

Task Force 06

STRENGTHENING MULTILATERALISM AND GLOBAL GOVERNANCE

Enhancing Global Cooperation in Development Finance: Innovative Governance Models for Gender Equality and Climate Action Integration

Júlia Lambert Gomes Ferraz, University of São Paulo (USP), Brazil

Camila Villard Duran, EU*Asia Institute, ESSCA School of Management, France



TF06



Abstract

Recent advancements in Development Financial Institutions, particularly Public Development Banks (PDBs), underscore a growing commitment to align policies with the Sustainable Development Goals (SDGs). The 'Paris Alignment' and 'SDG Alignment' movements represent a global collective effort to establish new parameters and metrics for PDBs, emphasizing the importance of implementing the 2030 Agenda. Key objectives encompass addressing climate change (SDG 13) and promoting gender equality (SDG 5) as critical cross-cutting themes. Despite their global significance, these SDGs are often addressed independently, risking the aggravation of existing gender inequalities when climate finance solutions lack a responsive gender perspective. In the pursuit of SDG alignment, new collaborative initiatives are emerging. Notably, the Finance in Common (FiCS) platform engages around 530 PDBs, with the aim to foster policy exchanges among PDBs and create standards and best practices. FiCS has identified gender and climate as core focal points in its 2020 Joint Declaration and Gender Statement. The G20 Working Group focused on combating gender inequality, especially within the framework of climate justice, can interchange more closely with FiCS's institutional influence in shaping standards and metrics for collaboration on the intersection of gender and climate. A more transversal approach to gender equality is imperative in the realm of finance.

Keywords: Gender-Responsive Climate Finance, International Cooperation, Public Development Banks, Sustainable Development Goals, Finance in Common.



Diagnosis of the issue

Integrating gender considerations into climate finance ensures that women and marginalized groups, who are often disproportionately affected by climate change, are included in decision-making processes and can benefit from climate adaptation and mitigation strategies. By addressing gender-specific needs, priorities, and capacities, policy interventions can be tailored to be more impactful and sustainable, thereby maximizing the efficient use of financial resources.

Since 1990, gender and climate have emerged as significant cross-cutting themes on the international development agenda. For a considerable period, the potential connections between the two were overlooked, leading to an international climate change policy that many critics perceived as significantly 'gender blind' (MacGregor, 2017).

The Sustainable Development Goals (SDGs) has been serving as a more recent global framework for sustainable development action. Yet their implementation has been criticized for being too narrow in scope, failing to address multiple dimensions of sustainable development at once. Critics argue that despite recognizing the importance of addressing interlinkages, States have taken a functionalist perspective that has resulted in the SDGs' compartmentalization (Kim, 2016). To address this fragmentation, it is crucial to recognize the interdependence and mutual reinforcement (i.e., the synergies) among the SDGs, as well as the potential limitations or trade-offs they may impose on one another.

Emphasis is being placed on the convergence of SDG 5 (Gender Equality) and SDG 13 (Climate Action). There has been a growing recognition of the necessity to integrate both policy objectives, coined as the 'gender-climate nexus,' in studies and recommendations by various international organizations, including the UNFCCC and UN



Women (UNFCCC, 2023; Turquet et al., 2023). This linkage underscores the notion that climate initiatives have the potential to significantly mitigate social inequalities. It also highlights the risk of exacerbating existing vulnerabilities if climate action fails to adopt a gender-equitable approach.

In 2014, the Lima Work Program on Gender (LWPG) was established to promote a more gender-responsive climate agenda. At COP 25, Parties agreed to an enhanced 5-year LWPG and a Gender Action Plan aimed, among other objectives, at ensuring financing for gender-inclusive climate action. These initiatives encourage entities to allocate funds for women's needs and vulnerabilities, promote gender equality, and integrate gender considerations into climate finance.

In this context, development finance institutions, particularly public development banks (PDBs), have been actively advocating for financing that aligns with the Paris Agreement and the SDGs. Terms such as 'just climate finance' or 'gender-responsive climate finance' are gaining traction, indicating a broader push to integrate development policies and address the climate crisis.

However, despite substantial international recommendations regarding gender-responsive climate finance, fully understanding its scope and, more critically, implementing it effectively remains a challenge (Babugara et al., 2023). There is a lack of normative and operational standards to guide financial actors in incorporating gender into their climate finance endeavors. Despite various UNFCCC decisions with gender-specific mandates, the implementation has been historically inconsistent (UN Women, 2016). Gender considerations are frequently treated superficially or as an add-on activity rather than instigating fundamental changes in climate action.

