

Integrating Gender Considerations in Green Bonds

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Introduction

Achieving gender equality¹ is essential for a prosperous and sustainable world, as it affects all aspects of sustainable development. To scale up financing to advance gender equality, all new sustainable bond issues, irrespective of their thematic focus, should include gender considerations in their respective bond frameworks.² To better understand the scale of this opportunity, one must look at the total new issuance of sustainable bonds that includes green, social, sustainability, and sustainability-linked bonds. In 2020 alone, bonds worth USD 532.3 billion³ were issued globally, which is almost 70 times the size of all outstanding gender-labelled investments today across asset classes. Cumulative sustainable debt issuance to date, which also includes sustainable loans, has recently surpassed the impressive USD 3 trillion threshold.⁴

¹ Throughout this paper, the term “gender equality” is used in a broad sense to reference the framework developed by Caroline Moser in collaboration with United Kingdom’s Department of International Development’s Infrastructure and Cities for Economic Development Facility (ICED) in 2016. Please see the Annex for more information.

² For information on the business case of gender-aligned sustainability debt and how gender is interlinked with climate, please see our previous publications on this topic [here](#) and [here](#).

³ Social bonds: USD 147.7 billion; sustainability bonds: USD 68.7 billion; green bonds: USD 305.3 billion; sustainability-linked bonds: USD 10.6 billion. BloombergNEF. (2021, January 11). Sustainable debt breaks annual record despite Covid-19 challenges. <https://about.bnef.com/blog/sustainable-debt-breaks-annual-record-despite-covid-19-challenges/>

⁴ BloombergNEF. (2021, June 10). Sustainable debt issuance hits 43 trillion threshold. <https://about.bnef.com/blog/sustainable-debt-issuance-hits-3-trillion-threshold/>



The purpose of this article is to demonstrate how gender considerations could be integrated into green bonds. Among the different types of sustainable bonds, green bonds are by far the largest, with a total issuance of USD 305.3 billion in 2020.⁵ At the same time, green bonds are also the least likely to include any type of gender criteria in how their proceeds are allocated.⁶ Perhaps this is not surprising, considering that their primary objective is to finance projects that meet the issuer's environmental objectives. While the inclusion of a dedicated gender-specific project category would not be possible in green bonds, there are different ways to ensure that the bond's proceeds are also meeting gender objectives.

Any gender integration must be done directly in the green bond framework. It is a legal document that outlines the issuer's objectives, governs how the bond proceeds are allocated and managed, and describes the process for project evaluation, selection, and reporting. The bond framework is usually publicly available, so investors can evaluate the sustainability ambition of the issuer. This article explores three approaches to gender integration through the lens of three different green bond issuers.

Box 1. What is a green bond?

"Green bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible green projects and which are aligned with the four core components of the ICMA Green Bond Principles, namely the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting."⁷

How to Integrate Gender Considerations Into Green Bond Frameworks

To demonstrate the different ways to mainstream gender objectives in green bonds, we have chosen the green bond frameworks of three issuers. Each framework focuses on one of the main thematic areas of green finance in the Association of Southeast Asian Nations (ASEAN) region,⁸ namely (i) renewable energy, (ii) green buildings, and (iii) forestry.

For each of the main sections of the bond framework, we first discuss how gender could be featured, then we propose any additions or modifications to the text (with red font). Explanations tend to be longer for the first bond framework, as the same explanations are not repeated for the second and the third bond frameworks.

⁵ BloombergNEF, 2021, *supra* n. 4.

⁶ At the time of writing, our report on this is still not publicly available.

⁷ International Capital Market Association (ICMA). (2021). *Green Bond Principles: Voluntary process guidelines for issuing green bonds*. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

⁸ ASEAN is an intergovernmental organization of 10 Southeast Asian countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.



We have taken a slightly different approach for each of the frameworks to demonstrate that issuers have flexibility in how they incorporate gender objectives.

Bond 1 – Renewable energy (Sindicatum Green Bond Framework)

The green bond framework can be downloaded [here](#).

Sindicatum Renewable Energy Company (SREC) is a power producer developing, operating, and acquiring renewable energy generation projects in South and Southeast Asia. In its green bond framework,⁹ SREC commits to using the proceeds from the bond to finance or refinance new or existing renewable energy projects in line with its eligibility criteria. The framework currently does not include any gender equality or other diversity-related objectives.

Incorporating a gender lens into renewable energy development is essential to ensuring that women benefit equitably from this rapidly growing industry. Studies to date confirm that women are under-represented in the renewable energy sector.¹⁰

The main sections of the framework are the following:

- Our Objectives
- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

OUR OBJECTIVES

This section of the framework outlines SREC’s objectives, provides a high-level overview of how the bond proceeds will be spent, and includes SREC’s commitment to complying with the International Capital Market Association’s (ICMA) Green Bond Principles¹¹ as well as the ASEAN Capital Markets Forum’s (ACMA) ASEAN Green Bond Standards.¹²

This introductory section should include the issuer’s commitment to improving gender equality. The issuer is also advised to share the principles and strategic priorities of its gender and inclusion strategy that are relevant to the eligible project categories. This is not only important for creating an overarching gender narrative across the framework but also for informing the selection of gender criteria in the “Use of Proceeds” section. Other parts of the framework, such as the “Process for Project Evaluation and Selection” section, often refer to the issuer’s sustainability objectives.

⁹ Sindicatum Renewable Energy Company Pte Ltd. (2017, November). *Green bond framework*. <http://www.sindicatum.com/wp-content/uploads/2017/12/SREC-Green-Bond-Framework-20171114-final.pdf>

¹⁰ International Renewable Energy Agency. (2019). *Renewable energy: A gender perspective*. https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Jan/IRENA_Gender_perspective_2019.pdf

¹¹ ICMA, 2021, supra n. 7.

¹² ACMF. (2018, October). *ASEAN Green Bond Standards*. <https://www.sc.com.my/api/documentms/download.ashx?id=75136194-3ce3-43a2-b562-3952b04b93f4>



SREC's gender strategy or any specific gender- or inclusion-related policies, if there are any, were not publicly available, and the most recent publicly available sustainability report did not have any gender-specific objectives. Therefore, the modifications proposed here could not be aligned with SREC's gender priorities.

