Policy Brief

International Climate Finance in India: Assessing Issues of Gender Inclusivity and Subnational Access
Acknowledgments
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Building Knowledge and Capacity for Green Economic Recovery of the States in India

Views expressed in this factsheet are those of the author and do not necessarily represent the
positions of CBGA
Policy Brief

International Climate Finance in India: Assessing Issues of Gender Inclusivity and Subnational Access

November 2022
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AF</td>
<td>Adaptation Fund</td>
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<tr>
<td>AU</td>
<td>Administrative Unit</td>
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<td>BURs</td>
<td>Biennial Update Reports</td>
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<td>CBOs</td>
<td>Community Based Organisations</td>
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<tr>
<td>CIF</td>
<td>Climate Investment Fund</td>
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<td>COP</td>
<td>Conference of Parties</td>
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<td>CTF</td>
<td>Climate Technology Fund</td>
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<td>DEA</td>
<td>Department of Economic Affairs</td>
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<td>EAPs</td>
<td>Externally Aided Projects</td>
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<tr>
<td>EESL</td>
<td>Energy Efficiency Services Limited</td>
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<tr>
<td>EV</td>
<td>Electrical Vehicle</td>
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<td>FY</td>
<td>Financial Year</td>
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<td>GCF</td>
<td>Green Climate Fund</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GAP</td>
<td>Gender Action Plan</td>
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<td>GEAP</td>
<td>Gender Equality Action Plan</td>
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<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
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<tr>
<td>GHG</td>
<td>greenhouse gas</td>
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<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit</td>
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<tr>
<td>GoI</td>
<td>Government of India</td>
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<tr>
<td>IPDS</td>
<td>Integrated Power Development Scheme</td>
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<tr>
<td>IREDA</td>
<td>Indian Renewable Energy Development Agency</td>
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<tr>
<td>IUCN</td>
<td>International Union for Conservation of Nature</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>KFW</td>
<td>Kreditanstalt für Wiederaufbau</td>
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<tr>
<td>LDC</td>
<td>Least Developed Country</td>
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<tr>
<td>MoEFCC</td>
<td>Ministry of Environment, Forest and Climate Change</td>
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<tr>
<td>MRV</td>
<td>Measuring, Reporting, and Verification</td>
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<tr>
<td>MWCD</td>
<td>Ministry of Women and Child Development</td>
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<tr>
<td>O&amp;M</td>
<td>Operations and Maintenance</td>
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<tr>
<td>PIF</td>
<td>Project Identification Form</td>
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<tr>
<td>PFD</td>
<td>Project Framework Document</td>
</tr>
<tr>
<td>RREC</td>
<td>Rajasthan Renewable Energy Corporation Ltd</td>
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<tr>
<td>SHLS</td>
<td>Solar Home Lighting System</td>
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<tr>
<td>SHGs</td>
<td>Self Help Groups</td>
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<td>SnCF Global</td>
<td>Global Sub-national Climate Fund</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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Introduction

The COVID-19 pandemic has exacerbated India’s already-constrained fiscal space, hindering its ability to pursue an all-round recovery, one that is green in nature. State finances, have been affected particularly badly. The pandemic has also resulted in a significant increase in inequality, including gender inequality, in India.

Under these circumstances, the temptation to prioritise short-term measures to restore economic growth may be high, and this could affect the fight against climate change. It does not, however, have to be a question of choosing one over the other, as both can go hand in hand.

The fact that this situation has arisen at a time when the country urgently needs to scale up investment supports the case for a significant increase in the financial support that various climate finance mechanisms can provide. Indeed, as has been noted, if climate finance mechanisms are effectively deployed, then countries such as India may not need to make a hard choice between climate obligations and near-term economic recovery. In effect, these sources can help India transition towards an economic recovery that is inclusive and green.

Other than this, international climate finance can also play an important role in promoting gender equality, and provide important alternative sources of finance for resource-starved States in India. This role needs to be played by large multilateral climate funds as well as by Multilateral Development Banks (MDBs), as their actions can have a signalling effect on the broader climate finance architecture.

Similarly, the role played by international climate finance institutions, including bilateral donors, in leveraging innovative financing options, including from the private sector, can be strengthened to mobilise and enhance fund flow to States.

With this as the context, this policy brief looks at how some of the international climate finance institutions have been faring on issues related to gender inclusion and access by sub-national governments. Its objectives are to:

1) Understand whether gender concerns are included in the policies of various multilateral climate funds and how well they are covered

2) Understand whether these policies translate to funds for projects approved and implemented in India, and to what extent

3) Highlight the challenges that sub-national governments face in accessing international climate finance (ICF)

Methodology

In order to assess the extent of gender inclusion across different multilateral funds, in projects approved and implemented in India, purposive sampling was adopted to choose three projects from a mix of projects focusing on mitigation and cross-cutting/multiple foci themes. The samples chosen — one each from three multilateral funds (GEF, CTF and GCF) — are predicated on the availability of data and documents, such as Project Identification Form (PIF), CEO Endorsement document, Project Framework Document (PFD), Completion Report (if applicable), annual performance report, gender scorecard indicators, etc. These documents, along with the budget documents of the selected States,
economic reviews, government documents, etc., were reviewed.

To assess whether different States have been accessing international climate finance, three states were selected. Two of them, Odisha and Bihar, are among the States selected for the project “Building Knowledge and Capacity for Green Economic Recovery of the States in India”. The other State chosen is Rajasthan, as it has been successful in securing international climate finance from various sources.

To develop an in-depth understanding of the challenges States face in accessing international climate finance, 11 online consultations with domain experts from nine thinktanks, civil society organisations, one private firm and one government organisation in India were carried out (Table 1).

Scope: To assess gender inclusivity, gender policies of the three main multilateral climate funds, namely, GEF, CTF and GCF, have been analysed as these are dedicated climate funds, and because MDBs and Bilateral Funds have had their own gender policies for long.

The sample of projects chosen for gender inclusivity analysis is small and hence the analysis only provides a preliminary idea about the gender considerations being integrated in climate finance coming to India. It is not indicative of overall portfolio trends.

**Structure of the Policy Brief**

The rest of the Policy Brief is structured as follows.

The first section discusses some basic facts pertaining to international climate finance flows to India. It briefly discusses the various sources of climate finance, and the magnitude, composition and instruments of such finance flowing into India.

Section two discussed in detail the different aspects of gender inclusion in the policies of the three main multilateral climate funds. It then applies the gender criteria adopted for a preliminary assessment of gender inclusion by reviewing three projects, one from each multilateral climate fund.

