

April 2023



Annex to Iceland's Sovereign Sustainable Financing Framework: Financing for Gender Equality



Publisher:

Ministry of Finance and Economic Affairs

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Design:

Ministry of Finance and Economic Affairs

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ISBN: 978-9979-820-89-5

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Introduction

Iceland is fully committed to the implementation of the Sustainable Development Goals (SDGs) and they have been integrated into government policy on social, economic, and environmental affairs. The Government of Iceland is committed to gender equality and views it as an important human rights issue as well as a prerequisite for peace, progress, and development and thus the attainment of the SDGs. Furthermore, the Government holds sustainability and a just transition for all sections of society as guiding principle in the current transformation due to the climate threat.

This Annex to Iceland's Sovereign Sustainable Financing Framework (2023) describes how the Government will mobilize financing to achieve these ambitions.

1. Gender equality and women's empowerment

Iceland ranks as one of the most gender equal countries in the world and has topped the World Economic Forum's Global Gender Gap Index for the past 13 years. As of 2022 it was the only country that had closed more than 90% of the gender gaps measured by the index.

Gender equality is central within the administration and in 2019 a special Department of Equality was established in the Prime Minister's Office. Gender budgeting is mandatory at state level as laid out in the Public Finance Act and as a result, information on the gender impact of government expenditure is generally available. The gender impact of new expenditure is assessed, and the results of the gender impact assessments are published in the annual budget bill.

1.1 Commitments

Iceland has ratified international conventions that promote gender equality and women's empowerment, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) along with the Optional Protocol, Istanbul Convention Action Against Violence Against Women and Domestic Violence, as well as the following ILO Conventions: Convention 100 – Equal Remuneration, Convention 111 – Discrimination (Employment and Occupation), Convention 156 – Workers with Family Responsibilities. Furthermore, the Icelandic government has committed to ratifying Convention 190 on violence and harassment. The current government has committed to establishing a National Human Rights Institution in accordance with the Paris Principles, which would further promote and protect human rights and ensure an effective implementation of the human rights instruments.

The country's commitment to gender equality is reflected in legislation passed by the Parliament. This includes legislation on equal status and equal rights irrespective of gender, legislation on gender autonomy, as well as legislation that provides for equal access and treatment in the labour market. The implementation of the legislation is monitored by The Directorate of Equality, a special institution under the administration of the Prime Minister. Furthermore, there is legislation on parental leave, granting both parents equal rights to paid leave and thus enabling all parents to reconcile work and family life.

1.2 Challenges and objectives

While Iceland fares well in international comparison full gender parity has not been reached. One of the main challenges relating to achieving SDG 5 on Gender Equality is sexual and gender-based violence. Other challenges include gender divisions in the labour market and unequal balance at the top level of business

and industry, which is partly maintained by gender-based study choices. Unequal responsibility for the household and family is also a major challenge.¹

Priorities on gender equality are laid out in the Parliamentary Resolution on a Gender Equality Action Programme for the period of 2020–2023². It focuses on gender mainstreaming in the administrative system; the labour market and equal pay; gender-based and sexual violence; gender equality in education and culture, sports, and youth activities; men and equality; as well as international activities.

The government's gender equality objectives aim to tackle identified challenges:

Advance women's leadership and reduce the gender pay gap.

- Gender quotas on company boards have been introduced as well as requirements for companies to acquire Equal Pay Certification. The implementation of the latter is monitored by the Directorate of Equality, but stakeholders have highlighted concerns with insufficient funding to the Directorate³.
- Undervaluation of work in female dominated sectors needs to be addressed and first steps in that process have been taken with the formation of a task force on pay equality and equality in the labour market.

Redistribute and reduce the burden of unpaid care and domestic work.

- There are indications that the introduction of paid paternity leave has contributed to men's increased participation in childcare, although reliable data lacks. The current cabinet has committed to undertaking a time use survey, which would address this.
- Fathers' relatively low uptake of paternity leave, compared to mothers, remains a challenge. Recent policy changes are intended to contribute to a more equal distribution between parents.
- The government is committed to reducing waiting times for nursing homes and works according to an investment program for new homes. Furthermore, the current administration intends to improve services to elderly people living at home, in order to reduce the burden of unpaid care.

Eliminate and prevent all forms of gender-based violence⁴

- Iceland is in the leadership of the Action Coalition on Gender-Based Violence and the government has issued its roadmap for ending gender-based violence by 2026⁵.

