



FALLING SHORT:

ADDRESSING THE CLIMATE

FINANCE GAP FOR CHILDREN



capita



EXECUTIVE SUMMARY

Climate finance is key to implementing the 'quantum leap' in climate action required to meet the target of limiting temperature rises to 1.5°C and to safeguard communities from the impacts of climate change, yet global climate finance commitments remain unfulfilled and woefully inadequate, particularly for adaptation.

Urgent and effective investment is particularly critical for children – defined as anybody below the age of 18 – who are highly susceptible to the short and long-term impacts of climate change. According to UNICEF, one billion children are at extremely high risk of the impacts of the climate crisis. Children's unique physiology, behavioural characteristics and developmental needs, particularly between birth and the age of five, render them disproportionately vulnerable to impacts such as water and food scarcity, vector- and water-borne diseases, and physical and psychological trauma linked to both extreme weather events and slow-onset processes. Climate change impacts also disrupt children's access to basic social services that are essential for their development and wellbeing, such as education, health, safe drinking water, sanitation and hygiene (WASH), and child and social protection services, amongst others. Climate-related disasters also contribute to increasing the incidence of child labour, child marriage and forced migration, placing children at risk of human trafficking, gender-based violence, abuse and exploitation. These impacts are already occurring, while present and future generations of children will also bear the brunt of the intensifying effects of the climate crisis over the course of their lifetime.

These challenges do not affect all children equally. Resilience to the impacts of climate change has many determinants. Despite having done least to cause the climate crisis, children in low- and middle-income countries bear the brunt of climate-related losses and damages. Impacts are particularly acute for girls and other groups of children experiencing discrimination and inequality based on multiple and intersecting factors.

At the same time, children are not only victims. Children contribute significantly to climate action within their communities, countries and globally, and their right to participate in decision-making that affects their lives is recognized under the UN Convention on the Rights of the Child. Despite this, children's voices and perspectives are rarely heard or considered in the decision-making processes fundamentally shaping their future. It is therefore essential that their role as active and innovative participants in climate action and advocates for climate justice be supported, including through climate finance for education, access to child-friendly information, and participation in decision-making on climate change at all levels.

Global evidence shows that public spending on children is a wise investment that builds human capital, benefiting not only children but also their communities and countries more broadly. Investments in children lead to rises in income, contributing to sustainable development and cohesive societies. Since many countries experiencing the worst impacts of climate change are also the poorest and have younger populations, targeting climate finance towards children can also play a key role in advancing inter-generational equity and climate justice. Conversely, climate finance and action that overlooks the rights of children weakens the efficacy of climate change response measures, and risks contributing to adverse social outcomes and deepening inequalities, inadvertently harming rather than protecting children and their families.

Yet the findings of this study suggest that efforts to respond to the distinct and heightened needs and perspectives of children in international climate finance flows remain nascent. This study provides the first-ever child-focused review of international climate finance, focusing on all approved projects and programmes funded by the key multilateral climate funds serving the UNFCCC and Paris Agreement (MCFs): the Adaptation Fund (AF), Green Climate Fund (GCF), and the Global Environment Facility's (GEF) Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF).

In total, 591 project proposals were assessed, covering a 17-year period from 2006 to March 2023.¹ Project proposals were analysed against a set of 17 indicators, formulated to test for child-responsiveness based on the following definition:

Child-responsive climate finance supports interventions that uphold the rights of children in all their diversity, including by:

- Addressing the distinct and heightened susceptibility of children to climate change-related impacts, and the importance of essential social services most vital for their survival, development and health.
- Empowering children in all their diversity as agents of change and facilitating their meaningful participation.

¹ Assessing implementation of projects was beyond the scope of the study and certain projects may be more or less child-responsive in practice than could be determined through analysis of project proposals alone.

The study seeks to disaggregate findings for children and youth, recognizing that while these groups share many common interests and perspectives, a focus on youth may not sufficiently represent and respond to the distinct needs, views and rights of children, as enshrined in the UN Convention on the Rights of the Child.

The findings are stark. Over the period under review:

- **Just 2.4% of climate finance from these key MCFs – a cumulative \$1.2 billion, or \$70.6 million annual average (\$0.03 per capita) – can be classified as supporting projects incorporating child-responsive activities.** Such projects constitute 5% of all MCF projects reviewed. Even these figures overrepresent the proportion of funding directed towards child-responsive interventions, since project activities targeting or of direct relevance to children constitute only a marginal, rather than a significant or principal, objective of project aims and activities in the vast majority of cases. The absence of a child marker to rate the expected contribution of climate finance to child-responsive outcomes hinders efforts to draw more granular findings.
- **Where children are considered, they are generally addressed as a vulnerable group rather than as active stakeholders or agents of change.** Furthermore, projects rarely address the heightened risks and challenges faced by particular groups of children that experience intersecting forms of discrimination and inequality, including girls (explicitly and meaningfully considered in less than 4% of projects).
- **35% of projects incorporate interventions to strengthen the climate and disaster resilience of essential social services anticipated to provide direct benefits to children.** However, in the majority of cases, such projects fail to explicitly consider or involve children, and such sectoral interventions constitute only a minor component of overall project activities and are therefore thinly-budgeted.
- **Just one project focuses on education as its principal objective. However, education interventions expected to reach or involve children are incorporated in 13% of MCF projects.** The lack of priority afforded to projects incorporating child-responsive health (0.7% of projects constituting 2% of MCF spending) and social protection interventions (0.8% of projects constituting 0.3% of MCF spending) represent particular areas for concern, requiring urgent attention.

