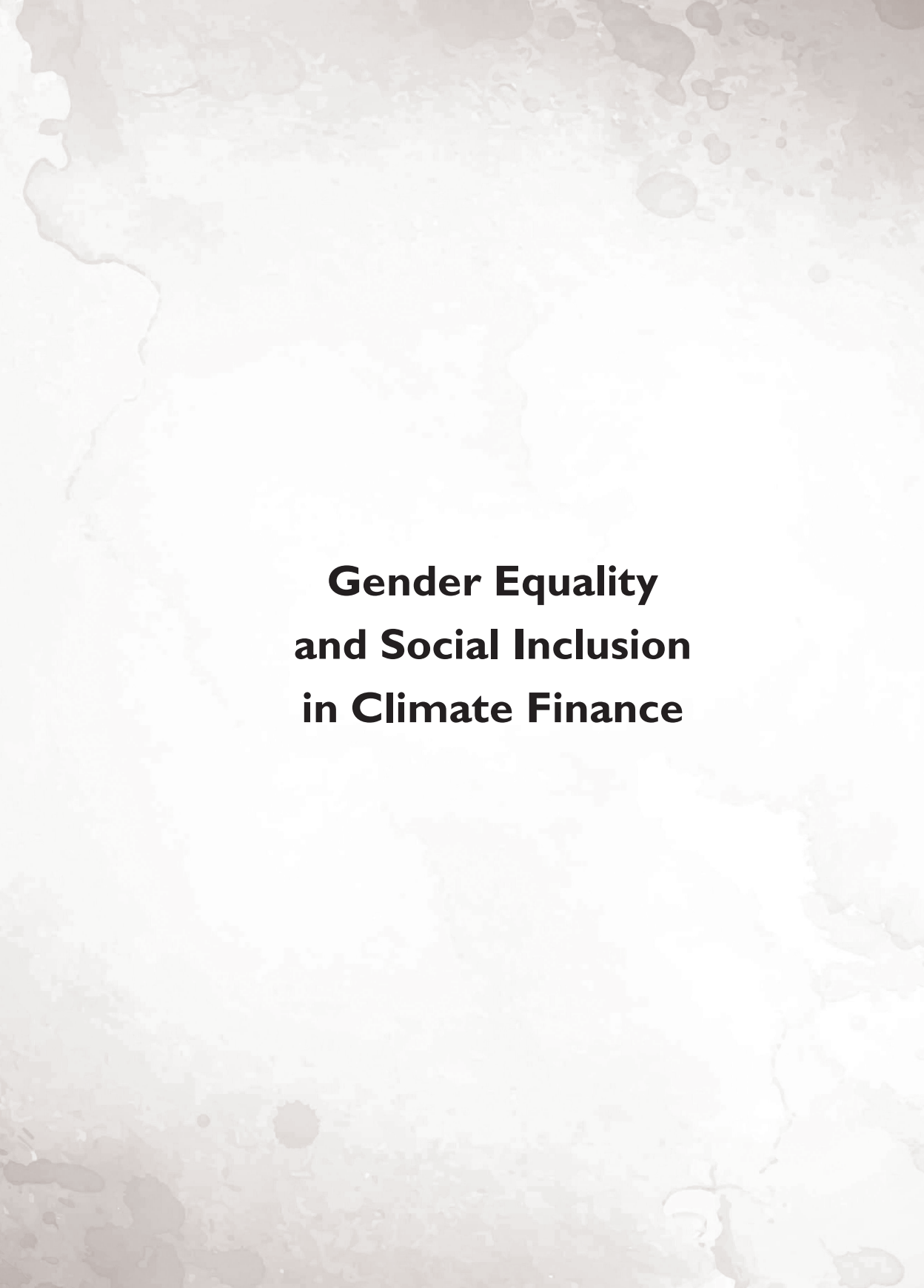


Integrating Gender Equality and Social Inclusion (GESI) in Climate Finance





Gender Equality and Social Inclusion in Climate Finance

**Gender Equality and
Social Inclusion in
Climate Finance**

Author(s)

Ranjana Bhatta
Laxmi Chhinal

Editor(s)

Ajay Bhakta Mathema
Mariama Camara

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PREFACE

The challenges brought by climate change are expected to worsen the conditions of already vulnerable and marginalized communities, making them the most affected by its impacts. In addressing these challenges, it is crucial that efforts to combat climate change take into account the specific difficulties faced by these communities. Integrating Gender Equality and Social Inclusion (GESI) into climate finance is essential to ensure that climate finance works in a fair and inclusive way. By including GESI in climate finance, we can strengthen resilience and make adaptation and mitigation strategies more effective. Moreover, this approach is vital for creating fair climate action that meets the needs of those who are most vulnerable.

This resource book, 'Integrating Gender Equality and Social Inclusion (GESI) in Climate Finance,' has been developed to support policymakers, practitioners, and stakeholders in mainstreaming gender and social inclusion considerations into climate finance projects and programs. It provides an in-depth understanding of the vulnerabilities and inequalities associated with climate change, explores governance structures for GESI integration, and outlines tools and strategies for ensuring that climate finance benefits all, particularly women, indigenous groups, and other marginalized populations.

The chapters of this resource book systematically cover the conceptual foundation of GESI in climate finance, policy frameworks, governance mechanisms, mainstreaming tools, challenges, and solutions. It highlights best practices, case studies, and recommendations to help stakeholders design and implement gender-responsive climate finance projects effectively.

We hope that this resource book will serve as a valuable guide for government agencies, civil society organizations, development partners, and researchers working to advance gender equality and social inclusion in climate finance. By integrating GESI principles, we can foster inclusive climate action that leaves no one behind and paves the way for a more just and resilient future.

Acknowledgements

SchEMS – Nepal Climate Initiative (NCI), a dedicated think tank on climate change housed within the School of Environmental Science and Management (SchEMS), affiliated to Pokhara University, is committed to advancing climate action by harnessing Nepal's domestic expertise. NCI provides technical, academic, and research support to climate-related programs, serving as a vital platform for addressing the nation's climate challenges.

The think tank's primary mission is to build Nepal's capacity to access climate finance and implement effective adaptation strategies. Departing from the reliance on consultancy-led project development dominated by expertise from northern countries, SchEMS–NCI prioritizes the development of endogenous capabilities. By fostering locally driven solutions, it aims to promote sustainable and self-reliant climate action, empowering Nepal to lead its journey toward climate resilience and adaptation.

The UNI-LEAD Project, building on the foundations established by the UNDP-UNEP National Adaptation Plan Global Support Programme (NAP-GSP) funded by the Global Environment Facility (GEF), stands as an initiative to strengthen climate adaptation capacities in Least Developed Countries (LDCs). Within this framework, SchEMS-NCI has emerged as one of the four think tanks supported under the consortium of the Least Developed Countries Universities Consortium on Climate Change (LUCCC).

The UNEP-UNDP, GEF, START, and LUCCC have played an essential role in advancing our mission to promote locally driven and sustainable climate action through their invaluable support and collaboration. Furthermore, The START and Climate Analytics provided technical and editorial contributions in the preparation of this resource book under the UNI-LEAD Project.

We acknowledge to the Government of Nepal, Ministry of Forests and Environment for their guidance in preparing this resource book and for linking the inputs to Nepal's ongoing climate change initiatives. Moreover, the Ministry of Finance, Alternative Energy Promotion Center, WWF-Nepal, Practical Action, Prakriti Resource Centre, IUCN, and

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Your contributions and collaboration have been invaluable in shaping this resource, which we hope will play a pivotal role in advancing Nepal's efforts toward climate resilience and sustainable development.

Acronyms and Abbreviations

ADB	Asian Development Bank
AF	Adaptation Fund
CBC	Climate Budget Code
CF	Climate Finance
CFU	Climate Finance Unit
CFSC	Climate Finance Steering Committee
CIF	Climate Investment Fund
COP	Conference of Parties
EBRD	European Bank for Reconstruction and Development
EMDE	Emerging Markets and Developing Economies
FAO	Food and Agriculture Organization
GAP	Gender Action Plan
GCF	Green Climate Fund
GEF	Global Environment Facility
GESI	Gender Equality and Social Inclusion
GRB	Gender Responsive Budget
IECCD	International Economic Cooperation Coordination Division
IFC	International Finance Corporation
IDB	Inter-American Development Bank
IIF	InsuResilience Investment Fund
LAPA	Local Adaptation and Plans for Action
LWPG	Lima Work Program on Gender
MoF	Ministry of Finance
NAP	National Adaptation Plan
NAPA	National Adaptation Program of Action
NDC	National Determined Contributions
SDGs	Sustainable Development Goals

SME	Small and Medium-sized Enterprises
TC	Technical Committee
ToC	Theory of Change
UN	United Nation
UNDP	United Nation Development Program
UNEP	United Nation Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
UNPFN	United Nations Peace Fund Nepal
USAID	U.S. Agency for International Development
WEDO	Women's Environment and Development Organization

Executive Summary

The gender inclusion is the cross-cutting issue that needs to be considered in every climate change project. Since it is hard to achieve inclusive climate transition without addressing inequality and discrimination in the community and at other governance levels, GESI approach can be more inclusive removing all the disparities. Further, the climate change impacts are not gender neutral thereby affecting the women and vulnerable people more. In Nepal, women are very often excluded from decision-making processes and are mostly living under poverty and lack formal education. Climate financing that does not account for gender will further exacerbate disparities and reinforce vulnerabilities. Therefore, climate change policy, planning, programming and decision making have to integrate GESI.

The development of Green Climate Fund (GCF) and recent shift in GESI awareness have provided opportunity to harness gender-responsive climate finance. Now, gender-responsive approach is necessary for all climate finance projects to operationalize the gender inclusive actions and opportunities for all vulnerable communities including women. With increasing climate-related disastrous events, Nepal needs immediate significant financial resources to protect economy and people especially women and vulnerable groups, and achieve its climate goals. This resource book aims to improve the gender approach and offer direction for its inclusion in the project design for securing climate funding in Nepal as gender mainstreaming is crucial for all forms of climate finance, including GCF. Chapter 3 of this resource book outlines the tools and steps for GESI mainstreaming in project and program. The GESI mainstreaming starts with identification and conceptualization of gender aspects in the project that follows the designing and planning of gender-responsive strategies and actions. The implementation of planned activities is the most important part of gender mainstreaming which needs equal participation and capacity building programs. Similarly, the project or program needs monitoring and evaluation to assess the impacts of climate financing projects or interventions, equal gender participation in decision making processes, impacts and benefits of intervention on women, men and other marginalized groups.

