equality fund

BEYOND AID

RETHINKING DEVELOPMENT FINANCE FOR A CHANGING WORLD

MAY 2026

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FOREWORD

JESS TOMLIN, CEO, EQUALITY FUND

Despite unprecedented global wealth, the systems we rely on to finance progress are not reaching those doing the hardest, most necessary work.

Aid is shrinking. Gender equality funding is being pushed to the margins. And the organizations holding communities together through crisis, backlash, and instability are still expected to do transformational work on fragmented, short-term funding.

For too long, the global funding system has treated feminist movements and women's rights organizations as peripheral, when in fact they are essential. They are not an add-on to development or a side issue. They are the actors driving norm change, policy change, systems change, and community resilience. They are often the first responders in crisis, the connective tissue in communities, and the force that keeps democratic and human rights gains moving forward.

The real scarcity is not in ideas or leadership. It is in the way money moves. Across every conversation I have with partners, I see the same pattern. Women's rights organizations and community-based movements are doing extraordinary work with budgets that would not keep a small office open in most capitals. On that scale of resourcing they are changing laws, holding institutions to account, and keeping communities safe in moments of crisis. These organisations have demonstrated their impact. What remains lacking is a funding system that allocates resources in line with that proven track record.

The Equality Fund was built in response to that reality and started from a different premise: community-led movements are the foundation of lasting change. That is why our model was built to be autonomous, resilient, and accountable to movements on the ground: to bring together different forms of capital and use each for its highest and best purpose, so we can support feminist movements over the long term, not just fund them moment to moment.

That is why the conversation about financing has to move beyond how much money is in the system and focus on how it is designed. There is no shortage of capital in the world. There is a shortage of capital that is structured to reach the people and solutions that deliver the deepest impact. Too often, money is locked up in short project cycles, narrow risk frameworks, and products that were never built with local actors in mind. The next frontier is building models that treat those actors as the starting point for how capital is organized, and then invite public, philanthropic, and private investors to participate on those terms.

This paper is an invitation to think bigger about what financing for gender equality can look like. If we want different outcomes, we need different financial models. We need models that move beyond fragmentation, beyond short-termism, and that build resilience, shift power, and unlock possibility. That is the work ahead. And in a moment like this, it could not be more urgent.

Jess Tomlin
CEO, Equality Fund

EXECUTIVE SUMMARY

The global system for financing social and economic progress is under mounting strain and no longer matches the scale or complexity of today's challenges. Official development assistance from OECD-DAC members has fallen by 23.1 percent in 2025, the steepest drop on record, and political and fiscal pressures are reshaping how and where resources are allocated. The question is no longer whether higher foreign aid budgets on their own can close the distance between ambition and delivery, but how we design a financing architecture that can actually match the scale and complexity of today's development challenges.

Against this backdrop, the paper argues that the development finance architecture suffers from two fundamental flaws: an over reliance on foreign aid, and a structural misalignment between where vast pools of capital are concentrated and the local actors best placed to deliver change. Among those local actors, women's rights organizations (WROs) stand out. WROs are frontline first responders to some of the world's most complex challenges; from climate resilience, to conflict mitigation, and democratic resilience, yet they remain chronically under-resourced, a striking example of a system that rewards process over impact. Closing that gap is not a matter of charity or moral preference, but something – as the IMF puts it – that is "macro critical", with clear implications for growth, stability, and long-term returns.

EXECUTIVE SUMMARY

The paper is organized around three propositions. Section 1 sets out the development financing gap and why restoring past levels of foreign aid alone cannot fix it. The system needs new models that connect public, philanthropic, and private capital to reduce dependency on annual donor cycles and mobilize institutional capital without losing accountability to real world outcomes.

Section 2 presents Equality Fund, a hybrid pooled fund and endowment platform. Seeded by a landmark CAD $300 million commitment from the Government of Canada in 2019, it is one of the most advanced and proven examples of a future-fit, innovative development finance model. Having catalyzed further bilateral and philanthropic money from its initial seed capital, it has already disbursed more than CAD$125 million to over 1,800 WROs in 100 countries, and utilizes a robust gender-lens investing approach.

Section 3 diagnoses the structural barriers that keep capital from flowing at scale: the limited recognition of gender equality as a macro-critical priority; fragmented markets that constrain gender-lens investing; and a lack of strategic investment to drive transformation - leaving gender equality to be treated as a niche rather than a material driver of returns and risk. Alongside each barrier are recommendations, intended to drive systemic change - changes to rules, incentives, and infrastructure - rather than ad-hoc, one-off commitments. These are targeted at governments, multilaterals and development finance institutions - those with the power and influence to drive genuine change across the system. The Equality Fund shows that a different model is possible. What is needed now is the political will and market discipline to make it the norm rather than the exception.

SECTION 1

THE DEVELOPMENT FINANCING GAP

AN INVITATION FOR NEW, DISRUPTIVE INNOVATIVE MODELS

1.1 — THE LIMITATIONS OF TRADITIONAL DEVELOPMENT FINANCE

The way the world finances international development has never been fully fit for purpose. It suffers from two fundamental flaws. First, it relies too heavily on foreign aid, at a time when aid budgets are under sustained pressure. Second, its basic architecture remains poorly aligned with the local actors and outcomes it is meant to support. Together, these flaws have created a widening gap between global ambitions, and the resources and tools available to deliver them.

These weaknesses are rooted in how the system was originally designed and in the assumptions that have shaped it ever since. For decades, development finance has rested on the comforting fiction that ever-rising flows of foreign aid, channeled through multilateral institutions and large international NGOs, would reliably reach local people. This architecture was built on outdated assumptions about where expertise and accountability should sit, how tightly funding should be controlled from the center, and the belief that development would be financed almost exclusively by donor countries - with some support from philanthropic actors - despite the fact that institutional and private capital, collectively worth hundreds of trillions of dollars, remains largely untapped.

1.2 — OVER-RELIANCE ON FOREIGN AID: A NEW POLITICAL AND FISCAL REALITY

The first flaw - over-reliance on foreign aid - has now been exposed by a rapidly shifting political and fiscal landscape. Data from the Organisation for Economic Co-operation and Development (OECD) shows that official development assistance (ODA) from Development Assistance Committee (DAC) members fell by 23.1 percent in 2025, by far the steepest reduction on record[1]. At the same time, the estimated annual shortfall to finance the Sustainable Development Goals has widened sharply, with the OECD estimating a financing gap of about US$4 trillion and warning it could reach around US$6.4 trillion by 2030 if current trends persist[2]. With political appetite for foreign aid spending declining, and geopolitical priorities reshaping how and where resources are allocated, reliance on conventional development finance is proving increasingly unsustainable.

Philanthropy helps to fill some of the space left by shrinking aid budgets, but it is small relative to the challenge, and often tied to short funding cycles and narrowly-scoped projects[3]. Private and institutional investment, meanwhile, represents by far the largest pool of capital. Yet, most mainstream strategies still treat social outcomes as incidental to value and risk, rather than material drivers of both. On their own, none of these streams can deliver the scale, stability, and accountability that development goals require.