The subsequent section looks at the international climate finance being accessed by three states and discusses the challenges sub-national governments

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Table 1: List of Domain Experts and Organisations that participated in Online Consultations

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Organisation</th>
<th>Expert(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Climate Policy Initiative, India</td>
<td>Dhruba Purkayastha, Neha Khanna, Aanandita Sikka</td>
</tr>
<tr>
<td>2</td>
<td>Council on Energy, Environment and Water (CEEW)</td>
<td>Arjun Dutt</td>
</tr>
<tr>
<td>3</td>
<td>cKinetics</td>
<td>Upendra Bhatt</td>
</tr>
<tr>
<td>4</td>
<td>The Energy and Resources Institute (TERI)</td>
<td>Manish Kumar Shrivastava</td>
</tr>
<tr>
<td>5</td>
<td>Development Alternatives</td>
<td>Gitika Goswami</td>
</tr>
<tr>
<td>6</td>
<td>Climate Bonds Initiative</td>
<td>Neha Kumar</td>
</tr>
<tr>
<td>7</td>
<td>Janaagraha</td>
<td>Sanjeev Dhand, Prabhat Kumar, Jayashree Elango</td>
</tr>
<tr>
<td>8</td>
<td>Asian Development Research Institute (ADRI), Patna</td>
<td>Vivek Tejaswi</td>
</tr>
<tr>
<td>9</td>
<td>World Resources Institute (WRI) India</td>
<td>Ulka Kelkar, Saransh Bajpai</td>
</tr>
<tr>
<td>10</td>
<td>Indian Renewable Energy Development Agency Limited (IREDA)</td>
<td>Chintan Shah</td>
</tr>
<tr>
<td>11</td>
<td>Centre for Social and Economic Progress (CSEP)</td>
<td>Laveesh Bhandari, Saumya Jain</td>
</tr>
</tbody>
</table>
in India face in accessing international climate finance. The focus of the discussion is based on opinions gathered from online consultations with domain experts.

The final section provides some concluding remarks and makes some policy suggestions that can help ease the barriers and constraints in the arena of international climate finance that impede inclusion and equity in terms of gender and the sub-national level governments’ access to finance.
Section 1

Some Basic Characteristics of International Climate Finance Flows to India: Magnitude, Sources, Composition and Instruments

1.1 Sources and Magnitude of International Public Climate Finance

Globally, there is no precise definition for international climate finance; however, simply put, international climate finance can be understood to mean the flow of funds from developed to developing nations to help the latter reduce their emissions and adapt to climate change (Vasudha Foundation).

Studies on climate finance show that climate finance in India comes from multiple international sources (multilateral funds, multilateral development and bilateral aid agencies, multinational private firms) as well as national sources (domestic budgets and private funds)³.

According to the Climate Policy Initiative’s (CPI’s) report titled ‘Landscape of Green Finance in India 2020’, total green finance⁴ flows in India amounted to USD 17 billion for Financial Year (FY) 2017 and USD 21 billion for FY 2018. The average for these two years stands at USD 19 billion per annum, while the total tracked green finance for the years 2016-2018 amounts to USD 38 billion. While government financing accounts for more than forty per cent of the total flows (figure 1), as the report notes, the share of international climate finance in India’s overall climate finance is low compared to the other sources. Within that, the share of international public finance in tracked green finance stood at 10 per cent in both FY 2017 and FY 2018.

Figure 1: Share of Public Finance in Climate Finance in India

Note: Climate Finance flows in India are based on 2017-18 data
Source: Climate Policy Initiative, 2020

³ Singh, Divya (2017); Vasudha Foundation.
⁴ The Report differentiates between climate finance, green finance, and sustainable finance. In terms of the definitions used in the report, green finance “includes climate finance as well as other environmental objectives that are necessary to support sustainability, and in particular, aspects such as biodiversity and resource conservation.”
At the same time, as India’s ‘Third Biennial Update Report (BUR) to the United Nations Framework Convention on Climate Change’, notes, even after more than two decades of climate change negotiations, “there is still no adequate system for defining, categorizing, tracking, reporting, and ensuring transparency in international climate change finance” (MoEFCC, 2021). International public climate finance flows to India through a number of channels, which, while increasing India’s chances of procuring more funding, also makes the overall architecture more complex. Broadly, the channels of international public climate finance include, various multilateral climate funds

Table 2: Key Instruments and Access Modalities in International Climate Finance Channels

<table>
<thead>
<tr>
<th>International climate fund (budget additional)</th>
<th>Global Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source of Fund:</strong> Green Climate Fund</td>
<td><strong>Source of Fund:</strong> Global Environment Facility (GEF)</td>
</tr>
<tr>
<td><strong>Instruments:</strong> Loan and grant, guarantee, equity</td>
<td><strong>Instruments:</strong> Grant</td>
</tr>
<tr>
<td><strong>Access modalities:</strong></td>
<td><strong>Access modalities:</strong></td>
</tr>
<tr>
<td>• Micro (up to 10 million USD), Small (10-50), Medium (50-250), Large (&gt;250)</td>
<td>• Full sized project &gt; USD 2 million, Medium size (up to USD 2 million)</td>
</tr>
<tr>
<td>• National Designated Authority (MoEFCC) as focal point</td>
<td>• Enabling activity (strategy development under a convention)</td>
</tr>
<tr>
<td>• Through (Direct Access Entity and multilateral access entities) approved as National Implementing Entities (NIEs) by National Designated Authority (NDA), MoEFCC</td>
<td></td>
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<table>
<thead>
<tr>
<th>Global Fund</th>
<th>Global Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source of Fund:</strong> Clean Technology Fund (CTF)</td>
<td><strong>Source of Fund:</strong> Global Environment Facility (GEF)</td>
</tr>
<tr>
<td><strong>Instruments:</strong> Grants, contingent grants, concessional loans, equity and guarantees</td>
<td><strong>Instruments:</strong> Grant</td>
</tr>
<tr>
<td><strong>Access modalities:</strong></td>
<td><strong>Access modalities:</strong></td>
</tr>
<tr>
<td>• Only through MDBs acting as implementing partners, such as the World Bank Group, Inter-American Development Bank, African Development Bank, European Bank for Reconstruction and Development, and the Asian Development Bank.</td>
<td>• Full sized project &gt; USD 2 million, Medium size (up to USD 2 million)</td>
</tr>
<tr>
<td>• Existence of active MDB country programmes is a must.</td>
<td>• Enabling activity (strategy development under a convention)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bilateral and Multilateral projects/programmes</th>
<th>International Non-Governmental Organisations (INGOs)</th>
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<tbody>
<tr>
<td><strong>Source of Fund:</strong> Projects linked to clear climate outcomes</td>
<td><strong>Source of Fund:</strong> Projects linked to clear climate outcomes</td>
</tr>
<tr>
<td><strong>Instruments:</strong> Loan, Grant</td>
<td><strong>Instruments:</strong> Grant</td>
</tr>
<tr>
<td><strong>Access modalities:</strong></td>
<td><strong>Access modalities:</strong></td>
</tr>
<tr>
<td>• On State partnership basis and through the concurrence of the National Government</td>
<td>• On State partnership basis and through the concurrence of the National Government</td>
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Source: Government of Tamil Nadu (2019) and Climate Funds Update