- **Very rarely – in only 1% of projects – is the involvement of children foreseen as part of the design and/or monitoring of the project itself.** Across all MCFs, 12% of projects incorporate interventions that support children’s agency and participation.

These findings shed light on the significant and long-standing omission of children in international climate finance. At the same time, the study is an opportunity to highlight examples of good practice and examine the core policies and strategies of MCFs from a child rights perspective.

As discussions on proposed reforms to the international financial architecture gather pace, and the UNFCCC deliberates on a new goal on climate finance and the design of a Loss and Damage fund, this study also serves as a clarion call to MCFs and all other multilateral and bilateral climate finance actors to urgently close the climate finance gap for children.

KEY RECOMMENDATIONS

1) Scale up child- and gender-responsive climate finance

States should:

- Urgently **close the adaptation gap and provide funding for losses and damages** through the provision of new and additional climate finance to existing Official Development Assistance flows, placing children and child-critical social services at the forefront of such efforts, with a particular focus on reaching girls and other children most at risk. Climate finance should be **delivered primarily in the form of grants**, particularly for adaptation and loss and damage.
- Support an ambitious child- and gender-responsive New Collective Quantified Goal on climate finance and Loss and Damage Fund, incorporating **specific funding windows dedicated to delivering child- and gender-responsive outcomes** at the scale required.
- Prioritize **investments to strengthen the climate resilience of child-critical social services through child-responsive interventions**, including in education, health, food and nutrition, clean energy, water, sanitation and hygiene, child and social protection services, and through disaster risk reduction.
- Integrate the **meaningful engagement and participation of children in all their diversity** in climate finance decision-making processes at all levels, and at all stages of the project cycle.

2) Bolster child-responsive approaches in climate finance policies, strategies, plans and guidance

All climate finance actors should:

- **Review and update core strategic institutional policies, strategies, plans and guidance** to explicitly incorporate child-responsive objectives, associated indicators, reporting requirements and safeguards at all stages of the project cycle.
- **Institute a child marker** to rate the contribution of each activity output against child-responsive criteria, in order to provide a more accurate estimate of the contribution of climate finance to child-responsive outcomes.
- **Develop and adopt dedicated policies** on children and child-critical social services, accompanied by supporting guidance, to underpin the mainstreaming of child-responsiveness in climate finance.
- Require social and environmental impact assessments to **incorporate a child rights impact assessment**, to be informed by age- and sex-disaggregated data and analysis of children's distinct and heightened needs and challenges. Child rights impact assessments, which can be stand-alone or combined with gender assessments, should be undertaken early and include the views of children and child rights experts.
- **Engage children, child rights and gender experts**, including civil society organizations, as key stakeholders in consultations to design and implement institutional policies, strategies, plans and guidance, including through structured representation in governance bodies.
- States specifically should **ensure that key national policies and plans are child- and gender-responsive**, including Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).
- MCFs specifically should require accredited entities and implementing partners to **include child representatives** in both local and national stakeholder consultations related to project proposals.

3) Increase child-responsive climate finance capacity-building, coordination and partnerships

MCFs and other climate finance providers should:

- **Strengthen capacity-building and knowledge-sharing initiatives** at national, regional and international levels to enhance understanding of child-responsive climate action and finance among governments and the personnel of climate finance institutions and entities, including accredited entities and implementing partners, and other relevant stakeholders.
- **Develop capacity-building tools** for accredited entities, implementing partners and other stakeholders, in collaboration with children, youth and child rights experts, such as training on child rights, child-responsive project designs, and a check list to be applied throughout the project cycle to ensure that all projects are child-responsive at all stages.
- **Develop partnerships** with organizations with a child rights mandate or expertise that can act as accredited entities, implementing partners, strategic allies or intermediaries.
- **Encourage in-country coordination** between accredited entities, implementing partners and other relevant actors, including partnerships with Ministries of Health, Education and other mandates relevant to children and gender equity, to ensure their engagement in the design and implementation of project proposals.
- **Document good practice examples** of child-responsive projects and programmes and learnings to build evidence and foster a global community of practice.

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