


# Orange Bonds & the Advancement of Peace, Prosperity & Climate Action

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 Orange Bonds Initiative

 Gender Equality

 Case Studies

 Recommendations

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Australian Government  
Department of Foreign Affairs and Trade

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## The Orange Bonds Initiative: Background

The Orange Bond Initiative (OBI), named after the colour assigned to the U.N. Sustainable Development Goal 5: Gender Equality, is the world's first gender lens debt security designed to fund financially empowered gender systems and living standards improvement for women in resource-limited countries.

The OBI was launched by Impact Investment Exchange (IIX), the pioneer in the impact investment movement and a global leader in sustainability. The Initiative is driven by a Steering Committee representative of those driving gender equality through their work in a variety of industries including IIX, the Australian Department of Foreign Affairs and Trade (DFAT), the United States Development Finance Corporation (DFC), Nuveen, ANZ Bank, Shearman & Sterling, and water.org. The United Nation's Capital Development Fund (UNCDF) is a member of the Orange Bond Initiative Advisory Council. The group aims to create a set of standards for gender bonds, catalyse capital through innovative debt securities for gender-lens investing, and collaborate with practitioners by equipping them with data analytics, market intelligence, and training to build a gender-empowered financial system.

The OBI's mission is to empower 100 million women and girls worldwide through the unlocking of US\$10 billion by 2030. The urgent call to action was prompted by studies predicting that the closure of the global gender gap would take another 130

years, exacerbated by crises like COVID-19 and climate change. Orange Bonds are cross-cutting assets that recognise women can be a solution to a range of issues, including environmental, development, peace and socio-economic.<sup>1</sup> In developing nations, women often engage in climate-sensitive livelihoods, placing them at the intersection of climate risks and natural disasters. In response, the OBI has woven a gender perspective into sustainable financing, presenting a strategic approach to help tackle climate action and foster resilient, sustainable livelihoods. This comprehensive strategy involves investments geared towards advancing financial equity, bolstering sustainable agriculture, facilitating clean energy production, enhancing access to water and sanitation, and spearheading affordable housing development.

The Refugee Impact Bond is the latest bond to be labelled 'Orange'. The initiative directs funding to the Near East Foundation (NEF), which aims to implement a program focused on women vocational training, entrepreneurship, and resilience-building among Syrian refugees and individuals in their host communities in Jordan and Lebanon. This effort addresses the challenges arising from an unprecedented wave of forced migration, caused by a combination of conflict and climate-related crises. In the first tranche of the DIB, NEF is delivering its micro-enterprise and resilience-building program to over 5,000 refugees and members of their host communities in Jordan, with the aim of establishing over 2,500 small businesses over the next three years.<sup>2</sup>

### BOX 1

## IIX Women's Livelihood Bond™ Series

Impact Investment Exchange (IIX)'s Women's Livelihood Bond™ (WLB) series, is an award-winning innovative debt security that pools together a multi-country, multi-sector portfolio and issues Orange Bonds that are stock exchange listed. Using a blended finance structure to balance risk, return, and impact, IIX's WLB™ Series has mobilized US\$78 million and is impacting over one million women and girls in South and Southeast Asia.

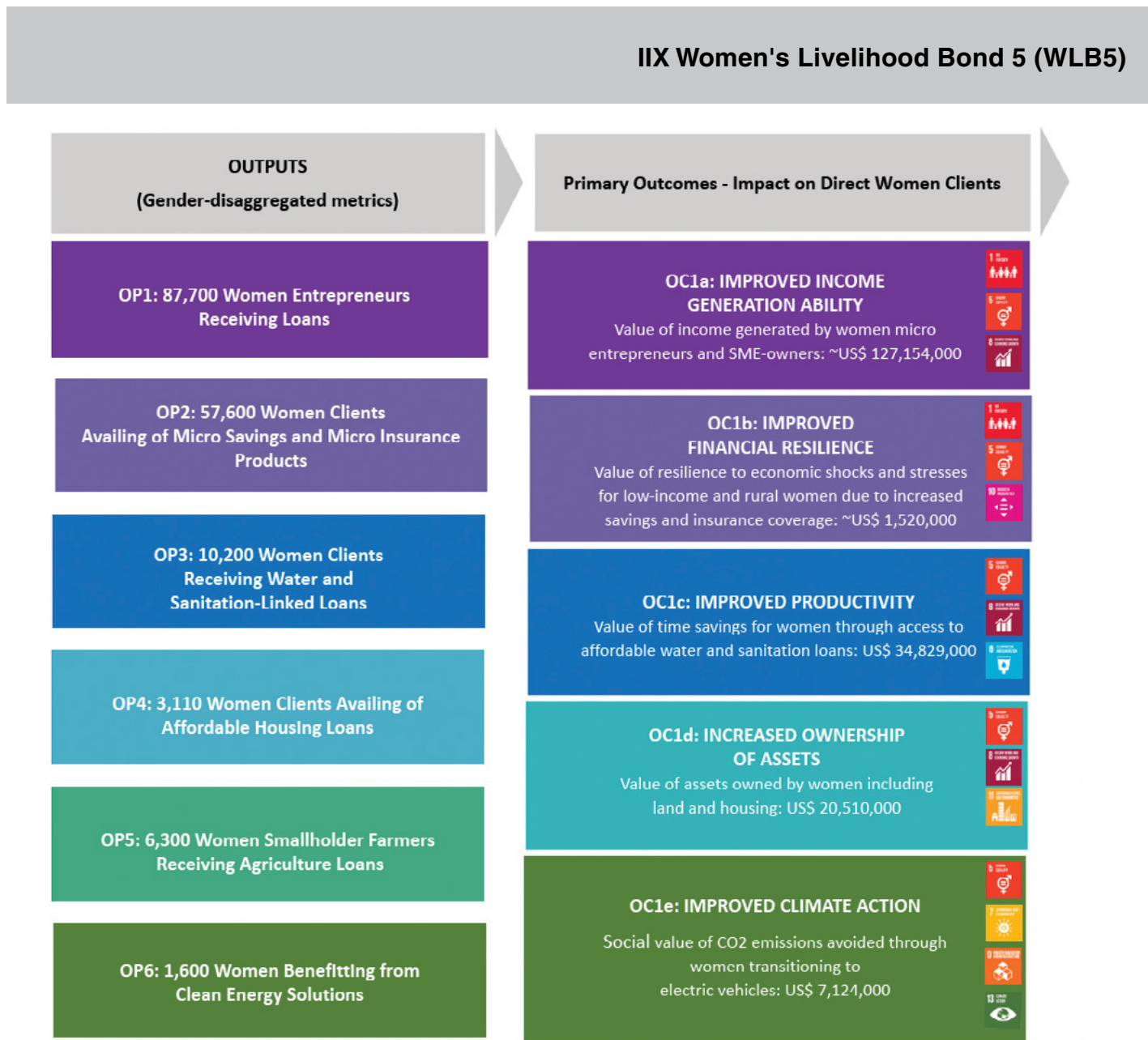
In 2022, the WLB5 was certified as the world's first Orange Bonds. In addition to its alignment with the Orange Bond Principles<sup>3</sup>, the WLB5 adheres to several international impact standards, ensuring its commitment to promoting gender equality, sustainable development, and transparency in reporting. These standards serve as a testament to the WLB5's dedication to driving positive change for women and girls worldwide. The Bonds are compliant with ICMA's Sustainability Bond Guidelines, making this one of the only sustainable debt securities in the market advancing both gender equity and climate action related goals.

