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WORKING PAPER

Donor Agency Engagement in Gender Lens Investing: Approaches and Opportunities

WOMEN'S ECONOMIC EMPOWERMENT WORKING GROUP

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Introduction

Background and context

In recent years, donor governments have increasingly begun to use innovative finance approaches to mobilise private capital to complement public funding and fulfil the Sustainable Development Goals (SDGs) funding gap. Simultaneously, many donor agencies are now setting gender equality as a strategic priority and demanding clear targets and impact for the empowerment of women and girls.

These corresponding approaches deployed by donor agencies to achieve gender equality goals is prescient. Current data indicates that an increasing rate of investors are committing to integrating gender considerations in their investments. For example, a recent survey from the Morgan Stanley Institute for Sustainable Investing found that 67 percent of global asset owners identify gender diversity as an area of interest within their investment portfolios (Morgan Stanley 2020). In a recent ecosystem scan of sixteen Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs), fourteen had a gender strategy in place, and all had some level of gender awareness in their investments (Center for Global Development 2020).

Despite the growing interest and elevation of the gender lens investing field, the definitions and approaches to investing with a gender lens remain varied and not always transparent. The dominant discourse focuses on the amount of capital mobilized with the intention to advance gender equality[1] and impact measurements (most of which are about diversity and gender representation)[2] (2x Challenge 2021). Yet, discussions about how to meaningfully engage in gender lens investing, and evidence on the effectiveness of existing approaches to achieve systematic changes, is fragmented and scarce. Unsurprisingly, there also is a lack of clearly stated connections between the processes and goals of gender lens investing and development approaches and programming, such as market systems development and women's economic empowerment frameworks. This lack of clarity poses a concern for donor agencies wishing to accelerate efforts to use finance as a tool for achieving sustainable development goals.

[1] For example, in 2021, the Generation Equality Forum received commitments of over $40 billion pledged for gender equality, representing "the largest-ever collective infusion of resources into global gender equality," (Chiu 2021). Similarly, the 2X Challenge – a call to action to shift more capital towards investments that empower women in developing countries – saw commitments of $7 billion from Development Finance Institutions of the G7 nations between 2018 and 2020 and mobilized another $3 billion from private investors between 2018 and 2020, doubling its original target goal (2X Challenge, 2021).

[2] For example, the 2X Criteria, an industry standard for gender lens investing developed by the 2X Challenge and aligned with IRIS+, have five out of seven direct criteria focus on diversity and representation, including the share of women ownership or business founded by a woman, share of women in senior management or on the Board or IC, and the share of women in the workforce (2X Challenge, 2021).

Purpose and audience

This paper aims to clarify the synergies between the goals and approaches of Women's Economic Empowerment and Gender Lens Investing, and to illustrate the possible pathways to close this gap.

This document is intended for those working in private sector engagement, with a focus on women's economic empowerment and gender equality, within donor agencies. It aims to improve understanding of, and connections between, women's economic empowerment goals and the gender lens investing ecosystem. In order to achieve these goals, we examine the alignments and discrepancies between the prevailing approaches to gender lens investing and market systems approaches to women's economic empowerment. Our subsequent recommendations for donor agency engagement focus on potential pathways to engage gender lens investing with the goal of advancing women's economic empowerment.

Financial professionals working in blended finance and non-profit organizations working in development cooperation, while not the primary audience, can also make use of this paper to break past boundaries of current approaches and see new possibilities of using finance to create long-term systems change.

We recognize the diversity of donor agencies, including varying organizational structures, strategic priorities, programmatic approaches, and the depth of engagement experience with gender lens investing. Therefore, rather than providing prescriptive guidance, this paper intentionally leaves room for contextualization, exploration, and innovation in designing appropriate programs. It is our hope that this paper will help to facilitate dialogues among stakeholders across departments and professional expertise.

Defining Gender Lens Investing: A complex and dynamic field

Gender lens investing as a term was first coined in 2007 by the Criterion Institute. It is an umbrella term used to integrate multiple threads of movements "focused on innovations in social finance, financing for women entrepreneurs, advocacy around women on boards, and investments in products and services that benefit women and girls" (Anderson and Miles 2015, p10).

As an emerging and dynamic field, the intersection of gender and finance has gained traction, though the term "gender lens investing" remains broadly defined. There is not one consistent definition of gender lens investing that is ubiquitous across programs and agencies. A multitude of activities may fall within the gender lens investment umbrella, and there is ongoing debate in the field regarding what is and is not included. For example, in 2021, Criterion Institute sampled and reviewed a set of gender lens investing landscape reports published within the last decade. In this sampling, researchers identified more than nineteen different ways of defining gender lens investing across 26 reports (Criterion Institute 2021).

Within these varied definitions, some approaches to defining gender lens investing focused narrowly, centring on the importance of women's leadership, women's access to capital, and women entrepreneurs. Some approaches expanded the definition to include women investors as well. A broader approach to gender lens investing included attention to products and services that benefit or impact women and/or the inclusion of gender equality considerations in enterprise or value chain development. Some definitions of gender lens investing specifically called out attention to gender justice or gender-based violence in investment, while others pushed beyond the gender binary to include an intersectional approach that incorporated attention to race, sexuality, dis/ability and other barriers to inclusion.

The broadest definitions reviewed sought the inclusion of an intersectional gender and equity analysis across the investment process. For example, the International Finance Corporation defines gender lens investing as, "the understanding of gender roles as a material factor of analysis that strengthens investment decision making… an approach that helps an investor highlight opportunity and illuminate risk to achieve better financial and social outcomes for all," (International Finance Corporation 2020, p11).

Aligning WEE with Gender Lens Investing

At its core, gender lens investing bridges the market logic of financial returns with the feminist logic of women's equality (Kaplan & Vanderburg 2014). In many ways this approach to gender lens investing is ideologically aligned with a framework of women's economic empowerment that aims to support "women in power and economic negotiations at different levels," (Grantham et al. 2019, p

12), including access to economic resources and agency over resource control and decision-making (DCED 2019).

Even in its most narrow approach – focused on women's leadership, women's access to capital, and women entrepreneurs – gender lens investing provides an avenue to increase women's economic empowerment goals. From its broadest approach – a comprehensive and intersectional lens that takes into account dynamics of power, privilege, and bias across the investment process – gender lens investing aims to improve gender equality goals not only through the direct deployment of capital but through attention to, and transformation of, the gendered processes within which capital flows.

Fundamentally, gender equality is about power. In systems of finance, the gender power gap manifests in various ways that impact which individuals are ultimately 'granted access' to investment capital or included in decision making around critical investments in communities. A comprehensive approach to gender lens investing recognizes that traditional financial models are underpinned by deeply rooted Western culture and values that privilege capital owners and established financial expertise. Therefore, this comprehensive approach to gender lens investing acknowledges assumptions and biases rooted from a wealthy, white, male, and heteronormative vantage and seeks to broaden the range of experiences and expertise that contribute to our framing of the gender "lens." Additional information about how to analyse the power dynamics in the investment process is available in Annex 2.

Donor agencies that have already adopted women's economic empowerment and market systems frameworks are well-positioned to integrate gender lens investing as a tool in advancing gender equality goals with a holistic approach, as discussed in more detail below.

Donor Agency Engagement in Gender Lens Investing: Approaches and Opportunities

Donor agencies mobilizing private capital to advance gender equality goals typically rely on two common strategies.

One strategy is by making the business case for investing in women and girls. On the society level, women are seen as the key drivers of economic growth. Investing in women's economic empowerment sets a path toward gender equality, poverty eradication, and inclusive economic participation. On the enterprise level, there is growing evidence demonstrating correlations between gender responsive practices and improved performance of investment, both financially and in terms of Environmental, Social, Governance (ESG) performance (IFC 2020). Such investments focus on investing in women-led businesses, creating fair and decent work for women, building gender inclusive supply chains, and delivering gender-focused products and services. Despite compelling evidence on the business case, the pace of adoption of a "gender lens" into the investment process and analysis by the private sector has been slow.

