



Inclusive gender and climate finance

Centring frontline, underrepresented and underserved communities in investment

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Acknowledgments

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About 2X Global

2X Global (formerly GenderSmart and 2X Collaborative) is a global membership and field-building organisation for investors, capital providers, and intermediaries working in public and private finance, across both developed and emerging markets. Our vision is global sustainability and equal opportunity, powered by inclusive, equitable, and gender-smart systems of finance. We build capacity through knowledge, partnerships and tools that deepen investor commitment, advance and align standards to increase the impact and effectiveness of investment strategies, and shift markets through strategic advocacy and engagement.

GenderSmart and the 2X Collaborative became 2X Global on 1 January 2023. The GenderSmart *Gender & Climate Investment Working Group* (now *Gender & Climate Finance Community of Practice*) was launched in early 2020 with the goal of unlocking the potential of applying a gender lens to climate finance, and vice versa. The group tapped into the collective wisdom and experience of more than 100 investment pioneers, with the aim of driving positive outcomes for women and the world.



A close-up photograph of two women, one of South Asian descent and one of African descent, smiling and looking down at a laptop screen. They appear to be in a collaborative work environment. The woman on the left is wearing a white top with orange suspenders, and the woman on the right is wearing glasses and a grey jacket.

Introduction

Investing at the nexus of gender and climate finance has been evolving in recent years: from the development of new research and case studies that help make the case for this approach and illustrate its benefits, to the emergence of tools to support investors in adopting an integrated approach. Yet few of these examples and tools have engaged intentionally with the full breadth of intersections between climate action, gender and a broader inclusive and JEDI lens in the investment community. This guide is designed to help investors and investment intermediaries do just that.

Today, many urgent conversations are being driven by activists in climate and racial and wider social justice movements. At the same time, calls are being made for sustainable investing to be more nuanced and substantive in the way that it operates at the nexus of environmental, social and governance (ESG) considerations. In light of these, as well as the increasing prominence of dialogues and commitments around just transition and loss and damage at successive United Nations Climate Change Conferences, contributors to the GenderSmart gender and climate Working Group (now 2X Gender and Climate Community of Practice) highlighted a need to build on this work to ask which principles, processes and practices for centring frontline, underrepresented, and underserved communities in gender and climate finance might best support actions and commitments from investors in this space.

➤ In this guide we characterise *four entry points*, underpinned by a set of rationale, to better support investors in approaching *inclusive* gender and climate finance ... and propose *five foundational reasons* investors should explore relevant approaches.

At its heart, this guide aims to influence the movement of more investment capital with these lenses. Conservative estimates suggest that US\$5tn annually is needed for adaptation and mitigation by 2030 to achieve Paris alignment.¹ This represents an increase of 590%, with furthest to go in funding the adaptation needed for frontline community resilience. Just 14% of public sector finance flows to developing economies goes towards adaptation.² And just US\$1bn, or less than 1% of private climate finance, goes towards supporting adaptation efforts. How much more powerful would even this existing capital be if deployed for climate action with a combined JEDI and gender lens? And how much more effective might new capital that's deployed be rendered, by taking this approach?



To support investors in reflecting about how they might introduce or strengthen their approach in their own portfolios, in this guide we characterise four entry points, underpinned by a set of rationale, to better support investors in approaching *inclusive* gender and climate finance. We highlight some existing resources that are already available to investors and propose five foundational reasons investors should explore relevant approaches. These include:

- › Enhancing resilience among low-income, frontline communities;
- › Recognising and revaluing the talent, innovation, insight and leadership of those in frontline, underrepresented and underserved communities;
- › Leveraging frontline communities' untapped wisdom to design innovative solutions that benefit everyone
- › Unlocking the multiplier effect of bringing in new types of capital, and modifying capital structures and instruments;
- › Remedying inequities within the financial system and beyond.

Finally, we explore some non-exhaustive characteristics of investments at this intersection alongside illustrative case study examples surfaced through our consultations – across sectors like construction, food and agriculture, renewable energy, and transport.