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5 Government of Tamil Nadu, 2019
established by the United Nations Framework Convention on Climate Change (UNFCCC), such as the Global Environment Facility (GEF)6, Adaptation Fund (AF)7, and Green Climate Fund (GCF). It also includes another important source of multilateral climate fund - Climate Investment Funds (CIFs)8. CIFs, which was jointly established by the World Bank and regional development banks, operate outside the purview of the UNFCCC. In addition, funds also flow in through MDBs and bilateral development agencies or through developed-country-climate initiatives/ funds. Each of these funding channels comes with a different set of instruments, modalities of access, and funding criteria (Table 2).

The magnitude of the flow to India is greater when bilateral and multilateral sources are included in this mix (Figure 3). Clearly, multilateral and bilateral funding that flows outside of the UNFCCC has become increasingly important for mitigation and adaptation finance in developing countries such as India, with the World Bank and regional development banks playing a particularly significant role in leveraging funds for climate action (Mandal, 2019).

However, as analysts note, India still can make a case to improve its ability to access international climate finance as the share of international climate finance in India’s overall climate spend is low compared to the other sources. Unlike China and Latin American countries such as Brazil, India has not been attracting climate finance in sufficient volumes relative to the country’s future adaptation and mitigation needs (Steinbach et al. 2014; Mandal, 2019). Other than the issue of the magnitude of international public finance flowing to India, the additional problem with regard to such flows is that

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6 The Global Environment Facility (GEF) was established on the eve of the 1992 Rio Earth Summit to assist in the protection of the global environment and to promote environmentally sustainable development. The Fund supports the implementation of several multilateral environmental agreements, and serves as a financial mechanism of the UN Framework Convention on Climate Change (https://climatefundsupdate.org/?s=India).

7 The Adaptation Fund, which is financed through a levy on international carbon market transactions, is the only international climate fund besides the GCF that is independent of development finance institutions. The AF pioneered direct access to climate finance by developing countries through National Implementing Entities (NIEs) based in those countries instead of working solely through multilateral agencies and banks (Nakhooda, Watson and Schalatek, 2016, cited in Singh, 2017).

8 The CIF is meant to provide interim funding instruments to support adaptation and mitigation efforts in developing countries such as India, until what was anticipated to be an agreement of a new climate regime. The CIF consists of two main funds: (i) the Clean Technology Fund (CTF) targeted at large-scale technologies; and (ii) the Strategic Climate Fund, which channels financing for small-scale energy technologies via its Scaling Up Renewable Energy Program; for forestry via its Forest Investment Program; and for adaptation via its Pilot Program for Climate Resilience (Adams, et al., 2014).
they are lopsided towards finance for mitigation, and the instruments used to finance such flows.

1.2 Composition and Instruments of International Public Climate Finance Flows to India

The other important characteristic of international public climate finance is that it tends to be project or sector specific and usually comes in a piecemeal basis. As a result, it does not always align with India’s national development priorities. Indeed, as figures 4 below shows, much of the finance flowing through multilateral climate funds is for mitigation and little is directed towards adaptation measures. A similar pattern, albeit less stark, is also reflected in the total funding flowing from Multilateral Development Banks.

Similarly, when seen in terms of the instruments of finance, even though in theory, international public climate funds flowing to India can take various forms such as loans, grants and concessional loans, in reality, concessional loans dominate the funds flowing from multilateral climate funds and the MDBs (figure 5).

In sum, as available literature shows, internationally available climate finance to India remains skewed in terms of composition, with finance for mitigation far outweighing that for adaptation. In terms of the types of instruments used for financing, it is skewed towards concessional loans instead of grants. “More importantly, much of the finance made available by these sources, whether grants or loans, has perforce to be accompanied by co-financing that India has to generate internally, often from public funding” (MoEFCC, 2021).

The next two sections look at the inclusion and equity aspects of international public climate finance flows to India from the lens of gender equity and in terms of challenges that States face in accessing such funds.
Section 2

Gender Inclusivity in Select Multilateral Climate Funds

It is now well recognised that gender-based inequalities, gender-defined roles in society and sociocultural constraints mean that women are often disproportionally affected by climate change. As a result, climate change can aggravate existing gender inequalities, thereby contributing to the greater climate change vulnerability of many women. It is also recognised that women are not just victims of climate change but can very well be important agents of change.

However, gender considerations were not included in multilateral climate funds for a long time. For instance, the UNFCCC, seen as the main vehicle for international climate policy, lacked any reference to gender or women for a long time. “Partially because of this oversight,” it took “more than a decade for gender considerations to gain a foothold in international climate negotiations” (Adams, et al., 2014).

The increasing recognition that climate change is not gender neutral has led to growing calls for gender-responsive climate actions. Following these developments, references of gender equity were integrated in the Cancun Agreements in 2010. Further, in 2012, a decision was taken to promote gender balance and women’s participation in UNFCCC negotiations (figure 6).

These developments are reflected in the various channels through which multilateral climate finance flows to India, both in the case of the multilateral climate funds established by the UNFCCC (such as the GEF and GCF), as well as the CIF/CTF, which operate outside the purview of the UNFCCC.

The next section looks at the evolution of gender inclusion in the three most important sources of multilateral climate funds coming to India, namely, the GEF, the CTF and the GCF.

Figure 6: Gender-inclusiveness in UNFCCC over the years

Numerous decisions by the UN Framework Convention on Climate Change (UNFCCC) have emphasized that effective climate action requires a gender-responsive approach.

Conclusions and implications of the gender-responsive approach in climate actions

The gender-responsive approach in climate actions has several implications. Firstly, it highlights the importance of addressing gender inequalities to ensure that climate change measures are effective and equitable. Secondly, it underscores the need for gender-sensitive governance and decision-making processes in the implementation of climate actions. Finally, it calls for systemic changes in gender norms and policies to support sustainable and inclusive development pathways.

In the UNFCCC, a Gender Action Plan was approved with targets for gender-responsive finance.

Enhanced Lima Work Programme on Gender and Gender Action Plan aims for more gender responsiveness in the UNFCCC and in the implementation of the Paris Agreement and its monitoring.

Multilateral climate funds under the UNFCCC must annually report on the integration of gender considerations in all aspects of their work.

