Gender and Access to Climate Finance

Why it Matters, the Barriers and Emerging Recommendations for Inclusive Climate Action

Executive Summary

This brief examines the nexus between gender and access to climate finance, highlighting persistent barriers that prevent equitable access to instruments of climate finance. It explores institutional barriers such as complex access procedures and high entry requirements that limit the ability of women, women-led organisations and local actors as a whole to engage with and access funding from multilateral climate finance institutions. It also explores nuanced financial and structural barriers that shape access and delivery of financial instruments at an individual level – barriers often reinforced by socio-cultural norms. For example, lack of traditional collateral or perceived credit unworthiness. These barriers are context-specific, layered and mutually reinforcing. Beyond barriers, the brief analyses global climate finance flows revealing where it falls short in being gender-responsive and concludes with recommendations informed by existing good practices. The recommendations focus on improving and reforming access modalities, strengthening capacities at the national and local levels and leveraging innovative and inclusive finance mechanisms to support gender-responsive climate action.

Background

The climate crisis is a defining challenge of our time, and it is not gender-neutral;[1] [2] on the contrary, women and other marginalised groups (e.g. the elderly, people with disabilities, children and indigenous peoples) are often disproportionately impacted. Women are especially vulnerable due to their dependence on natural resources coupled with historical patterns of inequity and marginalisation[3] – factors that limit their ability to adapt, mitigate and respond to loss and damage resulting from climate change impacts. However, women are not only passive victims of climate change – they are active contributors to adaptation and mitigation efforts with useful knowledge and skills[4]:

> *“Many women are stewards of natural resources, leaders in sustainable agriculture, and pivotal actors in the informal economy naturally poised to become the architects of climate solutions, creating adaptive and resilient communities, through financial empowerment.”*[5]
>
> *– Women’s World Banking (2024)*

Yet approximately 980 million women are excluded from formal financial systems and a 9% gender gap in financial access across developing countries[6] – while there is no global figure that captures women’s direct access to climate finance, financial inclusion data serves as an indicator of existing disparities.

Introduction

It is against this background that the mobilisation of climate finance has been driven by the understanding that apart from supporting adaptation and mitigation efforts, including responding to loss and damage, ***“****climate finance can*

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catalyse the transition to a low-carbon and climate-resilient development pathway, ***while also promoting equitable social policies, including gender equality and women's empowerment."***[7] This resonates with global commitments under the United Nations Framework Convention on Climate Change (UNFCCC) – the Cancun Agreements, the Lima Work Programme on Gender and the Gender Action Plan – all emphasising on a gender-responsive approach to climate finance ,[8] with the 29th session of the Conference of the Parties (COP29) as part of its decision on gender and climate change (Decision 7/CP.29) calling for a:

> *"Simplified access to climate finance for grassroots women's organisations as well as for indigenous peoples, especially women, and local communities."*[9]
>
> *– UNFCCC (2024)*

Progress has also been made particularly by multilateral climate funds in mainstreaming gender considerations, but gaps remain in how these commitments are operationalised in practice.[10] This brief explores access to climate finance from a gender lens – that is, the extent to which instruments of climate finance is accessible and responsive to the needs of women and other marginalised groups. In plain terms, access here refers to the ability to apply for and receive financial resources for their adaptation and mitigation needs. In examining the key barriers, reference will also be made to women-led organisations, grassroot groups and other local actors who face overlapping barriers in accessing climate finance.

Gender-responsiveness of Global Climate Finance Flows

To frame the gender and access to climate finance nexus**, it is important to examine how gender-responsive the global climate finance architecture is** by looking at – the financial flows, to which sectors, from what sources and through which channels. According to the Organisation for Economic Cooperation and Development (OECD), total global climate finance provided and mobilised by developed countries reached United States Dollar (USD) 115.9 billion in 2022[11] – surpassing the USD 100 billion annual goal.

