

Gender-Responsive Green Growth: Green Finance

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Introduction

There is growing demand for green finance across asset classes and types of investors, reflecting the significant economic gains climate action is expected to bring. In parallel, gender considerations are becoming increasingly important for capital investment. While there is no overview of the aggregate amount of green finance that incorporates a gender lens, there is a growing body of evidence that supports the case for gender-responsive financing for green growth.

Green finance can be defined as investments that provide environmental benefits.^{1 2} Financial providers have considerable influence over the recipients of their green financing and can therefore effect improvements in gender-sensitive green growth business practices. A range of strategies can be employed by financial institutions to integrate gender considerations into green finance decision-making. For example, these considerations may account for gender differences in the needs and preferences of customers in green economy sectors, or for different constraints faced by women and men in accessing or using green finance. Gender-responsive approaches to green finance can be undertaken by **public, private, and not-for-profit** financial institutions in **different types of financial asset classes and financial vehicles**.³

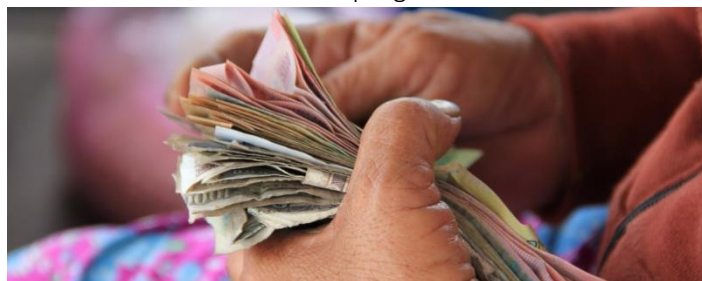
¹ Green finance incorporates, but is broader than, the concept of climate finance (finance for adapting to the adverse effects and reducing the impacts of climate change). See [SIDA, 2017](#).

² Diverse approaches can be taken to defining green finance including a focus on different sectors, depending on difference needs. For an overview, see [IFC 2017](#).

³ See [UNEPFI 2007](#) for an overview of all the different types of green financial products and services.

Relevant to the discussion on gender and green finance are the financial institutions’ **operational impacts** on the relations between women and men. Gender diversity of the workforce is a key aspect of this. Moreover, it is appropriate to consider the gender dimensions of **green finance policymaking, regulation, and supervision**, which includes the gender diversity of the policymakers, as well as the policies and regulations that inform the delivery of green finance.

This Guidance Sheet sets out the case for incorporating gender-responsive approaches to green finance in donor programmes; provides examples of how diverse gender and green finance approaches have been integrated into existing donor-funded activity; and makes recommendations for future programmes.



Why is gender relevant to green finance?

- **Gender is material to financial decision-making.** Many investors incorporate gender in their financial analysis and use strategies to advance gender equality as well as financial returns.⁴ Moreover, investors are increasingly accounting for gender-related risks and opportunities in green investments. For example, Calvert Foundation, DBL Partners, Reinventure Capital, and the Sofia Fund are private equity investors applying a gender lens to their clean technology and energy investments.
- **Gender equality and green growth both contribute to economic stability.** The IMF and OECD recognise that gender equality contributes to economic stability and growth, and that green growth contributes to greater economic stability,⁵ although recent donor-supported research indicates the former assumption is based on limited research on gender employment gaps and economic growth.⁶

⁴ Many of these approaches were showcased at the multi-donor supported [Gender-Smart Investing Summit](#).

⁵ [IMF, 2018a](#); [IMF 2018b](#). [Mckinsey Global Institute 2015](#). [OECD, 2011](#).

⁶ [Kan and Klasen, 2019](#).