Lima Work Programme on Gender enhanced how gender issues were addressed in the UNFCCC process.

Source: Schalatek, Liane (2022).
2.1: A Brief Overview of the History and Evolution of Gender Inclusivity in Policies of Select Multilateral Climate Funds

a) Gender Issues at the Inception Stage: As several analysts note, gender considerations did not figure as a concern at the time of inception in two of the three prominent multilateral climate funds, namely, the GEF and the CTF. Thus, in the case of the GEF, which was established in 1991 and is the oldest international climate fund, gender concerns were largely missing in the programme review and approval processes⁹. It was only in 2011 that a Policy on Gender Mainstreaming was adopted in the case of the GEF¹⁰. Similarly, in the case of the CIF programme Clean Technology Fund (CTF), gender considerations were largely missing in the mandate at the time of its inception in 2009 (UNDP, 2010; Adams, Linda, et al., 2014; CIF, 2014)¹¹. The Green Climate Fund (GCF), the largest global multilateral climate fund, on the other hand, mandated gender integration right from the outset. GCF gender equality commitments are anchored into its core operational policies and detailed in its Gender Policy.

b) Progress in Integration of Gender Issues: Following the initial incorporation of gender issues in these funds, efforts have been made in recent years to incorporate gender considerations into fund programming guidelines and structures (Schalatek, 2018; Schalatek, 2020). Such efforts to integrate gender concerns encompass changes in: a) the funds’ own governance structures and operational modalities as well as the implementing agencies’ operational modalities; b) the funds’ policies; and c) funding objectives and guiding principles. Gender integration policies in all these dimensions have evolved over time and continue to do so (Figure 7).

Figure 7: Inclusion of Gender issues in Multilateral Climate Funds Over the Years

Multilateral climate funds are increasingly mainstreaming gender into upstream governance and operations. However, there remains little best practice on gender-responsive budgeting for climate action.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Initial Climate Investment Funds (CIFs) gender review finds significant gender integration challenges.</td>
</tr>
<tr>
<td>2011</td>
<td>New gender focal point in CIFs Administrative Unit to oversee implementation of initial CIF Gender Action Plan.</td>
</tr>
<tr>
<td>2012</td>
<td>Adaptation Fund gender policy and action plan put in place; CIFs approve CIF Gender Action Plan Phase 2.</td>
</tr>
<tr>
<td>2013</td>
<td>GEF approves a Gender Implementation Strategy; new CIF Gender Policy introduces a governance framework for gender integration in the CIFs.</td>
</tr>
<tr>
<td>2014</td>
<td>GCF approves revised gender policy and new gender action plan; CIFs approve CIF Gender Action Plan Phase 3.</td>
</tr>
<tr>
<td>2015</td>
<td>Initial Climate Investment Funds (CIFs) gender review finds significant gender integration challenges.</td>
</tr>
<tr>
<td>2016</td>
<td>Green Climate Fund (GCF) starts funding operations with a gender policy and initial gender action plan put in place; GEF approves a Gender Equality Action Plan.</td>
</tr>
<tr>
<td>2017</td>
<td>Adaptation Fund provides additional guidance to accredited entities on gender responsiveness of projects; GEF reviews its Policy on Gender Equality whereby all implementing agencies are assessed with compliance for gender mainstreaming.</td>
</tr>
<tr>
<td>2018</td>
<td>Adaptation Fund approves updated gender policy and new gender action plan.</td>
</tr>
<tr>
<td>2020</td>
<td>Adaptation Fund approves updated gender policy and new gender action plan.</td>
</tr>
<tr>
<td>2021</td>
<td>Adaptation Fund approves updated gender policy and new gender action plan.</td>
</tr>
</tbody>
</table>

Source: Schalatek, Liane (2022).

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⁹ This was particularly true for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) administered by the GEF under the guidance of the UNFCC Conference of the Parties (CoP).

¹⁰ Prior to that “the only GEF policy with a gender element was the 1996 Policy on Public Involvement in GEF Projects, which mentions women as part of disadvantaged populations in and around the project site to collaboratively engage with” (GEF, 2017).

¹¹ The CTF was the first CIF program to be made operational. It launched in 2009 before consideration was given to the co-benefits and social aspects of climate investments, including those related to gender equality. Most CTF investment plans were first endorsed in the period from 2009 to 2010. Notably, there is no mention of gender in the CTF guidelines for investment plans, nor in the guidelines for the preparation of grants for public and private sector projects seeking CTF support (CIF, 2014).
In terms of integrating gender concerns in the funds’ governance structures and operational modalities (including those of implementing agencies), the GEF Secretariat has been strengthening its own gender mainstreaming capacities. It has also designated a Gender Focal Point to assess gender inclusion in proposals and also forges networks and collaborations with partners who can support gender-sensitive approaches. Similarly, in the case of the CIF, in 2014, a new gender Focal Point, tasked with the responsibility of overseeing the implementation of a two-year CIF Gender Action Plan (FY15–16), was brought into the CIF Administrative Unit (AU), with further expansion of gender staff at the CIF AU in 2018. In the GCF Secretariat, too, a senior social and gender specialist has overseen implementation of a principles-based gender policy and a first comprehensive three-year gender action plan (FY15-17). The GEF also requires that both its new and existing implementing agencies establish policies and strategies that promote gender equality, and satisfy seven requirements to ensure gender mainstreaming (GEF, 2014; Schalatek, 2020). Likewise, in the case of the GCF, implementing entities are required to have their own gender policies or action plans in place, as well as the capacity and track record to comply with the GCF gender policy (Schalatek, 2020; Schalatek, 2022).

In terms of policy, all the three multilateral climate funds have been increasingly adopting policies that are more gender conscious. Thus, as per the GEF’s 2011 policy, action plans that promote gender equality must satisfy seven requirements to ensure gender mainstreaming including: a) building institutional capacity for gender mainstreaming b) consideration of gender elements in project design c) implementation and review; integration of gender-sensitive activities d) taking measures to mitigate adverse gender impacts, etc. In addition, all implementing agencies of the GEF are required to have gender experts to help monitor and support the implementation of these requirements (GEF, 2014; Schalatek, 2020). Further, in 2014, the decision-making body of GEF, the GEF Council, approved the GEF’s Gender Equality Action Plan (GEAP) to “effectively operationalize the GEF Policy on Gender Mainstreaming, adopted in 2011”, by providing a concrete roadmap to implement its gender mainstreaming policy during its sixth replenishment period (Schalatek, 2020; p. 11). The idea behind the GEAP is to move from calls for gender “sensitivity,” which is the basic objective of the GEF Policy on Gender Mainstreaming, to calls for a stronger gender responsive approach. Further, a new Policy on Gender Equality, approved in November 2017, requires a more proactive gender integration approach by shifting from a gender-aware, “do no harm” approach to a gender-responsive, “do good” approach by requiring robust standards in the design, implementation and evaluation of GEF activities. This is complemented by a new gender guidance document and a GEF Gender Implementation Strategy, approved mid-2018.

