



**FOR  
EQUALITY WE  
MAKE THE  
DIFFERENCE**

Financial incentives  
to close the gender  
gap



**C2F**

CANADIAN CLIMATE FUND  
FOR THE PRIVATE SECTOR IN THE AMERICAS

 **Invest**

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## About IDB Invest:

IDB Invest, the private sector institution of the Inter-American Development Bank (IDB) Group, is a multilateral development bank committed to supporting Latin America and the Caribbean. It finances sustainable enterprises and projects to achieve financial results that maximize economic, social and environmental development for the region. With a current portfolio of US\$11.2 million under management and 330 clients in 23 countries, IDB Invest provides innovative financial solutions and advisory services that meet its clients' demands in a variety of sectors. As of November 2017, IDB Invest is the trade name of the Inter-American Investment Corporation.

The opinions expressed in this publication are those of the authors and do not reflect the views of IDB Invest, its Board of Executive Directors, or the clients it represents.

IDB Invest, June 2018.



As part of the new climate economy, the renewable energies labor market is associated with significant job creation. In 2017, it employed 10.3 million people throughout the world, with a strong concentration in Brazil. However, María José Nadeau, the first woman to chair the World Energy Council in its 90-year history, noted that the energy business is at a critical stage, facing disruptive changes that cannot be addressed without taking gender diversity into account.

The energy sector continues to be dominated by men, with women's participation amounting to 20%, although their participation is more balanced in the renewable energies sector at 35%. This can also be seen in the construction and transportation sectors where their participation barely exceeds 15%.

On the other hand, women are increasingly showing greater interest in these traditionally male and better-paid sectors, as shown by the increase in enrollment in science, technology, engineering, and mathematics (STEM) careers. Nonetheless, they continue to face significant challenges when seeking to enter and stay in those careers, to rise to leadership positions, and to find women mentors and models in these sectors.

We know that greater gender diversity in the corporate world equals greater productivity and innovation. Not only is a more balanced staff more profitable, it brings greater benefits.

So then, how do we increase the number of women in these sectors? At IDB Invest, with a 100% commitment to gender equality, we give priority to clients who share our commitment because we have proven that betting on equality means winning.

In 2015, thanks to the resources and impetus of the Canadian Climate Fund for the Private Sector in the Americas (C2F), we conceived an investment strategy with a financial incentive based on gender outcomes, the objective being to put the issue on the table from the outset of negotiations, with a commitment to create an internship program including a specific percentage of women, for example. If the results bear out, the incentive becomes a reduction in the interest rate on the loan thanks to concessional funds.

Incentives based on gender outcomes bring an economic dimension to the conversation with our clients, not only ensuring that companies create an inclusive corporate culture with new job opportunities for women, but also predetermining the type of influence we seek to have in those companies.

In the following publication, we illustrate the fundamentals of the program with some cases from our initial partners, with the objective of advising more and more clients in their journey toward gender equality.

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Jaime García Alba  
Chief of Advisory Services and Blended Finance, IDB Invest

<sup>1</sup> International Renewable Energy Agency (IRENA), "Renewable Energy and Jobs. Annual Review 2018."

<sup>2</sup> IDB Invest, Negocios Sostenibles, "Three best practices for energy companies investing in women," 2017.

<sup>3</sup> USAID, "Advancing Gender in the Environment: Making the Case for Women in the Energy Sector," 2018.

<sup>4</sup> IDB, "The Relationship between Gender and Transport," 2016.

<sup>5</sup> IDB, "Women in Science and Technology: What Does the Literature Say?" 2014.





## 1. Who we are

We're IDB Invest. We work with companies that last, create markets that prosper, and invest in opportunities.

## Clearing paths to close the gender gap

### An example of innovation that leads change

The region's economies are transforming to address the challenges presented by climate change. The new climate economy is an important driver of growth; and it is essential to ensure that this opportunity, based on high added-value jobs in the areas of science, technology, engineering, and mathematics, are equally open to men and women. The problem is that these are sectors where women's participation is limited. Thus, in addition to being solid, the solutions must be creative.