[1] OECD: https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html
[2] OECD: https://www.oecd.org/en/publications/global-outlook-on-financing-for-sustainable-development-2025_753d5368-en.html
[3] Devex: https://www.devex.com/news/can-philanthropy-fill-the-aid-gap-5-reality-checks-112018

1.3 — POORLY-ALIGNED DEVELOPMENT ARCHITECTURE: THE OPPORTUNITY COST OF FAILING TO IMPLEMENT LOCALIZATION

The second flaw is structural. Vast pools of capital exist globally but remain largely disconnected from social outcomes[4]. At the same time, existing development finance systems, while continuing to adapt, often remain fragmented, slow-moving, and in many cases still not well configured to channel funding to those best placed to deliver change[5]. The result is a system that rhetorically champions localization yet struggles to make sure resources reach local actors directly.

This misalignment is particularly visible in Women's Right Organizations (WROs). These organizations are frontline first responders in critical areas like climate resilience, prevention and response to gender based violence, conflict mitigation, and are key for upholding democratic norms. They help shift social norms to advance gender equality and have knock-on benefits for education, health and economic prosperity[6]. Rooted in proximity to their local communities, they are essential infrastructure for delivering transformative change and serve as a bridge between local and global realities. Yet despite their proven impact, they remain chronically under-resourced and are a striking example of the global financial system's failure to reward impact or invest in this kind of effective, local infrastructure.

LOCALIZATION MUST BE RESOURCED

The gap between rhetoric and reality matters because localization is not just a process goal. It is a test of whether the system is actually willing to share power. Too often, local actors are expected to deliver change without receiving direct, flexible, and predictable funding. This leaves them carrying responsibility without the financial support needed to sustain impact.

WROs are a clear example of this problem, in that not all aid tagged for gender equality reaches the actors best placed to deliver it. Evidence indicates that less than 1 percent of gender focused aid reaches WROs directly[7]. At the same time, overall support for gender equality is itself under pressure. Bilateral allocable ODA with gender equality objectives fell by around 13 percent between 2023 and 2024[8], and the share of aid integrating gender equality objectives dropped from roughly 49 percent to 47 percent over the same period[9]. The issue is not simply underfunding in the abstract, but more a structural failure to recognize these organizations as core delivery infrastructure.

[4] World Economic Forum: https://www.weforum.org/stories/2024/10/private-capital-indispensable-development-climate-financing-divide
[5] Devinit.org: https://devinit.org/resources/falling-short-humanitarian-funding-reform/funding-local-national-actors
[6] Project Syndicate: https://www.project-syndicate.org/commentary/donors-governments-must-invest-in-feminist-womens-rights-organizations-by-anisha-chugh-et-al-2026-03
[7] AWID: https://www.awid.org/news-and-analysis/only-1-gender-equality-funding-going-womens-organisations-why
[8] OECD: https://www.oecd.org/en/blogs/2026/03/oda-for-gender-equality-is-plummeting--How-can-we-protect-it.html
[9] OECD: https://www.oecd.org/en/topics/sub-issues/oda-trends-and-statistics.html

1.4 — GENDER EQUALITY AS A MACROECONOMIC DRIVER

Advancing gender equality is not only a social imperative, it is an economic opportunity. At the macro level, targeted investments that lift women and girls out of extreme poverty could generate up to US$342 trillion in cumulative global economic returns by 2050, according to the UN Gender Snapshot 2025[10]. At the company level, more gender diverse leadership is associated with higher profitability, while lending to women is linked to lower portfolio risk and stronger repayment rates. For over a decade, the International Monetary Fund (IMF) has understood gender equality as being “macro critical”[11], meaning that it has a material bearing on growth, financial stability, and inequality. In some countries with large gender gaps in labor force participation, IMF analysis suggests that closing them could raise GDP by about 35 percent on average[12]. Failure to account for gender dynamics therefore represents a material risk. When investors overlook gender inequality, they create blind spots in how risk is assessed, misprice opportunities, and may ultimately undermine long-term portfolio performance.

For these reasons, gender equality outcomes should be considered throughout the investment lifecycle, because it generates compounding returns across the whole economy, closer to productive capital than to a cost. However, institutional capital still tends to treat gender equality as a niche investment theme rather than a core driver of market performance. Investing in local WROs is central to realizing the macro level gains from gender equality, but investors often misread their work as high risk[13]. Bridging this gap is critical. Investors are unlikely to engage with WROs directly or at scale without deliberate efforts to connect these actors, translate their value into investment-relevant terms, and structure pathways for capital to flow between them. This is where intermediary models, such as the Equality Fund, play a central role in aligning capital with the realities of how change happens on the ground.

In practice, WROs provide political intelligence, community legitimacy, and early warning signals that governments and philanthropic as well as investment communities fundamentally lack. Until capital systems are structurally aligned with such organizations, in a sustained manner, countries will continue to fall short of their own development commitments. Ultimately this will require translating movement-defined gender and equality outcomes into concepts and metrics that investors recognize, without recasting them purely as “ESG factors” or undermining their rights-based foundations.

[10] UN Women: https://www.unwomen.org/en/articles/explainer/gender-equality-in-2025-gains-gaps-and-the-342t-choice
[11] IMF: https://www.imf.org/en/topics/gender-strategy
[12] IMF: https://www.imf.org/en/blogs/articles/2022/09/08/how-to-close-gender-gaps-and-grow-the-global-economy
[13] Alliance for Feminist Movements: https://allianceforfeministmovements.org/resources/afm-em2030-redefining-risk-report

1.5 — WHY NEW FINANCING MODELS ARE NEEDED

Addressing the limitations of traditional development finance cannot be done by restoring past levels of aid alone. It requires fundamentally rethinking of how capital is mobilized, structured, and deployed. This is where innovative financing models matter - namely, funding approaches that go beyond traditional aid, grants, or government budgets to mobilize and deploy additional capital for development goals. Innovative finance models can bring in additional sources of funding, leveraging private capital, and deploying a range of mechanisms, such as guarantees and impact bonds, to bridge the gap between traditional forms of development funding and the capital needed to meet development goals. Done well, these models do not merely "raise more money". They connect different types of capital - public, private, and philanthropic - in ways that can:

- increase long-term sustainability and resilience
- reduce dependency on annual donor cycles
- support new models and ways of working to deliver impact
- mobilize larger pools of institutional capital while maintaining accountability to real-world long-term social outcomes.

The question is no longer whether innovative financing models can mobilize capital effectively, but whether they can be deployed successfully to address wider socio-economic and political challenges. The Equality Fund represents one of the most advanced and proven examples of this approach.

The Equality Fund's model was designed to move beyond the old assumption that reliable donor funding is the most appropriate and effective way to support development outcomes like gender equality. It instead replaces that old assumption with a more durable, investment-driven approach that can work across the whole capital ecosystem - a design that the past few years of shrinking aid budgets have only served to vindicate.

SECTION 2

THE OPPORTUNITY

NEW MODELS FOR FINANCING LOCAL ACTORS AT SCALE

2.1 — HOW EQUALITY FUND RAISES AND DEPLOYS CAPITAL

The Equality Fund represents a fundamentally different approach to financing global challenges, moving beyond traditional foreign aid and project cycles, and towards an integrated model that mobilizes public, private, and philanthropic capital together. It differs in two core ways: how it raises capital, and how it *deploys* capital to deliver impact.

HOW WE GROW OUR FUND			HOW WE DISBURSE FUNDS
1. Investment Growing resources through gender-lens investing	**2. Policy and Strategic Partnerships** Unlocking money from public and private sources, including governments and foundations	**3. Philanthropy** Inviting donors into our community of changemakers	**4. Grantmaking** Putting money into the hands of people with local solutions to global issues, with unrestricted, core, flexible funding

Figure 1: *Equality Fund's Four Pillars*

First, how it raises capital. Established in 2019 with a landmark CAD $300 million commitment from the Government of Canada, the Equality Fund was designed to combine public, philanthropic, and private investment into a single platform.