What's not covered

This is not a definitive guide. As Criterion Institute notes, fundamental shifts are needed in the power dynamics of our investment ecosystem to build the field at this nexus of climate finance, justice and gender.³ Many believe that truly achieving climate justice will require foundational economic and political systems change. One perspective is that western systems of finance are fundamentally colonialist. Another is that looking at climate justice and gender together from a global perspective risks conflating the goals of US-based environmental, racial and gender justice with the needs of those in the global south and detracts from the most important conversations for those communities. Talking about investing in climate justice can be very sensitive, and may not always be appropriate. For many in frontline communities, this is a conversation about survival. In fact, some subject matter experts in our network have advised those in their zone of influence not to incorporate climate justice into their investment policy statements until there is a deeper understanding of what climate justice is all about. Confluence Philanthropy⁴ is a key investment network and field building organisation to follow on this work.

We recognise that in opening up this conversation to a broader church of actors than are currently engaged in this space, we might not get everything right. Nevertheless, we believe that investors today

have the power to be intentional and create positive disruptions that can progress us towards these goals, including by nudging those in their zones of influence to go further. So, this report instead represents a starting point for 2X Global (formerly GenderSmart) to bring together the work we're seeing in our networks, to seed ideas and encourage a broader range of investors to engage meaningfully in reflecting about what their contribution might be.

Investors are at different stages in their journeys towards considering climate, gender and JEDI together in their work. Some may be yet to engage meaningfully at these intersections, others aware of the need to start thinking about introducing this into their work and actively working to find the right way to do so. More experienced JEDI and gender lens allocators and intermediaries seeking transformational impact may also be going further to look at how they might adopt a systems lens in their work to move from extractive to regenerative investment practices. For example, by evaluating the investment process through the lens of privilege and power dynamics, uncovering ways to meaningfully address the systemic barriers which keep underrepresented and underserved groups from accessing capital and which reinforce structures perpetuating the status quo.⁵ Our aim is for this report to guide reflection and kickstart conversations across all of these audiences.

Inclusive climate finance: definitions, context and complexities

Given the need for further work to identify the role that investment should play in delivering climate justice, we have chosen instead to focus in this guide on the role that inclusive and intentional approaches to gender and climate finance can play in centring frontline, underrepresented and underserved communities in investments. Nevertheless, there are some important foundational lessons to be taken from existing work on climate justice from the outset. Definitions of climate justice, as well as dynamics related to JEDI (see pg. 08) and gender considerations vary depending on context, geography and focus.

Broadly, climate justice considers unequal patterns of responsibility, impact, and capacity to adapt to climate change to ensure that action is rooted in and led by those who are most impacted. Climate Justice approaches also importantly put people at the heart of climate action and prioritise equity in the transition towards a more sustainable and regenerative economy, centring context-specific political economy considerations and structural barriers that need to be overcome to achieve these goals. We suggest that *inclusive* gender and climate finance share many of these tenets.

➤ Gender inequality is a core consideration of inclusive climate finance, in recognising that women are *powerful agents of change*, while also being disproportionately impacted by climate change.

Gender inequality is a core consideration of inclusive climate finance, in recognising that women are powerful agents of change, while also being disproportionately impacted by climate change. Women's voices and leadership at all levels and stages are crucial to ensure that increasing investment flows efficiently and effectively address climate change, while addressing multiple, intersecting forms of inequality to unlock the power of women across value chains. As such, and while gender and climate investment itself is a relatively nascent field (something that is even truer of investment approaches that prioritise climate, JEDI and gender together), we believe that building understanding and a community of advocacy, learning and practice at these intersections is a valuable exercise. Our work here is therefore intended as a starting point, which we hope will inspire further research and action with the potential to de-risk investments while amplifying impact across climate, gender, and JEDI outcomes.