Chapter I: **Introduction**

1.1 Gender Equality and Social Inclusion (GESI) Concept

GESI is an approach that focuses on increasing access to resources and participation of women, men, poor and marginalized people in decision making processes. The United Nations Peace Fund Nepal (UNPFN) has recognized GESI as a cross-cutting issue in its climate change projects¹. GESI recognizes the equality, roles and needs of vulnerable communities, the elderly and widowed, children, adolescent girls and boys, differently abled, minority communities, indigenous peoples, persons of different sexual orientation, transgender and people from different religion, belief or non-belief (GCF, 2018). An effective and inclusive climate transition through advancing climate investment is hard to achieve without addressing inequality and discrimination in the community and at other governance levels. Given the current trajectory of climate change, an integrated mitigation and adaptation approach needs a fundamental transition from business as usual to green, resilient, and gender inclusive economies. In encouraging an inclusive climate change effort, GESI can be an instrument to attaining effective climate action and improved risk management. Therefore, a GESI led climate financing process can be more sustainable through creating solutions and opportunities to everyone at every level.

Definition of key concepts in GESI context

Gender	refers to social, behavioral and cultural attributes, roles and responsibilities, and norms set by society for men and women. So, they are constructed by society and context/time specific and are changeable.
Gender equality	refers to equal rights, power, opportunity, access, decision-making, responsibilities and opportunities for women and men, as well as equal consideration of their interests, needs and priorities, recognizing the diversity of different groups and of gender identities. Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world ² .

1 UN Peace Fund for Nepal Strategies and Lessons Learned; https://un.org.np/sites/default/files/doc_publication/2020-09/Gender%20Equality%20and%20Social%20Inclusion_1.pdf

2 <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Gender equity	refers to the equal rights, responsibilities and opportunities and access of women and men, boys and girls and the equal consideration of their respective interests, needs and priorities. The process of gender equity leads to gender equality as a legal right and obligation.
Gender analysis	refers to the critical analysis of how differences in gender norms, roles, power structures, activities, needs, opportunities and rights affect men, women, girls and boys in a certain situation or context. It is the collection and analysis of sex-disaggregated data and gender information to know gender issues and gaps, determine gender disproportionate impacts and risks, and recommend measures to avoid adverse gender impact.
Gender mainstreaming	Mainstreaming involves the process of assessing the implications for women and men of any planned action, including legislation, policies or programs, in any area and at all levels. It is a strategy to integrate men and women in the design, implementation, monitoring and evaluation of policies and programs, so that women and men benefit equally.
Intersectionality	refers to discriminatory or oppressive institutions on disenfranchised groups or minorities, and the way these groups are interconnected. In gender context, intersectionality is how gender overlaps with other sociocultural factors such as race, ethnicity, religion or belief, health, status, age, class, caste, sexual orientation, inclusion and exclusion and gender identity.
Social Inclusion	Social inclusion is the process of improving the ability, opportunities, and dignity of those disadvantaged on the basis of their identity. It increases the participation of individuals and groups in decision making, enhances the sustainability and addresses unequal power relations experienced at the level of gender, wealth, ability, location, caste, ethnicity, language and agency or a combination of these dimensions.
Disability Inclusion	Disability inclusion refers targeting and mainstreaming of people with disabilities. Disability inclusion also considers how intersectionality, gender and other social norms impact the situation for persons, children with disabilities.

Power	Power is the capacity to exert control over others thereby deciding who will have access to or denial from resources. It is important to understand the power dynamics associated between and among groups which impact access to resources and decision-making. Balanced power in GESI provides equal rights, responsibilities, opportunities and decision.
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1.2 Vulnerabilities and Inequalities in the Context of Climate Change

Vulnerabilities to climate change expand to physical and social dimensions, but the most approaches to vulnerability focus primarily on the physical aspects such as impacts of extreme climate on land, biodiversity loss, threats to agricultural production, impacts on water resources, etc. However, social dimensions interact with physical ones, and include such aspects in gender, equality, equity, education, health, food security, livelihood and poverty. Climate change impacts are likely to disproportionately affect the people who are already experiencing social, political and economic disparities. Climate change impacts are not gender neutral and are imposed disproportionately on men and women stemming from social norms, different roles and responsibilities, and inequalities (Reggers, 2019). Individuals from marginalized groups can perceive the impacts differently and have different levels of resources to cope with impacts (Khadka et al., 2015).

In Nepal, women are very often excluded from decision-making processes and are mostly living under poverty and lack formal education (Shrestha & Gurung, 2022). Due to existing inequalities, women are more vulnerable to climate change thereby reducing their adaptive capacities and resilience. There are many marginalized caste and ethnic groups in society who are socially, economically and religiously discriminated against, and these marginalized people are also more susceptible to climate change impacts. Because of socioeconomic complexities and gender roles, poor women and marginalized communities suffer the greatest during climate induced disasters in comparison with other communities, as they have limited access to resources, knowledge on climate adaptability and livelihood options. According to Gurung & Bisht (2014), climate change affects rural women's livelihoods in ways like reduced water availability and increased pests and diseases in agriculture, which reduces food security and forces women to work harder and spend more time, overcoming water shortages and working in agricultural lands.

(Gurung & Bisht (2014) further identified the impacts of climate change to women and marginalized people of Nepal in different sectors in different ways:

- Reduced water availability: reduced water availability results in societal disputes and more time and effort spent in collecting water, and also in poor sanitation. Further, access to alternative water sources is not an option for everyone, such as with the Dalit and other poor households.
- Agriculture and food security: challenges include scarcity of water for irrigation, degradation of soil quality and fertility due to drought, heat and irregular rain, increased pest and disease that increase costs and agricultural services, decline in production and impact on food security, increased agricultural labor in the fields.
- Forest resources: Impacts include, increased temperature and less rainfall which impacts on forest regeneration, forest productivity, increased risk of forest fires and invasive species.
- Due to an increased workload and loss of income, women will have less time to be involved in leadership and different roles in institutions, and as public figures, etc.

The National Adaptation Program of Action (NAPA) 2010 also identified the gendered differences in climate change impacts and highlighted additional burdens on women due to impacts on agriculture and linked to the migration of men for better economic options, loss of forest resources (NTFPs), reduced water availability and limited knowledge on adaptive measures.

1.3 Importance of GESI in Climate Finance

The social, economic and environmental impacts of climate change are likely to impose high costs in developing countries due to their limited resources and capacities. Climate finance provides the financial resources and instruments to enable investment in climate adaptation and mitigation measures. Since the impacts of climate change are differentially experienced by men and women, youth and the elderly, the disabled and the impoverished, efforts to address climate change need to consider gendered vulnerabilities and capabilities, and their intersectionality with other determinants (UNEP, 2021). Gender Equality and Social Inclusion is fundamental to social justice and equity that provides a precondition to elevate social concerns at the forefront of development priorities. GESI aims to make financing processes of projects/programs/policies inclusive and to provide all levels of people equal access to resources (economic and governance) and opportunity. There are numerous facts that demonstrate the need of GESI in climate finance projects and programs:

- Climate change impacts are not gender neutral. Globally it is observed that the impacts of climate change are disproportionate among men and women, rich and poor and vulnerable groups such as elderly, children and people with disabilities.

- GESI mainstreaming enhances the effectiveness and sustainability of climate change projects. According to Schalteck (2022), increasing gender responsiveness in climate change funding increases effectiveness and sustainability of investments. FP Analytics (2022) showed that there is widespread evidence demonstrating significant business, economic, and social benefits associated with increasing women's participation.
- Women and youth are agents of change and they can play important roles in social and environmental change. Women and elders have wide knowledge on natural resources and their traditional knowledge is important in project sustainability. Strengthening the accessibility of resources to all groups, at all levels helps in livelihood and economic development.
- GESI helps to secure climate finance for climate adaptation and mitigation projects. All bilateral and multilateral climate funds consider GESI as a cross-cutting issue and require all proposals to demonstrate a sound strategy to address gender inclusion and social inequalities.

Nepal is already experiencing climate change impacts such as more intensive rainfall, increased flood and drought events and stress on biodiversity, agriculture, water and forest resources (World Bank, 2022). Nepal's high susceptibility to climate change means that women and other underprivileged groups, who hold traditional roles and positions in society, are more likely to be affected. Inequalities and vulnerabilities will be further exacerbated by climate financing that does not account gender inclusion. GESI must therefore be incorporated into climate change planning, programming, policy, and decision-making. In addition to providing a means of achieving key sustainable development goals (SDGs) through inclusive growth and poverty alleviation, gender-inclusive climate financing aims to stimulate carbon resilient development potential for fostering social justice and women's empowerment.

Gender equity is now major issue for all climate funds because it is not only a matter of equity and equality but also efficacy and effectiveness of finance. Climate financing has history of high prioritization of large-scale technological measures targeted at energy infrastructure and industrial efficiency programs to reduce emissions with little connection to gender equity. However, recent shift in GESI awareness and development of GCF have provided opportunity to harness gender-responsive climate finance. Now, gender-responsive approach is necessary for all climate finance projects to operationalize the gender inclusive actions and opportunities for all vulnerable communities including women. Nepal urgently requires substantial financial resources to protect economy

and people particularly women and vulnerable groups, and achieve its climate goals in the light of growing number of climate-related disasters. Since gender mainstreaming is essential for all climate finance including GCF, this resource book is intended to improve gender approach and provide guidance for its inclusion in the project design for obtaining climate funding in Nepal.

1.4 Policies and Legislations Related to GESI

1.4.1 International Agreements and Treaties on Climate Change

- **Gender inclusion in UNFCCC Conference of the Parties:**

Gender is being increasingly considered in the COP process and women's participation has also increased in recent years. The UNFCCC first addressed gender concerns in 2001 at COP7 in Marrakech, Morocco, when it was mandated that national adaptation programmes of action should be guided by gender equality. The COP 16 with the Decision 1/CP.16 in Cancun highlighted the need of climate finance with guiding principles and the article 7 of this decision acknowledged that gender equality and enforced the effective participation of women in all climate change aspects while the Durban conference (UNFCCC, 2012) seek a gender-sensitive approach in the framing of National Adaptation Plans (NAPs).

The eighteenth session of the Conference of Parties (COP 18) in Doha adopted gender-specific decision to promote women's participation in UNFCCC with Decision 23/CP.18 that urged the promotion of gender balance and the improvement in the participation of women in all convention bodies "in order to inform gender-responsive climate policy" (UNFCCC, 2013).

The twentieth session of the Conference of Parties (COP 20) in 2014 in Lima was significant for gender inclusive climate change impacts where Parties adopted the Lima Work Program on Gender. The Lima Decision 18/CP.20 tasked the Parties to "achieve gender-responsive climate policy in all relevant activities under the Convention" and established a two years work program with in-session technical workshops and the development of technical guidelines focused on implementation (UNFCCC, 2015).

Gender equality, women's empowerment and participation and consideration of women's vulnerability to climate change impacts were considered in the twenty-first session of the Conference of the Parties (COP 21) in Paris. The Paris Agreement is considered as historic because gender perspective was incorporated for the first time in the climate

agreement where gender equality and women empowerment were considered as the core principles and mandates gender-responsive adaptation and capacity-building efforts. However, the agreement failed to integrate gender in its mitigation, technology, or finance section. Similarly, the COP 22 held in Marrakesh, Morocco decided to develop the first UNFCCC Gender Action Plan (GAP) that was accepted in COP 23 in Bonn. The COP 25 adopted an enhanced five-year Lima work program on gender and an updated gender action plan. Finally, the COP 28 Parties agreed that the final review of the implementation of the enhanced Lima work program and its GAP in 2024.