Foreign aid and traditional donor funding represent only a small share of global financial flows, with ODA marginal compared to private capital, and global philanthropy accounting for less than 3 percent of global GDP[14]. Faced with this reality, the Equality Fund shifted the central question it was asking when designing its model. Instead of examining how to raise more government and philanthropic donations for local actors, it asked how to activate all forms of capital in support of this mission - recognizing that different capital works differently. Philanthropic money is the most flexible and risk tolerant and can move quickly into grants; bilateral and other public funding can bring scale and depth behind proven approaches; and investment capital can generate impact while it is invested and, over time, grow the pool of resources that can be deployed most flexibly. That shift created multiple entry points for different actors and allies to leverage impact together. Governments, philanthropic institutions, commercial investors and retail investors can all participate in ways that fit their mandates and constraints.

[14] Citi Global Perspectives & Solutions: https://www.privatebank.citibank.com/newcpb-media/media/documents/insights/Philanthropy-and-global-economy.pdf

Building on Canada's anchor commitment, Equality Fund has since partnered with the UK's Foreign, Commonwealth and Development Office (FCDO) as well as agreed a new partnership with Germany's Federal Ministry of Economic Cooperation and Development (BMZ). It has also established relationships with more than two dozen global foundations, including the Ford Foundation, Oak Foundation, and Fondation CHANEL.

This, in turn, helps to build long term, self-sustaining funding for locally-rooted actors rather than relying on one off grants.

Second, how it deploys capital to deliver impact. The model is grounded in the premise that local actors, particularly WROs, are the primary drivers of sustained progress on democracy, human rights, and economic and political stability. In line with this, it generates impact through its investments and then drives money locally through participatory grantmaking, with a focus on core, flexible, largely unrestricted funding that allows WROs and movements to set their own priorities rather than chasing narrow themes. The Equality Fund's core innovation is to treat these movements not as short-term project implementers but as long-term essential infrastructure, and to invest in them accordingly, breaking with traditional development models built around fragmented, short term project cycles and tightly controlled funding flows. At the same time, the model operates as a financial backbone, closing the gap between WROs and investment communities by translating movement-driven impact into investment-relevant frameworks and creating structured pathways for different forms of capital to engage. In doing so, it directly confronts a wider structural misalignment between where impact is generated and where capital is allocated.

> "The way the model works matters because the underfunding of WROs is not a passing gap but a structural feature of how the development finance ecosystem has been built. From the outset, the Equality Fund's ambition was therefore not to run down a fixed grant budget, but to build a lasting engine - an institution capable of resourcing movements for as long as the work requires."

2.2 — FROM CAPITAL RAISED TO IMPACT DELIVERED

The results to date demonstrate both the model's success and its potential to inform broader approaches to mobilizing and deploying capital for complex global challenges.

Since its founding, the Equality Fund has raised a total of CAD $488 million, including CAD $188 million in additional bilateral and philanthropic contributions, which the original CAD $300 million commitment from the Government of Canada helped to catalyze. This demonstrates the model's ability to mobilize and align multiple forms of capital in support of long term social and economic impact.

Since 2019, this capital base has supported a for-profit portfolio that has earned an average annual return of 7.5 percent (11.4 percent over the past three years), generating CAD $108.3 million in investment earnings. Of that, CAD $48.2 million has already been distributed to support Equality Fund grantmaking and operations. The current value of the investment portfolio is CAD $356.2 million.

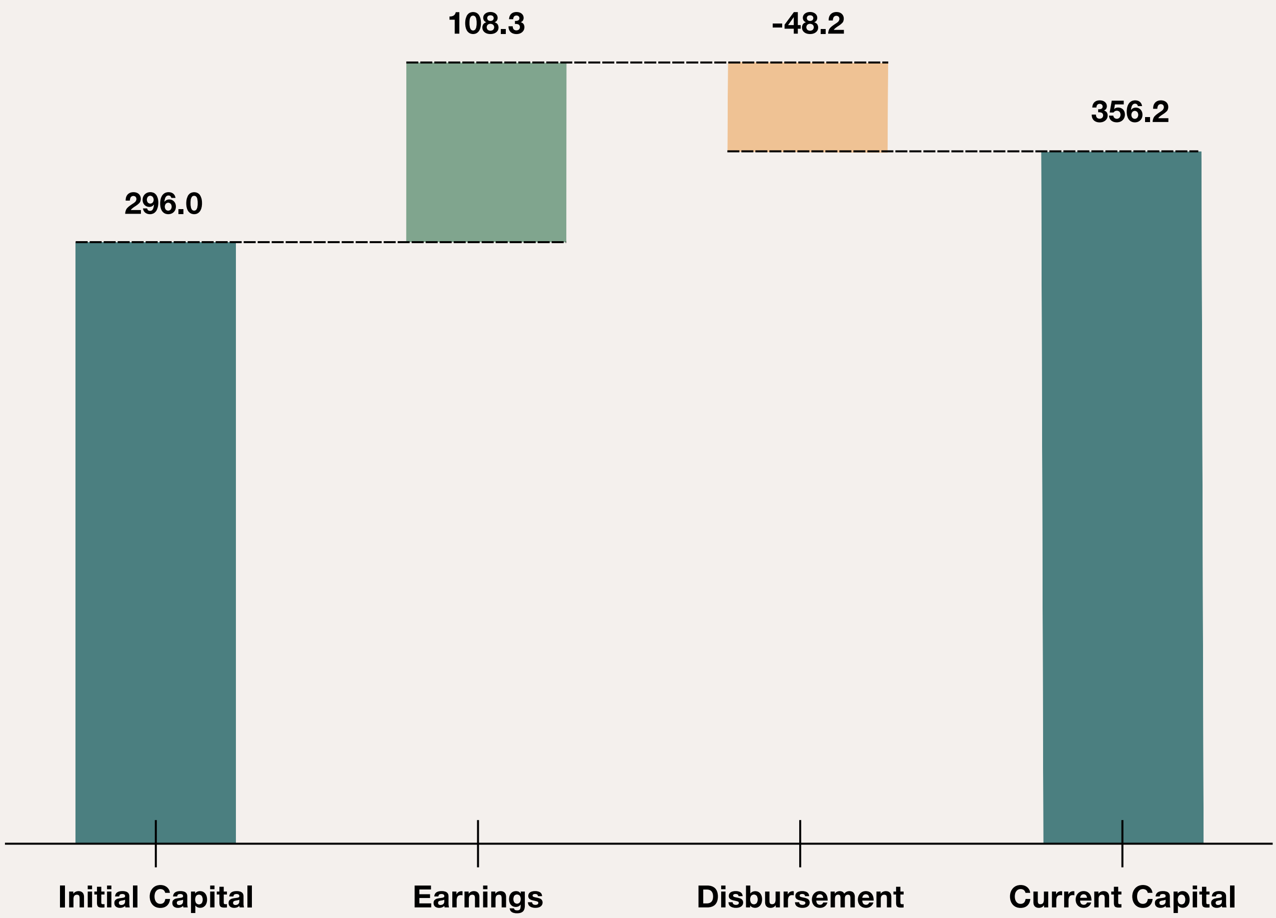

Figure 2: *Equality Fund Total Earnings and Disbursements, 2019-present (CAD $ millions)*

Behind these results is an investment portfolio that is 100 percent gender-aligned and professionally managed by RockCreek, a woman-led asset management firm founded by former World Bank executives. The portfolio spans public equities, fixed income, private credit, and private equity, showing that a diversified, gender-aware strategy can deliver competitive performance while sustaining long-term funding for WROs and movements.

