

# Gender Lens Investing: An Introduction

This short note was written for the DCED's Women's Economic Empowerment Working Group to provide a definition of gender lens investing and an overview of existing research, as a basis for scoping out the planned work item on the topic.



## Definition

The term 'gender lens investing' (GLI) was coined by the Criterion Institute in 2009.<sup>1</sup> They define it as

“incorporat[ing] a gender analysis into financial analysis in order to get to better outcomes.”

Many other definitions of GLI have since emerged, and all encompass the idea of investing with consideration for the gender impacts of that investment.

A gender lens can be applied to any type of investment, whether it be venture capital, commercial loans or government bonds. However, it is usually by the target of the investment, rather than by the financial instrument, that GLI is categorised. Three main approaches to GLI exist, referring to investing in businesses, initiatives or programmes that:

1. are led by women;
2. promote gender equity in their internal practices and policies; or,
3. offer products or services that positively impact women.

## 1. Investing in women-led enterprises

Struggling to access capital is a significant issue faced by women entrepreneurs and a major reason why women-led enterprises fail.<sup>2</sup> Women's access to capital can be increased by investing directly in women-led enterprises and by offering credit programmes targeting women.

**For example...**

### IFC's Banking on Women (BOW) Bond Program

BOW was launched to attract greater investments to help financial institutions profitably and sustainably serve women-owned businesses. All proceeds from the bonds are set aside for investing exclusively in projects under the BOW program.



## 2. Investing in enterprises that promote gender equity in their internal practices and policies

Investment funds can have a positive impact on women by favouring enterprises that promote gender equity. Such enterprises may have women in leadership positions, have equitable wage and leave policies, or manage their supply chain in a gender equitable manner.

**For example...**

### Bloomberg Gender-Equality Index (GEI)

The GEI tracks the financial performance of companies around the world committed to advancing women in the workplace. This helps investors make informed decisions and represents an opportunity for companies to attract new capital.



## 3. Investing in enterprises that offer products or services that positively impact women

GLI also refers to investments that support the development of products or services that benefit women, either directly, such as maternal healthcare, or indirectly, such as household appliances that leave women with more time and better health.<sup>3</sup>

**For example...**

### SPRING Accelerator

SPRING is an accelerator for businesses seeking to innovate and make a significant positive impact on the lives of adolescent girls across East Africa and South Asia.



## An overview of the GLI literature

The papers summarised here provide a snapshot of the research that is most relevant to the Working Group.

### Gender lens investing in developing countries

A number of studies have recently been carried out to assess the state of GLI in developing countries. These papers attempt to give a sense of the scope of GLI activities, highlight case studies, identify challenges to GLI, and provide recommendations for enhancing GLI in the countries of focus.


In general, GLI in the developing world is still in the early stages of adoption. While the prominence of investors applying a gender lens varies across regions, the attitudes and challenges to GLI appear to be common throughout.


#### *Challenges to GLI in developing countries:*

- awareness of GLI is limited (it is generally perceived to only refer to investing in women-led enterprises) and there is a lack of understanding of how to achieve it;
- it is difficult to find investment-ready women-led enterprises; and,
- there is a lack of sex-disaggregated data.





#### A Landscape Report: Impact Investing with a Gender Lens in Latin America, Value for Women, 2019

 Latin America and the Caribbean


 Interviews, online survey, analysing publicly available data


#### Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean, IDB Invest, 2019

 Latin America and the Caribbean


 Interviews, literature review


#### Mapping Gender Lens Investing in the Global South, WUSC and Global Affairs Canada, 2019

 Ghana, Kenya, Sri Lanka, and Vietnam


 Interviews, focus group discussions, literature review


#### Gender Lens Investing in Asia, USAID, 2015

 Bangladesh, Hong Kong, India, Indonesia, the Philippines, Singapore, Thailand, and Vietnam

 Interviews, conference discussions

#### The Landscape for Impact Investing in Southeast Asia, GIIN and Intellectap, 2018

 Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam


 Interviews, focus group discussions, literature review, analysis of impact deals

## Gender lens investing in the global context


Key findings from these papers include:

- GLI activities are concentrated in developed regions, both with regards to the source and target of funds;
- the most common strategy is investing in women-led businesses, and the least common is investing in businesses that provide products or services for women; and,
- the use of a gender lens when investing is growing over time.

[The Global Landscape of Gender Lens Investing](#), Intelicap and IDRC, 2019

 Literature review, qualitative and quantitative desk-based research


[Project Sage 2.0: Tracking Venture Capital with a Gender Lens](#), Wharton Social Impact Initiative, 2019


 Survey

## Encouraging GLI

A third section the literature sets out the case for different GLI strategies, and identifies challenges and opportunities for social investors or women-led enterprises.

[Incubate, Invest, Impact. Building and Investing in High-Impact Enterprises for Empowering Women and Girls: An action plan for gender lens incubation and investing](#), GIZ and SIDBI, 2014

 International perspective, geographical focus on India

 Interviews, desk research, consultation feedback from a multi-stakeholder workshop

[The Sky's the Limit: Increasing social investment impact with a gender lens](#), The Young Foundation, 2016

 International perspective, geographical focus on UK

 Interviews, surveys, literature review

## Where to from here?

The WEEWG's 2019-2020 Work Plan includes a consideration of GLI, stating that work will strive to provide a common understanding of GLI and identify the challenges and opportunities linked to it. To complement the existing research in this field, the following outputs may be of interest and value to the Group:

- An overview comparing and contrasting the state of GLI in different regions of the developing world
- An assessment of available data on the effectiveness of different GLI strategies in the development context
- A tracking study on GLI products in developing countries (similar to [Project Sage](#), but with a development focus)

Input from members on any other areas of interest is very welcome.

At the next WEEWG meeting (28 November at The Hague), there will be a session dedicated to discussing GLI and how the Group would like to engage with this topic. Once determined, the DCED Secretariat can draft Terms of Reference, for consideration by the Group, to facilitate the hiring of a consultant to conduct the research.

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<sup>1</sup> [The State of the Field of Gender Lens Investing: A Review and a Road Map](#), Criterion Institute

<sup>2</sup> [Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean](#), IDB Invest

<sup>3</sup> [Investing for Positive Impact on Women: Integrating Gender into Total Portfolio Activation](#), Global Fund for Women et al.

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