We propose that in order to integrate gender in the current "Our Objectives" section, the first sentence could be adjusted as follows (in red):

"The objective of SREC is to grow our portfolio of generation facilities via developing, acquiring, owning and operating long-term contracted clean power generation facilities in our key markets that have a long-standing commitment to renewable energy as an integral segment of their power generation capacity and promote gender equality through the integration of gender considerations throughout the project's life cycle."

USE OF PROCEEDS

The "Use of Proceeds" section is one of the four key components of the ICMA Green Bond Principles. Its main purpose is to outline the eligible project categories, including the relevant exclusionary criteria.

This is arguably the most important section when it comes to the integration of gender considerations in the bond framework. Issuers can include the relevant gender indicators either as eligibility or exclusionary criteria.

Integrating Gender Equality Into the Eligibility Criteria

Issuers are encouraged to include gender indicators in the eligibility criteria that determine the type of projects that could be financed with the bond.

Issuers can either use the same set of gender indicators across all project categories or find the most appropriate ones for each project category. Often, using the same set of indicators is not feasible due to the different types of investments eligible under the framework. For example, gender indicators would not be the same for investments in renewable energy developers as would be the case for direct investments in infrastructure projects.

1) Companies as an eligible investment

In the case of investments in companies, relevant gender indicators could be the percentage of women in senior management/workforce/board/founders, the percentage of female-owned business in the supply chain, or the existence of initiatives/policies in place to advance gender equality in the workplace or on boards. A company is only considered to be an eligible investment opportunity if it meets the gender key performance indicators (KPIs) outlined in the "Use of Proceeds."

Thresholds for the KPIs selected can be determined based on industry and national benchmarks, international guidelines, and recommendations. They need to be specifically tailored for each sector so they stay meaningful and ambitious, but at the same time, achievable. For example, women's participation in the workforce is generally less of a problem in training or consulting firms than in financial services. The KPI thresholds should reflect these differences as well as the level of ambition of the issuer, as reflected in their gender strategy.



2) Infrastructure projects as eligible investments

Infrastructure projects are often the recipients of green bond proceeds. Due to the different characteristics of these investments, the gender indicators discussed earlier might not always be appropriate for them. If this is the case, issuers are advised to either (a) require the companies involved in the infrastructure project to meet relevant gender targets or (b) require infrastructure projects to demonstrate an adequate level of gender integration throughout their life cycle, resulting in the implementation of a gender action plan with appropriate targets.

When following the first approach (a), the issuer would set the eligibility criteria based on meeting the gender target by the companies involved in the construction, operation, and maintenance of the infrastructure project. This could mean setting a universal threshold that applies to all companies involved in the project or setting different customized thresholds depending on the size, type, or role of the company.

Under the second approach (b), eligible infrastructure projects are required to have the necessary policies and procedures in place to integrate gender considerations across the project cycle. For example, the project needs to demonstrate that the UN Women¹³ guides on *Integrating Gender into Infrastructure Development in Asia and the Pacific*¹⁴ are implemented throughout its life cycle. In this case, issuers might need to adjust the indicators depending on the stages of the project cycle the bond proceeds can be used for. For example, for greenfield projects, indicators relevant for the design and construction phase should also be included, while for brownfield projects, indicators would focus only on the operating phase. The particularities of the different infrastructure types should also be considered. The most appropriate indicators are likely to be different for schools than for renewable energy projects, for example. The indicators selected need to be ambitious compared to industry/sector standards or relevant national and international benchmarks.

Gender Integration Into the Exclusionary Criteria

There are issuers who either have a lower level of gender ambition or, due to the nature of their business or area of operation, cannot meaningfully include in their bond framework any of the gender indicators discussed earlier. In this case, they should at least ensure that the proceeds from the bond are not used in any activity or investment that would cause harm to women, worsen gender parity, or impede women's ability to contribute to society by ensuring that minimum compliance measures are in place. For example, projects are automatically excluded unless they have the necessary measures in place to mitigate the risk of sexual and gender-based violence (SGBV) during construction. These measures could include social safeguarding requirements on having SGBV-sensitive grievance mechanisms, risk assessments, action plans, and codes of conduct or simply following the recommendations of the World Bank's *Addressing Gender Based Violence in Investment Project Financing Involving Major Civil*

¹³ UN Women is a United Nations entity dedicated to gender equality and women's empowerment.

¹⁴ UN Women. (n.d.). Guides on integrating gender into infrastructure development in Asia and the Pacific. <https://asiapacific.unwomen.org/en/digital-library/publications/2019/03/guides-on-integrating-gender-into-infrastructure-development>



Works good practice note¹⁵ and/or having an Anti-Sexual Exploitation, Abuse and Harassment policy in place.

In the exclusionary criteria of the “Use of Proceeds” section, issuers can specify what investments are not eligible under the framework due to the poor gender-related social safeguarding/minimum compliance measures in place and what their internal process is to identify and exclude these projects.

In the case of the SREC bond framework, the only eligible project category is “renewable energy projects,” which includes different energy generation technologies such as solar, wind, waste-to-energy, and bagasse-cogeneration projects. Therefore, all the proceeds from the bond will go to some type of infrastructure, where SREC can be involved in developing, owning, and operating the projects.

Gender Integration in SREC’s Eligibility Criteria

Gender can be integrated by adding the following paragraphs after the list of eligible projects:

“Gender considerations must be mainstreamed in all projects financed or re-financed with the bond proceeds. This must at least include the following components:¹⁶

- *Gender analysis – examining the roles and activities, resources and constraints, and benefits and incentives of women and men affected directly or indirectly by the project.*
- *Gender action plan – outlining recommended activities that address the gender-based constraints and opportunities identified during the gender analysis. It includes specific activities, targets, responsible actors, and indicators to measure progress and outcomes.*
- *Gender-sensitive environmental and social impact assessment – assessing the type and scale of potential impacts caused by the project on nature and society.”*

PROCESS FOR PROJECT EVALUATION AND SELECTION

In the “Process for Project Evaluation and Selection” section, the issuer describes the sustainability objectives of its project categories, the process that is used to determine how projects fit within the projects categories, and any complementary information on how the issuer identifies and manages social and environmental risks associated with the projects.¹⁷

As project selection is governed by the eligibility criteria outlined in the “Use of Proceeds” section, in most cases, it would be sufficient to integrate gender-related targets in that section. However, gender integration can be reinforced further in the “Process for Project Evaluation and Selection” by outlining how the project selection process integrates gender equality.