To date, from a combination of its investment portfolio and bilateral as well as philanthropic contributions, the Equality Fund has deployed a total of CAD$125 million to more than 1,800 WROs over 100 countries.

2.3 — THE MODEL IN PRACTICE

What makes the model distinctive is not a single mechanism, but the way its core components are integrated around a shared goal. Financially, the Equality Fund operates as a hybrid between a pooled fund and an endowment. This brings multiple revenue streams together, allows different forms of capital and partnership to sit within one structure, and builds resilience across the whole financial model.

Within this architecture, investment returns and bilateral and philanthropic partnerships provide the revenue base for grant making, which reduces dependence on annual donor cycles and creates more predictable support for WROs and movements. Grantmaking then sustains locally-led organizations that drive social impact on the ground, while policy and advocacy work to shift how public and institutional capital is allocated so that more money begins to move in line with wider social goals. In this way, every dollar that flows through the model has the chance to work more than once.

2.4 — EQUALITY FUND’S CONTINUUM OF CAPITAL

Equality Fund deploys across the full continuum of capital - from public and private equities to fixed income, and private debt - to deliver a fully gender-aligned, multi-asset class investment portfolio. The portfolio is underpinned by rigorous criteria that provides a consistent lens for defining, evaluating, and tracking impact across the full spectrum, ensuring every instrument works towards its goals. Below are some examples from its portfolio.

EQUALITY FUND'S
CONTINUUM OF CAPITAL

Different types of money, each working in unique ways, all activated towards gender equality

CASH & EQUIVALENTS | **PUBLIC EQUITY** | **FIXED INCOME** | **PRIVATE DEBT** | **PRIVATE EQUITY** | **GRANTS**

PUBLIC EQUITY:

Example: RockCreek Global Equality ETF (Nasdaq)

Co-designed by Equality Fund + RockCreek using Equileap data

Launched in February 2025 and open to commercial and retail investors activating investment alongside the Equality Fund.

PRIVATE DEBT / PRIVATE EQUITY:

Examples: Regenerative farming; low-cost infant incubators; advancing cardiac care for women through and AI and wearable technology; treating pelvic floor disorders; fair access to capital for small businesses in underserved communities.

GRANTS:

Flexible, multi-year grants to partners working to advance gender equality across 100 countries.

Reimagining Resources: Exploring opportunities to introduce new partners and new tools for achieving gender equality impact and ensure that we are using all possible levers for change.

Figure 3: *Equality Fund's Continuum of Capital*

CASE STUDIES

PRIVATE EQUITY: VENTURE CAPITAL FUNDS TARGETING SOCIAL INEQUALITIES

The female-founded and owned Cross-Border Impact Ventures, for example, demonstrates how gender-lens investing can be precisely targeted at scale: every company within the fund exists to improve health outcomes for women, children and adolescents. The fund is active in 32 countries, and has reached 257,000 women and children globally, with a projected impact on 48 million more in the next decade. Investments include mOm Incubators, who provide lighter and more transportable incubators to children born preterm and showed rapid response capabilities in delivering 50 units to Ukraine upon the country's invasion by Russia.

Investment in Elevar India V meanwhile, an early-stage venture capital firm creating access to essential products in emerging markets, allows them to provide seed capital to investments. The firm's thesis focuses on three aspects: supporting people within low-income communities, building affordable and scalable models, and supporting entrepreneurs constructing businesses that address access and inequality barriers.

Together, these investments show how gender-aligned, flexible capital can be deployed through private equity and venture capital to drive both impact and innovation.

FIXED INCOME/PUBLIC DEBT: WORLD BANK GENDER BOND

The Equality Fund's partnership with the World Bank to invest in a Global Sustainable Development Bond provides a practical illustration of using "every tool in the toolkit": combining market-rate investment, partnership with multilateral institutions, and strategic signaling to shift how investors understand and engage with gender finance.

In 2021, the World Bank issued a CAD $25 million bond[15], with RockCreek advising on the transaction and the Equality Fund participating as an investor, explicitly linking the bond to raising awareness of gender equality within global capital markets. Rather than creating a new bespoke product, the approach demonstrates how mainstream instruments like sovereign-backed bonds can be aligned with gender outcomes, mobilizing institutional capital, delivering competitive returns, and reinforcing the message that gender equality is a material development priority.

[15] World Bank Group: https://www.worldbank.org/en/news/press-release/2021/02/08/world-bank-launches-sustainable-development-bond-for-rockcreek-and-the-equality-fund-while-raising-awareness-for-gender-equality

PUBLIC EQUITY: THE ROCKCREEK GLOBAL EQUALITY EXCHANGE TRADED FUND

The RockCreek Global Equality (RCGE) Exchange Traded Fund (ETF), created and managed by RockCreek for the Equality Fund, is a clear example that a gender-lens strategy can compete in mainstream public markets. The ETF, launched in March 2025, is built on a simple conviction that companies that lead on gender equality offer strong investment opportunities. As of February 28, 2026, RCGE delivered a one-year return of 23.3 percent and serves as a core holding in the Equality Fund's fully gender-lens-invested portfolio, proving that public equities can generate market returns while advancing gender equality. It ranked among the top performing funds in its category on Morningstar in its first three months and has attracted investors beyond the Equality Fund itself, with around US$92 million in assets under management.

RCGE was developed using Equileap's global gender equality scorecard[16], which evaluates more than 6,000 companies across 19 criteria including gender balance, pay equity, workplace policies, transparency, and accountability. The index selects 200 leading companies who demonstrate both strong financial metrics and measurable progress on gender equality.

A well-constructed gender-lens portfolio tends to be less concentrated than market indices in large technology and extractives industries. It often has larger positions in sectors such as healthcare and financial services, and more exposure to markets where corporate gender practices are stronger, for example parts of Europe. Given the current market overweight of a few US-based technology stocks in the main global financial indices, a gender-aligned index actually provides a more balanced portfolio across global and sectoral diversification. This results in an investment strategy which demonstrates less volatility and concentration risk, which is useful for investors who are looking at risk and correlation, not only at values.

[16] Equileap: https://equileap.com/wp-content/uploads/2020/12/EquileapGenderScorecard-2020.pdf

2.5 — BUILDING A SYSTEM-WIDE CAPITAL PLATFORM, NOT JUST A PRODUCT

The Equality Fund should be understood not simply as a financing vehicle, but as a systemic intervention in how capital is organized, deployed, and coordinated in support of critical development priorities. Its model recognizes that long-lasting change in complex systems does not follow from isolated transactions, but from the alignment of multiple capital streams, institutions, and incentives around a shared transformative objective. By bringing together philanthropy, investment, policy/advocacy and grantmaking, the Equality Fund is aiming to build the connective infrastructure required to move resources with greater coherence and scale. In this respect, it acts as a financial backbone: not owning all the levers of change, but enabling coordination across an ecosystem that is otherwise often fragmented. This is precisely the gap in development finance today - not a shortage of ideas or pilots, but too few institutions built to align, standardize, and scale capital over time.

