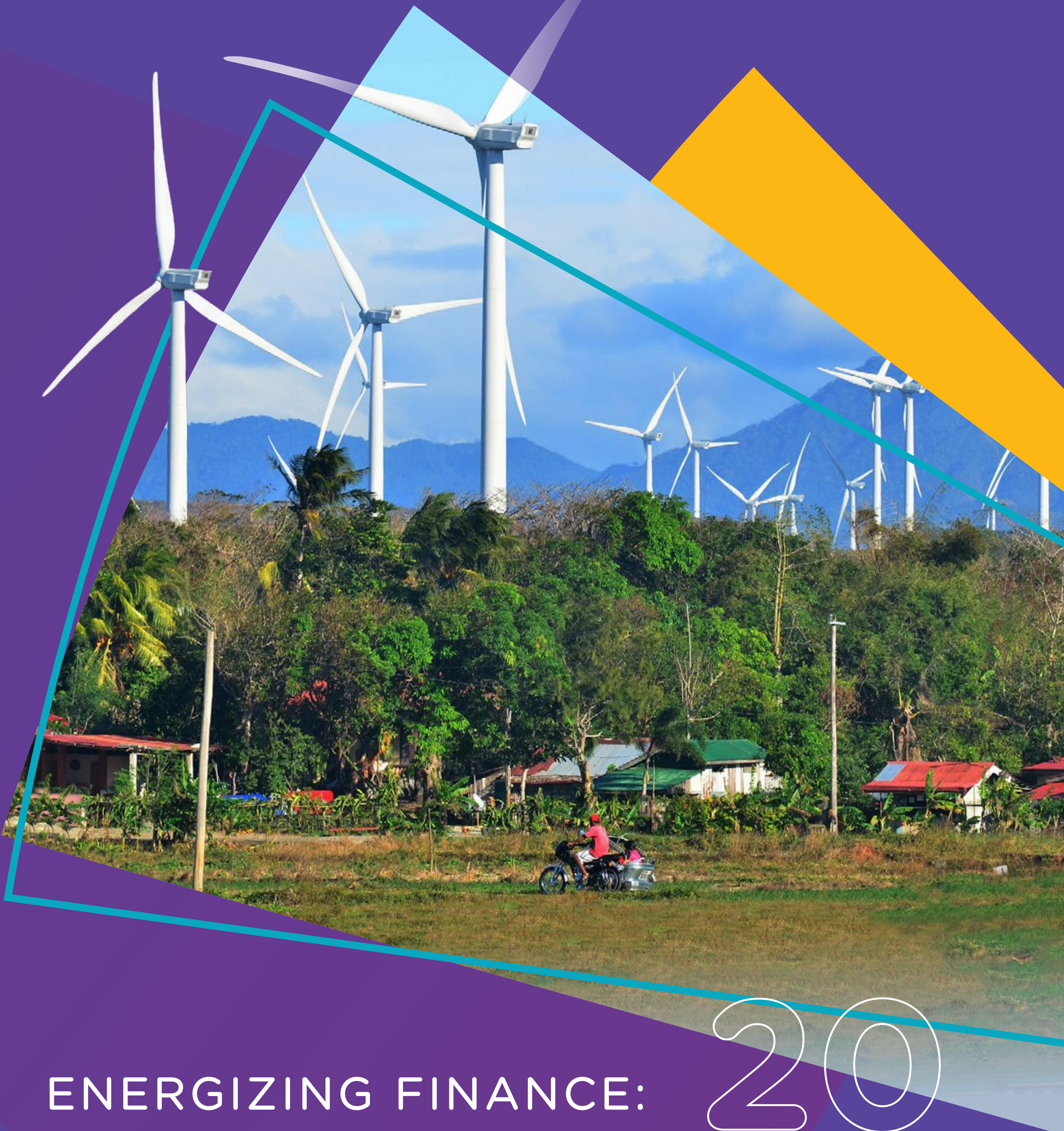
