

# Climate change financing in the Caribbean

An analysis from a  
gender perspective

Mariama Williams  
Ayesha Constable



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An analysis from a gender perspective

Mariama Williams  
Ayesha Constable



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This document was prepared by Mariama Williams, consultant with the Division for Gender Affairs of the Economic Commission for Latin America and the Caribbean (ECLAC), and Ayesha Constable, under the direction of Ana Güzmes García, Chief of the Division. The preparation of the document was coordinated by Diana Rodríguez Wong, Social Affairs Officer of the same Division.

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## Abbreviations and acronyms

AF	Adaptation Fund
CARICOM	Caribbean Community
CCCCC	Caribbean Community Climate Change Centre
CDB	Caribbean Development Bank
CIF	Climate Investment Fund
CPIER	Climate Public Expenditure and Institutional Review
CRF	Caribbean Resilience Fund
CSO	Civil Society Organization
DRR	Disaster Risk Reduction
ESG	Environmental, Social and Governance
ESP	Environmental and Social Policy
GCF	Green Climate Fund
GEF	Global Environment Facility
IDB	Inter-American Development Bank
IPCC	Intergovernmental Panel on Climate Change
IRENA	International Renewable Energy Agency

LAC	Latin America & Caribbean
LDCF	Least Developed Countries Fund
MSME	Micro small and medium enterprises
NAP	National Adaptation Plan
Nat Comm	National Communication
NDC	Nationally Determined Contributions
OECD	Organization for Economic Cooperation and Development
PPCR	Pilot Program for Climate Resilience
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goal
SMEs	Small and Medium Enterprises
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WEDO	Women's Environment Development Organization

## Abstract

Addressing gender inequality in climate finance is crucial for reducing women's vulnerability to climate hazards, especially in the Caribbean where the impacts of climate change are threatening economies and livelihoods. Financial inclusion for women is necessary for sustainable development and climate resilience. This report analyzes gender-based climate financing in the region, examining the global and regional climate finance landscape, and highlighting key issues related to gender equality and women's autonomy. The report includes: an analysis of challenges and opportunities for gender equality in climate financing; trend analysis of climate finance distribution and its reach to women and women's organizations, an evaluation of gender action plans by main climate financing mechanisms; and an examination of innovative financing initiatives from a gender perspective. This comprehensive analysis aims to enhance understanding of gender-responsive climate finance and its impact on women's lives and livelihoods in Latin America and the Caribbean.



## Introduction

### A. Issues in defining and measuring climate finance

“Climate finance” refers to the flows of funds primarily targeting climate change, since these funds have objectives explicitly related to addressing climate change (Atteridge et al., 2017). The *2018 Biennial Assessment and Overview of Climate Finance Flows* of the UNFCCC’s Standing Committee on Finance (SCF) recognizes this definition but also uses climate finance to refer to “the financial resources dedicated to adapting to, and mitigating climate change globally, including in the context of financial flows to developing countries. Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts” (UNFCCC 2022a). The term ‘climate finance’ is also frequently associated with international diplomacy on climate change. In this context, climate finance implies “new and additional financial resources” provided by developed countries to developing countries, enabling these nations to address the full and incremental costs of climate change and decarbonization.

International climate finance is vital in the global climate effort to combat climate change. It offers a lifeline to the world’s poorest countries and communities that are struggling to cope with changing climate and provides crucial support to help them transition to low-carbon development pathways (Carty et al., 2015). Global climate finance flows reached an annual average of USD 803 billion,<sup>1</sup> with the trend being driven by an increasing number of mitigation actions, buildings, and infrastructure and in sustainable transport, as well as by growth in adaptation finance (UNFCCC, 2022a). However, globally, datasets on climate finance flows are neither consistent nor complete. There are limitations because of a lack of definition and taxonomies of relevant actions, dataset availability and consistency, and lack of consensus on methods (Watson et al., 2018). The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) indicates with high confidence that the magnitude of global climate finance flows has increased, and financing channels have broadened over the years. This is corroborated by the work of the Climate Policy Initiative, which shows that the past decade saw growing momentum, where public and private climate finance almost doubled between 2011 and 2020 (Climate Policy Initiative, 2022).

<sup>1</sup> Climate finance flows in 2021 were recorded at around US\$632 billion, a fraction of what is required (Republic Bank, 2022 and Climate Policy Initiative, 2021).

But while annual tracked total financial flows for climate mitigation and adaptation increased by up to 60% between 2013/14 and 2019/20, average growth has slowed since 2018 (IPCC 2023). Despite this, funding for adaptation represents only a small portion of total climate finance and is unevenly distributed across regions and sectors (IPCC 2023 and IMF 2023).

## **B. Climate change and climate finance requirements in the Caribbean**

The Caribbean Region's Small Island Developing States (SIDS) face considerable threats from climate change and extreme weather events (Atteridge et al., 2017). According to some estimates, the more than two hundred hurricanes that occurred in the Caribbean between 1950 and 2014 cost the islands an average of 2.5% of GDP each year, and this figure could be a significant underestimate (Acevedo 2016). The vulnerability to biophysical hazards is compounded by economic shocks. Economic growth has slowed over the past 10 years, and more recently, the COVID-19 pandemic has demonstrated that, although the region was prepared to handle some shocks, it is vulnerable to and dependent on changes in global tourism demand (Rozenberg et al., 2021).

The cost of climate action in the region is therefore remarkably high (Watson et al., 2018). The United Nations has called it "the trillion-dollar challenge," noting that while it is the "existential threat" of our times, it is still not fully clear how the solutions to the problem are going to be financed. Globally, at least USD 4.3 trillion in annual finance flows or a 20% year-on-year increase by 2030 is required to avoid the worst impacts of climate change (Climate Policy Initiative, 2022; Republic Bank, 2022). This is so in the case of the Caribbean, which is particularly susceptible to the risks posed by climate change and is working hard to raise levels of preparedness, resilience, and sustainability, while wrestling with financing the bills associated with such efforts (Robinson (2018) and Thomas et. al., (2020). It is reported that the impact of climate change in Latin America and the Caribbean will cost around \$90–110 billion per year by 2050 (IMF (2020). Latin America and Caribbean countries, like many others in the world, currently face serious fiscal challenges and struggle with growing budget deficits and rising debt services payments. These fiscal constraints imply a larger role for climate financing (World Bank 2019/2020).

To finance the climate change needs demonstrated to date by these countries, the region needs a total of approximately USD 3.3 billion to USD 4.576 billion by 2030 (Whyte et al., n.d.). This amount is 31–32 percent of the annual investment required for the global temperature rise to follow a well below 2 °C or a 1.5 °C pathway as stipulated under the 2015 Paris Agreement. This level of climate finance is also below what one would expect considering the investment opportunities identified and the cost of failure to meet climate stabilization targets (UNFCCC, 2022b).

## **C. Context and factors involved in assessing climate finance requirements**

Unlocking international climate finance is a key priority for increasing climate resilience in an under-resourced and over-exposed region such as the Caribbean (CANARI, 2021). Most Caribbean small states face many of the same economic challenges. These include long-standing low economic growth rates, lack of competitiveness in many sectors, structural imbalances, and limited qualified personnel for multiple tasks. Prevailing macroeconomic challenges characterized by high debt rates and low government revenues constrain funding for climate change action (Guerson et. al., 2023 and Thomas et. al., 2021). This mix of factors often results in sizable current account deficits and, in some cases, high, usually unsustainable, debt levels (Thomas et. al., 2021). Infrastructure is a central element in tackling climate change challenges. Estimates vary on the quantum of funds required to finance the necessary infrastructure for the Caribbean. According to the IDB, Latin America and the Caribbean need to invest USD 2,220.7 billion in water and sanitation, energy, transportation, and telecommunications infrastructure in the years leading up to 2030.

While not all of this can be counted as climate financing, much of it will be used to build greater resilience and sustainability. Estimates of the economic impact of climate change on SIDS tend to be significantly higher than the world average—in some cases, upwards of 5% of GDP per year. Without adaptation measures, the costs in the Caribbean alone are expected to surpass US\$ 22 billion per year by 2050, or roughly 10% of the current size of the Caribbean economy (Atteridge et al., 2017).

## D. Addressing contested concerns: equity, justice and efficiency

Given the urgent need for and the presumed scarcity of the quantum of finance to address climate change at both national and global levels, there are bound to be contestations. A key aspect of this contestation is the equity, justice and efficiency dimensions of climate finance. One of the key pillars of this equity-justice-efficiency tripod is that of gender and climate finance. There are various points of view on just what is meant by gender and climate finance, including:

- Integrating gender analysis into climate finance analysis (to improve decision-making & sustainable outcomes).
- Supporting the integration of gender equality in climate change interventions and climate finance (GCF 2017).
- Integrating gender concerns into the operations of funds to improve the outcome of climate finance flows and better reach vulnerable groups and key actors
- Encouraging the evolution of gender-responsive frameworks and financing instruments to support women's empowered climate actions
- Providing adequate and timely flow of climate funds to women's groups on the ground for climate resilience, adaptation and mitigation outcomes as a matter of equity and to support gender-sensitive climate actions concerning NDCs, NAPs, etc.

These points of view coalesce into a global consensus that a gender perspective is important for the efficiency and efficacy of the flow of climate finance. This needs to be tracked and measured in the reporting of climate finance flows. This consensus has emerged from global and national recognition of the lack of finance for women and the resulting slew of policies and pronouncements aimed at 'financial inclusion,' and more recently, inclusive green finance for women (see box 1).

### Box 1

#### The structural challenges of gender inequality and women's financial inclusion in Latin America and the Caribbean

Globally, it is estimated that 980 million women are excluded from formal financial systems (Miles and Wiedmaier-Pfister, 2018) and there is a 9% gender gap in financial access across developing countries (Demirgüç-Kunt et al, 2018). In Latin America and the Caribbean, women encounter significant challenges in accessing financial education, services, and opportunities which hinder their economic autonomy. Just 4.7 percent of women borrowed from financial institutions to invest in their businesses, compared to 6.6 percent of men (World Bank, 2017). Furthermore, the credit gap in Latin America and the Caribbean is \$5 billion for women-owned micro businesses and \$93 billion for women-led SMEs (IFC 2017, IDB INVEST 2019).

For the Caribbean specifically, findings suggest that between a half and two thirds of all women-owned and/or operated firms across six Caribbean countries reviewed report credit access as a major or very severe obstacle to business operations (Acevedo et. al., 2022). In Jamaica, reports suggest that gender gaps in access to financial services have closed citing that 79% of men and 78% of women have an account at a formal financial institution. However, a lower percentage of female-owned firms (20%) have access to commercial bank finance compared to 80% men. In terms of other forms of finance, such as angel investing at the intake level, only 24% of applicants are women resulting in approximately 50% receiving investment (Richards, Development Bank of Jamaica cited in UN Women 2021).

Gender inequality permeates various aspects of life including social, political, and economic spheres. As established by the Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030, which was adopted by Latin American and Caribbean governments in 2016, there are four structural challenges that are key to address to achieve gender equality. These are (i) socioeconomic inequality and the persistence of poverty; (ii) discriminatory, violent, and patriarchal cultural patterns and the predominance of a culture of privilege; (iii) the sexual division of labor and the unfair social organization of care; and (iv) the concentration of power and hierarchical relations in the public sphere. These challenges exacerbate each other and generate complex socioeconomic, cultural, and belief systems that hinder and reduce the scope of policies on gender equality and women's autonomy. (ECLAC, 2017) These challenges also influence gender gaps in access to and use of financial services and products.

Socioeconomic inequality and the persistence of poverty are key challenges to women's financial inclusion. As the indicators of the Gender Equality Observatory for Latin America and the Caribbean show, women are overrepresented among people without income, in lower-wage jobs and smaller enterprises. This means that women tend to have less income to save than men, which hinders their ability rely on income and savings to meet emergencies caused by shocks. It also translates into a lack of capital and assets which hinders their ability to access credit in the traditional financial system.

One crucial factor to consider in women's restricted access to financial services is that women entrepreneurs operate in the informal economy. Around 55% of women entrepreneurs in Latin America and the Caribbean are estimated to be stuck in the informal sector and have major difficulties growing in earning potential and size (UN Women, 2015).

Another key structural challenge is discriminatory cultural patterns. The persistence of gender stereotypes, particularly the ongoing association of masculinity with the world of finance, money management, and investment, means that women are not valued as economic agents capable of making autonomous decisions about how to dispose of their money (ECLAC, 2019). Gender bias plays a significant role in the decision to grant women loans. Banks with a higher proportion of male account executives tend to discriminate more against women, resulting in lower response and approval rates. This occurs even though these executives may be aware of women's better payment behaviors compared to men. (UN Women, 2021). Surveys of women measuring their perception of obstacles also show that one of the main obstacles to accessing the formal sector is gender discrimination. In a survey, 50.6% of female respondents said there is widespread inequality in entrepreneurship opportunities, including access to resources, adequate training, and business advice. (Ilie, 2018).

A key structural challenge of gender inequality that impacts women's economic autonomy is the unequal burden of unpaid care and domestic work. On average, in Latin America and the Caribbean, women spend triple the amount that men do on unpaid care and domestic work. (ECLAC, 2022a). This means that women have less time and resources to go to financial institutions, wait for the credit approval process, or establish the information networks needed to undertake a business venture (ECLAC, 2019).

Efforts on a global scale have been made to address gender inequality in financial inclusion. For example, initiatives such as the G20 Financial Inclusion Action Plan (GPIFI) and the Denarau Action Plan have been established to make high-quality financial services more affordable and accessible. Additionally, the 2X Challenge, launched at the G7 summit in 2018, is dedicated to mobilizing USD 3 billion USD to support women's access to quality employment, further aiming to address the existing gender gaps in the workforce.

In the context of the increasing negative impacts of climate change, and its effects on women's livelihoods, fostering economic autonomy is crucial. Women must be able to access and use financial products, financial knowledge, and skills, especially in times of shock when individuals and households rely on income and savings to meet emergencies such as floods or drought as a result of climate change.

Source: 2X Challenge (2021), *Global gender finance initiative sets ambitious new \$15 billion fundraising goal after securing more than double its original \$3 billion target*, retrieved from <https://www.2xchallenge.org/press-news/2021/6/9/global-gender-finance-initiative-sets-ambitious-new-15-billion-fundraising-goal-after-securing-more-than-double-its-original-3-billion-target>; Alliance for Financial Inclusion (AFI) (2022), *Denarau Action Plan on Gender Inclusive Finance*; ECLAC (2017), *Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030* (LC/CRM.13/5), Santiago; Demirgüç-Kunt et al (2018), *The Global Findex Database*, World Bank; ECLAC (2019), *Women's autonomy in changing economic scenarios* (LC/CRM.14/3); ECLAC (2022a), *The Care Society. A horizon for sustainable recovery with gender equality*. Santiago, Chile, G7 (2018a). *Charlevoix Commitment on Equality and Economic Growth*, available at: <https://g7.gc.ca/wp-content/uploads/2018/06/EqualityEconomicGrowth.pdf>; Ilie, C., Cardoza, G., Fernandez, A., Tejada, H. (2018). *Entrepreneurship and Gender in Latin America*, available at <http://dx.doi.org/10.2139/ssrn.3126888>; IFC (2017), *MSME Finance Gap, 2017*, International Finance Corporation, World Bank Group; Miles, K.S. & Wiedmaier-Pfister, M. (2018). *Applying a Gender Lens to Climate Risk Finance and Insurance*, InsuResilience Global Partnership Secretariat; UN Women. (2015). *Progress of the world's women 2015-2016: Transforming economies, realizing rights*. Retrieved from <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2015/POWW-2015-2016-en.pdf>; UN Women (2021a), *Finance for all women: Innovative experiences and initiatives for women's financial inclusion and recovery with gender lenses in Latin America*. Retrieved from [https://lac.unwomen.org/sites/default/files/2022-03/FinanzasParaTodas\\_Ingles\\_21MAR2022.pdf](https://lac.unwomen.org/sites/default/files/2022-03/FinanzasParaTodas_Ingles_21MAR2022.pdf); UN Women. (2021b) *Investing in women: A profitable path to empowerment and equality*. Retrieved from <https://lac.unwomen.org/en/noticias-y-eventos/articulos/2021/05/invertir-en-las-mujeres-un-camino-rentable-al-empoderamiento-y-la-igualdad>; UN Women, Multi-Country Office – Caribbean, *Rebuilding Jamaica's Economy with a Gender Lens*; World Bank (2017), *Global Findex*. Washington, D.C, Available at <https://globalfindex.worldbank.org/>.