Methodology

Embarking on this project we reached out to our collective networks and community to take a snapshot of work already being done around these themes. We also sought to build on insights from the work of the parallel 2X (formerly GenderSmart) working group on Justice, Equity, Diversity and Inclusion (JEDI) and the JEDI Investing toolkit⁶ designed to help allocators and investment influencers incorporate a gender lens alongside a wider diversity lens, starting with racial and ethnic justice across the investment process. This work underscored the importance of an intersectional approach that goes beyond counting women, to considering the full spectrum of gender, identity, and broader socio-economic factors together in investments, as well as considering who is investing, who receives investment, what results occur, how investments and investment terms are structured and how those decisions are made. In doing so, we aimed to understand how investors are already approaching this in their work today, as well as what might best guide others like them in adopting or strengthening their approaches.

We found investors thinking about and engaging in this space in a variety of different ways. From commercial developed market investments in Black, Indigenous, and People of Color (BIPOC)⁷ women entrepreneurs offering climate-smart products and services, and good green jobs for women of colour; to blended-finance investments with a gender and climate lens that centre women in marginalised or previously under-invested communities; and those focused on adaptation and resilience in emerging markets and the Global South who are really centring community voice and ownership. Moreover, we found that organisations interpret concepts such as Just Transition differently, with some focusing solely on ensuring that those in high-polluting sectors find decent employment as industries are phased out, and others, recognising that environmental and social considerations are intrinsically connected, broadening this to include considerations around race and gender.

Our focus in this report therefore includes all green investments that are restorative or reparative (with many of the inequities discussed in this guide stemming from years of colonisation or other forms of power dynamics that have systematically placed these communities on the back foot), or which otherwise centre communities experiencing the impacts of injustice across developed and emerging markets, sectors, and different types of investment, and are made with a gender lens. Such investments can integrate principles around voice, agency, design, governance, racial and ethnic justice, ownership of solutions, and equitable access to capital and job creation.



Inclusive gender and climate finance is urgent and important. It is crucial if we are to address the closely interlinked twin crises of climate change and inequity.

While there is unlikely to be a one-size-fits-all approach that meets the objectives of all investors, we nevertheless found that those already working in this space at different stages of their journeys have important lessons to learn from one another. One thing that investors were clear about is that considering these imperatives together does not dilute focus, but rather strengthens the outcomes they strive for. And that in one form or another, these lenses are relevant for many investors.

Inclusive gender and climate finance is urgent and important. It is crucial if we are to address the closely interlinked twin crises of climate change and inequity. We hope that this guide will prompt reflection and equip actors from across the investment ecosystem to take action through their portfolios and their influence.

Key definitions

For simplicity, hereafter an integrated approach to these investment themes that centres frontline underrepresented and underserved communities will sometimes be referred to as *inclusive* gender and climate finance.

Combining these lenses and taking an integrated approach to identifying opportunities at their intersections has the potential to unlock more just and effective processes and outcomes across talent, innovation, markets, products and services, value chains and governance. In the next section of this guide, ‘*What can it look like to invest in inclusive gender and climate finance: Finding the right approach*’, we explore different entry points investors might approach this from, and some tools they might leverage to support them in their journeys.



CLIMATE FINANCE seeks to transition financial markets and the real economy to a sustainable and resilient net zero future, by directing Paris Agreement aligned capital to providers of solutions for adaptation and mitigation. The United Nations Framework Convention on Climate Change (UNFCCC) Finance – Climate Action Pathway aims at a future where “Climate justice, equity and intergenerational fairness are now cornerstones of (the) financial system”.⁸



JUSTICE, EQUITY, DIVERSITY AND INCLUSION (JEDI) INVESTING seeks to promote learning, innovation, creativity, flexibility, equity and human dignity, alongside financial returns by considering who is investing, who receives investment, what results occur, how investments/investment terms are structured and how those decisions are made. It covers gender, racial and ethnic diversity, as well as other forms of diversity and social exclusion and underrepresentation at the ownership level, in governance, leadership, decision making, employment, value chains, and products, services, and customers. It is also about power dynamics and engagement.⁹