In the CIF, too, policies to integrate gender have evolved over time. After the initial incorporation of gender issues in its policies, a revised CIF gender policy was approved in 2018 (Schalatek, 2019). Soon after, in June 2020, a new CIF Gender Action Plan Phase 3 (FY21-24) was approved. One of the aims of the new Plan is to increase gender technical support to countries.

In the case of the GCF, following the interim gender policy and action plan approved in March 2015, an updated Gender Action Plan (2020-23) was put in place in late 2019. The new Gender Action Plan aims to, inter alia, increase capacity-building support to developing countries to fulfil the gender mandates policy (Schalatek, 2020; Schalatek, 2022).
These changes are also reflected in the changes in **funding objectives and guiding principles for projects**. For instance, the 2017 Policy on Gender Equality of the GEF requires improved reporting on gender-disaggregated targets and results and includes: a) gender (or socioeconomic) analysis b) articulation of gender-responsive measures and c) gender-sensitive indicators (GEF, 2017 b). Similarly, the new gender guidance document outlines a set of mandatory requirements for mainstreaming gender under the GEF Policy on Gender Equality, throughout the GEF project cycle, beginning from the PFD and PIF, which are submitted for CEO Approval, to implementation, monitoring and review (Figure 8). The GEF Gender Implementation Strategy, the other complementary document, “outlines strategic entry points and target actions as well as a results framework to track and report on gender equality...
progress during GEF-7” (Schalatek, 2020).

With regard to the CIF, its gender policy of 2018 also mandated improvement in the gender requirements in investment plan preparations, review and submission procedures (Schalatek, 2019). Further, in 2020, the new CIF Gender Action Plan Phase 3 (FY21-24) aimed to increase gender technical support to countries for investment plan (IP) development and project design as well as to enhance gender monitoring and reporting (CIF, 2020). Towards this end, it lays out four priority processes and five themes under the CIF Gender Action Plan - Phase 3 (Figure 9).

Continuing gaps and challenges: The evolution in policies on gender inclusivity has been necessitated largely by inadequate gender integration in the projects and programmes of multilateral climate funds. An evaluation of GEF’s projects carried out in 2017, for instance, noted that nearly fifty per cent of the analysed sample of climate projects were largely gender-blind, with a mere five per cent of projects demonstrating successful gender integration (GEF IEO, 2017). Similarly, a 2021 GEF progress report notes that only a little more than fifty per cent of GEF projects under implementation report on gender, and even these often provide limited details and weak analysis of gender results (GEF, 2021).

Likewise, a 2017 CIF gender progress report showed that the gender-responsiveness of the CTF continued to lag behind (Schalatek, 2019). Similarly, a 2020 CIF gender impact evaluation noted that of the CTF’s five core reporting indicators, only one indicator tracks social impacts of CTF projects. (CIF/WEDO, 2020). Further, the FY 2021 Progress Report on Implementation of the CIF Gender Action Plan – Phase 3, noted that despite some improvement, gender consideration in the CTF continues to lag behind other portfolios within the CIF. Thus, of the sixteen CTF IPs reviewed in the report, more than eighty per cent failed to integrate sector-specific gender analysis; activities targeting women or sex-disaggregated indicators (CIF, 2021). Similarly, the GCF annual portfolio report, 2020, also notes the failure of implementing partners to report on their submitted gender action plans. In some cases, they were reported to be missing entirely (GCF, 2021 a).

To sum up, as analysts note, the current architecture of multilateral climate funds shows different levels of gender sensitivity. The three main multilateral climate funds that come to India have now integrated gender considerations to varying degrees into their implementing partner agencies, project development and project approval processes. Gender-equal involvement of beneficiaries and especially of local stakeholders has also become a core concern of all the climate funds’ public participation and stakeholder engagement mechanisms. For example, through a dedicated role for gender-focused organisations and women's groups.

At the same time widespread weaknesses remain in monitoring and reporting of quantitative and qualitative gender results in implementation (focusing on outcome-oriented quality in implementation). Such details, which are important for the accountability of climate funds with respect to the inclusion of gender issues, are largely missing from their required results reports, such as the annual performance reports or fund score cards submitted to the funds’ own governing bodies (Schalatek, 2020).

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16 Some examples of the approaches and measures to better integrate gender in CIF’s projects and programmes include: strengthening women’s effective participation in climate planning processes; expanding women’s employment in emerging renewable energy sectors; use of sex-disaggregated data in monitoring and reporting (CIF, 2018).

17 This refers to the indicator on the number of additional passengers, disaggregated by men and women if feasible, using low-carbon transport as a result of CTF intervention (passengers per day). For details see, CTF, 2020.
International Climate Finance in India: Assessing Issues of Gender Inclusivity and Subnational Access

2.2: Preliminary Assessment of Inclusion of Gender Concerns in Select Projects in India Financed by Multilateral Climate Funds

The discussion above shows that incorporation of gender concerns in different multilateral climate funds has improved over time. At the same time, as various impact evaluation studies show, more needs to be done. These impact evaluations provide valuable insights on the extent to which gender issues have been effectively integrated in different Funds’ project guidelines, the design of projects approved, implementation, monitoring and reporting. While they also provide a broad indication of the performance across different funds, they are not strictly comparable, as the methodologies adopted for evaluation and the focus on the issues being looked at, vary significantly. The difference in methodologies adopted and reporting structures (in content and prevalence), means that availability of data on gender varies significantly. In addition, there is substantial variation in gender inclusion across different regions of the developing world as reported in several evaluation reports that look at gender inclusion in these regions.

Therefore, in order to assess the quality of gender integration in multilateral climate fund-financed projects approved and implemented in India, this policy brief uses the gender inclusion criteria enumerated below (figure 10), some of which have been adapted from the guidelines given in the Gender Budget Handbook, 2015, of the Ministry of Women and Child Development (MWCD), Government of India18.

A sample of three projects — one each from the three main multilateral climate funds CTF, GEF and GCF (Table 3) — were assessed for gender inclusion using the gender criteria enumerated above. In India’s case, since the largest volume of funds in the period from 2014 to 2019 went towards climate mitigation, two projects were selected from this category, one of which was completed in 2021. Thus, one project each was chosen from the CTF and the GEF. The project chosen from the GCF focuses on the theme of cross-cutting or multiple-foci climate action. This choice was driven by the fact that a larger proportion of the fund (in terms of value) has gone into cross-cutting climate action themes rather than adaptation.

