



# THE MATERIAL RISKS OF GENDER-BASED VIOLENCE IN EMERGENCY SETTINGS: IS GBV IMPACTING YOUR INVESTMENT?

# OPPORTUNITY BRIEF

## The Material Risks of Gender-based Violence in Emergency Settings: Is GBV impacting your investment?



*Finance is one of the most powerful systems on earth. Investment decisions about private and public funds are based on an analysis of risk and return over time. UNICEF and Criterion Institute has been exploring how gender-based violence (GBV) in emergencies can be understood as material to investment decision-making. Through a series of research literature reviews and expert interviews, we have identified at which points the costs of government inaction on GBV prove most relevant to market stability and the potential for financial return. This research focused on four particular investment vehicles and approaches that were identified as having strong relevance to post-disaster financing: sovereign debt, blended finance, climate finance, and project finance investments.*

*This opportunity brief highlights insights from this research and key underlying drivers that trigger or impact the movement of capital in and around emergencies related to GBV. It identifies potential leverage points before, during, and post-emergency where the structuring or movement of capital could improve investment-decision-making and reduce GBV vulnerability.*

# Background



## Understanding Emergencies

Emergencies (or humanitarian crises) occur when a singular event or series of events threatens the health, wellbeing or safety of communities. There are a wide variety of emergencies that can be a result of natural disasters, human-induced phenomena, or combination of the two, which overwhelm a community's capacity to cope or respond. These emergencies can include, but are not limited to, armed conflicts, epidemics, famine, and natural disasters such as earthquakes, flooding, tsunamis drought, or wildfires. All types of emergencies have a direct short-term and long-term impact on the social order, political security, and economic stability of a country. They are often interconnected and complex, with national disasters impacting global instability through the displacement of populations, disruptions to economic activity and trade, and subsequent effects to neighboring countries.

In 2017, global humanitarian funding hit a record high of \$23.5 billion, which was used to provide services to 93 million people.<sup>1</sup> Humanitarian assistance costs are predicted to increase another \$26.5 billion by 2030, with the average length of humanitarian response required to address a given emergency estimated at seven years.<sup>2</sup> International humanitarian assistance is a significant source of support during crises, but it is a relatively small part of a much wider financial pool that can be sourced. For example, in 2015, international humanitarian assistance accounted for just under \$14 billion of all international resources delivered to the 20 largest recipients of humanitarian funding.<sup>3</sup> This is a fraction of the estimated \$85 billion from remittances, the \$41 billion from foreign direct investment and the \$33 billion from development assistance.<sup>4</sup> Emergency settings pose both as an unprecedented risk and investment opportunity for the private sector.

## Gender-Based Violence in Emergency Settings

Women and girls are disproportionately affected by humanitarian crises with three quarters of refugees or displaced persons at risk post-crisis being female. With a break down in civil order and limited access to medical care and social networks, women and girls are increasingly vulnerable to disease, violence, and death within these contexts.

<sup>1</sup> High-Level Panel on Humanitarian Financing Report to the Secretary-General: [Too important to fail—addressing the humanitarian financing gap](#), January 2016

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> World Economic Forum, [Humanitarian crises cost more than ever. But businesses can help](#), January 2018

While GBV can impact anyone, it is deeply rooted in power imbalances between the sexes and is fueled by cultural norms, the social acceptance of harmful social practices, and insufficient legal protections to protect individual's rights.<sup>5</sup> It has been well documented that in humanitarian crises, levels of GBV increase dramatically. Approximately 1 in 5 refugee or displaced women in complex humanitarian settings have experienced sexual violence.<sup>6</sup>

Conflict, displacement, and natural disasters can exacerbate GBV due to a breakdown in social systems, lack of law enforcement, and limited access to health facilities.<sup>7</sup> Existing legal and social protections, often already meager in developing contexts, break down further during conflict, emergency, and humanitarian crises. In these contexts, rape is often used as a weapon of war. Climate disasters have been shown to increase sexual harassment, domestic violence, sexual exploitation of children, and human trafficking.<sup>8</sup> Displacement and migration following a disaster or conflict can result in overcrowding and unsafe living conditions in evacuation centers, temporary housing, and other shelters. Increased violence and loss of community increase the propensity for violence. The violence has short- and long-term consequences on women's physical, sexual and reproductive, and mental health as well as their personal and social well-being.<sup>9</sup> However, violence also has a direct and indirect impact on the political security and economic stability of a country.