Data suggests that the incorporation of SDGs 5 and 13 into finance is still at an early phase. It is estimated that only 2% of global climate finance mobilized between 2018 and

2019 was specifically tagged as gender-sensitive (CPI, 2021). This highlights the current lack of attention given to gender norms and dynamics throughout the planning, implementation, and monitoring phases of climate projects, particularly those related to mitigation initiatives. The failure to consider gender can lead to a variety of negative outcomes and further increase the vulnerability of women.

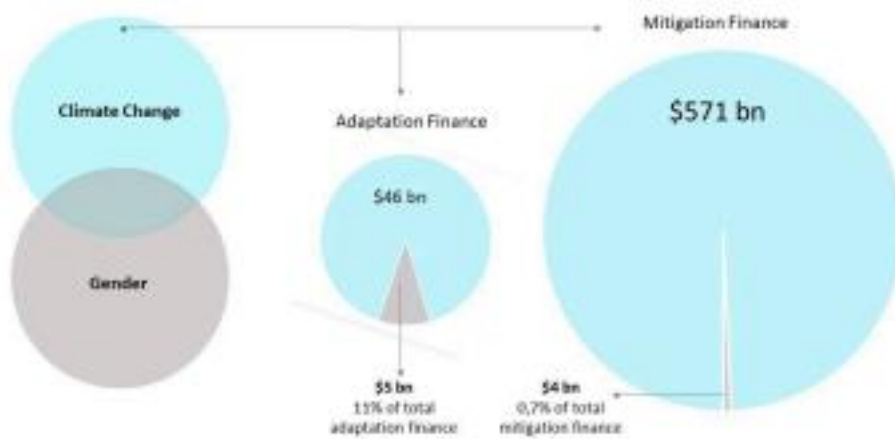


FIGURE 1. Gender-tagged climate finance (2018/2019)

Source: Elaborated by Babugara et al. (2023) based on CPI (2021).

To tackle interconnected challenges on gender-climate nexus, key development finance institutions have recognized that development and financing agendas must be integrated and aligned with social and climate justice principles. This means ensuring that financial mechanisms prioritize the needs of those most affected by climate change, including women, indigenous communities, and low-income populations. Several initiatives by PDBs have emerged to harmonize and align practices and policies with the international legal framework. These initiatives involve setting standards, sharing knowledge, and exchanging best practices through networks and coalitions. The International Development Finance Club (IDFC) and, more recently, Finance in Common



Summits (FiCS), are notable examples of institutional arrangements for global development finance governance. These arrangements emphasize multilateral cooperation and the exchange of knowledge through the formation of a "community of practice" among these institutions.

Within FiCS, Gender and Climate are among the priority action areas defined in the Joint Statement signed by over 500 PDBs. FiCS have also developed a Gender Statement and a Gender Equality Coalition to deepen understanding of gender equality in climate negotiations and ensure that PDBs' green investments integrate gender equality objectives. The transformative potential of FICS's governance in shaping norms and metrics for multilateral cooperation on gender and climate financing is highly significant.

Currently, climate finance stands out as one of the foremost instruments for advancing climate justice. Highlighting its significance, the G20 Women's Empowerment Working Group (WEWG) identified climate as one of its top three priorities in its recent Issue Note (2024). More than that, it expressly stated that it aims to contribute to the debate on the possibilities of directing the necessary means of financing to tackle gender disparities, considering their cross-cutting nature (WEWG, 2024).

The recommendations outlined in this document aim to contribute to discussions within the G20, particularly regarding "Deliverable 3a" of the Empowerment of Women Working Group. This deliverable focuses on commissioning research on the impact of environmental injustice on women and girls' lives, as well as the actions and policies related to this issue conducted by G20 countries within their territories. Additionally, the policy recommendations are aligned with one of the priorities of Brazil's G20 Presidency, i.e., to revitalize multilateralism and promote the reform of global governance institutions, including its new Task Force dedicated to mobilizing global efforts against climate change.



Recommendations

Recommendation n. 01: Connect the G20 WEWG with other G20 WGs and Task Forces focusing on the mobilization and implementation of just climate finance.

1.1 Even though the Sherpa Track is committed to focusing on "non-financial issues," given the relevance of finance to deliver a gender-just climate action, it is recommended that the WEWG establishes greater dialogue with the work carried out within the Financial Track, more specifically by the Sustainable Finance Working Group (SFWG) and its Sustainable Finance Roadmap and Transition Finance Framework.