Figure 10: Gender Criteria Adopted

1. Participation of women stakeholders at planning and other stages of the project
2. Gender-responsive activities, such as activities linked to livelihood generation, skill training, access to clean water, electricity, etc. and associated gender-disaggregated indicators and targets for gender integration. While some of these can be seen as climate-friendly gender interventions, others are more in the nature of ‘add-on’ interventions, although equally important for gender equality.
3. The share of a project’s resources allocated/spent for gender-oriented activities
4. Consideration of intersectional issues
5. Binary or diverse lens of gender adopted

18 The other literature used for choice of criteria include, Baruah, 2015
Given the mix of one being an ongoing project, another being recently approved and still another, a completed one, the project-level gender inclusion assessment looks at both projects at the approval level, and one completed project.

The gender assessment of these three projects (table 4), which provides a glimpse of the extent to which gender inclusion has progressed in these three funds, shows that while all the three projects reflect gender inclusion, the extent of such inclusion varies. Here, too, as many analysts have pointed out, several projects and programmes continue to treat gender mainstreaming requirements for climate investments as ‘add-ons’, by proposing only limited gender activities identified through a separate gender analysis and action plan, instead of as a mandate to change the substantive nature and focus of climate interventions (Schalatek et al., 2021).
Table 4: Analysis of gender integration in selected quality-at-entry and completed projects

<table>
<thead>
<tr>
<th>About the Project</th>
<th>Participation of women stakeholders at planning and other stages of the project</th>
<th>Types of gender-oriented activities, gender-disaggregated indicators &amp; targets for gender integration</th>
<th>Share of a project’s resources allocated/ spent for gender-oriented activities</th>
<th>Intersectional issues considered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CTF - Rajasthan Renewable Energy Transmission Investment Program</strong></td>
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<td>The objective was to set up the transmission and associated substation infrastructure to manage the integration of renewable energy in Rajasthan. The Project included two major components: physical investments in transmission infrastructure and capacity development. The community and gender-specific elements were mainstreamed in the project design under the institutional capacity development component.</td>
<td>A multi-stakeholder consultation on project GAP and gender activities in the project, with 30% women participation.</td>
<td>Gender oriented activities integral to the sector of the project (renewable energy in this case): a) Preparation of a community development policy for an RE park with gender indicators and targets b) Skill training for livelihood generation (O&amp;M of off-sales activities for SHLS) c) Improved access to RE-based water supply and electricity supply using RE sources, etc.</td>
<td>Around 5% of total project cost allocated for project management and community development. Given that these include non-gendered activities as well, it is not clear what share of the total project budget has been spent on gender-oriented activities.</td>
<td>No specific mention of intersectional issues having been considered in the Project.</td>
</tr>
<tr>
<td><strong>GEF - Electrifying Mobility in Cities</strong></td>
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<td>The project objective is to enable the GoI and relevant stakeholders to make the transformative shift to de-carbonise transport systems, catalyse access to finance for large-scale adoption of EVs across vehicle segments, and reduce air pollution in cities by promoting electric mobility in India.</td>
<td>MWCD to be invited for stakeholder consultations during policy framework preparation. Consultations to be conducted with women to assess their concerns and needs while designing the e-mobility plan.</td>
<td>The project aims to integrate gender equality aspects within the development of a national EV policy framework and city e-mobility plan. Targets for the participation of women are included in awareness-raising for end-users, skill training, institutional capacity building of women staff, and towards promoting gender inclusion in institutions, i.e., EESL, NITI Aayog, and relevant ministries concerning e-mobility adoption and city authorities.</td>
<td>The share of budget allocated for gender-oriented activities in the total project budget is not clearly spelt out.</td>
<td>No specific mention of intersectional issues having been considered in the project.</td>
</tr>
<tr>
<td><strong>GCF - Enhancing the Climate Resilience of India’s Coastal Communities</strong></td>
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<tr>
<td>The project aims to enhance the resilience of the lives and livelihoods of the most vulnerable populations, particularly women, in the coastal areas of India to climate change and extreme events, using an ecosystem-centred and community-based approach, across three States- Andhra Pradesh, Maharashtra and Odisha.</td>
<td>The project was designed in consultation with women’s organisations, in particular women SHGs. In addition, women and women’s groups are to be actively engaged by project facilitators - both to take advantage of livelihood opportunities and to strengthen their capacity to participate in community and project structures.</td>
<td>Support for livelihood diversification activities for rural women, including women-headed households, with at least 1.3 million women beneficiaries in the target states. Other interventions include: a) Conducting a vulnerability assessment of the coast with a gender perspective b) Training and capacity building around livelihood activities c) Developing gender-sensitive knowledge products ensuring the inclusion of women’s needs, concerns and stories in best practices d) Promoting networks of women’s groups for increased social capital, etc.</td>
<td>A gender-specific budget has been allocated for various outputs. Of the total project cost of USD 130.27 trillion, USD 15.63 trillion (12% of the total project cost) has been allocated to gendered interventions.</td>
<td>The project proposal specifically mentions gender inequality arising as a result of the caste system in the coastal areas of the three target states. The project aims to cover districts with significant numbers of scheduled caste and tribe members and undertake climate-resilient development within the coastal areas of India to protect communities, their economic assets and their lives and livelihoods from the impacts of climate change.</td>
</tr>
</tbody>
</table>

19 As part of its responsibilities, RREC has set up a community development fund by levying an upfront nominal fee on renewable energy projects that will support social development projects. Of this, “The women-focused initiatives have been institutionalized through earmarking 1% of detailed project report cost for development activities.” See ADB Completion Report.

20 Covers the entire EV ecosystem, and consider increasing participation of women: i) as users of EVs, ii) in customer care services, iii) in operations & maintenance services, iv) in value-added services in and around charging stations, v) for billing, and vi) space provision. Elderly, Women, Children and Differently abled (IDWCD) features in the EV policy framework, and in city e-mobility and charging infrastructure plan. Awareness programs for customers and end-beneficiaries will ensure at least 40% women participation. Skills of women developed for potential employment opportunities in the E-mobility and allied sector.
Gender Inclusion: Certain positives

- All the projects have in place a Gender Action Plan (GAP) baseline assessment. They also provide gender-performance indicators and sex-disaggregated targets.
- The projects also include a range of activities, such as a) developing climate-friendly policies with gender indicators and targets b) activities linked to alternative livelihood generation c) skill training; d) increasing access to clean water, electricity e) safety and security f) enhancement of women and girls’ awareness on health, nutrition, and hygiene, etc.
- Similarly, there is participation by women stakeholders in all the projects assessed, although it is not clear whether this participation is sustained across the entire project cycle.

