



Knowledge for Climate Finance Mobilisation

**Leading the way on gender opens avenues for
business growth in the face of climate change**



The Southern Africa
Climate Finance Partnership

Leading the way on gender opens avenues for business growth in the face of climate change

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The intersection of the issues of gender equality and climate change presents an important but complex dynamic. This briefing note provides guidance to executives seeking to better understand how mainstreaming gender considerations into organisational strategy can unlock new business opportunities.

Summary

The global climate crisis sounds the call for strong leadership in response, not least on the part of influential private sector institutions. Whilst incorporating environmental, social and corporate governance (ESG) factors into business strategy has become a growing good practice to drive sustainability and investability, climate finance allows organisations to give practical effect to these ambitions and display strong leadership.

Financial services institutions stand to benefit substantially from the opportunities presented by new streams of finance offered by the likes of the Green Climate Fund (GCF). Accessing GCF finance makes it possible for your institution to access highly concessional forms of capital, thereby deriving attractive returns from blending and on-lending at reasonably low-risk using innovative mechanisms such as first-loss guarantees, and tenure extension arrangements. The project administration fees earned through implementing GCF financed projects can also be utilised to fund the growth of new sustainable/green investment units in your institution, enabling you to tackle new markets at low risk.

The gender policies and action plans of the GCF, and similar institutions, are stringent and evolving, and include a particular focus on mainstreaming gender considerations into policy and practice. Climate finance providers reward organisations that not only meet the minimum criteria required by gender policies, but also follow best practice and advance standards regionally and globally. Meeting and surpassing the requirements of climate finance gender policies requires thorough and methodical integration of values at strategy, policy, and process level throughout an organisation. Upon considering the benefits of climate finance to your organisation, and determining that your values align with those of the GCF or similar funders, you should take action to prepare your organisation at both strategic and operational levels.

Experiences of institutions in Southern Africa that are currently accessing GCF finance demonstrate that investing time and resources into gender mainstreaming can result in healthy returns. Whilst meeting the requirements of the GCF - such as mainstreaming gender responsiveness into institutional policy and project development and execution processes - requires initial investment, there is evidence to suggest that doing so makes good business sense. Meeting the requirements of the GCF means that your business is aligned with international best practice, displaying solid ESG leadership which is attractive to shareholders and investors, and which opens the door to business with other development finance institutions that are quickly adopting the same standards. Doing so also puts your organisation ahead of the curve, as governments globally are in the process of adopting more progressive gender integration requirements through related policy and regulatory developments.

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Introduction

The compounding and uncertain effects of development challenges such as inequality, unemployment, and climate change highlight the challenges of “business as usual”. Stakeholders across the private and public sector - along with civil society and individuals - are looking to develop new pathways to resilient and sustainable futures. Leading financial services institutions, and large companies, have recently made substantial shifts to change the targets and objectives of the private sector; aspirational private sector actors would do well to follow their example, and lead their industries and their regions in contributing to a more sustainable future.

Several international developments point the way for businesses seeking to demonstrate such leadership, including:

The United Nations Sustainable Development Goals (SDGs), launched in 2015, provide a framework for co-ordinating global efforts amongst the public and private sectors to achieve a more sustainable, more just and more prosperous world.

“The SDGs seem to have quietly re- imagined a new model of business, relapsed as an agent of development, harnessed and channelled by governments and set to work on alleviating poverty and fostering sustainable economic growth for all.” - Institute for Human Rights and Business (2015) State of Play - Business and the Sustainable Development Goals: Mind the Gap – Challenges for Implementation. Pg 5.

In 2016, the United Nations Framework Convention on Climate Change (UNFCCC) developed the Paris Agreement, which aims to limit temperature rise due to climate change, and has strong goals for the mobilisation of climate finance, including leveraging funds from the private sector.

2019 saw significant private sector commitments to address sustainability and resilience:

- Representatives of 130 banks adopted the Principles of Responsible Banking, with the goal of aligning the banking industry with the Sustainable Development Goals (SDGs), and the Paris Agreement, and to cultivate a sustainable and responsible banking system (Sustainalytics, 2019). Such a development aligns with other global trends in both the public and private sectors.
- In 2019, The United States’ Business Roundtable redefined the purpose of a corporation, with the CEOs of many of the world’s largest companies committing to benefit not only shareholders, but all stakeholders - including customers, employees, suppliers, communities, and shareholders (Business Roundtable, 2019).