## E. Women's financial inclusion: persistent and emerging issues

Across Latin America, but seemingly less so in the Caribbean, financial inclusion is a growing conversation. One of the core issues concerns women's financial requirements at all levels: individual, household, workers and business owners. In Latin America and the Caribbean, and when considering ethnicity and sex disaggregation, women have higher poverty levels than men. In 2022, almost half of the indigenous people were poor, and the poverty rate was higher among women (43.9%) than men (42.2%). When considering people of African descent, in 2022, about a quarter of the people were poor, and the poverty rate among women (25.3%) exceeded that of men (23.2%) by 2.1 percentage points. An analogous situation is observed among people who are neither indigenous nor of African descent, where women (21.8%) have slightly higher poverty rates than men (20.9%) (ECLAC/UN Women, 2024). With economic activity in the region stalled, women's labor force participation rates are still below pre-pandemic levels, as of 2022, the employment rate for women was 52% compared with 74.5% for men, a difference of 22.5 percentage points (ECLAC/UN Women, 2024). This region also has high rates of gender-based violence. In 2021, more than 4,400 women were victims of femicide, which represents at least 12 violent deaths of women per day (Gender Equality Observatory for Latin America and the Caribbean). In addition, exogenous shocks, including climate change (for example, extreme weather events) can heighten gender-based violence (GBV). GBV is exacerbated by "climate and related environmental and social factors such as the recent COVID-19 pandemic which led to increased domestic violence, increased care burdens, lower access to income and jobs to women and girls in the Latin America and the Caribbean region," (Abdenur 2020, UN 2020, UN Women 2020).

Even without climate change impacts, the existing patterns of inequality and discrimination point to the dire need for finance. But, as the literature shows, climate change amplifies the impacts of these patterns of inequality. This is so particularly for the more than 300 million of women living in Latin America and the Caribbean (CEPALSTAT, 2023).

These women's lives and livelihoods rely heavily on local natural resources. Women are engaged in generating innovations in irrigation and agroforestry, forest conservation, food security and preservation of seed stocks even as they have inadequate access to land.<sup>2</sup> In addition, these women must farm in areas plagued by soil erosion due to persistent floods and drought, including salination, which adversely affects yields. Research shows that rural and peri-urban women are vulnerable to food insecurity, while women in cities are vulnerable to heat wave and water crises, restricted access to economic subsidies and other incentives. (Abdenur, 2020 and Oxfam, n.d.).

In spite of these compelling and urgent needs, Latin America and the Caribbean lags behind other regions in terms of financial inclusion for women. Dabla-Norris et. al., 2015 and Martinez Peria 2014, among others, argue specifically that Latin America and the Caribbean lags behind other regions in terms of financial inclusion (especially with regard to Fintech).<sup>3</sup> While in other regions research shows that 'fintech developments have supported greater financial inclusion, there is no evidence of this in Latin America and the Caribbean, (He et al., 2017).<sup>4</sup> IMF (2019) and Luokoianova and Yang (2018) argue that mobile money and mobile banking have been powerful enablers of financial inclusion in Asia-Pacific (Luokoianova and Yang 2018) and in Africa (IMF 2019). But in Latin America and the Caribbean, as noted by Cantu and Ulloa, 'Fintech has a small footprint and lack of data,' (Cantu and Ulloa, 2020). Promisingly, women lead in Fintech in Latin America, with five times as many female-founded Fintechs as the global average. More than 35 percent of Latin American Fintech startups have female founders (Acuna, Riveria and Mitchell, 2020). Nonetheless,

<sup>2</sup> Of the 58 million rural women in Latin America and the Caribbean, only 30% own agricultural land; and 5% have access to technical assistance (Oxfam, n.d).

<sup>3</sup> The gap for account holding between poor adults and the overall population is 12.5 percentage points in Latin America and the Caribbean, versus 9.9 in Europe, 9.4 in the Middle East and Central Asia. For the use of digital payments, the gap is 11.7 percentage points in Latin America and the Caribbean, 10.4 in Europe, 8.9 in Asia and 8 in the Middle East and Central Asia (Global Findex Data Base).

<sup>4</sup> Some research databases such as Statista argue that the Latin America and the Caribbean region is leading in bridging the financial inclusion gap. Its financial inclusion score was higher than 75 (out of 100) in 2019 with Colombia, Peru and Uruguay ranked with the best access to financial resources, even above India and the Philippines (with a score of 71 out of 100) (Statista 2022).

Fintech generally presents various inclusion challenges. This is so for those who lack access to smartphones and affordable internet data-plans and due to discriminatory practices (IMF 2019).<sup>5</sup> Women across Latin America and the Caribbean are clearly affected by changing climate conditions and play vital roles in climate action. They must be integrated as decision-makers in climate finance mechanisms to reduce gender discrimination, build their resilience, protect their human rights as well as enable greater economic autonomy. As such, organizations must ensure gender-equitable allocation of adaptation and mitigation resources, including finance (Daze and Dekens, 2017). Greater access to sustainable and gender-equitable green finance will help women be front-runners in global efforts to address climate change effectively (de la Rosa and Celestino, 2022). International experience from development programs indicates that increasing the gender-responsiveness of public climate change funding is an opportunity to improve the effectiveness and efficiency as well as the sustainability of investments (Schalatek, 2022).

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<sup>5</sup> It should be noted that Fintech is not a panacea. It does not reach those who lack access to smartphones and affordable internet data-plans and those facing existing discrimination that might maintain the exclusion to fintech activities and services (IMF 2019). Hence, it is still the case that benefits of Fintech might bypass some members of the poor, who primarily are women. He et al (2017), argues that this is due to barriers to entry in the financial sector and constrained regulatory environment which have hindered faster adoption of fintech. "There are important gaps and cross-country variations, especially with respect to financial inclusion of households ...but elsewhere in the globe, "fintech activities have alleviated financial frictions and improved financial inclusion by lowering the cost barrier for accessing financial services-'especially severe in remote rural locations and for marginalized groups such as the urban poor' (He et. al., 2017). Both IMF 2019 and Berkmen et. al., 2019 argue that Fintech innovations have alleviated information asymmetries between service providers and consumers. But as noted by Frost (2020), "while fintech has the potential to improve financial inclusion, especially in developing countries, "fintech activities will remain subject to the same well-known market failures present in other areas of finance, including information asymmetries and adverse selection in lending; liquidity mismatches with deposits; systemic importance and moral hazard with large intermediaries; and various forms of interconnectedness in the financial system." (p. 11).

## I. Methodology

This analytical paper primarily presents a desk review of the following: (i) academic, practice and operational literature of climate funding entities, and governmental submissions with regard to the gender-differentiated impacts of climate change, and (ii) the role of women as agents of change and opportunities for women in the context of climate change in the Caribbean region.

The report is also complemented by eight (8) semi-structured interviews with key experts from technical organizations and civil society groups in the region. Reports of climate funds such as the GCF, the Adaptation Fund and accredited entities of those funds were scrutinized for how gender issues are integrated into their funding proposals and implementation/outcome of such proposal. The focus is on understanding how rigorous, inclusive and thorough were the responses to the need of women as expressed or described in both their gender assessments and gender action plans. Any available independent evaluations of the funds were also screened for assessment of how gender issues were represented and integrated into proposals and plans. This includes any comments, observations and or references to gender related distribution of climate finance.

### A. Desk review

*Literature Review:* A light touch review of existing international, regional and national frameworks for gender equality in climate change policies and how they intersect with climate finance initiatives. There is also a semi-detailed review of the major UNFCCC climate funds and their gender dimensionalities. These are the public ones such as the Green Climate Fund and the Adaptation fund and their implementing entities, the Inter-American Development Bank (IDB), Caribbean Development Bank (CDB), and the Caribbean Community for Climate Change Centre (CCCCC). A brief look at the Climate Investment Fund (CIFs), as is possible as well as some highlights of the aggregate influence of bilateral climate funds. Keen attention will be paid to the role of new private sector investment, innovative finance (social bonds/green and gender bonds) and regional initiatives such as ECLAC's debt. The intention is to highlight what they propose to do, whether such proposals will help or support women in the region, and what are the synergies between these approaches and existing ones for promoting gender equality social inclusion and diversity in the region.

*Secondary data review:* Data collected from secondary sources include Civil Society Organizations (CSOs) (engagement reports/consultations) and institutional reports, on the findings of case studies related to gender and research papers on various aspects of gender and climate finance: policy statement, gender assessment of funding proposals for GCF readiness. Lastly, we present the output of a limited and brief qualitative assessment through selected semi-structured interviews to obtain the perception/reflections with key stakeholders on the matter of gender and climate finance in the region.

## **B. Limitations**

The report, however, does not analyze climate change policies and instruments such as National Adaptation Plans (NAPs), Nationally Determined Contributions (NDCs), Low Emissions Development Strategies (LEDS) or even pay more than a cursory attention to the Sustainable Development Goals' (SDGs) outlook.

Primary and secondary data on climate finance flows/distribution is not always disaggregated by gender. Overall, the availability of granular gender disaggregated, and up-to-date climate finance information is limited.

## II. Volume and distribution of public climate finance in the Caribbean

In this section, we examine the sources of finance and its distribution among recipient countries, the shares targeting adaptation and mitigation objectives, the spread across sectors, the mode of delivery (whether for instance, it was project-based or delivered as direct budget support), and the types of intermediaries involved in programming the funds.

Under the UN Framework Convention on Climate Change (UNFCCC), developed countries have agreed on a global target to mobilize US\$ 100 billion per year by 2020-2025 for developing countries to tackle climate change, and to scale this up over time.<sup>6</sup> In 2020, total climate finance provided and mobilized by developed countries for developing countries amounted to USD 83.3 billion. Though this figure is highly contested,<sup>7</sup> it represents an increase of 4% from 2019. Hence, the collective level of developed country climate finance remained USD 16.7 billion short of the goal (OECD 2022).<sup>8</sup>

In 2021, global mitigation finance reached a record high of US\$186.6 billion, primarily driven by investments in energy as well as low-carbon transport (IDFC 2022). Adaptation finance fell by 24% to US\$20.9 billion.

Financing national climate adaptation and mitigation, in the face of current limitations on international climate finance flow, will undeniably require significant public funds, including new and additional funds, in light of current budget deficits. There will, therefore, be a heavy burden for climate investment and direct spending on infrastructure programs and projects on both the revenue and on the expenditure side. Caribbean SIDS governments and organizations working in those countries must have an overview of the financial flows that are being mobilized for the region. This information provides the foundation upon which to make strategic decisions about allocating and how its impacts should be evaluated. It also provides the basis for dialogue with bilateral development partners and multilateral climate funds.

<sup>6</sup> Under the 2020 Cancun agreements, the \$100 billion per year by 2020 promise made in Copenhagen was formalized. The 2015 Paris Agreement extended this time frame to 2025.

<sup>7</sup> Please see Oxfam's Shadow Climate Finance Report by Carty et al., 2020.

<sup>8</sup> This financial repression still attains despite the November 2023 OECD report on the \$100 billion which argues that "(i)n 2021, total climate finance provided and mobilized by developed countries for developing countries amounted to USD 89.6 billion, showing a significant 7.6% increase over the previous year" (OECD 2023). Developed countries are still way short on the promise to deliver a \$100 billion per year by 2020, extended to 2025.

With climate finance, attention may be focused on both mitigation instruments and adaptation instruments. Mitigation finance instruments fall into two main categories: (i) carbon pricing (emission trading, carbon tax, hybrid trade tax, cap-and-trade, and excise taxes on energy/power fuels sources such as coal, electricity, and so on; and (ii) feebates, which may have the potential of generating offsetting revenue streams (Goulder 2013 and Parry et al., 2012). (Feebates are rebates or penalties for specific environmental objectives such as fees on car sales or in the power sector such as per unit charge on CO<sub>2</sub> emissions.) With fiscal policy, the focus is on tools for both the expenditure and the revenue side. For example, on the expenditure side, subsidies for clean energy, loan programs for firms and investors (for gender, one may also think in terms of increasing women workforce participation through child benefits, and support for dependent care etc.)

At the level of fiscal policy and climate finance, corresponding instruments include those that can increase revenue as well those that leak revenue or are revenue-neutral. Potential for revenue increase is linked with environmental tax reform, including carbon tax (to close the gap between energy prices); subsidy reform (delimitation or expiration, for example, to end fossil fuel payments) and tax surcharge. But these reforms, which can involve sectors beyond energy such as transportation and natural resources, will have both employment and equity dimensions. Feebates are essentially supposed to be self-financing, but they can be designed to be revenue-neutral (This will depend on 'whether the pivot point is below or at the average emissions rate' (Parry et al., 2012)).

Overall, there is increasingly more reliance on fiscal policy to combat climate change (both its gradual effects—slow onset—and its extreme weather events impacts. This is particularly so about the Ministry of Finance's involvement in adaptation efforts with programming to prevent and avoid climate impacts as well as to build resilience. This will also include forms of contingency planning for individuals and households, (World Bank 2019).

Though key challenges remain, it should be noted that the global climate finance landscape has made significant progress in incorporating gender considerations, with all major climate financing mechanisms (under and outside the Convention) having some form of gender policy and/or gender action plan. Key decisions under the UNFCCC to facilitate this include: Decision 3/CP.17, on the establishment of the GCF, which in its Governing Instrument states that the fund would take a gender-sensitive approach. Decision 8/CP.19 includes criteria for the review of the Financial Mechanism on the extent to which the financial mechanism is contributing to gender-sensitive approaches. This was reaffirmed in Decision 12/CP.22.

Gender considerations were not integrated into the design and operationalization of most existing dedicated climate financing mechanisms. Both outside pressure and internal recognition of suboptimal outcomes of projects and programs indifferent to gender have led to substantial efforts in recent years, in several multilateral climate funds, to incorporate gender considerations retroactively into fund programming guidelines and structures. Nevertheless, going beyond gender as an "add-on" and moving toward systematic integration remains a challenge. A truly gender-responsive approach to funding climate actions will not only address how funding decisions are made and implemented, but can fundamentally alter the focus of funding operations.

## A. Climate finance in the Caribbean

Estimates differ on how well Latin America and the Caribbean, as a region, does in accessing global climate finance. One source concludes that after Asia, Latin America and the Caribbean receives the second highest level of climate funding from public bilateral and multilateral sources (World Bank). In 2021, climate finance flows were recorded at around US\$632 billion (Republic Bank, 2022). A total of US\$ 1.48 billion in climate finance—flows labeled as principally targeting climate change—was committed to Caribbean SIDS in 2010–2015, constituting about 6% of total reported aid flows to the region (Atteridge et al., 2017). For the Eastern Caribbean, the inflow of climate finance from public international sources to

address needs has been on average USD 84 million per year (UNFCCC 2022a). About 62% of the finance has been provided as grants, with the other 38% being loans. Around 48% of the climate finance is for mitigation activities, 32% for adaptation, and 20% for both together. The vast majority of finance, 85%, came from bilateral sources. About 77% was delivered as project-based support (Atteridge et. al., 2017).

Climate finance for the region has been insufficient to meet the region's investment needs (IMF, 2023). Adaptation finance increased by 65 percent, from an annual average of USD 30 billion in 2017–2018 to USD 49 billion in 2019–2020, driven mainly by financing from bilateral and multilateral development finance institutions (UNFCCC, 2022a). In a mapping exercise conducted by CANARI, 60% of national projects in the Caribbean were focused on adaptation and resilience, while 17% focused on both adaptation and mitigation. Notwithstanding, Caribbean countries remain relatively marginalized in relation to climate financing for adaptation (Bishop and Payne, 2012). Yet, attempts to capitalize on adaptation financing may have led to some planning measures being reframed and classified as climate change adaptation (Robinson and Dornan 2017; Robinson 2018). Caribbean SIDS has identified finances, budgetary restrictions, and income as the primary limitations to national adaptation measures (Robinson 2018).

In some Caribbean SIDS, bilateral climate change financing is perceived as being more readily available and accessible than other funding sources, including multilateral climate change funds or other development assistance (Robinson and Dornan 2017). For the 15 countries that received development finance flows in the period 2010–2015, the total volume of financial commitments was about US\$ 24.8 billion: US\$ 17.4 billion in ODA and US\$ 7.4 billion in other flows. Of this amount, US\$ 1.48 billion (around 6% of the total, all ODA) was reported as principally targeting climate change. Another US\$ 699 million of finance was reported as “significantly” related to climate change, which, as explained earlier, means the activities do not mainly target climate change, but they are likely to have climate-related co-benefits.