Gender Inclusion: Remaining gaps

- **Lack of transparency on the adequacy of the budget for gender-oriented activities:** While the number of beneficiaries targeted, gender analysis and collection of gender-disaggregated data is common across these projects, there is little information in terms of a break-up of the allocation for different types of interventions intended or completed. Thus, no information is provided on the link between gender-disaggregated data and the budget allocated for gender-oriented interventions. Besides, no information is available on the unit cost of the various interventions. The lack of data hinders every stage of gender budgeting. These issues make it difficult to assess the adequacy of the amount or proportion of the total project cost allocated for gender interventions to actually achieve the desired outcomes.
- **Lack of consideration of intersectional issues:** Given that gender inequality is mediated by other aspects of social identity in India, especially caste, the intersection of gender with other social issues increases vulnerability, including to the impact of climate change. However, such issues are rarely considered in projects, particularly in projects on climate mitigation.
- **Lack of consideration of diverse gender identities:** Gender in all the assessed projects is viewed through the binary lens of men and women. The fact that gender dimensions exist beyond this binary construct is largely overlooked. This therefore is an issue that needs to be looked into for gender inclusion.
Section 3
Access to International Climate Finance at the Subnational level: Instruments, modalities, challenges and barriers

In the fight against the impact of climate change, as well as the implementation of climate change activities, it is the subnational governments in India that are at the forefront (Mandal, 2019). Given that India is a vast and diverse country with regions variably vulnerable to the impacts of climate change, the need for climate finance across different States — in terms of both the quantum of funds required as well as the focus of such finance in terms of mitigation, adaptation and multi-foci — is also different.

Further, India is a federal polity with distribution of responsibilities and jurisdictions between the Centre and the States delineated through Union and the State lists. Therefore, many climate-relevant sectors such as agriculture, water, mines and land use fall under the jurisdiction of the States. This in turn means that to be equitable and effective, subnational governments need to have access to different climate finance channels, including international climate finance. In short, decentralised access to climate finance is an essential element in ensuring that the different vulnerabilities of various States are taken care of, so as to not lead to increased inequality within the country.

Indeed, the important role States can play to help India achieve both its adaptation and mitigation targets has been getting increasing recognition over the years. With regard to mitigation targets, for example, national agencies have been emphasising the need for a vertical integration of the renewable energy (RE) policy and a strengthening of state capacities. As a result, over time, states have come to play a central role in formulating policies and in the implementation of India’s renewable energy and energy efficiency policies. In fact, States have their own exclusive policies promoting the generation of electricity from solar, wind and biomass resources (Goel, 2020). States, which are at the forefront of activities to combat climate change, have also been accessing international climate finance from bilateral and multilateral sources.

A look at the three select States (two of which — Bihar and Odisha — are part of the study under this project) shows that all three have accessed international climate finance in the area of mitigation through several of these channels (Table 5).

An equally important point to note is that external assistance can play a crucial role in bridging the resource gap in States, especially when State resources are under stress, such as during the COVID pandemic (Figure 11).

Figure 11: Share of Externally Aided Projects (EAPs) in Total Power Sector Expenditure in Odisha

![Figure 11](source: CBGA analysis of Odisha State Budget and Detailed Demand for Grants for Department of Energy, Odisha)
However, access to international climate finance by States has its own set of challenges. As the available literature points out, these range from the limited quantum of finance available (MoEFCC, 2021), a push for loan-based finance (Bhattacharya et al. 2020; Mathur and Roy, 2021; Muralidharan, et al., 2021; Agha, 2021) and so on.

In the sub-section below, we present the key takeaways from consultations carried out by us with domain experts on the challenges that States face in accessing such funds. While some of these issues are complemented by those found in the literature, the key takeaways also point towards several issues that go beyond those mentioned in the literature.

### 3.1 Challenges in Accessing International Climate Finance – Key takeaways from consultations with experts

An analysis of consultations with domain experts in the climate change ecosystem in India shows that these challenges arise due to issues both on the supply side (donor side) as well as on the demand side (internal to India).

Some of the factors on the supply side that impede States’ access to international climate finance are:

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22 See, Jha, 2014a; Jha, 2014b; Jha, 2017
Constraints on supply side

- **Limited Quantum of Finance**: One of the most cited challenges is the limited quantum of funding actually available to developing countries such as India. With India or States in India competing with other developing countries, the limited pool of funding becomes a binding constraint on the supply side. For instance, the Adaptation Fund (AF) institutionally prioritises Least Developed Countries (LDCs). As a result, if an LDC is competing with India for funding, the former would get the money.

- **Complex and time consuming application procedures and processes**: The complex, time-consuming and resource-intensive process of developing and submitting proposals is another challenge. These time-consuming processes, which involve several rounds of negotiations, often result in changes in the baseline assessments associated with a climate change proposal. Owing to the delays, the baselines themselves change, which can sometimes leads to a change in the entire proposal, and therefore lead to another round of processing. In short, because of the time involved, which is often a couple of years, the transaction costs of such projects tend to be very high.

- **Need for co-financing**: Several climate dedicated funds, such as the GCF, require co-financing. The co-financing aspect becomes a barrier as the amount can sometimes be very large.

- **Different definition of climate across different agencies**: The definition of what constitutes climate finance or even green finance differs across multilateral agencies. Moreover, definitions tend to differ from those adopted by India.

- **Lack of differentiated incentives for climate or green finance**: Multilateral agencies do not make it clear how green finance is different from other kinds of funding. Often, there is a negligible difference in the terms and conditions attached to climate finance and non-climate finance. Also, there is little information available on the add-on value State governments would get by accessing international climate finance.

These constraints add to the challenges that exist on the demand side, specifically at the subnational level.

Capacity constraints of different types: More often than not, note the experts, lack the technical capacity to design and develop project proposals which, in turn, impedes their access to climate finance. Capacity gaps to understand climate change risks, their impacts and the subsequent need for climate action also exist at the subnational levels.

Capacity gaps also exist in understanding the overall climate finance architecture, including the processes, eligibility criteria and requirements of
the different multilateral and bilateral funds at the international level. Also, the skills and capacities needed in preparing the required (complex) project documentation are widely absent.

Understaffed and underfunded climate cells: The lack of sufficient human resources in relation to the scale of the problem often becomes another challenge. Sustained institutional and human capacities to create the mechanisms necessary to allocate, disburse and report on funds received, adhere to accounting standards, and spend resources within agreed timelines, etc., are crucial to access such funding. These problems are accentuated by the fact that in many States, the department of environment or climate change cells have very little State budgetary support.