## The Cost of Gender-Based Violence

The cost of violence against women and girls is estimated to amount to 2% of the global GDP – equivalent to 1.5 trillion dollars. In the context of emergencies, there are a wide variety of direct and indirect costs of GBV, including physical, mental/emotional, societal, and economic costs. GBV can result in lost employment and productivity and it drains resources from social services, the justice system, health care agencies, and employers. It is a direct barrier to sustainable development, poverty reduction, and economic prosperity. An estimated total of US\$12 trillion could be added to global GDP by 2025 by closing the gender gap and advancing women's equality in the public, private and social sectors, which will impact violence against women and girls.

While 1 in 3 women worldwide experiences physical or sexual violence, GBV is rarely factored in as a risk to finance. However, these numbers are, in the language of finance, material. Much like understanding the material risks of and unintended consequences of climate change on a potential investment, understanding the risks of GBV, or opportunities which direct investment poses, is important to consider.

## Exploring the Opportunity for Financial Actors

Financial systems have the power to both move capital, and influence what is deemed worthy of investment. In the context of GBV in emergencies, this soft power can be a leverage point in increasing or decreasing the vulnerability to GBV.

If GBV is understood to be a material risk affecting the long-term stability of investments, financial actors can use their political capital (ability to pressure government's) and economic capital (decisions to move or not move capital) to directly influence markets. Furthermore, we know that finance can be used to influence actors to reduce GBV or can finance specific solutions through innovative financing modalities.

There are three modalities for financial actors to consider:

1. Use metrics that evaluate specific investment processes and whether in those processes the firm has concretely used GBV data (especially in the context of emergencies) as a material risk to potential investments.

<sup>5</sup> Women Deliver, [Dramatically Reduce Gender-Based Violence and Harmful Practices](#), September 2017

<sup>6</sup> <https://www.wionews.com/world/1-in-5-refugees-or-displaced-women-experience-sexual-violence-145829>

<sup>7</sup> Women Deliver, [Dramatically Reduce Gender-Based Violence and Harmful Practices, Policy Brief](#), September 2017

<sup>8</sup> Women Deliver, [Invest in Girls and Women to Tackle Climate Change and Conserve the Environment, Policy Brief](#), November 2019

<sup>9</sup> Women Deliver, [Dramatically Reduce Gender-Based Violence and Harmful Practices, Policy Brief](#), September 2017

<sup>10</sup> Care International, [Count the cost of violence: the price society pays for violence against women](#)

2. Using the structures and terms of finance to put pressure on how capital should be directed. For example, naming specifically within the “uses of capital” investment terms that funds should be directed towards GBV programming or programming that addresses the reduction of GBV.
3. Directly invest in products, services or infrastructure which mitigates or decreases the likelihood of GBV occurring. For example, investing in infrastructure projects that incorporate best practices in the design of Safe Cities.

## Reframes and Insights

These insights are organized under four reframes that address an assumption about the relationship between GBV and finance. Reframes are powerful ideas that change the perspective on what is possible in systems that are often seen as fixed. Reframes take apart these systems and create space for innovation to occur. Naming the “reframes” within this project enables us to imagine new ideas, processes and relationships between finance, GBV, and emergencies. The insights articulated under each reframe go one step further and determine which areas, ideas, or processes might be actionable to enlist finance in battling GBV. The aim of these insights is to provide financial actors with new possibilities that allow them to play a role in directly addressing GBV, either as allies who leverage political will, or through changes in how they structure or move capital.

### Reframe 1: GBV is not just a social issue, it is an economic issue that directly affects the value of assets in capital markets.

GBV has historically been assessed as a purely social justice issue, with its resources and urgency remaining in the domain of civil society and the state. While an increasing number of impact-driven investors are interested in funding various angles of gender equality, GBV’s direct impact on the stability and economic productivity of a nation entails that even ‘traditional’ investors should consider this issue as relevant to their activities.

