

# To What Extent is SDG5 – Gender Equality Integrated into the Voluntary Carbon Market?

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## BACKGROUND & INTRODUCTION

- Gender inequality and climate change are two of the most pressing development issues to be addressed in the coming years
- Women and girls have a greater stake in climate change discussions and solutions, as they are affected by climate change and its impacts at a greater rate compared to men<sup>1,2,3,4</sup>
- Women in decision-making positions are also more likely to make pro-environmental decisions both in governments<sup>5,6</sup> and the private sector<sup>7,8</sup>, yet are unrepresented in the leadership positions of both of these realms
- The UN's 2030 Agenda<sup>9</sup> calls for 17 Sustainability Development Goals to be addressed in the next decade with a particular focus of SDG5 (Gender Equality) being crucial to the achievement of the other 16 goals – including SDG13 (Climate Action).
- The theme for International Women's Day 2022 is 'Gender Equality Today for a More Sustainable Tomorrow', aligned with the priority theme for the 66<sup>th</sup> Commission on the Status of Women to achieve gender equality and empowerment in the context of climate change<sup>10</sup>. Announcing these themes, UN Women<sup>11</sup> emphasize how women and girls are leading the charge on climate change adaptation, mitigation, and response, despite being more vulnerable to climate change impacts than men.
- The imperative to include SDG5 considerations in environmental and climate change policy is recognised by intergovernmental and international groups like the IPCC<sup>12</sup>, United Nations<sup>13</sup>, and FAO<sup>14</sup>.
- While efforts are made in the public sector to integrate SDG5 into climate change policy and approach, the private sector is accelerating efforts to become more sustainable – both socially and environmentally. The same evidence that necessitates specific gender considerations in climate policy suggests that climate solutions in the private sector should integrate SDG5
- One solution, or market mechanism, designed to assist net-zero efforts is the voluntary carbon market (VCM). The carbon credits (offsets) traded on this market are considered high-quality particularly if they claim various environmental and social co-benefits<sup>15</sup>, often expressed in the form of SDGs.
- As more companies set net-zero targets and invest in carbon credits, the VCM is likely to become a more prominent mechanism addressing climate change. As such, and considering that gender equality and climate change are tied, investigation should be made into what extent the VCM integrates gender equality and considerations of women empowerment.
- While there are explorations to how the VCM integrates gender equality in regard to single cases or policies of VCM standards, there is yet to be a study that investigates the extent to which the current VCM integrates gender equality. This research examines the VCM at a broader scope than existing literature by moving beyond individual case studies and assessments of frameworks and standards, with the aim of providing quantitative and qualitative insight to what extent the VCM integrates SDGs.

## RESEARCH QUESTION & OBJECTIVES

QUESTION: TO WHAT EXTENT IS SDG5 (GENDER EQUALITY) INTEGRATED INTO THE VCM?

**OBJECTIVE 1:** To understand how SDG5 (Gender Equality) and women empowerment considerations are integrated into VCM through a comprehensive analysis

**OBJECTIVE 2:** To fill the gap in understanding to how variables like project type, registry, vintage date, and location can be expected to influence the level of gender inclusion

**OBJECTIVE 3:** To provide insight and recommendations to stakeholders in the VCM regarding how the market can further SDG5 progress

## METHODOLOGY

This study analyses primary data in the form of Project Design Documents (PDDs) and other relevant documents from the databases of the main VCM registries.