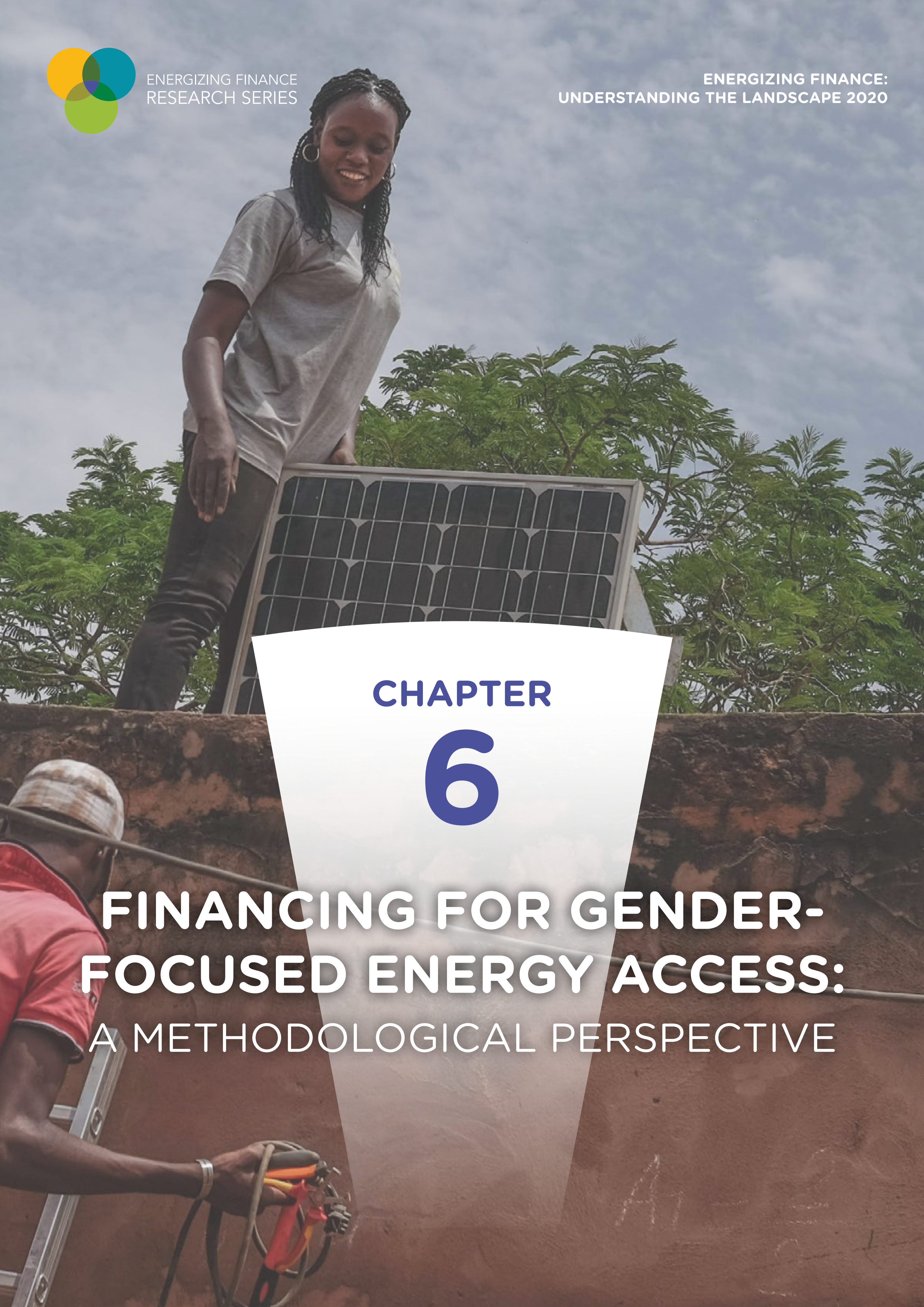
ENERGIZING FINANCE RESEARCH SERIES