Caribbean experts and stakeholders argue that developed countries have failed to live up to their promises. Accessing predictable [climate] finances in a timely manner, and at scale, remains elusive for most Caribbean SIDS. It is referred to climate finance goals as ‘aspirational’ adding that many of the commitments and promises under the UNFCCC framework remain unfulfilled (CCCCC, 2022). Climate practitioners in the region argue that the Caribbean is not receiving its fair share of climate finance, with current flows described as ‘grossly inadequate’ Similarly, civil society actors state that the region is not getting equal access to climate finance and that the current level of climate finance does not correlate with the region's high level of vulnerability. The Caribbean has a negligible percentage of the projects in the GCF portfolio, which is also more focused on mitigation projects.

## **B. Gender in sources and uses of climate finance flows to the Caribbean**

Climate change adaptation attracts finance from a range of sources. The most visible investments are financed through such public finance instruments as grants and concessional loans. This section focuses primarily on public sector finance through multilateral channels, with a particular focus on the major international public climate funds: The Green Climate Fund (GCF) and the Climate Investment Funds (CIF). Given its dedication to supporting adaptation programming, the Adaptation Fund (AF) is also examined.

### **1. The Green Climate Fund (GCF)**

The Green Climate Fund, established in 2010 under the Cancun agreement as an operating entity of the financial mechanism of the UNFCCC, was operationalized in 2015. It contributes to the goal of keeping an average global temperature rise well below 2 degrees Celsius. It is the world's largest climate fund, mandated to support developing countries in raising and realizing their Nationally Determined Contribution (NDC) ambitions towards low emission, climate-resilient development pathways and national adaptation efforts.

When launched (2015), the GCF committed to the objectives to provide finance with a: "(i) balance between mitigation and adaptation; (ii) a minimum of 50% of adaptation resources for the most vulnerable countries, including the least developed countries, African States and Small Island Developing States (Green Climate Fund, 2021).

As of October 2023, the GCF, under its first replenishment period, GCF-1 (2020-2023), support to Latin America and the Caribbean amounts to a total of \$3.3 billion (representing 25% of its \$13.2 billion global portfolio).<sup>9</sup> This amount in addition to \$7.3 billion in co-financing supports 64 projects in the region, of which 50 projects are under implementation (GCF 2023a).

The GCF is the first multilateral fund to integrate gender perspectives as central to its 'decision-making for the deployment of its resources' (GCF 2023b, and GCF n.d).<sup>10</sup> The rationale behind this approach is the conviction that 'mainstreaming gender makes climate interventions more effective and efficient' (GCF 2023b). This is integral to its objectives and guiding principles and embedded into its foundational, governance, operational and programming architecture. The governing instrument of the GCF includes several references to gender and women in its governance and operational modalities, including on stakeholder participation. It mandates gender balance for its staff and Board, in addition to having a mandate for gender to be integrated in all project proposals. As noted in the governing instrument, "gender equality considerations should be mainstreamed into the entire project cycle to enhance the efficacy of climate change mitigation and adaptation interventions, and ensure that gender co-benefits are obtained" (cited in GCF, n.d). The commitment to gender equality and gender responsive climate actions are well anchored in the Fund's gender policy and action plan adopted in 2015 (and updated and adopted in 2019)<sup>11</sup>. This is ring-fenced by the 2018 adoption of the Indigenous Peoples Policy, as well as the GCF Environmental and Social Safeguards standards (ESS).

The updated gender policy of the Green Climate Fund sought to move beyond the 'gender-sensitive' approach to a 'gender-responsive' approach. The objectives of the new gender policy are two-fold:<sup>12</sup> (i) advance gender equality and women's autonomy through climate change mitigation and/or adaptation actions; (ii) minimize gender-related risks and safeguard women's rights in all climate change actions. The Gender Policy and Action Plan is aligned with the Sustainable Development Goals to allow for clearer sets of targets and progress indicators for assessing the Fund's contribution toward enhancing gender equality and women's autonomy (SDG5).

<sup>9</sup> This amount includes GCF financing of multi-country projects that includes some countries from Latin America and the Caribbean (GCF 2023). It also includes approximately \$160 million covering 225 grants for approved readiness support programs. Of this, thus far, 205 grants valued at \$113.6 million have been disbursed. The GCF Readiness & Preparatory Support Programme supports climate capacity building such as climate investment planning, origination, and implementation that will ultimately generate an increasing flow of impactful investments.

<sup>10</sup> Despite this, as noted in IEU 2018b, "(T)he GCF's gender policy is less ambitious and has less stringent requirements and available guidance than other agencies (such as the Adaptation Fund). The AF gender policy is more ambitious than the GCF gender policy by stipulating that no project proposal will be approved without articulated gender integration and requiring gender responsiveness of actions. Additionally, the GEF and AF have adopted specific guidance documents and tools to support the effective implementation of their gender policies." (IEU 2018b). Please see Table III-7 in IEU 2018b for a comparison of the gender policies of the GCF, GEF and AF. And, as noted by ODI/HBS (2019), the GCF appears to have lost its earlier status as a gender integration trendsetter in climate finance operations".

<sup>11</sup> Please see: HYPERLINK "<https://www.greenclimate.fund/document/gender-policy>" Gender policy | Green Climate Fund; HYPERLINK "<https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf>" gcf-gender-policy.pdf (greenclimate.fund) and HYPERLINK "<https://www.greenclimate.fund/document/mainstreaming-gender-green-climate-fund-projects>" Mainstreaming gender in Green Climate Fund projects | Green Climate Fund.

<sup>12</sup> Within the context of arguably, the most accessible and gender friendly funding operations of the GCF, The Readiness and Preparatory support program, "(t)he gender policy has three main objectives: (i) to support climate change interventions and innovations through a comprehensive gender approach, applied both within the institution and by its network of partners, including accredited entities (AEs), national designated authorities (NDAs) and focal points, and DPs for activities under the GCF RPSP; (ii) to promote climate investments that (a) advance gender equality through climate change mitigation and adaptation actions, and (b) minimize social, gender-related and climate-related risks in all climate change actions, and (iii) to contribute to reducing the gender gap of climate change-exacerbated social, economic and environmental vulnerabilities and exclusions through GCF climate investments that mainstream gender equality issues (IEU 2023, p.59).

Entities that partner with the GCF to implement projects, termed accredited entities, such as multilateral and national development banks, domestic institutions and CSOs approved by the fund's board are requested to submit gender and social assessments with their funding proposals (GCF, n.d). The assessment includes: a snapshot of the gender equality situation in the region, country, or project area; the gender issues that may be relevant to the proposed project; and the opportunities to bring about positive change for both women and men. Accredited Entities are also requested to submit a gender and social inclusion action plan at the project preparation stage. The plan should indicate the gender-responsive activities the project will undertake; provide relevant gender-performance indicators; sex-disaggregated targets; timelines; responsibility lines; and a budget against each proposed activity (GCF, n.d).

A distinctive feature of the GCF's gender action plan (GAP) is that it includes an indicative budget, which will be allocated from the administration of the Readiness and Preparatory Support Programme. Provisions are also made to ensure that National Designated Authorities (NDAs)<sup>33</sup> and focal points have access to readiness and preparatory support from GCF to develop and/or strengthen their policies, process with regard to gender; project level plans also include implementation budget, as necessary to "correct for climate change-exacerbated gender inequality, which affects women, gender assessments and project-level gender action plans" (GCF 2019). Finally, the GCF's GAP contains over 20 GAP indicators with an indicative budget amount for implementing the set of indicators.

#### Box 2

##### The Green Climate Fund's (GCF) Accredited Entity Project-level Requirements

At the project preparation stage, the GCF will require Accredited Entities to:

- (i) Ensure that concept notes and funding proposals submitted for GCF financing meet the principles and requirements of the Gender Policy;
- (ii) Submit as a part of the funding proposal (i) a gender assessment, along with appropriate environmental and social assessments (as may be required according to the level of risks and impacts), and (ii) a project-level gender action plan; and
- (iii) Integrate analysis of context and sociocultural factors underlying climate change-exacerbated gender inequality and optimize the potential contributions of women and men of all ages to build both individual and collective resilience to climate change.

At the project implementation, monitoring and reporting stage:

- (i) GCF will ensure that Accredited Entities take necessary measures to implement the project-level gender action plan submitted as part of the funding proposal approved by GCF;
- (ii) GCF will require that in implementing the project-level gender action plan, Accredited Entities will refine, as may be necessary, the gender-related baseline, indicators and targets;
- (iii) GCF will require that Accredited Entities take the necessary measures to ensure periodic updates on the gender assessments and notify GCF when there are major changes in the design and execution of projects, or other circumstances that may influence the implementation of the gender action plan. Accredited Entities will also notify GCF of any changes in the project-level gender action plan; and
- (iv) GCF will require Accredited Entities to monitor and report on the progress made in implementing the project-level gender action plan.

Source: GCF (2020) Gender Policy.

<sup>33</sup> National Designated Authorities (NDAs) are government institutions that serve as the interface between each country and the Fund. They provide broad strategic oversight of the GCF's activities in the country and communicate the country's priorities for financing low-emission and climate-resilient development (GCF n.d.).

It is almost impossible, for example, for local women's groups and grassroots organizations undertaking mitigation and adaptation projects to gain accreditation to the Green Climate Fund (GCF) or other major financial mechanisms directly. Typically, the projects women's groups are undertaking are deemed too small in scale to meet the requirements of support. This can overlook many sustainable solutions that require finances to scale and replicate.

GCF is providing significant support for direct access entities—organizations that partner with GCF at the regional or national level. The GCF has approved nine climate projects in 11 CARICOM countries, including: Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Guyana, Jamaica, Trinidad and Tobago, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and The Bahamas. It has also provided readiness support to 14 eligible CARICOM Countries (GCF 2021 and Caribbeanbeatbiz). Overall, the Caribbean Community Climate Change Centre (CCCCC) has been the significant sub-regional entity with the Fund. It has been a key player in the GCF's Readiness and Preparatory Support Programme (RPSP) having supported about 28 grants valued at a total of \$19.8 million between RPSP1.0 and 2.0 as reported in the IEU 2023 review of the RPSP.

#### (a) Summary of Gender and GCF Finance in the Caribbean

All projects and programs under implementation in the Caribbean that were endorsed by the GCF's Board since the adoption of the updated Gender Policy at the end of 2019 have conducted gender assessments and developed gender action plans in accordance with the GCF's gender policy and action plan. Numerous AEs have also refined and improved existing gender action plans in response to GCF feedback. A general understanding among civil society members who follow the GCF, though, is that the quality and depth of the gender assessments and gender action plans submitted with the projects varies widely—their existence is not equate to projects having solid footing for gender-responsive implementation (Hall, et al.,). The review of projects in the region indicate that all projects make extensive reference to 'gender' as per the GCF's policy on gender integration and the requirement for a gender and social inclusion plan. In many instances, though gender is mentioned repeatedly in the project documents, 'gender' is not a primary objective of the project. Similarly, there tends to be very few and basic inclusion of gender responsive indicators in the projects' monitoring and evaluation framework.

As noted in Box 3, in the Caribbean, there are several ongoing GCF projects across multiple countries in which gender is considered. One such is *The Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private and civil society sectors of the three Eastern Caribbean small island developing states* which is being implemented in Antigua & Barbuda, Dominica and Grenada. The project seeks to increase the resilience of at least 5% of the population in the Eastern Caribbean pilot countries to climate variability and change, of which 50% are women. This project, as with many GCF projects, incorporates indicators which disaggregate the number of beneficiaries by gender. However, ultimately it is difficult to track the amount of funds actually disbursed to women's organizations or to track the women's autonomy effect of GCF funded projects' gender-disaggregated information. There is very little substantive information on priorities, processes and impacts (IEU 2018a).

Stakeholders consulted for this review<sup>24</sup> noted that GCF funds are awarded to national organizations with the assumption that there will be a trickle-down effect on women and other groups. They argue that the projects tend to be high level with no direct benefits to smaller groups such as women-led organizations. This situation is not unique to the Caribbean since as noted in the GCF's Independent Evaluation Unit's review of the Funds Results Management Framework, 'gender-related provisions at the approval of the RMF and the PMFs were insufficient,' (IEU 2018b). These contentions are also explored in reports by the GCF's Independent Evaluation office reports (IEA 2022/2023). This situation derives from the persistent underwhelming outcomes of the implementation plan for the gender policy. Many gender focused programming are initially not well formulated in terms of aggregate, portfolio-level indicators, such as "the number of projects where women and men report improvements in their quality of life", or "the number of projects that demonstrate increased adaptive capacity of women and men" (IEU, 2018b).

<sup>24</sup> See Annex A2 for a list of interviewees.

**Box 3****The state of play of the Green Climate Fund and climate financing in the Caribbean**

As of 2021, the GCF is providing almost \$100 million through 3 direct access entities in the Caribbean: The Caribbean Community Climate Change Centre, the Department of Environment of Antigua & Barbuda, the Caribbean Development Bank. The GCF has committed \$27.6 million to the Caribbean Community Climate Change Centre to strengthen the resilience of the water sector to climate change in Barbados.

In partnership with the Department of Environment of Antigua and Barbuda, the GCF has also invested USD 20 million to 3 SIDS in the region, including Dominica and Grenada, to strengthen community resilience through ecosystem services and climate resilient infrastructure.

The Caribbean Development Bank has also accessed GCF Project Preparatory Support to develop a project that aims to unlock private sector investment to transform the Caribbean productive sectors, energy systems and infrastructure in 3 countries (Belize, Jamaica, St. Lucia).

For the period 2017-2021, Jamaica accessed GCF finance from 4 regional projects and 7 national GCF readiness projects with a volume of US\$3.100.000. Jamaica also has several projects in pipeline development. And for the same period of time, Belize has accessed GCF finance for one adaptation project and 15 GCF readiness projects, out of which seven are regional and four are national level readiness support.

Source: GCF 2021, Climate Action during the pandemic. Annual Results Report 2020.

## 2. The Climate Investment Funds

The Climate Investment Funds (CIFs), launched in 2008, provide financing that reduces risk for investors, lowers barriers to pilot new technologies, scales up proven solutions, opens sustainable markets and mobilizes private sector capital for climate action. CIFs' programmes fall under two individual trust funds: The Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). CIFs are financed by governments, the private sector, civil society organizations, and six multilateral development banks: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank Group (IDB) and the World Bank Group, including the International Finance Corporation (IFC).

Gender mainstreaming in Climate Investment Fund's institutional apparatus include the CIF Gender Policy, CIF Gender Action Plans, Programmatic Approach, and Results Frameworks the establishment of CIF's MDB Gender Working Group in 2014. The CIFs adopted a gender policy in 2014, which was revised in 2018.<sup>35</sup> Both the gender policy and the Gender Action Plan (now in its third phase) are committed to supporting gender equality and social inclusion across all CIF programs: The Clean Technology Fund (CTF), Pilot Program for Climate Resilience (PPCR), Forest Investment Program (FIP), and Scaling-Up Renewable Energy in Low Income Countries Program (SREP). According to CIF's institutional documents, both gender mainstreaming instruments are grounded in the appreciation that "decision-making regarding national development objectives can no longer take place solely within an environmental or technological scope, but rather must include social and gender elements as part of the overall approach to development." Ultimately, as the CIFs brochure argues, the Fund operates under the view that establishing gender mainstreaming within climate action is important for the goals of efficiency, effectiveness, equity and inclusion.

<sup>35</sup> Since 2014, the CIF has been implementing the CIF Gender Action Plan (CTF-SCF/TFC.12/7), and its successor, the CIF Gender Action Plan – Phase 2 (CTF-SCF/TFC.16/Rev.1). See [HYPERLINK "https://d2qx68gt00o6nn.cloudfront.net/sites/cif\\_enc/files/knowledge-documents/joint\\_ctf-scf\\_17\\_4\\_rev.1\\_cif\\_gender\\_policy\\_rev1\\_2\\_final.pdf"](https://d2qx68gt00o6nn.cloudfront.net/sites/cif_enc/files/knowledge-documents/joint_ctf-scf_17_4_rev.1_cif_gender_policy_rev1_2_final.pdf) joint\_ctf-scf\_17\_4\_rev.1\_cif\_gender\_policy\_rev1\_2\_final.pdf (d2qx68gt00o6nn.cloudfront.net).

**(a) CIF climate finance in the Caribbean: the case of the Pilot Program for Climate Resilience (PPCR)**

CIF has allotted approximately \$1.2 billion for PPCR support to developing countries and regions to build their adaptation capacity and resilience to the impacts of climate change.

