Women in Finance Climate Action Group

Metrics for gender-smart climate finance

Discussion paper

30 September 2022

The Women in Finance Climate Action Group

Amanda Blanc (chair)
Group CEO, Aviva Plc, and HMT's Women in Finance Champion

Sarah Breeden
Executive Director, Bank of England

Cam Do
Director General for Innovative and Climate Finance, Canadian Government

Irina Ghaplanyan
Senior Advisor, World Bank Group

Nili Gilbert
Vice Chairwoman, Carbon Direct

Rupal Kantaria
Partner, Oliver Wyman

Mindy S. Lubber
CEO and President, Ceres

Elizabeth Maruma Mrema
Executive Secretary, UN Convention on Biological Diversity

Michelle Scrimgeour
CEO, LGIM

Tanya Steele
Chief Executive, WWF-UK

Our vision

We believe that an equitable, just, net zero world is possible. A world that has successfully mobilised the trillions needed across public and private finance to deliver the Paris Agreement, and where all finance flows are consistent with a pathway towards net zero and climate-resilient development. Climate justice, equity and intergenerational fairness are the foundations of a truly sustainable financial system.

Contents

Executive summary

In many parts of the world, women and girls are disproportionately impacted by the effects of climate change. At the same time women hold the key to more equitable communities, more thriving economies and a more sustainable future for the planet. Yet women are still being systematically overlooked and excluded from fulfilling this potential.

We can't solve the climate crisis without involving women. And we won't achieve true gender equality unless we address the climate crisis. The challenges are interdependent, so our response must be coordinated.

Private capital is going to be key to mobilising the trillions of dollars required over the next three decades to limit warming to 1.5 degrees. Governments, multilateral institutions and private sector organisations all need to consider how this private capital can better incorporate gender concerns in order to ensure that the investment needed to meet our climate goals will flow in an equitable way. And yet, the global private finance sector does not currently have the tools, infrastructure or incentives in place to support more gender-equitable climate finance.

That is why the Women in Finance Climate Action Group - a collective of women leaders from business, the public sector and civil society - has come together to consider ***how financial institutions (FIs) can better assess, measure and report on the gender-responsiveness of their climate-related investments, products, and services.***

Our research has found that:

1. **There are a proliferation of reporting frameworks – but most remain siloed and do not look at the intersection of climate and gender**
2. **Gender data collected and used by FIs often focuses on workplace diversity, culture and policies; product, customer and community metrics are not yet mainstream across the sector**
3. **Gender-smart climate frameworks are now emerging, but private sector adoption remains low**

As such, we believe that the private finance sector needs dedicated tools and guidance to support them to better measure the gender-responsiveness of climate finance and to design and deliver their climate products and investments with gender equity at their core.

We therefore plan to develop and propose a Gender-smart Climate Finance Toolkit for the sector. We propose that the toolkit would cover a broad range of gender impact themes, including Representation, Leadership, Product, Community and Advocacy, with recommended metrics for each theme. We believe that it should be applicable at both the FI and instrument level, and should be designed so that FIs can adopt the framework flexibly in a way that suits their businesses and goals.

We hope that this toolkit will help to advance awareness of this important issue across the private finance sector and provide FIs with the guidance that they need to begin to measure and deliver gender-smart climate finance to achieve net zero.

To help inform this toolkit, we invite FIs, NGOs, think tanks, government and any other relevant stakeholders to comment on the concepts and findings put forward in this discussion paper. Feedback is particularly welcome on the following:

- **i.** Do you agree with the discussion paper's findings?
- **ii.** Do you know of any other frameworks (existing or upcoming) that would inform the Group's work?
- **iii.** Do you think that the proposed toolkit is the correct solution to the gaps identified in the discussion paper? If not, what would be the best solution in your view?

Please send your comments to **climateaction@aviva.com**

1. Introduction

The world finds itself in a dual crisis of climate change and nature loss. Record-breaking heatwaves, major droughts, and extreme weather events have become common on all continents, on both hemispheres. Everyone is affected by climate change and nature loss, but the poorer are most vulnerable – be it in wealthy countries or in developing economies, where reliance on nature and ecosystem services is critical to millions.

In many parts of the world, women and girls are disproportionately impacted by the effects of climate change. Disasters and the impacts of climate change often intensify existing inequalities, vulnerabilities, poverty and unequal power relations between men and women. As women make up the largest part of the world's poor and are already structurally marginalised, they risk being further marginalised by the effects of climate change; reinforcing and widening the disparity between men and women.[1]

At the same time women hold the key to more equitable communities, more thriving economies and a more sustainable future for the planet. Yet women are still being systematically overlooked and excluded from fulfilling this potential.

We can't solve the climate crisis without involving women. And we won't achieve true gender equality unless we address the climate crisis. The challenges are interdependent, so our response must be coordinated.

Private capital is going to be key to mobilising the trillions of dollars required over the next three decades to limit warming to 1.5 degrees. Governments, multilateral institutions and private sector organisations all need to consider how this private capital can better incorporate gender concerns in order to ensure that these trillions of dollars needed to meet our climate goals will flow in an equitable way. Mobilising climate finance in a way that actively works to address gender inequality will be essential to transform economies and societies to be more equal and resilient in the future. And yet, the global private finance sector does not currently have the tools, infrastructure or incentives in place to support more gender-equitable climate finance.