Despite this growth, **a significant proportion continues to be directed to mitigation with over 60% (USD 69.9 billion) compared to 28% (USD 32.4 billion) flows to adaptation.** This imbalance has gendered implications in that mitigation-heavy sectors (large-scale infrastructure/energy projects, low-carbon transport) dominate funding compared to critical adaptation sectors (agriculture, forestry, land use) where mainly women and vulnerable communities draw their livelihoods from. For example, in many sub-Saharan African countries, women constitute over 50% of the agricultural labour force as in several countries in Southeast Asia where around half of the labour force in agriculture is female.[12]

Climate finance is **loan-centric** (with 69% or USD 63.6 billion of climate finance taking the form of loans), **while grants, which are often more accessible and better suited in supporting adaptation efforts, make up a much smaller share (28% or USD 25.6 billion).**[13] Loans are also often used to fund financially-sustainable mature or close-to-mature technologies as well as large infrastructure projects with a future revenue stream, which are more often found in the context of mitigation activities than adaptation.[14] At a national level, **the loan centric nature of climate finance contributes to rising debt burdens often resulting to fiscal adjustments and debt servicing activities such as de-prioritising social interventions most of which target women and other marginalised groups.** In its summary report to COP29, the Standing Committee on Finance (SCF) – the financial mechanism of the UNFCCC – discussed the need for reforms in the global climate finance architecture. It called for new and innovative approaches that can directly reach and empower women-led and grassroot organisations and that prioritise grant-based mechanisms, along with highly concessional instruments preventing further debt burdens on women and girls.[15]

These patterns in global climate finance are key to understanding how funding is allocated, how it is delivered, and where it falls short in being gender-responsive.

The Barriers

Barriers to accessing climate finance are **context-specific, layered and reinforcing each other.** These barriers can be broadly grouped into institutional barriers, financial and structural barriers, reinforced by socio-cultural dynamics. Given how wide-ranging these barriers are, selected aspects within each category are highlighted to illustrate how they play out in practice.

Institutional Barriers

To illustrate institutional barriers, this section will refer to **access procedures and entry requirements – and how these factors collectively limit access to climate finance.**

The complex web of requirements associated with accessing public climate funds often gives rise to procedural barriers particularly for women-led organisations and other local or grassroot institutions (e.g. Civil Society Organisations (CSOs)), where capacity and technical expertise is limited. Emphasis is placed on these types of institutions because evidence suggests that women and other marginalised groups have a greater voice in setting priorities locally than at higher levels.[16] Stringent accreditation processes and the associated transaction costs are frequently highlighted impediments. A study that assessed CSOs' access to the Green Climate Fund (GCF) revealed that local CSOs in developing countries face disproportionate disadvantages in the accreditation process due to the Fund's stringent fiduciary principles, environmental and social safeguards that are tailored for the private sector and other complex legal and procedural requirements.[17]

When it comes to funding instruments, the same study outlines limitations regarding meeting financial terms, such as lack of clarity around co-financing requirements coupled with GCF's perceived preference to provide concessional loans over grants and its emphasis on leveraging private finance – factors that disproportionately disadvantage CSOs due to their limited financial resources.[18]

While the GCF is one example, the majority of multilateral climate funds have similar models and this has often created an intermediary approach to channelling climate financing, where funding is channelled through other accredited entities. The intermediary approach as an access modality coupled with other requirements creates challenges for women's groups and similar organisations in applying for funding. Some estimates suggest that less than 10% of climate finance reaches the local level[19] and it is not clear how much of this percentage reaches women's groups.[20]

Beyond climate funds, Multilateral Development Banks (MDBs) play an important role as financial intermediaries, as co-financiers and as funding agents for both climate and development finance.[21] MDBs typically channel finance through loans (in the period 2016 – 2022, 90% of financing provided by MDBs took the form of loans[22]) that target large scale projects and that often require co-financing arrangements or certain fiduciary standards. These entry requirements tend to favour governments and private sector actors as compared to community-based organisations that often lack the administrative capacity or scale to access such finance directly. The World Bank's Community-driven Development[23] is a good example that shifts decision-making power and resources to local communities to better align development with their needs and preferences.