The PPCR aimed to pilot and demonstrate ways in which climate risk and resilience may be integrated into core development planning and implementation by providing incentives for scaled-up action and initiating transformational change in the selected countries. Among the primary objectives of the PPCR were to demonstrate approaches for integration of climate risk and resilience into development policies and planning, and to strengthen capacities at the national levels to integrate climate resilience into development planning. In most cases, “the PPCR assists governments to integrate climate resilience into strategic development planning across sectors and stakeholders”. It provides concessional and grant funding to implement plans and pilot innovative public and private sector solutions.

CIF currently hosts The Caribbean PPCR program with the participating nations of Jamaica, Haiti, Dominica, Saint Lucia, Saint Vincent and the Grenadines, and Grenada, each having its own investment plan as well as Caribbean regional track of activities. Though each country has its specific national priorities, overall there are interconnected areas such as Agriculture, Natural resource management, Water management, Fisheries and marine resources and Health (as it relates to climate change).

The CIF conducted a review of the PPCR to assess gender integration in the program. According to the findings, women and/or women’s groups were not always consulted in the design phase. Nonetheless, the investment plans of the PPCR included detailed gender analyses related to country specific gender issues and country-level gender policies. The findings also mention that the project successfully empowered women as change agents, integrated detailed gender indicators and specific targets, and aimed to improve women’s economic opportunities and livelihoods.

With respect to the Caribbean, the PPCR gender assessment was more muted. It found that:

*Only two out of the six countries have included gender as a part of the key objectives of their climate resilience programs or strategies, except for Saint Vincent and the Grenadines, which has included the development of gender policies as part of their results’ matrix. Four of the six countries (Dominica, Grenada, Haiti, and Saint Vincent and the Grenadines) have recognized and described the differentiated impacts on women from climate change. In the case of Saint Lucia, there is a recognition of the need to gather more data to establish these gender and climate linkages, and the program aims to become the source for such information. In the case of Jamaica, there is a reference to national gender inclusion policies but no clear linkage to climate change, (IDB 2020).*

Overall, the PPCR did not aim to improve women’s financial asset position, which is seen as crucial for their uptake of climate-resilient technologies. Another shortcoming was in the support for women’s participation and leadership at the level of communities and to target gender equality issues at the institutional level.

### **3. The Adaptation Fund**

The Adaptation Fund (AF) was established in 2001 and officially launched in 2007. It finances concrete adaptation projects and programs in developing countries that are particularly vulnerable to the adverse effects of climate change. One unique feature of the Adaptation Fund is its direct access mechanism, which enables accredited national implementing entities (NIEs) and regional implementing agencies (RIEs) in developing countries to directly access climate adaptation financing. The Fund is financed in part by government and private donors, and also from a two percent share of proceeds of Certified Emission Reductions (CERs) issued under the Protocol’s Clean Development Mechanism projects.

### (a) Gender Policy

The Adaptation Fund adopted a gender policy and action plan in 2016. The Policy and Action Plan strives to attain gender equality as its goal, with its gender policy being human rights based. Within the plan, concepts such as gender sensitive and gender-responsive are outlined, and all are appreciated as key in ensuring gender equality.

The policy systematically integrates key principles elaborated in the Fund's own environmental and social Policy (ESP), especially the principles on access and equity, on consideration of marginalized and vulnerable groups and of human rights. It highlights the principle of gender equality and women's autonomy as the goal that the Fund strives to attain through its processes. It acknowledges and integrates the need to apply an intersectional analysis in addressing gender-related differences in vulnerability and the ability to decrease vulnerability and adapt to climate change impacts as a lens to understand the complexity and particularity of inequalities in the lives of women and girls, men and boys, including their systemic barriers and root causes. Not only that, but it expands the principle of gender equity and women's autonomy, which is process-oriented and often subjectively contextualized, to the legal mandate of gender equality as the goal that the Fund strives to attain through its processes (Adaptation Fund, 2016).

### (b) Adaptation Fund Finance in the Caribbean

In the Latin America and Caribbean region the Adaptation Fund has approved up to 29 projects in 22 countries up to June 30, 2022, with the largest investments in the sector for US\$35.4 million, followed by US\$ 35 million towards disaster risk reduction and early warning systems projects, and by US\$31 million towards water management.

The primary objective of the program is to increase the livelihood security of the population in the targeted communities and to increase the climate resilience of sections of the Northeastern coastline.

An assessment of the Adaptation Fund project implemented in Jamaica showed that gender equality and women's autonomy were among the factors targeted in the project. The project objective was defined as 'to protect livelihoods and food security in vulnerable communities by: (i) improving land and water management for the agricultural sector; (ii) strengthening coastal protection; and (iii) building institutional and local capacity for climate change adaptation. Gender was framed in the project as having to do with men and women. The project outcome indicators largely looked at the number of farmers by gender that benefitted from any project intervention. The project evaluation report also mainly assessed numbers of men versus women who participated in different activities, such as training events, as a measure of the gendered impacts of the project.

In Antigua & Barbuda, the Adaptation Fund funded project, *an integrated approach to physical adaptation and community resilience in Antigua & Barbuda's northwest McKinnon's watershed*, sought to reduce the vulnerability of the community by increasing the ability of the watershed to handle extreme rainfall, and the resilience of the built environment to cope with the multiple stressors of climate change. Throughout the project document, reference was made to the alignment of project activities with ESS and gender considerations. In its design, the project considered the gender dimensions of vulnerability in the project site, gender-sensitive hiring practices and gender composition of the project steering committee, of which the country's Directorate of Gender Affairs, was also a member. Despite the references to gender in the project document, there were no substantive gender indicators articulated in the results' framework.

## C. Analysis and summary

All major climate funds have established a footprint in the Caribbean region. The review shows that they have all developed gender policies and action plans, as per the guidance of their own governing bodies, as well as in alignment with decisions of the UNFCCC's conference of the parties. The integration of gender considerations in these policies also confirms the significance of gender as a variable in climate action. Based on the assessment of some recent projects in the region, it is evident that gender is consistently

included as a major thematic area in all climate projects. There is some variation in the extent of its inclusion and the supporting gender analysis that informs the approach. In some instances, projects present a very generic approach to gender, making reference to the term in what some stakeholders describe as merely an attempt to satisfy the donor criteria. Most policy relevant documentation speaks broadly to the need for consultations to be carried out with women in the implementation of projects but does not always specify the nature of the engagement. Their failure to outline specificities around the nature of the consultation process and inclusion may lead to ambiguities in the interpretation of what is considered meaningful engagement.

Across all policies, there is rarely a reference to other gender groups. The growing understanding of gender as a more expansive concept and growing recognition of other gender groups is not reflected in the policies and action plans of major climate funds, nor in the actual funding and activities implementation of projects.

Other studies have also noted that multilateral climate funds are still building their capacity to address gender more comprehensively. As a result, the funds have not demonstrated the ability to successfully engage women and gender groups in the region throughout critical phases of projects.

We end this section with a short case study that attempts to present some grounding on the journey towards integrating gender equality into public climate funds and the challenges and opportunities surrounding the distribution of funds for targeted gender equality interventions. The case study is the Caribbean Community Climate Change Centre, known as the 5Cs or the CCCCC, which is the longest serving regional entity moving money from the GCF to the region and which supports governments and works with the CSO sector at some levels. Given the 5Cs convening authority and its capacity building efforts with governments, particularly National Designated Authorities (NDAs) in the region on climate change finance, the 5Cs is an extremely important entity and a key advocate of the gender dimensions of climate change and its financing.

## **1. Regional case study: gender and the distribution of climate finance in the Caribbean Community Climate Change Centre (CCCCC)**

The Caribbean Community Climate Change Centre is an intergovernmental Caribbean Community (CARICOM) institution that is mandated by the CARICOM Heads of Government to coordinate the region's response to climate change (CCCCC website). The entity has been accredited to the GCF as a small size, direct access-regional entity with fiduciary standards of category B and intermediation level 2 since 2015 (GCF- CCCCC 2023). It is very much integrated with the GCF's results areas; mitigation such as energy generation and access, buildings, cities, industries, and appliances as well as adaptation-livelihoods of people and communities, health, food and water security energy, infrastructure and built environment as well as ecosystems and ecosystem services. These are all areas crucial to women's lives and livelihoods.

Since its accreditation, the CCCCC has mobilized over US\$38 million on behalf of CARICOM member States. There is also an overarching project portfolio of over USD 260 million in current and pipeline projects. It has partnered with CARICOM member states to access \$10 million to \$50 million readiness support<sup>16</sup> contributing to improving the region's readiness, capacity and resilience to adverse impacts of climate change by building the capacity of National Designated Authorities (NDA). This includes countries such as The Bahamas, Barbados, Haiti, St. Kitts and Nevis, Saint Lucia, and Trinidad and Tobago.<sup>17</sup> According to the GCF, "over the next five years, (the CCCCC) will manage climate change projects and programs in the region of almost US\$ 50 million, including in areas that they already have experience in: early warning systems, water and energy security, agriculture and food security, resilient health-care facilities, climate-resilient buildings,

<sup>16</sup> GCF Readiness and Preparatory Support Projects. These projects are critical to advancing: (i) the visibility and relevance of the GCF to the beneficiary country; (ii) building the capacity of the beneficiary to access GCF resources; (iii) enable the development of country programs that capture country priorities for resilience-building; (iv) provide the opportunity for addressing priority country needs; and (v) scaling up national priority needs into full transformational activities.

<sup>17</sup> Other members state such as Jamaica and Antigua and Barbuda have access GCF readiness through their own National Designated Authority such as Department of Environment, Ministry of Health and Environment, Government of Antigua and Barbuda (DOE\_ATG) and Ministry of Economic Growth and Job Creation (MEGJC) have submitted their own readiness proposals.

and ecosystem-based adaptation. Additionally, CCCCC is also working with regional organizations such as CANARI to build the capacity of civil society associations to break down the barriers to CSOs engaging in climate action.<sup>18</sup> These include: (i) The unavailability of scientifically sound and robust baseline data and information to be used to formulate appropriate adaptation solutions (ii) limited institutional and human resource capacity to formulate and implement appropriate adaptation and mitigation actions and (iii) limitations in being able to mobilize the level of resources required to combat the deleterious impacts of climate change. It is therefore recommended that the resources of the GCF be used to support CSOs to: (i) engage decision-making processes on climate change; (ii) help communities cope with climate change through appropriate impact climate change interventions; and (iii) build the technical and organizational capacity (GCF - CCCCC 2023).

The CCCCC's GCF financed portfolio includes 20 Readiness Projects, 3 Project Preparation Grants, and two Funded Proposals for implementation in Barbados. The latter two are: (i) *FP060 - Water Sector Resilience Nexus for Sustainability in Barbados (WSRN S-Barbados)* valued at US\$45.2 million (US\$27.6 million from the GCF and US\$17.6 in co-financing), currently under implementation, and (ii) *FP192-The R's (Reduce, Reuse and Recycle) for Climate Resilience Wastewater Systems in Barbados (3R-CReWS)* valued at US\$50 million (US\$39.4 million from the GCF and US\$10.6 in co-financing) which was approved by the GCF Board in October 2022.

FP060 is in its fourth year of implementation contributing to creating sustainable, resilient water supply for Barbados by implementing renewable energy solutions, increasing water capacity through rainwater harvesting and water storage, supporting adaptation funding, and raising awareness about climate change and the water cycle (GCF-CCCCC 2023). It has a gender policy, gender assessment and gender action plan on file.

FP192, co-financed with the CARICOM Development Fund, aims to make more water accessible through investment in the circular economy by using carbon-neutral and climate-resilient water and energy management technologies that ensure water is protected, managed, recycled, reused, and conserved. According to its product document, the project will contribute to the health, well-being, and productivity of Barbadians.

The CCCCC also has one dedicated gender project in its portfolio, the *Ongoing Enabling Gender-Responsive Disaster Recovery, Climate and Environmental Resilience in the Caribbean (EnGenDER)*, Regional Project, funded by Canada (GAC), UK (DFID), co-financed by UN Women. The \$15,300,000 USD project will be implemented in Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, St. Vincent and the Grenadines and Suriname. It has been in play since 2019 and was set to conclude in February 2023. Though not a GCF project as such, the EnGenDER project seeks to integrate gender equality and human rights-based approaches into disaster risk reduction (DRR), climate change (CC) adaptation and environmental management frameworks and interventions and identify and address some gaps to ensure equal access to DRR and climate change and environment solutions for both men, women, boys and girls. It can therefore provide some lessons for future CCCCC project proposals to the GCF (GCF-CCCCC 2023).

#### (a) Gender and the CCCCC

A 2023 GCF and CCCCC Entity Work Programme report<sup>19</sup> discussed that over the next five years, the CCCCC will pursue five strategic objectives outlined in its Strategic Implementation Plan (2021-2025), entitled *Building Resilience. Securing Our Future*, which was approved by the Board of Governors in December, to further support the achievement of the CCCCC's Mission and Vision. While these strategic objectives do not explicitly list gender, nor is gender listed among the eleven outcomes that are identified as necessary for the achievement of the SIP, the guiding principles

<sup>18</sup> See for example, The CCCCC-CANARI cooperation to develop a GCF Enhance Direct Access (EDA) project aimed at contributing to efforts to build resilience of vulnerable people and communities in the Caribbean SIDs to the growing risks and impacts of climate change.

<sup>19</sup> Caribbean Community Climate Change Centre (CCCCC) Entity Work Programme: Four Year Cycle (2020- 2023) 4 May 2023.

of the overarching Revised Regional Framework for Achieving Development Resilient to Climate Change do include gender. Specifically there are two interrelated and relevant principles that support gender equality: (i) *Actively pursuing gender equality, increasing gender awareness and mainstreaming gender in development and implementation of projects, programs and policies is essential and* (ii) *the recognition that Stakeholder engagement, with an emphasis on Gender, must be effectively coordinated to minimize duplication of effort and conflict and ensure efficient use of resources and the creation of positive synergies.*

Furthermore, though SDG standalone gender equality goal 5 is not listed among the explicitly identified SDGs, there is gender explicitly in the ESS section. The 5C's upgraded Environmental and Social Management System (ESMS) is to be aligned with the Gender Policy and Action Plan (updated and approved in 2021) and a Grievance Redress Mechanism, which integrates IP issues.

**Box 4**  
**A snapshot of gender in Project FP060 - Water Sector Resilience Nexus for Sustainability in Barbados (WSRN S-Barbados)**

The CCCC's GCF financed portfolio includes two funded proposals for implementation in Barbados, one of which is FP060 - Water Sector Resilience Nexus for Sustainability in Barbados (WSRN S-Barbados) valued at US\$45.2 million. A cursory look at the gender analysis accompanying the funding proposal for Project FP060, though detailed in its scope, is quite generic and does not directly relate to the gender dynamics of the particular sector with which the proposal is engaged. The annual reviews presented on the GCF website are likewise insignificant. A main contribution, thus far, seems to be research undertaken under the purview of the project, the Opportunities to Mainstream Gender in Water and Wastewater Infrastructure projects: A case study in Barbados which is credited with providing a key baseline to inform gender in the water sector in Barbados.

A simple accounting shows a total outlay of about \$9 million for cost-targeted gender equality outcomes, including:

Outcome 2: Adaptation and Mitigation Initiatives Expanded through a Revolving Fund. Both men and women access funds equally to make their homes and businesses resilient to climate change;

Outcome 3: Improved resilience to climate change and disruptions in water supply. Gender mainstreamed into development of water master plan, decision-making for mains replacement, potable water storage, and RWH with equal numbers of men and women benefiting from interventions; and

Outcome 4: Greater capacity, knowledge and awareness to build Climate Resilience in the Water Sector. Gender mainstreamed in climate resilience for the water sector. Two key subcomponents are:

Output 4.2: Public Awareness Campaign Implemented. Gender integrated into education and PR materials (these are expected to reach both males and females in Barbados.) and;

Output 4.3: Policies for water sector resilience and PPPs created. Gender integrated into policies for water sector resilience and PPPs.

Source: Gender Action Plan, Table 1. Activities for mainstreaming gender into the proposed project. April 2018.

Unlike the gender analysis and assessment of F-060, FP192 undertakes a more in-depth and linked assessment of gender issues in the featured sector. In the gender assessment and action plan, each of the components, outputs and activities reflected detailed gender considerations (see table 1). As noted in GCF-CCCC (2023), the 3R-CReWS Project has by design set the foundation for implementation of gender responsive actions and ultimately gender mainstreaming. Gender Considerations are mainstreamed across all four components of the project, but are more strongly visible in Components 1, 3 and 4. These considerations have informed the Gender Action Plan.