## Investing at the Nexus of 'Orange' and 'Peace'

As depicted below, the WLB5 impact framework proactively tracks and reports on sub-targets under 14 of the 17 United Nations Sustainable Development Goals (SDGs). In particular, secondary outcome 2b (OC2B) focuses on tracking metrics linked to 'Strengthening the Women, Peace, and Security (WPS)' agenda. The outcomes stem from a portion of the bond proceeds channelled to portfolio companies. These companies offer affordable housing and water and sanitation loans to women in rural and low-income areas. Not only do these loans improve safety and shelter, but they also mitigate the risk of gender-based violence—often faced when venturing out for clean water or sanitation. By fostering asset ownership, they empower these women with greater agency and decision-making capabilities. This empowerment is anticipated to strengthen the community's social fabric.

FIGURE 1

## IIX WLB5 Orange Bond Impact Framework



Source: Second Party Opinion of the WLB Series 5, 2022

### Commitment to Transparency

To date, the WLB Series have experienced no credit losses or calls on their guarantee provided by the United States International Development Finance Corporation (DFC) and the Swedish International Development Cooperation Agency (Sida). This is testament to a transparent, bottom up impact reporting process using IIX Values™, a data-driven, technology enabled impact measurement tool that is used by all Orange Bond issuances to confirm impact directly with the target population (i.e., women at the last mile benefiting from

the bond proceeds). Impact confirmation directly with members of the target population is considered a best practice in the market to mitigate risks related to impact washing.

Orange Bond Initiative (OBI) Steering Committee members such as ANZ believe this is a critical market building tool that will facilitate a high-level of transparency for the Orange Bond asset class, and systematically address the gender data gap that has thus far limited the growth of the broader gender-lens investment market.<sup>4</sup>



## Portfolio Level Gender Lens & Sustainable Impact Framework

### Secondary Outcomes – Impact on the Family, the Community, the State and the Planet

#### OC2a: ENHANCED MULTI-GENERATIONAL IMPACT

Indirect female beneficiaries (mostly dependent children) are expected to benefit from improved nutrition, health, and educational outcomes



#### OC2b: STRENGTHENED WOMEN, PEACE, AND SECURITY AGENDA

Women and girls benefiting from water and sanitation-linked and housing loans expected to reduce risks of exposure to gender-based violence; women benefiting from increased economic empowerment and resilience expected to increase ability to act as security assets that build more stable, less conflict prone States



#### OC2c: IMPROVED COMMUNITY AND PLANETARY RESILIENCE TO ENVIRONMENTAL SHOCKS AND STRESSES

Women benefitting from agricultural loans and access to clean energy solutions expected to increase ability of communities to build resilience to environmental issues (food insecurity, land degradation, biodiversity loss, natural disasters) and to transition towards decarbonized economies



### Tertiary Outcomes - Impact on the Gender-Lens Investing Movement and the Sustainable Finance Ecosystem

#### OC3a: ADVANCING THE GENDER-LENS INVESTMENT MOVEMENT IN LINE WITH THE ORANGE BOND INITIATIVE



##### Principle # 1: Gender Positive Capital Allocation

Designed gender action plans and included gender-specific impact covenants for all 9 underlying Borrowers in the WLB5 portfolio to ensure use-of-proceeds intentionally and substantially benefit low-income, rural or underserved women through their products, services, and supply chains.

##### Principle # 2: Gender-Lens Capacity and Diversity in Leadership

Portfolio manager (IIX) is +50% women-owned, has ~40% women on the investment committee, has ~70% women staff and has ~90% people of color working on the core functions of the bond

##### Principle # 3: Transparency in Investment Process and Reporting

Portfolio manager commits to semi-annual impact reporting to investors and annual-impact verification with women beneficiaries

#### OC3b: CATALYZING THE SUSTAINABLE FINANCE ECOSYSTEM



Build gender-lens ecosystem by engaging partners across the world including three banks (ANZ, Barclays, and Standard Chartered), six law firms (Shearman & Sterling, Clifford Chance, Paul Hastings, One Legal, Wong Partnership, and TSMP), and three public sector/donor agencies (Australian Department of Foreign Affairs and Trade (DFAT), United States International Development Finance Corporation (DFC), Swedish International Development Agency, (Sida)) with the common mission of building gender-equal, climate resilient and sustainable financial markets.

### Investor Interest in the WLB5 Orange Bond

The WLB5 attracted investors from across the world ranging from large institutional investors and asset managers in the United States and New Zealand to impact-focused investment funds and family offices in Europe, Asia, and Australia. Nuveen, one of the world's largest and most active sustainable debt investors, was the anchor investor in the WLB5. Nuveen leverages IIX's WLB Series™ as the core of its community and economic

development framework. Nuveen holds their investments in the IIX WLB Series™ as a high yield investment whose scope, detail and frequency impact reports provide remarkable clarity for investors wishing to invest in creating an inclusive financial system where women are valued and have a voice.<sup>5</sup>

# Sustainable and Peaceful Societies – Linking Orange Bonds to Positive Peace

Prior research studies have established a relationship between gender equality and peace. For instance, countries with just ten per cent of women in the labour force are nearly 30 times more likely to experience internal conflict than countries with 40 per cent of women in the labour force.<sup>6</sup>

Another study examined the relationship between the percentage of women in parliament and the perception of corruption in 18 Middle East and North African (MENA) countries. The results show that corruption tends to be less severe in nations where women hold a larger share of parliamentary seats and senior positions in the government bureaucracy, as well as comprising a greater proportion of the labour force.<sup>7</sup>

In countries with stronger gender inclusivity, there is a 35 percent higher likelihood of adherence to peace agreements that last for 15 years.<sup>8</sup> This highlights the significant impact of domestic gender equality on a nation's conduct in its international relations.

In this context, Orange Bonds, with their primary goal of promoting gender equality, wield both direct and ancillary influence on the cause of peace. These bonds have been strategically crafted to assume a pivotal role in financing initiatives aimed at bolstering peace and security. This is accomplished by providing financial support to enterprises operating in vulnerable regions, where they promote safe and equitable employment opportunities for women.

Furthermore, Orange Bonds play a crucial role in delivering gender-specific aid to refugees and funding interventions that prioritise gender sensitivity both before and after catastrophic events. They possess the versatility to provide multiple benefits across diverse areas, and foster resilience with the potential to complement other sustainable debt asset classes such as the ICMA Green Bonds Principles or the CBI Climate Bond Standard due to their cross-cutting nature (Figure 2).