That is why the Women in Finance Climate Action Group - a collective of women leaders from business, the public sector and civil society - has come together to consider what more can be done to improve gender equality when designing, delivering and accessing climate finance.

At COP26 in 2021, the Group launched a report setting out four tangible actions that are needed in private finance and beyond to support both climate action and gender equality:

1. **Improve women's inclusion within the financial system and ability to access climate finance**
2. **Integrate gender into public and private climate policy frameworks**
3. **Develop gender metrics and integrate them into climate finance reporting**
4. **Improve gender-balanced representation in key-decision making roles on climate finance**

This year, the Group has brought together a workstream to focus on this third focus area: metrics to measure the gender-responsiveness of climate finance. To embed gender-smart climate action at the core of private finance, standardised metrics and reporting frameworks must be developed and widely adopted. More data is needed to measure the impact (positive or negative) that specific climate investments or project financing may have on women and girls. Once we can measure this, financial institutions will be able to better mainstream gender equality and drive change.

Through the metrics workstream, the Women in Finance Climate Action Group is therefore seeking to answer the question:

How can FIs assess, measure and report on the gender-responsiveness of their climate-related investments, products, and services?

1 UNFCCC United Nations Climate Change Annual Report, 2019

Private finance and net zero

The private finance sector must achieve net zero greenhouse gas (GHG) emissions by 2050 in support of the global transition to a net zero economy to limit global warming to 1.5 degrees C. The term "net zero" refers to a state when anthropogenic emissions of greenhouse gasses to the atmosphere are balanced by anthropogenic removals. Organizations are considered to have reached a state of net zero when they reduce their GHG emissions following science-based pathways, with any remaining GHG emissions attributable to that organization being fully neutralized, either within the value chain or through purchase of valid offset credits.[2]

We believe net zero must be delivered in an equitable, just manner that protects biodiversity, nature and sustainable development objectives. The importance of a just transition is emphasized in the Paris Agreement Article 4.1, highlighting that achievement should be "on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty". Furthermore, the Paris Agreement outlines that "human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity" are equally important. This emphasizes the importance of a just transition within the context of net zero, and the close links to the SDGs, in particular: SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities).[3]

2 United Nations Race to Zero Lexicon, 2021
3 GFANZ Financial Institutions Net-zero Transition Plans Recommendations and Guidance, 2022

2. Our approach

To answer this question, we conducted a landscape assessment to identify:

i. What metric or data frameworks exist

ii. What is being measured

iii. How is this data being used

iv. Where there are gaps, and what the barriers are to widespread adoption of these metrics

v. Where the workstream can make a meaningful contribution to helping FI's assess, measure and report on the gender-responsiveness of their climate-related investments, products, and services

The landscape research involved:

i. Collating information on reporting / data frameworks, grouping them into 1) climate frameworks, 2) gender frameworks, 3) frameworks that look at both via a broader ESG/sustainability lens and 4) frameworks that look specifically at gender-smart climate action.

ii. Reviewing what the gender frameworks measure by categorising their metrics into five thematic areas: Representation, Leadership, Product, Community and Advocacy.

iii. Mapping the frameworks to the Climate Policy Initiative's climate finance flows (pictured below) to identify what is being measured at different stages of the value chain and how it is being used.

iv. Researching how the data is used via engagement with Climate Action Group member organisations as well as collating case studies and in-practice examples from external sources.

v. Using this research to identify key gaps and opportunities to drive better data and reporting on this topic.