This matters because many so-called innovative finance models do not fully account for how existing rules, stories about risk, and power dynamics shape what different institutions can actually do with their capital. As highlighted in Criterion Institute's 2025 *Reimagining gender lens investing futures: Possibilities and perspectives from the field* report, "Developing gender-smart products should go beyond adding a gender-lens to existing structure to question the very design logic that governs investment instruments[17]." In practice, each major source of capital, public, philanthropic, and private, operates under different mandates, risk tolerances, and reporting systems, which shape how resources can be deployed and what kinds of investments are possible[18].

Philanthropy is flexible and relatively risk tolerant, but small in aggregate. Public and bilateral funding can bring scale and predictability, yet is tied to budget rules, legal mandates, and political cycles that constrain risk taking and long-term commitments. Institutional investors must operate within fiduciary duties and established risk frameworks, so however ambitious their impact goals, they cannot ignore financial risk and return. Development finance institutions work with minimum investment sizes, lengthy due diligence processes, and regulatory requirements designed for larger projects, which makes it hard for them to back smaller, locally-led organizations at speed.

A financing model that does not start from these realities will struggle to attract meaningful capital, even if its theory of change looks compelling on paper.

[17] Criterion Institute: https://www.criterioninstitute.org/resources/reimagining-gender-lens-investing-futures
[18] OECD: https://www.oecd.org/en/publications/oecd-dac-blended-finance-guidance-2025_e4a13d2c-en/full-report/overview_a751d23e.html

> "The Equality Fund takes the opposite approach. It structures capital to meet governments, philanthropic foundations, investors, and other financing actors where they are, so they can work within their mandates and constraints while still contributing to movements. This makes the Equality Fund a credible vehicle for reaching hyper-local groups and organizations that these actors could not easily fund on their own. In practice, it intermediates and structures contributions so that donors and investors can deploy resources in ways that fit their requirements, while channeling core, flexible funding and values aligned investment to the organizations and opportunities best placed to deliver impact."

2.6 — THE MAINSTREAM CASE FOR GENDER-LENS INVESTING

Within this wider architecture, gender-lens investing is one of the key tools the Equality Fund uses to align investment capital with its values and mission. It is both a proof of concept that gender aware strategies can perform on mainstream financial terms and a way of shifting how capital is allocated more broadly in the system. In practice, this means bringing gender analysis into financial decision making with the aim of advancing gender equality alongside delivering financial returns. Rather than a concessionary or values-led add on, this approach reflects the fact it is a core investment discipline that treats gender equality as material to returns, risk, and market efficiency.

In practice, gender-lens investing spans a range of approaches: investing in women-owned or women-led businesses, backing companies with stronger gender balance in leadership, and supporting products, services, and financial structures that expand women's economic participation.

The field has grown substantially over the past decade, with total gender-lens investment assets across all segments of capital markets now estimated at over US$120 billion[19]. However, this remains a small fraction of global capital markets, which exceed US$100 trillion[20], indicating substantial room for scale. The prevailing narrative is that if investors apply gender criteria, they narrow the investable universe. A narrower universe must mean less diversification and lower returns. However, the evidence is clear - and it points the other way.

[19] Parallelle Finance: https://parallellefinance.com/gli-2025/
[20] MSCI: https://www.msci.com/research-and-insights/blog-post/sizing-up-the-global-market-portfolio; SIFMA: https://www.sifma.org/research/statistics/fact-book

Data shows that women entrepreneurs receive only a small fraction of venture capital and typically start their businesses with significantly less capital than men, while venture firms with women partners are more than twice as likely to back female founders as all-male firms[21]. This is evident across multiple parts of the investment ecosystem. The International Finance Corporation (IFC) estimates that women-owned small and medium-size enterprises face a funding gap of around US$1.4-1.7 trillion globally[22]. At the portfolio level, growing evidence suggests that strategies integrating Environmental, Social and Governance (ESG) and gender factors can deliver competitive - and in many cases stronger - risk-adjusted returns over the long term. When women are excluded or under-represented, economies and companies operate below their full potential and portfolios accumulate hidden risk.

Evidence increasingly shows that applying a gender-lens does not require a trade-off on returns. The Global Impact Investing Network reports that 90 percent of gender-focused investors meet or exceed financial expectations, with many achieving both financial and impact goals[23]. Targeted investments that lift women and girls out of extreme poverty could generate up to US$342 trillion in cumulative global economic returns according to the UN Gender Snapshot 2025[24].

Investment in gender equality is not charity or a side bet; it is a high-return, long-horizon investment in social stability, democratic legitimacy, resilient development, and financial upside. It also helps build the bridge between capital markets and the actors driving change on the ground, complementing grantmaking by supporting growth and broad-based economic prosperity.

2.7 — EQUALITY FUND'S GENDER-LENS INVESTING TOOLS

The Equality Fund's Intersectional Investment Guidelines[25] are the foundation upon which its Gender-Lens Investing Criteria[26] are built. These guidelines ensure that all of the criteria are rooted in the pursuit of wider systems change, grounding each investment decision within its broader goals. Together, the Intersectional Investment Guidelines and the Gender-Lens Investing Criteria serve as a bridge between outputs and outcomes: the Gender-Lens Investing Criteria measure the depth and breadth of change the Equality Fund's investment can drive, while the Guidelines ground those criteria in the long-term transformation the organization seeks.

The Equality Fund's Toolkit for Gender-Lens Investing - embedding its Intersectional Investment Guidelines and Gender-Lens Investing Criteria - is a living framework that continues to evolve.

[21] Kauffman Fellows: https://www.kauffmanfellows.org/journal/women-vcs-invest-in-up-to-2x-more-female-founders
[22] International Finance Corporation: https://www.ifc.org/en/insights-reports/2022/closing-the-gender-finance-gap-through-blended-finance
[23] GIIN: https://thegiin.org/publication/research/in-focus-gender-and-impact-investing-in-2024
[24] United Nations: https://unstats.un.org/sdgs/gender-snapshot/2025/GenderSnapshot2025.pdf
[25] Equality Impact Investing: https://equalityimpactinvesting.com/eii-resources-from-the-field/equality-fund-intersectional-investment-guidelines
[26] Equality Fund: https://equalityfund.ca/en/posts/lets-move-activating-the-promise-of-gender-lens-investing

Address inequities and champion people in their diversity including gender, sexual orientation, race/ethnicity, and citizenship/refugee status

Create a fair and prosperous future by providing pathways to vuild, share, and transfer wealth and ecoomic power, e.g., access to affordable housing, educational opportunities, health, finance, and technology.

Promote environmental health and mitigate against environmental damage including as they relate to climate change; energy; water, land and biodiversity; pollution and waste; farming and fishing.

Figure 4: *Equality Fund's Intersectional Investment Guidelines*

2.8 — WHY GENDER-LENS INVESTING STANDARDS MATTER: SCALING THROUGH A COMMON LANGUAGE (2X AND BEYOND)

One reason Gender-Lens Investing has struggled to scale is not lack of interest - it is transaction costs and credibility costs. Investors are often asked to navigate too many overlapping systems with too little mutual recognition.

This is where standards matter. The 2X Criteria[27] has increasingly emerged as a common language for gender finance - positioned as a global industry standard for assessing and structuring investments that advance women's leadership, employment, entrepreneurship, and access to products and services. On the public equities side, EF draws on specialist frameworks such as Equileap's gender scorecard[28], which applies a consistent set of metrics to evaluate companies' performance on gender equality. Taken together, these approaches allow Equality Fund to apply a coherent gender-lens across both private and public investments.