The second common strategy used is mitigating risk and removing constraints in order to encourage commercial investment in development to scale. The rationale here is that private investors and financial service providers often perceive high levels of risk or low returns from investments beneficial to economic, social, and environmental development (DCED 2019). While this strategy may lower risks to private investors, evidence of the effectiveness on impacts, such as poverty reduction, is lagging. For example, OCED data shows that only six percent of private investment mobilized by development finance interventions between 2012 and 2018 occurred in the least-developed countries, and of that investment the majority was concentrated in energy and banking rather than more crucial economic-growth sectors such as agriculture, water, or sanitation (OECD & UNCDF 2020).

In both strategies discussed above, neither the business case nor the de-risking approach addresses the root causes of systemic bias in finance systems. Instead, these discourses stem from the investors' perspectives, and the resulting investment strategies are designed to meet investors' needs. In current practice, gender and social inclusion specialists are often brought in to apply the "gender lens" to impact measurement only *after* an investment strategy is developed. In this model, the gender strategy and requirements of gender equality practices are too often framed as an add-on condition required to receive financial incentives and/or technical assistance. This framing of the "gender lens" is counterproductive, as it creates tensions between gender equality and financial outcomes goals.

As discussed above, a more comprehensive approach requires examining biases across the investment process in order to address unequal dynamics of power within the financial system. Engaging with finance as a system of power in and of itself better aligns gender lens investing with a market systems approach to women's economic empowerment as attention to the "political economy and power is a central consideration in market systems analysis and intervention" (Springfield Centre 2015, p4). This strategy focuses on shifting power in relationships within and around finance in order to create access for those that have not been at the table before. This increased inclusion, in turn, leads to the expansion and demonstration of new possibilities that can create long-term systems change for greater gender equality using finance.

Roles and Approaches

In the following section we highlight three strategies that donor agencies can leverage to address women's economic empowerment goals through systems of finance. These actions, combined with commitments to gender lens investing and collaborations within the field, are important catalysts for improved gender equality outcomes.

Increasing Gender Expertise Across the Investment Process

As guidance from the Women's Economic Empowerment and Markets System (WEAM) Framework stresses, a paradigm shift must take place in organizational culture in order for market systems initiatives to fully embed women's empowerment goals and to create sustainable and equitable systems change (Jones 2016). This same paradigm shift is key for donor agencies keen on using innovative finance tools to integrate and empower women in finance systems. In practice, this means that donor agencies should pursue gender transformative process standards to the investment cycle such that, "women's roles and controls, access and agency, gender dynamics gender dynamics et cetera must be considered right from the start" (Jones, 2016, p4). In other words, gender experts need to be involved in the design of financial vehicles, not just in the evaluation of programs to justify and measure the impact on women. Similarly, finance teams must understand how to include gender analysis in their processes.

To enable this culture shift, we recommend that donor agencies prioritize support for field building activities that will increase understanding of the political economy of change and help to bridge the gap between finance and gender expertise. These gap-bridging efforts include, for example, enhancing clarity and mutual understanding of terms and approaches used in both gender and finance expertise, contributing to the development of process standards in gender lens investing, and funding research to build data and evidence-based methodologies to grow collective capacity of the field.

CASE STUDY: Global Affairs Canada's Consortium to Build the Field of Gender Lens Investing

The Canadian government recently pledged $180 million toward advancing global gender equality goals. As part of this commitment, Global Affairs Canada has pledged $5 million over three years to support a consortium designed to improve and promote best practices in gender lens investing. Criterion Institute, together with GenderSmart and the Aspen Network of Development Entrepreneurs (ANDE), are the proposed partners to build capacity within the gender lens investment field for improved integration of a comprehensive gender lens in investment analysis and standards. A portion of this funding is dedicated to ensuring the compensated inclusion of civil society and women's rights organizations in contributing their expertise to the development of standards and analyses that inform investment decision-making. Notably, this is one of the largest contributions to the gender lens investing field that seeks success through standards development and gender equality impacts, rather than by the quantity of capital moved. This Consortium is slated to commence in late-2021.

Supporting a Participatory Investment Process that Values Diverse Expertise

Gender transformative investment needs to ensure that people with knowledge of local market systems and lived experience have access to the design of investment vehicles and decision-making processes. This type of participatory process ensures that the groups being invested in are effectively represented and valued across the investment process with attention to dynamics of power (i.e., their expertise is valued, they are appropriately compensated for their time, their timeframes and timelines are valued, etc.). Importantly, their participation is not only valuable but *critical* for effective and successful investments.

A key component to improving industry standards and processes is challenging traditional frameworks that privilege a narrow (Western, white, male) perception of knowledge and value. Data is often viewed as neutral, and yet processes of research validity exist within structures that privileges the frameworks of those who have traditionally held higher degrees of social and financial capital. Increased incorporation of comprehensive gender analysis and increased knowledge value of local expertise will help to ensure that investment analyses, and resulting investments, more meaningfully address bias and unjust systems of power and privilege across the investment process.

To this end, donor agencies have an opportunity to broaden whose expertise is sought and incorporated in investment analyses (i.e., gender expertise, local organizations, etc.) and to expand which research is considered valuable (i.e., mainstreaming gender equity with dynamic and intersectional definitions of gender within the research process.) Donor agencies can support a new approach to the development of research used in investment decision-making – regarding both financial and impact returns – that incorporates an understanding of what it means to equitably share power within the research process itself in a meaningful way that challenges traditional methods of knowledge production and broadens the applicability of whose data matters and what expertise is valued. This impact also includes the legitimization, support, and capacity building for translation between gender and finance expertise.

Such an approach intentionally shifts the power dynamics in investment processes to promote a more inclusive market ecosystem through the development of collaborations or coalitions with diverse partners. This approach also requires the elevation of an investment process that is informed by diverse expertise, compensating all parties for their contributions of time and knowledge. Likely, this approach also requires a shift in framing successful outcome measurements from metrics of capital raised or capital moved toward metrics of a power-conscious market ecosystem that promotes the longevity of relationships and trust across organizations and investment partners.

CASE STUDY: Menstrual Health Trade Finance Vehicle

The Menstrual Health Trade Finance Vehicle (MHTFV) is an innovative finance solution that uses trade finance to enable reliable and affordable access to the fabrics needed by local entrepreneurs making reusable menstrual pads. Uniquely, this development of this vehicle was a demand-driven design led by women Pacific entrepreneurs themselves. The MHTFV prioritizes and respects women's expertise, knowledge, and voices in their work and in the relationship-building process of investment. This is a value-added component of the MHTFV that sets it apart from other entities that provide business consulting and financing support. The MHTFV meets women entrepreneurs and their enterprises "where they are at" and uses finance to effectively solve a market problem for and with them. These elements are critical in helping women achieve their dreams to build a thriving and successful business that creates jobs and meets the menstruation needs of women and girls in their communities.

The MHTFV vehicle was named a winner of the Impact Investment Australia Award for Market Builder of the Year for 2020. The success to date of the MHTFV pilot demonstrates how an innovative and collaborative approach to blended investment can be a means of facilitating a new market opportunity, enabling improved access to necessary healthcare products, and supporting venture creation for both women entrepreneurs and informal businesses. (Pacific RISE 2021)

Catalysing Innovations that Empower Women

Donor agencies and development finance institutions have different funding mechanisms – including, for example, grants and contributions, equity, guarantees, debt, repayable contributions, advanced market commitments and remittances – at their disposal to create innovative finance vehicles to achieve social development goals. Building financial vehicles that better address power imbalances entails using the right financial tools with the right structures and terms that are conducive to more equitable deals. Structures and terms exhibit power dynamics between investor outcomes and positive social investment outcomes by setting boundaries around who has access to funding and who doesn't, and by determining whose risks are protected. Addressing these power dynamics requires a departure from prevailing financial models and incorporating the perspectives of the community and capital recipients in deal design. One way to address these unequal power dynamics is to share control of important decisions in structuring deal terms and expected outcomes with the intended beneficiaries.