SUSTAINABLE ENERGY FOR ALL

CLIMATE POLICY INITIATIVE



ENERGIZING FINANCE: UNDERSTANDING THE LANDSCAPE 2020



CHAPTER 6

FINANCING FOR GENDER-FOCUSED ENERGY ACCESS:

A METHODOLOGICAL PERSPECTIVE

INTRODUCTION AND CONTEXT

In *Energizing Finance: Understanding the Landscape 2019*, SEforALL, for the first time, assessed public sector finance for energy projects targeting women and girls, and discussed strategies to reduce gender inequality in and through the energy sector. *Energizing Finance: Understanding the Landscape 2020* updates the figures and proposes a framework for donor countries to improve the accuracy and consistency of reporting finance with a gender equality objective.

There has been substantial movement towards integration of gender considerations into the design and implementation of climate change policies and finance in the last year. At COP25 in December 2019, the Parties adopted a Gender Action Plan (UNFCCC 2019) that calls for a focus on financial and technical support to promote gender equity in climate policies and best practices to increase climate finance for women's organizations.

Sustainable Development Goals (SDGs) 5 and 7 are inextricably linked, as a lack of energy access disproportionately affects women and girls in the form of health, productivity, unpaid labour, and employment burdens (see Table 6). Both SDGs are also inextricably linked to climate change, which likewise disproportionately affects women and girls who represent a majority of the world's poor and who are more dependent than men on local natural resources facing risk of depletion (UN WomenWatch).

Amid the COVID-19 crisis and recovery process, UN Secretary-General (SG) António Guterres has called for women and girls to be central to the recovery to ensure a response to the compounding economic and social impacts of the pandemic on women. SEforALL has produced a series of regional guides for Africa, the Caribbean and Southeast Asia to demonstrate how countries can 'Recover Better' from the crisis and prioritize clean energy investments. The SG has called for direct financial support to informal work and women-led businesses, including those in the energy sector, and integrated gender assessments into all county-level needs analyses of the impact of COVID-19. It is therefore imperative that tracking efforts accurately capture finance with a gender equality objective to ensure energy projects meet the SG's call to action.

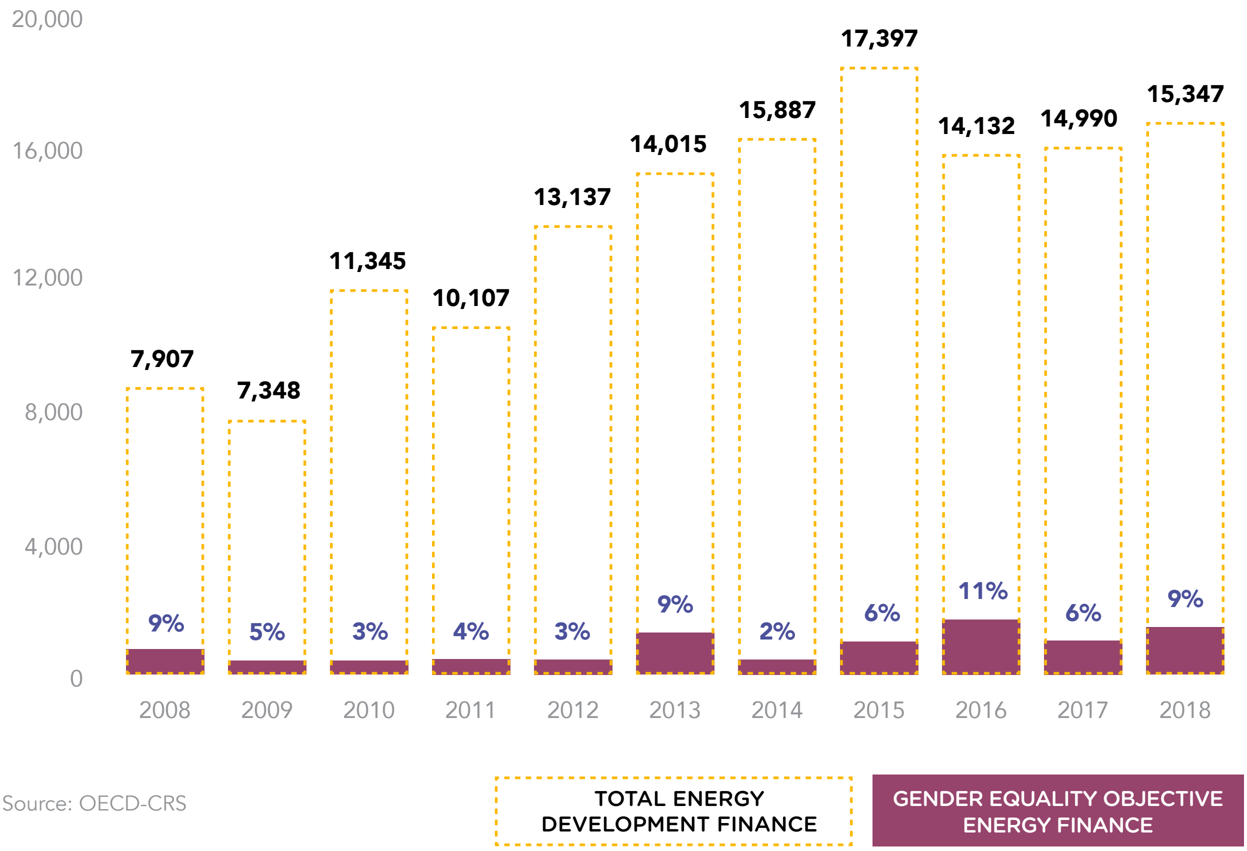
International development finance for energy projects with gender equality objectives has increased over the last decade but remains a small share of total finance.