¹⁵ World Bank. (2018, September 28). *Good practice note addressing gender based violence in investment project financing involving major civil works*. <https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf>

¹⁶ Menon, J. (2019). *Guide on integrating gender throughout infrastructure project phases in Asia and the Pacific*. UN Women & UNOPS. https://asiapacific.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2019/03/ap-bls19062_gpp_web.pdf?la=en&vs=5727

¹⁷ ICMA, 2021, supra n. 7.



In the case of SREC’s bond framework, the second part of the “Process for Project Evaluation and Selection” paragraph could be extended the following way (in red):

“Projects will then be further evaluated and selected based on, but not limited to, (i) The Objectives; (ii) Commercial Feasibility; (iii) Stakeholder Consultation and Impact on the Community; (iv) Risk and Key Mitigations (v) Environmental, Social and Health and Safety (ESHS) in accordance with IFC Performance Standards; (vi) Anti-Corruption And Anti-Discrimination Standards; (viii) Potential Avoidance of GHG Emissions; (ix) Impact on Gender Equality with a Focus on Women’s Economic Empowerment.”

MANAGEMENT OF PROCEEDS

The “Management of Proceeds” section outlines how the funds raised from the green bonds are segregated from the issuer’s other resources. This includes describing the operational process of tracking the proceeds (e.g., crediting them to a sub-account or sub-portfolio) and how unallocated proceeds are invested while they are waiting to be used for green projects.

Gender criteria can be applied to this temporary placement of unallocated proceeds. Financial instruments, usually short-term debt, that have a predetermined level of gender performance would be eligible investment opportunities for these unallocated proceeds. For government securities, like sovereign bonds, eligibility can be determined based on the issuing country’s gender equality score, such as the United Nations Development Programme’s Gender Inequality Index.¹⁸ Similarly, when investing in corporate securities (e.g., commercial paper), the company’s gender performance ranking could be a simple way to assess corporate gender performance. Table 1 includes some of the most prominent gender indices and rankings for both corporates and countries.

Table 1. Gender indices and rankings

Gender indices and rankings	Description
Bloomberg Gender-Equality Index	“It tracks the financial performance of public companies committed to disclosing their efforts to support gender equality through policy development, representation and transparency.” ¹⁹
Equileap Gender Equality Data and Ranking	“It is a comprehensive set of ratings and raw data points that covers a variety of gender equality metrics. The database covers all main developed markets, including the MSCI World, Russell 1000, S&P 500 and STOXX 600 indices. It has assessed 3500 companies in 23 countries.” ²⁰

¹⁸ United Nations Development Programme. (n.d.). *Gender equality index*. <http://hdr.undp.org/en/content/gender-inequality-index-gii>

¹⁹ Bloomberg. (n.d.). *Gender-equality index*. <https://www.bloomberg.com/gei>

²⁰ Equileap. (2021). *Gender equality data*. <https://equileap.com/data/>



Gender indices and rankings	Description
World Economic Forum Global Gender Gap Index	“It measures the extent of gender-based gaps in countries among four key dimensions: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment. ... It benchmarks 153 countries and provides country rankings that allow for effective comparisons across and within regional peers.” ²¹
Impax Global Women’s Leadership Index	“It is a broad-market index of the highest-rated companies in the world for advancing women’s leadership, as rated by Impax Gender Analytics, and that meet threshold environmental, social and governance standards.” ²²

Integrating gender criteria as outlined above might not be appropriate for every issuer. Unallocated proceeds need to be invested in financial instruments that are very liquid and have low volatility; otherwise, the issuer might not be able to quickly access the funds to reallocate them to green projects. Issuers should exercise caution when limiting eligible investments this way in emerging countries, where the choice of liquid short-term debt securities is limited. Also, gender integration should not create additional financial risks to the issuer by forcing it to invest in another currency than what the unallocated proceeds are denominated in.

For example, SREC has used this green bond framework to issue bonds denominated in Indian rupees (INR) and Philippine pesos (PHP). In the case of the latter, probably SREC’s only choice is to invest the unallocated proceeds into government securities issued by the Philippine government. While there are more INR-denominated investment opportunities available for the proceeds of the INR green bond, introducing any gender criteria would still limit the issuer’s choices considerably. On the other hand, for a USD-denominated bond, for example, the choice of liquid money market instruments would be significantly wider, so the integration of gender criteria in the selection of these short-term securities would be recommended.

An alternative to binding gender criteria would be to have a “soft” commitment from the issuer to take gender into consideration when investing the unallocated proceeds from the green bond. The SREC bond framework could reflect this by modifying the last sentence of the “Management of Proceeds” section the following way (in red):

*“Any unallocated proceeds may be deployed at the Company’s discretion in cash or cash equivalent instruments, in accordance with the Company’s investments and treasury policy. **The Company will prioritize issuers with above-average gender performance.**”*

²¹ World Economic Forum. (2020). *Global gender gap report 2020*. http://www3.weforum.org/docs/WEF_GGGR_2020.pdf

²² Impax Asset Management. (n.d.). *Impax Global women’s leadership index*. <https://impaxam.com/assets/pdfs/pax-ellevate-fund/index-fact-sheet.pdf?pw=5187>



REPORTING

As per the ICMA Green Bond Principles, issuers are expected to disclose up-to-date information on the use of proceeds, including the list of projects with their expected and achieved impacts.

The issuer should report on how it has complied with the gender criteria integrated throughout the framework. The “Reporting” section of the SREC’s framework could be adjusted to reflect this (in red):

“Until full allocation, the Company will disclose on an annual basis:

- i. total amount of proceeds allocated to Eligible Green Projects (on a portfolio basis);*
- ii. the list of Eligible Projects to which the proceeds have been allocated (or reallocated);*
- iii. a brief description of the Eligible Projects, and their expected impact (inclusive of, but not limited to, installed capacity, electricity generation, GHG emissions reductions, and gender equality);*
- iv. its confirmation that the use of proceeds, are consistent with SREC’s Green Bond Framework.”*

Bond 2 – Green buildings (Arthaland Green Bond Framework)

The green bond framework can be downloaded [here](#).

