

*Evaluation activity:*

*Building an evidence base on how private sector investment supports gender-sensitive, climate-resilient development*



**European Bank**  
for Reconstruction and Development



# CLIMADAPT

## Gender-sensitive climate resilience investments in Tajikistan

### PROJECT BACKGROUND

Tajikistan is among the most climate-vulnerable countries in Central Asia. The country depends heavily on rainfall and snowmelt from its mountains, both for water and – through its vast hydropower assets – for electricity. Projected changes in precipitation and snowmelt runoff could have a significant impact on these two resources. Furthermore, the changes could increase soil erosion, degrading land that is vital for the country's agriculture. In Tajikistan, the agricultural sector is one of the sectors that are most vulnerable to the impacts of climate change.

The Tajikistan Climate Resilience Financing Facility CLIMADAPT was launched in 2016 by the European Bank for Reconstruction and Development (EBRD) in partnership with the Pilot Program for Climate Resilience (PPCR) of the Climate Investment Funds, the government of the United Kingdom and the multi-donor EBRD Early Transition Countries Fund.

**CLIMADAPT's objectives are to support the country's transition to a green economy and to help Tajik households, businesses and farmers cope with the effects of climate change, by increasing access to climate technologies that promote efficient use of water, energy and land resources.**

Since its launch, CLIMADAPT has provided US\$ 10 million of financing through local partner financial institutions (PFIs) – **Bank Eshkata, Humo MFI, IMON International, Arvand and First Microfinance Bank** – across all regions of Tajikistan. PFIs and sub-borrowers have also benefited from technical capacity-building and advice to support the wider adoption of technologies and practices that reduce soil erosion and pressure on water and energy resources, all of which are top priorities for building climate resilience in Tajikistan.

**A comprehensive list of pre-approved technologies and suppliers – the Technology Selector** – has been established, with thoroughly estimated climate resilience benefits. The list promotes greater understanding of the technologies and practices it features, and increases PFIs' abilities to market those solutions to potential borrowers. For sub-borrowers, CLIMADAPT has conducted climate eligibility assessments, technical assistance and technology demonstration workshops to support them in recognising climate risks and structuring the most appropriate technical solutions.



### USING INNOVATIVE INCENTIVE SCHEMES TO INCREASE OUTREACH TO WOMEN AND PROJECT VISIBILITY

In 2018, HUMO MFI was awarded the **EBRD Sustainability Awards** for its commitment and efforts to increase the number of women clients to **40% of their customer's base**. HUMO MFI achieved this impressive result by

- establishing partnerships with local women's groups,
- delivering gender awareness training to PFI loan officer and
- continuously working to better understand the women's customer segment in Tajikistan, their needs and preferences and, based on this, how to address women's financing needs.

### WHAT HAS CLIMADAT ACHIEVED TO DATE?

From the launch of CLIMADAPT up to the end of September 2018, **PFIs financed over 3,400 sub-projects**, with a total value of US\$ 9.8 million.

- The CLIMADAPT portfolio comprises **larger assisted investments** (in greenhouses and cold-storage facilities, which together account for **18 per cent** of the total value of disbursed sub-loans) and smaller projects based on the list of eligible technologies (windows, irrigation systems, insulation materials and others, which constitute **82 per cent** of the value of disbursed sub-loans).
- Of the sub-projects financed to date, **62 per cent** have been aimed at the adoption of **energy-efficient and renewable-energy technologies**, **36 per cent** at promoting water efficiency and **2 per cent** at adopting **sustainable land-management practices**.
- As of June 2018, **29 per cent of CLIMADAPT clients were women** (accounting for **37 per cent** of the residential facility, and **15 per cent** of the commercial one), holding **19 per cent** (compared with **14 per cent** in 2017) of the total amount of loan disbursed.
- In 2017, CLIMADAPT trained over 250 farmers and businesses in the Khatlon and Sughd regions through **7 technology workshops** on drip irrigation, equipment modernisation, solar technologies, cold storage and zero-tillage technology.