The FP192 proposal and documentation also has a more complex and inclusive reference to gender. As noted in the project proposal, "the intended impact of the gender mainstreaming action plan is to: (i) increase the participation of women and LGBTQIA persons in decision-making and raise the awareness

of men, women and vulnerable LGBTQIA communities on gender issues to minimize discrimination against vulnerable groups including LGBTQIA ; and (ii) improve the quality of life for vulnerable residents, especially women, and children of Barbados in the areas of health, agriculture, and employment,”(GCF-CCCC 2023).

Each of the components, output and activities assumed in the funding proposal seem to have very detailed gender considerations.<sup>20</sup> Table 1, presents a synoptic overview of some elements discussed such as gender roles, resources, decision-making and beneficiaries as it relates to current conditions in the sector and potential improvement during and post the implementation period. The explicit cost for the listed gender targeted items was about \$336,000 of the \$50 million project value (to be implemented over 5 years, up to 2027).<sup>21</sup>

**Table 1**  
**Key highlights of the gender policy and gender assessment of CCCC Project FP192**

Areas of the assessment	State of play	Potential contribution of the proposed project
Gender context	Lack of approved national policy and legislation for water wastewater.	Opportunity for update of the wastewater legislation and master plan in a gender responsive manner. Opportunity to expand the availability of sex-disaggregated data for water and sanitation services.
(Sectoral) Gender roles	More men than women in the wastewater sector. As of January 2021, staff survey indicates that the staff complement of the Wastewater Division is currently made up of 83% men and 17 % women.	Suggest employment promotion strategy to bring about more gender balance among Barbados Water Authority (BWA) wastewater employees. Steps required to increase participation of under-represented groups in technical fields and in leadership positions at the BWA.
Decision-making	There are more men involved in providing wastewater services and importantly in waste water decision-making. On the other hand, women are the dominant users of water in the domestic sphere.	The importance of the BWA ensures that women are consulted and provided opportunities for sustained access to water. At the Project Board level, women and women’s representatives should have equal participation in determining how the benefits of the project are ascribed.
Resources	More men than women will be able to afford water and wastewater services. Men also tend to have greater access to technical knowledge and skills upgrading in wastewater.	Incentives for development of domestic reuse and reclaimed wastewater systems may benefit more men as a result. Mechanisms used to target farmers for information sharing about the use of reclaimed water needs to take this into consideration.
Beneficiaries	The current gender imbalance of the BWA board means decisions will be influenced by the male directors. Of the fifty-eight staff attached to the Wastewater Division 49 (or 84%) of them are men while only 9 (or 16%) are women. Similarly, with the gender imbalance, support-level decisions will also be influenced by the male staff; Farmers are a key beneficiary group; there will be higher numbers of male beneficiaries than female beneficiaries, given the share participation of male to female in agriculture.	Project direct beneficiaries: 66,748 (49%) men and 69,472 (51%) women. 100% of female headed households and 100% of male headed households respectively will benefit from the installation of decentralized wastewater management systems in zone A. The Tariff structure for water used for irrigation should be mindful of the often-small scale agricultural activities performed by women vis-à-vis larger commercialized agriculture often headed by men. Need for the Project to work with the Association of Women in Agriculture to ensure that women farmers (including for subsistence) receive information on the benefits of the use of reclaimed water and are also supported with access to reclaimed water services and other by-products of treated wastewater.

Source: Authors’ synthesis based on Green Climate Fund (2022): Gender Assessment. FP192: The R’s (Reduce, Reuse and Recycle) for Climate Resilience Wastewater Systems in Barbados (3R-CReWS). Available at: <https://www.greenclimate.fund/sites/default/files/document/ga-fp192.pdf>.

<sup>20</sup> See for example Table J Gender Implications of Project Component Activities in the Gender assessment Document for FP192, available at <https://www.greenclimate.fund/sites/default/files/document/ga-fp192.pdf>.

<sup>21</sup> See also Appendix 4 of the Gender Action Plan available at HYPERLINK “<https://www.greenclimate.fund/sites/default/files/document/gap-fp192.pdf>”gap-fp192.pdf (greenclimate.fund).



### III. Innovative financing initiatives from a gender perspective

Public, private finance and sustainable development actors are increasingly devising their own approaches and creative mix of classical instruments<sup>22</sup> with newer innovations in expanding and implementing their portfolios and country-level investment opportunities with regard to climate issues and social/green/blue economy issues. At the level of development and climate finance institutions, key innovative finance<sup>23</sup> include primarily blended finance mechanisms (narrowly: a blend of debt and grants instruments),<sup>24</sup> climate change program loans, green credit lines, risk sharing instruments (linking public and private finance) and first loss guarantees. In this context, regional entities such as ECLAC propose innovations around debt. However, these tools do not yet significantly integrate gender issues and concerns. But, in the private sector, gender has been an important imperative leading innovation. At the level of the private sector there is the evolution of purpose gender-driven instruments also broadly classified in terms of gender lens investing. In this section, we explore the key tools used by the private sector before turning to analyze ECLACs' debt proposal.

#### A. Private sector gender-driven financial products and gender equality and climate finance

The key tools and innovative mechanisms used by private sectors finance entities include gender and environmental and social governance (ESG) screens, Women in Leadership (WIL), gender-based social impact investing, redirecting renewable energy investment funds and other resources to support women and the creation of so-called gender-driven instruments/funds (i.e., gender lens fixed income funds (GLIF) and gender lens exchange funds (GLEF)). The actions of the private sector institutional investors, equity/venture capital funds in designing gender-based instruments can, in some cases,

<sup>22</sup> Classical instruments include: direct investment, equity fund, grants, loans (concessional/subsidized or non-concessional), loan-market conditions, investment fund, First-Loss, local currency guarantee scheme, mezzanine funds, project finance and technical assistance.

<sup>23</sup> Innovative finance can include a mix of instruments, new mix of classical instruments, public private-mix; it can also be extended to include resilience bond, catastrophe bond and parametric (weather/climate insurance), disaster risk insurance pooling.

<sup>24</sup> Blended finance is a mix of grant (i.e., 'zero cost' grant finance), loans and can include support for policy development (the grant element); green credit lines (to local institutions to on-lend to green projects/programs), risk sharing instruments; support for carbon market.

be instructive for dedicated climate finance institutions on multiple levels. One good example is the evolution of gender bonds within the broader framework of sustainable finance and gender lens investing. Gender bonds are a subset of social bonds<sup>25</sup>; they are debt instruments issued for the advancement, autonomy and equality of women (targeting resources to women's business, housing ownership, health care and services for finance), and are increasingly part of the tool kit that is being proposed for enabling women's financial inclusion. Interestingly, the private market on the grounds that "Care infrastructure is required to reap the economic benefits of bringing women back into the workforce and closing workplace gender gaps", has also evolved indicators and measures around the care economy<sup>26</sup> (Parallele Finance, 2023).

Gender lens investing products are fairly new. As noted in Williams (2023), there is no official definition of gender bonds. But a common working definition is that these bonds support the advancement, autonomy and equality of women (FsdAfrica 2020); and 'their aim is to bridge existing gaps in terms of female access to the labor market, leadership positions, and financing' (IDB Invest 2020). Globally, countries with gender bonds and public and private GLI investing initiatives, include Australia, Canada, Singapore, Morocco, Colombia, Mexico and Panama. In Colombia, the bonds are designed to support female-heads of households and owners of small businesses as well as provide housing for women (Davivienda, Pyme Mujer loan program). Gender and social bonds constitute about 8% of the \$650 billion plus sustainability bonds issued mainly by multilateral entities such as the World Bank, the Asian Development Bank and the Inter-American Development Bank.<sup>27</sup> Since then, gender bonds have been issued by corporations (to support their own internal diversification processes, supported by DFI and other MDBs). Some DFIs and MDBs have also issued SDG-labeled bonds that specify gender issues among the 'use of proceeds' as part of the broader approach to gender lens investing (GLI). According to the International Capital Market Association (ICMA), gender-based targets for issuers of sustainability-linked bonds can be categorized as either gender diversity (aimed at increasing the representation of women in leadership position), gender autonomy (aimed at improving the economic autonomy of women through for example, financing health care or financial services for women), and gender equality (aimed at eliminating gender-based discrimination and promoting equality of opportunity —i.e., equal pay— for women).

Gender bonds are young in terms of the global financial instruments and are not yet widely applied in the area of climate change. The reality is that gender bonds/gender related finance products constitute only about 12% of total sustainable bonds issued within the universe of social and sustainability bonds since the first gender bond was issued by the World Bank. The size of the average gender-themed bonds is between \$5 million and \$500 million, compared to the average size of sustainability bond issuance (between \$273 million to \$630 million). This includes the world's first gender-lens impact investing security listed on a stock exchange (the Singapore Stock Exchange) and the Women's Livelihood Bond Series (WLB) by the Impact Investment Exchange (IIX). The WLB is \$150 million and have supported sustainable livelihoods of over 3 million women in India, Indonesia, Cambodia, and the Philippines since 2020. Since the launch of its third iteration (WLB<sub>3</sub>), the initiative has leveraged over \$78 million and is now set to issue a fourth iteration, 'WLB<sub>4</sub> Climate listed,' which like WLB<sub>3</sub>, will also cover pandemic related aspects.

It is not yet clear just how gender bonds and related social gender bonds are reaching women on the ground, or how they are penetrating the climate finance landscape in Latin America and the Caribbean.

<sup>25</sup> The International Capital Market Association (ICMA) defines SLBs as "any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives." (ICMA 2020). SLBs include: Social bonds, sustainability bonds, green bonds, and sustainability-linked bonds.

<sup>26</sup> For the global economy it is "Women's % of unpaid household and child care work (inclusive of: daily hours spent in unpaid home care work, women/men; Developed countries weekly unpaid care hours, women/men, % of total work time spend in unpaid work, women/men, % women in total child care jobs, % of women in health and care sectors, global gender pay gap in health and care sectors) drawing on data from ILO, UN, UN Women, WEF, ILO, ILO, respectively. Also included in different mixes are different data sets from OECD, US and Cost and impact on GDP (inclusive of measures such as job losses due to unpaid care work, caregiving gap unpaid, lost wages due to caregiving and minimum wage total global GDP value of unpaid care work) See fig.1. Care Economy Indicators, Parallele Finance, p.12, 2023.

<sup>27</sup> As of July 2022, Gender labeled financial products total \$17 billion in global assets of the \$4 trillion investment in sustainable investment. Assets under management (AUM) is about US\$121 in Latin America and the Caribbean compared to US\$2,918 in Asia (Parallele Finance 2023).

According to a report by Parallele Finance, the Latin America and the Caribbean impact investing industry has only invested 10% of capital into women-led business. But the report notes that GLI for women-led business access to finance is emerging in the region across asset classes (see box 5). Gender bond issuance is increasing in the region, and they are going beyond simply financing women's businesses to cover a variety of social challenges facing women, including health care and housing. However, to date, there are no gender equality focused Exchange Traded Funds, Exchange Traded Notes, mutual funds in the region. In the Caribbean, thus far, there has been no national or regional issuance of gender bonds and related gender lens financing products. This despite the evidence of the low number of women (20% compared to men's 80%) with access to finance in countries such as Jamaica.<sup>28</sup>

### Box 5

#### Gender bonds in Latin America and the Caribbean

A bond is a fixed income instrument that represents a loan made by an investor to a borrower. (Technically, there is a distance between an outright loan which is most often obtained from a bank and a bond which is obtained from investors in the capital market.) Bonds are debt securities in which investors receive a fixed interest payment. The coupon, fixed-income, or interest may be linked to an equity index (structured bond) over time and the return of original investment (the principle) upon a pre-determined time frame/set date (maturity). Hence, the term fixed-income securities. Bond issuers can take the form of private companies, supranational institutions, or public entities (municipal, state, or federal government). Green bonds, (also known as climate bonds) tend to finance energy efficiency and emission reductions activities primarily on land. As with other bonds, these are fixed income instruments that are earmarked to raise money for climate and environmental projects. They may come with tax incentives —tax exemptions and tax credits. Typical for projects aimed at energy efficiency, pollution prevention, sustainable agriculture, fishery and forestry and protection of aquatic and terrestrial ecosystems, clean transportation, clean water and sustainable water management, ecosystem restoration or reducing air pollution. They also finance the development of environmentally friendly technologies and mitigation of climate change. Issuances adhere to the best practices of the Green Bond Principles established by the International Capital Market Association (ICMA). Examples include: Fijian Green Bond (\$50 million 2017), Indonesia 2018 —Green Sukuk Islamic Bond & Malaysia (2017). Green bonds are becoming quite pervasive and well-used by many developing countries. However, less than 1% of sustainable bonds (including green, social, sustainability and sustainability-linked bonds) has gender as a priority objective.

In Latin America, which is fast becoming the world leader in gender bond issuance with 14 transactions and 12 issuers, gender bonds have been issued by entities in Panama (Panama's Banistmo \$50 million for women-led SMEs 2019/IDB Invest), through a subsidiary of a Colombian bank, supported by IDB Invest; in Peru (Caja Arequipa 2020), Mexico (FIRA, 2020/IDB Invest and Fonacot), Chile (Fondo Esperanza and Santander 2021), Colombia (2021/2022—Mibanco US\$28.4 million for micro enterprises led /or owned by women), IDB Invest (2021), Ecuador (Banco Pichincha \$100 million for women-owned SMEs 2022/IFC and IDB Invest) and the Brazil stock exchange listing gender bond. In the case of Ecuador, some of its social gender bonds' proceeds will go towards Ecuador's capital market enabling it to offer new sources of funding and to develop thematic bonds in the country. Thus far, no governmental authority has issued gender bonds in the region<sup>a</sup>.

Source: Rockefeller and Shujog (now IXX foundation)(2019), IIX Women's Livelihood Bond TM, IIX Social Sustainability Bonds TM: Changing Finance, Financing Change; Moody's investor services cited in Tyson, J. (2021) 'Gender bonds' empowering women like to improve issuers's credit outlook; Pental Group (2019). Furthering gender equality - Next generation gender bonds.

<sup>a</sup> 13 gender-labelled bonds have been issued by a variety of entities, ranging from large commercial banks, to NGOs, to multilateral development banks; there is also the Women's Livelihood Bond IIX (Rockefeller Foundation and Shujog (n.d.), a \$10 million debt security designed to unlock capital for Impact Enterprises (IEs) and Microfinance Institutions (MFIs), (fsd Africa scoping study (<https://fsdafrica.org/publication/viability-of-gender-bonds-in-sub-saharan-africa/>)). However, both the Pakistani and the Moroccan securities and exchanges commissions have issued guidelines on gender bonds for financing projects related to women's economic empowerment. There are no gender bonds in sub-Saharan Africa. Pakistan (May 2021) and Morocco (March 2021) have issued gender bond guidelines with regard to the first generation of gender bonds which currently totals about \$9.2 billion (Moody's Investors Service, 2021(b) and Pental Fund Services Limited, 2019). UN Women and ICMA have developed guidelines for investing in gender bonds. Williams (2023 and 2021), UN Women and the International Capital Market Association have published, Bonds to Bridge the Gender Gap, a guidance document for integrating gender equality objectives into sustainable debt products.

<sup>28</sup> In mid-later 2021, Jamaica's minister for Housing, Urban Renewal, Environment and Climate Change said: "We are creating a platform and a framework (for green bonds) for the private sector to lead in terms of transforming institutions and industries into resilient institutions and industries so that we (Jamaica) can withstand the impacts of climate change." However, the initial focus seems to be on green bonds (UN Women, 2021a).

It also remains unclear how much gender bonds and related instruments can contribute to the specific targets of SDG 5, much less to support women's climate change adaptation and mitigation efforts on the ground in the region.<sup>29</sup> However, as they grow in utility and functionality, it is possible for them to significantly impact women's control over and ownership of uses of important natural resources, support climate resilient farming and the adaptation of off-grid renewable energy in homes and communities and thus might prove to be transformative. At the current time, there are no clear pathways showing how gender bonds in terms of operations and outcomes differ from microfinance and microcredit, as the emphasis is on promoting access to finance for MSME/SME. But increasingly as the gender and climate finance linkages reach maturity, there is coherence between social and climate objectives in fulfilling multiple ESG goals/mandates and in promoting gender equality focused financing instrument/financial inclusion frameworks. Noting that climate finance and gender investment are two-way streets which can have inter-linked ecosystems (climate finance and purpose drive finance), the Financial Alliance for Women (FAW), points out that financial services providers are increasingly linking their gender equality mission to climate change issues. Additionally, the development of Social Gender Bonds are key tools for linking financial instruments to gender equity and climate finance. FAW, for instance, argues that entities are already developing creative ways of 'investing in gender equity through financial instruments developed in the climate finance sphere.' FAW further notes that "as Social Gender Bonds use the Green Bonds blueprint of raising money toward social good initiatives, they also give FSPs (financial services providers) access to less expensive forms of financing to deliver them in the context of the intersection of climate and gender" (FAW 2022).

