The Lab
Global Innovation Lab for Climate Finance

ADVANCING GENDER EQUALITY THROUGH CLIMATE FINANCE

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> The Global Innovation Lab for Climate Finance is looking to accelerate gender equality as a core objective of financial instruments that address climate mitigation and adaptation

THE OPPORTUNITIES TO BREAK SILOS ACROSS GENDER EQUALITY AND CLIMATE INVESTMENTS

There is growing consensus that women act as benefit multipliers for climate change mitigation and adaptation, playing an important role in businesses, communities, and homes.[1] For example, companies with women in leadership positions are more likely to adopt sustainability practices and reduce carbon emissions.[2,3] Women compose 43% of the agricultural sector's workforce in emerging economies and are critical to the adoption of sustainable land use practices that contribute to climate mitigation and resilience.[4,5] Making 80% of household buying decisions worldwide, they are also a catalytic force for the adoption of clean cooking, heating, and lighting.[6,7] Moreover, women are generally more concerned about climate risks and perceive a lower cost-benefit ratio of mitigation than men do, which can result in more proactive climate action on the ground.[8]

With climate finance growing globally, leveraging women's roles as consumers, workers, borrowers, entrepreneurs, and community leaders is imperative to advance climate goals. 80% of women-owned business globally are financially unserved or underserved (due to lack of collateral and land rights, among other reasons), presenting a missed opportunity for starting and growing green-businesses, switching existing business and communities to more sustainable practices, and other effective use of climate finance.[9] Moreover, disregarding women's needs can severely undermine the effectiveness and sustainability of climate investments. For example, failing to embed women's purchasing power, schedule flexibility, and security considerations is likely to result in decreased usage, profitability, and heightened gender-based violence risks in public transport and infrastructure.[10] Similarly, the disproportionate impacts of climate change on women, including greater exposure to disasters, economic losses, and health repercussions, result in damages to economic growth.[11]

More gender-responsive investments will not only address these inequalities and catalyze women's empowerment but will also ensure effective and "smart" climate finance.[12]

GENDER-RESPONSIVE CLIMATE FINANCE IS ON THE RISE, BUT MORE INTENTIONALITY IS NEEDED TO OVERCOME BARRIERS

An increasing number of investors have acknowledged the gender-climate nexus and started capitalizing on women's role as amplifiers of climate action. Major climate funds have dedicated gender strategies, such as the Green Climate Fund, the first multilateral climate fund to integrate a strong gender mainstreaming mandate from the outset.[13] Climate Official Development Assistance (ODA) that integrates gender objectives grew from 36% to 57% from 2014 to 2019.[14] Convergence has recorded a tripling of blended finance transactions targeting both gender and climate goals from 2010 to 2020.[15] The momentum around gender lens investment

Barriers for gender-responsive climate finance according to expert interviews:

- Nascent business case for investing at the gender-climate nexus
- Perceived complexity of pursuing multiple impact objectives
- Challenges integrating more long-term gender impact metrics and outcomes
- Lack of technical capacity and expertise in integrating gender
- Challenges collecting gender-disaggregated data

has resulted in increased attention to gender diversity in companies' leadership and in the composition of investment boards.[16] Coalitions and investment tools on the climate-gender nexus are emerging, indicating growing investor appetite.[17]

While this is an excellent start, greater focus is needed on investments that intentionally shift power and resources directly towards women. Yet, climate finance has not sufficiently tapped into women's potential. In 2019, only 0.04% of climate-focused ODA had gender equality as a principal objective.[18] Women farmers receive only 10% of total aid for agriculture, forestry, and fishing, and experience lower access to information that can strengthen climate resilience, such as adaptation technologies and weather alerts and cropping patterns.[19,20] Globally, only 0.7% and 11% of projects tracked globally for mitigation and adaptation respectively were gender-tagged.[21] This is also indicative of a general lack of reporting and challenges in harmonizing benchmarks for gender-responsiveness despite recent efforts.[22] Expert interviews revealed that other challenges must be overcome to meaningfully integrate a gender lens in climate finance (see box).[23] More efforts are needed to intentionally disrupt the systems that underlie disproportionate climate impacts on women and prevent them from accessing climate finance.