This is the guiding principle behind one of the most innovative strategies in one of the historically most rigid sectors. This strategy involves incentives based on gender outcomes. It is a novel way to administer the concessional resources provided by our donors and marks a roadmap for traveling the path toward change.

IDB Invest, the private sector institution of the Inter-American Development Bank (IDB) Group, is a multilateral development bank committed to businesses in Latin America and the Caribbean.

We work with our partners to achieve financial results while generating social and environmental value. We design innovative investment and advisory solutions that generate and maintain best practices for promoting gender equality. At the same time, we study the market, generating impact data and promoting more intelligent investment decisions.

Every day we strive to change the face of success, intent on mobilizing all the potential of private capital to help reduce the gender gap. A clear example of this is our work with the financing of the Canadian Climate Fund for the Private Sector in the Americas (C2F), directed to transforming the conversation in the renewable energies, energy efficiency, sustainable agriculture, and infrastructures sectors so as to include gender equality among the objectives of projects.



Committed to Gender Equality.



## 2. The territory

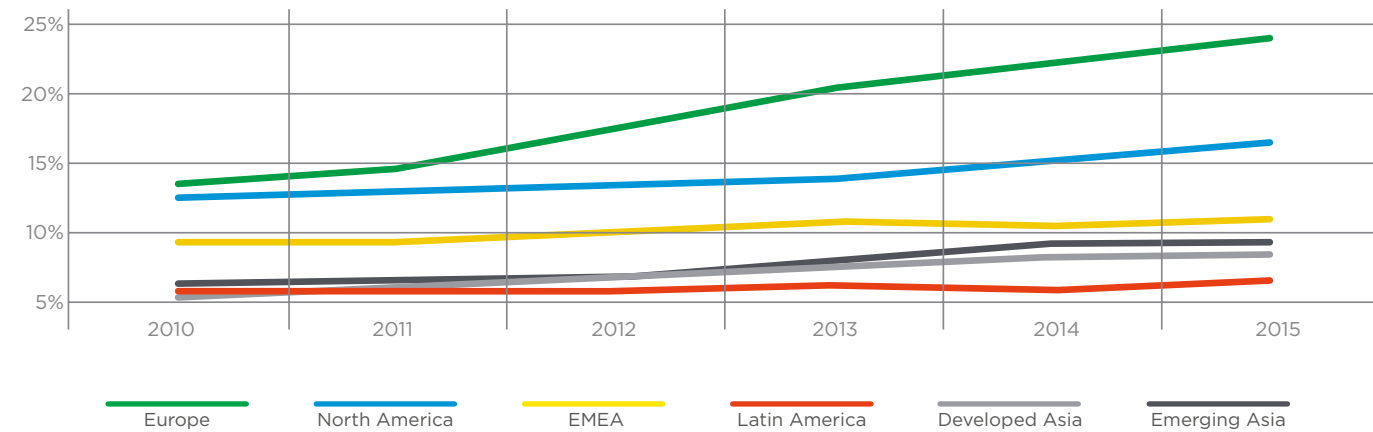
### Strengthen the most vulnerable

Women and girls make up the majority of the region's poor population and are thus the most vulnerable to climate change. While women's participation is quite egalitarian in the sectors of social services (61%) and hospitality (50%), in some areas related to climate change considered "non-traditional", such as construction and transportation, women represent less than 15% of total employees. In addition, they tend to be overrepresented in the informal economy and underrepresented at management levels and on boards of directors.

Although a clear link has been shown between greater diversity and better corporate performance, demonstrating that companies with a higher percentage of women in positions with decision-making power generate higher returns on capital, our region--Latin America and the Caribbean--has the lowest percentages of women in management positions.