● **Lima Work Program on Gender (Lima Action Plan/LWPG)**

The Lima Work Program on Gender (LWPG; Decision 18/CP.20) was established in 2014 in COP 20 in Lima, Peru to ‘advance knowledge and understanding of gender-responsive climate action and its coherent mainstreaming in the implementation of the UNFCCC and the work of Parties, the secretariat, United Nations entities and all stakeholders at all levels, as well as women’s full, equal and meaningful participation in the UNFCCC process’.

The plan is well known for identifying women as the major victims of the environmental and societal damages of climate change with underrepresentation at all levels. So, it prioritized the integration of gender-balance in climate decision-making through participation, leadership and capacity building. Recently, women’s representation is growing in comparison to the previous COPs. Between 2013 and 2023, female representation has increased in 12 constituted bodies, most significantly on the Adaptation Committee (from 20% to 75%), in the Facilitative Working Group (from 14% to 71%). However, female representation in the Consultative Group of Experts has decreased from 52% to 33%. The plan also provides recommendations for women in leadership positions in COP and national delegation meetings.

● **UNFCCC Gender Action Plan (GAP)**

The COP 22 in 2016 in Marrakech COP 22 decided on a three-year extension of the LWPG, with a review at COP 25 (Decision 21/CP.22). At COP 25 Parties agreed a 5-year enhanced Lima work programme on gender and its gender action plan (Decision 3/CP.25). The GAP recognizes that gender-related action is being progressed across all areas of the Convention and with respect to the Paris Agreement. The GAP identified five priority areas for gender inclusion:

- ▶ Capacity-building, knowledge sharing and communication
- ▶ “It seeks to enhance the understanding and expertise of stakeholders on the systematic integration of gender considerations in plan, policies and programs” (Decision -/CP.23).
- ▶ Gender balance, participation and women’s leadership
- ▶ Look for active and meaningful female participation in the UNFCCC process (Decision -/CP.23).
- ▶ Coherence
- ▶ “The GAP seeks to strengthen the integration of gender considerations within the work of UNFCCC bodies, the secretariat and other United Nation entities and stakeholders towards the consistent implementation of gender-related mandates and activities” (Decision -/CP.23).
- ▶ Gender-responsive implementation and means of implementation
- ▶ Ensures gender equality and empowerment in the implementation of the Convention and the Paris Agreement (Decision -/CP.23).
- ▶ Monitoring and reporting
- ▶ Implementation of and reporting on gender-related mandates under the UNFCCC (Decision -/CP.23).

The plan identified the different activities each for priority areas to achieve the targets.

● **Paris Agreement**

The Paris Agreement is a legally binding treaty on climate change adopted in COP 21, 2015 and it has been a milestone for bringing the majority of nations together to combat climate change. The agreement aimed to bring effective global response to climate change through “keeping the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels”. The agreement acknowledges the gender equality, empowerment of women and intergenerational equity in actions to address climate change impacts.

Article 7 highlights the gender responsive adaptation actions that should be guided by local, traditional and indigenous knowledge. Similarly, in article 11, the agreement identified the need for participatory and gender inclusive capacity building programs for adaptation of climate change impacts. It further added that gender-responsive capacity building may mean that the topics need to be targeted towards men or women, bearing in mind gender roles. However, it is unable to address gender in regards to climate impact financing and technology.

I.4.2 National Policies, Legislation and Framework

● National Constitution (2015):

GESI has been widely discussed in Nepal in every sector of development. The constitution of Nepal 2015 (in its Article 38) facilitates actions to remove inequality and prohibits violence and discrimination against women and girls. The constitution provides the outlines to ensure GESI inclusion through different constitutional national commissions and human rights institutions including National Women Commission, National Inclusion Commission, National Dalit Commission and National Indigenous Commission. These commissions are to formulate policies and programs considering the women, Dalit and indigenous rights and equity, and monitor implementation and delivery of laws and policies programs.

● National Adaptation Plan (2021 – 2050):

The plan is aimed at reducing vulnerability to climate change impacts through resilience and integrating climate change adaptation in policies, plans and development programs in all sectors and levels. The Plan identified gender responsiveness and social inclusion as one of its principles to “ensure that people of all genders are engaged in all stages of climate adaptation planning, budgeting, implementation, and monitoring and evaluation”. The plan highlights the women and marginalized people as major vulnerable and climate change risk groups, so suggested the priority adaptation program on GESI.

● Gender Equality Policy (2077/2019):

This policy is intended to provide the mechanism for ending all types of gender discrimination, exploitation and violence through gender responsive governance at central, provincial and local levels of government. It provides guidance to:

- ▶ Establish policy and structural mechanisms for socio-economic development of girls, adolescent girls and women;
- ▶ Establish a gender equitable society by ending all forms of gender discrimination, violence and exploitation;
- ▶ Develop gender accountable governance systems in all three tiers of government through laws and policy provisions, institutional mechanisms and capacity building;
- ▶ Encourage economic empowerment of women

● **National Climate Change Policy (2019):**

This policy identifies the necessity of gender inclusion through an objective “to mainstream gender equality and social inclusion (GESI) into climate change mitigation and adaptation programs”. The policy facilitates the GESI policy in its Article 8.9 with different strategies and working policies. The policy identifies the gender-disproportionate impacts of climate change and includes gender equality, climate budget code (CBC) in sectorial development plans. It emphasizes the use CBC in capacity building, participation and engagement of marginalized groups and women in planning, budgeting, and monitoring of climate change adaptation and mitigation measures. The policy exclusively prioritizes women’s participation in decision making and benefit sharing.

Local Adaptation and Plans for Action (LAPA) Framework (2019):

The LAPA framework identifies women as a vulnerable group and ensures their participation in vulnerability assessment and prioritizing adaptation options. It considers gender as one of the major criteria to access and prioritize adaptation measures ensuring female participation in planning and implementation. LAPA identified the gender-specific climate change risks and vulnerabilities, however, it did not assess the gender-specific ability and strength to cope these risks and vulnerability.

Nationally Determined Contributions (NDC):

The Paris Agreement requires all parties to prepare and communicate NDCs as a means of reporting regularly on emissions and on mitigation efforts. Through NDCs each country outlines and communicates their post-2020 climate actions to achieve key milestones of the Paris Agreement. In 2020, Nepal submitted its second NDC for the period 2021-2030, following Articles 4.2 and 4.11 of the Paris Agreement, and Decision 1/CP.21. The second NDC sets the targets in different sectors including energy, waste, agriculture, forestry, and other land use for adaptation and mitigation. The second NDC targets expanded clean energy generation, increased use and sales of electric vehicles and maintaining 45% of forest coverage. The NDC identified GESI as a cross-cutting area and mentioned that by 2030, an action plan will be developed for integrating GESI in achieving NDC targets. The targets related to GESI are:

- Develop specific programs with dedicated resources (human and financial) to ensure full, equal and meaningful participation of women, children, youth, Indigenous Peoples and marginalized groups in climate change-related policy

development; and during the planning, monitoring and implementation processes at local, provincial and national levels.

- Promote the leadership, participation and negotiation capacity of women, Indigenous Peoples and youth in climate change forums.
- Ensure gender-disaggregated data when reporting on progress and achievements.

National Adaptation Program of Action (NAPA) to climate change, 2010:

Nepal's NAPA included gender as a cross-cutting theme and considered gender inclusion in different thematic sectors: water and energy, agriculture and food security, forestry and biodiversity, urban settlement, public health and climate induced disaster. Implications of observed climate change impacts were assessed based on gender, and the NAPA also identified sectoral gendered impacts and vulnerabilities. The document acknowledges gender specific vulnerabilities and recognized women as the most vulnerable group; for example, the NAPA identified decreased women's access to water resources leading to an increase in their workload with detrimental effects on their reproductive health. However, it does not provide any targets for women's involvement or capacity building.

1.5 Leveraging and Capitalizing GESI in Climate Finance

The Paris Agreement continued the agreement of developed countries (agreement done in 2009) to mobilize USD 100 billion annually by 2020 to support climate action in developing countries for an extended time period of 2025. By 2021 this amount jumped to trillion, as the Needs Determination Report³ UNFCCC reported that up to 5.9 trillion USD is needed to implement adaptation and mitigation of impacts in developing countries by 2030. As described above, women and vulnerable groups are more affected by climate change impacts, mostly because of poor economy and inequality. Therefore, climate finance can implement actions to reduce poverty and inequality. On the other hand, women and indigenous people have wide knowledge and understanding on natural resources because of their close association for resource use as livelihood.

Gender inclusion is not a solitary activity, rather incorporated parallelly in proposal development for climate finance and project implementation phases. The various actions and activities considered during operationalizing gender responsive climate financing that are shown in the figure below.

3 Technical Report 2021 on UNFCCC Standing Committee on Finance: First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement

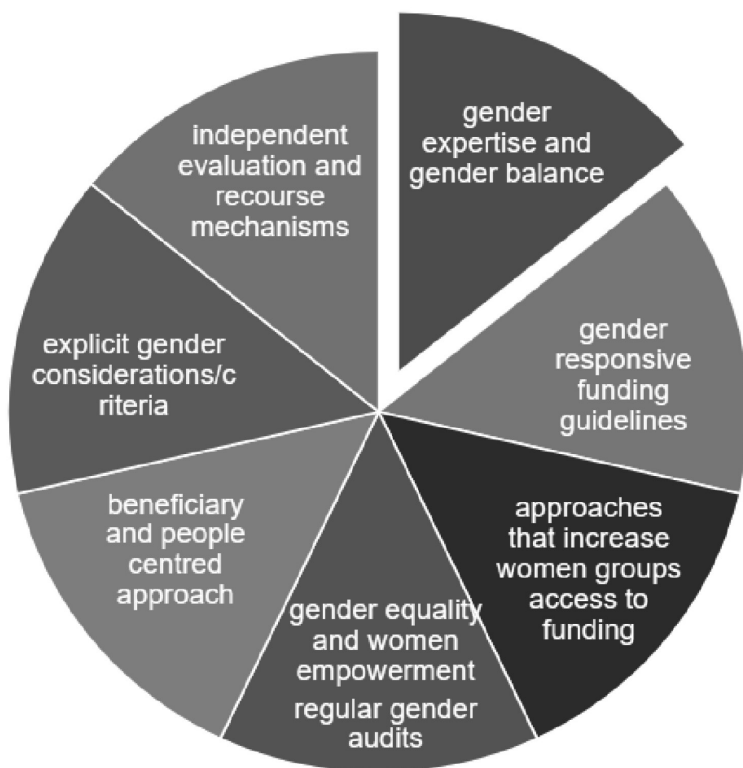


Figure 1: Various actions to operationalize climate financing (source: Mubaya, C, (2024)⁴)

