



The table below outlines examples of instruments commonly used for debt, equity, credit, blended finance, and directed lending; their definitions; and some real-world examples of climate and/or gender-smart investments. Alongside real-world examples, the table also includes potential opportunities for existing instruments to incorporate gender and/or climate lenses, based on 2X criteria and credible green taxonomies like the EU Sustainable Finance Taxonomy or frameworks like the Multilateral Development Banks' (MDBs') joint Paris Alignment approach.

This document is intended as a reference for investors, particularly during the deal structuring phase of the investment process. The type of investment vehicle and the way the deal is structured can influence the types of climate and gender outcomes that the investor and the investee company want to see over the investment cycle.

- Orange** Regular financial instrument with gender and climate impact integration from the outset
- Green** Green instrument with a gender lens added on top
- Pink** Gender-smart instrument with a climate lens added on top (N.B. there is no public information on such instruments yet, but their development is expected)

Asset class	Financial instrument	Definition	Real-world examples of climate and/or gender-smart investments using this instrument	Examples of potential climate and/or gender-smart applications of this instrument <i>(Suggestions for how these could be structured if no real-world examples have been developed or identified)</i>
Debt	Corporate bonds	A type of debt security that is issued by a firm and sold to investors. The investee gets the capital it needs and in return the investor is paid a pre-established number of interest payments, at either a fixed or variable interest rate. When the bond 'reaches maturity', the payments cease, and the original investment is returned.	Bank OCBC NISP issued a <a href="#">gender-smart climate finance bond</a> in March 2020 (with gender and green bond tranches). The proceeds from the gender bond were used to increase investments to women entrepreneurs and women-owned small and medium enterprises. It was an arrangement between Bank OCBC NISP and IFC.	
Debt	Securitisations	Debt securities backed by a pool of underlying assets. Proceeds are allocated only to nominated projects and assets.	<a href="#">FlexiGroup</a> (Australia) has closed three asset-backed security deals with green tranches, for refinancing solar rooftops.  These were the first two climate certified issuances of a bond backed by securitised assets in Australia.	Securitised bonds have the potential to channel capital into a wide range of clean energy solutions (solar, wind and bio energy, and energy efficiency measures in infrastructure and manufacturing). Gender considerations, such as targeting women as consumers & beneficiaries or hiring women for green solar jobs, could be included as targets in each green tranche.

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Debt	Sovereign bonds	A debt security issued by a national government to raise money for financing government programs, paying down old debt, paying interest on current debt, and any other government spending needs.	<a href="#">The Green Gilt</a> is a sovereign bond instrument that will finance the UK Government's commitment to a resilient, net zero economy. Green project categories include clean infrastructure, energy efficiency, green buildings, climate adaptation and natural capital. Each project would have at least one well defined social co-benefit, with a relevant social metric for each project category.	Within each project, there will be at least one well defined social co-benefit, with a relevant social metric for each project category. These could include outcomes such as affordable housing and infrastructure, education, and employment for women.
Debt	Project bonds	Project bonds are different from regular corporate bonds in that they are issued to finance a specific project and the bond proceeds are paid exclusively from the cash flow generated by that project.	A <a href="#">green bond</a> was issued by Spanish energy company, Repsol in 2017. The proceeds to be used for energy-efficiency projects.	As energy efficiency projects will be the main category for Repsol's green bond proceed allocation, there could be gender considerations such as gender balanced workforce participation in operations of energy efficient technology plants or training and skills development for women as part of the scope.
Debt	Loans	Provide lending to encourage market development in climate and gender-aligned sectors in line with the Climate Bonds Taxonomy and in compliance with the Green Loan Principles and the 2X criteria.	The European Investment Bank (EIB) is providing Municipality of Valencia with a <a href="#">EUR 27 million loan to finance the construction of new affordable rental housing</a> , the majority to be in near zero energy buildings and improvement of the energy efficiency and accessibility of existing social housing stock. Single parent families, as well as victims of gender-based violence will be guaranteed access through a finance plan supported by EIB (this meets the 2X Consumption criteria).	