It is clear that companies that rigorously manage gender equality with an action plan advocating for equality and inclusion tend to achieve more balanced representation.

DIVERSITY ON BOARDS BY REGION. PERCENTAGE OF FEMALE DIRECTORS



Source Bloomberg, Credit Suisse Research.

When women are not present in leadership positions and decision making, half of the population is underrepresented.

<sup>6</sup> Credit Suisse, "The CS Gender 3000: The Reward for Change", 2016.

### WOMEN'S PARTICIPATION IN LEVELS OF RESPONSIBILITY BY GROUP, %

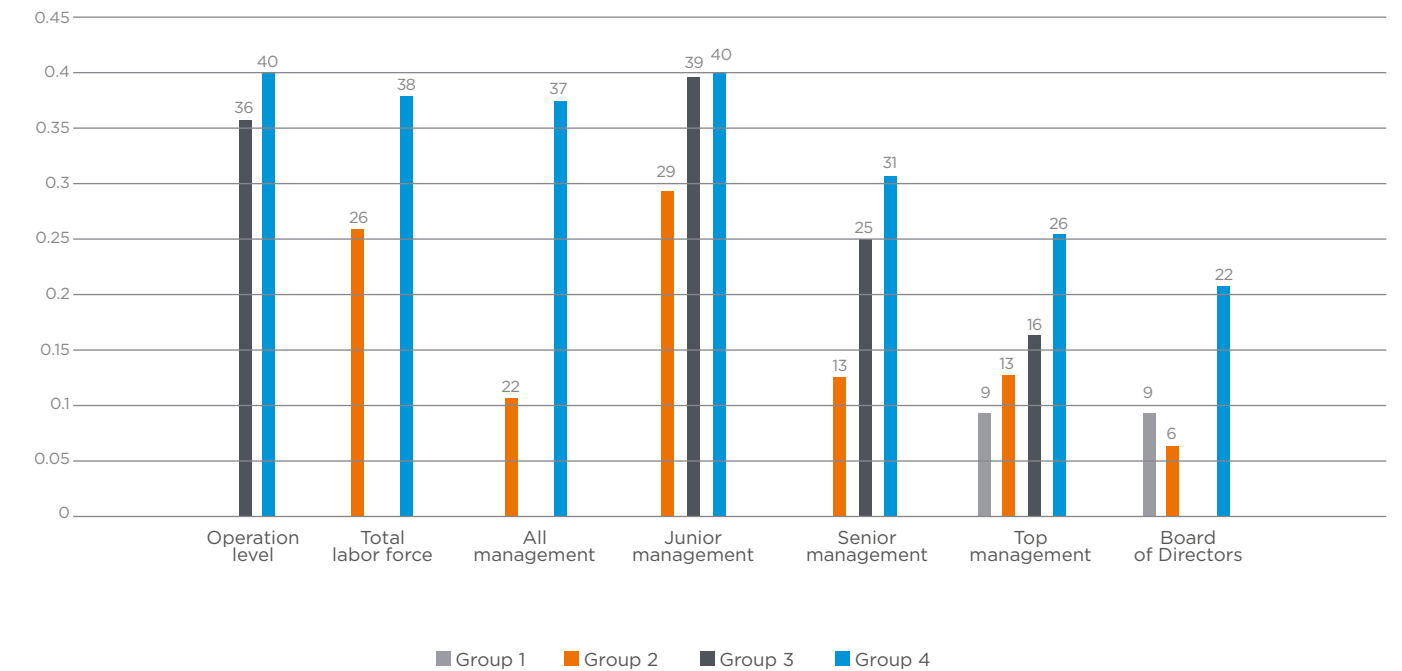
Data from 11,417 companies (1,620 in LAC), grouped according to the degree of proactive management of gender equality in the workplace:

**Group 1:** companies on the exchange.

**Group 2:** companies on the exchange in the region and that are part of the Dow Jones Sustainability Index.

**Group 3:** companies that participated in the study "When Women Thrive" (by Mercer and the EDGE Certified Foundation) which focused on the region.