Arthaland Corporation (ALCO) is a real estate developer based in the Philippines. All buildings constructed by ALCO aim to achieve both national and international green building certifications, demonstrating the company’s commitment to tackling climate change. ALCO published its green bond framework for the building and development of green buildings in 2019.⁸

According to the World Green Building Council, nearly 50%, or 13, of the 28 heads of established Green Building Councils are women. Despite this, the sector does not prescribe any specific gender equality standard to be applied across the supply chain. Most of the sustainability standards are voluntary and require the supply chain to meet basic human rights, worker health, and safety regulations, with no explicit focus on gender equality. It is therefore important to establish appropriate gender equality considerations within individual bond frameworks to ensure inclusivity and safety.

To ensure social safeguarding and responsible supply management, the issuer should set voluntary standards. A report funded by the Dutch government²³ provides a framework to integrate gender equality considerations into supply chain ethical requirements. An example is mandating gender-sensitive grievance procedures to process complaints. The following change could be made to the framework (in red):

²³ BSR. (n.d.). *Gender equality in codes of conduct guidance*. https://www.bsr.org/reports/BSR_Gender_Equality_in_Codes_of_Conduct_Guidance.pdf



“This Framework outlines the criteria and guidelines for the allocation of proceeds of green financing instruments as per the following standards:

- *International Capital Market Association (“ICMA”) Green Bond Principles 2018*
- *ASEAN Capital Markets Forum ASEAN Green Bond Standards 2018*
- *Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association Green Loan Principles 2018*

In addition to the above standards, the framework also seeks to uphold a mandatory “Supplier Code of Conduct” established by the company to respect human rights, environmental sustainability, gender equality, and business integrity throughout the supply chain. Any supplier working with ALCO should have to meet the requirements of this code to supply goods/services to the company.

USE OF PROCEEDS

Gender Integration Into the Eligibility Criteria

The eligible use of proceeds is aligned with the following environmental objectives: climate change mitigation, promotion of green buildings, and environmentally sustainable management of land. The proceeds also contribute to the United Nations’ Sustainable Development Goal (SDG) 11 on sustainable cities and communities and SDG 13 on climate action.

In addition to the two SDGs mentioned, the framework can also contribute to SDG 5 on gender equality. This can be done by requiring that all projects to have a gender action plan (GAP) with project-specific gender SMART²⁴ targets. Projects that do not have a GAP developed during their project proposal phase should be ineligible to receive the bond proceeds. This will encourage all relevant stakeholders to consciously work toward the promotion of gender equality and, at a bare minimum, to ensure they “do no harm.”

Gender Action Plan

Gender mainstreaming is fundamental to any project and does not necessarily signify additional costs; instead, it could increase the efficiency and effectiveness of the project.²⁵ The development of a GAP introduces gender considerations into critical decision-making elements like the allocation of resources. Gender considerations should be integrated at all stages of the project’s life cycle. An initial gender and social assessment should be included with the funding proposal. This high-level assessment at an early stage will identify clear objectives and assign accountability among the stakeholders involved.

To integrate the gender considerations discussed above, the following modification to the framework can be made:

²⁴ SMART: specific, measurable, achievable, realistic, and time-bound

²⁵ Green Climate Fund. (n.d.). *Gender*. <https://www.greenclimate.fund/projects/gender>



“The eligible use of proceeds contribute to three main environmental objectives, i.e. climate change mitigation, promotion of green buildings and environmentally sustainable management of land. For a project to be eligible for proceeds, a gender action plan is to be submitted, consisting of the following components with the funding proposal:

- *Preliminary gender analysis: A gender equality analysis of the region, country, or project area, as well as actions required to address any shortcomings and risks, including SGBV.*
- *Planned steps: On the basis of the preliminary gender analysis, steps for mitigating social safeguarding risk and building on opportunities for promoting gender equality for economic empowerment and/or transformational change can be planned. This project-planning process will require issuers to determine the following based on the local context:*
 - *Relevant gender performance indicators*
 - *Sex-disaggregated targets set with reference to sex-disaggregated baseline data collection*
 - *Timelines*
 - *Responsibility lines*
 - *Budget against each proposed activity.”*

Gender Integration Into the Exclusionary Criteria

The framework excludes several unsustainable activities, including fossil fuel generation and trade in weapons and munitions, tobacco, alcoholic beverages. Forced labour and unfair labour practices are also prohibited.

It is also critical to exclude projects that fail to fulfill minimum gender considerations from the selection process. These “minimum considerations” should be designed to suit the local context. Some potential considerations to assess include gender balance within teams, women in leadership positions, equal wages for women, special requirements like the availability of childcare at the place of work, the availability of job-specific flexible work policies, and paid maternal leave.

“The following projects/activities are ineligible for the use of proceeds under this Framework:

- 1. Projects/activities that fail to fulfill minimum gender considerations*
- 2. Fossil fuel power generation...”*

THE PROCESS FOR ASSET EVALUATION AND SELECTION

The projects financed or refinanced through the framework must comply with the eligibility criteria established by ALCO’s Sustainability Committee, comprised of members of various departments. The total number of members and members per department on this Sustainability Committee is unknown; however, it is imperative to ensure female representation on the committee. The following modification can be made to the framework:

“Projects financed and/or refinanced through the Framework are evaluated and selected based on compliance with the eligibility criteria by ALCO’s Sustainability Committee which is composed of members of the following departments within ALCO: (1) Business and Project Development; (2)



Technical Services; (3) Property Management; (4) Finance (5) Sustainability and (6) Strategic Funding and Investments. ALCO's Sustainability Committee will hold regular consultations with other parties within the organization or third parties to be nominated as subject matter experts as may be required. To ensure representation of women on the committee in order to present a diverse range of perspectives, gender-balanced representation on the committee should be aimed for, if not: a minimum of 30% female representation should be ensured."