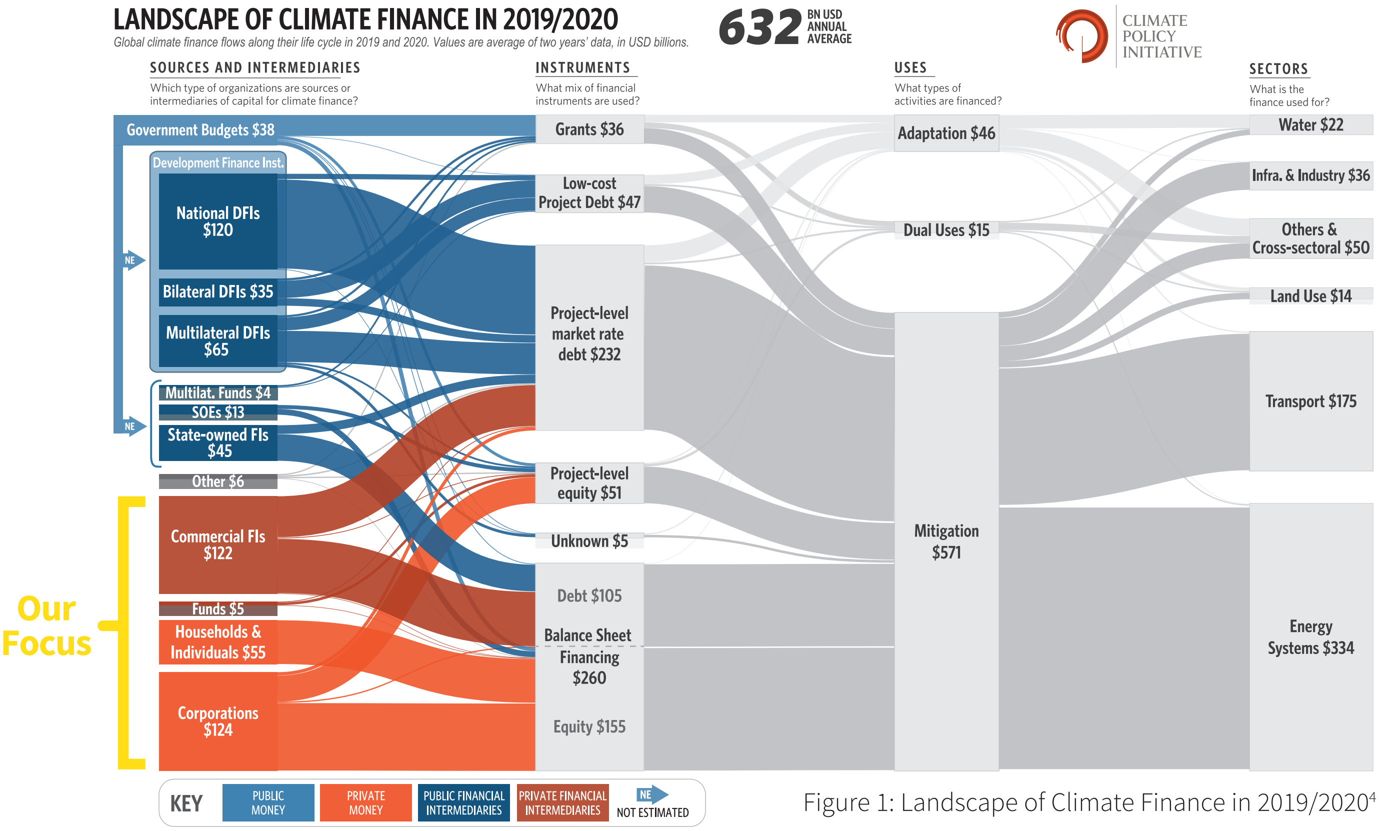


Figure 1: Landscape of Climate Finance in 2019/2020[4]

4 Climate Policy Initiative, 2021

3. The current landscape

The need for better data on both climate and gender issues from the private sector is clear and is beginning to gain traction. The UNFCCC's Standing Committee on Finance's Biennial Assessment and Overview of Climate Finance included a recommendation on the gender-dimension for the first time in 2018: "Encourage climate finance providers to improve tracking and reporting on gender-related aspects of climate finance, impact measuring and mainstreaming". And there has been significant progress made in climate, ESG reporting and green/sustainable finance reporting; with several frameworks becoming more standardised, common practice and even mandated.

Corporate sustainability frameworks, which often incorporate some climate and gender metrics, have become common practice across private finance and other sectors:

- Materiality and reporting standards such as Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) are increasingly reported against by businesses.
- Various guides - such as GRI and the United Nations Global Compact's 'Integrating the SDGs into Corporate Reporting: A Practical Guide' - exist to support businesses to align their strategies and measure and manage their contribution to the realisation of the Sustainable Development Goals.
- The UK's forthcoming Sustainability Disclosure Requirements will include certain more specific requirements around net zero disclosure.
- The IFRS International Sustainability Standards Board will deliver a global baseline of disclosure standards to provide information about companies' sustainability-related risks and opportunities. These will build upon the Taskforce on Climate-related Financial Disclosures (TCFD) and include industry-specific disclosure standards from the SASB Standards.
- The European Financial Reporting Advisory Group (EFRAG) has launched a public consultation on the draft European Sustainability Reporting Standards, which lay out sustainability-related reporting requirements. The draft standards cover climate change, company workforce, affected communities and consumers among other requirements.

In addition, climate reporting is becoming more mainstream, with a focus on both emissions impact reporting as well as disclosure around net zero targets and strategies:

- Corporate emissions data is becoming widely reported, driven by mandatory emissions reporting framework such as Streamlined Energy and Carbon Reporting (SECR) in the UK, widely adopted voluntary frameworks such as the Carbon Disclosure Project (CDP), and independent data providers such as MSCI.
- The Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) is now mandatory in the UK and the G7 have committed to standardising global climate reporting in line with the TCFD recommendations.
- The establishment of bodies developing standards, methodologies and metrics such as the Partnership for Carbon Accounting Financials (PCAF) and the Science Based Targets Initiative (SBTi), as well as the recent establishment of net zero alliances such as the Net Zero Asset Owner Alliance (NZ AOA), mean that several new target-setting and reporting standards are being developed for FIs. While voluntary, these standards are rapidly being considered industry best practice and are becoming widely adopted across the sector.
- Frameworks to guide net zero transition planning and disclosure are also being developed by organisations such as the Glasgow Financial Alliance for Net Zero (GFANZ). In addition, disclosure of net zero transition plans will soon be required in the UK, and a Transition Plan Taskforce (TPT) has been established to help to develop the disclosure requirements. Both GFANZ and the TPT indicate that organisations should take into account a just transition in their shift to net zero, and we believe gender is a key element of the this; We must deliver on our climate goals in ways that provide positive social results for women and girls in our communities and leaves no-one – including women and girls – behind.