FINANCE FOR ENERGY PROJECTS WITH A GENDER EQUALITY OBJECTIVE

The most comprehensive data on development finance targeting projects with a gender equality objective is the OECD's data on development finance. The OECD's Development Assistance Committee (DAC) gender marker follows a three-point scoring system to mark project flows as "Principal"[57], "Significant"[58] and "Not Targeted"[59] to gender equality aims. In 2017–18, 42 percent of total DAC member assistance[60] in all sectors targeted gender equality as either a Significant or Principal objective (OECD 2020a). Total assistance with a gender equality objective has advanced steadily from USD 29.6 billion in 2009 to USD 54.9 billion in 2018. However, gender-focused development finance in the energy sector has seen much more uneven growth.

As indicated in Figure 35, development finance in the energy sector with a Principal or Significant gender equality marker increased in 2018 from 2017 levels but remained below the record-high level set in 2016. The latter in 2016 was driven by a greater number of gender-focused development projects in Sub-Saharan Africa (SSA) and East Asia and the Pacific, while finance to South Asia increased in 2018 to levels not reported since 2013. Finance for projects with a gender equality marker as a proportion of total development finance for energy projects remained relatively stable in 2018 compared to prior years, at 9 percent. This is in contrast to the 42 percent of total DAC member finance across sectors that is marked with gender equality objectives.

FIGURE 35
Energy sector development finance with gender equality objective (USD million) and as % of Total, 2008-2018



Source: OECD-CRS

[57] Projects that are marked "Principal" are scored a 2, when gender equality is the main objective of the project and is fundamental in its design.
[58] Projects that are marked "Significant" are scored 1, where gender equality is an important and deliberate objective but not the principal reason for undertaking the project.
[59] Projects that are marked as "Not Targeted" are scored 0, where the project has been screened and has been found not to target gender equality.
[60] DAC members account for 89 percent of all development finance.

Development finance for the energy sector with a gender equality objective has remained low (only 9 percent of all energy sector development finance in 2018) in recent years, in contrast to the proportion of development finance for other sectors.

In 2017 and 2018, 93 percent of a total USD 2.4 billion tracked finance with a gender equality marker was funded by just 10 agencies. Those agencies, indicated on the map below, together financed USD 2.2 billion in energy sector activity with a gender equality objective over the two years, or USD 1.1 billion on an annual average basis. This finding may be indicative of both agencies with the most significant financial focus on gender equality objectives as well as the relative quality of reporting by various agencies.[61]

FIGURE 36
2017-18 top 10 public funders of energy projects with a gender equality objective

[61] Canada and Sweden, for example, mark most of their finance as supporting gender equality because they have declared feminist foreign policies, but that marking may differ from the decision-making processes of other agencies (Government of Canada) (Government Offices of Sweden).