MANAGEMENT OF PROCEEDS

Use of Unallocated Proceeds

The framework mandates the internal tracking and monitoring of the allocation of net proceeds. Any unallocated proceeds are permitted to be deployed in cash/cash equivalent instruments in accordance with ALCO's Strategic Funding and Investment Policy. The framework also clarifies that the exclusionary criteria apply even to the unallocated proceeds.

The exclusionary criteria that "excludes projects failing to meet minimum gender equality considerations," as discussed earlier, should be applied for unallocated proceeds too. This way, issuers are incentivized to have a clear and defined plan to encourage gender equality during the various life cycles of the project.

REPORTING

At present, the framework mandates reporting upon two indicators—allocation and impact.

a. Allocation Reporting:

The allocation is transparently reported upon to ensure that the net proceeds are spent toward the Eligible Green Portfolio.

In addition, issuers should report on gender indicators based on the local context and scope. The following gender indicator could be integrated in the framework:

"The allocation report will provide:

- *Amount or percentage of allocation to the Eligible Green Portfolio*
- *Percentage of net proceeds allocated to financing new and existing projects, including the share of refinancing reported at the category level*
- *Examples of projects being financed (subject to confidentiality considerations)*
- *Balance of unallocated proceeds*
- *Initiatives funded to improve gender equality during the project design, construction, and/or ongoing operations and maintenance phases."*

b. Impact Reporting:

ALCO seeks to report on the environmental impacts of the projects funded under the framework. In addition to environmental impact, it is also imperative to report the impact on gender equality before and after the bond issuance. This will not only increase the accountability of the issuer, it will also ensure that meaningful initiatives



are designed and implemented with relevant gender considerations. Relevant indicators to include in the framework are:

“The impact report may provide relevant indicators, for example (can be one or more):

- *Green buildings: type of certifications and number of buildings in each type, estimated annual reduced and/or avoided emissions in tons of CO₂ equivalent vs. the city/country benchmark*
- *Evidence of types of incentives and targets designed to recruit and retain women; increase their capacity, especially in non-traditional roles; and provide career development support to move into leadership roles.*
- *Number/percentage of women who receive gender-sensitive training provided by the program/project and are subsequently placed in jobs/provided with access to finance if self-employed, for example, via vocational training and skill workshops, safety and awareness drives.”*

Bond 3 – Forestry (PTT Green Bond Framework)

The green bond framework can be downloaded [here](#).

PTT Public Company Limited is a Thai national energy company established to ensure energy security for the country.²⁶ The company has a strong commitment to pursuing sustainable development and benefiting society at large. Its business strategy emphasizes participation in social and environmental care while catering to various stakeholders.

The company released its green bond framework in 2020, aiming to implement the sustainable management of natural resources and land use. The framework targets reforestation as the sole eligible project category. In other words, 100% of the net proceeds from the green bond will be used exclusively to finance or refinance reforestation projects. Through the issuance of bonds, Thailand aims to finance the PTT Restoration Project that seeks to restore various forest areas that were earlier encroached upon and destroyed. The project also aims to promote sustainability among urban and local communities.

Local communities play a vital role in the sustainable management of forests. Studies have disclosed that women of forest communities play a key role in the management and conservation of the area.²⁷ Despite this, forestry is often recognized as a male-dominated sector.²⁸ Women are often discriminated against in their access to economic opportunities and control over forest resources, owing to a range of interrelated cultural, socio-economic,

²⁶ PPT. (n.d.). *Our company*. <https://www.pttplc.com/en/About.aspx>

²⁷ Catacutan, D. & Naz, F. (2015). Gender roles, decision-making and challenges to agroforestry adoption in Northwest Vietnam. *International Forestry Review*, 17(S4).<https://www.jstor.org/stable/26431618>

²⁸ Paez Valencia, A. M. (2020). *Implementation of gender responsive research in development projects*. World Agroforestry guidance note. <https://apps.worldagroforestry.org/downloads/Publications/PDFS/TN21031.pdf>



and institutional reasons.²⁹ As a result, there is a lack of female representation in forest management and other labour associations, which directly impacts their decision-making power and ability to voice their concerns. It is therefore critical for projects to integrate gender considerations within green bond frameworks. This will encourage gender sensitization among the various stakeholders and facilitate equality in labour and opportunities for women.

Gender equality considerations can be included under various sections and aligned throughout the framework to be most effective, as demonstrated in the next section.

STRATEGIC DIRECTION AND MISSION TO SUSTAINABLE DEVELOPMENT

The business strategy of the company follows a 3P principle:

- **Prosperity:** The company clearly emphasizes the need to contribute to the economy by working at the policy level to benefit society at large.
- **People:** An emphasis on human resources, community, and social development aims to strengthen the community's capability for self-reliance.
- **Planet:** Natural resource and environmental conservation is encouraged by creating awareness and fostering cooperation among various sectors.

While the framework already acknowledges the importance of community development, it does not specifically address gender inequality. It is important for gender equality considerations to be explicitly included in the “Strategic Direction and Mission to Sustainable Development” section of the framework to facilitate a more sensitized and inclusive mindset.

It can be done by a subtle change in the wording in the “People” section:

“... In addition, a diverse organizational model and agile human resources management will enable PTT Group to effectively address changing business operations as well as care for societies and communities, especially for women and other vulnerable groups of society. This will be achieved through a focus on inclusive development and building quality livelihoods and strong economy for individuals in society.”

PTT'S COMMITMENT TO THE UNITED NATIONS SDGS

The framework highlights its commitment to pursuing the UN SDGs that are aligned with Thailand's National Strategy. The framework outlines seven goals, including SDG 7 on affordable and clean energy and SDG 8 on decent work and economic growth, among others.