As with climate, there are many frameworks and reporting requirements that look specifically at gender:

- Countries such as the US and UK already require companies to publish gender pay gap data, and the European Commission has recently introduced a draft directive that would make detailed gender pay gap reporting a legal requirement.
- Data platforms such as MSCI, Bloomberg, Refinitiv, Diversio and others are able to provide data on workforce gender diversity and women's leadership.
- Initiative such as GenderSmart Investing and the 2X Challenge aim to mobilise public and private investment in the world's women, setting frameworks and metrics to measure gender outcomes.

Finally, there are a number of frameworks emerging that specifically measure or assess the sustainability impact of investments and/or financial instruments:

- The EU Sustainable Finance Disclosure Regulation (SFDR) – ESG disclosures for key financial market players - applies to all financial market participants and advisors in the EU or that market themselves in the EU. It includes indicators covering climate mitigation, as well as unadjusted gender pay gap and board gender diversity.
- Various impact investing frameworks have been developed such as the Global Impact Investing Network's (GIIN) IRIS+ system.
- GenderSmart's 'Integrating Gender Consideration into Sustainable Bonds' how-to guide looks specifically at how gender considerations can be integrated into green and sustainability bonds – a practice that still remains rare[5].

There is a proliferation of reporting frameworks – but most remain siloed and do not look at the intersection of climate and gender

It is increasingly acknowledged that climate change has gendered impacts. For example, research from the UNFCCC found that women and girls experience the greatest impacts of climate change, which amplifies existing inequalities and poses unique threats to their livelihoods, health and safety[6]. At the same time, improving social and economic equality for women can have a positive impact on our ability to mitigate and adapt to climate change. Women can be powerful agents of change and their participation and leadership is essential to developing effective solutions to climate change.

Despite there being a proliferation of sustainability reporting requirements, there is an absence of frameworks measuring this intersection of gender and private climate finance – how, specifically, capital channelled to address climate change can impact, support and deliver better outcomes for women and girls, limiting the ability of investors to meaningfully incorporate these metrics into the investment process. One of the most common forms of corporate reporting on climate and gender issues is through broader sustainability/ESG reporting frameworks, such as GRI, ISSB and SDR, which take into account both environmental and social impacts as segments within the same framework, but do not often address how issues relate to each other.

This is also true when looking at frameworks specifically targeting investments, such as SFDR. Another example is the Global Impact Investing Network (GIIN) IRIS+ Navigating Impact Project, a resource that allows investors to select and report on a set of impact metrics drawn from the IRIS+ bank of metrics. The tool includes a number of 'Impact Themes', such as gender equality and climate change resilience and adaptation. However, investors can only choose one Impact Theme for each framework, which means that data is not collected across more than one theme and the relationship between different impact areas – such as climate and gender – may not be clear. In addition, the lack of structured framework means that there is no requirement or process to ensure that the most meaningful metrics are being reported; quality indicators may be overlooked in favour of more readily available data.

5 GenderSmart - Integrating Gender Considerations into Sustainable Bonds A How-to-Guide, 2022
6 UNFCCC - Climate Change Increases the Risk of Violence Against Women, 2019

The IRIS+ Navigating Impact Project encapsulates a common challenge across sustainability/ESG reporting frameworks – that Climate and Gender are measured and reported as separate themes or impact areas, and that the intersection of the two issues – how one can influence the other – is overlooked. Investors instead opt into reporting against the gender or climate themes – or both – without making the link as to how gender equality can influence climate action, and climate action can drive gender equality.

The net zero transition plan guidance currently being developed acknowledges the need for consideration of a just transition, and plans to incorporate this into its framework more fully in the future. This could be an appropriate place for FIs to report on the gender-responsiveness of climate investments and products. Once standardised metrics are agreed by the sector, relevant bodies should collaborate to ensure that they are embedded into net zero transition plan guidance as necessary.

GIIN (Global Impact Investing Network) IRIS+ Navigating Impact Project[7]

Summary: Voluntary framework which allows investors to build tailored portfolios of metrics aligned to a number of Impact Themes, including gender and climate. Each Theme has Strategic Goals, with core and additional metrics. The Gender Theme has Strategic Goals that aim to reduce gender inequities in agriculture, pay, workplace conditions and access to housing, among others.

Targeted at: FIs/providers of capital reporting at the portfolio and project level.

Uptake: High - 1,300 individuals and organisations have contributed to the evolution of the system (e.g., 2X Challenge, CDC, Deutsche Bank); 17,445 organisations use the platform

Example metrics:

Gender Impact Theme: Increasing Venture Capital to Women-Led Businesses Goal

Core Metrics
This starter set of core metrics — chosen from the IRIS catalog with the input of impact investors who work in this area — indicate performance toward objectives within this strategy. They can help with setting targets, tracking performance, and managing toward success.

Percent of Investees in Portfolio with A Female Founder

Percent of Women with Investment Decision-Making Power

Investment Details, By Founder Gender

Diverse Investment Committee

Number of Investments Targeting Needs of Non-Traditional or Underserved Populations

Additional Metrics
While the above core metrics provide a starter set of measurements that can show outcomes of a portfolio targeted toward this goal, the additional metrics below — or others from the IRIS catalog — can provide more nuance and depth to understanding your impact.