Aligning institutional strategy and policy with the trends towards the cooperative attainment of the SDGs has the potential to increase the Environmental, Social and Governance (ESG) scores of businesses; becoming a powerful tool for communicating an organisation’s overall corporate sustainability both in terms of the exposure and management of ESG risks, as well as its pursuit of the opportunities presented by this new global shift in business practices (Laski, 2019). Greater collaboration between public and private sector investors in recent times has also opened the door to win-win investing that helps business achieve its goals whilst contributing to sustainable development.

Recent years have seen a growing market for environmental, social and sustainability bonds and loans as well as other forms of impact investing:

- Global climate finance flows from the private sector grew by almost 31% from the two-year period 2015/16, to 2017/18 when it totaled USD 326 billion (Climate Policy Initiative, 2019).
- Green bond issuance passed USD 257 in 2019, an increase of 51% over 2018 (Climate Bonds Initiative, 2020).
- Impact investing is now a substantial portion of the global investment market - with over 1,340 organisations managing USD 502 billion in impact investing assets worldwide (Global Impact Investing Network, 2019).

In addition, novel uses of the blended finance approach demonstrates important opportunities to both mobilise new sources of capital for achieving the SDGs (Convergence, 2019) as well as direct practical action on the part of the financial services sector. Blended finance is the use of catalytic capital from public or philanthropic sources to increase private sector investment in developing countries to realise

the SDGs. Blended finance allows organisations with different objectives to invest alongside each other while achieving their own objectives (whether financial return, social impact, or a blend of both). The main investment barriers for private investors addressed by blended finance are (i) high perceived and real risk and (ii) poor returns for the risk relative to comparable investments. Blended finance creates investable opportunities in developing countries, which leads to more development impact (Convergence, 2019).

“In new and challenging markets, blended concessional finance—the combining of concessional funds with other types of finance, on commercial terms—is increasingly used to mobilize capital and accelerate high- impact private sector investments.” -
International Finance Corporation, 2019

Climate finance

Climate finance presents an exciting and complex opportunity that is rapidly growing and evolving. The GCF, and similar organisations, offer resources to support climate change adaptation and mitigation projects – including highly concessional finance for blending and on-lending purposes, and innovative financial instruments like first-loss guarantees and tenure extension mechanisms. Such resources enable leveraged investment and substantial returns.

In light of the projected costs of climate change, primarily in developing countries, the 2009 Copenhagen Accord committed to the target of mobilising USD 100 billion annually by 2020. In 2015 the Paris Agreement subsequently provided for the target to be increased after 2025, while emphasising that finance should come from a variety of sources - both public and private.

The Green Climate Fund and its Private Sector Facility

The Green Climate Fund (GCF) was established by the UNFCCC in 2010 to support the efforts of developing countries in response to the challenge of climate change. The Fund has been expressly set up to enable adaptation to climate change (and support mitigation) and, in so doing, aims to support the Paris Agreement and be catalytic in the paradigm shift to a new normal.

The GCF's Private Sector Facility (PSF) is a funding window dedicated to enhancing the role of the private sector in financing climate related interventions. The PSF aims to address barriers to private sector investment - including market failures, insufficient capacity, and lack of awareness. The PSF presents an opportunity for private sector institutions to access concessional climate finance, and therefore invest in projects that promote adaptation or mitigation that otherwise not be possible, because of risk aversion or regulatory barriers. In light of the different revenue streams expected by private sector stakeholders, the PSF adjusts concessionality according to each proposal's business case. Central to the GCF's offering is the innovative use of financial tools - including blending, on-lending, first-loss guarantees, and tenure extension arrangements.

The PSF is mandated to promote country-driven investment - through the participation of local actors including small- and medium-sized enterprises, and local financial intermediaries - with a particular focus on Least Developed Countries (LDCs), Small Island Developing States (SIDS)-including African States.

Institutions must be accredited in order to access finance from the GCF, and earn project administration fees for implementing GCF projects. Alternatively, institutions may partner with an existing Accredited Entity (AEs), as an Executing Entity (EE) for a particular project. This allows institutions to engage with the GCF in the short term, learning from the experiences of existing AEs, whilst establishing a track-record to support their own accreditation or to access further opportunities in the future.