Innovation requires an elevated level of risk taking. Understandably, without proven approaches, investment funds may be hesitant to apply a gender lens to change their investment practice. In consultations conducted in the development of this paper, key informants with expertise in development finance emphasized the active role that donor agencies can play to mobilize innovation in finance by absorbing risks that other investors would not bear. Instead of focusing on “de-risking” transactions, donor agencies will have more influence by mitigating innovation risks to encourage intermediaries and fund managers to experiment and explore new investment processes and instrument designs. Funding for researching and disseminating learnings from these projects, both success and failures, is also vital to catalyse innovations.

CASE STUDY: Mennonite Economic Development Associates (MEDA) Second Chance Success Project

Funded by the United States Agency for International Development (USAID), MEDA’s Second Chance Success project seeks to test strategies and provide evidence for removing barriers that prevent women entrepreneurs in Rwanda and Kenya from obtaining financing. Building on in-depth market research and understanding of women’s access-to-finance gaps in Kenya and Rwanda, this pilot project was designed to support women entrepreneurs who were unsuccessful in receiving financing on their first application with an East African investment fund to re-apply to the “second chance” window. Successful applicants received finance through a combination of project and private investment funds. Together with in-country partners, MEDA conducted research to compare the success rates for these “second chance” clients with business who were successful with their first application, examining how systemic bias and discrimination might be working against building and financing successful women-owned businesses.

By sharing the results, best practices and lessons learned from the Second Chance Success pilot, the project demonstrated both the business case for, and the efficacy of approaches to, finance for women entrepreneurs. This, in turn, can build the confidence of investors. Ultimately, greater investor confidence will lead to increased capital flows to WSGBs and investment vehicles with a gender lens. (MEDA 2021)

Opportunities for Incorporating Gender Expertise in Investment

In the following section we call to attention several high-impact opportunities where the integration of gender expertise, beginning from the design process, is critical to investment and field growth. As donor agencies lean toward the potential to achieve women’s economic empowerment goals through financial systems, the integrated inclusion of a gender analysis and perspective is essential in ensuring that investment goals align with, and support, improved gender equality outcomes.

Rebuilding in the COVID recovery

It is undoubtable that the COVID pandemic has widened the gender poverty gap. During the pandemic, women left the workforce in greater numbers than men, due largely to their higher representation in low-wage sectors, as well as other factors including care demands and increased rates of gender-based
violence. Data projections for 2021 estimate that for every 100 men, 118 women aged 25 to 34 will be in extreme poverty, with the ratio slated to rise higher by 2030 without strong intervention (UN Women 2020). An estimated 11 million girls may leave school due to the COVID crisis (UN Women 2020) and global rates of gender-based violence have already increased exponentially (United Nations 2020).

The gendered impacts of the social, economic and health crises triggered by the COVID-19 pandemic have escalated the acute need for public and private capital to be invested with a "gendered impact," and for increased attention to gender in COVID recovery and rebuilding efforts. Importantly, the incorporation of a gender lens in COVID recovery efforts is not only a moral and ethical imperative; it is an economically superior approach. Women's economic participation is crucial in rebuilding economies and investing in women-led businesses are crucial to this recovery effort. In parallel, integrating a gender lens on COVID recovery investments, broadly and throughout the investment process, will provide unique insights into the short and long-term risks of this gendered phenomenon in terms of deepening understanding of how companies, sectors, and markets will perform. For example, women remain the dominant purchasers of essential goods and services. A gender lens here illuminates gendered purchasing patterns and needs. Similarly, as technology platforms proliferate to support our increasing socially-distant operations, a gender lens will reveal opportunities and mitigate risks in technological investments and developments that might otherwise be missed. (Criterion Institute 2020a)

Care Economy as Infrastructure

Women are disproportionately burdened by the care economy, providing the bulk of unpaid care labour due to social and cultural norms and expectations. The care economy is also primarily staffed by women. Care is foundational to the economy, but this foundation is not secure because we undervalue the people who make it work. As infrastructure investments are unfolding globally to support economic recovery efforts, it is critical to integrate care as an essential component of national infrastructure.

Childcare highlights a strong example of "care as infrastructure" because the benefits of childcare investments extend beyond direct uses to support the broader community well into the future, improving national productivity. Research demonstrates that investment in childcare would create an estimated 43 million jobs, just to bridge the current gap in practitioners needed, as well as millions of small business opportunities in childcare-serving operations alone (Devercelli and Beaton-Day

2020). Investment in childcare also provides higher quality early-childhood education, which is proven to have a significant impact on the outcomes of education, health, and future employment for next generations. As with many examples of a comprehensive gender lens investment, investment in the care economy is not only an opportunity for high impact, it also poses a strong avenue for high financial returns. Notably, the care economy is also an investment in a green economy, because care economy jobs – be they in healthcare, childcare, teaching, or social services – are inherently low-carbon (Kaplan 2020).

Investing in the Informal Sector

Traditionally, the informal sector is undervalued and not seen as an investment opportunity. Despite representing more than half of the global labour force and more than ninety percent of micro and small enterprises (MSEs) worldwide, the informal sector is not recognized or counted as part of the economy in dominant economic models. Informal enterprises rarely attract private investment as their businesses are often seen marginal and too risky.

Undervaluing the informal economy is a missed opportunity for both economic development and for improving gender equality. The informal economy provides crucial income sources for people living in poverty, particularly women and other marginalized groups. In the majority of countries (55.5 percent), the ratio of women workers in informal employment exceeds that of men. Women in the informal economy are also more often vulnerable, for instance as employed as domestic workers, home-based workers, or contributing family workers (International Labour Office 2018). Further, economic contraction and massive job losses caused by the COVID-19 pandemic have forced more smaller enterprises as well as individuals to turn to informal economic activities for income, increasing the scale of informal markets globally. The increased fluidity occurring between the formal and informal sector illustrates both community resilience and the interdependence between the two sectors. Supporting the informal sector can speed up economic recovery, grow local productive capacity, and provide increased stability to the value chain. There is a new push for government agencies to support informal firms to become more productive, without simultaneously targeting formalization, in order to better unlock the economic potential of informal businesses (Qiang & Ghossein 2020; Qiang & Kuo 2020).

Given the structural challenges of investing directly in informal market interventions, governments and donor agencies can use catalytic funding to promote finance innovations that will benefit informal supply-chain partners, especially women and marginalized groups who are in the most precarious working conditions. By addressing gender norms, leadership, and authority challenges that informal MSEs and women face in a value chain, a gender lens investing approach can shift power dynamics in informal markets and build an enabling environment for informal firms and workers to thrive.

Promoting a Gender-Equitable Green Economy

Sustainable investing flows in 2020 were estimated at USD 40 trillion, but, of that, only USD 17 billion (roughly 0.05%) has gone into gender lens investing (GenderSmart 2021). This discrepancy is concerning because climate risks affect women and men differently. A gender lens is vital to identify blind spots in climate risk mitigation and to derive long-term value from understanding gender-differentiated needs.