A gender inclusive approach should be developed for every sector in Nepal. Gender inclusion has recently received more attention in climate change projects, however, there is a lot of ambiguity on how and when to include the gender issues while developing plan, policy and program. The gender inclusive approach reduces gender imbalance and climate change impacts by optimizing capital utilization while taking gender dynamics into account to generate livelihood support. When creating strategies, policies and programs to mainstream women's leadership and gender-included value chain, such GESI approach can be applied. Poor marginalized and women headed households in Nepal often dependent on subsistence agriculture and livestock farming and the GESI approach can be implemented in agriculture sector to achieve greater financial outcomes. FAO estimates that "if women had the same access to productive resources as men, they could increase yields on their farms by 20-30%, potentially resulting in 100-150 million

4 Mubaya, C. 2024. Mainstreaming GESI in Climate Finance and Climate Adaptation Activities: Guidelines for Proposal Developers: an unpublished report

fewer hungry people in the world”⁵

Consideration of the gender inclusive approach in developing the proposal for climate finance or adaptation projects will ensure their sustainability and lessen the disparity in resource access. GESI mainstreaming approach can be applied included in all levels of climate investment through following steps:

1. Analysis of gender status and data
2. Identification of issues and barriers of gender inclusion
3. Stakeholder consultations
4. Capacity building for women and marginalized groups
5. Consideration and inclusion of gender in climate project and program
6. Monitoring and evaluation

In order to make the gender inclusive climate financing or adaptation/mitigation project, first the gender related issues and challenges need to be identified and considered that could vary in sector as well as society wise. For example; greater women’s involvement in agriculture and livestock sector and managing the resources for running home and family such as water, fuelwood, etc. Similarly, women’s involvement and presence at managerial level is comparatively less in patriarchy society like in Nepal. Including gender in planning, program and project need accurate information and data and use of their traditional knowledge in an innovative way through capacity building and training.

5 <https://www.wfp.org/news/empowering-women-and-girls-crucial-ensure-sustainable-food-security-after-math-covid-19-say-un>

Chapter 2:

**Governance and
Intervention for GESI**

2.1 GESI Consideration in Multilateral Climate Funds

The UNFCCC explains climate finance as local, national and transnational financing derived from the public, private and alternative sources of financing to address the climate change impacts. Climate finance acts as the instrumental resources to make the societies climate resilient through mitigation and adaptation, and maximize the low carbon economy. The current climate financing is leveraged through various climate funds that are categorized as public funds and private funds. The public funds are multilateral funds to minimize climate impacts and these funds are Green Climate Fund (GCF), Global Environment Facility (GEF), Adaptation Fund (AF) and Climate Investment Funds (CIF). Gender inclusion is critically important in these climate funds because GESI can act as a tool in any kind of developmental project to ensure the equal benefits sharing and resource distribution reaching to the poor and marginalized groups. The traditional approach of climate projects has been intervened by a gender-inclusive approach in the last few years thereby increasing gender responsive fund programming and operation.

Recently all above-mentioned multilateral climate funds are increasingly mainstreaming gender into their operations as the UNFCCC and COPs continuously enforcing the gender inclusion in the policy and instruments of these funds. Additionally, the non-optimal outcomes of no-gender responsive projects and programs led multilateral climate funds to incorporate gender considerations (Schalatek, 2022). The figure below shows the evolution of gender responsive approach in policy and framework.

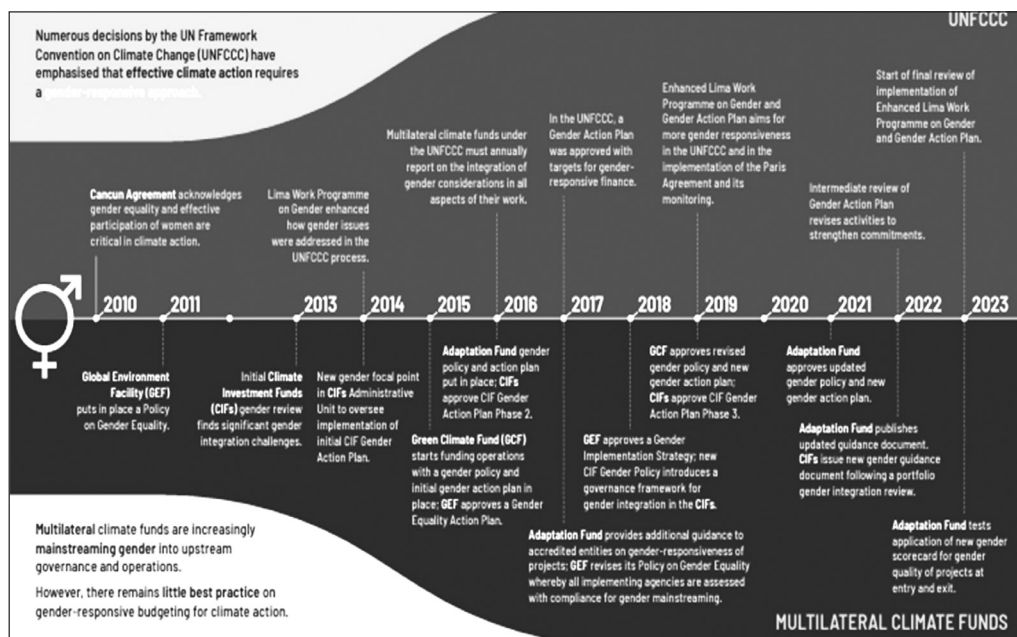


Figure 2 Evolution of mainstreaming of Gender in multilateral climate funds, source UNFCCC

Green Climate Fund (GCF): GCF is the global financial mechanism established by the UNFCCC aimed with low carbon emission and climate resilient development. It is the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) obligating the Paris Agreement. It is operated in partnership to model either working organizations (local, national or regional) in developing countries or with international entities. It also works with private sectors at national and international level to deploy the fund. GCF already delivered USD 13.5 billion fund for transformative climate action in more than 10 countries (Adaptation Fund, 2024).

Gender inclusion is core to the GCF's objectives and guiding principles. GCF applies its updated GESI Policy and Action Plan to all its activities, including all funding activities for mitigation and adaptation undertaken by the public and private sector. The Gender Policy and Action Plan of GCF identifies the importance of gender considerations in terms of impact and access to climate funding and maximizes the impact of its funding for adaptation and mitigation, promoting environmental, social, economic and development benefits with a gender-sensitive approach. GCF requires that women and men be provided with an equitable opportunity to be included in stakeholder consultations and decision-making during project and program preparation, implementation and evaluation. Further GCF requires stakeholder engagement and consultation where women and

men, and members of marginalized and vulnerable groups and communities shall fully and effectively engage in meaningful consultations and decision-making throughout the project cycle.

- Global Environment Facility (GEF): It is the financial mechanism of UNFCCC, the Paris agreements including other multilateral environmental agreements to support the environmental impacts including climate change. It is the source of finance for addressing the environmental issues and adhering them to the international conventions. About USD 25 billion of GEF fund has been distributed and USD 138 billion in co-financing for more than 5000 national, regional and global projects (Adaptation Fund, 2024).

Since 2012, GEF has adopted a gender mainstreaming policy that requires compliance of gender mainstreaming in all GEF agencies. GEF's first gender Policy on Gender Equality, 2017 highlights gender equality while GEF Gender Partnership (GGP), 2016 developed the knowledge exchange and learning platform that convenes and engages gender focal points from implementing agencies. Gender Implementation Strategy, 2018 provides a set of principles and guidance for the planning and management of environmental projects. Now gender is a major criterion for GEF fund accreditation where the implementing agencies need to develop policies, strategies or action plans, gender-sensitive indicators, sex-disaggregated data; improvements in women's empowerment with respect to participation and governance; access to and control of resources; and socioeconomic benefits and services. So, the gender integration approach is needed in the GEF proposals showing a gender inclusive project cycle. Further, the implementing agencies should have GESI experts to support the implementation of gender inclusion.

- Adaptation Fund (AF): The Adaptation Fund is established under the Kyoto Protocol to facilitate country-driven adaptation projects, programs, and innovation and learning that can scale up the adaptive capability of people. Adaptive fund is the way of efficient access of finance to developing countries for responding to their urgent needs and priorities. Since 2010, AF has supported more than USD 1.2 billion for 168 concrete climate change adaptation projects and programs in the most vulnerable communities of developing countries around the world accounting for more than 43 million total beneficiaries (Adaptation Fund, 2024).

The AF considers gender as a cross-cutting issue to achieve the Fund's mission. The newly updated gender policy and gender action plan of AF adopted in 2021 considers gender equity and women's empowerment as key principles for the design and implementation of Adaptation Fund projects and programs. The AF projects and programs are screened for gender responsiveness stages of the project cycle, including the processes of review,

endorsement and approval of the project proposals, monitoring and evaluation by the relevant Fund bodies and external partners.

- **Climate Investment Funds (CIF):** The CIF functions through multilateral development banks that includes World Bank, International Financial Corporation, Asian Development Bank, African Development Bank, Inter-American Development Bank and the European Bank for Reconstruction and Development. The CIF invests in low-carbon, climate-resilient solutions in support of emerging markets and developing economies (EMDEs) including marginalized and vulnerable populations.

The gender inclusion in CIF initiated in 2014 with CIF Gender Action Plan Phase I that focused on monitoring and evaluation of gender inclusiveness. The updated gender action plan phase 2 approved in 2016 that further strengthened gender inclusion by supporting “women’s improved asset position, voice, and livelihood status through access to benefits from CIF-funded investments. The CIF Gender Action Plan Phase 3 is intended to mainstream gender in CIF policies and programs, and gender technical support to countries to design and develop investment plans and projects.

2.2 Nepal Climate Finance National Structure

Nepal as a party to the convention is eligible to access funding from GCF directly through national accredited entities and international entities. The Government of Nepal has nominated the Ministry of Finance (MoF) as the National Designated Authority (NDA) while the International Economic Cooperation Coordination Division (IECCD) serves as the contact point for GCF. As underlined within the scope by GCF, IECCD will operate as the interface between Nepal and GCF. The NDA ensures that activities supported by the GCF align with the country’s strategic national policies and priorities on climate change and are expected to manage environmental and social risks that may arise at the project level, and keep the project in line with the GCF’s Gender Policy. A three-tiered governance structure within the MoF has been established. They are (1) Climate Finance Steering Committee (CFSC) chaired by the Finance Secretary for policy and national coordination; (2) Technical Committee (TC) chaired by the Joint Secretary and Chief of IECCD for technical support; and (3) an interdivisional climate finance unit led by Under Secretary for operational function. This governance structure is designed to ensure robust management and effective implementation of climate finance initiatives in alignment with national and international standards.

2.3 Interventions For GESI Responsive Climate Finance

To develop the GESI responsive climate change projects, the major interventions are financing to the local level, stakeholder engagement, and enabling the environment to improve accessibility of resources and reduce the barriers.