¹ [Iceland's Implementation of the 2030 Agenda for Sustainable Development: Voluntary National Review, June 2019](#)

² [Proposal for Parliamentary Resolution on a Gender Equality Action Programme for the period 2020-2023](#)

³ [Icelandic shadow report for CEDAW, 2022](#)

⁴ [See: Summary of Government Actions against Gender-based and Sexual Violence and Harassment](#)

⁵ [Generation Equality Forum: Policy Brief on Iceland's Roadmap for Ending Gender-based Violence by 2026](#)

- With the ambition to eliminate gender-based and sexual violence Parliament has adopted an action plan for prevention of sexual and gender-based violence and harassment of children and young people for the years 2021-2025⁶.
- Low conviction rates in cases of sexual and gender-based violence are a concern as well as long proceeding times due to lack of investigative and prosecutorial capacity of the Icelandic law enforcement and judicial authorities⁷. To address this the government has operated according to an Action Plan on Handling of Sexual Offences since 2018. A new action plan for the years 2023-2025 was adopted in March 2023⁸.

Provide women in a vulnerable position access to essential social services and decent living standards.

- Iceland has comprehensive welfare policies that target those in most need. In many cases women in a vulnerable position make up a large proportion of the target group.
- The government of Iceland is a part of a collaboration of Wellbeing Economy Governments that are committed to addressing pressing economic, social and environmental challenges. The government has defined six wellbeing priorities that guide budget planning. Among the priorities are mental health, secure housing, and active participation in education and the labour market.

Contribute to gender equality and the empowerment of women and girls in developing countries

- Human rights, gender equality and the environment are at the forefront in Iceland's policy for international development cooperation and defined as both specific and crosscutting issues⁹.
- Iceland's strategy for gender equality in international development defines five priorities: gender-based violence, health, women's empowerment, climate and environment, and education. In 2021 88% of international development activities funded by Iceland contributed to gender equality. About 13% of funds went to activities where gender equality is the main objective.
- In 2022 Iceland became the first donor country to receive the gold certification on gender equality under the United Nations Development Programme (UNDP) Gender Equality Seal Programme.

There are also ambitions to place Iceland at the forefront in the affairs of LGBTI people. Parliament has adopted a special action plan on matters relating to LGBTI

⁶ [Þingsályktun um forvarnir meðal barna og ungmenna gegn kynferðislegu og kynbundnu ofbeldi og áreitni, ásamt áætlun um aðgerðir fyrir árin 2021-2025](#) (Icelandic only)

⁷ See: [GREVIO's \(Baseline\) Evaluation Report on legislative and other measures giving effect to the provisions of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence \(Istanbul Convention\), 2022](#)

⁸ [Aðgerðaáætlun um meðferð kynferðisbrota 2023-2025](#) (Icelandic only)

⁹ [Parliamentary Resolution on Iceland's policy for international development cooperation for 2019-2023](#)

people for the years 2022-2025¹⁰ in order to improve knowledge and education on LGBTI issues and to guarantee equal rights and appropriate services to LGBTI people.

1.3 Intersectionality

Icelandic authorities are aware that intersecting identity factors may lead to individuals being subjected to discrimination based on more than one reason and therefore face multiple discrimination. While gender is the key factor considered, special attention is paid to how the intersection of gender and other identity factors may place groups or individuals in a further disadvantaged position. Other identity factors commonly considered in Iceland include age, nationality, disability, and sexuality. This has guided the definition of groups that eligible projects under this Annex should target.

Women and girls in all their diversity are a main target group as well as sexual and gender minorities, which includes people whose biological sex, sexuality, gender identity and/or gender expression depart from majority norms. In some cases, projects should specifically target groups that are especially disadvantaged due to intersecting identity factors.

¹⁰ [Parliamentary resolution on a LGBTI Action Programme for the period of 2022-2025](#)

2. Annex on Gender Equality Financing

The Government acknowledges the important role capital markets can play in the transition towards sustainability and for achieving gender equality by allocating capital towards sustainable projects and investments that promote gender equality. Several Icelandic private and public parties have issued green, social, and/or sustainable bonds, but with a limited gender focus. The Government, therefore, contributes further to the role of capital markets in sustainable and social development by addressing a growing demand from investors for sustainable debt instruments that address social issues such as gender equality. Furthermore, the Government takes seriously the role Iceland can play as a high achieving country in terms of gender equality by setting an important example for other nation states with financing for gender equality.