Financial and Structural Barriers

Financial and structural barriers are intertwined because they reflect systemic inequalities that shape who can access instruments of climate finance and the terms attached to receiving funding. Instruments of climate finance – loans, grants, equity or guarantees – are not gender-neutral, i.e. *"their use and the condition of their delivery affect the types of activity they support, as well as their intersectional and gendered impacts."*[24] For instance, while grants are considered effective instruments for supporting adaptation-related projects and activities, how it is delivered has gendered implications – a report by UN Women and the United Nations Population Fund (UNFPA) found that, disasters and conflict increase the number of female-headed households, but many women report being unable to receive assistance or recovery grants because their government only recognises male-headed households.[25]

On an individual level, financial barriers are more consequential because it directly impacts coping and adaptation capabilities. Coupled with being structural in nature, **barriers at this level are also reinforced by socio-cultural dynamics and persisting gender norms** that limit women's access to resources. These barriers manifest in the form of biased lending practices, lack of identification cards, lack of or limited asset ownership to use for collateral for loans, and unfavourable loan terms for women. For example, research suggests that *"banks prefer assets as acceptable collateral and women often lack collateral due to their relatively low income and low labour force participation rates."*[26] But, worldwide, women hold less than 15% of land titles despite carrying out more than 40% of agricultural work.[27] Another study found that in some contexts, women on average have weaker credit histories – often attributed to legal regulations that shape access to resources.[28] In the Pacific, Tropical Cyclone Winston increased women crab fishers' vulnerability and decreased their adaptive capacity, not only due to a reduction in income, but also because women were less likely to have access to credit or may lack knowledge of how to access it.[29] An additional compounding barrier is the differing capacities in accessing emergency funds when a climate-related disaster hits – women tend to rely on informal finance, usually in the form of savings and money from family and friends. The 2021 Global Findex Database reported that 50% of women in developing economies can reliably come up with emergency funds compared to 59% of men – in Latin America and the Caribbean, 39% of women said they can reliably access emergency funds, compared to 56% of men.[30] The same report finds a gender gap in account ownership – 20% of women compared to 28% of men in low-income countries. Account ownership in a financial institution is crucial to access because services such as cash transfers from governments can be facilitated immediately in the event of a climate-related shock or disaster.[31] Cutting across all these factors is financial literacy which tends to be low amongst women.

On the local level and in the broader ecosystem of climate finance delivery, Financial Service Providers (FSPs) such as Microfinance Institutions (MFIs) are crucial in enhancing women's resilience to climate change. In many cases, women make up a large majority of the client base of these institutions – 85% of MFI borrowers are women,[32] but some institutional-level challenges limit how FSPs can deliver finance. A survey assessing climate risks and gender-sensitive strategies of Financial Service Providers in Latin America (Mexico, Brazil) and Africa (Kenya, Senegal) revealed that most institutions lack dedicated programs for women – 71.4% of institutions reported having no such components, and only 28.6% mentioned targeted financial products for women. Lack of technical expertise, lack of awareness or understanding of gender issues, and no perceived need or demand were attributed as the main barriers within surveyed FSPs.[33] FSPs lack gender-disaggregated data to be able to design products that cater to women's needs and they also face issues related to lack of liquidity or capital to be able to meet their clients' needs in the event of a disaster.[34] In Bangladesh, given the seasonal nature of floods, cyclones and typhoons, some MFIs designed their loan products by introducing flexible repayment schedules during flood seasons so as to give greater security to their clients, mostly women, and reduce risk of default.[35]

On the national level, systemic governance issues such as lack of or poor institutional coordination has implications for how gender considerations are mainstreamed into national budget allocations and in turn, how funding is prioritised and delivered. Ministries of finance in particular play a central role in advancing gender-responsive budgeting by earmarking specific budget lines for gender-related initiatives.[36] But, effective integration is dependent on strong coordination across governmental bodies and other ministries to ensure a holistic approach.[37] Similarly, national frameworks also need to equally reflect gender considerations – it was found that the quality of gender integration in National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs) remains uneven; as of 2024, only 46% of updated NDCs treat gender as a cross-cutting issue, and many planning processes are not participatory or transparent. On the other hand, most of the NAPs submitted in 2022/24 referred to gender, with the majority showcasing significant gender integration. For instance, 68% of these provide examples of gender-responsive projects, and 86% highlight the benefits of inclusive and participatory approaches in enhancing adaptive capacity.[38]