METHODOLOGICAL CHALLENGES IN TRACKING GENDER-FOCUSED FINANCE

Since *Energizing Finance: Understanding the Landscape 2019* was published, public discussions of the gaps and challenges in tracking energy access finance targeting women and girls have increased. This includes a 2020 Oxfam report that identifies key challenges associated with the gender markers employed by the OECD (Oxfam 2020) and a new effort undertaken by Publish What You Fund to improve the publication of gender-related financial and programmatic data.

Defining and measuring the volume of development finance for energy access that has gender equality objectives remains a significant challenge. The OECD-DAC Gender Equality Policy Marker Guidance (OECD-DAC Guidance) — one of the commonly applied approaches — provides rigorous detail on the overall scoring system of the gender marker and outlines recommendations and best practices from GENDERNET members in applying the marker. However, it does not include clear guidance for how the concept of "gender equality" should be applied to the energy sector. The OECD-DAC Guidance notes that for a project to be marked as either "Principal" or "Significant," it must have a gender equality and/or women's empowerment objective that is explicit and deliberate and cannot be unintended or assumed. There is no significant detail regarding a set of criteria for assessing whether a project addressed gender inequality, and no detail offered regarding application to the energy sector.

Inconsistency across organizations in the quality of reporting on gender outcomes hinders accurate capture of the precise quantity of development flows with gender quality objectives. Limitations in capturing a clear picture of these flows makes it challenging to develop strategies targeted to increase such finance.

Limited capacity of data aggregators to independently verify information from reporting institutions can result in misleading and/or incorrect gender markers. For instance, a 2019 Oxfam report notes that frequently projects marked as "Significant" do not have an explicit focus on gender equality beyond a general aim to include insights from all genders as well as examples of projects marked "Principal" where gender equality was not the main objective. The report also finds that about 25 percent of projects examined in its analysis were given an incorrect policy marker by the reporting agency. More projects were marked incorrectly in the direction of positive gender equality indicating that in aggregate, projects are likely too liberally marked as having gender equality outcomes.

RECOMMENDATIONS FOR TRACKING ENERGY SECTOR FINANCE TOWARDS A GENDER EQUALITY OBJECTIVE

To enhance tracking of finance to energy access projects with a gender equality objective, projects should be required in the project documentation to meet the following criteria:

1. Set out the context of gender inequality in the sub-sector and region where the project will be implemented, referencing the types of inequalities listed.
2. Establish and state the project's intent to address the identified gender inequality in each element of the project cycle – from planning to implementation to monitoring/reporting.
3. Demonstrate a direct link or outcome between the identified gender inequality context and the financed activities.

The IDFC-MDB Common Principles for Climate Change Adaptation Finance Tracking inform this set of criteria (MDB IDFC 2019). Adaptation finance tracking faces a similar set of reporting and context-dependency challenges to gender equality objective reporting.

Set out the context of gender inequality: To clarify the definition of gender equality in the energy sector, the first step is to interrogate more closely the inequalities that persist in the sector to elucidate how "gender equality" projects aim to address them. This report proposes a two-type categorization of the inequalities (Table 6).

TABLE 6
Gender inequality taxonomy[62]