In addition to the seven SDGs, **SDG 5 on gender equality** can be added to demonstrate the issuer's commitments to gender inclusiveness. While SDG 5 is cross-cutting and covers a variety of goals and indicators, UN Women has also developed more critical priorities in response to the COVID-19 pandemic.³⁰ Targets include practicing an equal share of work and building data and coordination mechanisms to include gender perspectives. The addition of

²⁹ FAO. (2013). *Forests, food security and gender: Linkages, disparities and priorities for action. Background paper for the International Conference on Forests for Food Security and Nutrition, FAO, Rome, 13–15 May, 2013.* <http://www.fao.org/3/mg488e/mg488e.pdf>

³⁰ UN Women. (n.d.). *UN Women response to COVID-19 crisis.* <https://www.unwomen.org/en/news/in-focus/in-focus-gender-equality-in-covid-19-response/un-women-response-to-covid-19-crisis>



similar targets and priority areas in the context of agroforestry will empower women in the workforce.

USE OF PROCEEDS

Proceeds from the bond will be used to finance or refinance long-term forest conservation projects and Environmental Learning Centers. Projects also need to meet the Climate Bonds Initiative's Forestry Criteria. Since there is no global standard for gender equality in infrastructure yet, following established global best practices is encouraged. These practices will sensitize project stakeholders to the needs of both female employees and female end-users of the project. The following modification can be made to the framework:

“In addition to the eligible criteria, the selection of the projects will also be based on Climate Bonds Initiative (CBI) 's Forestry Criteria as PTT has the intention to comply and obtain the Certification from Climate Bonds Initiative (CBI) for PTT's Green Bond. *PTT also seeks to apply global best practices recommended for enhancing gender equality and empowerment in infrastructure by the United Nations for Project Services (UNOPS),³¹ the United Nations Economic Commission for Europe (UNECE),³² and other organisations.*”

To implement this – two approaches to gender integration can be applied:

a. Bottom-up approach:

This approach is based on the inclusion of a GAP, as discussed earlier. The GAP involves a thorough gender analysis followed by clear steps and targets to improve the gender equality performance of the projects financed with the proceeds. The Food and Agriculture Organization of the United Nations (FAO) released a practical guide on mainstreaming gender in forestry.³³ One of the first steps that the guide recommends is conducting a gender analysis for the project to better understand the practical³⁴ and strategic³⁵ needs of women. Building on the findings of this gender equality assessment, gender-responsive activities should be designed, and related targets should be set. Furthermore, obstacles hindering the achievement of gender equality should be clearly

³¹ Morgan, G., Bajpai, A., Ceppi, P., Al-Hinai, A., Christensen, T., Kumar, S., Crosskey, S., & O'Regan, N. (2020). *Infrastructure for gender equality and the empowerment of women*. UNOPS. <https://content.unops.org/publications/UNOPS-Infrastructure-for-Gender-Equality-and-the-Empowerment-of-women.pdf?mtime=20200701120805>

³² United Nations Economic Commission for Europe. (n.d.). *Mission*. <https://unece.org/gender-responsive-standards-initiative>

³³ FAO & RECOFTC. (2016). *Training manual: Mainstreaming gender into forestry interventions in Asia and the Pacific*. <http://www.fao.org/3/i5866e/i5866e.pdf>

³⁴ Practical gender needs of women (PGNs) are “needs that women identify in their socially accepted roles in society.” European Institute for Gender Equality. (n.d.). *Practical gender needs of women*. <https://eige.europa.eu/thesaurus/terms/1323>

³⁵ Strategic Gender Needs (SGNs) are “what men or women require to improve their position or status with regard to each other by placing them in greater control of themselves instead of limiting them to the restrictions imposed by socially defined roles.” European Institute for Gender Equality. (n.d.). *Strategic gender needs of women (SGNs)*. <https://eige.europa.eu/thesaurus/terms/1397>



identified, and a gender-sensitive monitoring and evaluation plan should be developed with appropriate indicators and targets.³⁶

a. Top-down approach:

Establish a sustainability committee that decides the eligibility and selection criteria of the projects. In the case of PTT, the eligibility criteria are limited as the net proceeds will be used exclusively for financing the reforestation of specific Thai forests. Therefore, it is recommended to have a “Gender Expert” on the sustainability committee to analyze the situation and develop a GAP for the projects that include gender equality policies and customized indicators and targets. The Gender Expert may or may not be a local; however, they should have a proven track record of working on forestry projects and follow a consultative process involving a wide range of stakeholders, including traditionally marginalized women.

Gender Performance Indicators

The bond framework currently only reports on indicators relating to carbon emissions and green/forest areas. However, to make the framework more gender-sensitive, the following indicators with set targets should be integrated and modified to best suit the local context. Some potential indicators suggested by the FAO that could be included in the framework include:³⁷

- *Proportion of annual household income (or consumption) derived from agroforestry or forest activities (disaggregated by the sex of the household head).*

The calculation of this metric is critical since about 50% of women in Thailand work in vulnerable employment.³⁸ This adversely impacts their financial independence and security and increases their reliance on male counterparts of their family and outside. The inclusion of this indicator encourages issuers to design their forestry projects with the overarching objective of benefiting women financially. This will encourage project supervisors to employ more women, develop women-friendly workplace policies, and offer facilities aimed at attracting and retaining female employees (e.g., gender-appropriate washrooms, childcare centres, etc.).

- *Number of men and women benefiting from employment opportunities as a result of natural resource management initiatives.*
- *Number of women benefiting directly/indirectly from the project.*

Sustainable finance instruments like green bonds can act as catalysts to provide benefits to women, either directly or indirectly, through various projects. The benefits could be in the form of employment, dissemination of technical expertise and know-how, and vocational training, among many others.

³⁶ Flejzor, L. (2016). *How to mainstream gender in forestry: A practical field guide*. FAO. <http://www.fao.org/documents/card/en/c/8c026747-2ace-42cb-89e7-52555c58ea8d/>

³⁷ FAO & RECOFTC, 2016, supra n. 33.

³⁸ UN Women. (2020). *The state of women’s economic empowerment in the Indian Ocean rim: Country snapshot: Thailand*. <https://interactive.unwomen.org/multimedia/infographic/economicempowermentindianocean/en/thailand.html>



- *Level of satisfaction among women and men with access to quality facilities, extension, and training.*

Reforestation is usually a long-term commitment with several project life cycles. It is therefore important to initiate valuable developments that have a lasting impact on the welfare of women even after the life of the project. Some transformational initiatives could include support for the development of women’s organizations for collective strength and increased voice. Other initiatives could be increasing access to essential facilities like washrooms; healthcare facilities like mobile clinics and pharmacies; and educational institutions for girl students, disseminating training and skill workshops on financial management; among others. The size and scope of these initiatives can be directly proportional to the size of the project/bond issued.