- **Insight 1.1:** Investing to mitigate GBV is an investment in financial stability, as increasing gender equality is directly associated with socioeconomic benefits at a national level. (Financial Instrument (FI): Sovereign debt, Project Finance, Blended Finance)
- **Insight 1.2:** GBV’s strong correlation with political instability makes it a valuable indicator of country risk, and thus an important risk indicator that should be tracked and integrated into the due diligence of foreign investments. (FI: Sovereign debt, Project Finance, Blended Finance)
- **Insight 1.3:** Countries with high rates of GBV may eventually be viewed as having a heightened sovereign default risk, due to both GBV’s strong correlation with country instability, in addition to significant allocation of GDP towards GBV costs
- **Insight 1.4:** The volume of a developing nation’s sovereign loans has a direct impact on the status of its gender equality. Gender equality’s strong link to rates of GBV could imply that sovereign debt investments are a prime leverage point for addressing national GBV issues, whether via gender sensitive loan terms and conditions or in restructuring (i.e. ‘workout’) negotiations (FI: Sovereign Debt)

### Reframe 2: GBV is a material risk to investments that is highly overlooked and poorly understood by capital market players (e.g. investment managers, asset owners, financial analysts, credit agencies, etc.).

GBV is a material risk that is currently unpriced in financial decision-making. The financial costs of GBV onto a society are increasingly well understood and documented by the social and public sectors. However, this improved visibility into GBV costs on individuals, public institutions, and employers remains misunderstood by financial actors and poorly integrated into the data and processes that inform financial decision making. Our world’s financial system currently does not accurately reflect the real risks and costs that GBV imposes.

- **Insight 2.1:** Credit ratings are currently incomplete because they fail to account for GBV data within risk methodologies (Sovereign Debt, Project Finance, Blended Finance)
- **Insight 2.2:** Climate finance risk layering should include a GBV lens to ensure they are sensitive and

responsive to women's and girls' specific needs during climate induced disasters. (FI: Climate Finance, Project Finance, Climate Risk Insurance).

- **Insight 2.3:** GBV issues can directly influence the costs of construction in project finance by potentially causing delays. Lender disbursements are thus a possible leverage point for pressuring companies and nations into addressing GBV concerns that emerge in the due diligence process (FI: Project Finance).

### **Reframe 3: Disasters and the financing that is required for an adequate response, provide a uniquely powerful opportunity as it pertains to reimagining and rebuilding vulnerable nations towards gender equality (and reducing GBV vulnerability) post disaster**

Natural disasters are projected to increase in frequency and severity over the coming decades, with developing nations bearing the brunt of environmental vulnerability. Disasters often exacerbate the pandemic of GBV. In the design of climate and project financing initiatives that seek to strengthen individual and country level resilience, a gender lens can be a powerful tool in mitigating future occurrences and ensuring the sustainability of rebuilding efforts. Gender responsive climate and disaster financing can be a means of increasing GBV resilience and expanding financing opportunities for GBV interventions, rather than redirecting funds from existing (and already constrained) social protection budgets in these regions.

- **Insight 3.1:** There are a growing number of innovative investment opportunities related to technology, products or infrastructure in, and around, disaster contexts which pose direct investable opportunities for private or blended capital (Blended Finance, Impact Investing)
- **Insight 3.2:** Liquidity options post-disaster are essential to long-term stability and building of GBV resilience. Special conditions for liquidity can be a provision of gender-responsive climate and disaster risk insurance, providing swift resources for individuals, businesses, and states. (Climate / Disaster Risk Insurance)
- **Insight 3.3:** It is in the interest of climate risk insurers to view GBV reduction in the nations they insure as an essential investment in resilience, one that may reduce the needed amount and timeline of future claims pay-outs.
- **Insight 3.4:** The focus on supporting developing nations at the forefront of climate disasters has primarily been through the lever of climate finance, but sovereign debt – which has been shown to rise significantly after natural disasters – may prove an equally important leverage point.

### **Reframe 4: The terms that define how financial instruments are structured are a key leverage point that result in either exacerbating or mitigating GBV**

Within post-emergency or conflict settings, financial investment plays a central role in reinvigorating local economies. Failing to account for how GBV is a material risk to the movement of capital not only negates this opportunity to reduce GBV at a structural level but can increase the likelihood of it occurring. Ultimately, this can negatively impact an investment through risks to operational efficiency and productivity, as well as the reputational risks posed. There are a variety of ways in which the structuring of investments and loans can be used throughout different financial vehicles and instruments as both a punitive and reward system by creditors to move countries to act on GBV.