Additionally, they contribute to the promotion of prosperity and socioeconomic empowerment, while adhering to ICMA Social Bonds Principles. Orange Bonds also play a pivotal role in advancing peace and security, notably through structures like peacebuilding or racial equity bonds. These bonds align with overarching sustainability goals, marking them as versatile instruments geared towards generating positive outcomes on multiple fronts.<sup>9</sup>

## Gender Equality and Positive Peace

As a concept, peace can be notoriously difficult to define.<sup>10</sup> It is often described by what it is not. For example, peace is not the just absence of war. Descriptions that rely on the absence of something are termed 'negative definitions'. In the 1960's, in his seminal work in peace studies, Johan Galtung used the phrase 'Negative Peace' to describe the aspect of peace that is not violence.<sup>11</sup>

FIGURE 2  
**Orange bonds as a cross-cutting asset class**

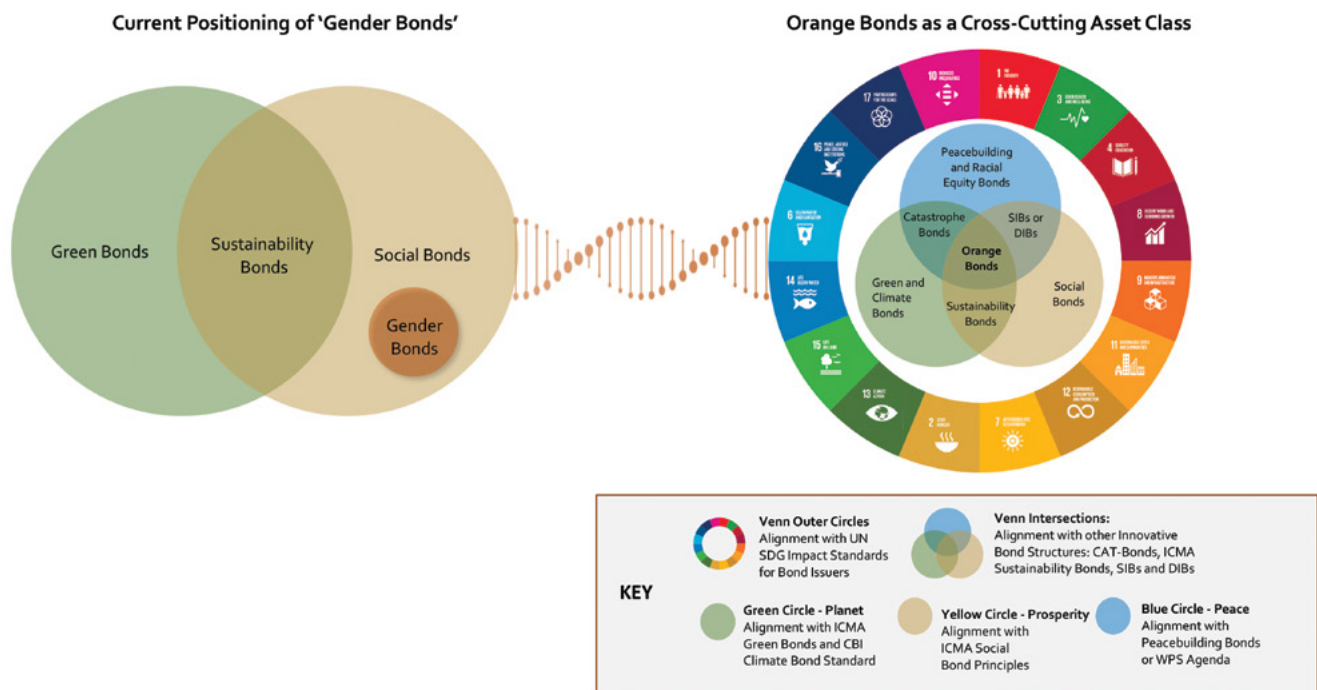
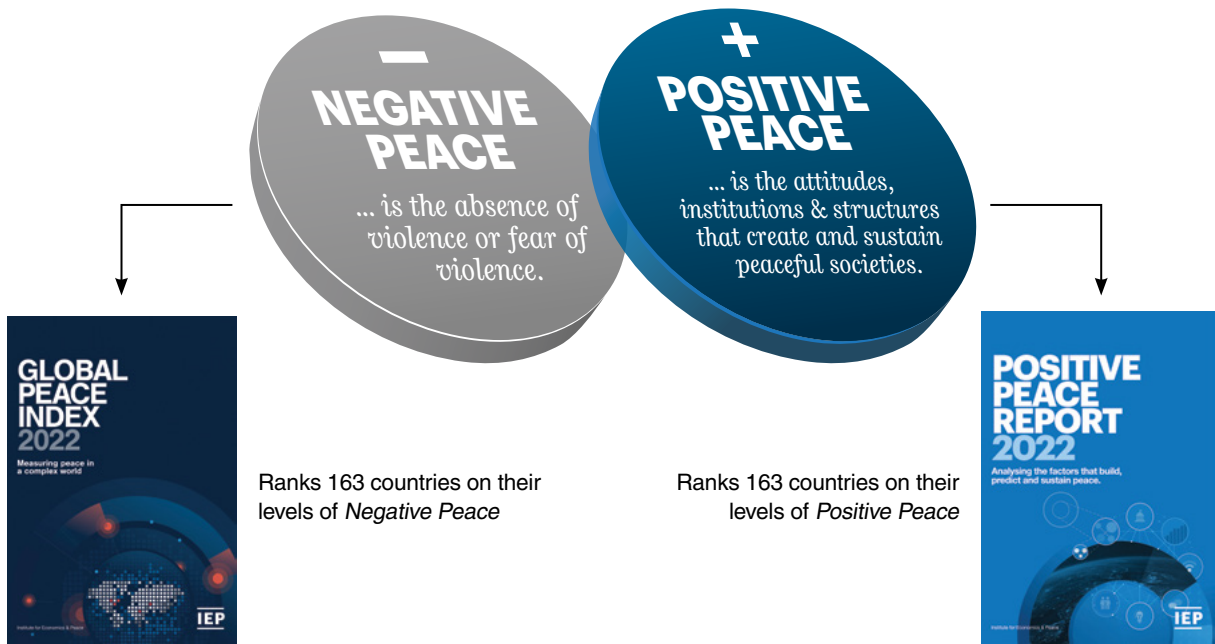


FIGURE 3

## Negative and Positive Peace



In 2008, IEP operationalized this concept with the publication of the Global Peace Index (GPI) as a measure of the “absence of violence or fear of violence”. The GPI uses 23 statistical indicators, selected by an international panel of experts, to rank 163 countries on their levels of Negative Peace, covering 99.7 per cent of the world population.<sup>12</sup>

While negative definitions are useful for delineating a concept by exclusion, they often do not provide the complete picture. In recognition of this, Galtung introduced the term ‘Positive Peace’ to capture factors not covered by the negative concept.<sup>13</sup> In 2011, IEP built on this work to create the first Positive Peace Index (PPI), measuring the “attitudes, institutions and structures that create and sustain peaceful societies” in 163 countries.<sup>14</sup>

Positive Peace is a transformational concept because it shifts the focus away from the negative by describing the necessary conditions for peace and society to flourish. Due to its systemic nature, improvements in Positive Peace not only strengthen peace, but are also associated with many other desirable outcomes for society, such as higher GDP growth, better measures of wellbeing, higher levels of resilience and more harmonious societies. Importantly, it provides a theory of social change, explaining how societies transform and evolve. Positive Peace describes an optimal environment under which human potential can flourish.<sup>15</sup> IEP measures Positive Peace by way of the Positive Peace Index. The PPI is composed of 24 indicators that capture the eight Pillars of Positive Peace.

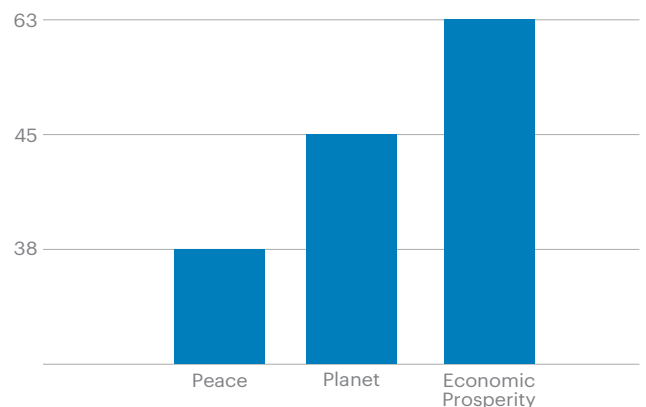
The connection between peace and gender equality may not be immediately apparent, especially when peace is only considered in terms of ‘negative peace’. Figure 4 displays the results of a survey posed to multiple stakeholders at IIX’s Orange Forum in August 2023. Just over a quarter of participants stated they believed gender could play a cross cutting role in peace, with the most common response being economic prosperity.