Gender-Blind Due Diligence Process

Ratio of Female Senior-Level Executives

Percent Of Female-Led Investee Businesses

Jobs Created at Directly Supported/financed Enterprises: Total

Follow-On Capital Received

Client Individuals: Provided New Access

Climate Change Mitigation Impact Theme: Mitigating Climate Change through Sustainable Agriculture

HOW is change happening?	Key Indicators
Greenhouse gas emissions details	Total greenhouse emissions (scopes 1-3)
Land sustainably managed	Total area and percent of land sustainably managed
Crop and livestock diversity	Number and type of crops and livestock raised
Emissions Intensity	Greenhouse gas emissions intensity by crop units produced
Stakeholder engagement	Target stakeholder engagement

Additional Metrics

HOW is change happening?	Key Indicators
High-level understanding of other effects (including other stakeholder groups)	Total greenhouse gas emissions sequestered Sources of greenhouse gas emissions mitigation Greenhouse gas emissions reduction strategy Greenhouse gas types Social and environmental targets Percent of revenue generated from socially and environmentally positive products and services

Case Study

Phatisa and GIIN IRIS+ - Gender Impact Theme: Improving gender balance across investment portfolios[8]

Project: Phatisa is a private equity fund manager operating in Sub-Saharan Africa focused on food, affordable & sustainable housing and no poverty. They state that their project aligns to Impact Themes of gender equality and addressing climate change, among others.

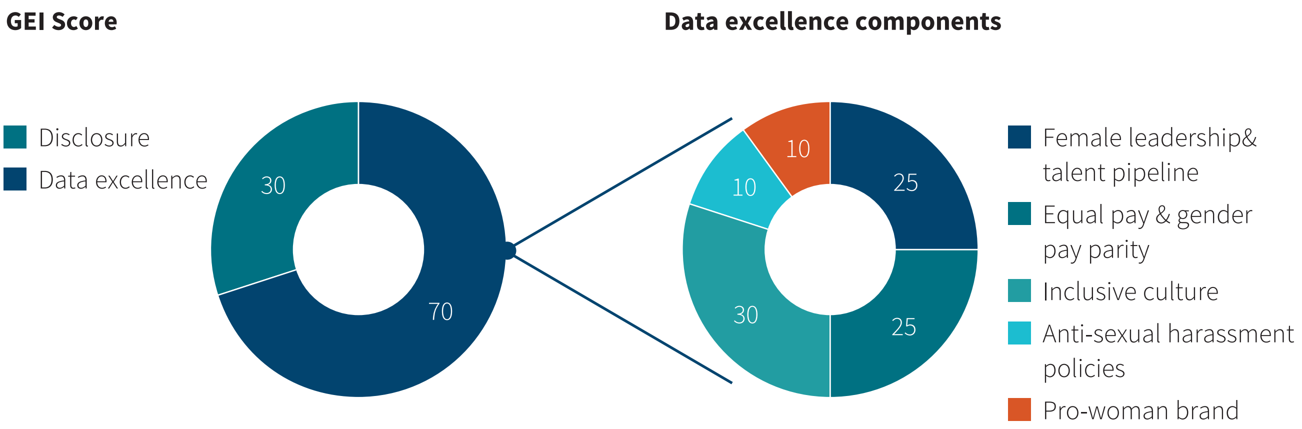
Strategy: 100% of portfolio companies should have a gender policy and targets to increase female employment significantly, with specific targets for skill level employment type.

Metrics: % female ownership; % female employees (permanent); % female employees (casual); smallholder suppliers (female); anti-discrimination policy (Y/N)

7 GIIN - Welcome to IRIS+, 2022
8 GIIN – Phatisa, 2022

Gender data collected and used by FIs often focuses on workplace diversity, culture and policies; product, customer and community metrics are not yet mainstream across the sector

Throughout our research we have found that representation (gender balance) and leadership are the most commonly reported themes across the private finance value chain, likely because elements of it are mandatory for organisations in certain jurisdictions e.g. Gender Pay Gap reporting. Reporting has traditionally been focused on the FI itself, but this is starting to be measured within investment portfolios as well, where there are increasing regulations such as the SFDR, but this is still uncommon. Data is increasingly available for listed entities via third party platforms such as MSCI and Bloomberg. For example, Figure 1 shows the gender equality pillars that comprise the Bloomberg Gender-Equality Index, which reported on 418 companies in 2022. When used alongside data on carbon emissions, this data can be used to identify organisations or investments that have women leadership and good carbon credentials, for both FIs and portfolio companies.



The GEI is comprised of 2 components: the amount of data disclosed, and data excellence. Data excellence assesses a company's performance against the key pillars of the GEI framework, in comparison with its industry peer group.

The GEI Score is measured on a scale from 0% to 100%, with 100% being a perfect score.

Figure 2: Bloomberg Gender-Equality Index[9]

However, data that looks at the design, development and accessing of specific products or funds, as well as community or customer impacts associated with specific products and services, remains rare and ad-hoc, usually relating to a specific investment or initiative rather than instrument or FI-level.