Paid and unpaid work that is usually shouldered by women and girls is becoming more difficult with climate change – for example, producing food, collecting water and sourcing fuel for heating and cooking. Extreme weather events such as droughts and floods have a greater impact on women in poverty. Women and girls also typically have less capacity and fewer resources than men and boys to prepare for and adapt to climate change. For example, transitioning to a low-carbon economy requires a high-level of digital capability. Supporting an equitable transition requires addressing the gendered digital divide. Failing to integrate a gender lens in climate finance and Environmental, Social, and corporate Governance (ESG) investment metrics will exacerbate gender inequalities in those communities most vulnerable to climate change.

The impact of climate investment can also be gendered. For example, firms involved in the deployment of local and household energy supply and appliances face the challenge of providing last-mile and base-of-the-pyramid energy services. Gender considerations for investment in renewable energy include concerns regarding affordability, asset ownership, and the repayment ability of customers. Therefore, investment instrument design would benefit from considering how to address women's participation in the sector's workforce and their significant representation in the customer base.

Addressing Gender-based Violence as Investment Risk

Bringing a gender lens to investment includes identifying risks that may otherwise be missed. For example, data indicates that gender-based violence is a material risk to investment across sectors and industries. Gender-based violence presents a regulatory, operational, and reputational risk to investments across country, industry, and company scales (UNICEF 2020b). Arguably, the integration of gender-based violence data within investment methodologies to assess the market risk of gender-based violence in investments, and to price these risks appropriately, would strengthen investment security.

On a global scale, gender-based violence presents a political risk to investment. Research shows a correlation between the security of women and the security of nations, with levels of violence against women as a better predictor of state peacefulness and compliance with international treaty obligations than indicators of democracy or wealth (Futures Without Violence 2017). Political instability is a crucial component of market risk, therefore gender-based violence is a market risk (Criterion 2020a.)

Gender-based violence poses a specific and material risk to infrastructure investment, as infrastructure development can lead to rapid urbanization and a correlated influx of gender-based violence incidents (USAID 2015). In this case, activities intended to reduce the risk of gender-based violence support a stronger investment. As governments invest in infrastructure to stimulate economic growth, this investment provides a joint opportunity to mitigate gender-based violence by assessing and addressing the risks. In an effort to both improve investment outcomes and gender equality goals, government infrastructure projects can and should ask for metrics of gender-based violence assessments from investees as well as specific gender-based violence risk-mitigating actions (Criterion 2020b.)

Conclusion

The field of gender lens investing is dynamic and evolving. In recent years, the field has broadened to include investments at the sectoral and market levels, in addition to the enterprise level, and to take a comprehensive and intersectional approach to gender analysis and impact. An approach to gender lens investing that incorporates attention to power and bias across the investment process dovetails neatly with the goals identified in women's economic empowerment frameworks. Within this context, we call attention to the role that donor agencies can play in mobilizing private capital to advance gender equality goals. We highlight specific opportunities for innovative investment and mobilization of donor agencies that are already involved in women's economic empowerment programming to engage with the gender lens investing field, including an increased incorporation of a gender lens in investments related to COVID recovery and response efforts and climate resilience, as well as in all risk analyses. Notably, applying a gender lens in these opportunities strengthens the investment overall and provides a compound avenue for impact that incorporates broad health, social, and environmental outcomes together with increased gender equality goals.

This paper is directed toward those donor agencies that wish to make a positive impact on gender equality goals through levers of finance. Thus, we review strategies that donor agencies can leverage to address women's economic empowerment goals through finance including increased integration of gender expertise across the investment process, catalysing investment through innovative approaches, and ensuring the participation of diverse expertise across the investment process. This paper seeks to demonstrate the role that donor agencies may play as field builders to improve gender equality goals.

Sources

Consultations

This paper builds on ongoing conversations and interviews across the field of gender lens investing with many fund managers, gender experts, civil society organizations, and donor agencies.

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Annex 1: Gender Lens Investing Annotated Bibliography

1.1 Research and Field Development

BNY Mellon (2017). *Return on Equality: Investment Opportunities that Help Close the Global Gender Gap*.
https://financialallianceforwomen.org/download/return-on-equality/

This report explores the market potential of advancing gender equality. It highlights both the economic and development gains from gender equality for investors examining three types of investing: a) investing in gender-diverse companies; b) investing in women-owned/women-led enterprises; and c) investing in companies whose product or service offering helps advance gender equality. The report captures in quantitative terms the market potential and social impact of five key sectors: telecommunications, contraception, childcare, water, and energy. It provides a series of calls to action for different types of investors.

Clark, Cathy, et al. (2012). *A Market Emerges: The Six Dynamics of Impact Investing.* The Impact Investor.
https://thegiin.org/research/publication/a-market-emerges-the-six-dynamics-of-impact-investing

The Impact Investor is a collaborative research project between Pacific Community Ventures, Duke's Case Center for the Advancement of Social Entrepreneurship, and Impact Assets. This research publication identified six identified dynamics within impact investment to identify a variety of stakeholder relationships and various strategies alongside corresponding tensions in relationships in order to understand and advance the field. This resource was referenced to understand how other impact investment leaders are currently observing and processing power dynamics across the impact investment space.

Criterion Institute (2015). *The State of Field of Gender-Lens Investing: A Review and Roadmap.*
http://criterioninstitute.org/wp-content/uploads/2012/06/State-of-the-Field-of-Gender-Lens-Investing-11-24-2015.pdf

This report is a comprehensive overview of the state of the field of gender-lens investing (GLI) including capturing the history of the movement and emergence in response to the impact investing field. It argues that GLI sits at the intersection of two separate fields finance, and in particular, the movement of social finance; and gender, which spans research institutions, and social organizations committed to working on the core issues facing women and girls as a result of the gender imbalances in the world. It utilizes three lenses to understand gender-lens investing: 1) A Field of ideas; 2) Field of Activity; and 3) Field of People and Organizations. These lenses provide insight into the key thinking, investment activity and organizations active in the gender-lens investing space to position the field as a coherent movement using a series of core strategies to move forward action. It highlights the social and financial value of gender-lens investing and how gender patterns can improve financial investments.

Criterion Institute (2018). *Framing Gender Lens Investing.* https://indd.adobe.com/view/9b2f9581-74e2-45c9-891b-56a94684365c

This primer on gender-lens investing provides a series of powerful reframes around the intersection of finance and gender. This resource enables users to begin complex conversations around gender and breakdown normative assumptions around whom is served be the GLI field. It identifies a series of arguments and critiques to commonly held beliefs or misnomers around the field. The document outlines how to facilitate more nuanced understandings of gender within this constantly evolving field.

Criterion Institute (2019). *Key Concepts in Gender – A Primer for Investors.* https://criterioninstitute.org/resources/key-concepts-in-gender-a-primer-for-investors

This key concepts guide provides a glossary of terms for investors and investees to help navigate gender related terms and concepts. The tool can support investors to best equip themselves with the knowledge and understanding of key concepts related to gender, gender equality and power to be able to utilize them within their daily practices

Criterion Institute (2021). *Disrupting fields: Addressing Power Dynamics in the Fields of Climate Finance and Gender Lens Investing.* https://criterioninstitute.org/resources/disrupting-fields-addressing-power-dynamics-in-the-fields-of-climate-finance-and-gender-lens-investing

This paper provides a deep analysis of the power dynamics that have shaped the development of two fields, climate finance and gender lens investing. The thesis of this paper is that the awareness of power dynamics will lead to a more intentional design of field building efforts within gender lens investing and climate finance, thereby ensuring that these efforts are addressing and not needlessly calcifying and replicating existing dynamics and inequities in systems of finance. This paper presents a framework for those building fields to use their power to disrupt systems of power.