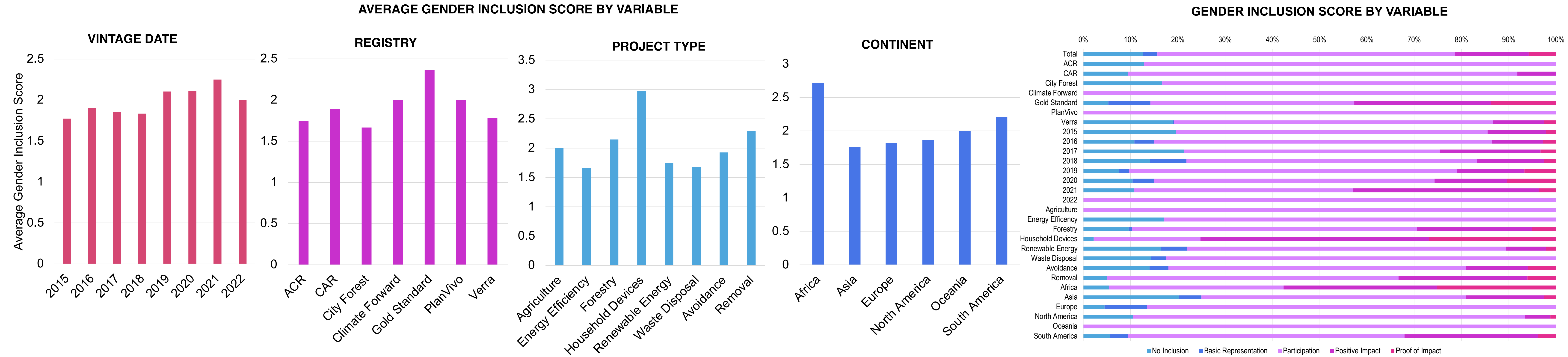
**SAMPLE SELECTION:** Credit issuance datasets were downloaded from registries in the VCM identified by Ecosystem Marketplace<sup>16</sup>: CAR, ACR, Gold Standard, Verra, Climate Forward, City Forest, and PlanVivo. The dataset of 2993 was refined to remove project types with a vintage (emission reduction) date prior to 2015 as the 2030 Agenda for Sustainable Development and SDGs were adopted in 2015. 1352 projects remained in the dataset. Projects were organized by project type according to Ecosystem Marketplace's 6 categories of VCM projects: Forestry and Land Use, Renewable Energy, Energy Efficiency/Fuel Switching, Agriculture, Waste Disposal, and Household Devices. The sample was randomly stratified by project type, and a sample size of 50% of the population was selected, resulting in a sample of 676 projects.

**APPROACH:** A content analysis approach is used to categorize projects on a 'Gender Inclusion Scale' (below) from 0 to 4. This scale is designed to consider the extent to which SDG5 and its targets are incorporated into the various projects based on existing literature and frameworks.

### GENDER INCLUSION SCALE:

Score	Criteria
<b>No Inclusion: 0</b>	No recognition or representation of women or positive SDG5 impact. These projects and descriptions have no mention of gender, women, or gender desegregated data
<b>Basic</b>	Evidence of basic representation of women and gender considerations in the project. This can range from descriptions of women living or work in the area, photographs with women in, discussions of local women's needs, or gender desegregated data.
<b>Representation: 1</b>	Evidence of female participation in the project origination, development, stakeholder assessment, implementation, verification, execution, or commercialization process. Data that can support this include evidence of women involved in stakeholder assessments or that a project developer or verifier is addressed by "Miss" or Mrs.
<b>Participation: 2</b>	These projects positively impact women according to the targets of gender equality, specifically the 9 targets of SDG5, or other areas (mentions of family, time saved, gendered work) of development that have a greater distributional impact on women
<b>Positive Impact: 3</b>	The project is certified for positive SDG5 or women empowerment impacts. Proof of impact is likely to be in the form of a certification such as SDG5 through Gold Standard's SustainCERT, W+ or CCB Certifications through Verra which validate / certify positive impacts to women
<b>Proof of Impact: 4 (Maximum) Points</b>	

## RESULTS & DISCUSSION



- The mean result across the dataset was 1.99. Level 2: Participation was the most common Gender Inclusion Score (63%), followed by Level 3: Positive Impact (16%), Level 0: No Inclusion (13%), Level 4: Proof of Impact (6%), and finally Level 1: Basic Representation (3%).
- Overall, most projects did not provide positive impact to women as only 21% of projects received a 3 or 4 score – meaning that the remaining 79% of projects had a woman involved in the process at most. This finding is aligned with general consensus that gender equality between men and women is yet to be achieved<sup>17,18,19</sup>. It also supports the claim by the World Bank<sup>20</sup> that women's specific needs, vulnerabilities, and interests have been ignored by carbon pricing mechanisms. Furthermore, this finding supports research that suggests VCM projects meet women's needs without advancing their interests<sup>21</sup> as there are only a minority of projects that advance women's interests through creating positive impact.