CALLING FOR INNOVATIVE CLIMATE FINANCE INSTRUMENTS THAT ADVANCE GENDER EQUALITY

Aiming to fill these gaps and build on the existing momentum, with the support of FinDev Canada and Global Affairs Canada, the Global Innovation Lab for Climate Finance (the Lab) **is looking for proposals for innovative financial instruments that have both the advancement of gender equality and address climate change mitigation and/or adaptation as core objectives.** The Lab will identify the most promising financial solutions targeting gender-responsive climate finance, and ultimately contributing to allowing climate finance to benefit more women around the world. Ideas must have a direct impact on, and specific outcomes for, gender equality and women empowerment.

This could include (but is not limited to) financial instruments that:

- Facilitate access to finance for women entrepreneurs, producers, or women-led SMEs delivering climate solutions
- Promote diverse leadership and inclusive employment practices in climate mitigation and/or adaptation investments
- Promote the design and uptake of goods and services targeted to the needs and disproportionate climate risks faced by women, such as insurance tools
- Target women as end users, consumers, and borrowers, for example in climate-resilient infrastructure investments
- Are founded on a strong gender analysis and use this to identify a project pipeline and mainstream gender equality in investment processes

All proponents need to complete an application form using **this link.**

Canada

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ABOUT THE GLOBAL INNOVATION LAB FOR CLIMATE FINANCE

The Global Innovation Lab for Climate Finance (the Lab), with the Climate Policy Initiative serving as Secretariat, is an initiative of over 70 public and private investors and institutions that works to accelerate investment solutions to support climate goals in emerging markets. Created in 2014, the Lab has launched 62 climate finance instruments that collectively have mobilized over USD 3.4 billion. This year the Lab is launching its first Gender Stream with the support of FinDev Canada and Global Affairs Canada.

The Lab is open to all innovators in the sustainable finance space. Successful past proponents have included large institutions from the public and private sectors, as well as start-ups, entrepreneurs, boutique fund managers, and NGOs. Since one of the main objectives of the Lab process is to help develop and fine-tune innovative ideas, the Lab typically seeks well-defined concepts that are in pre-pilot or early pilot stage, which could benefit from instrument design and in-kind technical support, in addition to access to the Lab's network.

If you have any questions, please reach out to lab.cpi@cpiglobal.org.
An FAQ document is forthcoming and will be published on the Lab website.

ENDNOTES

1 The Georgetown Institute for Women, Peace and Security. 2022. "Inclusive Adaptation: A Benefit Multiplier for Climate Action and Women, Peace and Security."

2 UC Berkeley Haas School of Business. 2012. "Women Create a Sustainable Future".

3 The Sasakawa Peace Foundation. 2020. "Gender Diversity and Climate Innovation".

4 Oxfam International. "Empowering women farmers to end hunger and poverty".

5 Van Aelst K, Holvoet, N. 2017. "Climate change adaptation in the Morogoro Region of Tanzania: women's decision-making participation in small-scale farm households". Climate and Development.

6 Gender Smart. 2021. "Gender & Climate Investment: A strategy for unlocking a sustainable future".

7 Women's Forum for the Economy & Society. 2019. "Women leading climate action: A world within reach."

8 Bush SS, Clayton A. 2022. "Facing Change: Gender and Climate Change Attitudes Worldwide". American Political Science Review.

9 CARE. 2019. "It's Time to Tackle the $1.7 Trillion Global Financing Gap Facing Women-Owned Businesses".

10 WhereIsMyTransport. 2022. "Decoding women's transport experiences: A study of Nairobi, Lagos, and Gauteng".

11 UN Women. 2022. "Explainer: How gender inequality and climate change are interconnected"

12 UNDP. 2016. "Policy-brief: Gender and climate finance".

13 Green Climate Fund. 2017. "Mainstreaming gender in the Green Climate Fund".

14 OECD. 2022. "Development finance for gender-responsive climate action".

15 Convergence. 2020. "Blended finance & the gender-climate nexus".

16 Calvert Impact Capital. 2018. "Just Good Investing: Why gender matters to your portfolio and what you can do about it".

17 See for example the 2X Collaborative Green Toolkit.

18 OECD. 2022. "Development finance for gender-responsive climate action".

19 2X Climate Finance Taskforce. 2021. "Ways to Gender-Smart Climate Finance:Sustainable agriculture, food and forestry".

20 Huyer S et al. 2021. "Expanding Opportunities: A Framework for Gender and Socially-Inclusive Climate Resilient Agriculture". Frontiers Climate.

21 Climate Policy Initiative. 2021. Global Landscape of Climate Finance 2021.

22 The 2X criteria are an attempt to establish common standards for investing in women.

23 The Lab team interviewed representatives from 15 organizations across the capital spectrum so far, including fund managers, non-profits, DFIs, and other private sector investors.