**Group 4:** companies seeking independent certification - EDGE Certification - in the area of gender equality.



Source: Data collected by EDGE Strategy for companies located in LAC that obtained the EDGE Certification, 2017.

In companies that manage gender equality with certification, women participate in boards at a level of 22%, compared to 9% in companies that do not.



## 3. The road map

### Making the difference

The issue of gender was included in IDB Invest's business plan as one of three cross-cutting priorities, along with environmental and social sustainability and the creation of sustainable environments.

To translate this cross-cutting theme into equality and to ensure that men and women benefit equally from career opportunities and jobs specifically in sectors with low

representation of women, IDB Invest, with the support of blended finance resources, uses incentives to close gaps in:

- 1) The fields of science, technology, engineering, and mathematics in the labor market.
- 2) Leadership positions at the corporate level in companies facing the challenges of climate change.

#### What is blended finance?

It is the selective use of concessional financing in high-impact projects with real or perceived risks too high for the use of commercial financing in market terms. It is a strategic tool intended to close the investment gap of the Sustainable Development Goals, US\$2.5 billion per year, by mobilizing private capital toward high-impact projects in development.

IDB Invest offers comprehensive blended financing solutions by combining concessional resources from its donors with its own capital through a broad range of financial products such as investment in capital, debt, guarantees, and financial incentives.

## Incentives based on gender outcomes

They are innovative products designed by the Gender Advisory Services and Blended Finance teams of IDB Invest.

They are a financial structure that makes it possible to directly intervene in and influence the company directly.

Today they are directed to sectors where women have limited representation in order to increase their participation at all levels of the organization, although they may be implemented in any sector.

Using blended finance makes it possible to reduce a loan's interest rate based on the outcomes of the gender action plan pre-defined with the client.

The size of the incentive depends on how ambitious the program for achieving gender outcomes is and on the investments the client has to make to achieve those outcomes.

If the outcomes are not achieved, the interest rate reduction doesn't occur.

The incentives are included in the loan contract to commit to a set of strategic outcomes that are described in the "gender action plan" and must be demonstrated during the life of the contract.

Incentives are an innovative tool that has become a tactical model for promoting equality. It is expected that after using the procedure, the company will incorporate it, replicate the experience, and be an example for the market.

## 4. The route

### Milestones on the route to gender equality within a company

#### 1) GENDER DIAGNOSTIC FOR COMPANIES



[weps-gapanalysis.org](http://weps-gapanalysis.org)

The Women's Empowerment Principles (WEP) were launched in 2010 for use as a guide for companies in the empowerment of women and the promotion of gender equality.

More than 1,800 executive directors worldwide have signed the "CEO Statement of Support" establishing their commitment to the Women's Empowerment Principles.

In 2017 the Women's Empowerment Principles Gender Gap Analysis Tool was launched to give companies a free, easily used, and confidential tool for self-evaluation of their performance in terms of women's empowerment and gender equality in the workplace, markets, and the community.

The WEP Tool was designed by IDB Invest, the Multilateral Investment Fund (MIF), the United Nations Global Compact, UN Women, and the support of BSR (Business for Social Responsibility). It identifies points for improvement and strengths to ensure a holistic approach to women's empowerment and gender equality through 18 questions in four areas: leadership and strategy, workplace, markets and community.

#### 2) ACTION TO PROMOTE GENDER EQUALITY

The results are used as input for the design of gender programs and for structuring gender incentives based on performance such as:

1. Commitment through signing the "CEO Statement of Support."
2. Certification process in gender equality in the workplace (EDGE, UNDP Seal, Mexican Standards, and others).
3. Workshops on discrimination, unconscious bias, and equal opportunities with specific sessions for managers and human resources.
4. Training on human resources policies to attract, recruit, retain, and promote talent.
5. Women's leadership and mentoring programs and professional networks with specific support for women.
6. Integration of more female STEM students in qualified work through internship programs.
7. Employment opportunities in non-traditional areas for semi-qualified workers.