Finance to the local level and ‘right’ stakeholder involvement

- ▶ “It is critical that local governments and stakeholders should have resources to adapt their infrastructure and livelihoods to changing climate conditions and mitigate the impacts of climate change” (USAID, 2022). The financial design process should accommodate the local organizations, women and all marginalized people and while budgeting the climate project, gender finance should be integrated, and local community organizations and gender equality groups can be provided financing offers or small grants to work on climate impacts at local level. The ‘right’ stakeholder is to indicate that the climate project should identify climate hazard risk groups and the gender is not only about the women but also excluded, vulnerable and marginalized people.
- ▶ The local NGOs and community organizations having focus on gender equality need to connect with global climate finance institutions to increase awareness of opportunities to apply for multilateral climate financing (USAID, 2022).

Climate insurance for women in Pakistan by InsuResilience Investment Fund (IIF) / Kashf Foundation:

In Pakistan, IIF collaborates with the local microfinance Kashf Foundation to provide climate insurance. A pilot project was launched to finance livestock for farmers with a multi-risk insurance component that included coverage when natural catastrophes occur. The livestock loan with compulsory insurance is given to poor and marginalized farmers which covers the cost of repayments if the animal dies or is stolen. The insurance money can be used to buy new animals. Such scheme can be critically important in the face of climate change, as increases in drought, flooding and disease affect livestock mortality rates

- ▶ Similarly, the local community should be considered as key consultants and engaged in project design to align with local GESI needs and priorities.

- ▶ Developing intermediary investment connecting local women and vulnerable groups to increase the climate adaptation and resilience. Such investment can be climate insurance in different sector wise (as identified by NAPA), developing women entrepreneurship, green business etc.

Strengthening and Enabling GESI-Environment:

- ▶ Capacity building activities to enhance knowledge on GESI and its inclusion in climate financing process, guidelines and checklists on gender mainstreaming in multilateral funding project cycle
- ▶ Trainings and capacity building activities at local level to women and marginalized people to increase awareness and their involvement in climate projects and to develop equitable financial system
- ▶ Increase women representation in public leadership and financing structure especially in Ministry of Finance and Ministry of Environment or the institution involved in climate financing decisions. Women and marginalized groups should be part of every discussion, meeting and decision-making process.
- ▶ Gender research and right data development to make easy accessibility of gender related data and information

Chapter 3:

**GESI Mainstreaming in
Climate Finance Projects,
Policies and Programming**

3.1 GESI Framework

Gender mainstreaming in climate finance is a process of assessing and responding to the implications of a climate adaptation or mitigation project or action including legislation and policies to articulate women, men and vulnerable people's participation and benefits in climate project/program/policies. The gender wheel framework that includes four stages (4Es) can facilitate the process of gender mainstreaming in climate financing.

Engagement: Engaging women and other marginalized and vulnerable communities is key to the success of programmes or policies. Engagement of women promotes the skills and resources, and supports the project or programs effectiveness.

Empowerment: Empowerment of women and marginalized groups and their intersectional vulnerabilities with new knowledge, skill and resources helps to increase gender participation and confidence.

Enhancement: Enhancement of livelihood and opportunities through application of new ideas, knowledge and skills and resources.

Emergence: Emergence of women and marginalized groups into the institutional and public sphere leads to the women, men and marginalized people in public to social and political level participation thereby bringing the social and environmental transformation.

Gender mainstreaming should be a broader strategy to enhance livelihood and combat poverty, rather than just a requirement for of climate projects. The mechanisms and principles that initiate GESI mainstreaming in any project or policy are called GESI pillars. These pillars aid in establishing linkages between gender inclusion, poverty alleviation and reducing climate change impacts. Figure 3 illustrates the pillars to enhance gender mainstreaming. The governance and institutional pillar can take many forms including enhancement of sectoral coordination, sensitizing climate change projects, improving operational norms (rules policies and allocation of business) and strengthening institutional structures with strong gender priorities.,

“In Indonesia, the Presidential Decree No. 9/2000 on Gender Mainstreaming stipulates that the strategy of gender mainstreaming needs to be applied in all stages of development. As such, gender equality is acknowledged as an essential issue in climate change-related actions, and broader development strategies and plans. Such gender-focused policies have triggered the development of gender bonds whose proceeds target women-led businesses and small and medium-sized enterprises (SMEs), including in climate change-related sectors” (source: UNDP, 2021)

Planning and implementing climate financing with GESI mainstreaming requires careful consideration of gender issues and resource allocation based on availability and need. It requires sophisticated participatory allocation tools that can integrate gender issues and equity. Similarly, a strong accountability mechanism is necessary to integrate the gender in climate financing and the accountability helps to achieve significant outcomes of gender equality thereby facilitating implementation. Building GESI capacity and integrating it into finance mechanisms is the fourth pillar.

The capacity building can be for the policy making process, methods of allocation, accountability, reporting and monitoring, skill and knowledge development on gender, and mechanism to integrate in climate financing. The capacity building is generally based on the need assessment and knowledge gaps in institutions (ministries, sectoral ministries, organization).

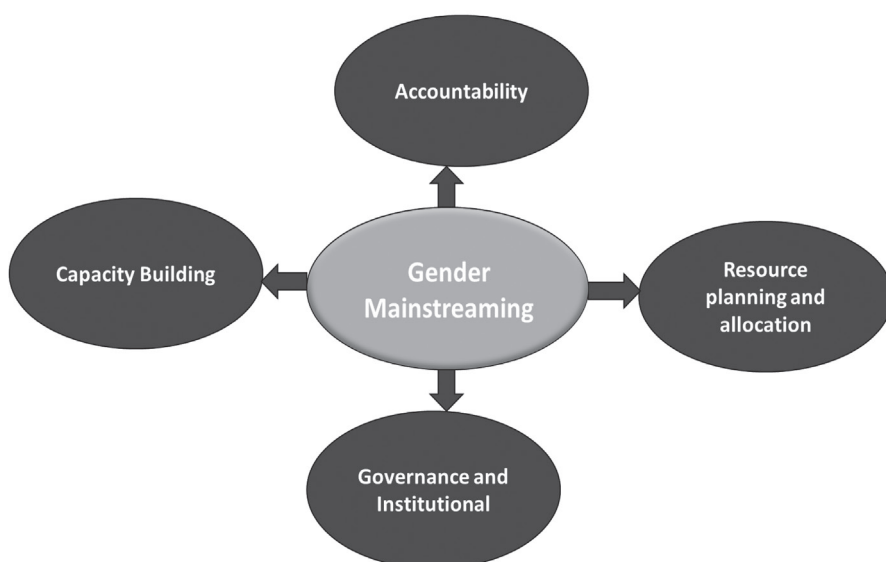


Figure 3 Pillars of GESI mainstreaming in climate financing (adapted from UNDP, 2021)

3.2 Tools of GESI Mainstreaming

Gender mainstreaming tools and guidelines are vital assistance for gender inclusion because they provide clear guidance on GESI inclusion. Gender mainstreaming requires multiple tools in integrated ways and these tools are used in preparing the climate financing project proposal as shown in the Figure below.

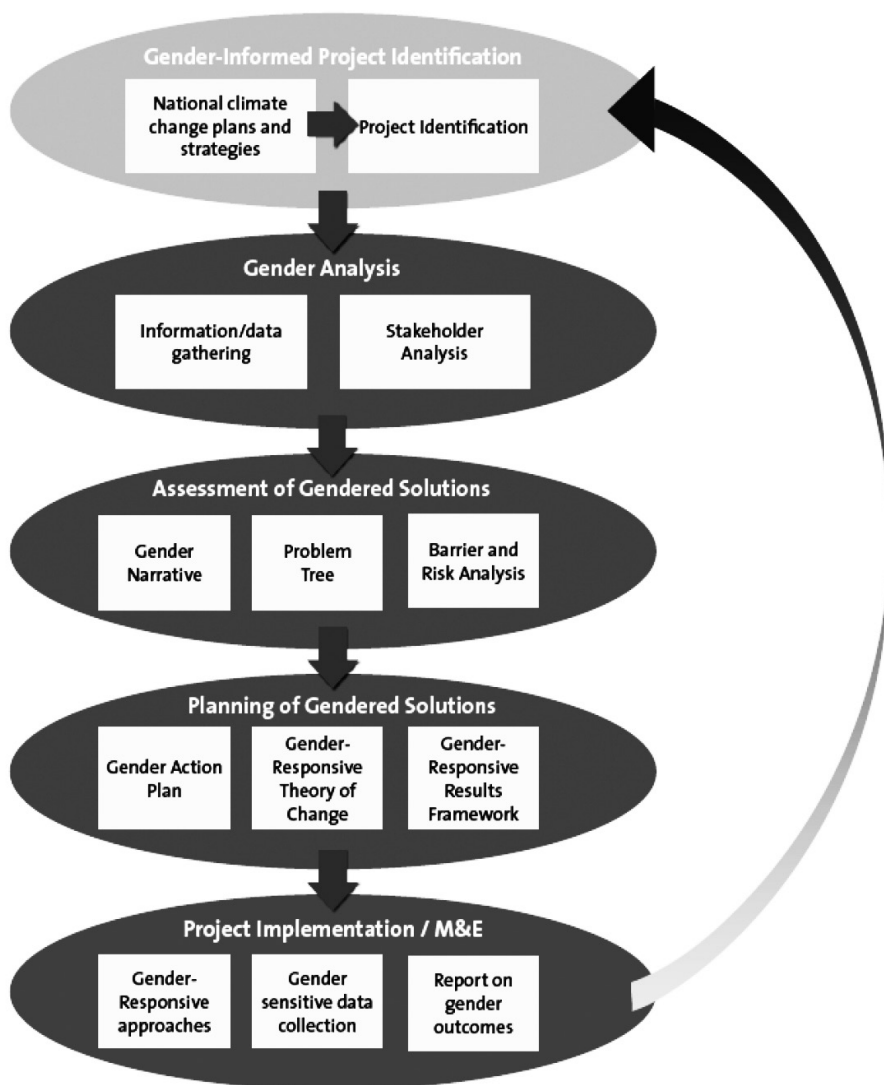


Figure 4 Tools of gender mainstreaming in project cycle (source Glemarec et al., 2016)

The major tools and steps for GESI mainstreaming in climate financing are described below.

I. Identification and Conceptualization

At the beginning, the gender related issues, problems and opportunities need to be identified and conceptualize to incorporate in the project.

Objective: Identify gender-specific issues, gaps, and opportunities.

The major **key actions** are:

a. Gender Analysis

Gender analysis needs to be conducted and demonstrated for most of the climate funds including GEF and GCF while submitting project proposals. Gender analysis is to understand roles and needs of men, women and marginalized groups, gender issues and gaps, and gender-sensitive development impact and opportunities.

Gender analysis is an important step of the gender mainstreaming process which includes gender related data collection and stakeholder identification and consultations. The gender analysis provides the data on needs, issues and abilities/power of women, men, poor and marginalized, and sexual minority groups to be included in climate finance projects, programs and policies. Therefore, it helps to understand the differences between and among women, men and marginalized people in terms of their position and allocation of resources, opportunity and difficulties in the climate context. The major questions that should be answered through gender analysis for gender mainstreaming in the climate project are shown in the Figure 5 below. Gender analysis process follows two steps: gender-related data collection and stakeholder analysis.