GENDER LENS INVESTING integrates gender-based factors such as women’s (and all people with gender differentiated experiences) ownership, leadership, employment or consumption into investment strategy and analysis in order to increase returns and impact, and move towards a more equitable world for all. It can help investors spot market opportunities or risks where others might miss them, while simultaneously addressing gender equality in various ways. It is relevant in public and private markets and across all asset classes, themes, and geographies.¹⁰



IMPACT INVESTORS seek to “generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors’ strategic goals. The growing impact investment market provides capital to address the world’s most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare, and education”.¹¹

What can *inclusive* gender and climate finance look like?

Four entry points for investors

There are many different ways of approaching *inclusive* gender and climate finance, depending on investors objectives and entry points. Everyone is at different stages and on different journeys. Some will approach this space from multiple entry points.

These are four entry points to help investors reflect about where opportunities might lie, to introduce or strengthen this approach in their portfolios:



CLIMATE FINANCE INVESTOR

Prioritises climate action

Starts with climate then integrates a JEDI lens, gender lens, and the returns profile or business case that is right for them.



JUSTICE, EQUITY, DIVERSITY AND INCLUSION (JEDI) INVESTOR

Prioritises social justice and impact in frontline communities

Starts with JEDI and then integrates a climate action lens, gender lens, and the returns profile or business case that is right for them.



GENDER-SMART INVESTOR

Prioritises gender lens

Starts with a gender and then integrates a climate action lens, JEDI lens, and the returns profile or business case that is right for them.



ALL OTHER IMPACT INVESTORS

Priority motivation is another impact thematic (such as health, education, job opportunities, or economic well-being)

Starts with their primary impact motivation and then integrates a climate action lens, JEDI lens, gender lens, and the returns profile or business case that is right for them.

Finding the right approach

By engaging in this reflection, we encourage investors to explore opportunities to break down silos between investment approaches and examine risks and opportunities at the intersection of investment themes. However, standardisation and alignment is also needed to facilitate the data collection and reporting needed to make the case for these investment approaches and to build these fields. To support this objective and guide them in applying new lenses, investors can leverage resources such as **GenderSmart Investing's JEDI DDQs**,¹² **DDQ 2.0's** Questionnaire Template, Due Diligence Questionnaire and Diversity Metrics Template,¹³ **Adasina Social Capital's** Social Justice Lending Criteria¹⁴ and the **2X Climate Finance Taskforce's** screening and due diligence checklists by sector.¹⁵

In determining the climate action component of an investment, investors may benefit from considering factors such as Paris alignment (contribution to mitigation or adaptation) alongside an assessment of physical climate risks and transition risks in line with the Task Force on Climate-Related Financial Disclosures.¹⁶ Alongside this, the justice component of an investment can be interrogated

through an impact assessment with a JEDI and human rights lens. Both risk and impact assessments can include a strong focus on who (which demographic groups and frontline communities) would be impacted by climate change in the context addressed by the investment, and in which ways the investment might address the needs specifically of those communities.

A gender and JEDI lens assessment of the investment is best applied throughout the investment process to encompass everyone affected – from the investor's own organisation to investee entrepreneurs and leaders, their employees and suppliers, consumers and end users. Not every form of *inclusive* gender and climate finance will be right for every investor. For example, community ownership or reparations-oriented investments may feel right to one investor. But another may prefer to back climate entrepreneurs from frontline communities who are innovating solutions that are right for those communities, without a full community ownership model. Engaging in this exercise of interrogating processes and outcomes will enable investors to identify the investments most relevant for them.



Further reading

Amplifying important work in this space

In recent years, a number of organisations and initiatives have written powerful work focusing to varying degrees on the intersection of investment in JEDI, gender and climate. These include:

‘Disrupting Fields: Addressing Power Dynamics in the Fields of Climate Finance and Gender Lens Investing’, published by Criterion Institute,¹⁷ which examines power dynamics in the development of climate finance and gender lens investing, driven by the thesis that this can enable more intentional design of field building efforts to address inequities in systems of finance.

