

Reflecting the duality of gender and climate in the European Investment Bank's Environmental and Social Sustainability Framework's Standard 5 on Climate Change

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The European Investment Bank (EIB) is currently reviewing its Environmental and Social Sustainability Framework. This briefing aims to outline recommendations on how the EIB should address the interconnected issue of gender inequity and the climate crisis in the newly proposed policy. Central is the way women, girls, transgender women, non-binary and gender nonconforming communities – in all of their diversity-, including from outside of the EU, will experience the implementation of Standard 5 on Climate Change.

This briefing outlines recommendations on gender rights, bolstering inclusiveness and participation, the need to reflect climate risks, climate impacts and vulnerabilities, enhanced guidelines for promoters, how the EIB can strengthen definitions, and includes a section outlining what's missing from Standard 5 on Climate Change. All with a view to strengthening the EIB's Environmental and Social Sustainability Framework.

Gender, inclusiveness and participation

The climate crisis continues to exacerbate poverty and inequality. Including through income loss, food insecurity, landlessness and increased conflict. The impact of climate crisis related problems directly undermines the basis of the daily lives of women, particularly women who depend on natural resources for their livelihoods. Yet it is common for women to be left out of policy development and implementation processes. This is despite it being well established that effective climate policies require the full engagement of women and all marginalised communities in policy development and implementation processes, as both agents and beneficiaries.

One of the core principles of the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW)^{1,2} is the principle of 'non-discrimination'. The UN Committee on the Elimination of all forms of Discrimination Against Women has identified climate change as an "emerging issues likely to affect the realization of this principle"³ and states that in general, "Progress towards substantive gender equality should be measured against how inclusive it is of the rights of poor and marginalized women and girls."⁴

Additionally, the Green Climate Fund (GCF) has some useful examples of gender equity mainstreaming and assessment,⁵ and also provides guidance to entities submitting funding proposals on the type of gender documentation required during the project planning, preparation and development stage. Part of this guidance includes a request for a gender and social inclusion action plan to be submitted⁶.

Recommendations

As such, the EIB should follow the principles of CEDAW and put in place measures to help correct the effects of climate crisis-induced gender inequality. This includes ensuring that promoters submit a gender and social inclusion plan, and that there is full participation and engagement of women, local communities and stakeholders in the Climate Risk Vulnerability Assessment methodology (CRVA). This participation and engagement process must be institutionalised to ensure that policy, decision-making and project development and implementation are based on local expertise, knowledge and needs.

Additionally, the impact assessment process must include an assessment of the climate impact on the most vulnerable in a society, including women, and disaggregate data by gender, ethnicity, generation, wealth, food and water security, accessibility to finance, age, and other identity markers that might affect people's equal opportunities.

It is also important to ensure that Standard 5 includes, inclusive language on gender. However, the existing definition used in the EIB Standards footnotes on gender is too narrow, and does not reflect non-binary or gender non-conforming communities. As such, it would be useful for the EIB to reflect these terms, as well as take into account the advice of the European Institute for Gender Equity⁷, which is that language should be revised to guarantee the fair inclusion of language on both women and men throughout the document.⁸

Climate risks + climate impacts and climate vulnerabilities

Severe climate change has consequences for human rights, including the right to life.⁹ As such, under the European convention on human rights¹⁰ the EIB has a duty to phase-out carbon emissions related investments. Draft Standard 5 outlines promoters' responsibilities with regard to carbon emissions, greenhouse gas emissions, transition climate risks and physical climate risks. Specifically highlighting that promoters must monitor the project's greenhouse gas emissions and the climate risks of the project on the natural environment, and the people and communities possibly affected by the project (paragraphs 10, 11, 13, 15 of draft Standard 5).

However, this guidance does not go far enough. Small changes in average temperatures can have a significant effect on ecosystems, the spread of infectious diseases, and exacerbate a women's health risks¹¹. Significantly, the International Finance Corporation's (IFC) Performance Standard 4 (Community health, safety and security) highlights that "communities that are already subjected to impacts from climate change may also experience an acceleration and/or intensification of impact due to project activities"¹². Yet within the climate risks indicators used for EIB draft Standard 5, these elements of acceleration or intensification are not adequately reflected. Specifically, the correlation between a project's emissions and accelerating impact, nor does it reflect the interactional effects.