To sum up, even while subnational governments in India have been recognised as important partners in the fight against climate change and have been accessing international climate finance through various channels, accessing such finance is not easy. A number of challenges and barriers, emanating both on the donor side and the recipient end, continue to impede access to quality and adequate finance.

In the past, efforts have been made to reduce the challenges and barriers faced by developing countries, such as in the form of “The Readiness Programme of the GCF. The objective of the Readiness Programme is to enhance the capacity of national institutions to efficiently engage with GCF. The Programme provides grants and technical assistance to National Designated Authorities (NDAs) and/or focal points (FPs). As per the GEF guidelines, Readiness funding can also be deployed to strengthen Direct Access Entities and dedicated readiness funding may also assist countries in undertaking adaptation planning and


in developing strategic frameworks to build their programming with GCF. All developing country Parties to the UNFCCC can access the Readiness Programme (GCF, undated).

More recently, the GCF, along with Pegasus Capital Advisors and the International Union for Conservation of Nature (IUCN), has come together to launch the Global Subnational Climate Fund (SnCF Global), in order to plug a funding gap for subnational climate initiatives. SnCF Global allows subnational governments to introduce a range of climate solutions, including solutions for the improvement of: water, sanitation and waste management; energy generation; and energy efficiency (GCF, 2021; Gold Standard, 2020). This is indeed a welcome move and it is hoped that funds such as these will go a long way in lowering the different types of barriers and challenges that countries such as India, specifically the subnational governments in the country, face today.
Lack of coordination with other line departments: Given that climate change cells have a small share of State budgets, they are often not seen as important agencies by other departments. Since climate change proposals need to be implemented by some of the concerned line departments, taking these departments on board is a necessary step. However, the coordination gap often leads to projects either not being taken up or getting delayed or terminated.

Lack of absorptive capacity: All these issues also mean that often climate change-related State level departments or cells do not have the absorptive capacity to utilise the funds accessed through international climate finance channels. As a result, many a time, even if access is not a problem, lack of timely and proper implementation of projects becomes a hindrance to accessing such funding in future.
Section 4
Conclusion and Policy Suggestions

External assistance plays a vital role in bridging the resource gap India and its States face in their fight against climate change. The need to scale up such finance cannot be overemphasised, especially in the context of the hit that the fiscal space in India has taken following the collapse of economic activities in the wake of COVID-19 pandemic. Other than the magnitude of such funding, it is equally important that greater attention is paid to gender concerns and ways to ease the access constraints faced by subnational governments in the country. Towards this end, it is vital that public climate funds, as core enablers of wider climate finance flows, take the lead and use their funding in a transformative way, to pursue the best possible gender equality outcomes in their projects and thereby increase the effectiveness, equity and efficacy of such funding.

There is a pressing need to acknowledge and develop the understanding that gender is a spectrum and therefore gender dimensions should not be looked at through the binary lens of men and women. It is therefore imperative to work towards systematic integration. The other dimension that needs to be brought to the fore is the intersectionality of gender with factors such as religion, caste, age, ethnicity, etc. At the moment, these aspects are not sufficiently acknowledged in climate financing mechanisms, and therefore they are not operationalised in funding approaches.

While several of these challenges and barriers are internal to the institutions, policies and processes in India, even here, international public climate funds can play a role in easing the constraints faced by subnational governments in accessing funds. In this context, the following policy suggestions may perhaps help in making international public climate finance flow into India in a more equitable and inclusive manner:

Policy suggestions on enhancing gender inclusivity in international public climate funds

- Budget and allocate adequate gender-related expenditure as part of core project/program costs: It is important that all project/program budgets not only include gender-related expenditure transparently — including by integrating the budget of the project/program-specific gender action plan into the overall budget. It is equally important that steps are taken to ensure that the budget allocated constitute meaningful and adequate — not just tokenistic allocations — of the overall budget to reflect the importance that gender activities have for project/program success. This is crucial not only to achieve both transparency and accountability, but also to ensure a substantial scale of financial support that links specific gender expenditure to broader program/project components and related budgets.

- Acknowledge intersectionality issues and adopt a diverse gender lens: It is essential that all international climate funds acknowledge that gender dimensions exist beyond the binary focus on men and women and that gender intersects with factors such as religion, caste, race, ethnicity, ability, age, etc. These issues are not sufficiently acknowledged in existing climate financing mechanisms. As a result, these issues are also not operationalised in their funding approaches.
Elaborate gender co-benefits in detail: All projects/programs must consider and describe intended gender co-benefits of project/program activities. This should help to draw and highlight the appropriate links between gender issues and intended climate actions with other relevant co-benefits. While articulating gender co-benefits is currently not mandatory under some of the funds (for instance, in the GCF investment framework, ‘gender co-benefits’ are one of several separate co-benefit categories a project/program proponent might choose to focus on), failure to do so may lead to opportunities being missed to link gender comprehensively to climate and non-climate implementation objectives, in order to achieve enhanced intersectional benefits.

Policy suggestions to lower access barriers to international public climate funds

- Urgently increase grant-based funding: There is an urgent need to increase the proportion of grant-based funding from international climate finance institutions, which is very low at the moment. This is particularly important at this juncture as States’ revenue is under severe stress due to the pandemic. While concessional loans enhance the ability of the States to undertake more expenditure even when revenue generation is compromised, they add to the loan repayment burden of the States. With increased indebtedness, States’ fiscal space to fund social support systems in times of crises will be severely curtailed.

- Pursue green tagging and climate-responsive budgeting: Greater clarity in terms of defining what constitutes climate action is necessary. In this respect green tagging as well as adoption of climate-responsive budgeting by States in India can help in raising awareness and building capacity to identifying such activities and seek funds accordingly.

- Have more climate finance targeted at subnational governments, and for adaptation: All multilateral and bilateral climate finance bodies need to bring in initiatives like the GCF’s Global Sub-national Climate Fund (SnCF Global) to plug the funding gap in subnational climate initiatives.
References


About Policy Brief:

This policy brief presents an understanding on how some of the international climate finance institutions are including gender concerns and how these are being translated on ground. It highlights the challenges that sub-national governments face in accessing international climate finance (ICF).

About the Project:

**Building Knowledge and Capacity for Green Economic Recovery of the States in India**

The project is meant to build knowledge and capacity for facilitating the green recovery of the State economies in India, following the sharp economic downturn due to the COVID-19 pandemic. The research will help in developing knowledge resources and recommendations that State Government actors could refer to for incorporating climate mitigation actions under their economic revival measures and improving states’ accessibility to external (international and private) climate finance sources.

About CBGA:

CBGA is an independent, non-profit policy research organisation based in New Delhi. It strives to inform public discourse through rigorous analysis of government budgets in India; it also tries to foster people’s participation on a range of policy issues by demystifying them.

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