## INTEGRATING GENDER CONSIDERATIONS INTO CLIMADAPT

CLIMADAPT is an example of how local banks and microfinance institutions work effectively with women and men across sectors to raise awareness of climate resilience technologies and practices, **thus improving the implementation of gender-responsive projects in Tajikistan.**

CLIMADAPT was designed to address market barriers to the adoption of climate resilience technologies by businesses, farmers and households. Since 2017 the project has put a **stronger emphasis on encouraging women sub-borrowers** to adopt climate resilience technologies through increased awareness-raising activities and the introduction of dedicated PFI training and capacity-building measures. In addition, there is now a requirement to collect gender-disaggregated data as part of the project design and to report semi-annually.

### PFI's capacity and willingness to promote gender equality

- **The selected PFIs had experience of working with women clients** and were aware of gender issues in Tajikistan. Three out of five CLIMADAPT PFIs are microfinance institutions that tend to work closely with women clients. This work has helped them identify ways to increase their efforts to build capacity with regard to gender and to increase their outreach to women clients.
- **Employing women in the PFI workforce** (both branch staff and field officers) has contributed to effective relationship management with women clients and led to higher levels of client satisfaction. All CLIMADAPT PFIs have female staff available to interact with women customers in most branches, even in remote areas.
- **CLIMADAPT has taken steps to build the capacity of PFI staff to better understand gender issues and promote gender equality in their day-to-day operations.** In 2017 and 2018, dedicated PFI workshops were organised on “understanding the needs of and catering to women customers”. However, further efforts are required because most PFIs have not yet developed a specific gender strategy or regular training for their staff on gender issues.

### Designing activities with women clients in mind

- **CLIMADAPT loans have been offered at a lower-than-market interest rates**, providing an incentive for investing in innovative and nascent climate resilience solutions.
- CLIMADAPT PFIs that have an established local presence and market knowledge have **shown flexibility in adapting their collateral requirements for accessing loans and repayment plan terms to the characteristics of sub-borrowers.** For example, PFIs accept the use of jewellery, shop inventories and commercial assets as collateral by women. In addition, over 90 per cent of sub-borrowers have reported satisfaction with the terms of repayment plans, which average between 17 and 21 months.
- There has been a strong preference for PFIs to provide **services such as “women’s desks”, mobile banking, financial products for start-ups (such as loans and business support) and micro-insurance.**



### Climate resilience technologies meet the differentiated needs of men and women

- Most sub-borrowers have been **satisfied with the choice of climate technologies available.** Among commercial sub-borrowers, over 80 per cent of women and more than 91 per cent of men reported that they were able to find in the Technology Selector exactly the technology or combination of technologies they were looking for.
- Findings indicate that there might be slightly **more challenges in providing the appropriate technology choices to women in the commercial sector.** Women-led businesses surveyed were more likely than men not to have found the appropriate technology (13.6 per cent versus 4.9 per cent), particularly in the agricultural sector. For the residential sector, levels of satisfaction with the choice of available technologies were very high, particularly for women (96.3 per cent versus 91.7 per cent for men).

### **'THROUGH CLIMADAPT, RAIN WATER HARVESTING HELPS HOUSEHOLDS ACHIEVE MORE EFFICIENT USE OF WATER IN RURAL AREAS**

Extremely hot summer days in the southern regions of Tajikistan, in particular in the Khuroson, Nosiri Khusrav, Shahrituz and other districts, usually cause a sharp decline in the underground water supply and groundwater table. This disrupts the water supply for daily household and farming activities. A possible solution would be to capture and store water from the irregular heavy rains that occur in the region. Turning to Climadapt, residential householder owner Ms. Kosimova decided to construct a rain water reservoir. Despite the relatively small amount of the investment, its utility should not be underestimated. With an investment of USD 900, the client was able to build a 9,000 litre reservoir. The collected water will be for domestic use, and partially for cattle breeding.

