

Gender x Climate: Pursuing Gender-Inclusive Climate Investments

Overview

Gender-lens climate finance can deliver transformative investments to improve climate adaptation and mitigation, while also reducing economic gaps between women and men. Addressing climate change will require fundamental shifts away from business as usual towards green, resilient, and inclusive economies driven by regenerative, renewable, and nature-positive processes. This transition must be just and emphasize the inclusion of all people, including women and girls, who are often disproportionately disadvantaged by the impacts of climate change and left out of new climate-related opportunities. Bringing women into climate decision-making and securing their active participation in green transitions will result in more impactful and effective private sector-led climate action and improved risk management.

IFC champions gender-inclusive climate investment by developing inclusive strategies, creating solutions for clients, and delivering thought leadership at the intersection of gender and climate. As of April 2024, IFC has committed nearly \$11 billion in investments with a gender lens, with about \$5.5 billion going to financial institutions that focus on extending finance to women. Additionally, IFC has financed and mobilized \$14.1 billion in climate-related projects. This includes \$6.5 billion investment on IFC's own account finance and a further \$6.6 billion through mobilization. Increasingly, IFC is investing with an integrated climate and gender lens, looking for opportunities to advance women's leadership, employment, and entrepreneurship in green transitions and increasing women's access to green finance and climate-friendly products and services.

Climate investments can generate 213 million cumulative jobs around the world between 2020 and 2030. With women's labor force participation at 47 percent compared to 72 percent for men, there is significant room for women to make labor market gains in climate-related fields.

Source: [IFC, 2021](#).



The Gaps

Women continue to be underrepresented in **leadership, employment, and entrepreneurship**, and in some contexts, progress on gender equality has slowed or even reverted. Furthermore, gaps across leadership, in the workforce, and in entrepreneurship reduce women's ability to take advantage of new opportunities, resources, and assets created through green growth and climate investments. At the same time, gender gaps in these areas reduce the effectiveness of private sector-led mitigation and adaptation strategies, limiting the growth potential of climate friendly and greening sectors.

Women and marginalized communities are [disproportionately affected by climate change](#), and private sector activities to mitigate or adapt to climate change must consider the adverse social impacts of climate change or risk undoing progress on gender equality. Sectors receiving the most climate investment are also the sectors where women are [least represented in business leadership](#), and without intentional action to address the pre-existing economic gaps between women and men, climate action is likely to reinforce or deepen gender divides.

Leadership

- Women make up only [15 percent of board seats and only four percent of CEO and board chair positions](#) worldwide.
- A study of more than 11,700 companies globally found that [only 16 percent of companies met or exceeded the 30 percent critical mass of women on their boards](#).

Employment

- Women [are underrepresented in high-climate impact sectors](#) with the largest proportional job gains in the transition to net zero, including utilities, construction, and manufacturing.
- In the renewable energy sector, where the number of jobs could increase to nearly 29 million by 2050, women represent only [32 percent of employees](#).

Entrepreneurship

- Women-Owned Small and Medium Enterprises (WSMEs) face an [estimated credit gap of \\$1.4 to \\$1.7 trillion](#), reducing their ability to develop climate innovations, make efficiency gains, or build climate resilience.
- [More than one quarter of all venture capital \(VC\) funding is going to climate technology](#), yet in emerging markets, women hold only [11 percent of all senior positions](#) in private equity and venture capital firms and [only 15 percent of senior investment teams](#) are gender balanced. Female entrepreneurs receive only [seven percent of investment capital](#).

The Business Case

Including women in climate investment can foster innovation and improve problem-solving, leading to more effective and sustainable climate solutions. Research shows that companies with gender-diverse leadership tend to outperform their peers financially, indicating that women's involvement in climate action can yield significant economic benefits. Moreover, women often have a deep understanding of community needs, making their inclusion crucial for the long-term viability of climate investments.

- Research shows that companies with better gender diversity on boards, as well as in management positions, are more likely to reduce the intensity of [energy consumption, greenhouse gas emissions, and water use](#).
- [A study by the European Central Bank \(ECB\)](#) found that banks with more than 37 percent female directors had around 10 percent lower lending volumes towards companies with higher pollution rates.
- Women's entrepreneurship can help [diversify value chains, reduce risk, increase competitiveness, and enable climate-responsive innovation](#). IFC's survey of banking clients showed that for six consecutive years, women small-to-medium size enterprise (WSME) loan portfolios exhibited lower [non-performing loans](#) than their total SME portfolios.

How We Work

Creating Solutions for Clients

IFC works with private sector clients to help them address climate risks and take up new climate-related opportunities, while also expanding impacts for women and disadvantaged groups. IFC is exploring [new financing innovations](#) to deliver impact for both climate and gender, providing advisory services to advance women in [renewable energy](#), and supporting [women-led climate startups](#).

Developing Inclusive Strategies

IFC advances a gender lens across its investments and advisory services. It is working to develop [sector-based tools and frameworks](#) to help identify opportunities for addressing gender gaps through climate business.

Delivering Thought Leadership

To inform operations, address client needs, and contribute to the global dialogue on inclusive climate investment, IFC delivers [thought leadership and research](#) at the intersection of climate change and gender inclusion.

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