However, the recognition that gender equality is a key driver of Positive Peace is reflected in the fact that UNDP’s Gender Inequality Index is an indicator in the Acceptance of the Rights of Others Pillar on the Positive Peace Index. Figure 4 shows that the Gender Inequality Index is also highly correlated with other Pillars including *High levels of Human Capital* and *Equitable Distribution of Resources*. When individuals of all genders are granted equal opportunities to develop their capabilities and participate in societal affairs, it cultivates an environment of mutual respect, empathy, and inclusivity. Consequently, this nurturing atmosphere leads to a more balanced and sustainable distribution of resources, promoting a more prosperous and peaceful coexistence for all.

FIGURE 4

### Responses to Question 1 of IIX’s Orange Forum Survey

Just over a quarter of respondents believe that gender plays a cross cutting role in peacebuilding.



Source: IIX Orange Forum Survey, August 2023



FIGURE 5

### Correlation Between the Eight Pillars of Positive Peace and the Gender Inequality Index, 2022

Gender equality is highly correlated with all the eight pillars of Positive Peace.

Positive Peace Pillar	Correlation
High Levels of Human Capital	0.90
Acceptance of the Rights of Others	0.87
Equitable Distribution of Resources	0.87
Sound Business Environment	0.80
Low Levels of Corruption	0.73
Well-Functioning Government	0.72
Free Flow of Information	0.72
Good Relations with Neighbours	0.68

Source: UNDP, IEP<sup>16</sup>

Increased levels of peace are associated with heightened business and technological innovation, improved worker efficiency, and a reduction in bureaucratic obstacles. Countries with high levels of Positive Peace tend to have greater access to credit, often reaching 150 per cent of their GDP, which contrast with less peaceful nations where it is typically around 50 per cent.

Likewise, improving Positive Peace scores positively impacts corporate earnings. In sectors like industry, construction, and manufacturing, companies in nations with improving Positive Peace outperformed their counterparts in other countries by an average of three percentage points per year since 2009. Over the past decade, these countries have seen profit growth that surpasses the global average by 26.5 per cent. Additionally, they experience rapid growth in household demand, maintain stable inflation, attract more foreign investment and trade, and benefit from stronger sovereign bonds and exchange rates.

### Gender equality and the absence of violence

Obtaining gender equality has a cascading impact on the well-being of both local communities and the nation as a whole. Figure 6 shows the impact of improving gender equality, represented by UNDP’s Gender Inequality Index, on levels of internal peace, as measured by IEP’s Global Peace Index (GPI) to capture the absence of violence or fear of violence. On average, countries that recorded an improvement in gender equality had an eight per cent improvement in their level of internal peace between 2009 and 2023. Countries whose gender equality had deteriorated recorded a far more minimal and more volatile improvement in internal peace at just three per cent between 2009 and 2023. This underscores the substantial impact of gender equality on fostering internal peace and stability.

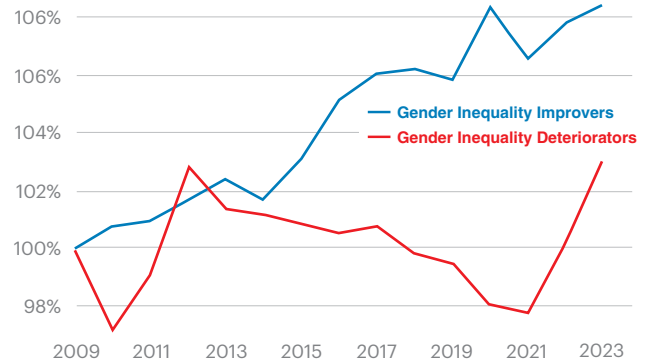
### Gender equality and economic development

Gender equality is closely tied to economic progress. Figure 7 contrasts economic growth in societies with higher and lower

FIGURE 6

### Gender Inequality and Internal Peace, 2009–2023

Countries that made progress in gender inequality experienced an eight per cent improvement in their internal peace levels from 2009 to 2023.



Source: IEP

gender equality, using UNDP’s Gender Inequality Index. Countries above the median score of 2.89 are considered less gender equal, while those below are more gender equal.

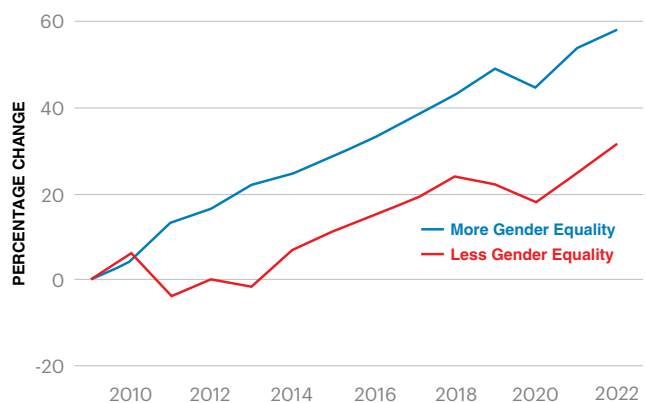
Figure 7 illustrates that societies with greater gender equality significantly outperformed those with less gender equality in terms of economic growth, achieving a notable 58 per cent growth compared to 32 per cent over the period of analysis.

On average, countries with less gender equality experienced annual growth rates two percent lower than the more equal part during the period from 2009 to 2022. This significant contrast highlights the critical role of gender inequality as a hindrance to economic development. Addressing disparities and promoting equal opportunities, regardless of gender, is essential for achieving sustainable and inclusive economic progress.

FIGURE 7

### Gender Inequality and Economic Output, 2009–2022

More gender equal societies outperformed their less gender equal peers in terms of economic growth.



Source: IEP

# Case Studies

This section conducts an in-depth analysis of three countries - Jordan, Sri Lanka, and Cambodia, selected due to their successful implementation of Orange Bonds. These examples underscore how initiatives like Women's Livelihood Bond Series 5, the world's pioneering Orange Bond issuance, and other existing Development Impact Bonds (DIBs) such as the Jordan Refugee Bond place a clear emphasis on advancing gender equality. Simultaneously, they deliver comprehensive co-benefits in the realms of peace, economic prosperity, and climate change mitigation.

The choice of these countries also reflects a deliberate effort to encompass diverse geographical regions, capturing a wide array of cultural, economic, and social contexts. These case studies showcase the remarkable diversity of challenges and progress across these regions, offering insights into the various stages of human development.

Improvements in gender inequality scores and Positive Peace are evident across Jordan, Sri Lanka, and Cambodia during the period from 2009 to 2022. Jordan had the most significant improvement in gender inequality since 2009 at almost six per cent, followed by Cambodia at five per cent and Sri Lanka at two per cent. Regarding their overall levels of Positive Peace, Sri Lanka and Cambodia recorded improvements of five and two per cent respectively since 2009, while Jordan saw a slight decline of less than one per cent during this period. Despite this, Jordan recorded the best Positive Peace score of the three countries, followed by Sri Lanka and then Cambodia.