This Annex on Gender Equality Financing (hereafter referred to as the Annex) is an addition to Iceland's Sovereign Sustainable Financing Framework (2023) and as such, sustainability principles have been considered in its development and in definition of specific criteria to limit significant negative impact on the environment. The Annex has been developed to align with the ICMA Social Bond Principles 2021 (with June 2022 Appendix 1) and Bonds to Bridge the Gender Gap: the Practitioner's Guide to Using Sustainable Debt for Gender Equality developed by ICMA, IFC and UN Women (2021).

The work on this Annex was led by the Ministry of Finance and Economic Affairs with participation of other ministries and governmental agencies, as well as consultation with UN Women's technical expertise. This Annex may, from time to time, be updated in order to comply with future changes to the abovementioned principles, guidelines, and taxonomies as well as to general sustainable finance market practices and/or changes in the Government's expenditures.

2.1 Funding

The Government Debt Management on behalf of the Republic of Iceland will issue debt instruments (bonds, loans, bills and/or other types), including but not limited to gender equality instruments.

2.2 Use of proceeds

All principles regarding use of proceeds from Iceland's Sovereign Sustainable Financing Framework also apply to financing based on this Annex. Some expenditure may be eligible both in the framework and the annex. The government will prevent double financing of the same eligible expenditures to prevent double counting in case of multiple thematic issuances. An amount equal to the net proceeds of the Gender Equality Instruments will be used to finance or refinance the Government's expenditures and assets. All expenditures and assets financed

under this Annex will need to align with at least one of the below Project Categories.

Eligible Expenditures will be selected based on best knowledge at the time and whenever possible based on performance data to assess possible impact on gender equality.

Gender Categories Social Bond Principles Project Categories / Bonds to Bridge the Gender Gap	UN SDG Targets	Description Criteria & threshold	Social indicators¹¹
W1: Economic advancement and empowerment of women¹² Objectives: <ul style="list-style-type: none"> — Advance women's leadership and economic empowerment — Reduce the gender pay gap Target population: <ul style="list-style-type: none"> — Women and/or sexual and gender minorities 	5.1, 5.5, 5.9, 8.3, 8.5, 8.8	Criteria Monitoring and enforcement of legislation that provides for non-discrimination in the labour market, gender quotas and equal pay. With special focus on: <ul style="list-style-type: none"> — Improving gender equality in the labour market, e.g. reducing the gender pay gap. Enhancing support and access to financing for female entrepreneurs and female-owned businesses. Threshold <ul style="list-style-type: none"> — To qualify as a female-owned business at least 51% of shares should be owned by women. 	<ul style="list-style-type: none"> — 5.2: Proportion of women in managerial positions. — 8.5.1 Average hourly earnings of female and male employees, by occupation and age, and persons with disabilities. — 8.5.2 Unemployment rate, by gender, age and persons with disabilities.
W2: Essential social services and decent living standards for women in a vulnerable position Objectives:	1.2, 1.3	Criteria Extending the affordable housing and infrastructure capacities and improving the quality of the existing affordable facilities and infrastructure. With special focus on improving: <ul style="list-style-type: none"> — The supply of housing accessible for women with low income and assets, including elderly, disabled and immigrant women. 	<ul style="list-style-type: none"> — 1.2.1 Proportion of population living below the national poverty line by gender and age. — 1.2.2 Proportion of men, women and children of all ages living in poverty in all its dimensions

¹¹ Indicators generally measure impact or outcomes. Output-level or qualitative indicators are only marginally used. Source of data is Statistics Iceland unless noted otherwise. Numbered indicators, i.e. 1.2.1 refer to SDG indicators. The impact assessments are provided subject to the availability of information and baseline data.

¹² Where women are mentioned as a target population this includes trans and non-binary individuals.