Contributing to positive social change and gender equality

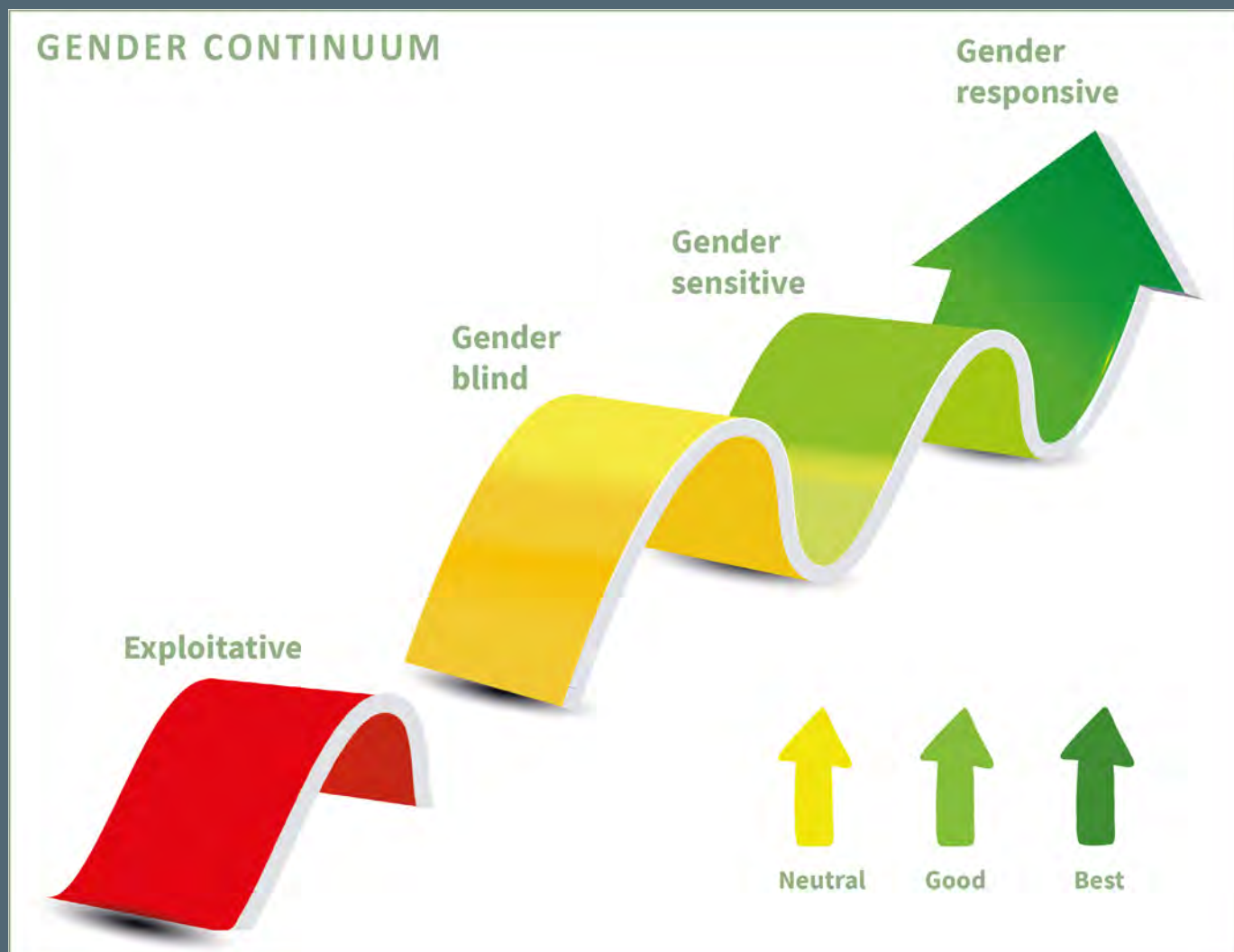
In line with supporting a new way of operation, institutions are starting to pay more attention to how their operations and investments can contribute to the goal of gender equality. This is particularly important in the context of climate change, where impacts are socially differentiated and thus may reiterate existing inequality.