## PFIs' outreach and engagement with clients

- **Access to information differs by client category and consequently, so does the communications channel.** For more than 60 per cent of respondents across client categories, direct engagement with the partner bank is the most common way to access information throughout Tajikistan, especially for farms and businesses.
- Women reported learning about CLIMADAPT through their neighbours and communities more often than men have done. For example, in certain districts, 33 per cent thought that **CLIMADAPT brochures and newsletters were an important source of information about loan products for women.** Greater focus is required on working with women farmers, who are typically less aware than men are of engagement and marketing.
- Sub-borrowers reported very high levels of satisfaction with the accessibility of information at the local PFI branches (98 per cent) and employee responsiveness (86 per cent).
- **Training and technology workshops are a good way to help reach out to customers,** due to the need to build capacity in a new subject – such as climate-resilience technologies – and thus to generate interest in CLIMADAPT loans.

## EFFECTIVENESS AND IMPACT

- The activities undertaken by CLIMADAPT PFIs have been effective in promoting gender equality through increased access to finance for women in Tajikistan and ultimately, to increased economic opportunities. The PFIs have also been effective in promoting the uptake of financing for climate resilience technologies – a new and challenging market – by leveraging the positive economic, social and well-being impacts of using these technologies.
- **The overall value of loans accessed by women sub-borrowers showed an increase of 5 percentage points between 2017 and 2018, rising from 14 per cent to 19 per cent of total loans by the PFIs.** This growth was due to PFIs' increased efforts to build their **capacity as well as to reach out more actively to women borrowers.**

- The need for collateral can be eliminated for **repeat customers** who have **good credit histories**
- Preferential terms can be considered for **women borrowers**, particularly **first-time borrowers.**



## SELECTED, NON-FINANCIAL SERVICES FOR WOMEN OFFERED BY CLIMADAPT PFIS

- Arvand offers **training in financial literacy** using the “training of trainers” methodology in schools or jamoats.
- IMON provides training and **consultation for start-ups** run by women, for example, those using greenhouses in food production. Through the consultation and training, Imon has identified several CLIMADAPT

## WHAT HAS BEEN THE PERCEIVED IMPACT OF CLIMADAPT LOANS ON MEN AND WOMEN SUB-BORROWERS?

	Climate resilience	Economic impacts	Social impacts and women's empowerment
MSMEs	<ul style="list-style-type: none"> <li>• <b>Improved reliability of energy supplies</b> (52% of respondents) and reduced energy costs (61.5%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Higher production capacity</b> (71.6%) for women entrepreneurs</li> <li>• Increased income (78%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increased access to information and business opportunities</b> (over 75% of respondents)</li> <li>• Less time spent on household tasks for 92.4% of women respondents</li> <li>• <b>Improved living conditions</b> (over 95% of respondents)</li> <li>• <b>Improved health and wellbeing</b> (88.4% of women and 81% of men)</li> <li>• More weight on financial decisions on family assets and household equipment reported by women (59.6% and 76.5% respectively)</li> </ul>
Agricultural	<ul style="list-style-type: none"> <li>• Improved <b>reliability of water supply</b> (46.5%), and <b>reduced soil erosion</b> (54.1%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Higher agriculture productivity</b> through better land (80% of women; 87% of men) and water (45% of women; 56% of men) management practices.</li> <li>• <b>Improved farm value</b> (85%)</li> <li>• <b>Reduced water expenses</b> (56% of respondents)</li> </ul>	
Residential	<ul style="list-style-type: none"> <li>• <b>Improved quality of life</b> through reduced need for coal and firewood and inefficient sources of heat</li> <li>• Reduced electricity consumption</li> </ul>	<ul style="list-style-type: none"> <li>• More time to focus on income generating activities (73.2%)</li> <li>• <b>Electricity savings</b> (75.6% of respondents, by an average of 24% of electricity expenditure)</li> </ul>	