## CASE STUDY 1: JORDAN

FIGURE 8  
**Jordan's IEP Country Profile, 2023**

	Global Peace Index	Ecological Threat Report	Positive Peace Index
Score	1.895	3	3.213
Level	High Peace	Medium Threat	Low Peace
Rank	62/163	31/228	80/163

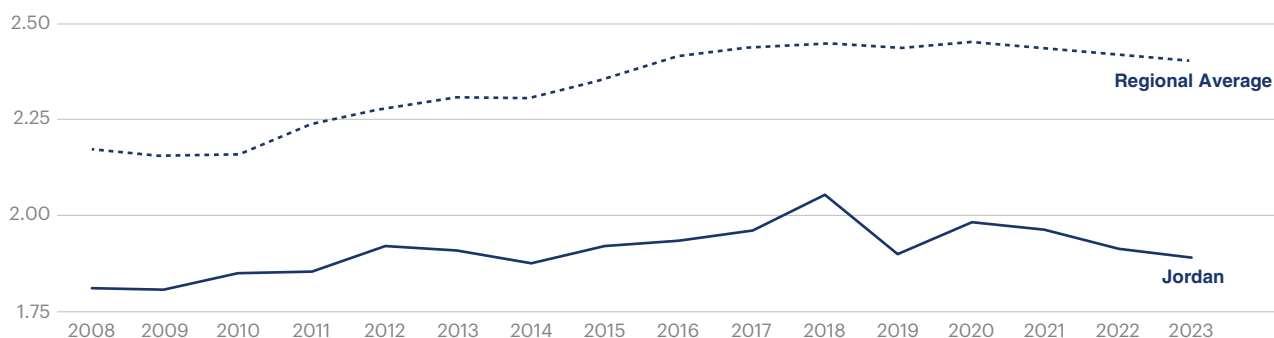
### Global Peace Index

Jordan maintains a high level of peace compared to its neighbours. Jordan ranks 62<sup>nd</sup> on the 2023 Global Peace Index, the fourth most peaceful country in the Middle East and North Africa (MENA) region.

Despite this, peacefulness in Jordan has fallen by just over four per cent since 2008, falling three places on the Index. Figure 9 displays the trend of peacefulness in Jordan and the MENA region between 2008 and 2023.

FIGURE 9  
**Global Peace Index Overall Score, 2008–2023**

Peace in Jordan has fallen by over four percent since 2008.

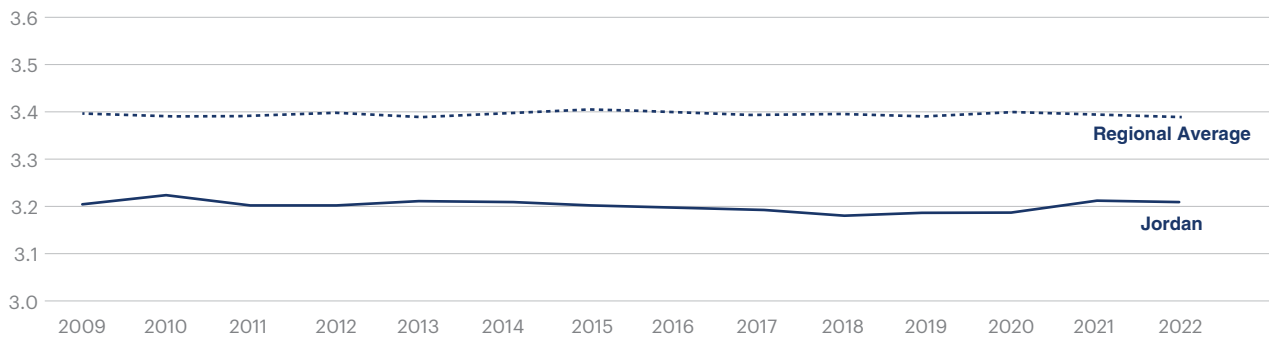


Source: IEP

Notes: Lower Global Peace Index scores denote a positive outcome.

FIGURE 10  
**Positive Peace Index Overall Score, 2009–2022**

Positive Peace in Jordan has only improved by less than one per cent since 2009.



Source: IEP  
 Notes: Lower Positive Peace Index scores denote a positive outcome.

**Positive Peace**

Jordan is classified as a low Positive Peace country, ranked 80<sup>th</sup> on the Positive Peace Index (PPI). However, the country experienced a minor improvement in Positive Peace of 0.1 per cent since the first iteration of the PPI in 2009. This was largely driven by an almost eight per cent improvement in the country’s score on the *Structures* domain since 2009.

**Gender Inequality**

Figure 11 shows a six per cent improvement in Jordan’s gender inequality score between 2009 and 2022. Despite this, its score remains amongst the worst in the MENA region. Overall, gender inequality in MENA experienced an almost 13 per cent improvement during the period, outpacing Jordan’s progress. Additionally,

Jordan ranks just 126<sup>th</sup> out of 146 countries in the Global Gender Gap Index compiled by The World Economic Forum, which considers economic and political participation along with educational attainment and health.<sup>18</sup>

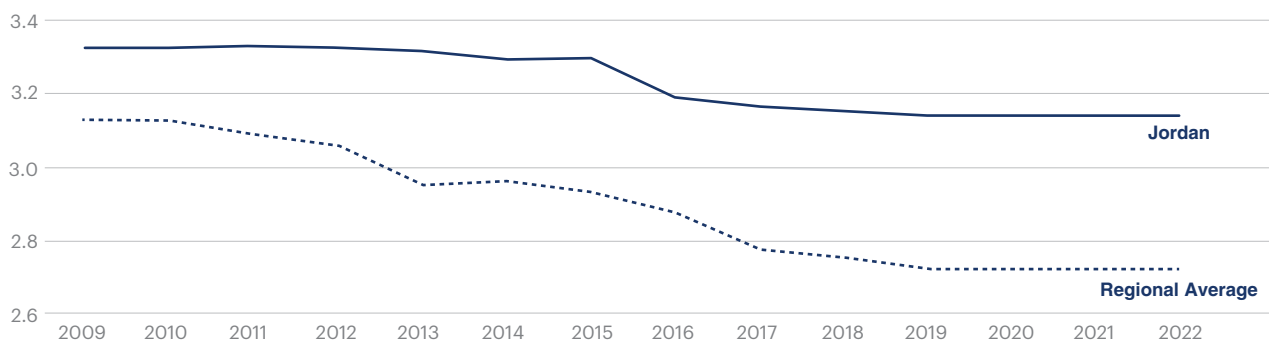
Jordan’s slow progress in achieving gender equality is detrimental to its economy. Despite efforts by the government and NGOs, gender disparities in the workforce hinder the country’s economic potential by underutilising the talents and

abilities of half the population. Additionally, Jordan recorded a significantly low level of female labour force participation, at just under 15 per cent, compared to the global average of almost 53 per cent.<sup>19</sup> This neglect results in lost opportunities for innovation, productivity, and growth from an untapped human capital pool.

Research consistently connects gender equality in labour markets to higher GDP per capita, improved competitiveness and enhanced social stability. These gaps exacerbate income inequality, pushing women into low-paying jobs and perpetuating cycles of poverty. Additionally, Jordan’s lag in achieving gender equality negatively impacts its business sector. The reluctance to embrace diversity hampers innovation and creativity, with studies affirming that diverse teams generate better solutions and enhance decision-making processes. Moreover, having gender-diverse leadership correlates with improved financial performance.<sup>20</sup> Neglecting gender equality not only risks reputational damage but also falls short of societal expectations. Therefore, by lagging in gender equality initiatives, Jordan risks impeding its overall economic growth and hindering the progress of its business sector in the global market.