Categorization	Effect
1. Access to Energy Sector Workforce and Economic Opportunities: ***Women are underrepresented in the energy sector labour force and face additional financial and logistical hurdles to engaging in the energy sector as entrepreneurs or workers.***	• **Access to finance:** Women report lower ability to access the finance needed to start a business due to gender-biased credit scoring, gender stereotyping in investment evaluations, legal and regulatory constraints including national restrictions on opening a bank account without a male family member, and a lack of credit history or collateral (OECD 2017). • **Patent applications:** Women submit less than 11 percent of patent applications in the energy sector (IEA 2020a). • **Labour force participation:** Women make up less than 30 percent of the energy sector labour force (compared to 48 percent of the global labour force) (IEA 2020b). • **Career development:** Energy companies' board membership is 75 percent male (IRENA 2019). Women face challenges to rise to leadership positions given unequal wages, a lack of policies to support employees with families, and limited training opportunities. • **Energy access in the workplace:** In countries where female mobility is restricted, many women locate their businesses at home – often at a distance from access points for energy for heating and lighting (World Bank 2017).
2. Access to Energy in the Household and Workplace: ***Women experience energy poverty differently and more severely than men.***	• **Access to finance:** Women face limitations in accessing finance for energy for their households and workplaces due to many of the same restrictions that limit access to finance for energy sector businesses listed above. Along with those restrictions, there are also some national restrictions on ownership of resources under a woman's name that can limit access to energy finance for female-headed households. • **Energy access in female-headed households:** Data indicate that female-headed households differ only slightly in overall electricity access rates from male-headed households (31 percent vs. 33 percent)[63] (IRENA 2019). However, in male-headed households, women generally are less likely to have their own cash income, use of formal financial services is lower to purchase energy, and women are often excluded from economic decision-making (UN Stats 2015). • **Health outcomes from a lack of clean cooking fuel:** Women and children account for 85 percent of deaths from biomass induced air pollution (UN Women 2014). • **Safety outcomes from lack of available energy:** Women face gender-based violence due to the need to gather fuel for household use, often in areas that lack street lighting (UN Women 2013) (UN Women 2014). • **Labour and time allocation outcomes:** The Clean Cooking Alliance has found that women provide up to 91 percent of households' total efforts in collecting fuel and water, and women have an average working day of 11–14 hours, compared to 10 hours on average for men, for both compensated and uncompensated labour (CCA). In Gujarat, India, women spend up to 40 percent of their waking time collecting fuel for cooking, leaving limited time for other productive activities (ESMAP 2014).

[62] Not an exhaustive list.
[63] Approximately one quarter of global households are female-headed (World Bank 2016).

State the project's intent to address the identified gender inequality. This process should be initiated in a project's pre-design phase, or in the origination phase of an investment. Considerations for project preparation should include whether the financing approach used typically favours male-owned businesses and structures and if the deal structure could target female-led businesses. This project documentation should be as publicly reviewable as possible subject to confidentiality constraints.

Projects should also consider the use of gender audits, highlighted in the *Energizing Finance: Understanding the Landscape 2019* report. Gender audits use outcome metrics to ensure that project implementers have a common understanding of gender equality goals and a shared knowledge of the relationship between gender, access to energy, access to finance, and poverty. These audits would supplement rigorous processes applied during the pre-design or deal origination phase to ensure that project implementation meets the standards set for gender equality at the beginning of a project. Alongside gender audits, energy sector projects (especially large infrastructure projects) should be designed to incorporate a grievance mechanism to ensure a focus on secondary project impacts on women and girls, including gender-based violence and harassment.

To effectively execute recommendations from a project's pre-design or deal origination phase, donors must direct sufficient financial resources and human expertise to ensure project managers and other personnel have the capacity to accurately report on gender equality markers. There should be a concerted effort to obtain buy-in from leaders of project development companies, implementing agencies and financiers to mainstream gender in energy access finance. These efforts should include all levels of leadership and involve staffing core competencies so that experts can guide sectors towards a nuanced understanding of gender dynamics as they intersect with race, religion, and ability status in energy access projects.[64] Provision of case studies or a comprehensive list of "Principal" and "Significant" energy projects could also be beneficial to reporting institutions but are outside the scope of this report.

Demonstrate a direct link or outcome between the identified gender inequality context and the financed activities. Tracking energy access projects with a gender equality objective would be improved by using meaningful performance indicators to monitor and evaluate financing aimed at gender equality. Performance indicators should align with the context of gender inequalities that persist in the energy sector to measure how project outcomes are affecting inequality. A proposal for performance metrics by gender inequality type is included below.