Responding to the challenges presented by climate change, however, presents an opportunity to advance gender equity; not only by improving responses to the gendered impacts of climate change, but also to affect some measure of change over the inherent systemic injustices that persist in society and continue to perpetuate the vulnerability of these groups. It is this potential for positive change that partially explains the requirements contained in the gender policies of the GCF and other development finance institutions.

Stakeholders in climate finance projects thus need to integrate gender considerations into their respective ambits. Institutions that have been able to do this report positive benefits.

What does it mean to integrate gender into a climate finance project?

The world is characterised by gender inequality - to varying degrees depending on legislation, policy, and social customs and practices. Typically when designing investments we are blind to gender differences, and that can have consequences in terms of the equity of outcomes.



The worst-designed projects run the risk of being **gender exploitative** - actively doing harm (environmental and social safeguards are intended to reduce the risk of this). **Gender-blind** projects take no account of existing inequalities and thus run the risk of reinforcing those inequalities. **Gender-sensitive** projects take roles and responsibilities into account, and work with them to give equitable access between men and women, whilst gender-responsive projects challenge roles and responsibilities, thereby contributing to equality.

This can be illustrated using the example of a bridge built over a river floodplain to improve connectivity and enable rapid evacuation in case of floods (therefore it is an adaptation to climate change, and eligible for climate finance). Its introduction does not take into account gender differences, it may preference men over women (because socially constructed gender norms mean that in times of no flooding, men are more likely to travel whilst women are more tied to the home) and thus is, at best, neutral and, at worst, exploitative (widening existing inequalities).

If gendered access to bicycles to travel are considered, and the initiative provides transport for women because they can't ride bicycles, it is gender-sensitive (as the intervention is modified to ensure that both men and women can benefit, taking into account their gender roles). If accompanied by awareness raising among men and women to dismantle gender roles and the norms that prevent women from travelling, then it addresses the root causes of the inequality and therefore would count as gender-responsive.

It is possible to make an existing project gender-sensitive but the chances of being gender-transformative are far greater if gender is considered at the conceptualisation stage. This means that gender should be considered as part of a needs assessment during project inception – rather than only at the design intervention, implementation, monitoring and evaluation, or learning stages.

This brief highlights a shift taking place across organisations – moving beyond insular gender policies focused on issues such as equal access opportunity and reducing the gender wage gap, towards recognising the need for wider policies addressing the very way they do business. This distinction is illustrated, using examples, in the table below.

Type of operations	Examples of gender mainstreaming activities
Internal	• HR policies • Non-discrimination in appointment • Addressing the wage gap
External	• Gender-responsive project design • Evaluation of concepts from partners including gender assessments • Developing gender action plans for all project investments • Implementing projects or investments in-line with the gender action plan

Mainstreaming gender makes business sense

The opportunity to contribute to more equitable social outcomes from investments is reflected in the evolving role of businesses. Climate finance is challenging the traditional role of financial intermediaries, requiring a shift from being “project-takers” to becoming “project-makers”. Climate finance requires that organisations utilising resources from the likes of the GCF play a much more active role from project conception and proposal development, through to implementation and monitoring and evaluation. This includes having a specific focus on environmental and social safeguards, including efforts to support gender mainstreaming at an institutional and project level. Whilst this new level of effort requires investing time and resources towards capacitating individuals and teams to pursue these types of investment opportunities; the experiences of institutions in southern Africa who are currently accessing GCF finance (such as DBSA, and the EIF) demonstrate that investing time and resources into the process can result in healthy returns and be utilised as a business growth strategy.

Opportunities from climate finance

Blended finance creates access to new markets/investment opportunities. Savvy investors can be well positioned to take advantage of substantial gains from a growing green/sustainable investment market, through opportunities such as blended finance. Importantly, the favourable and flexible terms available from the likes of the GCF reduce barriers to entry in several ways:

Enabling investing in projects that would not be commercially viable under normal circumstances. This is typically the case for the longer financing periods required to derive returns from these types of investments (approximately 10 years for renewable energy projects); such as the the tenure limitations under the Basel regulations (requiring partnerships with development banks), or the misalignment with commercial tenure of five years (United Nations Framework Convention on Climate Change, 2019).