At the same time, public sector systems continue to rely on different tools: the OECD-DAC Gender Equality Policy Marker (0/1/2)[29], Multilateral Development Bank (MDB) gender tags/markers, and institution-specific flags and scorecards.

While widely adopted frameworks such as the 2X Criteria and Equileap's methodology have played an important role in building a common baseline for gender-lens investing, they are still mostly used to identify a subset of qualifying deals rather than to shape the rules and incentives that govern all capital. The opportunity is to see gender equality as macro-critical, consider it as a structural risk and embed these standards into the mainstream architecture of mandates, products, and public finance, so gender becomes standard rather than exceptional.

[24] 2X Challenge: https://www.2xchallenge.org/2xcriteria
[25] OECD: https://one.oecd.org/document/DCD/DAC/GEN%282025%292/en/pdf

SECTION 3

STRUCTURAL BARRIERS AND OPPORTUNITIES FOR REFORM

STRUCTURAL BARRIERS AND OPPORTUNITIES FOR REFORM

The past decade has seen a rapid growth in interest and experimentation in both gender-lens investing and new ways of resourcing WROs and movements. Capital is starting to move through gender-lens funds, blended vehicles, as well as Women's and Feminist Funds, and there is now a much clearer economic and social case for integrating gender into finance. Yet this has not translated into system-wide change. Gender equality is still not consistently treated as a macro-critical priority, and the financial system remains poorly configured to act on the evidence.

The result is a pattern of partial progress. On the investing side, gender-lens strategies are expanding but remain small relative to overall markets, often concentrated in a narrow set of instruments, sectors, and geographies. On the donor funding side, WROs and movements continue to receive less than one percent of gender-focused aid directly and face chronic volatility in their core funding. These challenges are interconnected. Fragmented markets, inconsistent signals, and limited pathways between investors and locally led actors mean that capital does not flow at the scale or in the way required.

Together, these gaps point to three deeper structural barriers:

- limited recognition of gender equality as a macro-critical priority
- fragmented markets that constrain gender-lens investing
- a lack of strategic investment to drive transformation.

These barriers are systemic and mutually reinforcing, cutting across public finance decisions, the design and risk appetite of development finance, standards and reporting frameworks, and how markets communicate, or fail to communicate, the financial case for gender-lens approaches in a contested ESG environment.

This section explores each barrier in turn and sets out actions that governments, multilaterals, DFIs, philanthropies, and market actors can take to address them. Crucially, these measures will only work if incentives, governance and accountability are aligned, as mobilizing new capital without this, risks weakening movements rather than strengthening them.

3.1 — BARRIER 1: GENDER EQUALITY IS CURRENTLY NOT RECOGNIZED AS A MACRO-CRITICAL PRIORITY

The challenge is not a lack of commitments, but a lack of consistent and system-wide application of them. Gender equality is still too often treated as a standalone sector or project marker rather than as a whole-of-portfolio operating principle - applied unevenly, fragmented across initiatives, and vulnerable to political shifts. This points to a deeper issue of how commitments are organized and embedded in practice. It sits in separate "women and girls" budget lines or specialist teams, instead of being integrated into decisions on macro policy, climate and resilience investments, trade and procurement, and the way development finance is structured, managed, and scaled.

The result is visible in overall patterns. OECD analysis shows that the share of bilateral allocable ODA with gender equality objectives fell from 49 percent in 2023 to 47 percent in 2024, while ODA for WROs dropped by over USD $100 million to USD $484.84 million[30]. A focus on gender is especially weak in humanitarian and energy spending, even as crises deepen and gender gaps continue to shape outcomes.

At the same time, the politicization of ESG and gender has created additional headwinds that has revealed how fragile gender integration is when it is not embedded structurally. As ESG labels have become more contested, many investors have grown more cautious about visibly associating with ESG and gender-lens strategies, and institutions have reduced or reorganized ESG capacity. Morningstar reports that global sustainable funds saw around US$84 billion in net outflows in 2025[31], the first annual redemptions since it began tracking the segment in 2018, even though some of these outflows reflected reallocations from pooled ESG funds into bespoke mandates. This is a real barrier to gender being seen as a core part of investment. When gender equality is positioned as a discretionary ESG add-on rather than as material to economic performance, macro-stability, and resilience, it becomes vulnerable to political cycles and funding cuts that have already obstructed progress.

[30] OECD: https://www.oecd.org/en/publications/development-finance-for-gender-equality-2024_e340afbf-en.html
[31] Morning Star: https://global.morningstar.com/en-gb/sustainable-investing/esg-funds-2025-closes-with-continued-outflows-amid-persistent-headwinds

RECOMMENDATIONS

Recognizing both the opportunities to scale gender lens investing and the structural constraints that currently limit it, the following recommendations set out how different actors across the ecosystem can help direct capital more effectively to where it is needed most. While these tools are vital for scaling impact, they are designed to complement, not replace, governments' responsibilities to uphold accountability, democracy, and the civic space that movements need to operate.

ALL SYSTEM ACTORS

1. **Treat gender inequality as a structural risk to development outcomes, by embedding gender equality as a core investment criterion across all aid portfolios.** This means defining gender equality as a core investment criterion - not a side objective - across security, humanitarian, economic, and climate finance, and recognizing WROs and movements as critical infrastructure for mitigating that risk. Investment decisions should explicitly account for exclusion, backlash, and power asymmetries, and ensure that "returns" are measured not just in narrow output terms but also by who benefits, who decides, and who is left out.

2. **Embed gender as a material factor in strategies and portfolio frameworks.** Publish portfolio level statistics on the share of commitments meeting recognized gender criteria, consistent with the World Bank Group's shift toward accountability for gender outcomes through scorecards and public reporting.

3. **Embed movement voice and lived experience in governance.** Ensure pooled funds, blended vehicles and intermediaries include WROs and feminist movement representatives in their boards, advisory bodies or investment committees, with real influence over strategy, risk appetite and portfolio design, not just consultative roles.

4. **Translate gender and equality outcomes into finance-legible metrics without diluting rights-based intent.** Use concepts such as systemic risk, portfolio resilience, tail risks and macro-stability to describe the value of WROs and gender equality, while preserving movement-defined priorities and accountability to affected communities.

3.1 — BARRIER 1: GENDER EQUALITY IS CURRENTLY NOT RECOGNIZED AS A MACRO-CRITICAL PRIORITY

FOR GOVERNMENTS

5 **Governments should commit that, by 2030, at least 90 percent of bilateral ODA programs will be rated as having a 'significant' gender equality objective, with an increasing share - at least 20 percent - rated as having gender equality as a 'principal' objective.** They should also publish an annual portfolio scorecard broken down by department, instrument, and region, as the UK has now set out for its bilateral ODA.

- The UK is a recent example of a government setting such a target[32], and the Canadian government has also historically used targets and commitments to prescribe how funds are directed[33].
- Another example is Canada's Feminist International Assistance Policy[34], which directed that 95 percent of bilateral international development assistance should integrate gender equality.

6 **Require all development programs to be tagged using the OECD-DAC Gender Equality Policy Marker. Publish annual portfolio statistics,** including the percentage of programs rated "principal" and "significant", as a baseline accountability tool.