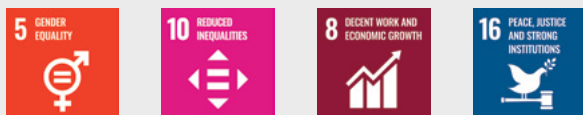
FIGURE 11  
**Gender Inequality in Jordan, 2009–2022**

Jordan has recorded an improvement of six per cent in gender inequality since 2009.



Source: IEP  
 Notes: Lower Gender Inequality Index scores denote a positive outcome.

## BOX 2

**Refugee Impact Bonds in Jordan****SDGs Impacted**

The Refugee Impact Bond is the first ever refugee-focused development impact bond extending multi-year funding support to a micro-enterprise training. Launched in 2021, the grants program aims to improve integration and economic resilience of refugee communities into host communities and empowers them to meet their basic needs. In September 2023, the issuance was labeled an Orange Bond and is expected to serve as a critical precedent for ecosystem actors looking to address the funding gap in the WPS security agenda through innovative financial structures.

The Bond is supported by Ikea Foundation, and the Nobo Nordisk Foundation with private capital support from the United States International Development Finance Corporation (US DFC) and FERD, a Norwegian holding company. The bond has a 4-year duration with USD \$98,25,000 as the upfront investment, an

annualized return of 5.1 per cent. The refugee bond has a strong focus on gender, 70 per cent of the total target beneficiaries are women-owned microenterprises. A key outcome of the bond is to empower refugee women through improved agency, decision making capabilities, and financial standing.

Thus far, the bond has empowered 2575 women, and supported set up of 2,324 women-owned SMEs for women in both host and refugees' status with improved quality of life. Owing to the bond's cross-cutting focus on themes of peace and prosperity, across SDG 5 (gender equality), and SDG 8 (decent work and economic growth), SDG 16 (peace, justice and strong institutions), it is successfully labelled by IIX as the world's first peace-keeping Development Impact Bond to be labeled an Orange Bond.<sup>21</sup>

## CASE STUDY 2: SRI LANKA

FIGURE 12  
Sri Lanka's IEP Country Profile, 2023

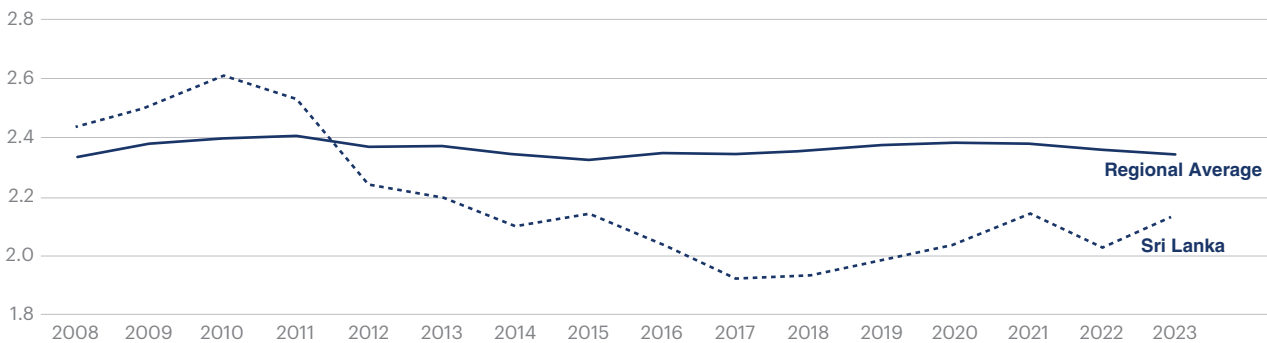
	Global Peace Index	Ecological Threat Report	Positive Peace Index
Score	2.136	5	3.34
Level	Medium Peace	Extremely High Threat	Low Peace
Rank	107/163	102/228	93/163

### Global Peace Index

Sri Lanka is classified as a medium peace country by the Global Peace Index (GPI). Sri Lanka ranks 107<sup>th</sup> on the 2023 GPI, the fourth most peaceful country in the South Asia region. Sri Lanka recorded over a 12 per cent increase in peacefulness since 2008, rising 39 places on the Index. Figure 13 displays the trend of peacefulness in Sri Lanka and South Asia between 2008 and 2023.

FIGURE 13  
Global Peace Index Overall Score, 2008–2023

Sri Lanka has had a significant improvement in peacefulness since 2008, with its GPI score rising by over 12 per cent.

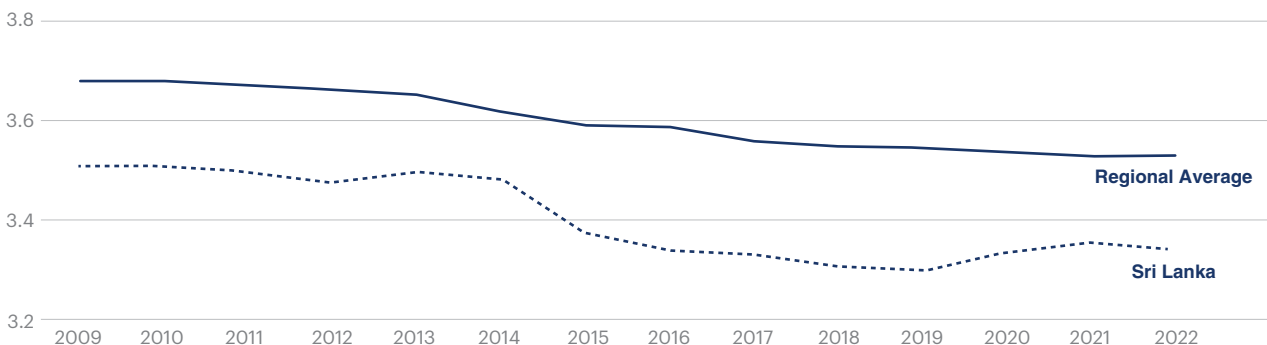


Source: IEP

Notes: Lower Global Peace Index scores denote a positive outcome.

FIGURE 14  
Positive Peace Index Overall Score, 2009–2022

Sri Lanka's Positive Peace score improved by almost five per cent since 2009.



Source: IEP

Notes: Lower Positive Peace Index scores denote a positive outcome.

### Positive Peace

Sri Lanka is classified as a low Positive Peace country, ranked 93<sup>rd</sup> on the Positive Peace Index (PPI). Despite this, the country experienced an improvement in Positive Peace of almost five per cent since the first iteration of the PPI was launched in 2009. This was largely driven by of 11, four and 0.2 per cent across the *Structures*, *Institutions* and *Attitudes* domains, respectively. Figure 14 displays the trend of Positive Peace in Sri Lanka and South Asia since 2009.