<sup>7</sup> WEP, "Annual Report. Global Trends Report", 2018.



### THE SEVEN PRINCIPLES FOR WOMEN'S EMPOWERMENT

- 1 Establish high-level corporate leadership for gender equality.
- 2 Treat all women and men fairly at work – respect and support human rights and non-discrimination.
- 3 Ensure the health, safety, and well-being of all female and male employees.
- 4 Promote education, training, and professional development for women.
- 5 Implement enterprise development, supply chain, and marketing practices that empower women.
- 6 Promote equality through community initiatives and advocacy.
- 7 Measure and publicly report on progress to achieve gender equality.

# 5. Our partners<sup>8</sup>

There are many diverse examples of projects we have worked on, in each case creating in conjunction with the borrowers the most appropriate framework for voluntary progress in the area of gender equality.

For example, the Grupo Ecos, responsible for the Divisa Solar project in Panama, was one of the first to develop a specific program of practices for women students in the STEM fields. It partnered with local universities to provide courses for studies on the energy sector (courses usually dominated by men); and in March 2015, it hired two women with the goal of training four women per year.

We illustrate below the scope of the program with concrete data from four projects that are emblematic for us: Óptima Energía in Mexico, the company municipal governments contracted with to replace incandescent streetlights with efficient LED lamps; the wind power projects, La Castellana and Achiras, both in Argentina; and Casablanca & Giacote, a photovoltaic solar energy plan in Uruguay.



<sup>8</sup> Data obtained from 2017 Annual Report of the Canadian Climate Fund for the Private Sector in the Americas (C2F).



## CENTRAL PUERTO S.A. (CPSA) 2016

<b>PROJECT</b> LA CASTELLANA S.A.U. Y ACHIRAS
<b>DESCRIPTION</b> Construction, operation, and maintenance of a 99 MW wind farm and related facilities, including a 132kV transmission line 45 km long.
<b>INCENTIVES PROGRAM FINANCED BY THE CANADIAN CLIMATE FUND (C2F)</b> <ul style="list-style-type: none"> <li>○ Signing of the Women's Empowerment Principles (WEPs).</li> <li>○ Gender action plan approved by the Board.</li> <li>○ Internship program targeting women in STEM careers to support the renewable energy business unit.</li> </ul>
<b>NOTABLE RESULTS</b> <ul style="list-style-type: none"> <li>○ Diagnostic performed using the WEP Tool.</li> <li>○ Program to recruit interns for a group of six people, focused on women in STEM careers.</li> <li>○ Raising awareness of gender equality as an opportunity for senior management and training in inclusive human resources processes for the HR department.</li> </ul>

"When the program started, we employed only 40 women, basically assigned to administrative tasks. The organization was not fully aware of the benefits of promoting gender equality in the workplace.

The first step was to work with management to reach consensus on the need for gender policies and to set targets for ourselves that were ambitious but achievable at the same time. We created a "gender committee" made up of staff from Operations, Maintenance, Human Resources, Finance, Renewable Energies, and representatives of organizations.

We were convinced that any action had to have the participation of the employees.

Then we attacked the problem on various fronts:

- An internship program that today has six engineering students located at the La Castellana and Achiras wind farms in the area of environmental safety.
- Training activities on equality for personnel and with the participation of management.
- Increase in workers reviewing job notices. In 2018, for a total of 18 vacancies in all areas, 31% of the applicants were women. All shifts had female participation and 56% of the vacancies were filled by women, increasing the total number of women in the company by 25%.
- Program of benefits upon return from maternity leave.