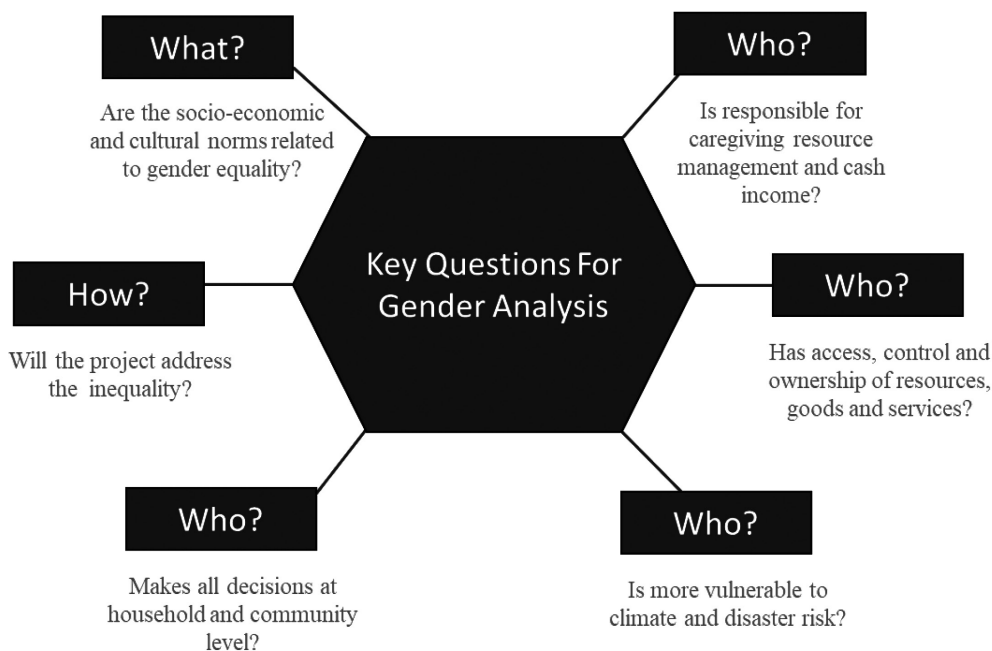


Figure 5 Key questions to be assessed in gender analysis process, Source: adapted from (UNWOMEN, 2021a)

b. Gender-related Data Collection:

Gender relevant data and information is the key to gender analysis. This process seeks the data on existing gender statistics, gender differentiated risks and impacts, and resource allocation particularly for poor and marginalized groups. Both secondary data sources (literatures, existing reports, nation's gender statistics data) and primary sources to construct the project baseline are applied for data collection. Similarly, quantitative and qualitative methods are used for the data collection as shown in the Figure 6 that is adapted from (Glemarec et al., 2016). Both methods can also be used together to generate gender/caste/ethnicity/location/income-disaggregated data and other evidence relevant for the project.

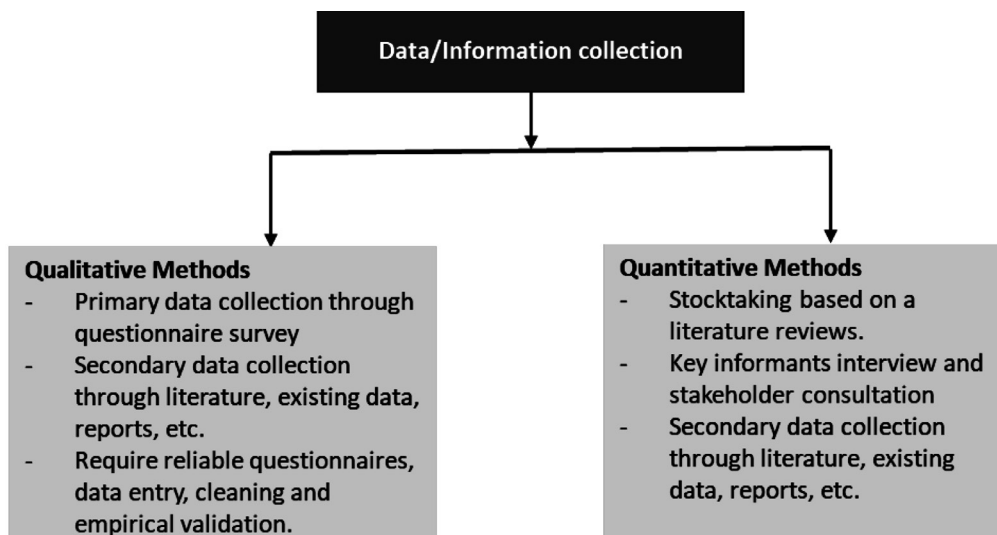


Figure 6 Methods for data and information collection in gender analysis

c. Stakeholder Analysis and Consultation

Stakeholder consultation is a strong tool for gender analysis. At the start of any project or program, it is necessary to understand who are beneficiaries, who has access to what resources, who can influence decision making, and what are interests, needs and wants. To generate all of this information, stakeholder analysis and consultations is needed. It is mandatory to work with all stakeholders including institutions, nongovernmental organizations, private entities and the concerned population groups during project planning phase to implementation phase.

The steps for stakeholder analysis are described below:

i. Identifying Stakeholders

The first step is identifying all potential stakeholders to be included in the policies, program or project. The stakeholders are identified with gender responsive guiding questions given above in Figure 5. This step helps to sort out the relatable and necessary stakeholders.

ii. Categorizing Stakeholders Using Stakeholder Analysis Matrix

The next steps after identifying stakeholders are to categorize that helps to assess interest of stakeholders in the project and the ways in which these interest groups may affect the project. Different stakeholders have different levels of influence and interest in the project, and stakeholders need to prioritize accordingly. The full list of potential stakeholders could be very long and for practical reasons, it is necessary to prioritize the most relevant ones. One way of doing this is by categorizing stakeholders according to their power over the river basin plan activities and their interest in it. An example of such a power/interest grid is shown Figure 7.

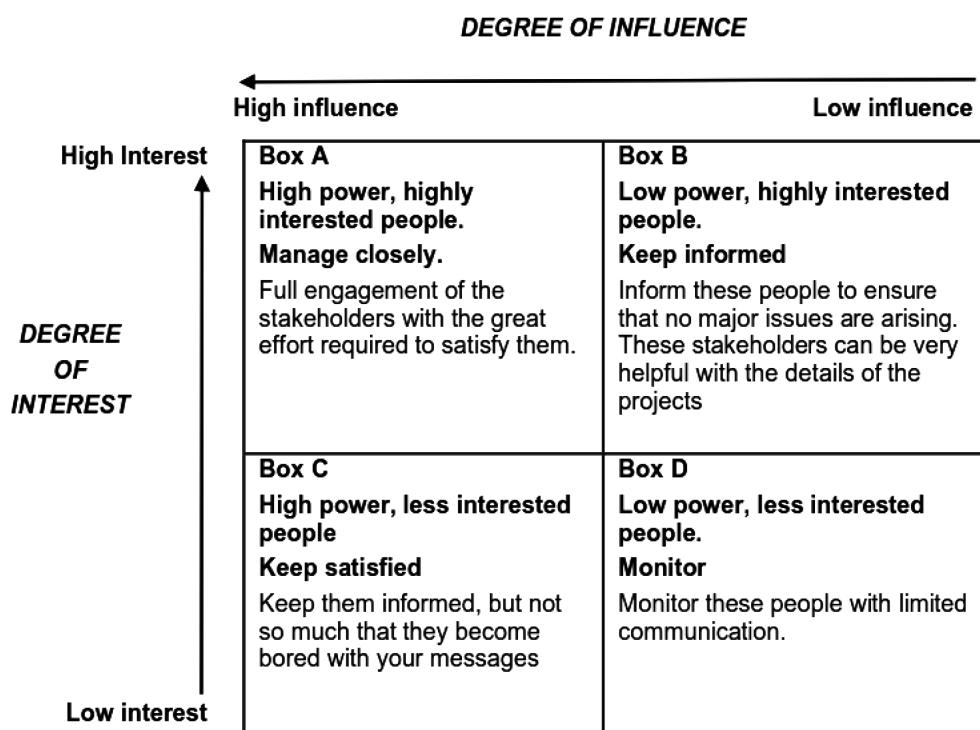


Figure 7 Matrix for categorizing stakeholders

iii. Prepare and Apply Gender- Inclusive Stakeholder Engagement Plan

Finally, a plan for engaging stakeholders throughout project activities is prepared by considering gender inclusion. The plan provides the methods and mechanism to conduct consultations, updating and communication with stakeholders. The stakeholder

consultations can be done by group discussion, workshops, public meetings and forums, and interviews.

I. Design and Planning

The next task is to design and plan the gender-oriented project objectives and plans.

Objective: Develop gender-responsive objectives, strategies and actions.

The major **key actions** are:

a. Gender Assessment

A gender assessment combines findings from gender analysis with data from stakeholder analysis to create a comprehensive gender narrative. This narrative serves as the foundation for understanding gender dynamics and plays a critical role in informing climate action and intervention strategies, including project design.

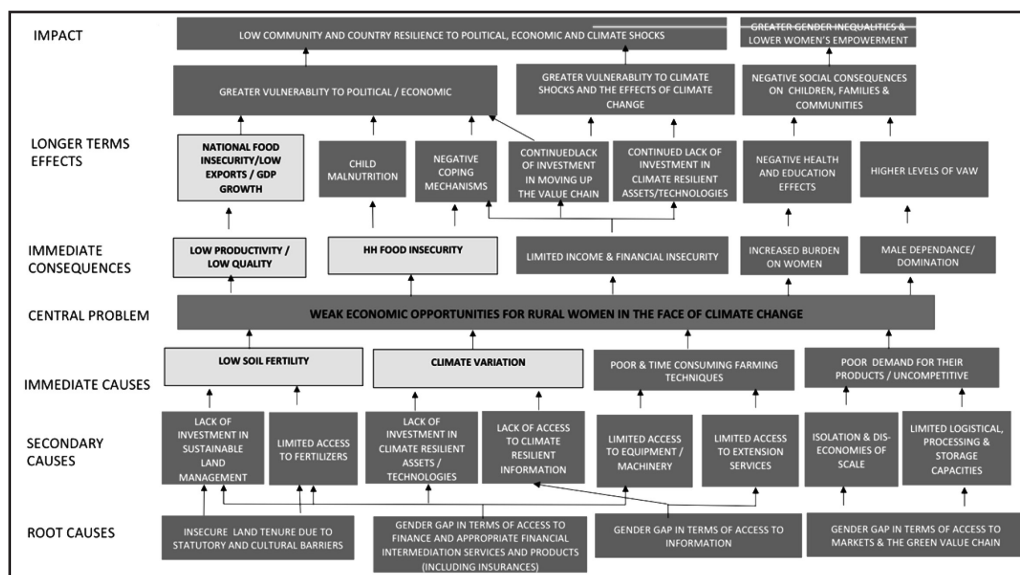
b. Problem Tree Analysis

The problem tree analysis interlinkages cause and impacts where a central problem is associated. It identifies and links the causes and effects of the problem to identify the solution. Though the core problem does not need to be gender-focused, the gender analysis identifies the gender-specific causes, effects and impacts. The problem tree facilitates the identification of solution pathways with gender responsive actions. The climate fund proposal including GEF requires problem tree analysis. According to (Glemarec et al., 2016), the problem tree goes with following steps:

Identify the central problem: identifying the climate situation that requires attention or the central problem that women face in the sector.