Goddard, C., Miles, K., (2016). *The Sky's the Limit: Increasing Social Investment Impact with a Gender lens*. https://youngfoundation.org/wp-content/uploads/2016/05/2016.05.05-YF_The-Skys-the-Limit_report_AW_web.pdf

This report considers how using a gender lens could increase the effectiveness of social investment. Based on a review of international literature and primary research within the UK, it sets out what using a gender lens can involve, the case for different gender lens investing strategies, opportunities for UK social investors and what would enable these to be realized. It argues that there is no universal approach to gender lens investing and that there is a range of practices or strategies that can be drawn on by social investors. It is framed through five broad lenses: 1) Increasing capital flow to women entrepreneurs, 2) Targeting capital at ventures that are gender progressive in terms of both diversity and operational practice, 3) Investing in ventures that recognize and adjust for the existence of gender-based discrimination and inequality, 4) Investing in ventures that focus on prevention not only cure, and seek to advance an alternate, gender equal future, and 5) Investors considering and strengthening their own practice. The report suggests that there is no such thing as a gender "neutral" investor or investment. All social investors and all social ventures will have a gender impact, intended or not, and be impacted by gender. There is therefore a role and opportunities for social investors across the spectrum of capital i.e. for investors who prioritize financial return to those for whom impact is the priority.

Huang, L., & al, E.. (2018). *We Ask Men to Win and Women Not To*. Academy of Management Journal, vol. 61, no. 2, pp. 586–614.

This Harvard study evaluates the VC funding landscape for gender bias in capital allocation by observing interviews between 140 venture capitalists and 189 entrepreneurs at a series of pitch events in New York. It found that male entrepreneurs were far more likely than female entrepreneurs to receive capital, even when pitching the same business content. It also identifies implicit bias in the types of questions that female entrepreneurs (preventative questions) were asked versus male entrepreneurs (promotional questions), noting that female entrepreneurs received less capital for each preventative question that they were asked and directly addressed. Further, it finds that female venture capitalists were just as likely as their male counterparts to address female entrepreneurs with biased questioning. This resource was leveraged as an additional critical data point in identifying the depth of human bias and discrimination in investment decision making.

Hwang, V., & al, E. (2019). *Access to Capital for Entrepreneurs: Removing Barriers*. Kauffman Foundation. https://www.kauffman.org/wp-content/uploads/2019/12/CapitalReport_042519.pdf

This research by the Kauffman Foundation assesses the state of entrepreneurship and capital access in the United States, identifying barriers that entrepreneurs face in accessing both debt and equity capital. The report identifies significant gender barriers for female entrepreneurs in receiving investment capital compared to male entrepreneurs. Women represent a smaller proportion of entrepreneurs receiving institutional capital, and receive disproportionately lower amounts of capital than men when granted start-up capital by investors. Racial barriers are also significant, resulting in disproportionately less capital granted to Black, Hispanic, and Asian entrepreneurs. In multiple studies cited, female and minority business owners tend to be asked to provide more information and fulfill more requirements than their male, White peers. This resource was referred to in order to confirm the current state of systemic barriers and discrimination facing underrepresented entrepreneurs around gender and race in capital access.

IFC (2017). *Investing in Women: New Evidence for the Business Case.* https://www.ifc.org/wps/wcm/connect/ac8fca18-6586-48cc-bfba-832b41d6af68/IFC+Invest+in+Women+October+2017.pdf?MOD=AJPERES&CVID=lYLVAcA

This report features nine detailed case studies that demonstrate how IFC clients and partners have achieved results by integrating women and men more equally as leaders, employees, entrepreneurs, and customers. The case studies Spain’s different industries and geographic sectors and demonstrate how IFC clients, including banks and agribusiness companies, have benefited from developing and implementing gender-smart solutions. While different companies and sectors will take different approaches to the business case for gender-smart solutions, potential benefits fit into three overlapping categories: improved human capital, enhanced market demand, and an enabling operating environment.

IFC (2019). *Moving Toward Gender Balance in Private Equity and Venture Capital.* https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/gender-balance-in-emerging-markets

This study explores the link between financial returns and gender diversity; the lack of women in the industry; and steps needed to achieve gender balance. One of the key findings of the report is that private equity and venture capital funds with gender-balanced senior investment teams generated 10% to 20% higher returns compared with funds that have a majority of male or female leaders.

Kaplan, S., Vanderburg, J., (2014). *The Rise of Gender Capitalism*. Stanford Social Innovation Review.

This article highlights the value and relevance of gender-lens investing. It explores how investing with a gender lens is about creating a new economic logic that bridges the market logic of financial returns with the feminist logic of women's equality. It explores gender lens investing as an investment framework providing practical examples for practitioners on how gender-lens investing can function in practice. It centers on three areas of investment activity: increasing access to capital for female entrepreneurs, promoting workplace equity, and creating products and services for women and girls.

Lerner, J., et al (2019). *2018 Diverse Asset Management Firm Assessment*. The Knight Foundation. https://knight.app.box.com/s/5l2s2pi75b6qoip5uo47zsiawk133vud

This report provides a new research perspective on the US asset management industry, evaluating how fund manager diversity does (and does not) correspond to financial outcomes for investors. It builds on the multitude of studies documenting profound shortages of diversity within US financial management and investment institutions to demonstrate that diversity-owned funds perform on par with peer funds that are majority white. The findings also found that while diversity-owned funds have grown in numbers within the past several years, assets under management (AUM) oscillate significantly. Increasing quality data on diversity in investment ownership is flagged as a critical next step for the field.

Lyons-Padilla, Sarah, et al (2019). *Race Influences Professional Investors' Financial Judgments.* Proceedings of the National Academy of Sciences, vol. 116, no. 35, Dec. 2019, pp. 17225–17230.

Impact investor, Illumen Capital, partnered up with Stanford SPARQ to evaluate racial bias and discrimination by investment decision makers in evaluating the performance of fund managers. The research was inspired to examine more closely the common impact investment field discussion that there is a 'pipeline' problem with minority-led investment opportunities by examining how race plays a role in investor judgement. The research found that Black-led teams from funds were evaluated less favorably when qualifying as 'high performing', and more favorably when qualifying as 'lower performing' (and thus not of viable interest to invest in). This resource was utilized as the only research identified that systematically evaluates how racial discrimination factors into investment decision making. It strongly suggests that more measures must be incorporated into the investment management process to control for implicit human bias.

McKinsey Global Institute (2015). *The Power of Parity: How Advancing Women's Equality Can Add $12 Trillion to Global Growth*. https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth

This global report explores the economic potential available if the global gender gap were to be closed. The research finds that, in a full-potential scenario in which women play an identical role in labor markets to men, as much as $28 trillion, or 26 percent, could be added to global annual GDP in 2025. Attaining parity in the world of work is not realistic in the short term. Doing so would imply not only the reduction of formidable barriers and change in social attitudes but also personal choices about how to allocate time between domestic and market-based work. However, if all countries were to match the progress toward gender parity of the best performer in their region, it could produce a boost to annual global GDP of as much as $12 trillion in 2025. This would double the GDP growth contributed by female workers in the business-as-usual scenario. The report analysis maps 15 gender equality indicators for 95 countries that are home to 93 percent of the world's female population and generate 97 percent of global GDP. It finds that 40 of the 95 countries have extremely high or high levels of inequality on half or more of the 15 indicators. These indicators cover not only gender equality in work but also physical, social, political, and legal gender equality. The report establishes a clear link between gender equality in society and in work through a new MGI tool called the Gender Parity Score, or GPS, which gives us a view of the distance that individual countries have traveled toward gender parity.

Noland, M., Moran, T., Kotschwar, B., (2016). *Is Gender Diversity Profitable? Evidence From a Global Survey.* Peterson Institute for International Economics.