Reduced Exposure to potential financial risks of investing in innovative solutions or new technology, through mechanisms such as first-loss guarantee. Investment risks are further reduced through the provision of specifically designated project-preparation funding to ensure thorough project development at the feasibility stage (including funding to undertake a gender-assessment and develop a gender action plan for the project).

“DBSA has been able to utilise the project administration fees from GCF funded investments to grow and capacitate a unit within the bank that specifically focuses on climate investments. Each time you bring a new project online, you are able to access further administration fees to grow this new area of focus for the bank”

- Olympus Manthata, Head: Climate Finance at Development Bank of Southern Africa -
DBSA, pers. Comms)

DBSA

The Development Bank of Southern Africa (DBSA) is an AE to the GCF. Amongst its growing portfolio of projects accessing co-finance from the GCF, is the establishment of the DBSA's Climate Finance Facility (CFF). The CFF is a fund set-up to specifically target the provision of finance to the private sector for climate related investments in several countries in southern Africa (currently targeting Eswatini, Lesotho, and Namibia). The DBSA have accessed in the region of USD 50million from the GCF, to blend with a further USD 50million of their own resources to capitalise the fund. The CFF offers innovative solutions to some of the challenges facing climate investments, such as tenure extension and first-loss guarantees.

Access to project administration fees that can be used to fund the on-going development and capacitation of individuals and business units that can focus on sustainability and

climate-related investments, as more and more opportunities open up in this space. This is particularly useful for institutions doing business

in emerging markets where regions such as southern Africa are set to leap-frog traditional development pathways and move directly towards sustainable solutions such as decentralised, renewable energy.

The EIF took a strategic decision to pursue GCF finance as a means for capacitating and growing the organisation so as to better deliver on our mandate. This approach has enabled tremendous growth in a relatively short space of time”

- Benedict Libanda CEO EIF

Partnerships with already-accredited organisations can unlock opportunities. As an alternative to completing the procedures necessary to become an AE for the GCF, partnering with existing AEs, through becoming an EE is an option. This allows for the development of new capacity and enables your organisation with the ability to begin to explore novel areas of investment whilst it comes to terms with the new complexities it faces, including growing understanding and experience related to mainstreaming gender in operations and investments. It provides an opportunity to begin to shift and shape internal strategy, policy and process towards being aligned with the requirements of the GCF (such as the GCF Gender Policy) and enables the building of a track-record which will support the expediency of accreditation at a later stage. The benefits that come from aligning your business with growing international best practice is not limited to the likes of the GCF.

Meeting the gender standards of the GCF aligns your business with international best-practice. The requirements of the GCF Gender Policy and Action Plan therefore present a useful opportunity to examine global good practice and assess the extent to which your organisation is aligned therewith. This can open doors to access resources from other sources or further investment opportunities, as other climate finance institutions have similar standards - notably the Climate Investment Funds (CIFs), Adaptation Fund (AF), Global Environment

“Once the EIF met the requirements of the GCF, such as the GCF Gender Policy, and achieved accreditation, several other funders came knocking on our door.” - Karl Aribeb, Director of Operations, EIF

Facility (GEF), Least Developed Countries Fund (LDCF), and Special Climate Change Fund (SCCF) (Overseas Development Institute, 2018). The UNFCCC monitors the gender policies and performance of organisations accountable to it, and supports evidence and advocacy for the

suitable implementation of gender policies by such organisations (United Nations Framework Convention on Climate Change, 2020). Further details on approaches to gender in other climate finance institutions can be found in an annex to this note.

Applying a gender mainstreaming approach to operations and investments provides valuable input into your integrated reporting, in-line with emerging standards, and positions your organisation to promote its ESG leadership which is attractive to shareholders and new investors.

ESG leadership in South Africa

In South Africa, various institutions have already taken steps to position themselves to access climate finance and address global and local development priorities. For example, Nedbank has adopted a Sustainable Development Governance Framework, with the SDGs at its core (Nedbank, 2020). The King IV integrated reporting standards, adopted by South Africa in 2016, were the first outcomes-based governance code in the world and modeled on the International Integrated Reporting Framework (Integrated Reporting, 2016). Nedbank have won several awards for aligning their integrated reporting with the SDGs.