## LESSONS LEARNED

### BUSINESS CASE FOR PRIVATE SECTOR INVESTMENTS PROMOTING CLIMATE RESILIENCE AND GENDER EQUALITY

Why should the private sector be involved?	Why should we be lending to women (more)?
<ul style="list-style-type: none"> <li>• The private sector is exposed to climate risks through its assets, operations and supply chains. Climate risk assessment aims to increase the private sector's ability to manage those risks, but also to explore new business opportunities in the market demands that arise due to the need for climate resilience.</li> <li>• Engaging businesses, farms and households in climate action helps to reach the critical mass for building climate resilience.</li> <li>• Disbursing through PFIs in adaptation finance allows for effective risk management, as well as increased capacity and access to opportunities for businesses.</li> <li>• Concessional finance can stimulate first movers to invest in climate-resilience technologies and to innovate. This is particularly important where there are high perceived risks, and upfront investment is needed in this area.</li> </ul>	<ul style="list-style-type: none"> <li>• Gender equality and women's empowerment lead to greater returns and economic growth as women account for half of the world working population. In Tajikistan, only 43 per cent of working-age women are thought to be employed.</li> <li>• Engaging women in adaptation to climate change can substantially advance Tajikistan's climate-resilience objectives because women are more vulnerable than men to the effects of climate change. According to the UN, 80% of people displaced by climate change globally are women.</li> <li>• In lower-middle income countries, women are consistently perceived as being more creditworthy. Lending to women can help PFIs build quality portfolios, as global studies show that women are associated with lower portfolio risk, higher loyalty and fewer write-offs.</li> </ul>

## RECOMMENDATIONS

### PFIs' outreach and engagement

- **Involving women in rural, remote and traditionally more conservative areas remains the most challenging tasks for PFIs.** In urban areas, women currently constitute more than 30 per cent of their customers.
- It is necessary to adopt effective communication channels to increase visibility of climate-resilience projects among men and women in rural and urban areas. Disseminating success stories through leaflets and catchy material can increase loan outreach by showing the benefits of climate resilience technologies as well as promoting women as role models in business. Sub-borrowers in rural areas seem to be very receptive to the "demonstration effect" and to word of mouth.
- Partnerships with local organisations that have close relationships with communities are critical to complementing the role of PFIs in promoting access to finance. These include civil society, women's organisations as well as women mentors in local communities.
- Private sector associations can help increase outreach to women entrepreneurs, given their role in facilitating communication, capacity-building and access to information for businesses. This role can help overcome gender stereotypes in the most conservative areas by working with men to show the benefits of women attending business training.

### Capacity-building and accessory services for increased outreach and impact

- Capacity-building to show the practical implications of adopting climate resilience technologies are an effective way to market these products. In particular, there is a need to provide more information on innovative and incipient technologies, such as water capture and harvesting technologies, irrigation pipes and tubes and water storage

systems, give their low market penetration.

- Training in business planning and basic accounting should be considered, particularly in rural areas, in order to reduce some of the main challenges for women in accessing finance and running sustainable businesses. Local bodies such as civil society groups, women's organisations and microfinance organisations could be leveraged to help fill this gap.

### Setting clear targets for effectiveness of results

- Setting targets for gender-sensitive projects and collecting and monitoring gender-disaggregated data can help create incentives to achieve greater involvement by women and men.

## CONTACTS

Gender and Economic Inclusion team  
 Marialena Vyzaki  
 Principal, Gender Adviser  
 VyzakiM@ebrd.com

Energy Efficiency and Climate Change team  
 Craig Davies  
 Associate Director, Climate Resilience Investments  
 DaviesC@ebrd.com

Energy Efficiency and Climate Change team  
 Franka Klingel  
 Principal, Knowledge Sharing & Outreach  
 KlingelF@ebrd.com