### Gender Inequality

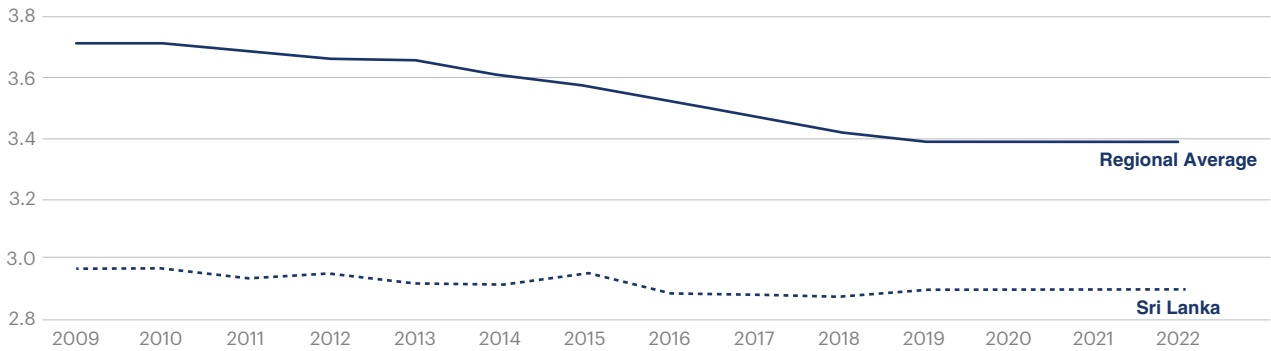
Figure 15 shows an improvement of just over two per cent in Sri Lanka's gender inequality score between 2009 and 2022. Sri Lanka's gender inequality score is the best in the South Asian region. Overall, gender inequality in South Asia experienced a nine per cent improvement during the period.



FIGURE 15

### Gender Inequality in Sri Lanka, 2009–2022

Gender inequality in Sri Lanka has seen a small improvement of two per cent since 2009.



Source: IEP

Notes: Lower Gender Inequality Index scores denote a positive outcome.

Sri Lanka has made progress in promoting gender equality, but challenges remain. The labour force participation rate for female age 15 and older was 31 per cent in 2022 and in relative decline since its peak in late 1990s.<sup>22</sup> This indicates room for improvement in ensuring women's full participation in the workforce. The country also still faces a gender wage gap,

with women earning less than men for similar work. Sri Lanka ranks just 115<sup>th</sup> on the Gender Gap Index. Ensuring equal access to education and closing the wage gap are critical for achieving more comprehensive gender equality, which, in turn, can lead to enhanced economic and business prosperity in Sri Lanka.

BOX 3

### Orange Bonds in Sri Lanka

#### SDGs Impacted



The IIX WLB2, a certified Orange Bond, has benefitted low-income and rural women in post-conflict areas of Sri Lanka where women, girls, and gender minorities were disproportionately impacted by civil conflict and continue to need financial support to rebuild their lives and strengthen the social fabric of their communities. The impact story of Shanti demonstrates the transformative impact of Orange Bonds. Shanti was one of the many women entrepreneurs who was disproportionately impacted by financial challenges that were further accentuated by the COVID-19 pandemic. Shanti turned to a microfinance portfolio company of the WLB2 for an emergency business loans to support her plant nursery and agro-business. Shanti was able to apply for the loan with ease, not only did her business survive, she expanded her store by renting a larger space, and eventually reported on increased income.<sup>1</sup> Shanti's success showcases how Orange Bonds have the potential empower women with sustainable livelihoods to achieve financial independence and resilience, allowing them to build back better.<sup>23</sup>

## CASE STUDY 3: CAMBODIA

FIGURE 16  
**Cambodia's IEP Country Profile, 2023**

	Global Peace Index	Ecological Threat Report	Positive Peace Index
Score	1.947	5	3.712
Level	Medium Peace	Extremely High Threat	Very Low Peace
Rank	73/163	102/228	128/163

### Global Peace Index

Cambodia is classified as a medium peace country by the Global Peace Index (GPI). Cambodia ranks 73<sup>rd</sup> on the 2023 GPI, the 13<sup>th</sup> most peaceful country in the Asia Pacific region. Cambodia recorded a three per cent increase in peacefulness since 2008, rising 21 places on the Index. Figure 17 displays the trend of peacefulness in Cambodia and South Asia between 2008 and 2023.

### Positive Peace

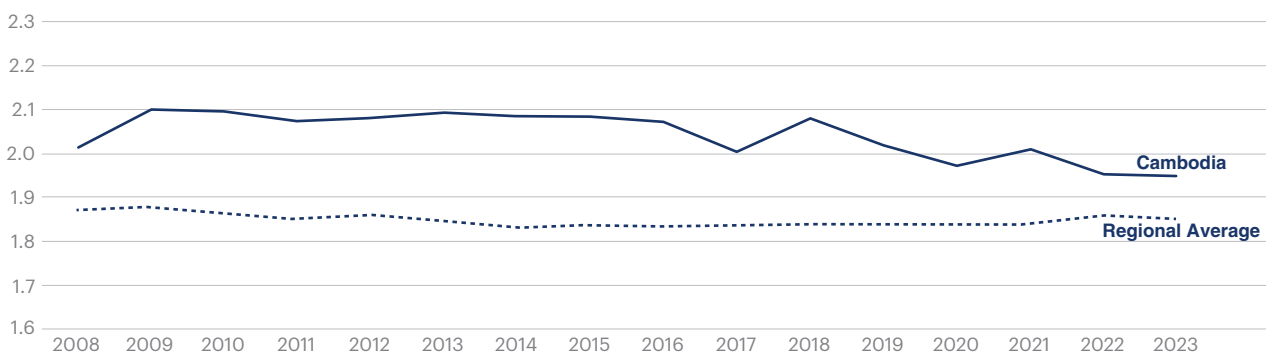
Cambodia is classified as a very low Positive Peace country, ranked 128<sup>th</sup> on the Positive Peace Index (PPI). Despite this, the country experienced an improvement in Positive Peace of almost two per cent since the first iteration of the PPI was launched in 2009. This was largely driven by improvements in the *Structures* and *Institutions* domains, falling seven and two per cent respectively since 2009. Figure 18 displays the trend of Positive Peace in Cambodia and Asia-Pacific since 2009.

### Gender Inequality

Cambodia's gender inequality score has remained largely stable since 2009, with only minor fluctuations shown in Figure 19. This trend mirrors the situation in the Asia Pacific region as a whole, with most countries also remaining stagnant.

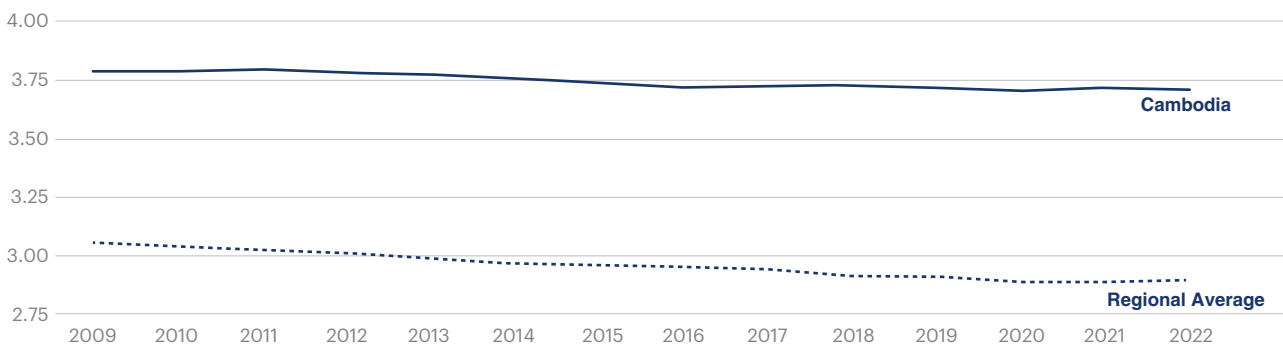
However, Cambodia lags significantly behind its regional counterparts in its gender inequality score, the fourth lowest in the Asia Pacific region. This highlights the pressing need for targeted efforts and interventions to bridge this considerable gap.