Doing so also puts your organisation ahead of the curve, as governments globally are in the process of adopting more progressive gender mainstreaming requirements through related policy and regulatory developments. In Uganda for example, new gender regulations require that ministries and departments have to design gender-responsive sector plans and apply gender-based budgeting before they will receive approval thereof. Furthermore, the Equal Opportunities Commission was established to ensure that the government implements what they have promised in their ministerial/ departmental plan and budgets. If they comply with the gender-responsiveness outlined in their plans, they are awarded a certificate.

The GCF Gender Policy as a benchmark

The GCF has always been ahead of the curve, and has had a gender policy since its inception in 2015, with each successor being more progressive than the last. The current Gender Policy and Action Plan - covering 2020 to 2023 - is the third iteration (Green Climate Fund, 2019).

The GCF Gender Policy aims to promote climate investments that:

- Advance gender equality through climate change mitigation and adaptation actions;
- Minimise social and gender-related and climate-related risks, while also endeavouring to promote respect for and observance of human rights of all people, including women and men from vulnerable or marginalised communities in all climate change actions; and
- Reduce the gender gap resulting from climate change exacerbated social, economic, and environmental vulnerabilities and exclusions through strategic climate investments that mainstream gender equality.

The third iteration of the Gender Policy and Action Plan, from 2020 to 2023, continues to emphasise the importance of a gender-responsive approach, also highlighting the need to consider vulnerable groups in communities and take into account traditional knowledge. It also builds on previous versions by committing to mainstream gender in all its operations. Gender assessments and gender action plans are now a requirement at project level. In addition it recognises that, to continue with progress, there is a need to develop the capacities of NDAs, FPs, and AEs to enable them to better mainstream gender in projects. Financial resources can now be requested for this from the PPF.

AEs must ensure that concept notes and funding proposals submitted for GCF financing meet the principles and requirements of the GCF Gender Policy; integrate analysis of context and sociocultural factors underlying climate change-exacerbated gender inequality and optimise the potential contributions of women and men of all ages to build both individual and collective resilience to climate change.

Paradigm-shifting potential has always been core to the GCF's ethos: it intends to transform the investment universe, serving as a catalyst to facilitating a landscape and fit for ambitious climate adaptation and mitigation projects in line with the objectives of the Paris Agreement. A significant part of this is shifting gender policy - across the private, public, and non-governmental sectors - to better serve the needs of all beneficiaries of climate finance interventions.

Steps your business can take to mainstream gender and access climate finance

Preparing to access climate finance opportunities requires shifts at multiple levels in order to meet the requirements set by different funders. In terms of gender mainstreaming, the GCF represents a set of best practices that can be adopted to access funding, as an AE or an EE, and position your organisation to benefit from other opportunities in the future as progressive approaches to gender mainstreaming become the norm. Doing so requires that gender considerations need to be included both internally (in terms of workplace policies and externally (in terms of project execution and lending). This requires a range of interventions from strategy and policy through to processes and procedures.

“Mainstreaming gender responsive approaches throughout the organisation is a journey best led by a shift in institutional strategy” Michele Ruiters - Research Specialist and Gender Focal Point - DBSA

Strategy shifts

In order for an institution to establish the necessary policies and processes to support gender mainstreaming, strategic steps need to be taken at the executive and organisational level. Some institutions may take strategic steps towards preparing for the gender requirements of the GCF and similar institutions, only to realise that their objectives do not align sufficiently with those of the GCF, or they are not able to restructure their organisation in the short term without significant costs, or that the sort of climate finance projects supported by the GCF are not within their remit. In such situations, it may be appropriate for such an institution to take initial steps towards long term strategy shifts without jeopardising activities in the short term; or to work with AEs that are already accredited to the GCF in the capacity of an EE, with the intention of using a project to learn from such an institution and demonstrate their intention for a strategic shift. The experiences of AEs in Southern Africa suggests that a strategic approach is required to work towards fully mainstreaming gender across an organisation over time. It is important that this strategy remains flexible as the gender requirements of the GCF, other institutions, and national government continue to evolve.