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Debt	Sustainability-linked loans	Any type of loan instrument that incentivizes the borrower's achievement of ambitious, predetermined sustainability performance objectives.	<p><a href="#">Swedbank</a> is offering large corporates and institutions financial incentives to improve their sustainability performance through sustainability linked loans. These will be linked to the borrower's sustainability performance measured against ESG criteria.</p> <p>The sustainability performance is linked to the underlying margin of the loan in relation to pre-agreed sustainability performance targets. Enhanced gender and climate performance for instance, lowers the interest rate; if targets are not met, the interest rate increases</p>	Gender metrics could be based on 2x criteria
Equity	Public private partnerships	A long-term contract between a public entity and a private party aimed at developing and supporting a public asset or service. The private party takes on significant risk and management responsibility, and remuneration is linked to performance.	<p><a href="#">The Nam Theun 2 (NT2) hydropower dam</a>, procured under a build, own, transfer type PPP, was a landmark project for the government of Laos PDR. The planning adhered with World Bank resettlement Guidelines and a gender analysis found that women and girls stood to lose the most from the resettlement process. They formulated a Gender Resettlement Strategy which formed part of the PPPs environmental and social objectives. This included collecting sex disaggregated data; opening leadership opportunities for women villagers; increasing access to family planning and healthcare; improving clean water and transport access and so on.</p> <p>Another example of a PPP is the InsuResilience Investment Fund (IIF), formerly the Climate Insurance Fund, launched in 2015 by the German Development Bank, KfW, and managed by the Swiss based impact investment manager, BlueOrchard Finance in partnership with weather risk management specialist Celsius Pro. Read more about this case <a href="#">here</a>.</p>	

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Equity	Private equity (venture capital)	Fund allocations to innovative pilot-scale gender smart climate projects for example.	<a href="#">Alante</a> , a venture capital fund, invests in innovative companies that enable a sustainable future for apparel production and retail. At the same time, it considers gender diversity when selecting the founders it backs which covers the 2X Leadership Criteria.	
Equity	Fund of funds model	An investment strategy of holding a portfolio of other investment funds rather than investing directly in stocks, bonds etc.	<a href="#">British International Investment (BII) invested \$70 million to the Green Growth Equity Fund (GGEF)</a> , India's first dedicated climate change fund, to finance the development between six and eight 'green infrastructure' companies in India. GGEF's portfolio of renewable energy, e-mobility, and energy efficiency companies will help to reduce greenhouse gas emissions; its wastewater company will reduce freshwater consumption; and its waste management company will improve the sustainability of natural resources. The fund is 2X qualified as they have committed at least 30% of the portfolio to meet 2X challenge criteria and the Fund itself meets the 2X Employment criteria as 40% of their employees are women.	
Equity	Joint ventures	A business agreement between two or more parties that pool their capital, skills and resources to achieve a specific project or business activity.	<a href="#">SunPower Capital and Hannon Armstrong Sustainable Infrastructure Capital</a> entered into a joint venture - SunStrong Capital Holdings, LLC - to acquire, manage and finance a portfolio of residential solar PV systems.	Part of the joint venture agreement terms could include meeting 2X gender criteria (e.g., ensuring women's empowerment in solar PV companies, women as beneficiaries of solar solutions; financing women owned solar PV solutions etc.)
Equity	Equity-like debt	Type of bond that the holder can convert into shares of the company or cash of equal value at an agreed upon price and up to a specified expiration date.	<a href="#">AMP Capital</a> closed a mezzanine debt investment with France-based renewable energy provider Neoen.  The loan will provide financing for secured construction of projects for a portfolio of onshore wind and solar assets located in France and Australia.	Part of the loan terms could include 2X gender criteria (e.g., women's empowerment in energy companies; women as beneficiaries of solar and wind solutions; funding women owned companies etc).



