



**Increasing the Gender-Responsiveness of
Renewable Energy Financing -- and its Link
to Women's Economic Empowerment**

WECF Seminar

Empowering Energy – Gender-Just Energy Cooperatives

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Why are gender dimensions of renewable energy financing important?

- Differing (renewable) energy needs of men and women due to cultural/societal roles and stereotypes → women's energy needs more focused on household use/service provision to family and communities, many of these are energy-intensive (food processing for example)
 - Energy poverty/lack of access to clean modern energy services affects women (and children) disproportionately:
 - 2 billion women worldwide live in energy poverty, 750 million without having electricity – HINDERING women's economic empowerment –no recognition of energy poverty , climate finance relevance in CSW 61
 - Continued overreliance on traditional biomass for household use (especially cooking) with related health and climate change impacts (black carbon/climate enforcers)
 - Drudgery of daily care economy tasks; foregone opportunities for women's and girls empowerment (schooling, economic activities)
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What is the financing landscape for renewable energy (RE)?

- While costs of many RE technologies have come down (solar, wind) vis-à-vis fossil fuel-based energies/energy generation, they are still often perceived by the private sector/ commercial banks to be riskier investments with less guaranteed returns
- Important role for public sector financing, via public climate financing instruments, in addressing that risk/return (mis)perception
- PROBLEM: public finance provision for RE is predominantly biased toward large-scale, on-grid solutions (primacy for energy provision for industrial/export activities; affordability of access – female-headed households, informal settlements; leaves many rural areas in developing countries behind)
- High demand for off-grid/mini-grid rural RE solutions to address energy poverty insufficiently addressed by financing landscape // bias of major actors (including Multilateral Development Banks, MDBs) toward big infrastructure investments (bank vs. development, high transaction costs of small-scale activities)

How can public finance support gender-responsive RE financing? -- EXAMPLE: Green Climate Fund (GCF)

- GCF became fully operational with approval of first 8 projects in November 2015, now has approved 35 projects/programs worth US\$1.5 bn in GCF funding; is the **first climate fund with mandate to integrate gender from the outset**
 - Reference to “**gender-sensitive approach**” in section on objectives and guiding principles in Governing Instrument (Art.3) → anchoring gender-responsiveness as cross-cutting issue
 - Gender advocacy with “dual strategy” in GCF: **GCF gender policy and action plan** (adopted at BM9 in March 2015), but also simultaneous and early integration of gender considerations in key operational policies, including
 - **accreditation requirements** (f.ex. public and commercial banks acting as financial intermediary of GCF resources must have own gender policy and capacity)
 - **results management and performance measurement** (requirement for gender-sensitive mitigation indicators for “low-emission energy access and power generation” and for “increased access to low-emission transport”)
 - inclusion in **investment criteria**;
 - Provision of **readiness support financing**, including to improve gender capacity of NDAs and gender inclusion in country project/program pipelines
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Key opportunities to support gender-responsive RE financing – MSME approach – Example: Green Climate Fund (GCF)

- GCF identified support for micro-, small- and medium-sized enterprises (MSMEs) as a key focus of its private sector engagement activities
 - Women entrepreneurs in developing countries are overrepresented in the MSME sector (32-39 % of micro, 30-36% of small, 17-21% of medium), with many in the informal sector and focused on service-provision, not manufacturing supply chains
 - Biggest challenge for women MSME entrepreneurs is access to capital – globally, women receive only 10% of credits given by financial institutions (via microfinance, commercial banks, public finance)
 - GCF Board approved US\$200 million “MSME Pilot Program” as initial approach, opportunity to ramp up significantly in the medium term (GCF with US\$ 10.2 billion in finance pledges currently largest public climate fund)
 - CRUCIAL: must be implemented highly gender-responsive (i.e. not focused primarily on domestic supply chains) and address women entrepreneurs access to (RE) finance challenge (such as lack of collateral, cultural bias of loan officers etc.)
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Determinants of a GCF Gender-Responsive MSME Approach

- Crucial role of (domestic) public and commercial banks acting as financial intermediaries
 - GCF subsidies/financial support must be passed on to women entrepreneurs as end customers, f.ex. in the form of easily accessible green credit lines for highly concessional, patient small-scale loans ; avoiding subsidy capture by intermediary recipient:
 - Risk guarantees for small-scale loans (reducing the need for/size of collateral)
 - Buying down interest rates and increasing the maturity of small-scale RE loans
 - GCF grant finance provision to (domestic) public and commercial lenders for the capacity building of loan officers and the provision of non-financial services to address gender-specific (RE) finance knowledge gaps
 - Request-for-proposals to be issued for GCF MSME Pilot should encourage such approaches
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Case Study of relevant approved GCF programs – further gender ambition needed

- At BM 14 in October 2016, GCF Board approved **US\$ 378 mio for EBRD program to set up “Sustainable Energy Financing Facilities” (SEFF)** in 10 countries, including Georgia
- Program has a gender-action plan, but not very ambitious, under-resourced (only US\$2 mio in grants set-aside for its implementation) → too little for ten countries; need stronger focus on capacity-building for loan officers, learning & experience sharing
- As detailed of country-specific SEFFs are not yet determined, still opportunity for stakeholders, including women’s organizations, to push for better gender integration, including in Georgia.
- At BM 15 in December 2016, GCF Board approved **US\$ 20 mio for Mongolian XAC Bank – under MSME pilot approach** – green credit lines for MSMEs → efforts to match-up, bring them in touch with Mongolian Women’s Fund as a executing partner – help with gender capacity-building of local banking sector; better understanding of local women’s entrepreneurial needs.

Thank you !

<http://us.boell.org/categories/climate-policy-finance>

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#feministCSW61

empowering energy

Join us! Sharing our knowledge from the ground - we'll discuss how gender just energy cooperatives can act as important players in the fight for climate action and women's economic empowerment!

2:30 PM

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