9 Bloomberg – Gender-Equality Index, 2022

Women Empowerment Principles Gender Gap Analysis Tool[10]

Summary: Helps companies identify strengths, gaps, and opportunities to improve their performance on gender equality. It covers strategy, workplace policies & culture and advocacy. Each theme is supported by outcome indicators to assess effectiveness from committing to change through to delivering and monitoring a solution. However, there are no formal requirements or timelines for signatories to implement the Principles.

Value chain stage: Both providers and recipients of capital.

Uptake: 6,448 companies across 146 countries have used it (e.g. KPMG and Coca-Cola) but only 35% of Bloomberg Index members have issued a statement in support.[11]

Example metrics:

- % promotions and career opportunities of women and men (Essential indicator)
- % procurement spend with women-owned businesses (Complimentary indicator)

W+ Standard by WOCAN[12]

Summary: Endorses projects that aim to increase social and economic benefits for women. It focuses on the domains of time, income & assets, knowledge & education, health, food security and leadership, each with suggested indicators. W+ certification generates W+ units and a share of the value goes to women engaged in the projects. It makes it possible for climate projects that support women's empowerment to generate W+ labelled carbon units, which will generate premium prices.

Value chain stage: Financial instruments – investors and project coordinators use at the project level; must meet specific criteria for accreditation.

Uptake: Low - mainly community projects in developing markets.

Example metrics:

- Increase in women's discretionary time
- Ownership of tools/livestock/land/jewellery by gender
- Increased decision-making power in project/household/community by gender

Case Study 3: W+ Standard by WOCAN[13]

Project: Biogas digesters in the Kavre and Sindhuli Districts of Nepal

Strategy: Women's unpaid labour has enabled the functioning and maintenance of biogas digesters and the W+ standard gives a monetary value to their unpaid climate actions. The reduction in relience on firewood increases resilience to weather-related risks and women have more time to engage with others and the media to learn about community climate risks.

Metrics: hours saved per day by access to biogas digestors; decrease in demand for firewood from the forest; increase in additional income generation.

10 WEPs - Gender Gap Analysis Tool, 2022
11 Bloomberg – Gender-Equality Index, 2022
12 WOCAN - The W+ Standard, 2022
13 WOCAN - Measuring Women's Time Saved by Using Biogas Stoves in Nepal, 2021

Gender-smart climate frameworks are now emerging, but private sector adoption remains low

Research and guidance that does target the intersection of climate and gender issues are, however, beginning to emerge. Women+ in Climate Tech, a global group empowering women and non-binary climate tech professionals, has brought together the **Task Force for Equity in Climate-Related Financial Disclosures**, to develop a toolkit for use by business and government to assess gender inequity as a climate risk[14]. In doing so they seek to improve investor understanding of the connection of climate change and gender inequity through enhanced disclosure; underscore risks facing net zero commitments resulting from gender inequity; and showcase opportunities arising from addressing this inequity and the solutions to address climate change. We look forward to seeing how this toolkit progresses in the coming months.

Another key resource for investors is the high-level guide '**Gender & Climate Investment: A Strategy for Unlocking a Sustainable Future' by GenderSmart**, which provides a clear case and practical guidance for gender & climate investing as well as several case studies within the energy, agriculture, and infrastructure sectors.[15]

One notable resource that has been launched in recent years is the Gender-Smart Climate Finance Guide, developed by the **2X Climate Finance Taskforce**. The guide helps investors to measure, monitor and evaluate progress of their gender-smart climate investments in various sectors, such as financial services, sustainable cities, and sustainable transport.[16]
It provides examples of gender-smart climate finance indicators across five criteria: Entrepreneurship, Employment, Leadership, Consumption and Indirect. While the toolkit is designed to be used up private and public investors, it appears to be most widely adopted by development finance institutions investing in developing nations. Investments only need to fulfil one criterion to be 2X-eligible and there is no requirement to collect data across the full suite of metrics.

While all of these resources offer valuable insights and guidance, they don't fill the specific gap that we have identified – i.e. a standardised framework for FIs to assess, measure and report on the gender-responsiveness of their climate-related investments, products, and services – and adoption remains low across the private finance sector.

2X Climate Finance Taskforce Gender-Smart Climate Finance Guide[17]

Summary: The "2X Challenge" calls for the G7 and other development finance institutions (DFIs) and private sector investors globally to join together to collectively mobilize $15 billion from 2021-2022. Commitments provide women in developing country markets with improved access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access. There are direct, indirect, and sector-specific indicators across the five 2X criteria.

Value chain stage: Financial Instruments – voluntary framework for impact investors to use at the portfolio and company level; must meet specific criteria to qualify as a 2X project.

Uptake: High - $11.4bn has been mobilised across DFIs, private sector and other capital sources. Most case studies are DFI projects.

Example metrics:

- Share of women in senior management
- Share of women ownership

Case Study: ClimADAPT

Project: ClimADAPT helps local banks and microfinance institutions in Tajikistan enhance access to climate resilient technologies, particularly in agriculture.