Policy shifts

Whilst most institutions have some level of gender policy in place, these tend to be inward facing policies focussing predominantly on workplace matters such as equal access to opportunities for employees and equality in pay scales etc. Few gender policies contain outward facing provisions that seek to address gender requirements at the investment, partnership, and project design and implementation levels. The GCF Gender Policy and Action Plan provides a useful guidance tool for institutions to develop carefully consulted, outward facing gender policies or to integrate gender responsiveness throughout their existing policy frameworks. Integrating gender responsiveness across an organisation is a task that will require dedicated time and resources supported by extensive internal consultation to achieve the necessary level of buy-in to result in the required level of implementation. Consequently, having a strategy or action plan to guide the process is critical and having the support from the executive level to make sure that the plan is followed is key.

Process shifts

Being gender responsive requires that new considerations are taken into account in the way projects are rolled out or investments are made. There will be critical opportunities within the ordinary course of business to insert opportunities for gender mainstreaming. These need to be identified and the necessary steps should be taken to evolve internal operating procedures and to capacitate staff accordingly. Such opportunities should be identified in the organisations updated gender policy and/or action planning documentation, along with a phased approach for giving effect thereto.

Conclusion

Leading the private sector on gender can put your organisation ahead of the curve, and create investment opportunities. The scale and range of climate finance available to the private sector is substantial, and continues to grow rapidly. Even projects without an explicit focus on climate finance are increasingly incorporating measures and standards related to climate change mitigation and adaptation, in compliance with international commitments like the SDGs and the Paris Agreement, national commitments like climate policies and plans, and sub-national commitments like municipal by-laws. Those institutions that effectively implement progressive gender policies - and coordinate with both climate finance providers and organisations already accessing climate finance from such providers - are well placed to reap substantial rewards now, and lead the field as it continues to grow.

There is ample support available to meet gender policy requirements, when accessing climate finance. The GCF offers detailed policies and guides to develop internal gender policies, and meet its gender requirements - both while preparing concept notes and proposals, as while delivering and reporting on projects. Financial and technical resources - including the Readiness and Preparatory Support Programme (RPSP) and the Project Preparation Facility (PPF) - can help you develop and maintain your policies and capacities, and to design concept notes and proposals in a way that complies with GCF policies and requirements. Other climate finance providers have similar tools and resources.

Addressing gender policy enables you to be a better corporate citizen, contributing to a more equal and climate-resilient world. Leading private sector institutions are increasingly changing their investment portfolios, activities, outlooks, and even definitions to better address the requirements of a sustainable and resilient future. Climate finance plays an increasingly important role, as a share of investment opportunities, and an influence on the wider range of investment opportunities. Gender policy is a crucial element in accessing climate finance, along with a range of other investment opportunities - by addressing it now, you will lead the way to a brighter future.

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The briefing note has been prepared by SouthSouthNorth (SSN), under Phase Two of the Southern African Climate Finance Partnership project (SACFP II). The intended audience is the management of entities interested in exploring the opportunities presented by climate finance. In particular, this brief targets Accredited Entities (AEs), or entities contemplating accreditation, to the Green Climate Fund (GCF) who are coming to terms with the requirements of the GCF Gender Policy, and what it means for their organisations. It is important that executives consider the value to their organisations of taking a strategic approach towards mainstreaming gender.

The experiences of entities in Southern Africa who have accessed GCF resources indicates the need to address gender mainstreaming and the need to address the intersecting challenges of climate change, gender, and climate finance through a combination of bottom-up and top-down approaches. The bottom-up approach should enhance the capacity of those tasked with developing, reviewing, implementing, and monitoring climate projects, to assist in the implementation of the GCF Gender Policy requirements in a practical way. The top-down approach should provide targeted, well-packaged information to the executive level, where certain projects receive internal approval, and where shifts in institutional strategy, policy, and process are ultimately made.

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Annex: Framing of gender impact typologies

In designing gender-sensitive and gender-responsive projects, we need to accept that different groups start from different points of vulnerability, so their adaptation needs are different.