7 **Set and enforce a minimum floor of at least one percent of ODA for direct funding to WROs and report on it transparently.** Governments should commit to allocating at least one percent of ODA as direct funding to local WROs - building on the UN Secretary General's call[35] for at least one percent of ODA as direct assistance to local WROs in conflict and humanitarian settings - and extend this approach across broader gender equality portfolios by instituting a minimum floor. This floor should be protected during budget cuts - acknowledging this protection is a system-level safeguard, not a niche gender ask - and accompanied by annual, portfolio-level reporting on progress. The Grand Bargain's commitment to channel 25 percent of donor funding directly to local and national actors shows how portfolio-level targets can shift not just how much funding is spent, but who it reaches[36]. Applying a similar approach to gender equality would help move the system from commitments to measurable, consistent flows of capital to the actors driving change.

8 **Ringfence multi-year funding for Violence Against Women and Girls prevention and response, including in humanitarian and fragile contexts, so that services and prevention work are not the first things cut.**

- The UK's published ODA equality impact assessment[37] explicitly states that central spending on preventing Violence Against Women and Girls (VAWG) is being fully protected at 2025 to 2026 levels. That is a clear example of how to put this principle into practice.

[32] GOV.UK: https://www.gov.uk/government/news/foreign-secretary-sets-out-new-innovative-development-reforms
[33] Government of Canada: https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng
[34] Government of Canada: https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng
[35] UN Women: https://www.unwomen.org/sites/default/files/2025-03/unravelling-the-gap-between-global-commitments-and-funding-for-womens-organizations-in-conflict-affected-contexts-en.pdf
[36] Inter-Agency Standing Committee: https://interagencystandingcommittee.org/grand-bargain-official-website/launch-caucus-funding-localisation-july-2022
[37] Humanitarian Outcomes: https://humanitarianoutcomes.org/publications/funding-local-actors

FOR GOVERNMENTS (CONT.)

9 **Use major policy moments, such as G7 and G20 presidencies, to hard-wire gender into how public capital is deployed.** This means putting gender-responsive finance on the agenda with specific commitments on targets, tracking and ring-fencing. For example, this includes, setting portfolio-wide gender integration goals, agreeing to use common gender markers in public finance, and protecting core spending on preventing VAWG.

- The UK's recent decision to raise its bilateral ODA gender target means that by 2030, at least 90 percent of FCDO programs will have a focus on gender equality, while central spending on preventing VAWG will be protected[38]. This shows how political signaling at the top can translate into concrete rules for how capital is allocated in practice, even in contested fiscal conditions.

FOR MULTILATERALS, DFIs, THE WORLD BANK, AND IMF

10 **Continue and deepen the integration of gender as a core investment requirement, and push further through data, evidence, and incentives.** Require all investments to be assessed for gender impact at investment committee stage, alongside financial and climate considerations, and strengthen the use of robust data and evidence to inform these assessments. Set more ambitious, portfolio-wide targets that are tied to senior management incentives, board reporting, and country strategies. Gender should influence decisions, not sit as a parallel metric.

11 **Ensure that investments make measurable shifts in the structural barriers** experienced by women entrepreneurs, women-lead SMEs and female fund managers, including access to capital, networks, and markets, and track these shifts through clear outcome-focused indicators rather than input or activity metrics alone.

12 **Publish who sets priorities and defines risk in gender finance mechanisms.** Disclose which committees and institutions define strategic priorities, risk parameters and eligibility criteria for gender-labelled funds, and how WROs and affected communities are involved in these decisions.

[38] GOV.UK: https://www.gov.uk/government/news/foreign-secretary-sets-out-new-innovative-development-reforms

3.2 — BARRIER 2: MARKET FRAGMENTATION LOCKS OUT GENDER-LENS INVESTING

Even where political commitment exists, the architecture of capital markets and development finance is not built to support gender-lens investing at scale. Gender-focused vehicles face a "scale and track record trap": minimum fund sizes, long track-record requirements, and rigid asset-class categories act as gatekeeping mechanisms. Vehicles cannot raise capital at scale without anchor investors, and they cannot secure anchor investors without already having scale. This is particularly acute for first-time female managers, despite evidence that female fund managers are more likely to invest in female entrepreneurs[39].

DFIs add a further layer of friction through bureaucratic processes, minimum ticket sizes, and due-diligence models designed for a different era, which often do not fit women-led or early-stage vehicles. The result is a system where gender-lens products and pipelines exist, but cannot reliably access the instruments, standards, and processes they need to grow into mainstream portfolios.

At the same time, the basic market infrastructure for gender finance is fragmented. Gender frameworks exist, but the various, overlapping systems lead to a lack of consistency in how gender impact is measured, defined and tracked[40]. Governments, multilaterals, DFIs, foundations, and private investors may all be measuring gender integration, but often through different definitions, thresholds, and documentation. Multiple gender markers, institution-specific scorecards, and differing criteria create duplicated reporting burdens for funds and investees and make it harder, not easier, for investors to compare opportunities and trust gender claims.

Use existing market guidance for gender-labelled debt so that gender bonds do not become another fragmented label. Guidance such as Bonds to Bridge the Gender Gap - published by UN Women, IFC, and ICMA - provides a credible route to standardization, aligned with existing bond principles and similar to how climate finance scaled through recognized bond frameworks[41].

This fragmentation is avoidable. Widely used tools already exist that could anchor a simpler, two-lane approach. For investment products, the 2X Criteria has emerged as a reusable public-good standard for gender finance, now used by hundreds of companies and investors as a global benchmark. Taken together, these tools show that market infrastructure can be rationalized without long negotiations over a single global framework.

[39] UK Parliament: https://publications.parliament.uk/pa/cm5901/cmselect/cmwomeq/711/report.html
[40] Criterion Institute: https://www.criterioninstitute.org/resources/reimagining-gender-lens-investing-futures
[41] UN Women: https://www.unwomen.org/sites/default/files/2021-11/Bonds-to-bridge-the-gender-gap-en.pdf

RECOMMENDATIONS

ALL SYSTEM ACTORS

1 **Align public reporting and marketing claims to the same two-lane standard set** - OECD-DAC marker for programs and 2X for investments - so that funders and co-investors see stable definitions over time rather than shifting narratives.

2 **Implement mutual recognition in practice through a "report once" model.** Where a vehicle has already been assessed against 2X or an equivalent standard, require only incremental information rather than repeating the same due diligence across institutions.

3 **Continue to refine** the 2x criteria towards more rigorous, multi-dimensional approaches that capture the depth and quality of gender outcomes.

FOR MULTILATERALS, DFIs, THE WORLD BANK, AND IMF

4 **Create a fast-track investment process for first time or innovative gender-lens funds with clear time targets.** For example, providing decisions within three to six months, and explicitly allowing decisions to be based on team experience and investment theses, not only on prior fund track record.

5 **Review and adjust risk and provisioning requirements applied to gender-focused investments,** using existing portfolio data to identify and correct systematic overestimation of risk. Where evidence shows equal or better performance, institutions should reduce concessionality requirements and publish comparative data to support market confidence.

6 **Strengthen the credibility of measurements and learning through gender-responsive evaluation methods** - including mixed methods - where outcomes are structural, such as care, safety, and voice, and cannot be captured through narrow employment metrics. UN Women's Evaluation Handbook[42] provides useful guidance here and reinforces the value of evaluation as both a learning and accountability tool.