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Equity	Equity fund	A mutual fund that invests principally in stocks.	<a href="#">Jasmine Private Capital Market Fund</a> is an equity fund managed by JI capital targeting climate-related, growth capital investments in SMEs in Southeast Asia. In their investment strategy the fund targets over 60% in female employment in new jobs created by the portfolio companies (meeting 2X Employment criteria). Additionally, the CEO and founding partner of JI capital is a woman, and there are three female shareholders in their business. Lastly, the Fund is contractually committed to report on 2X criteria.	
Credit	Guarantees	Commitments in which a guarantor undertakes to fulfil the obligations of a borrower to a lender, in the event of non-performance or default, or its obligations to the borrower in exchange for a fee.  Through this mechanism, the issuer is able to improve the credit worthiness of the project which can attract a wider range of investors.	Philippines-based energy company AP Renewables issued a senior secured <a href="#">Certified Climate Bond</a> to finance the Tiwi-Mak Ban geothermal power plants. The Asian Development Bank (ADB) provided a Partial Credit Guarantee covering up to 75% of scheduled principal repayments and interest payments.	Multinationals involved in providing guarantees could include gender criteria to their guarantee terms so that if the bond issuer does not agree to align with 2x Criteria, then the multinational will not offer the guarantee.
Credit	Concessional Loans	Concessional loans are loans that are granted on substantially more generous terms compared to market loans, which are achieved through below-the-market interest rates, longer grant periods or a combination of both.	<a href="#">XacBank</a> (Mongolia) provides concessional loans to herders, low-income families, and SMEs to invest in energy efficient technology (e.g. cooking stoves, heating, cars, solar, wind). They have expanded financing to SMEs that are run by women entrepreneurs which meets the 2X Leadership criteria.	
Credit	Grants	Grants are generally provided for non-revenue generating activities such as knowledge management programs, capacity building, technical plans etc.	<a href="#">The GCF</a> provides grants towards projects like climate-smart initiatives for climate change adaptation in agricultural production systems in Columbia to carry out gender assessments and action plans.	
Credit	ESCOs	Energy Service Companies (ESCOs) provide technical and financial services for the implementation of energy efficiency solutions. Under a Guaranteed Saving Schemes, the ESCO guarantees a certain level of energy savings, thus assuming the performance risk.	<a href="#">SANEDI</a> promotes gender mainstreaming by prioritising registrations of ESCOs that are women owned (aligning with 2X Leadership criteria) and assist them with capacity building as the development of women in the energy industry is paramount to a just energy transition.	

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Blended finance		Strategic use of development finance for the mobilisation of additional finance towards sustainable development. It attracts commercial capital towards projects that contribute to sustainable development, while providing financial returns to investors.	<a href="#">Indonesia's Tropical Landscapes Finance Facility (TLFF)</a> is a government supported partnership between the UNEP, World Agroforestry Centre, ADM Capital, and BNP Paribas. The aim of the facility is to deploy public capital to catalyse private investments into commercial projects with an environmental and social benefit. The TLFF identifies key objectives for each investment and establish appropriate measures that include effective consultation with relevant communities. Some of the objectives they prioritise include retained canopy cover; reduced land conversion and reduced emissions; no deforestation; improved rural livelihoods; and access to clean energy. There is special attention paid to gender equality, no child labour, and fair labour and wages.	
Transition Finance		Any type of financial support designed to help polluting companies deliver long-term strategies to reduce their carbon footprint.	Italian utility company <a href="#">Snam</a> has issued several transition bonds to support the business in becoming carbon neutral by 2040. Most of Snam's transition bonds have reached more than three times oversubscription by investors.	To make the transition bonds gender smart, Snam could add in 2X gender criteria (e.g., gender balanced participation in the workforce, or developing green skills for women) to further their goals for carbon neutrality.

\*Some of the examples included in this table are adapted from the [ASEAN Green Financial Instruments Guide](#))