According to the WBG's Profiting From Parity report, there are nine key factors holding back women's business performance in Africa: legal discrimination; social norms; risk of gender-based violence; education and skills; confidence and risk preferences; finance and assets; networks and information; allocation of factors of production; and time constraints and care. By addressing these factors, projects can enhance opportunities for female entrepreneurs to perform in Africa, potentially attracting the support of government and donor funding, and generating greater income than assumed possible without such interventions. According to the report, several strategic decisions can be affected, addressing gender differences in order to improve the profitability of entrepreneurs in strategic ways:

- Female entrepreneurs build larger and more profitable companies when they operate in male dominated sectors.
- Female entrepreneurs in Africa have systematically lower levels of business capital - including equipment, inventory, and property - relative to their male peers.
- Female entrepreneurs' lower levels of labour contribute to gender productivity gaps in some countries.
- The gender differences in capital and labour are associated with men having higher profits than women.
- Differences in the adoption of good business practices help explain the gender gap in productivity for some countries.
- There are some differences in innovation between male- and female-owned enterprises.
- There is no clear pattern between individual business formalisation and the gender gap in enterprise performance.
- Women may be less than half as likely as men to compete with others.

Gender approaches in other funds

In 2014, the GCF Board adopted International Finance Corporation's Performance Standards for Environmental and Social Sustainability (IFC Performance Standards) as the interim environmental and social safeguards (ESS) of the GCF. The GCF Gender Policy and Action Plan were prepared by taking into consideration the policies and best practices of other multilateral development banks (MDBs) and international organisations, including the GEF Policy on Gender Equality and the GEF Gender Equality Action Plan. The GCF Gender Policy is closely aligned with the SDGs and is guided by the UNFCCC including its Paris Agreement. In developing and revising its gender policies, along with wide consultation among its network of stakeholders, the GCF has also taken guidance and lessons from the existing gender policies and action plans of the GEF, CIFs, and AF. Such inputs indicate an overall perception that the GCF gender policy's requirements are beneficial, having made multiple contributions towards fulfilling countries' gender-related commitments, and also towards addressing the needs of communities. However, findings indicate the need to develop the capacities of AEs and NDAs/FPs, to enable them to better mainstream gender in projects.

In 2015, The World Bank Groups (WBG's) released its Gender Strategy for 2016 to 2023. In 2017, The WBG's Environmental and Social Framework (ESF) replaced the older Safeguard Policies which had incrementally emerged since the 1980s in response to harmful impacts of investment projects financed by the WBG. The ESF comprises: a vision for sustainable development; the World Bank Environmental and Social Policy for Investment Project Financing; and the Environmental and Social Standards. One of the International Development Associations (IDA's) five key themes is fostering gender equality and empowerment. The International Finance Corporation's (IFC's) Performance Standards on Environmental and Social Sustainability was used as a model by the GCF when designing the approach to ESS, including gender. In 2012, the IFC introduced its Performance Standards on Environmental and Social Sustainability. The Adaptation Fund's (AF's) Gender Policy and Gender Action Plan (2017-2019) were approved in March 2016. These were assessed in 2019. The Climate Investment Funds (CIFs) also designed an explicit approach to transformational change.

The GCF was established with a mandate and principles designed to address gender, throughout its operation and activities. However, some other climate finance institutions started gender-blind, but these have since recognised the need to address gender retroactively, and develop policies and structures to improve measures for addressing gender in the future. The gender policies of these institutions are based on, or inspired by the GCF - further reason for any institution seeking to access climate finance from providers across the ecosystem to follow the policies and guidance of the GCF.

Where we are, and where we're going

Climate finance projects need to comply with an increasingly robust set of social, gender, and environmental safeguards and guidelines. Institutions accessing funds must comply with the procedures of funders, along with international obligations, including on human and women's rights, labour standards, and environmental law.

The gender requirements of the GCF, and similar institutions, show a trend towards mainstreaming gender responsiveness, necessitating a novel approach to gender for most institutions. Best practice is an evolving concept, and is highly contextual, based on the norms and practices at play in any given project. Organisations thus need to create strategies and policies that provide flexibility to respond progressively where opportunities present themselves. This means working closely with gender ministries and other partners, such as academic institutions, when developing and implementing projects. Institutions' gender policies and strategies should address this need, as it implies a shift from business as usual. This aligns with a trend observed by the SACFP - that of entities changing from their traditional roles as project takers, to new roles as project makers.

This brief offers a snapshot of the current state of gender policy in climate finance. Given where we are today, the GCF Gender Policy has already changed, and given the ongoing growth of climate finance, and the GCF's wish to shift paradigms, we can only assume they will remain ahead of the curve.