This report captures the findings from a global survey of 21,980 firms from 91 countries to understand the impact of gender diversity on the performance and profitability of companies. Analysis of the results suggests that the presence of women in corporate leadership positions may improve firm performance. This correlation could reflect either the payoff to non-discrimination or the fact that women increase a firm's skill diversity. Women's presence in corporate leadership is positively correlated with firm characteristics such as size, as well as national characteristics such as girls' math scores, the absence of discriminatory attitudes toward female executives, and the availability of paternal leave. The results find no impact of board gender quotas on firm performance, but they suggest that the payoffs of policies that facilitate women rising through the corporate ranks more broadly could be significant.

Quinlan, J., Vanderbrug, J., (2016). *Gender Lens Investing: Uncovering Opportunities for Growth, Returns and Impact.* Wiley.

This book provides an in-depth look at the advantages of integrating gender into investment analysis. It moves beyond exploring economic trends to building the business case for GLI while identifying financial strategies for implementation. Key points include: Understanding why gender is material to economic prosperity and investment performance; Exploring ways to use a gender lens to assess products, companies and sectors; Delving into the forces of positive social change supported by a gender perspective on investment choices; Examining profitable and gratifying gender lens investment strategies. Gender Lens Investing provides expert perspective and real-world practical insight for investors looking to drive returns and impact.

Veris Wealth (2012). *Sustainable Investing: Establishing Long-Term Value and Performance.* https://www.veriswp.com/wp-content/uploads/2018/02/Sustainable_Investing_2012.pdf

This report explores 100 academic studies on sustainable investing around the world to assess the impact of sustainable or impact investing on the long-term value ad performance of companies.

Veris Wealth (2013) *Impact Investing Primer*. https://www.veriswp.com/wp-content/uploads/2018/02/ImpactInvestingPrimer_CA_2013_04_17.pdf

This primer to impact investing is a guide to explore how impact investing utilizes capital markets to address global challenges. It identifies how to approach impact in public equity and fixed income investments, as well as providing guidance on conceptualizing impact investing in a portfolio, measuring impact, and impact and mission-related terms. It concludes with a variety of further resources on impact investing.

Veris Wealth (2018). *Gender Lens Investing: Bending the Arc of Finance for Women and Girls*. https://www.veriswp.com/research/gli-bending-arc-of-finance-women/

This report on is the fifth survey produced by Veris Wealth that examines GLI products that are both publicly available (stocks, bonds and certificates of deposit) and explicitly support gender balance and equity. It captures the key developments from 2018 and highlights the investment providers who are meeting the growing investor demand.

Veris Wealth Partners (2015). *Women, Wealth and Impact: Investing with a Gender lens 2.0.* https://www.veriswp.com/wp-content/uploads/2018/02/CA_Women-Wealth-and-Impact-2.0_2015-03-05.pdf

This report explores the state of the field of gender lens investing. It is a second edition to its 2013 predecessor. It highlights the key benefits of gender lens investing to women and girls as well as investors. It includes a range of strategies that constitute and define gender lens investing including key trends and modes of analysis. It outlines two main investment options: 1) Investments that are dedicated gender lens solutions and explicitly adopt one or more goals; 2) Funds and portfolios that integrate significant gender criteria into their security selection and/or engage in shareholder advocacy and policy work to advance gender inclusiveness. With case studies and a menu of investment options it provides investors with an overview of how to apply a gender lens to portfolio development.

1.2 Landscape Reports

Anderson, J., Alleman, P., (2019). *Gender Lens Investing in Asia*. https://www.usaid.gov/sites/default/files/documents/1861/Advancing%20Gender%20Lens%20Investing%20in%20Asia%20(2015).pdf

This assessment report seeks to identify opportunity profiles that would demonstrate the breadth and potential impact of the gender lens investing field in Asia. The report highlight leadership and activities in Asia and make recommendations to accelerate the field of gender lens investing in Bangladesh, Hong Kong, India, Indonesia, the Philippines, Singapore, Thailand, and Vietnam.

Bolinson, C., Wakiaga, L.A. (2020). *Gender Lens Investing in Sub-Saharan Africa: Key Findings from a Systematic Review of the Literature*. https://www.ewb.ca/wp-content/uploads/2020/09/Gender-Lens-Literature-Review_FINAL.pdf

Commissioned by the Engineers Without Boarder, and Engineers Without Boarder Ventures, this research reviews current evidence of the effectiveness of different forms of gender lens investing by investors from around the world in Sub-Saharan Africa. This review is intended

to serve as a reference for other investors in their gender lens investing strategies in the region.

Biegel, S., Hunt, S.M., Kuhlman, S., (2017). *Project Sage: Tracking Venture Capital with a Gender Lens*. https://socialimpact.wharton.upenn.edu/wp-content/uploads/2017/10/ProjectSageReport102317.pdf

Project Sage is a collaborative research project tracking venture/private equity and debt funds with a gender lens for the benefit of investors, advisors, and the entrepreneurial ecosystem. The first edition of two, it provides an overview of the landscape analysis of private equity funds with a gender lens. It provides a "point in time" baseline of the expanding gender lens investing opportunities globally examining 60 funds globally.

Biegel, S., Hunt, S.M., Kuhlman, S., (2019). *Project Sage 2.0: Tracking Venture Capital with a Gender Lens*. https://socialimpact.wharton.upenn.edu/research-reports/reports-2/project-sage-2/

Project Sage 2.0 is a collaborative research project tracking venture/private equity and debt funds with a gender lens for the benefit of investors, advisors, and the entrepreneurial ecosystem. Building upon its predecessor which provides a 'point in time' baseline, it is a global scan of 87 private equity, venture capital, and private debt funds that explicitly incorporate a gender lens in their investment strategy. There are four potential gender criteria used to assess these funds: 1) Qualified Gender Mandate; 2) Gender Mandate; 3) Gender Consideration; 4) Gender Lens Not Referenced. This project provides a rich tapestry of data on these funds including a landscape analysis of what exists; presents trends from the field and highlights insights on what lenses or definitions are used by investors.

Biegel, S., Hunt, S.M., (2020). *Project Sage 3.0: Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens.* https://socialimpact.wharton.upenn.edu/research-reports/reports-2/project-sage-3/

This report identifies and presents trends in gender lens investing as a follow-up to Project Sage and Project Sage 2.0. Largely consistent with past two reports, this third edition provides the most up-to-date landscape of structured private equity, venture capital, and private debt vehicles that operate with a gender lens. In addition, this report includes insight on funds that consistently use a gender lens in their investments and do not state it publicly.

IDB- Invest, Esade (2019). *Gender Lens Investing: How Finance can Accelerate Gender Equality in Latin America and the Caribbean*. https://digital-iadb.lpages.co/idb-invest-gender-lens-investing/

This paper offers information regarding the business opportunity that gender lens investing presents in Latin America and the Caribbean, and makes the case that investing with a gender focus can generate a financial return as well as contributing decisively to advancing gender equality. It argues that beyond a moral justification, using a gender lens on investments can improve the risk/reward profile of investors' portfolios.

Prachi Maheshwari et al., 2019. *The Global Landscape of Gender Lens Investing.* https://www.intellecap.com/wp-content/uploads/2019/02/The-Global-Landscape-of-Gender-Lens-Investing.pdf.

This report presents the global landscape of gender lens investing and examines the strategies used by gender lens investors across the globe. In doing so, it also examines ways in which businesses promote social and economic empowerment of women and correlates investment strategies to them. The reports studies patterns and draws insights about the evolution of the gender lens investing strategies, the financial instruments used in adopting them and regions where they are implemented. It also highlights the challenges gender lens investors face in emerging geographies both in terms of raising capital and accessing an investible pipeline for the adoption of this strategy.

Sasakawa Peace Foundation, Catalyst at Large, SAGANA, (2020). *Gender Lens Investing Landscape: East and Southeast Asia*. https://www.spf.org/en/global-data/user47/GLILandscapeReport.pdf.