- A focus on gender can increase access to green finance from development banks. Multilateral investors (e.g. ADB and EBRD) deploying the Climate Investment Funds and Green Climate Fund (see Box 1) have adopted gender policies and apply gender criteria in their investment decision-making.
- **The design of green financial products and services can be enhanced through considering gender differences in climate risks and needs.** Climate risk finance providers have begun to adopt approaches that account for gender in their business models, such as the R4 Rural Resilience initiative. Some Micro-Finance Institutions provide women-targeted green credit products, such as Fundenuse in Nicaragua.
- **Women and men face different constraints in their access and use of green finance.** Collateral requirements can adversely impact women's access to green credit in a context in which women are not able to inherit or own land in the same way as men.
- **Sex-disaggregated and gender data may be required by investors and regulators.** Investment analysis firms, among others, often require financial institutions and companies to disclose data on their environmental and gender impacts to inform decision-making.
- **Women's participation within financial institutions can enhance governance and improve service for all clients.** The presence of women and a higher share of women on bank boards are associated with greater financial resilience.⁷
- **Infrastructure financing for green economy needs to be invested in a way that accounts for gender differences in infrastructure needs and use.** US\$90 trillion will be invested in infrastructure by 2030 to support a transition to a green economy.⁸ Harassment on public transportation can drive women to switch to private vehicles increasing congestion.⁹ As such, infrastructure financing needs to address the constraints facing women users, and ensure women's participation throughout the entire infrastructure project cycle.¹⁰

⁷ IMF, 2018.

⁸ [New Climate Economy](#), 2018.

⁹ [New Climate Economy](#), 2018; [EBRD](#), 2016.

¹⁰ [OECD](#), 2019.

How has gender been integrated into green finance programme activities?

Examples of gender-responsive approaches to green finance in donor activities and programmes include:

- The provision of **advice to governments and regulators** on gender-sensitive green financing strategies (Box 1);
- The provision of gender-sensitive green finance accompanied by **technical assistance** (Box 2);
- Gender policies and investment criteria of **international green finance funds** (Box 3); and,
- **Research** on gender considerations of green finance (Box 4).

Box 1: Advice and support to governments and regulators

- In Jordan, the Global Green Growth Institute (GGGI) provided [technical advice](#) to the Government highlighting that Jordanian entities seeking direct access to international climate funds will be assessed against that fund's gender policy and environmental and social safeguards.
- Since 2016, the GGGI has been supporting the Government of Vanuatu in the development of a National Green Energy Fund that aims to enable women and men to access credit to invest in green technologies. In doing so it assisted the Government in aligning the Fund with the Sustainable Development Plan and National Gender Policy and integrating gender and inclusion into the funding criteria. In addition, GGGI sought to ensure women's participation by requiring women on the Fund's board. This is in a context of a donor-supported [Vanuatu Climate Change Finance Review](#), which incorporates a gender and social inclusion analysis.
- The [Macro Economic Reforms and Green Growth Programme](#) (2019-2022) run by GIZ on behalf of BMZ in Vietnam is exploring gender dimensions of its green finance interventions. This sits within its work with financial sector regulators on 'green financial sector reform' to support the development of a regulatory and policy framework for the introduction of green financial instruments. The Programme is currently examining constraints to women's access and usage of green credit.

Lessons learned and recommendations for future programmes

Below are some recommendations to consider when incorporating a gender-responsive approach to green finance. See Box 5 for resources to assist with adopting these recommendations.

Design

- ✓ Incorporate gender considerations within the governance structures of a programme.
- ✓ Develop gender-based criteria for fund allocation and to track performance.
- ✓ Use existing tools to conduct a gender assessment and draw on existing assessments of relevant sectors to identify sector-specific green growth gender impacts.
- ✓ Explore collaboration with initiatives that focus on responsible finance or have identified green finance as a priority to better address gender. For example, [the Principles for Responsible Investment](#), the [Initiative on Responsible Investment](#), and the [Green Economy Coalition](#).
- ✓ If designing a green finance activity, identify the product-specific gender differences in barriers of access and use of the product.
- ✓ Promote the link between gender and climate change at the national level to achieve more leverage for future gender-responsive investments and planning approaches.