<ul style="list-style-type: none"> — Reduce socioeconomic gender disparities <p>Target populations include:</p> <ul style="list-style-type: none"> — Single mothers — Women with reduced work capacity — Elderly women — Immigrant women — Women with problematic substance use — Women in the prison system 		<ul style="list-style-type: none"> — The situation of disadvantaged women, with particular emphasis on children. <p>Enhancing financial support to women in a vulnerable position. With special focus on:</p> <ul style="list-style-type: none"> — Low-income female single-headed households — Low-income elderly and/or immigrant women. <p>Extending the capacity of employment generation, retention and rehabilitation initiatives. With special focus on:</p> <ul style="list-style-type: none"> — Support and rehabilitation options for women with limited or reduced work capacity. <p>Threshold</p> <p>Building projects with a higher cost than ISK 500 m should receive a Green Building certification and a screening for climate risk and resilience.^{13,14}</p> <p>Affordable housing refers to the definitions in the Regulation on Foundation Capital Contribution, Housing Foundations and Public Rental Dwellings No. 183/2020 and the Regulation on Participating Loans No. 1084/2020.</p> <p>Low income refers to the definitions in the Housing Act No. 44/1998 and the Housing Benefit Act No. 75/2016, with amendments.</p>	<p>according to national definitions.</p> <ul style="list-style-type: none"> — Proportion of households where housing cost exceeds 40% of household's disposable income by gender and household type. — Proportion of households that suffer from material deprivation by gender and household type. — Proportion of population aged 18-66 that get their first disability assessment in a given year, by gender and age.¹⁵ — Proportion of individuals with a disability assessment that earn wages, by gender and age.¹⁶
<p>W3: Reduce and redistribute the burden of unpaid care and domestic work.</p> <p>— Objectives:</p>	5.4,	<p>Criteria</p> <p>Increasing investment in the care economy including:</p> <ul style="list-style-type: none"> — Extending elderly services, both at-home care and in nursing homes. 	<ul style="list-style-type: none"> — 5.4.1 Proportion of time spent on unpaid domestic and care work,

¹³ This threshold is set so that the framework meets environmental considerations in the social bond principles. This threshold as it stands is aligned with the Government Property Agency's practice on green certifications.

¹⁴ Climate risk and resilience will be screened in accordance with national policies, laws, and regulations, as well as environmental standards and best practices when feasible, in order to identify mitigating actions.

¹⁵ Data from the Social Insurance Administration (Tryggingastofnun)

¹⁶ Data from the Social Insurance Administration (Tryggingastofnun)

<p>Recognize, reduce and redistribute women's unpaid care responsibilities</p> <p>Target populations:</p> <ul style="list-style-type: none"> — Women and/or sexual and gender minorities 		<p>Strengthening services and financial support to families, with special focus on:</p> <ul style="list-style-type: none"> — Programs that allow and create incentives for both parents to reconcile work and family life. <p>Strengthening data collection of gender-disaggregated data, collection on time-use, household and labour force surveys.</p> <p>Threshold Building projects with a higher cost than ISK 500 m should receive a Green Building certification and a screening for climate risk and resilience.¹⁷</p>	<p>by gender, age and location.¹⁸</p> <ul style="list-style-type: none"> — Proportion of elderly persons that wait less than 90 days for a place in a nursing home by gender.¹⁹ — Ratio of fathers' applications for parental leave to that of mothers.²⁰ — Proportion of fathers eligible for parental leave that make full use of their non-referrable right to leave.²¹
<p>W4: Eliminate and prevent all forms of gender based violence</p> <ul style="list-style-type: none"> — Objectives: Eliminate and prevent all forms of gender-based violence <p>Target populations:</p> <ul style="list-style-type: none"> — Women and girls and/or 	<p>5.2, 16.3</p>	<p>Criteria</p> <p>Strengthening services and programs to prevent, respond to and prosecute sexual and gender-based violence. Including:</p> <ul style="list-style-type: none"> — Educational campaigns for prevention of and appropriate reaction to sexual and gender-based violence and harassment. — Nation-wide, gender-based violence reporting system including a hot-line for reporting all cases of sexual and gender-based violence and provision of access to services. — Increasing capacity for investigation and prosecution of sexual and gender-based violence, both financially and in terms of adequately trained staff. 	<ul style="list-style-type: none"> — 5.2.1 Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by a current or former intimate partner in the previous 12 months. — 5.2.2 Proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner in the previous 12

¹⁷ Climate risk and resilience will be screened in accordance with national policies, laws, and regulations, as well as environmental standards and best practices when feasible, in order to identify mitigating actions.

¹⁸ Currently there is no available national data for this indicator, but a time-use survey is underway

¹⁹ Defined as the time from when a person gets an approved needs and health assessment until they move to a nursing home. Data from the Directorate of Health.