Enabling Access – Recommendations

Building on the above analysis, the following is a range of policy and institutional measures that can be taken to enhance access to climate finance, some based on good practices from existing initiatives:

For Policy Makers

- Invest in **capacity building measures** that aim to enhance inter-ministerial coordination efforts (for example with Gender Ministries or with Gender Focal Points), ensuring that gender is consistently mainstreamed into national planning, national budgeting processes and key climate policy frameworks such as the NAPs and NDCs. **Relevant governmental focal points can leverage on the Green Climate Fund Readiness and Preparatory Support Programme to support such efforts.**
- Alongside financial sector regulatory bodies, **create an enabling environment** that facilitates women's equitable engagement with financial institutions by adopting regulations, laws or policies that address gendered risk perceptions. For example, in developing national financial inclusion strategies, ministries of finance and financial sector regulators can introduce regulatory reforms that reduce access barriers for women, e.g. simplified account opening procedures or collateral-free lending.[39]

For Multilateral Climate Finance Institutions and on Access Modalities

- **Prioritise the use of grants, small-scale financing, and concessional instruments** that are more accessible to women-led and grassroots organisations. Examples include:
  - Global Environment Facility (GEF) Small Grants Programme
  - Germany's International Climate Initiative (IKI) Small Grants Programme
  - Adaptation Fund (AF) Readiness Grant Funding, Small Grants for Innovation and the Climate Innovation Accelerator
- **Champion locally led climate action** to ensure climate finance reaches the most

vulnerable and to enable meaningful participation of local stakeholders. GCF's approach to Locally Led Climate Action[40] and UN Capital Development Fund (UNCDF) Local Climate Adaptive Living (LoCAL) Facility[41] serve as good examples here.

- **Enhance the readiness and capacity of local actors** (civil society organisations, women's groups and other grassroot or community-based organisations) to receive and manage climate finance. Good examples can be found under the GCF where Readiness grants have been used to enhance capacities of CSOs to access climate finance. The Asian Development Bank (ADB) Community Resilience Partnership Program, for example, aims to strengthen the capacity of national and local institutions to access international climate finance for community-level adaptation projects, including providing small grants to grassroots women's organisations to test innovative ideas on building local resilience.[42]
- **Reform access modalities and accreditation procedures.** For example, introducing one-time project-based funding approaches for small organisations as opposed to requiring them to go through entire accreditation procedures to access funding.

For the Private Sector and Financial Service Providers

- **Expand access through approaches such as blended finance mechanisms to de-risk investment in adaptation interventions** where women and other marginalised groups draw their livelihoods from – adaptation projects are generally considered high risk with low revenue streams; blended finance can incentivise private sector investment in these areas and help overcome initial barriers that such projects may face in attracting finance.
- **Collaborate with women's groups by fostering partnerships** with local women's organisations to co-design and implement climate-related projects that respond to their needs. Such partnerships also speak to investing in women-led climate solutions.
- Financial service providers, as important intermediaries of channelling finance to women, can reduce access barriers by **collecting and using gender-disaggregated data** to better understand women's financial behaviours, and to design tailored financial products and services that meet their specific needs.

Conclusion

The purpose of this brief was to explore access to climate finance from a gender lens and to examine what the barriers are, particularly for women, women-led grassroot/local organisations and by extension other marginalised groups. What emerges clearly is that access to climate finance is not only about the availability and accessibility of funds; access is also shaped by broader issues related to women's empowerment, financial inclusion and climate justice. Beyond the emerging recommendations, engaging women, grassroot/women-led organisations and other marginalised groups in decision-making processes at all levels (local, national or international), is crucial to fostering inclusive and gender-responsive climate action, including greater access to climate finance instruments.

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