MANAGEMENT OF PROCEEDS

Eligible projects and assets will receive net proceeds from the bonds within 24 months of bond issuance. Any proceeds unallocated are held in PTT’s internal treasury cash accounts until they are allocated. The following modification can be made to the framework.

*“...For the unallocated portion, the proceeds will be held either in cash or cash equivalents in internal treasury cash account until allocated. **Minimum gender considerations will be applied to the unallocated proceeds to ensure gender-smart application.**”*

REPORTING

Proceeds Allocation Reporting

The issuers are mandated to report their performance on the use of proceeds on a project-by-project basis every year until the maturity of the bond. Reports can include summaries of projects financed by green bonds, how proceeds from green bonds are allocated to selected green projects, and unallocated proceeds.

In addition to these indicators, it is necessary to introduce other indicators to assess gender performance.

“PTT will update Allocation Reporting until the earlier of the maturity of Green Bond or the proceeds are fully allocated. The report will include a summary of the projects to which Green Bond proceeds has been allocated. The report may include the followings:

- *Brief description and summary of projects financed by Green Bond.*
- *Summary of the allocation of proceeds raised via Green Bond issuance to finance and/ or refinance selected green projects*
- *Summary of unallocated proceeds*
- *Number of (or percentage of) men and women actively participating in natural resource management, measured before and after the activity.”³⁹*

³⁹ Manfre, C. & Rubin, D. (2012). *Integrating gender into forestry research: A guide for CIFOR scientists and programme administrators*. Centre for International Forestry Research. https://www.cifor.org/publications/pdf_files/Books/BCIFOR1203.pdf



Other indicators mentioned earlier should also be reported upon:

- *Level of satisfaction among women and men about access to and quality of facilities, extension, and training.*
- *Number of men and women benefiting from employment opportunities as a result of natural resource management initiatives.*
- *Number of women benefiting directly/indirectly from the project.*
- *Proportion of annual household income (or consumption) derived from agroforestry or forest activities (disaggregated by the sex of the household head).*

Furthermore, to ensure that the use of proceeds is tracked accurately, each of the indicators should be reported correctly. This will require a social, gender-focused baseline and end-line survey to be undertaken by an independent monitoring and evaluation provider. To encourage greater ambition among issuers, the “growth” or increase in female welfare and, more importantly, women’s empowerment calculated based on the survey and annual reporting regarding gender indicators and targets should also be reported. This will allow adaptable monitoring and the introduction of mitigation measures or course correction if the gender-related targets are not being met.

Conclusion

One of the challenges of integrating gender considerations in green bond frameworks is how to determine gender criteria that are relevant and applicable across eligible projects. For the sake of simplicity, we have selected bond frameworks with a single project category. Despite this, identifying specific gender indicators proved to be difficult. Bond frameworks are normally used for multiple bond issues and therefore need to be written in a way that they provide enough flexibility to issuers in project selection. For example, the SREC’s framework intentionally kept the type of eligible projects vague: “All net proceeds from the issuance of Green Bonds by SREC will be allocated to refinancing and/or investments in a portfolio of renewable energy projects including, **but not limited to**, the following Eligibility Criteria.”

Without knowing the exact nature, type, and location of the project, it is difficult to choose a gender indicator that will always be relevant. For example, an ambitious gender equality target during construction for a solar project in Thailand might be different than the one for a waste-to-energy project in Malaysia. Therefore, the gender component of a green bond framework usually needs to be in the form of a general, high-level requirement on gender integration, such as undertaking gender analyses and the development of gender action plans and making ongoing reporting on their implementation mandatory. Of course, in the case of other types of sustainability debt, such as sustainability bonds and sustainability-linked bonds, specific gender indicators would play a much more prominent role in the framework.



Appendix

Gender Indicators

Table A1 provides examples of gender indicators and their corresponding eligibility criteria. They are based on the 2X Challenge,⁴⁰ which is a major initiative of G7 development finance institutions to mobilize resources to advance gender equality and women's economic empowerment.

Table A1. Gender indicators and eligibility criteria

2X Challenge gender indicator categories ⁴¹	Gender indicators	Eligibility criteria
Entrepreneurship	<ol style="list-style-type: none"> 1. Percent of female ownership 2. Percent of company founders who are female 	<ol style="list-style-type: none"> 1. 51% or more 2. 51% or more
Leadership	<ol style="list-style-type: none"> 1. Percent of senior management who are female 2. Percent of the board who are female 	<ol style="list-style-type: none"> 1. At least 20% for infrastructure, power, telecoms; at least 25% for financial services, manufacturing, agribusiness and food, professional services, consumer services; at least 30% for healthcare and education 2. At least 30% or the national legal minimum, whichever is higher
Employment	<ol style="list-style-type: none"> 1. Percent of full-time employees who are female 2. Initiative in place to specifically advance women in the workforce (Y/N) 	<ol style="list-style-type: none"> 1. At least 30% for infrastructure, power, telecoms; at least 40% for financial services, heavy manufacturing, agribusiness and food, professional services; at least 50% for healthcare, education, consumer services, and light manufacturing⁴² 2. Have an initiative in place to advance women in the workforce

⁴⁰ CDC Investment Works, 2X Challenge, Global Impact Investing Network, & IRIS+. (n.d.). *How to measure the gender impact of investments: Using the 2X Challenge indicators in alignment with IRIS+*. <https://assets.cdcgroup.com/wp-content/uploads/2020/03/16111901/How-to-measure-the-gender-impact-of-investments.pdf>

⁴¹ Ibid.

⁴² 2X Challenge. (2018, October). 2X Challenge: Criteria.



Gender indicators should be selected based on their relevance to the expected use of proceeds. Also, the issuer should consider its own capacities to measure or its ability to access gender data. This is particularly important for investment teams to assess project eligibility and make investment decisions in a timely manner.