### REGRESSION ANALYSIS

	Model 1- Vintage	Model 2- Registry	Model 3- Project Type	Model 4- Continent	Model 5 - Removal	Model 6-Full Model
Vintage Date	.070*** (.019)					.037* (.018)
Gold Standard		.590*** (.061)				.453*** (.090)
Household Devices			1.235*** (.101)			.773*** (.138)
Forestry			.404*** (.088)			-.509* (.198)
Africa				.956*** (.101)		-.338** (.120)
South America				.443** (.135)		-.352** (.133)
Removal					.363*** (.098)	1.070*** (.200)
Constant	-.1779*** (.053)	1.743*** (.048)	1.765*** (.055)	1.927*** (.040)	1.386*** (.090)	
R <sup>2</sup>	.019	.081	.201	.129	.020	.278
Adjusted R <sup>2</sup>	.018	.073	.195	.122	.019	.259

Table 1 Standard errors in parentheses \* p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

- A multi-variate linear regression was conducted to assess the relationships between the Gender Inclusion Scale, and independent variables of vintage date, registry, project type (including removal vs. avoidance), and continent. Reference categories for ordinal variables were selected to be the variable with the most project attributed to it – Verra for Registries, Renewable Energy for Project Type, Asia for Continent, and Avoidance Projects (vs Removal). The statistically significant results are included in Table 1.
- Projects in the Gold Standard registry can be expected to have greater SDG5 impact compared to projects registered in Verra. This supports previous findings that Gold Standard is the most gender inclusive standard on the VCM<sup>22,23</sup>, and the only one with a gender assessment policy
- Household Devices projects can be expected to score high on the scale. Cookstove projects claimed to reduce health impacts on women and save time, supporting evidence that Cookstove projects are targeted towards benefits in the domestic sphere for women and girls<sup>24,25,26</sup>. The VCM seems to do well at advancing gender equality in domestic projects like the household, but not in industrial sectors facing gender equality barriers and gaps (e.g. Waste Disposal, Renewable Energy)
- Forestry projects being the second most gender inclusive project type reflects evidence that forestry projects are more gender inclusive than renewable wind projects<sup>27</sup>. High scoring forestry projects focused on financial compensation for women's unpaid contributions to natural resource management.
- Projects in regions that the World Economic Forum<sup>17</sup> estimates to have the widest gender gaps, such as Africa, can be expected to score higher on the Gender Inclusion Scale than regions considered to be more equal like Europe and North America. Project developers and stakeholders may be more aware of gender inequalities in such regions, so may be more likely to consciously embed activities which positively impact women.

### DESCRIPTIVE FINDINGS

## CONCLUSION & RECOMMENDATIONS

- This research demonstrates why the VCM should consider gender equality, and provided initial insight to how stakeholders in the VCM can integrate gender considerations into climate change solutions
- Almost 80% of projects do not consider gender equality impacts beyond having women involved in decision making some point in its lifetime. Women are more often verifiers with distance from the project than direct stakeholders and project developers. Women also more commonly see health and wellbeing benefits opposed to being economically empowered. Requirements by registries for gender inclusive assessments and SDG reporting have a significant impact on whether project developers chose to implement and / or report SDG5 benefits. Overall, as with general gender equality energies, achieving SDG5 in the VCM will require extensive efforts to embed gender considerations and empower women. To do so, the following recommendations for stakeholders in the VCM are provided:



Stakeholders, whether buyers of credits or project developers, should be aware that gender equality and climate change are intrinsically linked, and any solution to climate change should consider its impacts on SDG5. This awareness can be built through industry communications and training, but more importantly gender considerations should be implanted into organizational policies. Just as companies may focus solely on removal credits, thresholds should be introduced to procure credits that intentionally foster gender equality, or at minimum include a woman in the process. Likewise, project developers should promote and market gender equality as a key co-benefit to buyers and introduce policies that protect women and reduce gender inequality. Without these considerations, education, and policy, the baseline of gender equality will remain low, particularly for projects in industries facing high gender inequality like energy and waste disposal.



Registries and buyers of credits should require gender-sensitive assessments for projects, and provide opportunity, resources, and capital, when possible, for SDG5 (and other co-benefit) certification. Gold Standard have excelled at this compared to other registries and standards, and the results show that requiring the reporting on aspects like gender desegregated data means more projects are recognized as being gender inclusive. Considering only Gold Standard have a gender-sensitive policy<sup>22,23</sup> creating such policies across registries and standards would be a good place to start. This would also build the integrity of the VCM and ensure the 'do no harm' approach proposed by the Taskforce on Scaling Voluntary Carbon Markets<sup>28</sup> is applied to gender considerations and enforced successfully.



Stakeholders in areas like North America and Europe should not operate under the assumption that relative gender equality in that region means the project itself will be gender inclusive or positively impact women. Particular efforts should be made to empower women in waste, renewable energy, and energy efficiency sectors and projects. While supporting women in the domestic realm is beneficial for their health and can result in time savings, equal support is needed for women outside of the domestic realm to promote economic empowerment.

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