IDB Invest made a fundamental contribution to our success. It made us see the need for and the benefits of having a gender action plan. Its staff supported us at all times, not only providing information and tools but also being very receptive to our concerns, doubts, and fears, clearly understanding that this was a very important paradigm change in our company and, I dare say, in the industry."

**Jorge Raube**  
General Manager of Central Puerto, S.A. (CPSA)





ÓPTIMA ENERGÍA  
2015

<b>PROJECT</b> ÓPTIMA ENERGÍA
<b>DESCRIPTION</b> Installation of a municipal public lighting system using high efficiency LED equipment.
<b>INCENTIVES PROGRAM FINANCED BY THE CANADIAN CLIMATE FUND (C2F)</b> <ul style="list-style-type: none"> <li>○ Signing of the Women's Empowerment Principles (WEPs).</li> <li>○ Certification of compliance with government standards on workplace equality: Mexican Standards on Labor Equality and Nondiscrimination.</li> <li>○ Professional internship program.</li> </ul>
<b>NOTABLE RESULTS</b> <ul style="list-style-type: none"> <li>○ Signing of CEO commitment to the WEPs.</li> <li>○ Óptima Energía obtained certification in 2016.</li> <li>○ 2016 and 2017 internship program with a total of eight female students who worked in the engineering, energy, purchasing and logistics, finance and management sectors.</li> </ul>

"As in many energy and technology companies, our working environment has been predominantly male, particularly in the technical area. When this project began, only one-third of the company's 33 permanent employees were women and most of them were working in non-technical areas. More than 85% of the engineering employees were men as were all procurement and logistics staff. Once we became aware that this had to change, in conjunction with the IDB Invest Advisory Services team, we designed a gender equality commitment program in which we focused on three issues:

- Create a culture committed to gender equality and diversity, starting with management with the company leaders' commitment to its employees and other interested parties.
- Implement the measures necessary to obtain certification under the Mexican Standards on Labor Equality and Nondiscrimination, a set of strict governmental standards that qualify companies according to a wide range of indicators, including equal salaries, sexual harassment policies, nursing rooms, and parental leave.
- Include female talent in non-traditional areas (particularly engineering and related sciences) through a paid internship program for university students.

Today we can see that the gender equality commitment program we started thanks to IDB Invest's advisory services successfully changed our workplace. Certification in particular has helped to form and strengthen the culture of equality that we have been developing over time. It has helped us to support it with concrete policies. We have been able to establish the basis for achieving a more diverse work environment."

**Marcela Maldonado**  
Human Resources Manager, Óptima Energía



TECNOGROUP  
(LAFEMIR S.A.)  
2015

"We were among the first photovoltaic solar energy projects in Uruguay. When we began, there was no local labor force for assembling solar panels. We had to create a labor exchange from the ground up. In collaboration with the government, the National Union of Metal Workers and Allied Workers (UNTMRA) and training institutions, we proposed that the workers would be a national workforce of both men and women. In that context, we understood that at least 20% of the training sessions should be for women who would later join the project directly.

Later when IDB Invest entered the process, it challenged us to commit not only to the idea but with actions as well. It posed two large challenges for us: include this gender objective in the contract and verify compliance with it. At the same time, it helped us to conceive a mechanism and establish a target to meet the objectives set out in the contract. After this process, we were able to create a labor exchange of 100 women with certificates qualifying them to be Installers of Photovoltaic Panels.

There is much yet to be built in what is a developing industry for Uruguay, and we will promote the inclusion of a gender quota in new tenders. This project serves as a precedent and establishes the foundation so that new projects will be truly inclusive."