‘Catalysing Investment to Scale Gender and Climate Solutions in Africa: A Call to Action’, published by The Rallying Cry,¹⁸ which makes the case for investment in gender and climate in Africa and more inclusive climate leadership – spotlighting how women business leaders are developing powerful climate solutions already today, and exploring how their collaborative and equitable approaches might inform global change from the ground up. Moving from analysis and engagement to implementation, their follow up **‘Accelerate transformation: Invest in African Women leading Climate Action’** explores new ways to bring women led agribusiness and capital together to grow and scale climate solutions.¹⁹

‘Investing for Climate Justice: An Intersectional Approach’, published by Cambridge Associates,²⁰ which establishes that climate change is a social justice issue, and proposes ways in which investors, including those pursuing net zero, can apply an intersectional approach to climate justice in portfolios – across themes and asset classes.

‘Leading with Justice: Net Zero Investing & Conversations on Climate Justice’, published by GEM and the Intentional Endowments Network (IEN),²¹ which provides a background and working definition of climate justice in the United States; argues that climate justice is central to reaching net-zero goals; and provides practical methods to implementing climate justice in this context.

‘A Feminist Agenda for People and Planet: Principles and Recommendations for a Global Feminist Economic Justice Agenda’, published by The Women’s Environment and Development Organization (WEDO), The Women’s Working Group on Financing for Development (WWG-FFD), The African Women’s Development and Communication Network (FEMNET) and the Pan-African Climate Justice Alliance (PACJA).²² This report, led by the co-leads of two of Generation Equality Forum’s action coalitions on economic justice and climate justice, argues for a decolonial green new economy – one that prioritises human rights and the planet’s wellbeing over growth and GDP. Its recommendations also include an equitable and just global trade order, an economy that redistributes wealth and resources, promotes debt justice and a new structure of sovereign debt, and democratic global economic governance.

While such publications represent important building blocks of an emerging imperative field of practice, today’s investment literature, processes, and practices far too rarely consider risks and opportunities at the intersection of climate, JEDI and gender together.

Endnotes

Read the report

We hope this introduction has provided helpful context about the what and the why of taking an integrated and inclusive investment approach. The full report builds on this introduction with investment examples and case studies in both public and private markets.



1. [‘State of climate action 2021: Systems transformations required to limit global warming to 1.5°C’](#), World Resources Institute, 2021
2. [‘Global Landscape of Climate Finance 2021’](#), Climate Policy Initiative, 2021
3. [‘Disrupting Fields: Addressing Power Dynamics in the Fields of Climate Finance and Gender Lens Investing’](#), Criterion Institute, 2021
4. [‘Confluence Philanthropy’](#)
5. [‘For experienced JEDI and gender lens investors seeking transformational impact: A transformational systems approach’](#), GenderSmart, 2022
6. [‘Justice, Equity, Diversity and Inclusion \(JEDI\) Toolkit’](#), GenderSmart, 2022
7. [‘JEDI Investing Toolkit: Glossary’](#), BIPOC
8. [‘Finance – Climate Action Pathway’](#), UNFCCC, 2021
9. [‘JEDI Investing FAQs’ in ‘JEDI Investing Toolkit’](#), GenderSmart
10. [‘Gender and climate investing: a strategy for unlocking a sustainable future’](#), GenderSmart, 2021
11. [‘What you need to know about impact investing’](#), Global Impact Investing Network (GIIN)
12. [‘JEDI Investing DDQ & Intermediary level DDQ’](#), GenderSmart, 2022
13. [‘Due Diligence Questionnaire Templates’](#), Due Diligence 2.0
14. [‘Adasina Social Justice Investment Criteria’](#), Adasina Social Capital, 2022
15. [‘2X Climate Finance Taskforce: Toolkit’](#), 2X Collaborative, 2022
16. [‘Task Force on Climate-related Financial Disclosures’](#), 2022
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