[42] UN Women: https://www.unwomen.org/en/digital-library/publications/2022/05/un-women-evaluation-handbook-2022

FOR PHILANTHROPIC ORGANIZATIONS

7 **Commit a defined share (e.g. 10 - 20 percent) of philanthropic capital to catalytic, high-risk positions in gender focused investment vehicles, so that other investors can participate at scale.** In practice, this means structuring investments so that philanthropic funding absorbs initial losses or takes a more junior position, reducing the risk for other investors. For example:

- Providing a “first-loss” tranche in a fund, where philanthropic capital is used to cover initial losses if investments underperform.
- Offering guarantees that protect other investors against downside risk.
- In addition to other investments, taking junior equity positions, so that institutional investors can invest in more senior, lower-risk tranches.

This approach allows DFIs, pension funds, and other institutional investors to invest without breaching their fiduciary duties, which require them to manage risk and deliver returns. The effect is to unlock significantly larger pools of capital. A relatively small amount of philanthropic funding can make an investment viable for much larger, more risk-constrained investors, helping gender-focused opportunities move from niche to mainstream portfolios.

3.3 — BARRIER 3: LACK OF STRATEGIC INVESTMENTS TO UNLOCK TRANSFORMATION

While addressing the technical and structural barriers outlined previously are essential to scaling gender-lens investing, they will not be sufficient on their own. Evidence shows that sustained investment in local and community infrastructure - particularly WROs and movements - helps create the conditions in which these investments can succeed. Vibrant women’s movements are associated with stronger, more resilient democracies and more stable operating environments, and where these dynamics are ignored, investors face material social risks, including weaker institutions, higher instability, and less predictable operating conditions. While supporting these movements is a critical objective in its own right, it also plays a complementary role in shaping markets by strengthening local institutions, improving accountability, and reducing risk. In a context of growing geopolitical volatility, this connection between social infrastructure and investment performance becomes even more important.

3.3 — BARRIER 3: LACK OF STRATEGIC INVESTMENTS TO UNLOCK TRANSFORMATION

Even where capital is mobilized and some market infrastructure exists, the system still does not send strong, consistent signals that funding WROs and movements is a priority - despite the impact they have on society, economies and in conflict. Yet, they continue to be under-resourced.

The effects of volatility and short funding cycles are visible in movement level data. AWID's *Where is the Money?* research reports a 2023 median annual budget of US$22,000 for surveyed feminist and WROs. It also finds that 83 percent say their budgets are insufficient to fully realize their strategic goals, and 72 percent report average grant durations of 18 months or less[43]. In humanitarian and crisis settings, underfunding is increasingly existential. UN Women reporting on a global survey warns that 47 percent of surveyed women-led organizations delivering lifesaving support in crisis contexts may be forced to close within six months if funding levels stay the same[44].

At the same time, there is a gap between global commitments and actual money flows. International norms now call for direct, measurable financing for local WROs. The UN Secretary General's New Agenda for Peace calls on donors to dedicate at least one percent of ODA in direct assistance to local WROs in conflict and humanitarian settings[45]. Yet in practice the share of gender-related ODA reaching these actors remains below one percent[46], the impact of which is increasingly felt given shrinking ODA budgets.

Capital markets compound this by often failing to present gender-lens strategies in the same analytical format as other investments, reinforcing perceptions that these approaches are niche or purely value-driven rather than grounded in risk-return fundamentals.

RECOMMENDATIONS

ALL SYSTEM ACTORS

1. **Prioritize multi-year, flexible funding that covers core costs,** especially for frontline WROs. Chronic underfunding and short grant cycles weaken resilience and undermine long term change.

2. **Support WROs to engage in innovative finance** by embedding capacity building and intermediation mechanisms.

3. **Design risk-sharing instruments with clear accountability frameworks for social and equality outcomes** - not just capital mobilization - making sure they are structured to avoid shifting financial or political risk onto WROs, movements or fiscally constrained governments.

[35] UN Women: https://www.unwomen.org/en/digital-library/publications/2025/03/unravelling-the-gap-between-global-commitments-and-funding-for-womens-organizations-in-conflict-affected-contexts
[46] OECD: https://one.oecd.org/document/DCD/DAC/GEN%282024%291/en/pdf

3.3 — BARRIER 3: LACK OF STRATEGIC INVESTMENTS TO UNLOCK TRANSFORMATION

FOR GOVERNMENTS

4 **Ensure public funds are catalytic: Put public money into guarantee and "first-loss" funds that share risk with other investors. Design them so they can be used repeatedly across gender-lens pipelines, with a focus on early-stage fund formation and women-led SME lending vehicles, and maintain accountability for outcomes.** This aligns with evidence that risk transfer mechanisms, especially guarantees, remain underused relative to their mobilization potential.

5 **Co-design investable pipelines in areas such as climate change, VAWG, women's health, the care economy and women's economic opportunity** so that gender integration produces deal flow that can scale into mainstream portfolios, rather than staying at the level of project-tagging. This reflects the programs at scale orientation in the World Bank Group Gender Strategy[47].

6 **Invest in platforms that allow donors to pool resources and accelerate impact by working in partnership,** creating shared funding mechanisms that can deploy capital at scale, align different forms of capital, and provide more flexible, predictable support to locally-led organizations.

7 **Shift bilateral funding envelopes into pooled, multilateral-style partnerships** to increase scale and reduce bureaucracy, while requiring tiered access models as a condition of donor funding. Grant size should determine the level of due diligence and reporting required, allowing smaller, local actors to access funding without facing the same requirements as large international NGOs. OCHA's Country-Based Pooled Funds, which operate under global guidelines and are part of wider efforts to harmonize and simplify pooled fund processes provide a practical example of this approach[48]. Risk should be managed at the overall portfolio level rather than forcing every small grantee to meet the same standards as large international NGOs.

8 **Shift a defined share of gender spending into longer term, flexible funding windows, including multi-year core support.** Use intermediary models such as Women's Funds and pooled mechanisms, where useful, to reduce transaction costs and reach smaller and more local actors. Restrictive funding often weakens the very mechanisms that produce durable change.

[48] UN OCHA: https://www.unocha.org/publications/report/world/country-based-pooled-funds-global-guidelines-enar

3.3 — BARRIER 3: LACK OF STRATEGIC INVESTMENTS TO UNLOCK TRANSFORMATION

FOR PHILANTHROPIC ORGANIZATIONS

10 **Seek opportunities to increase impact and reduce costs by engaging in collaborative funding models.** Collaborative pooled funds can help organize and deploy capital at scale, shift power towards locally led actors, and reduce duplication across funders, enabling more strategic, long-term investment in transformative change. **Coordinate with country priorities, where possible, and co-fund with development actors where that reduces duplication, recognize competitive advantages and increases scale as well as impact.** OECD analysis of philanthropy for gender equality explicitly identifies overlap with ODA and points to partnership opportunities as a route to greater impact.

11 **Use philanthropic capital to enable innovative and blended finance models.** Philanthropic actors have greater flexibility and risk tolerance than other investors and should use this to pilot new structures, take early-stage risk, avoiding approaches that place risk on movements or governments and crowd-in larger pools of public and private capital.

[49] OECD: https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/03/insights-on-philanthropy-for-gender-equality_9a5f3fd5/7488f6f8-en.pdf

BEYOND AID

RETHINKING DEVELOPMENT FINANCE FOR A CHANGING WORLD

MAY 2026