Strategy: female borrowers are encouraged to adopt climate resilient technology through awareness raising and dedicated training for local banks, increasing gender capacity of bank staff and adapting collateral requirements to meet women's needs (e.g. accepting jewellery)

Metrics: % of borrowers that are female; % of total amount of loans disbursed held by women (compared to national average)

14 Women+ In Climate Tech, 2021
15 GenderSmart - Gender & Climate Investment: A Strategy for Unlocking a Sustainable Future, 2021
16 2X Climate Finance Taskforce - Toolkit, 2022
17 2XCollaborative - ClimADAPT, 2022

Key challenges for FIs

- Lack of consistent guidance for the sector.
- Metrics to measure gender impacts of climate finance are wide ranging and often sector or project-specific and/or qualitative in nature, making it hard to standardise, aggregate and compare across portfolios and FIs.
- Carrying out gender impact assessments may require resources and expertise that may not exist within the FI.
- Companies are already overburdened with complex and nuanced sustainability reporting requirements.
- Sustainability metrics often don't link with or inform core business strategy and decisions, instead being limited to corporate social responsibility (CSR) activities.
- Data collection may be challenging for certain types of investments e.g., funds with limited look-through.

4. Examples of gender-smart climate financing in the public sector

There are a number of good practice examples of gender-responsive climate investment that can be found across the public sector. The following examples demonstrate climate funds and projects with pre-defined gender assessments and goals, which successfully measure project-specific outcomes that drive both climate action and gender equality.

The Green Climate Fund (GCF)[18]

The GCF is the world's largest climate fund mandated to support developing countries raise and realize their Nationally Determined Contributions ambitions towards low-emissions, climate-resilient pathways. It was established as an operating entity of the Financial Mechanism of the UNFCCC, and operates through a network of delivery partners, including commercial banks, development finance institutions, UN agencies and equity funds institutions.

Gender & climate focus: It was the first climate finance mechanism to mainstream gender perspectives from the outset as an essential decision-making element for the deployment of its resources.

Implementation: Accredited Entities can submit a gender and social assessment with the funding proposal. At the project preparation stage, Accredited Entities can submit a gender and social inclusion action plan, which details the gender-responsive activities the project will undertake, provide relevant gender-performance indicators, targets, timelines, and a budget for each activity. They plan to make the assessment and action plan obligatory documentation in the submission process.

Metrics: there is a bank of suggested gender-related indicators for projects to use as guidance e.g.

- Entrepreneurial: # of female entrepreneurs with adequate access to financing for low-carbon and climate-resilient investment
- Engagement: Number and % of women and men (from remote areas) who attend/are actively involved in sectoral planning and consultation meetings

Takeaways: The GCF balances high-quality quantitative and qualitative metrics to measure both project input and outcomes. These are developed by engaging with the impacted stakeholders and wider community to understand their needs during the project planning and gender assessment stage. This allows for project-specific gender outcome metrics to be established and monitored from the outset of the project.

Project Case Study:

Project: Gender-smart initiatives for climate change adaptation and sustainability in prioritised agricultural production systems in Colombia.[19]

Strategy: Help to close the gender gap and improve women's decision-making power in agricultural value chains; promote equitable access to the strategies, plans, programs, services, goods and activities of the project.

Metrics: % of farms with female producers making decisions that utilise ICT to access climate forecast information; % of female-headed rural households that are not monetary poor; promotion of participation of women in local and regional decision-making bodies of the agricultural sector (Y/N); self-reported increase in women's self-confidence to engage in public discussions and decisions.

18 Green Climate Fund - Gender, 2022
19 Green Climate Fund - Gender action plan for FP182, 2022

Canada's Feminist International Assistance Policy[20]

This policy seeks to reduce extreme poverty and build a more peaceful, inclusive and prosperous world, and it recognises that promoting gender equality and empowering women is the most effective approach to achieving this goal. It invests in local women's organisations and movements, works with governments to deliver gender equality programs and supports employment and business opportunities for women in the renewable energy sector.

Gender & climate focus: The policy's core Action Area is gender equality and the empowerment of women and girls, and it seeks to advance gender equality by integrating gender analysis into other Action Areas such as environment and climate action for adaptation and mitigation.

Implementation: In recognising the unique impact of climate change on women, the policy requires that women participate actively in the design and implementation of any climate adaptation or mitigation initiatives funded by the Canadian government; ensure that government planning & policy acknowledges the challenges faced by women and girls; and support employment and business opportunities for women in the renewable energy sector.

Metrics: There are indicators for each action area, including KPIs and Global Indicators by theme, as well as Advocacy and Corporate Indicators e.g.

- KPIs: Number of individuals with an enhanced awareness and/or knowledge and/or skills to promote women's participation and leadership in public life; number of beneficiaries from climate adaptation projects; $ invested and number of women's organisations and women's networks (international and local) advancing women's rights and gender equality that receive support for programming and/or institutional strengthening.
- Advocacy: # of influencers reached through Canadian-hosted events on women's empowerment, rights, and gender equality.
- Corporate: Number of projects employing innovative approaches in the delivery of international assistance, including experimentation with new partnerships, policies, practices, behavioural insights, technologies and/or business models

Takeaways: The policy connects goals of environmental and social progress across publicly and privately funded projects to ensure the linking of gender and climate outcomes and to mainstream gender goals from the outset. Data is collected annually and made publicly available.