Steps for Integrating Gender Considerations in Infrastructure Projects⁴³

- Define gender-specific eligibility criteria for project selection.
- Mainstream gender considerations in stakeholder engagement activities, providing gender-focused training and capacity-building activities for project personnel and the local community and engaging a social inclusion specialist to guide activities throughout the infrastructure life cycle.
- Complete a gender analysis and prepare a gender action plan (GAP).
- Ensure gender diversity in project personnel.
- Create an inclusive and safe work environment.
- Ensure that infrastructure meets the needs of all end-users, particularly women and girls.
- Increase the participation of women-owned businesses in the tendering process through gender-sensitive eligibility criteria.
- Require contractors to document anti-discrimination and anti-sexual harassment policies at the organizational level.
- Facilitate the engagement of women and women-owned businesses in the operations and maintenance phase of infrastructure.

Definition of Gender Equality

Gender inequality is one of the most pervasive forms of discrimination worldwide and a key driver of poverty. “Women and girls often experience multiple, systemic barriers (such as formal and customary regulations, and discriminatory social norms) to accessing resources and opportunities, knowledge, information, networks and markets, and generally have less influence in decision-making compared to men.”⁴⁴

Gender equality refers to the full and equal exercise of rights by men and women: they have equal access to socially, economically, and politically valued goods, resources, opportunities, benefits, and services. It is the absence of any discrimination on the basis of gender.

Throughout this paper, the term “gender equality” is used in a broad sense to reference the framework developed by Caroline Moser in collaboration with Department for International

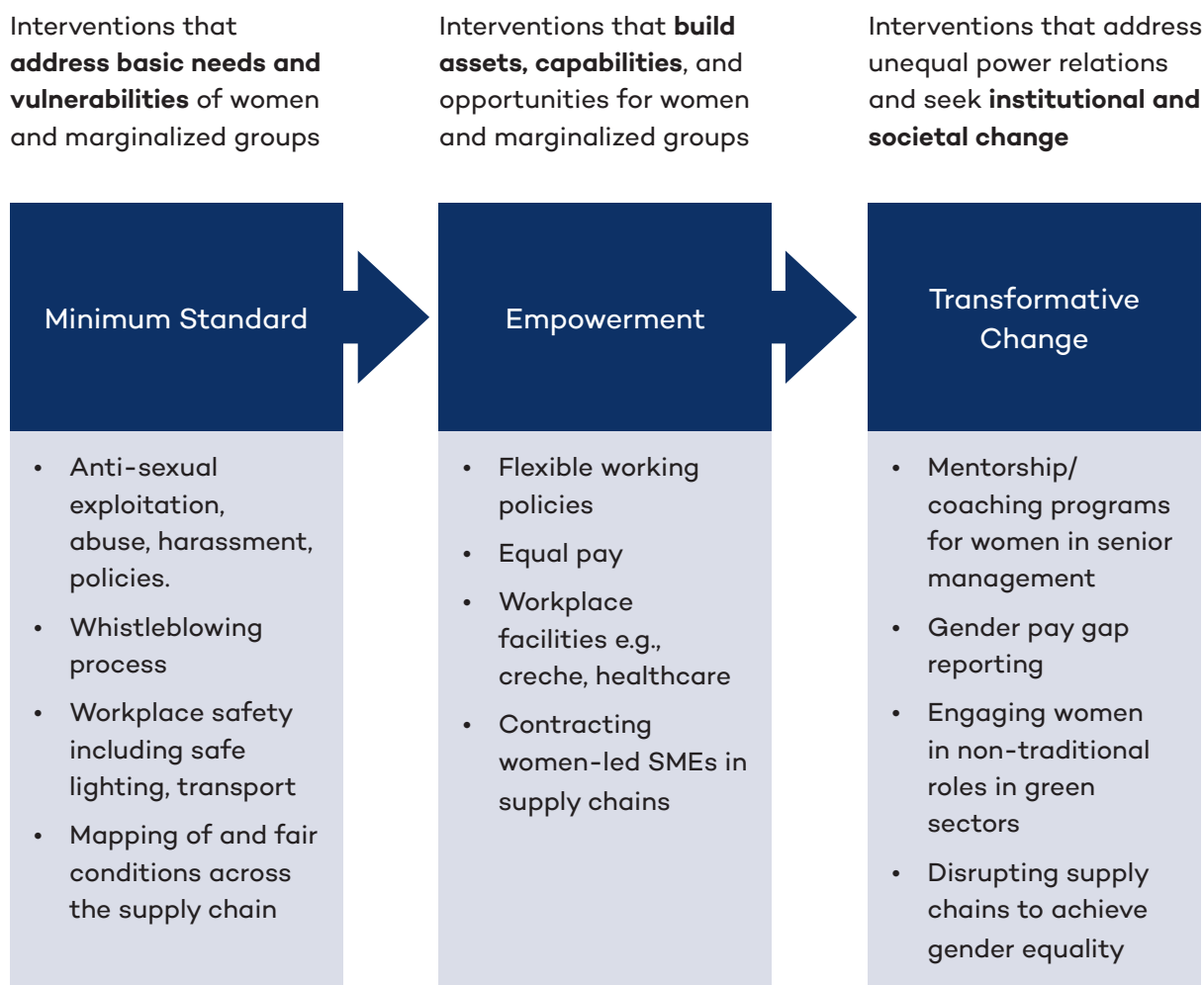
⁴³ Adapted from Morgan et al. 2020, supra n. 31.

⁴⁴ HM Government. (2018, March). *Annex 8: Gender and inclusion: Conceptual and approach paper*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/784758/Annex_8_Gender_Combined_paper.pdf



Development’s Infrastructure and Cities for Economic Development Facility (ICED)⁴⁵ in 2016 (see Figure A1). It is currently used for mainstreaming gender equality in many Foreign, Commonwealth and Development Office-funded and other international development programs. It provides guidance in thinking through what is needed practically, how to meet minimum standards, and going beyond compliance to support empowerment and transformative change.

Figure A1. Gender Equality Mainstreaming Framework



⁴⁵ See e.g., Moser, C. O. N. (2016). *Gender transformation in the new global urban agenda: Challenges for Habitat III and beyond*. Environment and Urbanization, IIED. <https://journals.sagepub.com/doi/pdf/10.1177/0956247816662573>

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