Given the devastating impacts of extreme weather on household and business infrastructure in the Caribbean, with the potential for greater destruction as global warming and sea level rise, Caribbean women will most certainly need great concentration of both gender and social bonds to help them survive and thrive. Already, it is well documented that women-lead companies in the region have less access to training, technology and capital than those led by men. Gender and social bonds may help to even the odds as it could help to support women-led SMEs to ask for more credit and to take part in training programs, when these are dedicated to them and take into account their contextual situation.<sup>30</sup>

Climate funds such as the CIFs and the GCF can learn from the trends and work in the private sector to upscale lending to women, including setting up specific thematic windows for funding women's projects as well as creatively work to minimize the bars and challenges to women's small-larger scale activities accessing such funds. GLI funds, for example, have sought to democratize gender in the portfolio mix through liquid, low-fee and low-minimum funds. The research on GLI shows that greater gender diversity in companies leads to long-term value creation, stability, and even greater returns' (Thim and Hampole, (2020). Gender advocates in the climate finance arena have been making similar arguments as to why gender matters in climate finance. Climate funds can move beyond simply maintaining gender policies and gender action plans and begin implementing a dynamic, innovative gender-lens mandate. The goal is to direct a significant, ever-growing large quantum of finance into women's projects and towards female MSMSEs seeking to enhance a focus on adaptation and climate issues. In general, proponents of GLI funds also argue that 'gender equality should not be siloed but integrated into every investment decision' (Thim and Hampole 2020). This proposition should be considered equally valid for climate finance and climate funds.

<sup>29</sup> However, UN Women in collaboration with Partnership for Gender Lens Investment in the Caribbean and the 2X Collaborative has signed an MOU with Portland Private Equity to promote gender equality in the private sector. UN Women also mentioned gender lens investment as a way to accelerate the SDGs, in particular SDG5. It has launched at least two programs to engender this mission: (i) Win-Win: Gender Equality Means Good Business" program —a joint initiative of UN Women, the International Labour Organization and the European Union— that promoted gender equality in the private sector in 6 countries in Latin America and the Caribbean and (ii) Innovative Financing and Gender Lens Investment Initiative launched in Latin America in 2020. Through these initiatives, UN Women and partners seek to secure SDG goal 5 by promoting 'the capital mobilization and investments oriented towards the gender lens,' (UN Women, 2021b).

<sup>30</sup> World Bank, ILO (2018) and IDB (2017) studies show that women in the Caribbean lead less than a third of SMEs (except for in St Vincent and the Grenadines), tend to ask for less credit and take less part in training programs. In Dominica, Grenada, Saint Lucia and Jamaica, women-owned SMEs are about 25%. The average for Caribbean women is 24% leading SMEs and 20% for large companies (Crespi et. al., 2017 and ILO, 2018).

## B. Gender analysis of ECLAC's debt for climate initiative and the Caribbean Resilience Fund

The link between climate change and debt in the Caribbean brings into prominence the flow of climate finance to help address the impacts of climate change as well as to support climate change adaptation and mitigation projects, programs and policies. The governments of the Caribbean also need to climate proof their key sectors such as tourism and agriculture and where possible make them resilient to a degree.

The Caribbean has some of the most unsustainable debt levels in the world. As of 2018, the debt-to-GDP ratio of large numbers of countries in the Caribbean was in excess of the 60% sustainable threshold recognized internationally. (ECLAC 2021a). The COVID-19 pandemic significantly increased the debt burden in the Caribbean. Prior to the crisis, Caribbean public debt levels were already high, between 70% and 80% of GDP. However, this deteriorated in 2020 as a result of the COVID-19 pandemic, with public debt rising by 20.1 percentage points of GDP on average in the Caribbean, roughly double the increase observed in Latin America (10.6 percentage points of GDP), before falling to 83.1% of GDP in 2022. (ECLAC, 2023) Barbados, Dominica and Suriname had a debt burden greater than 100% of GDP. At the same time, the subregional fiscal balance was -6.4 % of GDP, signaling a liquidity crisis (ECLAC 2021a).

As ECLAC and others have noted, this debt is essentially unsustainable, crippling economic growth and leaving the governments of the Caribbean countries minimal fiscal space. At the same time, increasing exogenous shocks of COVID-19, the war in Europe (giving rise to food and oil price hikes), and now the rising in interest rate by the US central bank is playing havoc with these countries' public finance. Growth is essentially stalled.

This problem is not simply a matter of budgetary excess but is long-term and structurally driven also by the impacts of climate change's extreme weather events. Hurricanes, droughts, flood, storms, earthquake, and one-off dramatic events, such as the eruption of La Soufriere in 2012, (which destroyed 30% of Saint Vincent & the Grenadines' GDP (IMF)), have destroyed infrastructure and dampen productivity (ECLAC 2021a). For example, ECLAC (2021a) estimated that the 2017 hurricane season costs the Caribbean sub-region US\$93 billion (with \$13 Billion for Cuba and \$68 billion for Puerto Rico alone). Antigua & Barbuda, Dominica, Bahamas and St. Kitts and Nevis suffered damages of up to \$1.5 billion. In addition to these disasters, the Caribbean faces long-term issues related to sea level rise. These losses and damages are likely to continue and are projected to reach \$22 billion by 2050 (IDB, cited in ECLAC 2021a). As far as can be seen, the region's public debt will rise and the ability of the countries to meet debt obligations, which already strangle and limit the fiscal space of governments' ability to make growth enhancing investment, will only increase. High debt services result in decreased fiscal space with adverse impact for investing in economic infrastructure or for promoting the SDGs, which require social and economic development expenditures. The Caribbean will continue to see rising debt services, declining fiscal space, depleted foreign exchange reserves and continuing large fiscal deficit (currently about 2% of GDP). Increasingly, countries will need immediate liquidity, to address solvency issues, economic restructuring and resiliency building (ECLAC 2021a).

As noted, the GCF has been very involved in the region, and it is projected to be a key player in ECLAC's Caribbean Resilience Fund (CRF) initiative. The GCF is envisioned to provide both co-financing and grant funds to the CRF. Initially proposed as two parallel processes, the Debt Swap and the CRF are envisioned to be critically intertwined, with the CRF anchoring the DSI. Both entities aim to help to strategically address the Caribbean's debt dilemma, promote sustainability and foster both climate change adaptation and mitigation. Ultimately, the DSI-CRF will decrease the debt burden and advance sustainable development in the region. The CRF is envisioning as a conduit for large scale project-based funding.<sup>31</sup>

<sup>31</sup> Funding for the CRF is expected to draw on at least 5-6 sources: (i) donor concessionary (this may also be used to buy-back negotiated % of public debt at a discount); (ii) proceed from negotiated hair-cuts—debt write off) with regard to discounted debt services payment (CRF would use this to finance CCA programs and support green investment); (iii) debt for climate swap; (iv) GCF or IFIs endorsed bond guarantees, for resilience building; (v) others guaranteed by donor to leverage private funds for resilience building and (vi) tradition debt swap.

The DSI is a mechanism to reduce the debt/debt service burden and CRF is the special purpose vehicle to leverage long-term low-cost development finance institutions and donors as well as to attract large scale funding from the GCF for adaptation and mitigation projects. The CRF will also channel the discounted debt from the DSI into structural transformation of the economy and green investment to support diversification of exports, products and product processes. Essentially, the CRF is a regional development fund that receives money for climate change adaptation, infrastructure and resilience. It would also act as a coordination and consolidation mechanism for inflow of climate finance. While its form seems to be evolving since the initial 2015-2018 conceptualization, as of 2021, the CRF is projected to be a Trust Fund and a PPP (owned by government (40%) and the private sector (51%). It would have a segregated portfolio enabling it to receive funds from a variety of sources. In this formulation, it is the SPCRF.

Abstracting for the details of the operational issues<sup>32</sup> around the SPCRTF, or the DSI-CRF, we will look at how the proposed mechanism and expectations as to its outcome would impact gender equality and women's autonomy. First, it is a mechanism through which climate finance (substantial amounts from the GCF) is expected to flow, as well as from donors and presumably, bilateral climate funds. Thus, along with the IDB, the CDB and the 5Cs, the CRF would channel climate finance flows into the participating countries. It is not clear how the delivery mechanism of those funds will work.

But, what can be explored is its impact in terms of the economic restructuring that would be expected under the CRF. Two pillars are proposed: (i) Upgrading (of existing sectors) and (ii) Developing new sectors (read: diversification of exports). Each will have significant implications for women in the countries engaged in the CRF.<sup>33</sup>

Under the 'upgrade' pillar, expected activities include both the upgrading of products and services as well as of the process of production of products and services. Specifically, the goal is to shift to 'more sophisticated products and services'; and increase the range of products and services offered on the market (principally, the international market). Hence, this will impact tourism products (highlighted are more eco, heritage and marine archeological based dive tourism), and expansion into niche-based agriculture such as nutraceuticals (ECLAC 2021a). These are all areas where women are already involved. So, the question is, what will be the support for the women farmers, and women-owned MSMEs and SMEs, who are already struggling with issues of lack of access to finance and technology. Regarding process upgrade, this will likely entail the reorganization of the local production system and the trade profile/portfolio (ECLAC 2021a and McLean 2022). There will be implications for women's participation in terms of access to technically intensive skill-training, education (managerial and technical). If the move is towards more technical-intensive activities, as suggested by ECLAC scenarios (McLean 2022), this will mean a focus on sectors such as electronics, aerospace and pharmacy.

Evidence from Asia shows that when there is technological shift towards higher technology, there tends to be gender reversal, with women being left behind and men assuming the new high-tech jobs. Given what was discussed in earlier sections of this paper about the feminization of labor force in specific sectors in the Caribbean (despite women's higher educational status), it can be surmised that unless careful attention is paid to training and education and ensure their access to finance, women may be adversely impacted. Similar issues may arise concerning export diversification. With the focus on maximizing value and moving up the value-chain, involvement in ICT, finance and business are anticipated growth areas. This begs the question as to who the workers are who will be courted, trained and employed. Who will lose out? To what extent will the investment in green and blue economy activities finance women's MSMEs and SMEs, especially those already involved in lower levels, to support their transformation into higher profit areas? What of the gender dynamics of increased value-added in mining, gold and oil in countries where this is relevant? Additionally, the issue of the role of PPPs in the development process is not uncontroversial. Policymakers must hence take great caution in this regard.

<sup>32</sup> The composition of the debt restructuring/reduction can increase or decrease financial inflow. This is negotiated with creditors etc. Percentage of the 'hair-cut' impacts initial capitalization of the CRF and have implications for long term debt sustainability.

<sup>33</sup> Currently in Phase 1: Antigua & Barbuda, St. Lucia and St. Vincent and the Grenadines.

The presumed unambiguously positive outcome of the CRF-DSI will be at the macro level. Once again, abstracting from the details of the debt reduction negotiation/mechanism,<sup>34</sup> it is clear that reduction of debt will have a positive impact on the economy in terms of improvement in fiscal deficit, yielding more fiscal space and may provide governments the ability to spend on SDGs related activities, particularly in the social sector. This allows for addressing inequality gaps in access to housing, basic infrastructure, water, health care, food & nutrition. Macroeconomic stability should have a positive effect on public expenditure, job market and private sector investment. This may open up opportunities for women as employees and entrepreneurs. Additionally, CRF financed investment in adaptation and mitigating may in principle benefit women and marginalized communities. All depend on whether an explicit gender sensitive or gender transformative approach is taken very early in the conceptualization, design and implementation of both the CRF and the national plans of action for utilizing its finance. Hopefully, if the GCF is involved, the usual gender assessments and gender action plans requirements will be enforced at a minimum.

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<sup>34</sup> Such as whether reductions lead to the front-loading of investment (all activities are based in the year of receipts) or the investment is smoothed out over time (the investments are made for long time) in order to avoid, any macroeconomic instability.



## IV. National policies and gender-responsive climate finance in the Caribbean

### A. Gender and climate in national policies and plans

Complementary to the national climate approach, CARICOM has established a few regional mechanisms to address the climate change challenges in the region. The premier institution is the 5Cs: The Caribbean Community Climate Change Centre, which has been in operation since 2004, and is mandated to coordinate the regional response to climate change and its efforts to manage and adapt to its projected impacts. Located in Belize, the Centre has developed, and with other partners is in the process of implementing, the Caribbean Regional Framework for Achieving Development Resilience to Climate Change, 2012-2022, endorsed by the governments of CARICOM in 2009. There is also Caribbean Catastrophe Risk Insurance Facility (CCRIF) SPC, the region's risk pooling parametric insurance scheme. Additionally, there are significant frameworks for drought management in the region: the Comprehensive Disaster Management Strategic Framework, and the Jagdeo Initiative and the Caribbean Drought and Precipitation Monitoring Network (CDPMN).

In principle, both national and regional mechanisms should align with national development plans, be grounded in gender equality principles, and be implemented in alignment with gender policy and action plans at the national, local and sub-regional levels. But this is not always the case. The 5Cs has a database of over 300 entries for projects between 2000 and 2010 of which only one had an explicit title dealing with gender (Mendoza 2009). Word searches for gender and women, individually return 6 to 7 items. Furthermore, the 5 C did not have a coherent gender policy and gender action plan in place by the time of its application to be an accredited entity with the Green Climate Fund. Neither does CCRIF SPC integrate gender analysis in its focus area. However, CARICOM's Energy Policy 2013 recognizes gender as a crosscutting issue.

The inclusion of gender in national climate policies is seen as a best practice to enhance accountability of countries to monitor and report on both thematic areas. Gender-responsive policy approaches and implementation practices encourage increased participation of diverse stakeholders by providing differentiated perspectives and priorities (WEDO, 2020). It also acknowledges that climate finance decisions

are not made within a normative vacuum but must be guided by the acknowledgement of women's rights as unquestioned human rights (Schalatek, 2022). Across the Caribbean, efforts have been made to embed gender considerations in several policy documents and strategic documents (see tables 2 and 3).

**Table 2**  
**Gender and climate policies in selected Caribbean countries**

Country	National policies		Presence of focal points		Women or gender in other climate change documents		
	National Gender Policy mentions climate change	National Climate Policy mentions gender or women	Gender focal points	Climate change focal points	Nationally Determined Contribution	Gender & Climate Change Strategy	GCF Country Programme
Antigua and Barbuda	-	-	*	*	*	-	*
Barbados	-	*	*	*	*	-	N/A
Belize	*	*	*	*	*	*	*
Dominica	*	*	-	-	*	*	*
Grenada	*	*	*	*	*	-	N/A
Guyana	*	*	-	*	-	-	N/A
Jamaica	*	*	*	*	*	*	*
Saint Lucia	-	*	-	*	*	-	*
Saint Kitts and Nevis	-	-	-	*	*	-	*
Saint Vincent and the Grenadines	-	*	-	*	*	-	N/A
Trinidad and Tobago	-	*	-	*	n	-	N/A

Source: Document Analysis.

Note: n: no significant reference; (-): not present or information not available; (\*): present; (n/a): not applicable = no country program on file. Please note: country program for other countries are listed on GCF website for the period 2017-2023. Please see submitted programmes: <https://www.greenclimate.fund/projects/commitment#overview>.

The institutional arrangements and enabling environment created by national organizations for climate action are critical for shaping access and distribution of climate finance. Most Caribbean countries have integrated references to gender and women in their relevant policies and strategy documents. Some have managed to do so more extensively than others. Only a few however have made clear linkages between gender and climate finance in these documents.

How gender issues are addressed under the governance and operational frameworks of the operating entities of climate funds and multilateral climate funds has improved. However, the development of systems for design, implementation and monitoring and reporting on gender-related outcomes at the national and institutional level is still in progress. This suggests work remains to be done on strengthening gender mainstreaming efforts and the availability of gender-disaggregated and other gender-related data to design gender responsive projects and evaluate outcomes.

Gender-related provisions in national climate change entities and policies are critical enabling elements that could engender responsive climate finance. The presence of gender language in national climate policies and related frameworks, such as the NDCs and NAPs, is a foundational entry point linked with increasing engagement and capacity of women and gender-related groups (WEDO, 2020).