Project Case Study:

Project: Harvesting rainwater in Cambodia to combat water scarcity during periods of drought.[21]

Strategy: Cisterns and community ponds were installed in villages. Women were trained in water resource management and in climate-resilient farming, which enabled them to start vegetable gardens for supplementary income and be elected to water-use groups traditionally dominated by men.

Metrics: number of cisterns and community ponds installed; number of households with improved access to water; increase in women's income; increase in women's election to water-use groups; increase in respect for women in families and communities.

20 Government of Canada - Canada's Feminist International Assistance Policy, 2021
21 Government of Canada - Canada's Feminist International Assistance Policy, 2021

The Adaptation Fund[22]

The Adaptation Fund is an international climate fund that was set up under UNFCCC which finances projects aimed at helping developing countries adapt to climate change.

Climate & gender focus: Gender is a strategic priority for the Adaptation Fund. It has a Gender Policy and Gender Action Plan, which have formal aims to mainstream gender in all projects. Throughout the project cycle, equal rights, responsibilities and opportunities for men and women are considered, as well as the promotion of women's leadership roles in the decision-making process in climate change adaptation.

Implementation: Implementing entities must demonstrate their capacity and commitment to comply with the Gender Policy, have gender-responsive actions and procedures and have a clear institutional timeline and plan for implementation. Suggestions for gender-responsive consultation include having both gendered and mixed stakeholder consultations and appropriate methods of communication to reach the most vulnerable (e.g., non-written).

Metrics: gender-responsive indicators are part of project design e.g.

- Engagement: % of projects consulting with male and female stakeholders both separately and in mixed groups.
- Cultural: shift in men's and women's perceptions due to project.
- Evaluation: % of reporting & presentations with women's organisations, gender equality advocates & experts as sources of information.

Takeaways: The Adaptation Fund provides comprehensive guidance notes to users seeking to consider gender throughout the project cycle, including sector-specific guidance on how to conduct gender assessments, engage key stakeholders, and how to set gender-responsive indicators for different sectors and projects.

22 Adaptation Fund – Gender, 2022

5. The need for a Gender-smart Climate Finance Toolkit for the private sector

It is evident that unlike the progress we've seen in integrating gender considerations into multilateral climate finance mechanisms, including the Green Climate Fund, gender mainstreaming of climate finance remains an uncommon concept in the private sector, which largely looks at climate change and gender equality as independent issues and seeks to address them as such.

But the powerful relationship between gender and climate means that applying a gender lens to climate finance could hugely increase the effectiveness of climate mitigation and resilience. For this opportunity to be maximised, the private finance sector needs dedicated tools and guidance to support them to measure the intersection and ensure investments are delivering both positive gender and climate outcomes.

As such, we believe there is a need and an opportunity to develop a comprehensive toolkit for private FIs to enable them to design and deliver their climate products and investments with gender equity and their core.

There are several key findings that we believe should be taken into consideration when designing this toolkit:

- The toolkit should provide guidance for FIs as to how to extend their focus beyond workplace diversity and policies, to more specifically measure and address gender-responsiveness of climate investments and products.
- It would be beneficial to set out recommended metrics at both FI and instrument level, enabling FIs to demonstrate action within their own organisations as well as within their products and financing activities.
- Standardised metrics/guidance would enable consistency and comparability across reporting entities.
- At the same time, some metrics will be unique to the FI and/or investment. For example, there is no one-size-fits-all approach to product and community impact (and other) metrics, which will vary depending on the organisation, it's products and investments. Therefore, FIs should be allowed flexibility in the adoption of certain metrics, to allow them to tailor such metrics to their organisation.
- Any new toolkit must build on and align with existing frameworks/tools already widely adopted by FIs, such as emerging guidance on net zero transition plans and the just transition, to reduce additional reporting burden.

6. Next steps

The Women in Finance Climate Action Group plans to develop and propose a toolkit that will help FIs begin to measure and report the gender-impact of climate financing activities. We believe that the toolkit should recommend metrics for a range of gender impact areas, and should be designed so that FIs can adopt the framework flexibly in a way that suits their businesses and goals.

To help inform this toolkit, we invite FIs, NGOs, think tanks, government and any other relevant stakeholders to comment on the concepts and findings put forward in this discussion paper. Feedback is particularly welcome on the following:

1. Do you agree with the discussion paper's findings?
2. Do you know of any other frameworks (existing or upcoming) that would inform the Group's work?
3. Do you think that the proposed toolkit is the correct solution to the gaps identified in the discussion paper? If not, what would be the best solution in your view?

Please send your comments to **climateaction@aviva.com**

Further reading

- **Bloomberg – Gender-Equality Index 2022**
- **Canada Feminist International Assistance Policy**
- **Global Impact Investing Network IRIS+ Navigating Impact Project**
- **Green Climate Fund**
- **The Adaptation Fund**
  - **Adaptation Fund Gender Guidance Document**
- **The 2X Climate Finance Taskforce**
  - **2X Climate Finance Taskforce Gender-Smart Climate Finance Guide**
- **Women Empowerment Principles Gender Gap Analysis Tool**
- **Women+ In Climate Tech 2021**
- **W+ Standard by WOCAN**