TABLE 7
Performance metrics to measure energy sector project outcomes

Categorization	Gender Inequality	Project Outcome	Example Progress Indicators
1. Workforce and Economic Opportunities	Limited access to finance for energy sector labour opportunities	Increase women's access to finance for energy sector project development	Increase in number of women with access to formal finance flows through local institutions Approach towards uniform credit assessment for equal credit between male and female applicants
	Unequal patent applications	Increase research and development funding for women in the energy sector	Increased proportion of patent applications from women

[64] An emphasis in approach on the intersection between gender inequality and other forms of discrimination — through race, religion, and ability status — is critical to ensure that these contexts are not treated as independent phenomena but that each component of an individual's identity influences their ability to access energy finance and energy sector economic opportunities.

	Low labour force participation Lack of career development training	Increase women's role in implementation decision-making and technical and nontechnical employment Ensure women and men engaged in implementation have equal facilities and pay Provide training opportunities to retain female talent in the energy sector for potential rise to leadership positions	Increase in number of women employed in technical and nontechnical recruitment Consistency of women-friendly design of workplaces with reliable water supply, proper locks, lighting and sanitation Approach towards equal pay levels for equal work between male and female workers Increase in technical training to make women more competitive internally to reach decision-making positions Greater gender inclusiveness in organizational processes, reflecting women's needs for energy access
	Barriers to energy access in the workplace	Increase energy access options for women's workplaces to reach gender parity	Increase in percentage of female-led workplaces with energy access
2. Energy Access Outcomes	Limited access to finance for energy access	Increase women's access to finance for energy access	Reduction in legal and regulatory restrictions on women's access to financial markets and credit
	Barriers to energy access in female-headed households	Increase energy access in female-headed households and for traditionally female services within a household	Increased number of households and individuals (males and females compared) with improved access to low-emission energy sources
	Poor health outcomes from lack of clean cooking fuel	Improve health by decreasing women's exposure to indoor air pollution caused by kerosene, inefficient wood-burning stoves, other types of harmful fuels	Decreased mortality and morbidity rates of women and girls due to biomass cooking
	Adverse safety outcomes from lack of available energy	Reduce gender-based violence due to energy collection needs and lack of lighting	Lower rates of gender-based violence attributable to energy collection or lack of energy access
	Poor labour and time allocation outcomes	Save time by offering electric or more efficient alternatives to traditional stoves using charcoal or biomass Increase available work and leisure hours by offering electric lighting	Increase in time available to women for activities unrelated to energy provision or fuel collection to achieve greater economic participation

CONCLUSIONS AND RECOMMENDATIONS ON GENDER EQUALITY

Energy finance with a gender equality marker increased in 2018 from 2017 levels but remained below the record level (albeit still low in absolute terms) set in 2016. This report also finds that finance for projects in South Asia with a gender equality objective increased in 2018 to levels not reported since 2013. Gender equality marked flows were 9 percent of total development finance for energy projects in contrast to the 42 percent of total DAC member finance across sectors that is marked with gender equality objectives.

Defining and measuring finance to energy access projects with a gender equality objective remains a significant challenge. Inconsistencies in reporting development finance with gender equality outcomes affects our ability to quantify the percentage of development finance targeting women and girls and limits funders' ability to target their finance to desired end user groups.

The approach outlined in this chapter would improve reporting of development finance with a gender equality objective by ensuring that projects: (1) set out the context of gender inequality from the outset, (2) establish and state the project's intent to address the identified gender inequality in each element of the project cycle, and (3) demonstrate a direct link or outcome between the identified gender inequality context and the financed activities. Assuming reporting entities have the capacity and monitoring approaches to capture and report the outcomes, this process would both improve the quality of tracking in the energy sector and improve underlying projects themselves by ensuring they are rigorously developed to assess and address gender inequality.

The recommendations highlighted here are not comprehensive but are intended to spark further conversation and action towards improving tracking in this field to both improve project design and outcomes and to accurately assess finance flows. Success will occur when the a gender equality objective has increased. This effort should take place in parallel with actions to better document finance flows, to ensure the gender equality components of projects are transparent and so that subsequent reporting is as rigorous as possible.

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