FIGURE 17  
**Global Peace Index Overall Score, 2008–2023**  
Peace in Cambodia has increased by three per cent since 2008.



Source: IEP  
Notes: Lower Global Peace Index scores denote a positive outcome.

FIGURE 18  
**Positive Peace Index Overall Score, 2009–2022**  
Positive Peace in Cambodia has improved by two per cent since 2009.

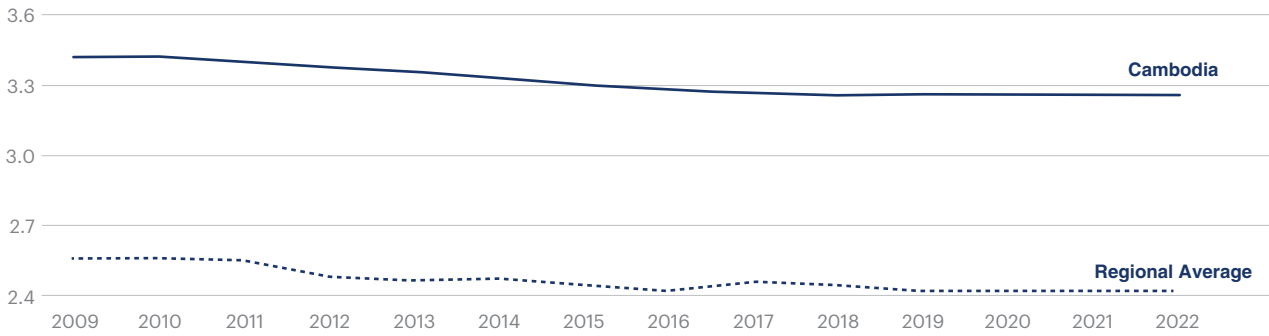


Source: IEP  
Notes: Lower Positive Peace Index scores denote a positive outcome.

FIGURE 19

### Gender Inequality in Cambodia, 2009–2022

Gender inequality in Cambodia has remained static since 2009, with only minor fluctuations.



Source: IEP

Notes: Lower Gender Inequality Index scores denote a positive outcome.

Cambodia’s female labour force participation rate is amongst the highest in the world, at almost 70 per cent in 2022, demonstrating significant progress in empowering women to actively contribute to the workforce.<sup>24</sup> However, to attain full gender equality, Cambodia needs to address areas where it lags behind regional peers. Currently ranked 92<sup>nd</sup> on the

Gender Gap Index, Cambodia must prioritise equal access to education and address the wage gap for more comprehensive gender equality. These crucial measures are vital for advancing gender equality, with far-reaching positive impacts on various socio-economic aspects, ultimately fostering economic development on par with regional counterparts.

BOX 4

#### Orange Bonds in Cambodia

SDG's Impacted



Climate change is widely considered a threat multiplier to conflict and is a key challenge for any economy to achieve Positive Peace. Champei is a smallholder farmer in rural Cambodia where women farmers are disproportionately impacted by climate change pressures on agricultural yields due to their lower access to market and climate adaptation knowledge.

With the assistance of loans from the IIX WLB2, a certified Orange Bond, Champei was able to access training and inputs to grow climate-resilient, sustainable rice that has increased her yield by 60%, improved her water usage efficiency by 10% (due to improved irrigation techniques), and led to an overall increase in income of 50% (due to fair pricing and higher produce quality).<sup>25</sup> Champei’s journey serves as a compelling illustration of the transformative impact of Orange Bonds, demonstrating their potential to economically empower women who are the backbone of rural agricultural supply chains which in turn have positive spillover effects on improved climate security and climate adaptive capacity in developing countries like Cambodia.

# Recommendations

In the study's core findings, a strong connection between gender equality, peace and economic progress emerges. Societies with greater gender equality significantly outperform those with less equality in economic growth, boasting a notable 58 per cent growth compared to 32 per cent between 2009 and 2022. Moreover, countries that progressed in gender equality witnessed a five per cent enhancement in their internal peace levels from 2009 to 2023, a sharp contrast to the mere three per cent improvement in countries where gender equality worsened. This underlines the pivotal role gender equality plays in fostering internal peace and stability. Gender equality is a component of the *Acceptance of the Rights of Others* Pillar of Positive Peace. The impact of gender equality on peace is further evidenced by the strong correlation between higher levels of gender equality and more positive outcomes on other pillars such as *High Levels of Human Capital* and *Equitable Distribution of Resources*.

Investing in women's labour force participation and livelihoods is a catalyst for advancing gender equality. Beyond its immediate implications, this investment reverberates across society, yielding a more expansive set of outcomes. Gender equality not only enhances gender-empowered financial markets and economic prosperity but also contributes to the development of more robust and peaceful societies. This multifaceted impact extends to various intersecting dimensions, including the capacity of peaceful societies to effectively address global challenges, such as environmental sustainability.

The holistic approach that acknowledges the interconnectedness of gender equality with broader societal progress and global problem-solving efforts beacon the Orange Bond Initiative and Refugee Impact Bond Initiative. These initiatives delve into microfinance as a means to address the financial requirements of specific groups or enterprises within the broader framework of impact investments. They are driven by the goal of incentivizing enhanced results, promoting innovation, and providing the adaptability required to respond effectively to evolving circumstances.

To advance both gender equality and peace, stakeholders should consider:

- **Business Sustainability and Long-term Transformation:** Emphasising the significance of fostering business sustainability and driving meaningful, lasting change. Implementing robust measurement mechanisms to accurately gauge the broader impact of initiatives.
- **Inclusivity and Support for Marginalised Groups:** Ensuring the inclusion and representation of underrepresented groups. Focus on individual empowerment through enhanced agency, informed decision-making, and improved access to economic opportunities.

- **Reporting, Transparency, and Accountability:** Promoting transparency in the sustainable debt market through impact confirmation with the target population. The Orange Bond Principles mandates impact confirmation and the Initiative has launched an Orange Rating tool powered by the IIX Values™ digital impact assessment platform to ensure issuers have the required infrastructure to reach women at the last mile and address the current gender data gap. This data-driven, human centric approach of impact measurement and reporting is expected to factor women's opinions in the investment decision making process and enhance the ability of Orange Bonds to advance gender-inclusive, Positive Peace.
- **Advocacy and Awareness:** Elevating awareness about gender equality to educate the public, policymakers, and investors, underlining its crucial role in promoting a more inclusive society.
- **Capital and Targeted Financing:** Ensuring consistent access of capital for Orange Bonds focused on women or LGBTQIA+ individuals critical to peace building and human security, e.g., refugees, communities in at-risk or post-conflict regions, etc. Allocating a specific portion of the loan book tied to desired gender-lens, Positive Peace outcomes, facilitating targeted financing.
- **Community Engagement:** Actively engaging with local communities to empower, raise awareness, and encourage participation in projects. Leveraging expertise, local knowledge, and grassroots connections to tailor initiatives effectively to community needs, particularly focusing on vulnerable groups.
- **Policy Development:** Formulating foreign policies focused on gender equality, WPS, or other international development areas to support the issuance of Orange Bonds by sovereigns and the formal labelling of Orange Bonds on national stock exchanges. These actions can play a critical role in advancing the mission of the OBI to leverage capital from debt capital markets in an inclusive and intersectional manner. Insights from this paper can inform high level policy dialogues, international gender equalities strategies and international development finance strategies of national interests.

# Endnotes

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