**Table 3**  
**Gender references in Caribbean countries' Nationally Determined Contributions (NDCs)**

Country	Nationally Determined Contribution Document
Antigua and Barbuda	Gender is mentioned throughout Antigua and Barbuda's updated NDC and was added as an additional target in this document. Affirms the need for gender-responsive approaches and supports mitigation and adaptation measures. Mentions implementation of the NDC will be gender responsive.
Bahamas	Mentions mitigation measures to promote gender parity.
Barbados	Mention of a gender responsive NDC process and a goal of gender equality.
Belize	Gender sensitive including a focus on inclusive climate finance.
Dominica	Mainstreaming gender equality in support of inclusive climate action. Updated 2022 version has an NDC Gender Mainstreaming Roadmap. The roadmap establishes the enabling environment, required outcomes for climate and gender goals, a baseline for measurement and management of the combined goals and the conceptual analysis of gender and gender mainstreaming, which allowed for the development of a customized gender and climate mainstreaming model for Dominica. It will align gender equality goals with the climate resilient strategy of Dominica.
Dominican Republic	Gender analysis & gender mainstreaming.
Grenada	No reference to women; gender mentioned as new consideration/stakeholder in the revised NDC.
Guyana	No reference to women or gender, but reference is made to human rights of indigenous groups and local communities and the needs and concerns of all other vulnerable groups.
Haiti	Gender mainstreaming and gender responsive intervention proposed including: working group on gender and climate change and gender focal point in the <i>Comité National sur les Changements Climatiques</i> (CNCC).
Jamaica	Gender referencing is cross-cutting. The new NDC will be subject to clauses of the National Policy for Gender Equity. Women portrayed as key stakeholders (e.g., public participation in a gender-responsive manner).
Saint Lucia	Focus on SDG 5 (gender equality). Gender reference is cross-cutting in the NDC for 2020.
Saint Kitts and Nevis	Dedicated section on gender & social inclusion linked to national goals on gender equality.
Saint Vincent and the Grenadines	Reference to design and implement gender sensitive disaster risk management initiatives.
Suriname	The use of gender impact as a criterion for assessing NDC policies and measures; mentions that Suriname's national adaptation plan (NAP) includes the strategic priority of respecting Surinamese society and culture and reducing gender and social inequities.
Trinidad and Tobago	No reference to women or gender.

Source: (IUCN 2021) Gender and national climate planning: Gender integration in the revised Nationally Determined Contributions; Nationally Determined Contributions Documents for: Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St Kitts and Nevis, St. Vincent and the Grenadines, Surinam and Trinidad and Tobago available at: Nationally Determined Contributions Registry | UNFCCC.

## B. Summary analysis of climate finance and gender in the Caribbean

Watson et al. (2016) synthesized data on financial support to SIDS globally from different climate funds between 2003 and 2016. They found the Pilot Program for Climate Resilience (PPCR) had allocated the largest amount of finance, and the Least Developed Countries Fund (LDCF) had supported the largest number of projects. Among the top 10 recipients globally, three are in the Caribbean: Guyana (which has received most finance overall), Jamaica and Haiti. The Caribbean region as a whole has received more finance from the climate funds than other SIDS regions, perhaps reflecting that it includes more countries and that it is home to about two thirds of the global SIDS population.

Filtering climate finance down to the community level has proven extremely challenging. Out of the climate-related aid that also addresses gender equality in 2018-19, USD 2.4 billion per year was channeled through non-governmental organizations. However, only USD 43 million went to “feminist, women-led and women’s rights organizations and movements and institutions” (UN Women). This figure remains the same no matter whether “public sector institutions” are included in the calculation or not. This might be the most precise measure of the funding available for “feminist action for climate justice”. Women’s general lack of access to finance is mirrored by a lack of access to climate finance. Only 10% of climate finance flows to the grassroots level, where women-led organizations are more likely to operate (Daniel 2020); 1% of “gender equality” funding from governments flows to women’s organizations (Daniel 2020, Dolker 2020 and Staszewska et. al., 2019); and, according to the Generation Equality Action Coalition on Feminist Action for Climate Justice, 3% of environmental philanthropy supports “women’s environmental activism.” (Daniel 2020) Overall, gender issues are not well understood by many practitioners involved in climate mitigation initiatives and financing mechanisms (GGCA and WEDO, 2015).

The desk review and interviews indicate that the greater share of climate finance is going to the governments or accredited entities in the Caribbean. The situation in the Caribbean is therefore similar to the global scenario. Interview findings suggest that greater access is needed for members of the disabled and LBGTO+ communities. As stated by one interviewee:

*“Civil society organizations (CSOs) lack access to climate finance due to capacity constraints including financial management, lack of formalization and reliance on volunteers, lack of proposal writing skills, capacity and experience, lack of awareness and understanding of climate finance options. Application processes of funders are onerous, with little or no support for understanding how to complete applications.”*

These factors serve as a hindrance for groups including women-led organizations to access such funding.

### C. Engagement of women and girls in project design, implementation and M&E

the engagement pathways for women and other gender groups are important to enable access and fairness in the development of projects and the deployment of climate finance. Based on the research and review, it is evident that increased efforts are being made to engage women in various aspects of climate action, particularly in the integration of relevant concepts in project development and implementation. Some key dimensions include:

- Women as participants in project design. It was not immediately evident that all projects engage women and other gender groups in project design. Though gender policies of funding agencies may stipulate this, budgetary and time constraints may bar this. As a result, direct input from this constituency on the unique needs and circumstances may be missing from the project concept and proposal.
- Participation of women in workshops and other spaces.
- Employment of women as technical experts is sometimes relegated to roles as gender experts. Free and fair opportunities for project employment should allow women impartial consideration for all roles on the project team.
- Gender-responsive indicators are being included in projects. However, the nature of their inclusion is largely limited to that of the number of beneficiaries.
- Efforts to secure greater involvement and independence of women and other groups are uneven across funding organizations and across projects. Some projects demonstrate a greater effort to meaningfully include gender considerations.

## V. Challenges, opportunities and recommendations

### A. Challenges

Global-level studies of climate finance almost always combine the Caribbean SIDS with Central and South America. These do not provide regularly updated subregional or even individual country breakdowns, or even provide a way to assess finance flows to the SIDS in particular, separate from the region as a whole. Even if there are regional and national break-down for specific countries, they are hardly likely to include gender disaggregated information on the inflow of climate finance.

For Caribbean SIDS access to financing for climate change and climate change-related infrastructure projects faces significant challenges, the issue of economies of scale, replacement cost of current infrastructure and upgrading assessment being two examples with regard to articulated domestic priorities. Often, these infrastructure proposals are predetermined by accredited entities and do not adequately match the needs of the receiving countries. This is especially so for multi-country regional proposals. If such planned projects and programs don't meet the specific needs of the countries, then they are also not likely to meet the strategic and functional needs of women in different communities in these countries.

Methodological challenges-In compiling estimates of climate finance flows, efforts have been made to ensure they are based on activities in line with the operational definition of climate finance adopted in the UNFCCC's Standing Committee on Finance's first biennial assessment and overview of climate finance flows (UNFCCC 2014) and to avoid double-counting (see section 2.1 for further information). Challenges remain in aggregating and analyzing information from diverse sources with varying degrees of transparency.

Most reporting agencies such as the OECD, the International Energy Agency and the International Renewable Energy Agency note that in calculating climate finance differ by activity between total cost or incremental cost methods. They further argue that this leads to 'limitations on the completeness of data and any interpretations of the relative shares of global climate finance going to different themes or sectors'. Rarely do renewable energy or energy efficiency data dive deeply into country level issues or track the efficiency and efficacy of such flows at the meso and micro level.

In the area of domestic climate finance, although more countries are developing national climate funds and climate finance reporting systems, these do not yet provide consistent trend estimates promptly. Apart from the Climate Public Expenditure and Institutional Review (CPEIR) which seeks to track domestic budgetary finance on climate, and which only include a limited subset of countries, there is not yet coherent framework for tracking public expenditures (inclusive of ex-ante budget allocations or ex-post actual expenditures) in the Caribbean. At this time, CPEIR methodology is not engendered.

There is need by all donors, financiers, governments, bilaterally and nationally to significantly scale climate finance to meet the Paris Agreement as research shows that the 100 billion goal for climate finance has not been met and is also significantly less than the \$3 trillion needed to adequately support the costed NDCs and Adaptation plans throughout the Caribbean.

More reliable, accurate and granular data is needed. The governments and regional support organizations of the Caribbean require transparent, reliable, comprehensive data about climate finance, to be able to evaluate the effectiveness of what is happening and to support decision-making in the future.

Flexibility of climate funds methods and processes is of paramount significance in order to enable countries to finance their highest priorities; funding application processes need to be more fit for purpose and enable meaningful actions from all actors to improve gender equality, including equitable access to education, healthcare and technology, ending discrimination and exploitation, participation in decision-making, and more. This point to more funding approaches that encourage applications for small-sized grants to support community, youths and women's organizations in climate proofing their community and local infrastructure that supports the collection and storage and utilization of energy and water.

Gender mainstreaming cannot be reduced to a technical or purely administrative process. Funds and institutions for climate action must include gender perspective as a key aspect of all aspects of the value-chain of climate projects. This goes beyond simply requesting gender assessments, many of which are based on dated information. Hence, project proposals should include, a priori, gender feasibility assessments. This can be funded as a small lead-grant, but budgeting for gender equality and women's autonomy must be increased to implement strategic actions and leverage other initiatives.

In regard to engagement, at all levels a more coherent and meaningful definition of climate finance is needed. While it is important to allow for regional and national differentiation and specificities in the use of climate finance, there must be a systematic way to track and compare similar categories. This would both allow for cross-country and time series data collection and analysis and assessments as well as allow national authorities to invest in distinct sectors or directly into communities where support is needed, or even for domestic policy support. It is the case that some grants have been provided to help countries to prepare and apply for climate finance. The upside of this is that within that framework, countries can include their rapid gender assessments; but the downside of that is that climate finance is being spent on helping recipient countries to overcome the complexity of the climate finance system itself. This is perverse; but it also shows the challenges that the climate finance architecture presents for access to meaningful flow of finance for women's organizations and community groups.

The analysis of Caribbean SIDS' NDC reveals that only eight countries provided clear cost estimates for mitigation activities, five for adaptation and one with a combined cost. This gives a total of US\$51.3 billion for the combination of Caribbean countries across their NDCs. While gender and women's autonomy were missing as a category of inclusion, there was mention of these in a few documents. Quite a few countries in Asia and the MENA region have substantive inclusion of gender issues in their NDC, thus ongoing revision of Caribbean SID's NDCs must do better.

While these impact assessments are critical to identifying improvements to adaptive capacity and resilience of vulnerable groups of men and women within countries, at present, however, these assessments are seemingly marginal to the distribution and utilization of flows of funds for climate change.

## B. Opportunities

Research has shown that some opportunities exist for applying for climate finance in relation to gender responsive projects or projects that are geared towards women or women-centered, however as this paper has shown access, knowledge and capacity have been major setbacks for the accessing of climate finance within the Caribbean and especially for the Community Based Organizations, NGO's and small and medium businesses which are predominately run by women.

There are opportunities for newly developed finance mechanisms and implementing entities to actively engage with its stakeholders to get a better understanding of their needs and capacity to apply. To do this they need to map out the women's organizations working in each country of interest/region or sector, connect focal points with community based organizations, Ministries of the related sectors (i.e., gender, culture, etc.), women's organizations, funds and networks and support efforts to create regional databases that are easily accessible for donors, researches, etc. to aid in identifying key partners with gender expertise to possible aid vulnerable groups in applying for climate financing.

The inclusion of women's organizations and their expertise into program design and implementation in order for the outputs to live on past the project or program and to ensure that the initiatives are truly a match for the needs of the people involved. Dedicated readiness support for women's organizations and women's owned MSMEs involved in climate related activities would enable a better fit for women's autonomy and promote greater transparency about project funding and the flow and distribution of climate finance.

Partner with women's organizations at the project outset to ensure their expertise is integrated throughout the program, not simply as an add-on after the program is designed and/or implemented. These partnerships can also be used as opportunities to build the capacity of these organizations to support project implementation, and vice versa, to support institutional gender mainstreaming.

On the grounds of social net benefits, there can be targeted interventions by governments (via NDAs) and funding institutions for the development of projects and programs that seek to eliminate the high transaction costs that women and community groups may face in attempting to access and utilize the financing available within existing financing instruments. Such actions could include initiating the provision of financing to women's groups, women-owned entities and projects through special windows that entertain applications for specific types of gender sensitive adaptation and mitigation projects, discounted premiums on insurance products and the subsidization of the administrative costs of registering projects developed by poor women. The Adaptation Funding is already implementing a facilitative entity that would be able to accommodate small scale requests for funding. The GCF's readiness support and the set aside of \$200 million MSME pilot programs and the \$200 million for enhanced direct access are likewise steps in the right direction. But this must be made gender sensitive and responsive to the specific challenges and constraints faced by women entrepreneurs.

It is only through such proactive efforts that the pernicious and pervasive issue of gender bias and segmentation can be eliminated. Additionally, a commercial entity could receive specifically targeted tax write-offs or subsidies for supporting gender-sensitive adaptation and mitigation projects. Likewise, national development banks with climate change portfolios may create a special gender window utilizing donor-sequestered contributions.

Governments should find opportunities to identify ways in which women are financially excluded within their societies and introduce policies to remedy these. Adoption of Gender-Responsive Budgeting would be an initial step, this could then integrate gender and climate issues as per the national ecosystem. Additionally, as the Caribbean SIDs are embarking on the process of sovereign green/blue bonds this would be a strategic time to integrate concerns as expressed in national (and sectoral) gender assessments and gender policy tools in design and implementation of the climate finance instruments. Civil society organizations dealing with either gender or climate should look at the connections between the two and offer their insight to public and private bodies.

Where market-based mechanisms, such as the CDM and REDD+, are allowed to operate projects, there should be provisions built into project documents etc. that stipulate clearly the protection of women's access and or ownership of land and their access to forest. Just compensation, structural and institutional changes will be needed, where necessary, including land reform that goes beyond narrow conceptions of property titles. In some cases, conventional land entitlement processes have been associated with further marginalization of women and the dispossession of families from land. Land reform must therefore be undertaken in a gender-sensitive consultative way, involving men and women stakeholders in the community. It must also take into account different forms and dimensions of the existing inequities, and account for both distributive and corrective justice. Thus, there has to be social and gender justice preconditions that must be settled before the operations of programs under REDD+ and/or similar mechanisms.

There needs to be specific skills-upgrading and knowledge-building programs geared towards women to enable more women to take advantage of climate change related opportunities in the medium to long run. Such capacity building and skill development efforts should cut across the financing of thematic areas of adaptation, mitigation technology transfer and financing. Capacity building efforts should focus on integrating women into all levels of mitigation actions, from rehabilitative work in home and commercial buildings to infrastructure to technical specialists in carbon risk management. Particular attention should also be paid by governments (via NDAs), project planners and implementers to building capacities of women to fully participate at all levels of carbon marketing financing instruments and mechanisms. This may mean that some funding streams associated with the Convention finance mechanism and bilateral as well as multilateral development banks may have to be sequestered or redirected toward gender-specific capacity building, education and awareness training.

Develop gender markers and metrics in the budget to make it easier for climate finance and development reporting-The reporting landscape on gender metrics remains underdeveloped compared to other metrics now regularly reported on climate. As noted above, engendered CPIER provides one possible starting point. The UNDP has issued a note on a potential approach to incorporating gender and poverty analysis in the CPIER analysis. Caribbean SIDs could consider engaging with this.

The focus on gender also gives all organizations providing climate finance an opportunity to introduce specific measures to improve their gender-balance for better accessibility and transparency. National Adaptation Programs processes and readiness support program presents relevant areas for introducing such measures.

Governments should deliver and extend commitments to support women's equal participation and leadership in the UN climate negotiations; and civil society organizations should hold businesses and government to account on these measures.

The focus on climate and gender provides a chance for the Caribbean specific context, knowledge and research central to these key themes for institutional and societal transformation.

## C. Recommendations

The extensive scope of these issues must be considered, and various avenues and approaches must be explored for potential action. Foremost among the challenges are methodological obstacles, including insufficient funding, outdated manuals, and inadequate mandates addressing the gender data gap. These deficiencies hinder the precise calculation of climate finance, impeding progress towards equitable climate action and effective policymaking.

- **Improve data collection:** Programs, policies and action plans to enhance data collection and monitoring that promotes use of quantitative and qualitative methodologies to gather not just sex-disaggregated statistical data but gendered insights and stories for qualitative analysis.
- **Implement meaningful gender mainstreaming in policy and planning:** it is key to implement effective and meaningful gender mainstreaming gender in national climate instruments, policy and plans. Gender integration in national policies and plans should be more meaningful and not in a checkbox manner or to suit the requirements of the donor.