In 2024, the G20 Brazil launched a new Task Force particularly focused on Global Mobilization Against Climate Change. This project team aims to consolidate the outcomes of other working groups and articulate coordinated responses of the G20 Sherpa Track and Financial Track related to climate change challenges. Therefore, the WEWG should be actively involved in this novel action group, advocating for the implementation of gender-just climate action and bringing practical proposals on finance.

Recommendation n. 02: Enhance dialogue between the G20 and other multilateral initiatives dedicated to aligning development finance with the Paris Agreement and the SDGs. Notably, at global levels, initiatives such as the FiCS play a key role in shaping metrics and standards to harmonize the PDBs' policies and practices. The Gender Equality and Women's Empowerment in Development Banks Coalition and the G20's WEWG and SFWG should more closely collaborate on initiatives aimed at developing gender-responsive tools and metrics to guide decision-making in climate finance.

2.1. There is an urgent need to enhance understanding of the concept of a "just transition," particularly regarding the criteria that determine a transition as "just" and the



strategies for integrating aspects of social and gender equality. The G20 SFWG, established during Italy's Presidency in 2021, has developed a multi-year roadmap designed to steer the G20 countries towards key priorities of the sustainable finance agenda. This roadmap was intended to inform the broader agenda on climate and sustainability. Nevertheless, as the WEWG was founded as recently as 2023 and held its inaugural meeting in 2024, it has not yet been incorporated into the roster of stakeholders spearheading initiatives in sustainable finance. To effectively contribute to the required financing measures for addressing gender disparities, the WEWG must align more closely with the actions outlined in the SFWG roadmap, especially those aimed at promoting a just transition.¹

The importance of defining “just” transitions was already highlighted by the G20 SFWG Presidency and Co-chairs Note on Agenda Priorities for 2024: “SFWG will (i) develop high-level principles for transition plans, and (ii) **reflect on what defines a ‘just’ transition and provide guidance on how financial institutions and corporations can deepen the ‘just’ component of transition plans.** This work will build on the G20 Transition Finance Framework, with an in-depth view of Pillar 5 “Assessing and

¹ Action 14: Encourage MDBs to raise their ambition on climate action, including via supporting just climate transition of their clients via enhanced efforts for capacity building, while facilitating demonstration projects. Action 18: SFWG to work with appropriate IOs to develop high-level principles for a credible and consistent framework for financing a just climate transition. This work could map and review existing and emerging approaches, as appropriate, to: [...] (vi) explore best practices for mitigating negative economic and social impact of climate transition on local communities and SMEs.



Mitigating Negative Social and Economic Impact of Transition activities and investments” and Principles 20, 21 and 22” (SFWG, 2024). States, international organizations, and other relevant actors should: i) encourage fundraisers to evaluate and mitigate the potential socioeconomic impacts of their transition plans and to disclose mitigation measures or net positive impacts; ii) create demo cases of just transition (i.e., transition finance examples that include “just” elements); and iii) enhance collaboration among government agencies, employers, workers, market regulators, academia, civil society, and the private sector to create a comprehensive strategy for mitigating negative economic and social implications (G20, 2022).

2.2. In this regard, PDBs are key actors and must collaborate with other organizations, including social and feminist associations, to shape a new framework for a just climate transition. Yet, this framework should not solely focus on mitigating the negative social impact of the transition (“do no harm”), as emphasized in the Framework. It should also actively strive to achieve positive social and gender equality outcomes through gender-responsive approaches.

A significant obstacle to a more gender-responsive climate finance is still the limited technical expertise on gender issues among development finance institutions (Babugara et al., 2023), coupled with the absence of clear definitions and operational frameworks (UN Women, 2016; Babugara et al., 2023). G20 discussions should join the work that is already being developed by other initiatives. For instance, one of the main contributions planned by the FiCS’ Gender Equality and Women’s Empowerment in Development Banks Coalition is to ensure that PDBs’ investments in sustainable projects incorporate gender equality objectives.

Integrating the SDGs is vital for addressing interconnected global challenges such as

climate change and gender disparities. While progress has been made, there remains a critical need for greater collaborative action across the G20, international forums and WGs, development banks, and other stakeholders to provide the means for implementing gender-responsive climate action.



Scenario of outcomes

There are several positive outcomes from enhancing gender-responsive climate finance in the G20 context. In the case of Recommendation n. 01, it would promote knowledge sharing and capacity building on gender-responsive finance mechanisms. This would help address the specific vulnerabilities faced by girls, women, and marginalized groups.