^{20 22} Data from the Directorate of Labour.

sexual and gender minorities		<p>Threshold</p> <ul style="list-style-type: none"> — No thresholds 	<p>months.</p> <ul style="list-style-type: none"> — Proportion of survivors of intimate partner violence that reported the crime to the police²² — Proportion of survivors of sexual and gender-based violence that reported the crime to the police.²³
<p>W5: Contribute to Gender equality and empowerment of women and girls internationally</p> <ul style="list-style-type: none"> — Objectives: Gender equality and empowerment of women and girls internationally <p>Target populations:</p> <ul style="list-style-type: none"> — Women and girls and/or sexual and gender minorities in developing countries. 	5.1, 5.2, 5.3, 5.5, 5.6, 17.2	<p>Criteria</p> <p>Supporting international organizations and projects/programs that have gender equality as their principal objective. Including:</p> <ul style="list-style-type: none"> — Multilateral and bilateral development cooperation and humanitarian aid (threshold applies). — Regional development cooperation, awareness raising and capacity building on gender equality and women's empowerment. <p>Threshold</p> <ul style="list-style-type: none"> — Projects/programs should score 2 on OECD DAC Gender Equality Policy Marker. Components in projects that score 1 on the marker may be included if they meet the criteria for score 2.²⁴ 	<ul style="list-style-type: none"> — Number of women in countries of bilateral development cooperation that benefit from economic empowerment.²⁵ — Number of individuals in countries of bilateral development cooperation that get access to basic health care services, including sexual and reproductive health care.

²² ²³ Data from the National Police Commissioner's annual survey on experiences of crimes

²⁴ Score 2 means that gender equality is the main objective of the project/programme and is fundamental in its design and expected results. Score 1 means that gender equality is an important and deliberate objective, but not the principal reason for undertaking the project/programme, often explained as gender equality being mainstreamed in the project/programme. See: <https://www.oecd.org/dac/gender-development/dac-gender-equality-marker.htm>

²⁵ Data from the Ministry of Foreign Affairs

2.3 Governance

Firmly implemented gender budgeting practices facilitate selection of projects, management of proceeds as well as reporting to investors. To strengthen the reporting process the Government may elicit opinions from women's organisations and/or other civil society organisations.

For further details on governance related procedures, including selection of projects, management of proceeds and reporting refer to Iceland's Sovereign Sustainable Financing Framework (2023).

3. Disclaimer

Potential investors should be aware that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor clear market consensus as to what constitutes, a 'sustainable', 'social' or 'gender' or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as 'sustainable', 'social' or 'gender' or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Expenditures will meet any or all investor expectations regarding such 'sustainable', 'social' or 'gender' or other equivalently-labelled performance objectives (including Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "EU Taxonomy") or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA) or that any adverse social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Expenditures. Furthermore, no assurance is given that the use of proceeds from any Sustainability Instruments for any Eligible Expenditures will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect sustainability, social or gender impact of any projects or uses, the subject of or related to, any Eligible Expenditures. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether solicited or unsolicited) which may be made available in connection with the issue of any Sustainability Instruments and in particular with any Eligible Expenditures to fulfil any sustainability, social or gender and/or other criteria. Any such opinion or certification is not, nor should be deemed to be, a recommendation to buy, sell or hold any such Sustainability Instruments. Any such opinion or certification is only current as of the date that opinion was initially issued. Potential investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Sustainability Instruments.

In the event that any Sustainability Instruments are listed or admitted to trading on any dedicated 'sustainable', 'social' or 'gender' or other equivalently-labelled segment of any stock exchange or securities market (whether or not

regulated), no representation or assurance is given that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect 'sustainable', 'social' or 'gender' impact of any projects or uses, the subject of or related to, any Eligible Expenditures. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made that any such listing or admission to trading will be obtained in respect of any such Sustainability Instruments or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainability Instruments. While it is the intention to apply the proceeds of any Sustainability Instruments so specified for Eligible Expenditures, there can be no assurance that the relevant expenditure(s) or use(s) the subject of, or related to, any Eligible Expenditures will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Expenditures. Nor can there be any assurance that such Eligible Expenditures will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment, social or gender matters) as originally expected or anticipated. Any such event or failure will not constitute an Event of Default under the Sustainability Instruments. Any such event or failure to apply the proceeds of any issue of Sustainability Instruments for any Eligible Expenditures as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting the non-compliance in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Sustainability Instruments no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Sustainability Instruments and also potentially the value of any other Sustainability Instruments which are intended to finance Sustainable, Social and Gender based Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