Meanwhile, financial and political institutions must reevaluate their inclusive programs, prioritizing financial inclusion and climate action policies through a gender perspective. This reassessment should ensure that women and marginalized groups have access to financial systems and that climate policies are designed to address and reduce gender disparities effectively.

- **Strengthen the role of regional financial institutions and national women's machineries:** strengthening the role of regional financial institutions is an important intervention, as regional financial institutions have a critical role to play in expanding existing levels of investment and achieving major climate finance goals. Given the impacts of climate change on the Caribbean, financial institutions must make climate financing a priority if any real success is to be achieved. In addition, national women's machineries roles should also be strengthened so they can play a more proactive role in national climate finance.
- **Increase accessibility to financing:** offering small grant mechanisms, specifically designed to cater to the needs of small organizations (including those managed by women and youths) can help to ensure that funding is available for delivering meaningful climate action at the community level. Governments and private entities, including banks, can implement several specific financial and political actions to enhance access to services and financial assistance. These actions include developing targeted financial products for women-owned MSMEs, creating policies that promote gender equity in financial services, and ensuring transparent and equitable distribution of climate finance resources. By taking these steps, they can significantly improve accessibility and support for those most affected by climate change and gender discrimination.
- **Encourage engagement on multiple levels of the process:** Encourage engagement (beyond gender assessment) in climate funding funds funding proposals. Funding entities in the region such as the CBD, IDB and CCCCC as well as national approved direct access entities to climate funds, such as the GCF and CIFS, should be encouraged to undertake rapid participatory gender consultations with women's groups in the sector and areas of their projected operations of the requested climate finance. Such a consultation process should include women's groups, other gender groups and organizations responsible for gender mainstreaming in the country, as well as sectoral gender focal points.

In addition, women should be included in the design of interventions to ensure meaningful input and promote continued engagement in the implementation process. Consistent and systematic inclusion of women and gender groups in all phases of the projects should be mandated and gender responsive consultation processes should be employed in the process of engaging women and gender groups throughout project design and implementation. Women's groups and gender groups should seek and create avenues to get involved in the project development and implementation processes nationally. Finally, it is important to work with CSOs to refine and design effective climate finance mechanisms. Recognizing the specific needs of CSOs, mechanisms are needed that provide direct access to climate finance, have simple and clear application processes, have an in-country presence to allow for dialogue, clarification and support for project development and implementation, and offer funding via small and medium grants that are well-matched to the needs and capacities of CSOs in the CARICOM region.

- **Enhance communication around climate action, finance and initiatives:** Effective communication is key, and has to be in language that is accessible to a diverse range of CSOs rather than technocrats. Audience-appropriate messaging and channels will enhance the understanding and awareness of CSOs in regard to climate finance and their important role in climate action.
- **Link Gender-Responsive Budgeting (GRB) with Climate Policy Expenditure and Institutional Reviews (CPIER):** Gender advocates working on climate finance and sustainable livelihoods issues may need to connect two spheres of analysis and policy: (i) Gender Responsive Budget (GRB) and (ii) Climate Policy Expenditure and Institutional Reviews (CPEIR). While the CPEIR adds a public environmental expenditure review component and wrestles with identifying and classifying climate-related expenditures in the national

budgetary process, GRB analyses will have to confront the challenges around the gender dimensions, if any, of such expenditures. GRB exercises in the future will need to be mindful of the specific pathways and how and to what extent climate related new and additional incremental spending focused on scaling up the financing of climate priorities across sectors and economy-wide may act to either crowd-out (adversely impacts) or otherwise reinforce gender equality and non-gender equality oriented expenditures.

- **Sectoral funding:** Sectoral gender analyses and gender action plans are important in order to secure the needed inputs for women (as employees and entrepreneurs) in the specific sector to have enhanced opportunities to benefit from climate finance flowing into the sector. Great care needs to be taken to ensure that women farmers, and MSMEs are not left behind or pushed out of the sectors in which they have worked, farmed or operated business. Climate finance is also needed for the systematization of traditional and emerging indigenous adaptation and mitigation technologies within and across coastal, rural and the peri-urban areas of developing countries. This is particularly so with climate induced sectoral transformation and diversification.
- **Funding the Care Economy:** Easy and available access to funds for care activities that promotes sustainability in the household and community sectors is critical in the context of climate change and sustainable development. (Even where women have a high participation in the labor market, they, nonetheless, bear primary responsibility for the care and nurturing of children and the elderly.) As well noted in the literature and discussed in the body of this report, climate change imposes additional burden on caretakers in developing countries, particularly where public provision of care-related resources have been lacking. There will be a need for more focused attention on climate-induced shifts in time-use patterns in men's and women's care activities. Understanding and taking actions to mitigate the most negative impacts will also require enhanced time-use surveys, requiring data and analysis, which will have to be financed. Hence, climate finance must endeavor to include coverage of the care economy. Data collection on how climate impacts women's and men's work and time-use is essential. Thus, time-use and climate change adaptation data collection and analysis will be an invaluable tool in seeking to move climate finance to where it is best needed to impact the lives of men, women and children.
- **Ease burdensome criteria and conditionalities to contribute to economic transformation, diversification and a gender-just transition:** There must be an explicit focus on ensuring the application of *less than burdensome criteria* for accessing all funds for women's and community groups. Thus, the application, registration, approval, implementation, evaluation and monitoring of all funds should be based on simplified, expedited processes, and upfront costs should be as small as possible. This will afford micro, small and medium-sized projects —especially those operated by women— a better opportunity to access funds. To increase national governments' support, there must be a commitment to utilize positive incentives rather than the burdensome and overly-intrusive economic or other forms of policy conditionalities. Governments may then feel less constrained to utilize national revenue to leverage a larger number of women and other small community projects. Women farmers and women-owned MSMEs and SMEs must be well-equipped to face the challenge of transitioning from subsistence to commercial agricultural production and to undertaking the kinds of process upgrade of products and services that may be required under a green transformation framework. There will also be a need to carefully curate the replication of women's generated micro-level adaptation approaches, indigenous solutions and traditional knowledge at the macro level (Enarson 2012).
- **Enhance effective and balanced participation of women in decision-making about climate finance:** Unquestionably, the more diverse the groups of stakeholders at the table are, the better decision-making and consequential output. This should enhance efficacy and effectiveness. But this is not simply a numbers game. While there should be some semblance of balance representation, it should be informed representation. So both male and female decision-makers should have awareness and knowledge of gender and autonomy issues in the particular national context.

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## **Annexes**

## Annex 1

### Climate finance instruments

Instruments used by entities such as the GCF include grants, concessional loans, non-concessional loans, equity, and guarantees. Non-monetary mechanisms include capacity building, technology development and transfer of technical assistance. The MDBs use these instruments as well as investment loans for promoting sustainable development or economic development activities; policy-based lending (disbursed on borrowers fulfilling policy commitments stipulated in loan agreements); lines of credit; and advisory services.

Given that climate finance needs are linked to climate policy objectives, developing country fiscal planners are required to explore the array of climate financing instruments, particularly from the point of view of fiscal and public financial management with the intent being to determine functionality, efficiency and the comfort of the fit between climate finance instruments and conventional fiscal instruments. The use of these instruments raises a number of salient concerns, including:

- Can both these types of instruments be used in the same framework, given that for many developing countries and in the Caribbean, climate policy objectives are centered in the development budget?
- Does there need to be a segmented climate change/green budget for which extra budgetary funding may be secured?
- Will there be the need for new funds on top of the current budget for public goods and services?
- To what extent will new instruments generate income that can be added to spending or will this require more spending, and where will other parts of the budget require cutting?
- How can funding be enveloped in current frameworks while maintaining clear principles such as equity, inclusion, sustainability and the involvement of civil society and oversight?

#### (a) Overview of climate and green fiscal instruments

Climate and green fiscal instruments are being deployed widely. The current set which are being relied upon with increasing frequencies in the Latin America and the Caribbean region may have differential implications for gender equality and women's autonomy in the climate finance space. This may depend heavily on the speed, quantum and quality of climate finance available for climate protective and mitigating actions in different Latin America and the Caribbean countries, the analysis of which is beyond the scope of this paper. Currently, such instruments include:

- Environmental taxes and charges correct price signals and help shift consumer and business behavior towards more sustainable patterns.
- Budgetary reforms to align government expenditure with environmental goals and enhance the effectiveness of public spending.
- Fiscal incentives for green financial mechanisms can leverage private financing for green investment.
- Fiscal policies also raise public revenues, which can be used for green investment, broader fiscal reform or other priorities such as health and education. By aligning fiscal and budgetary policy with sustainable development priorities, green fiscal policies support the shift to an inclusive green economy.

### *Climate/green finance instruments and fiscal instruments*

There exists a wide range of climate/green financing instruments that are used at the multilateral and national levels, including:

- Loan guarantee.
- Loans (Concessional and non-concessional, investment loan; policy-based lending).
- Climate-debt swaps.
- Certified Emission Reductions (CERs).
- Grants.
- Green bonds (may come with tax incentives such as tax exemptions and tax credits).
- Blue bonds (a debt instrument issued by the government, development banks etc. to raise capital to finance marine and ocean-based projects with positive environmental, economic and climate benefits).
- Line of credit.
- Advisory services.
- Results-based climate financing.
- Blended financing (a package combining concession funding and commercial funding; it is using strategic use of development finance to mobilize additional finance; used to help mitigate the risks of private investors in undertaking climate-related projects or programs).
- Public Private Partnerships (PPP).
- Risk-sharing instruments (for example: catastrophe bonds that securitizes risks associated with natural hazard, insurance or weather derivatives).

### *Mitigation oriented climate/green finance instruments*

- **Carbon pricing** leads to changes in the relative prices of goods. This can increase consumer demand for less emission intensity goods; increase supply of less emission goods to make electricity, switching to gas instead of coal; investing in hydropower versus thermal electricity and financing incentives for new project innovation such as hydro or electric vehicles.
- **Carbon tax** is a price-based approach which can have less adverse effects on revenue /budget deficit, but it may be regressive for poor and low income women and men; they must choose between energy and other essentials. Increased fuel tax can lead to protests (e.g. as in the case of Paris, Kenya, Nigeria, India). But it may also have the effect of decreasing tax and increasing government spending on other items. For example, Canada adopted carbon taxing with no protest due to working with Citizens Climate Lobby to make it revenue neutral impact. Nearly all the proceeds are given back to individuals to offset potential negative impacts. Therefore equity components were taken on board in this case. (Mendonça et al., 2010).
- Technology-based fiscal instruments include demonstration grants, public R&D, preferential tax treatment, government investment in venture capital, and public investment vehicles. Feed-in tariff (FIT) —is a policy mechanism designed to accelerate investment in renewable energy technologies. It fixes the purchase price for electricity from renewable sources, through a guaranteed payment over a period of about 15–20 years, which covers the high generating costs of renewable electricity (Mendonça et al., 2010). This is usually paid with a surcharge on the electricity price for consumers. FIT can apply to almost anyone who produces renewable energy —homeowners, business owners, farmers, and private investors (Investopedia). Apart from its potential price stabilizing effect, FIT can generate high paying jobs.
- Tax credits on public procurement.
- Subsidy for Energy Efficiency purchases.

## (b) Generic sustainable financing instruments

The policy toolkit for financing the blue/green and low carbon economy and climate change mitigation and adaptation includes:

- **Climate bonds (aka green bonds), blue bonds/green bonds/sustainable bonds** are innovative approaches that are evolving and growing in importance. They are debt instruments which differ according to uses of proceeds dictated by issuers such as government agencies, multilateral institutions, and private businesses.
- **Green bond:** A type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects; it may come with tax incentives (tax exemption and tax credits) to enhance their attractiveness to investors. Green bonds typically finance projects aimed at energy efficiency, pollution prevention, sustainable agriculture, fishery and forestry, the protection of aquatic and terrestrial ecosystems, clean transportation, clean water, and sustainable water management, ecosystem restoration or reducing pollution. They also finance the cultivation of environmentally friendly technologies and the mitigation of climate change. Issuance of green bonds adheres to the best practice Green Bond Principles established by the International Capital Market Association (ICMA).
- **Blue bonds:** According to the World Bank, 'blue' bonds follow the design principles of 'green' social or sustainability bonds with the funds raised used for specific purposes, such as ocean preservation, sustainable fishing or waste management. To date, they have tended to be more complex than their green counterparts; it is also considered a green bond, though not all green bonds are blue bonds.
- **Sustainability-linked bonds** are structurally linked to the issuer's achievement of climate or broader SDG goals, such as through a covenant linking the coupon of a bond. In this case, progress, or lack thereof, toward the SDGs.
- **Social bonds**, including blue-water, transition SDG/social, biodiversity, COVID bonds. The proceeds must finance or refinance social projects or activities that achieve positive social outcomes and/or address a social issue. In many cases, social projects are aimed at target populations such as those living below the poverty line, marginalized communities, migrants, unemployed, women and/or sexual and gender minorities, people with disabilities, and displaced persons. Examples of project categories eligible for social bonds include food security and sustainable food systems, socioeconomic advancement, affordable housing, access to essential services, and affordable basic infrastructure. Issuance of these bond types tend to adhere to the best practice of Social Bond Principles of the ICMA.
- **Gender bonds:** while there is no official definition, a working definition is bonds that support the advancement, autonomy and equality of women (FSD Africa 2020); 'their aim is to bridge existing gaps in terms of female access to the labor market, leadership positions, and financing'<sup>35</sup> (IDB Invest, 2020). Gender and social bonds constitute about 8% of the \$650 billion plus sustainability bonds issued mainly by multilateral entities such as the World Bank, the Asian Development bank and more recently by regional entities such as Panama's Banistmo. Developing countries such as Pakistan (May 2021) and Morocco (March 2021) have issued gender bond guidelines with regard to the first generation of gender bonds<sup>36</sup> currently totals about \$9.2 billion (Moody's Investors Service 2021b) and (Pandal Fund Services Limited 2019). Mexico celebrated its first social bond issuance with a gender perspective from the national public bank sector in October 2021.

<sup>35</sup> Gender Bonds are part of what is known as gender lens investing products. The products are fairly new. Countries with Gender bonds include Australia, Canada, Colombia, Mexico and Panama.

<sup>36</sup> According to a fsdAfrica scoping study, 13 gender-labelled bonds have been issued by a variety of entities, ranging from large commercial banks, to NGOs, to multilateral development banks ; there is also the IIX women's livelihood bond (Rockefeller Foundation and Shujog, n.d.), a \$10 million debt security designed to unlock capital for Impact Enterprises (IEs) and Microfinance Institutions (MFIs) that are part of the sustainable livelihoods spectrum for women in South-East Asia. WLB 2 was also recently launched and well subscribed.

- Carbon pricing/market, including attempts at a blue carbon market (in the form of carbon taxes or emissions trading schemes). Generally, the financing of low carbon development is geared around a combination of green bonds and carbon pricing.
- Blended finance approaches also seem appealing to actors in this area. Blended finance is the use of development capital (from donor governments, development banks or philanthropy) to mitigate investor risks and therefore mobilize commercial capital for the SDGs. Examples of blended finance include subordinate capital in a fund structure, development guarantees, political risk insurance, FX hedging, technical assistance for project preparation and outcome-based payments.

**(c) Gender Lens Investing (GLI)**

Gender Lens Investing (GLI) is an approach that explicitly incorporates gender factors into investment analysis and asset allocation decisions criteria for investing. These may include:

- Women in leadership (WIL): invest in companies with women on the executive board and or women in senior leadership positions.
- Gender diversity: consider the composition of a company's employee base to promote gender diversity at all levels of the company.
- Women founder and fund managers: consider investing in women-founded companies and or considers investing vehicles with female portfolio managers.
- Policies and practices: consider companies implementing organizational policies and practices that advances gender equality (i.e., pay equity).
- Women-majority enterprises: investing in companies established to hire women as a means of enhancing economic opportunity (especially in emerging and frontier markets) for its employees.
- Products and services: consider investing in companies that provide products or services specifically tailored to the needs of and impact on women and girls in consumer segment.

## Annex 2

### List of interviewees

- Judith Wedderburn, Gender and Development Consultant.
- Ainka Granderson, Senior Technical Officer, Caribbean Natural Resources Institute (CANARI).
- Donneil Caine, Project Development Specialist, Caribbean Community Climate Change Centre (CCCCC).
- Katherine Blackman - Former climate finance advisor to The Commonwealth.
- Taneque Heslop, NDC Partnership representative at Climate Change Division, Jamaica.
- Jhannel Tomlinson, Co-Founder GirlsCARE Jamaica and Young People for Action on Climate Change Jamaica.



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