This report identifies and examines gender lens investment vehicles in East and Southeast Asia in both public and private markets. The report is intended to be used as a baseline to track the size and state of the market over time. It also highlights financial innovations already present in the market.

Value for Women (2019). *A Landscape Report: Impact Investing with a Gender Lens in Latin America.* https://v4w.org/resource/impact-investing-with-a-gender-lens-in-latin-america.

This report summarizes information gathered from 48 Impact Investors and entrepreneurial ecosystem stakeholders in Latin America as well as 254 firms that comprise their portfolios. It includes information from surveys and key informant interviews. This report highlights that while it is clear that gender equality is good for business and good for development, impact investors in Latin America are still only in the early stages of embedding this focus in their investment process and activities.

Value for Women (2021). *Gender Lens Investing in Southeast Asia: A Snapshot of Progress in Indonesia, the Philippines & Vietnam*. https://v4w.org/wp-content/uploads/2021/03/Gender-Lens-Investing-in-Southeast-Asia-Brief-MARCH-26-2021-1-1.pdf

This report seeks to complement the growing body of GLI literature with further examples and fresh insights. Specifically, the authors aim to inspire private and public actors interested in gender lens investing by shining a spotlight on investors and ecosystem actors who are applying gender lens practices.

Veris Wealth Partners, Women Effect (2016). *Project Rose*. https://www.veriswp.com/wp-content/uploads/2018/02/Project-Rose.pdf

Project Rose is a gender lens investing products tracker. This is the definitive tracker of funds and products investing with a gender lens in global public debt and equity securities.

WUSC, (2019). *Gender Lens Investing in Ghana, Kenya, Sri Lanka, and Vietnam*. https://assets.wusc.ca/GLI-mapping-in-Global-South-v3.pdf

This research seeks to contribute to the conversation of gender lens investing in the global South by outlining the general ecosystems of the field in four countries. The research considers the general trends within and between countries in the interest of providing recommendations that can address multiple contexts.

1.3 Tools and Frameworks

Anderson, J., Biegel, S., (2015). *How to Upgrade your Due Diligence with a Gender Lens (3.0)*. Criterion Institute. https://criterioninstitute.org/wp-content/uploads/2017/08/UDD-white-paper.docx.pdf

This is a working tool which supports investors to incorporate a gender lens into their investment processes for direct investments. It provides a framework based on values, relationships and processes to allow investors to see better and smarter, and inform decision-making. This tool strengthens the ability of investors to understand the key performance indicators for a business in order to mitigate risk, maximize return, maintain investment efficiency, and achieve social impact. Ultimately, it sets out a new set of considerations which can support investors to shift their investment decisions to align with their own needs.

Bannick, M., Goldman, P., Kubzansky, M., & Saltuk, Y. (2016). *Across The Returns Continuum.* https://omidyar.com/wp-content/uploads/2020/09/Across-the-Returns-Continuum.pdf

Across The Returns Continuum provides a framework for how impact investors may map out and consider the various categories of their own risk appetite and expectations when balancing impact and financial return. That framework breaks down a variety of Commercial, Sub-Commercial, and Grant impact investment categories, alongside various best practices that Omidyar leverages when evaluating these various types of opportunities. It is a high-level overview of the framework for an esteemed, market leading impact investor offered as guidance on best practices to the field.

Calvert Impact Capital (2018). *Just Good Investing: Why Gender Matters to Your Portfolio and What You Can Do About It*. https://calvertimpactcapital.org/resources/just-good-investing

The report shares practical guidance and tools for creating a gender inclusive investment strategy. It suggests that there are two reasons why investors fail to take action on gender-lens investing: 1) The business case for incorporating gender into investment needs to be strengthened from a private market perspective; and 2) Investors are unsure about how to incorporate gender into their process and analysis. Through an analysis of Calvert Impact Capital's own private debt portfolio they found a strong relationship between gender diversity in leadership positions and financial performance.

Criterion Institute (2018). *Designing a Gender Lens Investing Action Plan.* https://criterioninstitute.org/resources/gender-lens-investing-tool-designing-an-action-plan

This tool can be used by anyone looking to develop a gender lens investing strategy –spanning foundations and women's funds, to investors across asset classes. Following a standard investment cycle, this tool supports the design of an investment strategy with considerations for how gender dynamics might present risks and opportunities. It provides a framework to consider building a gender lens into new or existing strategies. This tool can be used to inform the design of an investment strategy or thesis, to identify where and how a gender analysis can be incorporated across the investment process and/or create an action plan to support implementation. Whether designing a stand-along gender-lens thesis or looking to improve upon an existing investment strategy this resource provides a valuable guide to support organizational design and implementation.

Criterion Institute (2020). *10 Points Why Gender is Material to Investments in the Recovery*. https://criterioninstitute.org/wp-content/uploads/10-Points-of-Materiality.pdf

This paper identifies 10 economic patterns related to gender that are material to investors as they make COVID-19 response and recovery investments. The pandemic is having disproportionate impacts on women and girls around the world and these have consequences for companies, sectors, countries, and markets. This paper provides a guide for investors to incorporating a gender analysis to conduct investment research, structure capital flows, and make more informed decisions, so that the sectors and markets rebuilt post-Covid are more stable and equitable for all involved.

GIIN (2019). *IRIS+ Gender Impact Metrics*. https://iris.thegiin.org/about/

The GIIN IRIS + Gender Impact Metrics provide the global benchmark for investing with a gender lens. The metrics allow investors to better track their contributions to women's economic empowerment and gender impact by providing key indicators, evidence and best-in-class resources and guidance across a wide number of impact themes including gender.

GIIN, Criterion Institute (2018). *Navigating Impact Project – Gender Lens Theme*. https://navigatingimpact.thegiin.org/gender-lens/

The Navigating Impact project helps investors select impact strategies under specific themes and adopt metrics that indicate performance toward their goals. The Gender Lens theme includes strategies for both gender goals internal to an investee business (gender equitable pay, gender-diverse governance and leadership, etc.) and broader gender impacts external to investee businesses (access to housing for women and LGBTQ individuals, women's empowerment through clean cookstoves, etc.)

Harvard Law School (2018). *Impact Terms Guide*. www.impactterms.org/impact-terms-guide/.

Harvard's Impact Terms are a key resource to the field of impact investment and are unique in their explicit focus on embedding principles of impact investment into deal terms and processes, including tangible examples. This resource was utilized to identify current best practices in impact deal construction, and consequently served as evidence that power dynamics within impact investment tend to favor investor risk profiles over the needs and risk of prospective investees — as is typically the case in traditional finance. Incentives are directly addressed as an important realm of discussion within these terms, but it is notable that the majority of identified terms clarify various ways in which investees might perform against measuring and delivering impact for investors, while terms around protecting the interests of entrepreneurs and communities are comparably absent.

Impact Management Project (2018). *A Guide to Classifying the Impact of an Investment*. https://impactmanagementproject.com/wp-content/uploads/A-Guide-to-Classifying-the-Impact-of-an-Investment-3.pdf

This resource provides an extensive framework and template to impact investment managers in aligning multi-asset portfolios with desired impact outcomes. The Impact Management Project provides best practices in impact measurement as a global collaborative effort and forum to further and refine a global consensus on impact measurement.

Justice Funders (2015). *Resonance: A Framework for Philanthropic Transformation*. http://justicefunders.org/resonance/

This report is a guide to support philanthropic organizations in accelerating a Just Transition by reducing extractive practices and increasing regenerative practices. It argues that philanthropic wealth can be directly traced back to industries that relied on economic practices of extraction and exploitation, such as the theft of Indigenous land and genocide of Indigenous people, the kidnapping and enslavement of millions of African people, the systemic undervaluing of "women's work" and the destruction of natural systems and the web of life. Because philanthropic wealth comes from these historic (and current) extractive practices, we must recognize that grants alone (which merely represent approximately 5% of a foundation's financial assets) are insufficient to eradicate the harm these practices have caused. It provides a variety of practical tools and strategies for adjusting investing practices to be regenerative.