**Marcelo Mula**  
Executive Director, Tecnogroup

<b>PROJECT</b> CASABLANCA Y GIACOTE
<b>DESCRIPTION</b> Construction of six photovoltaic plants that reduce greenhouse gas emissions by 74,000 t CO2 per year.
<b>INCENTIVES PROGRAM FINANCED BY THE CANADIAN CLIMATE FUND (C2F)</b> <ul style="list-style-type: none"> <li>○ Contracting by Tecnogroup, project sponsor and subcontractor, of semi-qualified workers in the construction of photovoltaic plants to ensure that: <ul style="list-style-type: none"> <li>15% of the workers are women.</li> <li>15% of the working hours in each plant are assigned to women.</li> <li>Of these working hours, 2/3 will be related to construction tasks.</li> </ul> </li> <li>○ EPC (Engineering, Procurement and Construction) Clause reflecting cascading incentives to the contractor for construction of the projects.</li> </ul>
<b>NOTABLE RESULTS</b> <ul style="list-style-type: none"> <li>○ Of 1,162 workers, 204 were women, or 17.5%</li> <li>○ At least 15% of the working hours were assigned to the female workforce.</li> <li>○ Of these hours assigned, at least 50% were technical activities like materials handling, assembly of structure and panels.</li> </ul>



In 2012 Canada committed US\$250 million to create the Canadian Climate Fund for the Private Sector in the Americas (C2F). Managed by the IDB Group, the purpose of this fund is to stimulate private sector investment in climate change mitigation and adaptation in Latin America and the Caribbean. The Fund co-finances IDB Invest climate projects that require access to financing under favorable conditions in order to become viable.

Among other investments, these projects include those related to renewable energies, energy efficiency, sustainable transport, reduction and abatement of greenhouse gas emissions, agriculture and forestry, as well as adaptation projects intended to reduce vulnerabilities to climate change.

The C2F is a pioneer in the search for opportunities to promote the inclusion of women in co-financed projects and incentivizing such opportunities with concessional resources. The objective is to ensure that both women and men benefit under equal conditions from the various opportunities generated by the region's nascent climate economy.

C2F has been key to enabling IDB Invest to approach these opportunities with two basic working principles:

1. Being there from the start: ensure women's participation from the very start of new businesses in the climate change economy, closing the gender gap through recruitment patterns in non-traditional fields for women.
2. Channel lasting changes: promote the economic empowerment of women by combating the gender gap in corporate-level leadership positions, specifically in businesses related to the climate change economy.

Through its initiatives, this economic empowerment is implemented following four basic guidelines:

1. Promote formalization of the borrowers' commitment to gender equality.
2. Encourage the implementation of measures based on gender certifications.
3. Include more women in STEM fields in qualified tasks.
4. Create employment opportunities in non-traditional areas for semi-qualified workers.

C2F is helping private sector projects, through loans or guarantees, to mitigate greenhouse gas emissions and helping countries adapt to climate change while promoting gender equality at the same time.



# 22

APPROVED PROJECTS



# US\$ 228

MILLION

APPROVED ACCUMULATED FUNDS

## Let's move forward! >>

In an increasingly competitive economy, a company's success depends on knowing how to capture opportunities and capitalize on them. Today that harnessing of opportunities starts with:

- 1 | **Obtaining the commitment of top management** to include among its priorities achieving an inclusive and diverse workplace that guarantees equality of opportunities for all workers.
- 2 | **Evaluating human capital differently**, asking ourselves whether the work environment we foster is equally attractive to men and women.
- 3 | **Create recruitment programs to involve more women in selection processes**, especially in areas of the company where they are underrepresented.
- 4 | **Design products with a gender perspective**, thinking by and for women to target underserved segments.

It has been demonstrated by the most diverse organizations on all continents that when women and men work on an equal footing not only do the people involved grow, the companies and the economy do so as well.

It is hoped that the experience gained in this work will serve as an example and encourage more companies in this and other sectors of the regional economy to continue moving forward.

At IDB Invest we advocate for the greatest level of development; **we encourage companies to support corporate cultures, policies, and practices that accelerate gender equality and enhance the future of Latin America and the Caribbean.**

**Because for equality we make the difference.**

Let's continue the conversation

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