Implementation

- ✓ Use in-country gender experts with an understanding of the social and political context to support a financing facility with programme implementation. Engage proactively and early with banking teams and investment officers.
- ✓ Ensure financial institutions recognise the business case for gender-sensitive green credit lines and offer technical assistance alongside credit to help applicants develop bankable proposals.
- ✓ Conduct capacity building on gender-responsive green finance and climate change within women stakeholder groups, including grassroots women, so they can engage substantively on consultation processes.
- ✓ Provide support to women and women's groups to engage with climate finance frameworks, networks, and instruments to ensure that they integrate gender perspectives and that women inform climate financing decision-making processes.
- ✓ Integrate a focus on sector specific gender dimensions (e.g. of infrastructure and transportation) in green finance.

Monitoring and evaluation

- ✓ Before investing, conduct a gender analysis of green finance investment plans to serve as a baseline for monitoring impact.
- ✓ Encourage international climate finance mechanisms to use sex-disaggregated data.
- ✓ Identify the impacts of green and climate financing on women and consider the gender-transformational impact of any gender-sensitive green investments.
- ✓ Use both sex-disaggregated indicators and gender indicators to measure progress towards gender equality or women's empowerment at the output and results level (i.e., changes in the situation of gender equality relating to climate change, attributable to your interventions).
- ✓ Compare data from multiple parallel data sources to draw conclusions (there is not a ready source of gender and green growth data).

This material was commissioned jointly by the Green Growth Working Group and the Women's Economic Empowerment Working Group of the DCED. It has been prepared for discussion purposes only. As such, the material should not be regarded as incorporating legal or investment advice, or providing any recommendation regarding its suitability for your purposes. Conclusions expressed in this report do not necessarily reflect the views of the DCED or its members.

Box 2: Technical assistance

With partial funding from CIF, the European Bank for Reconstruction and Development (EBRD) has undertaken various gender-sensitive green finance activities as part of its [CLIMADAPT](#) programme. CLIMADAPT enhances women's resilience to climate change by eliminating gender gaps in access to finance in Tajikistan.

The programme engaged with microfinance institutions that primarily had a female customer base and collaborated with women business associations to publicise the Fund and its technologies. Gender awareness seminars were conducted for the staff of partner financial institutions to improve understanding of women entrepreneurs and their different needs and preferences. Further, EBRD implemented a special incentive system to encourage partner financial institutions to support women. As a result, the share of women in the total portfolio of CLIMADAPT is 30%.

Box 3: International green finance funds

The three funds discussed in this box are designed to help developing countries respond to the challenges of climate change.

- **Climate Investment Funds (CIF)**

The CIF has a [Gender Policy](#) that all MDB partners implementing CIF financing are required to follow. The Policy serves as a governance framework for gender integration in CIF approaches, procedures, and implementation of investment plans and projects, as well as in internal areas of CIF functioning.

The Asian Development Bank undertook an analysis of how its nine CIF-funded projects have integrated gender. 'Standard gender equality' design elements were found in all projects and six of the nine projects also incorporated 'Gender equality co-benefits' elements. Four of the projects were found to address 'Mitigation and gender equality' and four addressed 'Adaptation and gender equality'.

- **The Green Climate Fund (GCF)**

The GCF has an institutional approach to gender, incorporating a focus on gender within its mandate and explicitly mentioning women amongst the Fund's stakeholders. Furthermore, the Fund's Governing Instrument calls for gender balance among members of the Board and staff of the Secretariat. The Fund adopted a [Gender Policy and Action Plan](#) in 2015. A library of the Fund's gender assessments is available [online](#).

- **The Adaptation Fund (AF)**

The AF has a [gender policy and action plan](#) and provides funds solely for projects and programmes with articulated gender considerations.

Gender-responsive green finance from the AF has supported a project in Morocco that aims to improve water management and resilience against drought for vulnerable populations. The project has provided women's associations with support to diversify their means of production, resulting in approximately 400 women trained in conservation techniques, innovative adaptation measures, and in the designing and financing of projects.