- Identifying the causes of the problem by asking “why”. There are immediate or the most obvious and visible causes, and less evident but important underlying or secondary causes. The fundamental or structural causes of the main problem are the root causes
- Identify the effects of the main problem by asking “what are the consequences?” until it is not possible to go further.
- Connect the problem with cause-effect arrows clearly showing key links

Box 1 Example showing problem tree analysis: climate-smart agriculture in Democratic Republic of the Congo



c. Gender Action Plan

The action plan sets the gender-sensitive goals, gender-specific activities to achieve the goals and indicators and outcomes. It also provides a timeframe and resources for implementation, and procedures for monitoring and evaluation. Those actions are observable and measurable. A climate financing proposal for climate funds needs a gender action plan to be developed and presented with the funding Proposal, covering gender-responsive activities, gender performance indicators and sex-disaggregated targets.

d. Developing a Theory of Change (ToC)

Theory of change is an outcome-based approach that applied critical thinking to design, implementation and evaluation of initiatives and programs intended to support change in their contexts⁶. The ToC essentially consists of a set of expectations of the project on how the project will bring about positive change for its intended beneficiaries. The ToC is prepared by directly involving stakeholders to help in project design and implementation. ToC involves mapping the pathways of change between the results that the project aims to achieve (outputs and outcome), how the project plans to achieve them (activities) and the assumptions and risks underlying these change pathways.

6 <https://www.greenclimate.fund/event/meet-itap-webinar-theory-change#:~:text='Theory%20of%20change'%20is%20an, support%20change%20in%20their%20contexts%20.>

The key principles while developing ToC are:

- ToC need to answer why project is needed, what value and why it will add to women, men, marginalized and vulnerable groups;
- What the activities are in the project, how they will work and for whom and what are intended outcomes;
- The intended outcomes should address adaptation and mitigation strategy and should be plausible and measurable.

The Figure 8 below shows the framework of ToC.

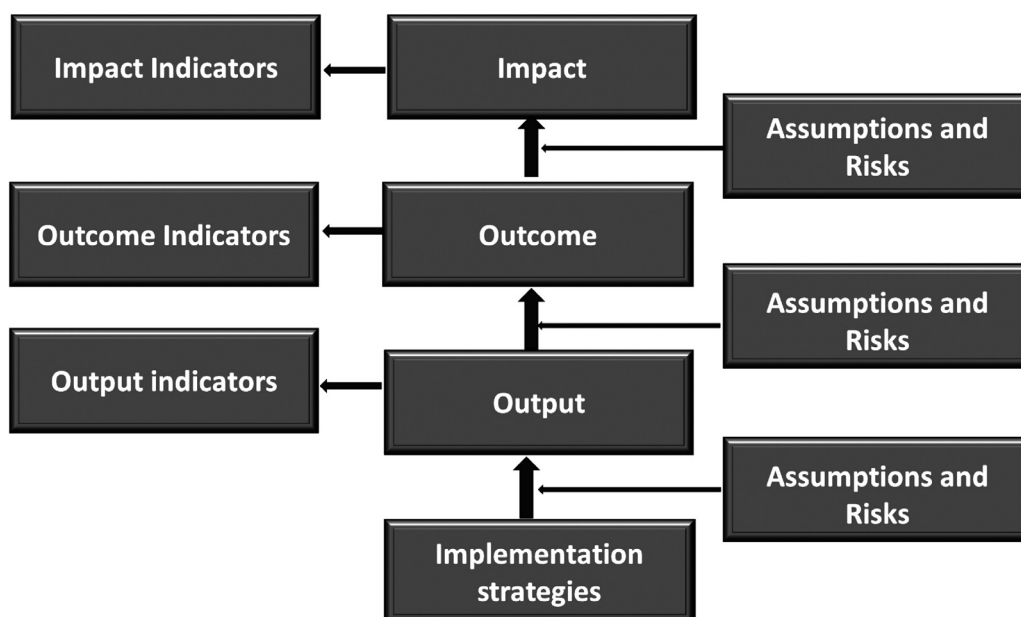


Figure 8 Process and steps of Theory of Change (ToC)

e. Resource Allocation and Gender Responsive Budget (GRD)

Next step is allocating the resources such as budget, staffs and other office management for gender related activities and the budgeting should be gender inclusive. GRB is intended to make distributive impacts of the budget (revenue and expenditure) on women and men and adjusts (or reallocates) resources to ensure that both benefit equally from government resources. A five steps GRB framework given by (Budlender & Hewitt, 2003) is mostly used in developing countries. These five steps are:

i. Analyzing the situation of women, men, girls and boys:

The first stage of GRB is to know the situation (in terms of inequality) of women, men, girls and boys in relation to particular sectors. So, this step uncovers the scarcity of gender-disaggregated data to integrate in budgeting systems. The data and information needed to analyze the situation of women, men, girls and boys can be obtained through national and international sources and these sources could be international compendiums (GenderStats, UN statistics division, World Bank, etc.), cross-country statistical data, national development plans, government policy documents, official government statistics, administrative data and independent research. Besides the gender data, information on other dimensions such as women's and men's ability to access, power and control over resources including tangible (land, water, livestock money), intangible (family network, collective solidarity, information, political clout) and human (labour, skills, knowledge) resources are also considered when collecting information to assess the gender situation.

ii. Assessing the gender-responsiveness of policies

This stage is to assess if any particular policy or program is likely to increase gender inequalities described in the previous step, leave them the same or reduce them. The country does have gender policies either for overall or sector-specific and these policies should be examined to see their content on gender and any contradiction to the gender policies (if any). The activities in the policy/program document need to match with gender objectives, and assess if the gender objectives are accompanied by necessary activity plans. A strong link between the activities and the resource allocation especially on areas of affirmative action should be developed.

iii. Assessing budget allocations:

After the situation and policy analysis, the third step of the framework is budget allocation. This step is to identify whether the budget allocations are adequate to implement the gender-responsive policy identified in the second step. The budget allocation is analyzed by assessing whether the allocated budget sufficiently enough to accomplish the desired policy or program

The main source for this information is the budget book itself, especially if they contain information about objectives and indicators. Some governments also publish documents (annual reports/performance budgets/outcome budgets) that discuss the performance of the different ministries over the past year and plans for the coming year. These, together with the budget speech, assist in the analysis of the budget figures. This step also assesses the actual expenditure made in the previous years, compared against the

budgetary allocations. Often, gender-specific activities do not get specific attention in the implementation stage, and the budget left unutilized until late in the year is appropriated to another head. Exploring the reasons for the un-utilization will also further help in identifying the gaps in the implementation and service delivery challenges.

iv. Monitoring spending and service delivery:

This step is to monitor money spending and delivery of services out of it. The data needed for gender budget analysis are:

- Inputs measure what is put into the process (e.g. the amount of money budgeted or the staff allocated for a particular program or project);
- Outputs measure direct products of a particular program or project (e.g. the number of beneficiaries receiving medical services or the number of clinics built);

It is necessary to assess whether the budget allocated is used effectively to achieve the planned outcomes. The physical and financial achievements against the plan, and if the money has been spent as desired is reviewed. The proportion of beneficiaries from different genders and social groups are reviewed to see if it is in line with the Policy and population parameters.

v. Assessing Impacts/Outcomes

The outcomes are the measure of results of policy or program that was implemented such as increased health and educational levels. So, this step is assessing the outcomes of the policy and program and verifying whether the gender objectives/outcomes of the policy/program identified are achieved.

f. Barrier and Risk Analysis

Barrier and risk analysis helps to identify issues and challenges gender inclusion and it also identifies possible solutions. These barriers and risks can be mapped in a systemic and transparent manner with specific associated policy instruments. The barrier and risk analysis identifies gender neutral barriers that affect investment in climate action; Uses available data and information to identify the gender-specific barriers, those barriers that have an increased probability of occurrence or severity of impact for women; Forms the basis for identifying suitable instruments to address all risks and barriers.

3. Implementation

Once the project is well planned and designed, next procedure is to bring it in implementation phase.

Objective: execute the program/project with gender consideration.

The **key actions** are:

a. Equal Participation

The men, women, disability and marginalized groups need to be included in all project/program activities and decision-making processes.

b. Capacity Building and Gender Awareness Program

Capacity building trainings and awareness programs help to sensitize people on gender and develop capacity to enhance gender inclusion. Gender awareness programs play a significant role in providing information on gender equality and the procedure of GESI inclusion. The capacity building and awareness program should aim to sensitize on gender equality, resource distribution and disparity thereby helping to remove the gender issues and obstacles.

4. Monitoring and Evaluation (M&E)

The monitoring and evaluation framework can be used to monitor and evaluate the outcomes and impacts of gender-inclusive project/program on women, men and marginalized people.

Objective: Track progress and measure the impact of gender-related outcomes.

The major **key Actions** are:

a. Development of Gender-Sensitive Indicators in M&E Framework

This step is to develop means of verification of the project intervention and indicators at goal, outcome and output level. These indicators should track the impacts on gender and are disaggregated by sex, age, gender and income depending on intervention and context. The figure below shows the indicators to evaluate the gender-responsive interventions of project/program.

Box 2 Example of gender responsive indicators at the outcome/impact level

Well-being and livelihood

- Number and percentage of poor women and men with increased resilience to deal with climate change-
- Number / percentage of (female-headed) households / people with (no) access to low-carbon energy or transport solutions and infrastructure
- Time saved in collecting and carrying water, fuel, and forest products due to environmentally sustainable and climate change adaptation activities

Economic empowerment

- Number of female entrepreneurs with adequate access to financing for low-carbon and climate-resilient investment
- Number and percentage of women and men with increased employment and income due to climate change adaptation or mitigation activities
- Increase in labour/work effectiveness/productivity due to project

Participation and decision making

- Level of women's and men's awareness on women rights and rules for access to financial, natural and energy resources
- Evidence that policies, strategies and plans are based on gender analysis of the different impacts of climate change on poor women and men
- Level of institutional and staff capacity to mainstream gender in the relevant sector

Capacity development

- Sectoral policy, strategies and reforms include gender equality objectives based on gender analysis of need, demand and supply
- Number and percentage of women and men trained
- Existence of new or improved gender equality supporting sectoral regulatory and legal documents

Source: Adapted from (Glemarec et al.,2016)

b. Analysis of Sex-Disaggregated Data

Sex-disaggregated data are collected and analyzed to assess impacts on different groups. The gender-responsive situation analysis and mixed method approach using focus group description, interviews and interviews.