Additionally, the definition on vulnerability is too narrow. Developing countries in the Global South often face climate shocks and impacts that further exacerbate their vulnerabilities to climate impacts, thereby derailing project implementation and sustainability, or affecting the future economic status/rating of a country due to climate impacts. As such, risk is too narrow a metric to use for determining vulnerability.

Recommendations

Therefore, the EIB should strengthen the valuation models used to assign value to a climate risk and integrate a country's vulnerability into project valuation to climate change. This must include the risk and vulnerability of increased debt due to lack of climate action and the risk of continued, accelerated, and/or intensified climate change on a country. Indicators that should be used include gender (in)equity, risks to Life, Poverty, Debt, Livelihoods and Sustainable development, etc. This work should also help to incentivise promoters to collect such data.

Strengthening EIB guidance for promoters

It is incredibly important that promoters monitor, report and submit information to the EIB of the effects and impacts of the project. However, as highlighted above, with regards to an economic analysis the EIB should not solely rely on the information provided by the promoter. Climate-related information relevant to assessing the economic case, and economic analysis should also take into account the externalisation of climate crisis-induced environmental and social costs. As such, to ensure that more contextual economic and cost benefit analysis is provided all relevant stakeholders must be included. Moreover, there are several other recommendations on how to strengthen the guidance for promoters.

Recommendations

Private investors part of a project must be required to monitor and report on the impact of their operations on climate change (paragraph 11), and if the impact significantly undermines a community's livelihoods, these private investors should be barred from future engagement in EIB projects until they are able to decarbonise their operations.

Paragraph 12 states that "The promoter shall report to the EIB any changes that take place during the project's implementation phase that are likely to lead to significantly different transition risks, including annual GHG emissions, or physical risks to the project and to people, nature and assets, as compared to those reported to the EIB and assessed ex-ante." Our recommendation is that in such cases a new EIA/ESIA should be carried out to determine the impact of these different transition risks, including whether they may exacerbate or create new vulnerabilities to climate impacts, and steps should be taken to mitigate any identified transition risks. Carrying out another EIA/ESIA based on the new information reported to the EIB before project implementation, will help ensure that any impacts associated with the changes can be identified and addressed before project implementation.

Paragraph 10 of Standard 5 states that the promoter shall provide the EIB with technical environmental aspects on the project, such aspects on greenhouse gas emissions and exposure to physical climate change risk. Our recommendation is that any technical environmental reports should also include an assessment of social aspects, including potential human rights risks, as per paragraph 7 of draft Standard 1. This is because environmental and civil-political rights and socio-economic rights are all mutually reinforcing aspects.

Missing elements that should be included in Standard 5 on Climate Change

Project procurement

- Asset purchases and refinancing operations of the promoter should be aligned with the Paris Agreement's goals, to ensure alignment with climate objectives and to further reduce the risk of 'stranded' assets that have no worth in a net-zero emissions economy.

Supporting agro-ecology opportunities for women smallholders

- There should be divestment from industrial agriculture and the need to support women smallholders and agro-ecology. This forms part of a key strategy towards both gender equality, reducing emissions, preserving biodiversity and strengthening resilience.

Accountability

- The promoter must ensure that the EIB Complaints mechanism is public and the details of it should be shared with, and explained to project implementers and the communities in which the project is being implemented. It should be available in the languages of all countries where the promoter is active; and it should be in a format that is accessible for communities. Any grievances should be handled by an independent body. Those impacted by projects must feel able to share lessons learned and seek compensation.

Social Taxonomy & Human rights

- Paragraph 9 states that projects shall comply with the EIB Climate Roadmap and EU Taxonomy regulation. The Social Taxonomy (currently being developed), as well as existing international human rights laws that the EU has ratified, should also be applied to Standard 5.

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Eurodad

Eurodad (the European Network on Debt and Development) is a network of 58 non-governmental organisations from 19 European countries who work together on issues related to debt, development finance and poverty reduction. The Eurodad network offers a platform for exploring issues, collecting intelligence and ideas, and undertaking collective advocacy.

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