- **Insight 4.1:** There are a variety of ways investments and loans can be structured to enlist both punitive and reward systems that move countries to act on GBV (Blended Finance, Sovereign Debt, Project Finance)
- **Insight 4.2:** The austerity measures that are typically included in multilateral loans can be a detriment to building national resilience, increasing instability and default risk alongside cuts to public services (Sovereign Debt)
- **Insight 4.3:** Infrastructure that is designed without consideration for women's and girls' safety can increase patterns of violence, and subsequently decrease women's access to economic opportunities (Project Finance)
- **Insight 4.4:** Multilaterals represent a powerful leverage point for GBV intervention via sovereign debt, as these bodies are increasingly concerned with the resilience of borrowers and are lending to some of the world's most vulnerable nations (Sovereign Debt)

# Opportunities

These insights provide the groundwork for bridging the thinking between GBV in emergencies and financial systems and market-based risk. Providing a brief overview of the research, they are a starting point to consider where are the places that financial systems can work with social actors to action change on GBV in emergencies.

UNICEF and Criterion Institute extend an invitation to financial and GBV actors interested in further exploring and expanding on these insights.

Phase 2 of this project will focus on several key opportunities (outlined below) to expand on these learnings. We wish to engage experts with knowledge in climate finance, sovereign debt, project finance and blended finance, to meet with GBV experts in order to explore actionable opportunities or collaborations in and around these areas.

## 1. Pricing GBV in risk modelling

- What is needed to convince rating agencies to understand the risk of GBV to investments?
- What indicators would be needed to accurately price risk for financial actors? What data exists to do so? What is still needed?
- What are the consequences of pricing GBV?
- What would a rigorous GBV sensitive methodology look like?
- Is GBV material only within ESG frameworks or can it be considered as an indicator in determining economic strength/vulnerability?
- How is GBV defined for the purposes of market risk?

## 2. Exploring safeguards and incentive systems within the structuring of terms and conditions within project finance, blended finance and sovereign debt loans

- Where and how can debt compliance be a pressure point to address GBV issues in blended finance?
- What types of debt clauses or facilities can be included and under what circumstances?
- How can GBV be an analysis or screen in project finance rebuilding investments?
- How can sovereign creditors incentivize or place conditions on debtors to address GBV?

## 3. Designing gender-responsive climate financing

- What changes in process and policy around climate and disaster risk insurance would make these products more GBV responsive?
- How can gender assessments for infrastructure projects be mainstreamed within climate financing and climate funds?
- What role can climate insurers play in shaping the capital market's understanding of GBV as a material risk?
- How might GBV's material relevance to a nation's resilience and economic standing be integrated into climate risk insurance assessments?
- How can liquidity thresholds in disaster risk financing be made sensitive to GBV needs?

# Conclusion



Credit: UNICEF/UN051271/Herwig

This opportunity brief outlines where GBV in emergencies can be made tangible to financial systems and market stability. It particularly translates the costs of government inaction on GBV to make it relevant to actors in finance to frame GBV as a material risk which could be a powerful tool within financial decision-making, as well as a valuable leverage point for increasing government action.

The insights provided here are a grounding for how decision-makers in finance can account for the risks that GBV presents to a country, sector, structure or process of finance, and identify opportunities to leverage the influence of finance to create innovative financing solutions to address this pressing issue. Sovereign debt, blended finance, climate finance and project finance investments all have the potential to move the needle in different ways to address or reduce GBV vulnerability.

Underlying these reframes and insights is the importance of gender intelligence as a method of assessing risk and opportunity differently. As this research has shown, gender expertise and GBV knowledge must be well-integrated into the investment decision-making process to effectively mitigate GBV. Currently, GBV and gender analysis remains a secondary mode of impact-focused analysis across sovereign debt, project finance, climate finance, and blended finance, with little power over financial decision making. Where gender intelligence sits within a lending organization (i.e. how well integrated) can indicate how effectively GBV will be viewed as a risk and opportunity by decision makers, and consequently how it can lend itself to addressing social issues.

If GBV is understood to be a material risk affecting the long-term stability of investments, financial actors can use their political capital and economic to directly influence investments in the area. Financial intuitions and private sector actors therefore can be allies in preventing and responding to GBV, whilst also minimizing risks within their investment practices.



unicef  | for every child

Gender Section, Programme Division  
3 UN Plaza, New York, NY 10017  
[www.unicef.org/gender](http://www.unicef.org/gender)  
[gender@unicef.org](mailto:gender@unicef.org)

CRITERION INSTITUTE

81 Church Hill Rd  
Haddam, CT 06438  
[criterioninstitute.org](http://criterioninstitute.org)  
[info@criterioninstitute.org](mailto:info@criterioninstitute.org)