

21 December 2022 | Climate Change, News, Social

Gender, climate and finance: How financing female-led businesses can lead the way to a net-zero future for people and the planet

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In the third and final blog post in our series on *Gender, Climate and Finance*, we shift our focus to financial institutions that are leading the way to a net-zero carbon future through investments in women-led businesses and gender-smart climate finance initiatives. If you haven't already, don't forget to check out the first two blog posts in the series explaining the important [role women play in addressing climate change](#), and highlighting the [role of women in leading a just transition](#).

At last month's COP27, dubbed the 'implementation COP', climate finance took centre stage in the ongoing work to bridge the emissions and adaptation gaps. Financial institutions will need to mobilize around [US\\$1 trillion dollars of annual investment by 2030](#) in order to stay on track with our net-zero carbon goal. But resource mobilisation is only half the issue – we also need to make sure these resources are allocated in an equitable way that improves, rather than worsens, societal inequalities. An important part of this work is to invest in female-led initiatives, especially within sustainable development. Financing female-led initiatives benefits both society and the environment, as research shows that [female business leaders are better at taking climate into consideration in their business decisions](#). Despite this, the IFC estimates that only 7% of total private equity and venture funding in emerging markets is targeted towards female-led businesses and, similarly, just [3% of philanthropic environmental funding supports girls' and women's environmental activism](#). Female-led businesses often have difficulty accessing funding from climate finance providers who may overlook smaller businesses in favour of investing in large-scale projects.

So, what can your organisation do to help solve this problem? UNEP FI members are leading the way on setting targets to improve gender representation, with many of our members listing gender as one of their key impact areas.

Many UNEP FI members are providing specialised programmes, services and financing opportunities for women-led businesses. For example, NatWest Group, a British banking and insurance company, have set a target of providing [£100 billion in climate and sustainable financing and funding by the end of 2025](#). As part of this commitment in 2021 they supported 55,000 small and medium enterprises (SMEs) through their enterprise programmes, of which 60% of the participants were women-led businesses and 52% of the businesses were social enterprises. As part of their enterprise programmes they educate small business owners on a range of business matters, including specific training on climate and sustainability.

A Belgian bank, KBC Group launched [Start it @KBC](#), an acceleration programme for start-ups, and has actively committed to fostering female entrepreneurship in the start-up landscape. The bank aims for an equal number of female and male entrepreneurs, and currently, 46% of the Start It @KBC start-ups have a woman as a founder, an increase of 34% since 2017.

Some financial institutions are also offering insurance products to help mitigate the risk that female entrepreneurs often face when starting their businesses. For example, Wema Bank, a digital bank based in Nigeria, launched a platform called [SARA](#) specifically for women entrepreneurs, which provides discounted health insurance and access to loans at a 9% interest rate.

Banco Hipotecario, based in El Salvador, has launched a programme called "[Women In Action](#)" that provides access to commercial financing, home loans and study loans for women. Importantly, they provide four months moratorium on repayments during maternity



environment
programme

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initiative

One way to support women is by providing financing for scholarships and opportunities for additional training and education. The Australian and New Zealand Bank) launched a new scholarship opportunity for women leaders working across the fields of environmental and corporate sustainability as well as sustainable finance. The [CEW & ANZ Sustainability Scholarship](#) is designed for female sustainability practitioners with at least five years' leadership experience looking to develop their skills and enhance their capabilities.

These examples show that UNEP FI members have already been able to make substantial contributions to gender equality. As awareness of gender mainstreaming grows, we expect to see more financial institutions commit to setting gender-related targets. Creating targets is an important step towards gender equality, but those targets must also be monitored and evaluated to ensure we are heading in the right direction. According to the OECD, [around 70% of blended finance vehicles dedicated to gender equality and 40% of those that have committed to mainstreaming gender equality provide transparent reporting on the impact of their projects and initiatives.](#)

One group that is working towards a more gender-responsive approach to climate finance is 2XGlobal. 2XGlobal will be launched in January 2023 following a merger between the 2XCollaborative and GenderSmart to support and mobilise capital to empower women. The partnership of more than 16 financial institutions will equip capital providers to increase the volume and impact of capital to support women's businesses, projects, and institutions. They have a special interest in gender-smart climate finance through the 2X Gender and Climate Finance Taskforce, which has already committed to [mobilizing \\$15 billion in capital by the end of 2022.](#)

UNEP FI also has a variety of resources available to our members to help them achieve their climate commitments in a gender-responsive way. The Principles for Responsible Banking's [Impact Radar tool](#) was designed to help members to report on their impacts and provide advice to members on how to improve in various impact areas, including gender. In 2020 UNEP FI also released a [guidance for banks on Gender Equality Target Setting](#). We encourage all our members to make gender targets a part of their overall commitments to climate change, even if it isn't listed as one of your impact areas. If you have any more questions about how you can do this, please reach out to UNEP FI's Social and Human Rights [team](#) for more information.

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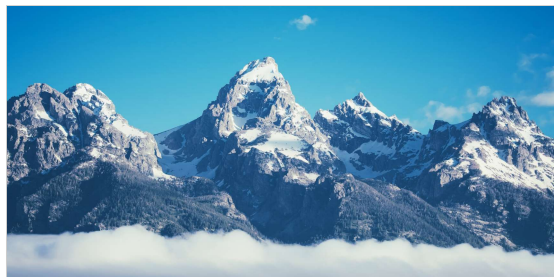
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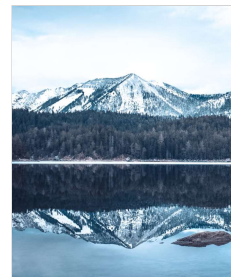
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