For more examples of gender-responsive initiatives that have received green finance from international green finance funds, see [Roots for the Future - The Landscape and Way Forward on Gender and Climate Change](#).



Box 4: Research

- [Applying a Gender Lens to Climate Risk Finance and Insurance](#) was commissioned by the InsuResilience Global Partnership for Climate and Disaster Risk Finance and Insurance Solutions. It sets out the case for considering gender in climate risk insurance through highlighting existing evidence on women and men’s differential vulnerability to climate change and disasters, as well as gender differences in financial inclusion.
- The EBRD and CIF analysed how private sector investments support gender-sensitive, climate-resilient development in Tajikistan. They found that women [CLIMADAPT](#) borrowers experienced a better distribution of household tasks as well as increased time, appreciation in the family, and participation of decision-making in the purchase of a house.



Box 5: Resources

- **Governance structure**
 - [Strengthening the Governance of Climate Change Finance to Enhance Gender Equality- Unlocking the sustainable development potential of climate finance in Asia Pacific](#), UNDP
 - [Women in Finance: A Case for Closing the Gaps](#), IMF
 - [Data on numbers of women working in international climate finance funds](#), IUCN
- **Gender assessment**
 - [Gender Analysis/Assessment and Gender and Social Inclusion Action Plan Templates](#), GCF
 - [Gender Assessment of District Heating Projects in Kazakhstan financed by the Clean Technology Fund \(CTF\)](#), EBRD
- **Women’s constraints to green finance**
 - [Women Business and the Law 2019](#), World Bank
 - [PoWER toolkit on Access, Usage and Agency Toolkit for Women’s and Girl’s Financial Inclusion](#), UNCDF
 - [Gender-responsive investment climate reform in Tajikistan](#), EBRD
 - [Women’s Organizations and Climate Finance: Engaging in Processes and accessing resources](#), WEDO
- **Capacity building**
 - [Training module on gender and climate finance](#), UNDP

Box 5: Resources continued

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- **Policymaking**
 - [Integrating Gender and Women’s Financial Inclusion into National Financial Inclusion Strategies](#), Alliance for Financial Inclusion
 - [Gender Considerations in Balancing Financial Inclusion and AML/ CFT](#), Alliance for Financial Inclusion

- **National-level landscape studies on gender-lens investing**
 - [The State of the Field of Gender Lens Investing. A Review and Roadmap](#), Criterion Institute
 - [The Sky’s the Limit. Increasing Social Investment Impact with a Gender Lens](#)
 - [The Global Landscape of Gender Lens Investing](#), Intellectap
 - [Advancing Gender Lens Investing in Asia](#), USAID
 - [Building and Investing in High Impact Enterprises that Empower Women and Girls – An Action Plan for Gender Lens Incubation and Investing](#), GIZ

- **International green finance funds**
 - [Guidance to Integrate Gender into GEF Projects and Programs](#), Global Environment Facility
 - [Women as Environmental Stewards – the experience of the GEF Small Grants Programme](#), Global Environment Facility
 - [Mainstreaming Gender in Green Climate Fund Projects - A practical manual to support the integration of gender equality in climate change interventions and climate finance](#), Green Climate Fund
 - [CIF knowledge centre](#), Climate Investment Funds
 - [Guidance Document for Implementing Entities on Compliance with the Adaptation Fund Gender Policy](#), Adaptation Fund
 - [Building Gender into Climate Finance](#), ADB

- **Infrastructure financing**
 - [Gender Equality and Sustainable Infrastructure](#), OECD
 - [Approaches for Gender Responsive Urban Mobility](#), GIZ and the Sustainable Urban Transport Project
 - [Transport Gender Lab](#), IBRD
 - [Safe transport for all: Issues and operational lessons from the Egyptian National Railways](#), EBRD



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