Lang, K., Electris, C., Humphreys, J., (2015). *Positive Impact on Women: Integrating Gender into Total Portfolio Activation.* Trillium Asset Management. https://www.trilliuminvest.com/whitepapers/investing-for-positive-impact-on-women-integrating-gender-into-total-portfolio-activation

This is an iteration of the Total Portfolio Activation framework for investors that supports them to maximize their social and environmental impact across their portfolios. This takes it one step further by guiding mission-driven investors to consider how their put their investment to work in support of their own long-term goals to benefit women and girls. It presents concrete examples of just some of these opportunities, as well as a variety of case studies of investors, funds, and initiatives that integrate gender considerations into their investment activities. By deploying capital across their entire portfolios, investors are able to optimize the impacts within each asset class, resulting in the greatest cumulative social and environmental benefits. For investors who care about truly impacting women and girls, an investment portfolio should make gender considerations, along with issues such as income inequality, supply chain management, and climate change, core ESG criteria. It is through investments that target the intersection of these issues that the deepest impacts can be made.

MEDA (2018). *Gender Equality Mainstreaming (GEM) for Business Growth and Impact.* https://www.meda.org/gem

The Gender Equality Mainstreaming (GEM) Framework is a practical manual and toolkit for assessing gender equality, and identifying, implementing and measuring gender equality mainstreaming strategies within companies. The framework is designed for organizations seeking financial and impact returns through investing (e.g., private equity funds, government donors, foundations) or providing support to companies (e.g., accelerators, technical assistance providers, NGOs).

MEDA (2019). *The GEM Self-Assessment Tool*. https://www.meda.org/the-gem-self-assessment

The Gender Equality Mainstreaming (GEM) self-assessment assists companies to identify viable opportunities that improve women's inclusion in business operations while promoting business growth and increased opportunities for investment.

Pacific Rise, Criterion Institute (2019). *Gender-Based Violence Due Diligence Tool.* http://www.pacificrise.org/gender-based-violence-due-diligence-tool/

This is a world-first gender-based violence (GBV) due diligence tool to help investors assess how the incidence and consequence of GBV pose a set of risks to an investment. Steeped in the context of the Pacific, which has some of the highest rates of GBV in the world, the tool can be used to analyze four existing due diligence categories of political, regulatory, operational and reputational risks. It provides a framework for how GBV can be understood as an investment risk with guidance to investors on how to analyze their context their investments are operating in. A series of case studies on the Pacific highlight the application in real-world scenarios and offers potential risk mitigation strategies which could be applied to investment structure terms, post-investment support, or in influencing industry practices.

Simon, M., (2017). *Real Impact: The New Economics of Social Change*. Nation Books.

This book documents the experiences of the author of working across the impact investing space. It provides insights into the limitations of impact investing to date in reproducing the mistakes of foreign aid due to short-term thinking. She provides a series of strategies for investors to have real impact by making sure communities are involved in the decision-making and ownership of the project, adding more value than they extract, and ensuring that the risk and returns are balanced between the investors and the communities.

USSIF Foundation (2014). *Investing to Advance Women: A Guide to Individual and Institutional Investors*. https://www.ussif.org/Files/Publications/SRI_Women_F.pdf

This guide is intended as a practical guide for individuals and institutions interested in learning about investment opportunities that help advance women. It briefly outlines the business case for investing in women and identifies a series of investment strategies which can be implemented to support women including specific gender lens products across public equities, private equity and venture capital as well a community development and microfinance funds. The guide is valuable for institutional investors looking to better understand investment opportunities, as well as individual asset holders.

1.4 Resource Hubs

GIIN (2020). *Repository of Gender Lens Investing Resources*. https://thegiin.org/gender-lens-investing-repository

This repository of GLI resources provides a knowledge hub for impact investors actively integrating a gender lens strategy into their investment portfolio. It includes research, case studies, and other online tools to guide the implementation of gender-lens investing strategies at the investor or investee level. A selection of GIIN members GLI strategies and approaches can be found providing insight into different investment priorities across asset classes and geographies from different types of investors. It also documents several of the leading research reports articulating the business and impact case why investing in gender equality and diversity is smart investment practice. For those seeking guidance on how to incorporate gender considerations into an investment strategy or measure impact working tools, tips and guidance are all available focused on implementation.

ICRW (2018). *Gender-Smart Investing Resource Hub, Gender-Smart Investing Resource Hub*. https://www.icrw.org/gender-smart-investing-resource-hub/

The Gender-Smart Investing Resource Hub allows investors to explore gender opportunities, screen potential investments through a gender lens, and advise companies on how to better integrate gender through their operations and supply chains. The Hub also houses gender materiality maps to highlight where gender is financially material (or not) in the particular sector, and social impact visuals to understand what impacts can be expected when integrating a gender lens in different areas.

Pacific RISE (2016-2021). *Pacific Readiness for Investment in Social Enterprise.* https://www.pacificrise.org/gender-lens/

Pacific RISE was a five year program of the Australian Government's Department of Foreign Affairs and Trade (DFAT). The program was designed to promote investment in businesses that deliver women's economic empowerment. In addition to creating case studies of portfolio companies applying a gender lens to the investments, the program worked with partners to develop tools that can be used by anyone looking to enhance gender equality in their investments.

Women Effect. Gender Lens Investing 101. www.womeneffect.com/what-is-gender-lens-investing.
This hub provides a series of resources to introduce the field of gender lens investing. It includes books, research, videos, FAQs and glossary of terms to help introduce people to the field.

ANNEX 2: Analysing Power Dynamics in Investment Processes

Power dynamics describe the relative power between actors and the ways that a differential in relative power impacts their relationships and what they can and cannot do, either explicitly or implicitly.

Seven distinct dynamics of power have been shown to impact investment across the process and regardless of context and asset class. These seven power dynamics emerge in different constellations in every phase of the investment process as capital holders and recipients interact through various touchpoints. The ways in which these power dynamics emerge, and the measures that capital holders do or do not take to address them, can have a significant impact on the success of an investment. This impact is especially true for capital that aims to achieve meaningful social impact alongside financial returns. Proactively addressing power dynamics through investment processes, in addition to considering impact outcomes, can improve the quality and flow of information, directly feeding capital holder and investee abilities to allocate time and resources more effectively towards solving complex social issues.

Seven Core Power Dynamics in Investment

1. Knowledge: Whose knowledge is valued? Financial expertise is often valued above expertise on social issues in social finance.

2. Access: Who is seen as 'worthy' of access to capital and resources? Accessibility is often reserved for those with the most established track records and existing access to capital.

3. Decision Making: Who gets to decide across the process? Capital holders typically monopolize decision making around capital without sharing control with affected communities.

4. Timing: Whose timeframe matters? Capital holders often have a luxury of time compared to capital recipients that must continue business operations throughout a fundraising process.

5. Transparency: Who gets to know what, when? Information tends to flow much more heavily toward capital holders than recipients.

6. Risk Sharing: Whose risk is mitigated? Understanding capital holder risk is at the center of investment process, with considerably fewer resources invested towards end-borrower risks.

7. Alignment / Incentives: Who is incentivized to do what? Loan terms do not always align with the social objectives in the inherent incentive structures.

Adapted from: "Process Metrics that Analyze Power Dynamics in Investing." Criterion Institute, 2020. *https://criterioninstitute.org/wp-content/uploads/Process-Metrics-that-Analyze-Power-Dynamics-in-Investing.pdf*