One example of a gender-responsive climate adaptation project is Bhungroo Rainwater in India. Developed locally, Bhungroo is a rainwater management technology owned by small women farmers. It aims to tackle food insecurity, financial losses, and indebtedness stemming from unpredictable rainfall and irrigation scarcity. It also relies on trained rural Women Climate Leaders who advocate for the technology and offer agricultural expertise for a fee. Women establish ownership groups, learning how to construct, install, and maintain Bhungroo, and provide these services to other farmers (UNFCCC, 2023).

Secondly, the G20 WEWG's active participation within the Task Force on Global Mobilization Against Climate Change would ensure that gender perspectives are integrated into coordinated responses to climate challenges. This involvement would result in more effective strategies prioritizing gender equality and social inclusion, ultimately leading to more equitable outcomes in climate finance initiatives.

A gender-responsive approach goes beyond mitigating negative effects on communities. Instead, it prioritizes gender and social justice as the project's principal or significant objectives. Rather than aiming solely to 'do no harm,' these projects should serve as transformative tools in the fight against social inequalities. This would be a key contribution to the current understanding of G20 regarding the social impact of climate projects and the concept of 'just' transition expressed in the Transition Finance



Framework.

Regarding Recommendation n.02, enhancing dialogue between the G20 and other multilateral initiatives would result in several key outcomes. Collaboration between the FiCS' Gender Equality and Women's Empowerment in Development Banks Coalition, the WEWG, and the SFWG will lead to the development of robust gender-responsive tools and metrics for climate finance. This collaboration would enable policymakers and practitioners to assess the gender impacts (positive or negative) of climate initiatives and ensure that resources are allocated equitably to address the needs of women and vulnerable groups.

Alignment of efforts with initiatives such as the FICS would create opportunities to shape new norms for international cooperation on the gender and climate nexus. By establishing common principles and guidelines, decision-makers can ensure that climate finance initiatives prioritize gender equality and social inclusion in adaptation, mitigation, and loss and damage projects.

Furthermore, deepening collaboration with social and feminist organizations would provide valuable insights into the gender dimensions of climate change and facilitate the integration of gender-responsive approaches into climate finance policies and programs. This collaboration would enhance the effectiveness and impact of climate finance initiatives, ultimately contributing to achieving climate justice and gender equality goals.

References

Babugura, Agnes; Duran, Camila Villard; Acosta, Mariola; Ferraz, Júlia Lambert Gomes Ferraz (2023). **Walking the Talk: Insight into the PDBs Operational Frameworks for Financing Gender-Responsive Climate Action**. Regulation & Governance (under review).

Climate Policy Initiative (CPI) (2021). **Global Landscape of Climate Finance**. Available at: <https://www.climatepolicyinitiative.org/pt-br/publication/global-landscape-of-climate-finance-2021/> (access 28/03/2024).

G20 (2022). **Transition Finance Framework**. Available at: <chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://g20sfwg.org/wp-content/uploads/2023/12/TFF-2-pager-digital.pdf> (access 28/03/2024).

Kim, Rakhyun E. (2016). **The Nexus between International Law and the Sustainable Development Goals**. RECIEL 25 (1) 2016. ISSN 2050-0386.

MacGregor, Sherilyn (2017). **Moving beyond impacts: More answers to the ‘gender and climate change’ question**. In: Buckingham, Susan; Le Masson, Virginie; **Understanding Climate Change through Gender Relations**. London: Routledge.

Sustainable Finance Working Group (2021). **Sustainable Finance Roadmap**. Available at: <https://g20sfwg.org/roadmap/> (access 28/03/2024).

_____ (2024). **G20 SFWG Presidency and Co-chairs Note on Agenda Priorities**. Available at: <chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://g20sfwg.org/wp-content/uploads/2024/02/2024-G20-SFWG-NAP.pdf> (access 28/03/2024). Turquet,

Laura; Tabbush, Constanza; Staab, Silke; Williams, Loui; Howell, Brianna (2023). **Feminist Climate Justice: A Framework for Action**. Conceptual framework prepared for Progress of the World’s Women series. New York: UN-Women.

UNFCCC (2023). **Progress, good practices and lessons learned in prioritizing and incorporating gender-responsive adaptation action.** Policy brief. Available at: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/publications-bulletin/progress-good-practices-and-lessons-learned-in-prioritizing-and-incorporating-gender-responsive> (access 29/03/2024).

UN WOMEN (2016). **Implementation of Gender-Responsive Climate Action in the Context of Sustainable Development.** Germany. Available at: https://unfccc.int/files/gender_and_climate_change/application/pdf/egmreport.pdf (access 07/02/2024).

Women Empowerment Working Group (2024). **Issue Note.** Available at: <https://www.g20.org/en/news/documents> (Access 28/03/2024).



Let's **rethink** the world