Gender-responsive situation analysis: assess how the climate finance project or intervention impacts on gender equality, power relationship and resource accessibility. This analysis identifies the equality of men and women involvement, and access and control over resources and benefits.

Mixed method approach: an appropriate mix of qualitative and quantitative methods need to be used to gather and analyze data and it includes interviews, focus groups, surveys, etc.

c. Monitoring and Evaluation Framework

A design and monitoring framework can be used for the M & E of climate financing project as shown in Figure 9. The top of the framework consists of impacts with which the project is aligned, so they are longer-term or broader development benefits. Then the framework contains four parameters in four columns:

- The result which includes the inputs, or main resources; the activities or groups of tasks, the outputs delivered by the project, and the outcome it will achieve;
- Performance indicators that measure the results and targets to be achieved, and a baseline of current performance;
- Data sources and reporting mechanisms for each indicator; and
- The risk that obstacles in achievement of result and the critical assumptions that are considered

Under the result, there are outcomes and outputs where outcomes are immediate and direct benefits of use or application of outputs (for example improved water security among females) and outputs are activities produced or delivered (strategies) by project. The activities at the below are e groups of tasks carried out using project inputs to produce the desired outputs.

Climate insurance for women in Pakistan by InsuResilience Investment Fund (IIF) / Kashf Foundation:

In Pakistan, IIF collaborates with the local microfinance Kashf Foundation to provide climate insurance. A pilot project was launched to finance livestock for farmers with a multi-risk insurance component that included coverage when natural catastrophes occur. The livestock loan with compulsory insurance is given to poor and marginalized farmers which covers the cost of repayments if the animal dies or is stolen. The insurance money can be used to buy new animals. Such scheme can be critically important in the face of climate change, as increases in drought, flooding and disease affect livestock mortality rates

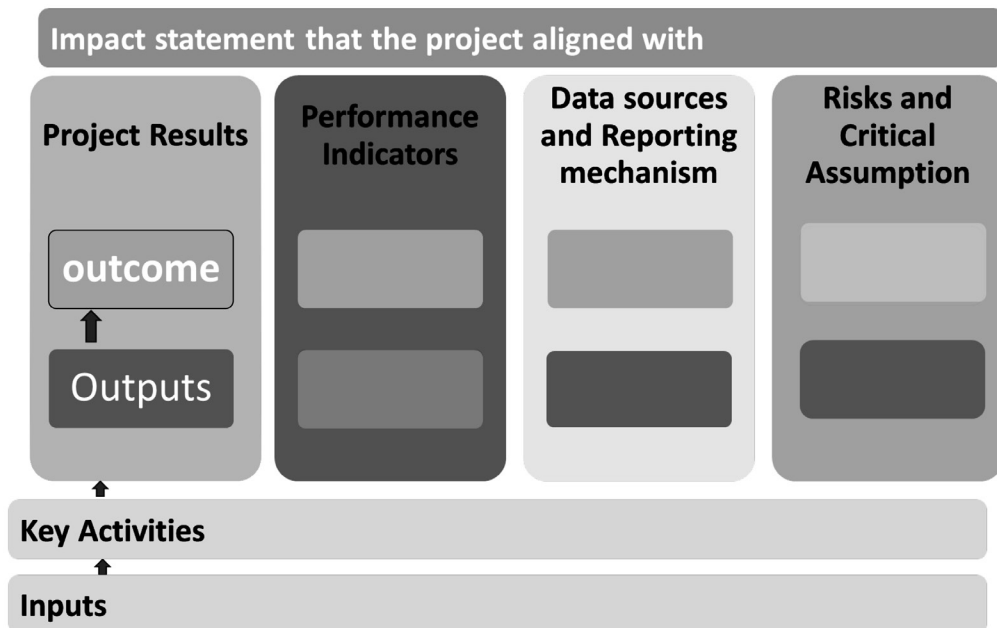


Figure 9 Monitoring framework structure for GESI in climate financing project (adapted from ADB, 2020)

Source: Adapted from (Glemarec et al., 2016)

d. Gender Audits

Regular gender audits should be conducted to ensure adherence to gender goals.

5. Policy Influence and Advocacy

Objectives: Use program/project outcomes to influence gender-responsive policy changes.

The **key actions** are:

- Advocate for policies that address gender gaps identified during the program.
- Share insights with policymakers and stakeholders to foster systemic change.

Chapter 4:

**Barriers and Challenges
for Mainstreaming
GESI in Climate Finance**

Gender equity has been recognized widely in climate funding adaptation and mitigation till now where many gender-inclusive policies and strategies have been developed. Yet implementation of such gender integrated climate finance is very challenging. To ensure the implementation, the country should put gender equity in the first priority and address all the issues and barriers to GESI-financial inclusion. As per ODI brief by (Pettinotti et al., 2023), out of \$28.2 billion adaptation fund provided by developed countries in 2021, \$11.2 billion (40%) of fund was not screened and reported in gender equality indicating uncertainty in fund allocation in gender equity targets. There are different dimensional barriers from society, culture and economy that counteract policies and strategies.

Socio-Cultural Barriers

The implementation of GESI in various sectors is significantly impacted by societal and cultural norms of the society, which are primarily driven by gendered educational disparities, as well as in access and control of the means of communications. In a patriarchal society, females are excluded in decision-making processes and the female representation in the working place is significantly low. In many developing nations, like Nepal, girls' school attainment is poor, and many of them are unable to complete secondary education in comparing to boys which restricts their future economic opportunities (ADB, 2013).

Women are often engaged in household chores, searching for alternative food and water sources. So, to be involved in climate change projects needs their extra time and adds an additional burden causing stress and exhaustion on them, and this in turn can cause barriers for their engagement in policy, program and project level. Similarly, marginalized, ethnic and poor people are already living under deprived economic conditions with limited access to the resources. The involvement in climate change projects might divert their time and put additional burden leading to time poverty among them. Therefore, the existing barriers and challenges need to be identified and resolved to facilitate the GESI in climate financing, adaptation and mitigation projects.

There is disparity in resource ownership and distribution in the society where women and marginalized communities have limited access to resources such as land, money, technology, etc. As per (FAO, 2018), only 15% of women are land holders around the world where 85% are men and even when women own land, they own less land in comparison to men. In many societies, there is division of work like men are responsible for official work, agricultural production and control of land, while women are responsible for collecting water and firewood, fodder for livestock, etc. Such discrepancy in labor

leads to limited access to resources and opportunities. All these socio-cultural barriers should be identified to enhance the gender inclusive climate financing and co-benefits.

Economic Barriers:

In the last few decades, there is increased equitable representation of women in professional occupations and in different sectors, however, gender gaps in earnings and productivity persist across all forms of economic activity like agriculture, wage employment and entrepreneurship. Because of limited resources and education facilities to women and marginalized groups, they are limited from employment and economic opportunities. In the Asian region, the majority of women are still involved in agriculture and only 30% of women are engaged in employment outside the agriculture sector (ADB, 2013). Financial security cannot be achieved until women and poor people have equal economic rights such as land and property rights. Therefore, the economic barriers need to be understood to access climate finance for women and poor communities.

Limitation and Accuracy of GESI Data and Expertise:

There is limited availability, accuracy and reliability of GESI data to mainstream the gender issues in climate funds and projects. The aspects that back up GESI data challenges are lack of resources for data collection from the field, lack of interaction and communication with marginalized people and women, lack of quality in data, lack of or weak monitoring, evaluation and reporting, etc. Research as well as appropriate project reporting and monitoring are necessary to advance the availability and accuracy of GESI data. Inadequate expertise should not be a barrier to the process of leveraging the gender inclusive climate fund and adaptation- . Wise and adequate expertise is required for better understanding of gender perspective in climate mechanism and to increase participation of women and marginalized groups and accelerating gender awareness.

Chapter 5:

Solutions to Mainstream GESI

To develop the GESI responsive climate change projects including the finance, financing to the local level, stakeholder engagement, and enabling the environment to improve accessibility of resources and reduce the barriers.

Finance to the Local Level and ‘Right’ Stakeholder Involvement

- “It is critical that local governments and stakeholders should have resources to adapt their infrastructure and livelihoods to changing climate conditions and mitigate the impacts of climate change” (USAID, 2022). The financial design process should accommodate the local organization, women and all marginalized people and while budgeting the climate project, gender finance should be integrated, and local community organizations and gender equality groups can be provided financing offers or small grants to work on climate impacts at local level. The ‘right’ stakeholder is to indicate that the climate project should identify climate hazard risk groups and the gender is not only about the women but also excluded, vulnerable and marginalized people.
- The local NGOs and community organizations having focus on gender equality need to connect with global climate finance institutions to increase awareness of opportunities to apply for multilateral climate financing (USAID, 2022).
- Similarly, the local community should be considered as key consultants and engaged in project design to align with local GESI needs and priorities.
- Developing intermediary investment connecting local women and vulnerable groups to increase the climate adaptation and resilience. Such investment can be climate insurance in different sector wise (as identified by NAPA), developing women entrepreneurship, green business, etc.

Strengthening and Enabling GESI-Environment:

- Capacity building activities to enhance knowledge on GESI and its inclusion in climate financing process, guidelines and checklists on gender mainstreaming in multilateral funding project cycle
- Trainings and capacity building activities at local level to women and marginalized people to increase awareness and their involvement in climate projects and to develop equitable financial system

- Increase women representation in public leadership and financing structure especially in Ministry of Finance and Ministry of Environment or the institution involved in climate financing decisions. Women and marginalized groups should be part of every discussion, meeting and decision-making process.
- Gender research and right data development to make easy accessibility of gender related data and information

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Authors



RANJANA BHATTA

Ranjana Bhatta is an Environmentalist with a decade of experience in environmental assessment, climate change and wildlife research. She is graduated in Environmental Science from Tribhuvan University, Nepal and Wageningen University, The Netherlands. She has expertise in Strategic Environmental and Social Assessment (SESA), Crocodile Ecology and GESI. Her previous work on climate change has been published as a book entitled “Communities Challenging Climate Change (Case studies from Nepal: communities’ understanding and adaptation for climate change)”.



LAXMI CHHINAL

Laxmi Chhinal is an Environment Expert with a Master’s degree in Environmental Science and Management from the School of Environmental Science and Management (SchEMS), Pokhara University (2023).

She currently serves at SchEMS as a faculty member and Project Coordinator managing the NORHED-II program and Nepal Climate Initiative (NCI) think tank. Her work areas are climate change, climate finance and adaptation, Biodiversity and Disaster Risk Management.

Editors



MR. AJAY B. MATHEMA

Associate Professor / Principal
School of Environmental Science and
Management(SchEMS)



MS. MARIAMA CAMARA

Program Specialist
START International

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